



Financial Statements

31 December 2015

Center for International Forestry Research



CENTER FOR INTERNATIONAL FORESTRY RESEARCH

FINANCIAL STATEMENTS

31 DECEMBER 2015

**Statement of the Board Chair
As at 31 December 2015
And For the Year Ended 31 December 2015**

2015 was a challenging but successful year for CIFOR. The Center's financial resilience and management adaptability were tested by and responded to budget cuts. At the same time the Center demonstrated continued growth in the influence, depth and reach of its research, capacity development and outreach work. I along with my fellow Board members thank CIFOR staff, associates and partners for their commitment and hard work.

CIFOR Program Activity

CIFOR participated in two CGIAR Research Programs (CRPs - Forests, Trees and Agroforestry and Climate Change, Agriculture and Food Security) through over 50 active projects. In doing so it benefitted from partnerships in over 30 countries and engagement in 13 global and regional processes and frameworks (such as the UNFCCC).

The Center continued to step up its efforts to inform and influence government policies and processes that govern and sustain the use of forests for lasting impact. An independent evaluation of CIFOR's seven year Global Comparative Study on REDD+ by the UK's Overseas Development Institute found that the Center's research provided key recommendations that informed the international climate negotiations, was used in the design and implementation of national REDD+ activities and helped increase the efficiency and effectiveness of national level REDD+ policies. In Vietnam, CIFOR's findings on payments for forest environmental services has been taken by the central government, provincial authorities and donors. In Peru, the Forest Service has incorporated CIFOR'S Research in the legal norms that govern timber extraction in forests rich in Brazil nuts, thus sustaining the collection and sale of a non-timber product worth tens of millions of dollars to small holder producers.

Capacity building of young foresters, journalists and policy makers continued to be a key pillar of CIFOR's work, with a focus on training in the latest tools, methods and information. In 2015, CIFOR launched a new project to fund and bring more than 25 students to four universities in the United States of America to acquire Masters' degrees in two-year programs in forestry. In Ethiopia, CIFOR helped develop the curriculum of the Wondo Genet College of Forestry and provided financial support to 12 Masters' students and their professors. In Indonesia, CIFOR's communication team transferred management of the REDD-Indonesia web site to the Ministry of Environment and Forestry, after training 85 Ministry staff in web design and outreach. After five years in operation, the site received almost as many web visits as the main website of the Ministry and saw more than 150,000 publications downloaded in the national Bahasa language.

Demand from stakeholders for CIFOR's research continued to increase at unprecedented levels. Our publications and journal articles were downloaded more than 920,000 times in 2015, the largest number in its history, and cited by scholars in their writing on an average of 26 times every day. As result, CIFOR's ranking in Webometric, which tracks the most visible and cited research institutes in the world, increased from the 439 to 274, placing it among the top three of the 15 CGIAR research centers.

Readership views of Forest News, CIFOR's online news research blog, increased from 30,000 per month to more than 50,000 per month in 2015, while CIFOR's scientists were cited in the global media more than 2,500 times in 2015, the highest ever recorded in the CGIAR. Teachers, policy makers, academics, practitioners and journalists continued to access CIFOR's work and events through its websites and social media and participation in workshops, events and conferences. More than 145 organizations and 3200 people from 100 countries participated in the Third Global Landscapes Forum, which was convened by CIFOR alongside the UNFCCC Conference of Parties in Paris.

Financial Highlights 2015

CIFOR operations

CIFOR ended the year with expenditure of USD 40.67m supported by revenue of USD 36.04m. The difference between expenditure and revenue i.e. USD 4.63m was largely the consequence of release from restricted net assets of donor funds received in advance in prior years.

Financing of CRPs through Windows 1 and 2 (W1/2) of the CGIAR Fund continued to decline, posing severe challenges to Center operations. Budget cuts for the 2015 financial year were announced in March and October. W1/2 revenue dropped to USD 7.41m, accounting for only 21% of funding to the Center. The late announcement of cuts meant that planned expenditures could not be fully adjusted within the financial year even though management moved quickly to reduce travel, operating and staff costs and institute new internal processes to lower costs and improve the efficiency of operations.

This is the second financial year in a row in which budget cuts have unfortunately been announced late in the year. CIFOR expects to adjust the over-expenditure on W1/2 for the years 2014-15 in 2016 when the first phase of CRPs comes to an end. At the end of 2015, the cumulative effect of the budget cuts was \$5.5 million. With diligent focus on expense management, CIFOR expects to cover half of the budget cuts with expense reductions, but any remaining over-expenditure at the end of 2016 will be charged against CIFOR reserves. The Center remains financially stable and financial indicators including cash reserves, while reduced, remain within the CGIAR recommended guidelines. With the CGIAR transition process well underway, the Center looks forward to stable and adequate multi-year funding in future years.

CIFOR receives revenue and incurs expenditure in a range of currencies. Largely as a consequence of the strength of the US Dollar against European currencies in 2015 a net foreign exchange loss of USD0.77m was incurred.

The Center continues to maintain a conservative approach to investments following the Board approved investment policy. Investment funds held in fixed income securities in HSBC were moved to management by Lombard Odier at the beginning of 2015, due to closure of the account by HSBC. The anticipated continuation of low interest rates has implications for the growth of reserves given our conservative investment policy.



CIFOR Board of Trustees

The CIFOR Board and its committees met twice in 2015, during April and November 2015.

I would like to acknowledge the contributions of CIFOR Board members, management, staff, funders and partners for their active commitment to CIFOR research in these challenging times.



John Hudson
Chair, Board of Trustees

BOGOR, 19 April 2016



Center for International Forestry Research

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Board Statement on Risk Management As at 31 December 2015 And For the Year Ended 31 December 2015

CIFOR's Board of Trustees has responsibility for overseeing the effectiveness of the risk management system that management has put in place to identify, manage and monitor significant risks to the achievement of CIFOR's business objectives, and to ensure alignment with CGIAR principles and guidelines as adopted by the CGIAR Centers. While the full Board has responsibility for risk the Executive Committee functions as the risk committee.

These risks include operational, financial, administrative, legal and safety and security risks that are inherent in the nature, modus operandi and location of CIFOR's activities, including its duties and responsibilities as Lead Center for the CGIAR Research Program on Forests, Trees and Agroforestry (CRP6). These risks are as dynamic as the environment in which CIFOR operates and represent the potential for loss resulting from external events, human factors or inadequate or failed internal policies, processes or systems.

The Board has adopted a risk management policy which has been communicated to all staff, that includes a framework by which CIFOR management identifies, evaluates and prioritizes risks and opportunities across the organization, develops risk mitigation strategies which balance benefits with costs, monitors the implementation of these strategies and periodically reports to the Board on results.

The Board reviews the risks during the year to ensure that adequate attention is being paid to high risks and management has put in place adequate risk mitigation strategies. In line with this practice, the Board receives updates on the Center's financial status during and between Board meetings.

CIFOR's risk register was updated in October 2015 following an analysis of risks, the potential severity of their impact on the Center and the likelihood of occurrence before and after considering preventive controls currently in place. The 2015 risk register has 28 risk items (no change from 2014). Of these, 7 items were identified in the high-risk category and 9 items in the medium-risk category. Ten risk items have an upward year-on-year trend and one item is trending downward.

The CGIAR governance transition that is currently in progress and the 2014 and 2015 budget cuts account for much of the increase in identified risks to CIFOR's operations. Management has worked to adjust operations in response to the reduced funding and to minimize impacts on science quality. Staff motivation and morale have suffered as a consequence of the uncertainties arising from CGIAR transition, budget cuts and the responses to these. Management is working to improve internal communications in this period of uncertainty and to assess and respond to a recent staff survey, with a view to mitigating staff retention risk. There has also been an increased focus on staff safety and security and associated risks of inability to perform research in locations with conflicts.

The Board notes that the effectiveness of risk management depends not only on identification of risks but also on the implementation of effective mitigation plans and the overall governance of the risk management system. The Board is satisfied with the attention paid by management to risk management and is comfortable that the Board of Trustees risk governance is aligned with CGIAR principles and sufficient to identify, manage and monitor key risks to CIFOR's operations.

John Hudson
Chair, Board of Trustees
Center for International Forestry Research
19 April 2016



A member of the CGIAR Consortium



**Management Statement of Responsibility For
Financial Statements
As At 31 December 2015
And For The Year Ended 31 December 2015**

The accompanying financial statements of the Center for International Forestry Research (CIFOR) are the responsibility of management and have been prepared in accordance with the Consultative Group on International Agricultural Research (CGIAR) Financial Guidelines Series No.2 - CGIAR Accounting Policies and Reporting Practices Manual. CIFOR management is responsible for the substance and objectivity of the information contained therein.

The financial statements of CIFOR are drawn up so as to present fairly the financial positions of CIFOR as at 31 December 2015, and the results of its activities and cash flows for the years then ended.

CIFOR maintains a system of internal control designed to provide reasonable assurance that assets are safeguarded and transactions are properly recorded and executed in accordance with management's authorisation.

A system of reporting within CIFOR presents management with an accurate view of the operations, enabling us to discern risks and, at the same time, providing a reliable basis for the financial statements and management reports.

The Board of Trustees exercises its responsibility for these financial statements through its Finance and Audit Committee. The Committee meets regularly with management and representatives of the external and internal auditors to review matters relating to financial reporting, internal controls, and auditing.

A handwritten signature in blue ink, appearing to read "Peter Holmgren".

Peter Holmgren
Director General

A handwritten signature in blue ink, appearing to read "Kumar Tumuluru".

Kumar Tumuluru
Director Finance and Administration

BOGOR
19 April 2016

CENTER FOR INTERNATIONAL FORESTRY RESEARCH

FINANCIAL STATEMENTS
31 DECEMBER 2015

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**INDEPENDENT AUDITORS' REPORT
TO THE BOARD OF TRUSTEES OF**

CENTER FOR INTERNATIONAL FORESTRY RESEARCH

We have audited the accompanying financial statements of the Center for International Forestry Research (CIFOR), which comprise the statement of financial position as at 31 December 2015, and the statement of activities, statement of changes in net assets and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information. The financial statements have been prepared by management of CIFOR based on the Consultative Group on International Agricultural Research (CGIAR) Financial Guidelines Series No. 2 – CGIAR Accounting Policies and Reporting Practices Manual as described in Note 2 to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and presentation of these financial statements in accordance with the CGIAR Financial Guidelines Series No. 2 - CGIAR Accounting Policies and Reporting Practices Manual as described in Note 2 to the financial statements, and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of CIFOR as at 31 December 2015, and its activities and its cash flows for the year then ended, in accordance with CGIAR Financial Guidelines Series No. 2 - CGIAR Accounting Policies and Reporting Practices Manual as set out in Note 2 to the financial statements.

Kantor Akuntan Publik Tanudiredja, Wibisana, Rintis & Rekan

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Basis of Accounting and Restriction on Distribution and Use

Without modifying our opinion, we draw attention to Note 2 to the financial statements which describes the basis of accounting. The financial statements are prepared to assist CIFOR to comply with the financial reporting provisions in the establishment agreement of CIFOR. As a result, the financial statements may not be suitable for other purpose. Our report is intended solely for the Board of Trustess and Management of CIFOR and CGIAR Centers and should not be distributed to or used by parties other than CIFOR and CGIAR Centers.

JAKARTA
19 April 2016

A handwritten signature in blue ink, appearing to read 'M. Jusuf Wibisana', written in a cursive style.

Drs. M. Jusuf Wibisana, M.Ec, CPA
License of Public Accountant No. AP.0222

CENTER FOR INTERNATIONAL FORESTRY RESEARCH

**STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2015**

(Expressed in thousands of US Dollar)

	<u>Notes</u>	<u>2015</u>	<u>2014</u>
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	3	18,947	19,701
Account receivables:			
- Donors	4	10,028	8,330
- Employees		667	1,064
- Other CGIAR centers		395	254
- Others	5	1,302	1,703
Other current assets		<u>413</u>	<u>1,603</u>
Total current assets		<u>31,752</u>	<u>32,655</u>
NON-CURRENT ASSETS			
Property, plant and equipment	6	3,053	3,870
Other non-current assets	7	<u>6,656</u>	<u>6,683</u>
Total non-current assets		<u>9,709</u>	<u>10,553</u>
TOTAL ASSETS		<u><u>41,461</u></u>	<u><u>43,208</u></u>
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Account payables:			
- Donors	4	10,199	5,968
- Employees		563	940
- Other CGIAR centers	8	1,508	2,535
- Others		725	253
Accruals	10	<u>3,520</u>	<u>3,378</u>
Total current liabilities		<u>16,515</u>	<u>13,074</u>
NON-CURRENT LIABILITIES			
Employee benefit obligations	9	<u>6,539</u>	<u>7,095</u>
Total non-current liabilities		<u>6,539</u>	<u>7,095</u>
NET ASSETS			
Unrestricted:			
- Undesignated	13	12,196	12,164
- Designated	13	<u>6,211</u>	<u>10,875</u>
Total net assets		<u>18,407</u>	<u>23,039</u>
TOTAL LIABILITIES AND NET ASSETS		<u><u>41,461</u></u>	<u><u>43,208</u></u>

The financial statements have been approved by the Board of Trustees and were signed on its behalf by:



Peter Holmgren
Director General



Kumar Tumuluru
Director Finance and Administration

The accompanying notes form an integral part of these financial statements.

CENTER FOR INTERNATIONAL FORESTRY RESEARCH

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED 31 DECEMBER 2015**
(Expressed in thousands of US Dollar)

	Notes	2015			2014				
		Unrestricted	Restricted CRPs	Restricted Non-CRP	Total	Unrestricted	Restricted CRPs	Restricted Non-CRP	Total
Revenues and gains	4								
Grant revenues									
Windows 1 & 2		-	19,934	-	19,934	-	30,804	-	30,804
Window 3		374	7,183	-	7,557	3,962	8,840	-	12,802
Bilateral		277	11,566	5,392	17,235	311	12,588	4,118	17,017
Total grant revenues		651	38,683	5,392	44,726	4,273	52,232	4,118	60,623
Other revenues and gains	11	451	-	-	451	387	-	-	387
Total revenues and gains		1,102	38,683	5,392	45,177	4,660	52,232	4,118	61,010
Expenses and losses	12								
Research expenses		3,260	21,966	1,290	26,516	3,765	29,065	942	33,772
CGIAR collaboration expenses		-	8,833	227	9,060	-	13,951	-	13,951
Non CGIAR collaboration expenses		966	4,160	3,545	8,671	1,551	3,647	2,943	8,141
General and administration expenses		715	3,724	330	4,769	914	5,569	233	6,716
Other expenses and losses	11	793	-	-	793	652	-	-	652
Total expenses and losses		5,734	38,683	5,392	49,809	6,882	52,232	4,118	63,232
Deficit		(4,632)	-	-	(4,632)	(2,222)	-	-	(2,222)

The accompanying notes form an integral part of these financial statements.

CENTER FOR INTERNATIONAL FORESTRY RESEARCH

STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED 31 DECEMBER 2015

(Expressed in thousands of US Dollar)

	Notes	Undesignated	Designated				Total designated	Total
			Donor conditionality	Crisis management	Invested in property, plant and equipment	Reserve for replacement of property, plant and equipment		
Balance as at 1 January 2014		12,430	6,772	1,000	3,059	2,000	12,831	25,261
Depreciation for the year ended 31 December 2014	6	-	-	-	(1,046)	1,046	-	-
Appropriations from Undesignated to Designated	13	1,956	(1,956)	-	-	-	(1,956)	-
Additions of property, plant and equipment during the year ended 31 December 2014	6	-	-	-	1,929	(1,929)	-	-
Net book value of disposals of property, plant and equipment during the year ended 31 December 2014	6	-	-	-	(72)	72	-	-
Changes in net assets for the year ended 31 December 2014		(2,222)	-	-	-	-	-	(2,222)
Balance as at 31 December 2014		12,164	4,816	1,000	3,870	1,189	10,875	23,039
Depreciation for the year ended 31 December 2015	6	-	-	-	(1,518)	1,518	-	-
Appropriations from Undesignated to Designated	13	4,664	(4,664)	-	-	-	(4,664)	-
Additions of property, plant and equipment during the year ended 31 December 2015	6	-	-	-	724	(724)	-	-
Net book value of disposals of property, plant and equipment during the year ended 31 December 2015	6	-	-	-	(23)	23	-	-
Changes in net assets for the year ended 31 December 2015		(4,632)	-	-	-	-	-	(4,632)
Balance as at 31 December 2015		12,196	152	1,000	3,053	2,006	6,211	18,407

The accompanying notes form an integral part of these financial statements.

CENTER FOR INTERNATIONAL FORESTRY RESEARCH

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2015**

(Expressed in thousands of US Dollar)

	Notes	2015	2014
Cash flows from operating activities			
Changes in net assets		(4,632)	(2,222)
Adjustments to reconcile changes in net assets to net cash provided by operating activities:			
- Depreciation	6	1,518	1,046
- Loss on the disposal of property, plant and equipment	11	23	66
- Gain on valuation of investment	11	(63)	(65)
- Allowance for doubtful accounts	4	179	158
Operating cash flows before changes in assets and liabilities		(2,975)	(1,017)
Changes in assets and liabilities:			
- Short term time deposits		-	1,000
- Account receivables			
- Donors		(1,877)	(1,045)
- Employees		397	(32)
- Other CGIAR centers		(141)	(23)
- Others		401	4,511
- Other current assets		1,190	(606)
- Other non-current assets		90	786
- Account payables			
- Donors		4,231	(4,107)
- Employees		(377)	235
- Other CGIAR centers		(1,027)	(1,971)
- Others		472	(199)
- Accruals		142	(254)
- Employee benefit obligations		(556)	1,712
Net cash used from operating activities		(30)	(1,010)
Cash flows from investing activities			
Acquisition of property, plant and equipment	6	(724)	(1,929)
Proceeds from the disposal of property, plant and equipment		-	6
Net cash used in investing activities		(724)	(1,923)
Net decrease in cash and cash equivalents		(754)	(2,933)
Cash and cash equivalents at the beginning of the year		19,701	22,634
Cash and cash equivalents at the end of the year	3	18,947	19,701

The accompanying notes form an integral part of these financial statements.

CENTER FOR INTERNATIONAL FORESTRY RESEARCH

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015 (Expressed in thousands of US Dollar)

1. GENERAL

The Center for International Forestry Research ("CIFOR") was established on 5 March 1993 in Canberra, Australia. CIFOR is operating as non-profit organisation, international in status and non-political in management, staffing and operations. CIFOR is financially supported primarily by the members of the Consultative Group on International Agricultural Research ("CGIAR").

The purpose of CIFOR is to advance human wellbeing, environmental conservation and equity by conducting research to inform policies and practices that affect forests in developing countries.

CIFOR's headquarters is in Bogor, Indonesia. The Government of Indonesia provides CIFOR with a land area for its headquarters and research activities, as set forth in an agreement dated 15 May 1993. Based on this agreement, CIFOR is exempted from all taxes in Indonesia.

As at 31 December 2015 and 2014, the members of the Board of Trustees were as follows:

	<u>2015</u>	<u>2014</u>
Chair of the Board of Trustees	: Dr. John Hudson	Dr. John Hudson
Vice Chair of the Board of Trustees	: Prof. Linxiu Zhang	Prof. Linxiu Zhang
Members	: Prof. San Afri Awang Dr. Peter Holmgren Dr. John K. Lynam Dr. Jose Joaquin Campos Arce Dr. Antonio G.M. La Viña Ms. Phyllis Caldwell Dr. Bisrat Aklilu Ms. Elizabeth Adu Ms. Mary Hobley Ms. Thelma Krug	Prof. San Afri Awang Dr. Peter Holmgren Dr. John K. Lynam Dr. Jose Joaquin Campos Arce Dr. Antonio G.M. La Viña Ms. Phyllis Caldwell Dr. Bisrat Aklilu Ms. Elizabeth Adu Ms. Mary Hobley

As at 31 December 2015, CIFOR had 217 employees (2014: 281 employees).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements were authorised for issuance by the Board of Trustees on 19 April 2016.

The accounting and reporting policies adopted by CIFOR are in accordance with the CGIAR Financial Guidelines Series No. 2 - CGIAR Accounting Policies and Reporting Practices Manual.

The significant accounting policies applied in the preparation of the financial statements are set out below.

a. Basis of preparation of the financial statements

The financial statements are prepared on the historical cost concept and the accrual concept, except for the statements of cash flows.

The statements of cash flows present the changes in cash and cash equivalents from operating, investing and financing activities. CIFOR considers short-term time deposits with maturities of not more than three months at the date of placement to be cash equivalents. The statements of cash flows are prepared using the indirect method.

CENTER FOR INTERNATIONAL FORESTRY RESEARCH

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

(Expressed in thousands of US Dollar)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b. Revenue recognition

Unrestricted grant:

Unrestricted grant revenues are grants received that are not restricted by donors (unconditional) and may be used for the purposes specified in CIFOR's articles of association. Unrestricted grants are recognised as revenue in the year in which the grants are pledged, as long as collection is probable, and when the donor's imposed conditions are met.

Restricted grant:

Restricted grant revenues are grants received in support of specified projects or activities mutually agreed upon by CIFOR and donors. Restricted grants are recognised as revenue when the grant conditions have been met.

Restricted - Windows 1 & 2 (CRP on Forests, Trees and Agroforestry and CRP on Climate Change, Agriculture and Food Security):

In 2011, the CGIAR introduced a new programmatic based approach in performing activities. The donors to the CGIAR, represented by the Fund Council, approved the creation of fifteen CGIAR Research Programs (CRPs), each to be led by a designated center which would be responsible, through a Program Implementation Agreement (PIA), for overseeing the implementation of the CRP by program participants and for all payments to and reporting from program participants. Program participants include other centers who are subcontracted by the lead center via a Program Participant Agreement (PPA) or other suitable contracting arrangement.

CIFOR is involved in the following CRPs:

CRP	Date of approval	Start of operation	Role of CIFOR
Forests, Trees and Agroforestry	2011	2011	Lead center
Climate Change, Agriculture & Food Security	2011	2011	Participating center

c. Account receivables from donor

Unrestricted grant

Receivables from unrestricted grants will be recognised in the period in which the grants have been committed by the donor and the collection is probable.

Restricted grant

Receivables from restricted grants will be recognised as the collection is probable and in accordance with the terms of the underlying contract.

d. Account payables to donor

These include grants received from donors for which conditions are not yet met and amounts payable to donors in respect of any unexpended funds received in advance for restricted grants.

CENTER FOR INTERNATIONAL FORESTRY RESEARCH

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015 (Expressed in thousands of US Dollar)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

e. Expenses

Expenses are outflows or other activities using up assets or incurrence of liabilities (or a combination of both) from delivering goods, rendering services, or carrying out other activities that constitute the organization's on-going major or central activities.

Expenses are decreases in economic benefits during the accounting period in the form of outflows or depletion of assets or incurrence of liabilities that result in decreases in net assets.

Expenses are recognised in the statement of activities when a decrease in future economic benefits related to a decrease in an asset or an increase in a liability has arisen that can be measured reliably.

Expenses are recognised in the statement of activities on the basis of a direct association between the costs incurred and the earning of specific items of revenue (matching principle). When economic benefits are expected to arise over several accounting periods and the association with revenue can only be broadly or indirectly determined, expenses are recognised on the basis of systematic and rational allocation procedures.

An expense is recognised immediately when expenditure produces no future benefit or when future economic benefits cease to qualify for recognition as assets in the statement of financial position.

f. Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation. The cost of an item of property and equipment comprises its purchase price and all other incidental costs in bringing the asset to its working condition for its intended use.

Property, plant and equipment are depreciated using the straight line method over their estimated useful lives as follows:

	<u>Years</u>
Infrastructure and leasehold improvements	5 - 25
Furnishing and equipment:	
- Heavy equipment	7
- Office furniture and equipment	5
- Computers	3
- Vehicles	4 - 5

Capital expenditures having a useful life of more than one year and an acquisition cost equal to or over US\$3,000 are capitalised.

Property, plant and equipment acquired through the use of grants restricted for certain projects are recorded as assets. Such assets are depreciated at a rate of 100% in the year of acquisition. The depreciation expense is charged directly to the appropriate restricted project.

CENTER FOR INTERNATIONAL FORESTRY RESEARCH

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

(Expressed in thousands of US Dollar)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

g. Post-employment benefit

CIFOR provides post-employment benefit to its internationally recruited staff (IRS) and nationally recruited staff (NRS) who are employed on periodical contract basis.

CIFOR provides separation benefits for IRS and NRS. The benefit is accrued to the employees based on an agreed separation scheme which are dependent on a number of factors such as years of service and compensation.

In addition, CIFOR also provides a defined contribution plan. A defined contribution plan is a pension plan under which CIFOR pays fixed contributions. CIFOR has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. A defined contribution plan for IRS involves regular payment of fixed contribution to the Association of International Agricultural Research Centers (AIARC). A defined contribution plan for NRS does not involve payment to a separate entity, instead CIFOR recognises the liability on the fixed contribution and regularly set aside fund at the same amount as a provident fund.

The supplementary agreement (article 5a) between the Government of Indonesia and CIFOR states that CIFOR shall ensure that NRS are covered by adequate social security provisions and health insurance at least equivalent to that offered under Indonesian applicable law. In accordance with Labor Law No. 13/2003 ("Law 13/2003"), companies in Indonesia are required to provide a minimum amount of pension benefits as stipulated in Law 13/2003, which represents defined benefit pension plans. A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation. The defined benefit obligation is calculated annually by an independent actuary using the projected unit credit method and a number of assumptions. On a yearly basis, CIFOR engages actuary to calculate the post-employment benefit obligation under Law 13/2003 and compare it to the liabilities calculated under CIFOR's scheme. The liability recognised in the statement of financial position is the higher of actuarial calculation and CIFOR's scheme.

h. Investments

Investments are initially recorded at their acquisition cost (including brokerage and other transaction costs) when they were purchased. Investments in equity securities with readily determinable fair values and all investments in debt securities and mutual funds shall be measured at fair value at reporting date.

Investments acquired with the intention of disposing the same within one year or less from the acquisition date are to be classified as current investments. Furthermore, investments classified as current, as distinguished from cash equivalents, are those that are acquired with original maturities of more than three months but not exceeding one year.

Investments acquired with the intention of keeping the same for more than a year from the acquisition date are classified as long-term investments.

Interest, losses and gains relating to investment should be reported in the statement of activities as expense or revenue.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015 (Expressed in thousands of US Dollar)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

i. Net assets

Net assets are the residual interest in CIFOR's assets remaining after liabilities are deducted. These are classified as either undesignated or designated.

- Undesignated - that part of net assets that are not designated by CIFOR's management for specific purpose.
- Designated - that part of net assets that have been appropriated by the Board of Trustees for specific purposes. Designated net assets are identified on an annual basis by the Board of Trustees.

j. Foreign currency translation

Items included in the financial statements are measured using US Dollar (USD). Transactions denominated in currencies other than USD are translated into USD at the standard bookkeeping rates which approximate the exchange rates prevailing at the dates of the transactions. At the reporting date, monetary assets and liabilities denominated in currencies other than USD are translated into USD at the exchange rates prevailing at that date.

As at 31 December 2015 and 2014, the rates used for the translation are as follows:

	<u>2015</u>	<u>2014</u>
Indonesian Rupiah 1,000	0.0725	0.0803
British Pound sterling 1	1.4825	1.5571
European Euro 1	1.0924	1.2165

Exchange gains and losses arising from the settlement of transactions in currencies other than USD and from the translation of monetary assets and liabilities in currencies other than USD are recognised in the statement of activities.

k. Use of estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

3. CASH AND CASH EQUIVALENTS

	<u>2015</u>	<u>2014</u>
Cash on hand	45	58
Cash in banks	18,902	17,656
Cash equivalents (time deposits with original maturities of three months or less)	-	1,987
	<u>18,947</u>	<u>19,701</u>

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4. GRANTS, DONOR RECEIVABLES, AND DONOR PAYABLES

	2015						2014
	Beginning balance		Revenues from grants	Fund received	Ending balance		Revenues from Grants
	A/R	A/P			A/R	A/P	
Unrestricted							
- Window 3	448	-	374	802	20	-	3,962
- Bilateral	-	-	277	277	-	-	311
Restricted							
- CRP on Forests, Trees and Agroforestry							
- Windows 1 & 2	2,164	-	19,132	15,755	5,541	-	30,400
- Window 3	1,005	2,880	7,183	10,640	1,054	6,386	8,342
- Bilateral	2,486	2,377	11,565	12,301	3,005	3,632	11,975
- CRP on Climate Change, Agriculture and Food Security							
- Windows 1 & 2	199	64	802	1,027	9	99	404
- Window 3	-	-	-	-	-	-	498
- Bilateral	348	-	1	385	1	37	613
- Non-CRP	<u>2,270</u>	<u>647</u>	<u>5,392</u>	<u>5,893</u>	<u>1,167</u>	<u>45</u>	<u>4,118</u>
	8,920	<u>5,968</u>	<u>44,726</u>	<u>47,080</u>	10,797	<u>10,199</u>	<u>60,623</u>
Allowance for doubtful accounts	<u>(590)</u>				<u>(769)</u>		
	<u>8,330</u>				<u>10,028</u>		

For the detail of grants, please refer to the Supplementary Schedule of Grants (Exhibit 1) and Supplementary Schedule of Restricted Projects Window 3 and Bilateral (Exhibit 2).

5. ACCOUNT RECEIVABLES OTHERS

	2015	2014
Advances to partners	986	1,171
Advances to suppliers and consultants	308	524
Interest receivables	8	8
	<u>1,302</u>	<u>1,703</u>

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7. OTHER NON-CURRENT ASSETS

	<u>2015</u>	<u>2014</u>
Funds separately invested for the provision of the Nationally Recruited Staff (NRS) provident fund	1,649	1,609
Long-term Investment	<u>5,007</u>	<u>5,074</u>
	<u>6,656</u>	<u>6,683</u>

Provident fund

In accordance with the CIFOR Provident Fund Policy Manual, CIFOR provides the Indonesian nationally recruited staff members with a contribution of 12.5% of each member's base salary. The fund is managed by a committee which consists of three national staffs elected by the members and two *ex officio* members, the Deputy Director Finance and the Director of Human Resources. The costs of this program were USD 220 in 2015 (2014: USD 249).

Long term investment

CIFOR has investments of asset management fixed income in Lombard Odier of USD 5,007 (2014: USD 5,074). The quality rating of the investment based on S&P, Moody and Fitch in average is A.

8. ACCOUNT PAYABLES - OTHER CGIAR CENTERS

	<u>2015</u>	<u>2014</u>
World Agroforestry Centre (ICRAF)	795	1,694
Bioversity International	496	192
International Center for Tropical Agriculture	51	251
International Potato Center	-	241
Others	<u>166</u>	<u>157</u>
	<u>1,508</u>	<u>2,535</u>

9. EMPLOYEE BENEFIT OBLIGATIONS

	<u>2015</u>	<u>2014</u>
Internationally recruited staff	3,712	4,072
Nationally recruited staff	<u>2,827</u>	<u>3,023</u>
	<u>6,539</u>	<u>7,095</u>

10. ACCRUALS

	<u>2015</u>	<u>2014</u>
Supplies and services	650	689
Other collaboration	2,524	2,604
Personnel costs	<u>346</u>	<u>85</u>
	<u>3,520</u>	<u>3,378</u>

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11. OTHERS

	<u>2015</u>	<u>2014</u>
Other revenue and gains		
Interest income	192	140
Gain on valuation of investment	63	65
Others, net	<u>196</u>	<u>182</u>
	<u>451</u>	<u>387</u>
Other expenses and losses		
Foreign exchange loss, net	770	586
Loss on disposal of property, plant and equipment	<u>23</u>	<u>66</u>
	<u>793</u>	<u>652</u>

12. EXPENSES AND LOSSES

	2015				2014			
	Unrestricted	Restricted CRPs	Restricted Non-CRP	Total	Unrestricted	Restricted CRPs	Restricted Non-CRP	Total
Expenses by natural classification								
Personnel costs	4,384	12,145	498	17,027	5,384	13,775	575	19,734
CGIAR collaboration expenses	-	8,833	227	9,060	-	13,951	-	13,951
Non CGIAR collaboration expenses	966	4,160	3,545	8,671	1,551	3,647	2,943	8,141
Supplies and services	3,869	7,191	498	11,558	4,913	11,676	255	16,844
Travel	491	1,283	80	1,854	733	2,630	34	3,397
Depreciation	73	1,243	202	1,518	97	871	78	1,046
Cost sharing percentage	5	104	12	121	6	113	-	119
Indirect cost recovery	<u>(4,054)</u>	<u>3,724</u>	<u>330</u>	<u>-</u>	<u>(5,802)</u>	<u>5,569</u>	<u>233</u>	<u>-</u>
Total expenses and losses	<u>5,734</u>	<u>38,683</u>	<u>5,392</u>	<u>49,809</u>	<u>6,882</u>	<u>52,232</u>	<u>4,118</u>	<u>63,232</u>

13. NET ASSETS

The account represented unrestricted net assets as follows:

	<u>2015</u>	<u>2014</u>
Undesignated - operating funds	<u>12,196</u>	<u>12,164</u>
Designated - invested in property, plant and equipment	3,053	3,870
Designated - reserve for replacement of property, plant and equipment	2,006	1,189
Designated - donor conditionality	152	4,816
Designated - crisis management	<u>1,000</u>	<u>1,000</u>
	<u>6,211</u>	<u>10,875</u>
	<u>18,407</u>	<u>23,039</u>

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015 (Expressed in thousands of US Dollar)

13. NET ASSETS (continued)

Undesignated reserves

Undesignated reserves are required to cover working capital needs of the Center and to tide over periods of insufficient operational funding.

CIFOR will hold undesignated reserves at a level equivalent to a minimum of 120 days operational expenditure.

Designated reserves

Capital reserves

Capital reserves take into account the future capital needs of the Center including replacement of capital intensive assets at prevailing replacement upgrading IT infrastructure, buildings etc.

CIFOR capital reserves will be established at a level of up to USD 2,000.

Capital reserves are replenished through depreciation of fixed assets, replenishment through chargeback of operational expenses to restricted grants where the Center has funded capital items out of the capital fund and infusion of undesignated net assets into the capital reserve to maintain the level up to USD 2,000.

Donor conditionality

The Board may designate funds periodically to meet donor conditionality. The level of reserves designated is dependent on the conditionality. The Board may satisfy themselves to this designation prior to setting up the reserve.

It is not necessary to have designated reserves in this category, if there are no donor conditionalities that require to be met.

Crisis management

Crisis management reserves are set aside to ensure smooth operations and/or transition in the event of any exigency arising out of local sensitivities (political, geographical etc.) in countries where CIFOR operates. The reserve will be used in conjunction with CIFOR's Evacuation, Safety and Security policies. An amount of USD 1,000 will be designated towards crisis management.

14. CONTINGENT LIABILITIES

CIFOR had no significant contingent liabilities as at 31 December 2015 and 2014.

**SUPPLEMENTARY SCHEDULE OF GRANTS
FOR THE YEAR ENDED 31 DECEMBER 2015**
(Expressed in thousands of US Dollar)

Donors	Total funds available	Accounts receivable	Advance payment	Grant	
				Current year	Prior year
Unrestricted - Window 3					
China	-	20	-	20	20
Finland	354	-	-	354	310
United Kingdom	-	-	-	-	3,632
Sub-total	354	20	-	374	3,962
Unrestricted - Bilateral					
Germany	277	-	-	277	311
Sub-total	277	-	-	277	311
Restricted - Windows 1 & 2					
Centro Internacional de Agricultural Tropical (CIAT)	820	-	99	721	399
International Crops Research Institute for Semi-Arid Tropics (ICRISAT)	72	9	-	81	5
CGIAR Fund	13,591	5,541	-	19,132	30,400
Sub-total	14,483	5,550	99	19,934	30,804
Restricted - Window 3					
Australian Agency for International Development (AusAID)	2,519	-	-	2,519	3,373
Austrian Development Agency	776	-	241	535	385
China	10	10	-	20	-
International Fund for Agricultural Development	46	969	-	1,015	823
Japan	148	-	65	83	182
United Kingdom	1,876	-	1,803	73	-
United States Agency for International Development (USAID)	7,140	75	4,277	2,938	4,077
Sub-total	12,515	1,054	6,386	7,183	8,840
Restricted - Bilateral					
African Development Bank (ADB)	(958)	1,108	-	150	946
Association Technique Internationale des Bois Tropicaux (ATIBT)	34	78	-	112	-
Australia – Department of Environment	527	14	-	541	223
Australian Centre for International Agricultural Research (ACIAR)	31	-	-	31	25
Bioversity International	31	-	4	27	129
Catholic Organisation for Relief and Development Aid (CORDAID)	(17)	17	-	-	100
Centre de Recherche et d'Action pour le Développement Durable en Afrique centrale (CERAD)	20	3	-	23	-
CGIAR Consortium	55	-	46	9	-
Climate and Land Use Alliance (CLUA)	60	-	57	3	-
Common Market for Eastern and Southern Africa (COMESA)	100	65	-	165	-
European Commission	5,718	2,060	458	7,320	6,420
Finland	371	-	250	121	209
Food and Agriculture Organization of the United Nations (FAO)	304	97	199	202	194
Forest Stewardship Council (FSC)	63	-	3	60	32
French Agricultural Research Centre for International Development (CIRAD)	5	38	12	31	71
French Global Environment Facility (FFEM)	233	263	-	496	459
German Agency for International Cooperation and German Federal Ministry for Economic Cooperation and Development (GIZ/BMZ)	477	-	124	353	149
German Federal Ministry for the Environment, Nature Conservation, Building and Nuclear Safety	755	-	300	455	47
IDH, The Sustainable Trade Initiative – Indonesia	37	-	37	-	-
International Food Policy Research Institute (IFPRI)	20	-	20	-	-

**SUPPLEMENTARY SCHEDULE OF GRANTS
FOR THE YEAR ENDED 31 DECEMBER 2015**
(Expressed in thousands of US Dollar)

Donors	Total funds available	Accounts receivable	Advance payment	Grant	
				Current year	Prior year
Restricted – Bilateral (continued)					
International Institute for Environment and Development (IIED) – London	86	-	11	75	-
International Tropical Timber Organization (ITTO)	144	97	-	241	-
Japan	-	-	-	-	4
Korea Forest Research Institute	337	-	318	19	359
KPMG East Africa Ltd	272	93	-	365	568
National Academy of Sciences Netherlands	77	-	73	4	-
Netherlands	271	-	77	194	194
Norwegian Agency for Development Cooperation (NORAD)	3,469	-	-	3,469	3,573
Öko-Institut e.V.	46	-	13	33	-
Others	798	51	712	137	520
Rockefeller Foundation	246	-	37	209	42
Swedish International Development Cooperation Agency (SIDA)	642	-	45	597	-
Swiss National Science Foundation Switzerland	60	-	6	54	-
Switzerland	506	-	326	180	300
Technical University of Darmstadt	18	-	13	5	193
Tetra Tech ARD	-	44	-	44	-
The U.S. Fish and Wildlife Service	11	-	11	-	-
U4 Anti-Corruption Resource Centre	-	-	-	-	40
United Nations Environment Programme	168	-	21	147	152
University of Dar Es Salaam	10	-	1	9	-
University of Gottingen	19	-	-	19	37
University of Wisconsin	(16)	16	-	-	-
United States Agency for International Development (USAID)	-	-	-	-	648
U.S. Forest Service	32	92	-	124	199
Wageningen International	43	9	4	48	49
World Agroforestry (ICRAF)	1,015	28	466	577	579
World Bank	240	-	24	216	-
World Fish Center	139	-	46	93	194
World Wide Fund for Nature (WWF)	-	-	-	-	51
Sub-total	16,499	4,173	3,714	16,958	16,706
Grand Total	44,128	10,797	10,199	44,726	60,623

**SUPPLEMENTARY SCHEDULE OF RESTRICTED PROJECTS
WINDOW 3 AND BILATERAL
FOR THE YEAR ENDED 31 DECEMBER 2015**
(Expressed in Thousands of US Dollar)

Donors and projects	Grant period MM/YY	Grant pledged	Cumulative expenditures through prior year	Expenditures in current year	Total cumulative expenditures
<i>African Development Bank (ADB)</i>					
- Climate change and forests in the Congo basin: synergies between adaptation and mitigation (COBAM)	05/10-12/15	4,330	3,206	150	3,356
		4,330	3,206	150	3,356
<i>Association Technique Internationale des Bois Tropicaux (ATIBT)</i>					
- Congo Basin Timber	05/15-11/15	121	-	112	112
		121	-	112	112
<i>Australia – Department of Environment</i>					
- Measurement, reporting and verification (MRV) support to the government of Indonesia	07/14-07/15	497	223	274	497
- Indonesian National Carbon Accounting System (IN-CAS)	08/15-03/16	362	-	267	267
		859	223	541	764
<i>Australian Agency for International Development (AusAID)</i>					
- CIFOR REDD+Research Partnership	07/12-06/15	9,482	6,963	2,519	9,482
		9,482	6,963	2,519	9,482
<i>Australian Centre for International Agricultural Research (ACIAR)</i>					
- Overcoming constraints to community based commercial forestry in Indonesia	04/11-09/15	108	96	12	108
- Adoption Study on Project FST/2005/177: Improving economic outcomes for small holders growing teak in Agroforestry systems in Indonesia	02/15-04/15	19	-	19	19
		127	96	31	127
<i>Austrian Development Agency</i>					
- Addressing the gender gap in participation and representation in community forestry: consolidation of research and action on gender, tenure and community forestry in Uganda and Nicaragua	09/13-10/16	613	292	181	473
- Nutritional and ecological benefits of forest and tree cover on vegetable collection, production and consumption in semi-arid areas. A comparative study in Ethiopia and Burkina Faso	09/13-01/16	621	236	311	547
- Engaging the Forest-Farm Interface: Improving Livelihood and Environmental Outcomes in Ethiopia's Mosaic Landscapes	07/15-10/17	548	-	43	43
		1,782	528	535	1,063
<i>Biodiversity International</i>					
- Threats to priority food tree species in Burkina Faso: drivers of resource losses and mitigation measures (Austrian Development Agency)	03/13-03/16	85	43	27	70
		85	43	27	70
<i>Centre de Recherche et d'Action pour le Développement Durable en Afrique Centrale (CERAD)</i>					
- Cibler et promouvoir les demandes de sciages légaux sur les marchés intérieurs de bois du Cameroun	06/15-06/16	81	-	23	23
		81	-	23	23

**SUPPLEMENTARY SCHEDULE OF RESTRICTED PROJECTS
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FOR THE YEAR ENDED 31 DECEMBER 2015**
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Donors and projects	Grant period MM/YY	Grant pledged	Cumulative expenditures through prior year	Expenditures in current year	Total cumulative expenditures
<i>CGIAR Consortium</i>					
- Gender Postdoctoral Fellowship	02/15-12/16	108	-	9	9
		108	-	9	9
<i>China</i>					
- Supporting collaborative projects in China	01/14-12/15	20	-	20	20
		20	-	20	20
<i>Climate and Land Use Alliance (CLUA)</i>					
- Supporting local regulation for sustainable oil palm in East Kalimantan	07/15-12/16	60	-	3	3
		60	-	3	3
<i>Common Market for Eastern and Southern Africa (COMESA)</i>					
- Providing technical and scientific support to the programme on COMESA Climate change adaptation and mitigation in eastern and southern Africa (COMESA-EAC-SADC)	04/15-03/16	207	-	165	165
		207	-	165	165
<i>European Commission</i>					
- REFORCO – support to the national policy on conservation and management of forests and biodiversity in the Democratic Republic of Congo	10/09-06/16	7,606	5,180	1,104	6,284
- New ways to value and market forest externalities	01/10-05/14	359	359	(57)	302
- Opportunities and challenges to developing REDD benefit sharing mechanisms in developing countries	02/12-07/16	6,007	3,718	1,436	5,154
- Operational potential of ecosystem research applications (OPERAs)	12/12-11/17	113	47	42	89
- Forests and climate change in Congo (FCCC)	01/13-12/16	14,963	7,060	4,795	11,855
		29,048	16,364	7,320	23,684
<i>Finland</i>					
- Finnish JPO - GOV Programme	07/12-01/17	379	241	3	244
- Finnish JPO - GOV Programme	07/14-06/16	333	73	118	191
		712	314	121	435
<i>Food and Agriculture Organization (FAO) of the United Nations</i>					
- FAO/GEF sustainable management of the wildlife and bushmeat sector in Central Africa project	08/13-06/16	289	186	70	256
- Appui au développement des réflexions sur le marché domestique du bois en Côte d'Ivoire avec un soutien dans l'identification d'options stratégiques et la proposition d'un plan d'action	11/14-08/15	50	8	42	50
- To take stock of community forestry enterprises involved in commercialization of timber in Africa	12/14-03/15	17	-	15	15
- Appui technique au Ministère des Forêts et de la Faune pour l'opérationnalisation de la page web et la collecte de données dans le cadre de la mise en œuvre de l'Annexe VII de l'APV/FLEGT	07/15-04/16	27	-	5	5
- Securing Tenure Rights for Forest Landscape-Dependent Communities: Linking science with policy to advance tenure security, sustainable forest management and people's livelihoods	10/15-10/18	2,000	-	70	70

**SUPPLEMENTARY SCHEDULE OF RESTRICTED PROJECTS
WINDOW 3 AND BILATERAL
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<u>Donors and projects</u>	<u>Grant period MM/YY</u>	<u>Grant pledged</u>	<u>Cumulative expenditures through prior year</u>	<u>Expenditures in current year</u>	<u>Total cumulative expenditures</u>
- Pour la fourniture des services suivants: L'édition d'un ouvrage collectif sur la gestion inclusive des ressources forestières en Afrique centrale	12/15-01/16	30	-	-	-
		2,413	194	202	396
<i>Forest Stewardship Council (FSC)</i>					
- Expanding FSC certification at landscape level through incorporating additional ecosystem services	01/12-06/17	340	227	60	287
		340	227	60	287
<i>French Agricultural Research Centre for International Development (CIRAD)</i>					
- Sustainable development of palm oil production: designing strategies from improved knowledge on oil palm cropping system	03/12-08/16	106	93	1	94
- Community Forestry in DRC	03/15-06/15	30	-	30	30
- Contribution à l'observatoire des forêts d'Afrique centrale	05/15-11/16	25	-	-	-
		161	93	31	124
<i>French Global Environment Facility (FFEM)</i>					
- Supporting the development of policies and adaptation at different scales in West Africa Savanahs	06/11-12/16	2,021	1,205	496	1,701
		2,021	1,205	496	1,701
<i>German Agency for International Cooperation and German Federal Ministry for Economic Cooperation and Development (GIZ/BMZ)</i>					
- Forests in the global bioeconomy: developing multi-scale policy scenarios	04/15-03/18	1,302	-	333	333
- Measuring carbon sequestration in agroforestry systems in Indonesia	02/15-08/17	87	-	20	20
		1,389	-	353	353
<i>German Federal Ministry for the Environment, Nature Conservation, Building and Nuclear Safety</i>					
- From climate research to action under multilevel governance: building knowledge and capacity at landscape scale	07/14-12/17	4,996	47	455	502
		4,996	47	455	502
<i>IDH, The Sustainable Trade Initiative – Indonesia</i>					
- Baseline for the Initiative for Sustainable Landscapes (ISLA): The South-West Mau landscape	11/15-05/16	94	-	-	-
		94	-	-	-
<i>International Food Policy Research Institute (IFPRI)</i>					
- Current and future trends of production, consumption and trade of oil palm (BMGF-Bill & Melinda Gates Foundation)	10/15-09/16	50	-	-	-
		50	-	-	-
<i>International Fund for Agricultural Development</i>					
- Securing tenure rights for forest-dependent communities: a global comparative study of design and implementation of tenure reform	01/14-12/16	2,994	823	1,015	1,838
		2,994	823	1,015	1,838
<i>International Institute for Environment and Development (IIED)</i>					
- Securing tenure rights for forest-dependent communities: a global comparative study of design and implementation of tenure reform	01/15-01/18	412	-	75	75
		412	-	75	75

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WINDOW 3 AND BILATERAL
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Donors and projects	Grant period MM/YY	Grant pledged	Cumulative expenditures through prior year	Expenditures in current year	Total cumulative expenditures
<i>International Tropical Timber Organization (ITTO)</i>					
- Development of Intra-African Trade and Further Processing in Tropical Timber and Timber Products – Phase I	04/15-03/16	480	-	241	241
		480	-	241	241
<i>Japan</i>					
- "Futurability" of tropical forests: value-oriented approach to strengthen international framework	04/14-03/16	330	182	83	265
		330	182	83	265
<i>Korea Forest Research Institute</i>					
- The Development of KPHs: national policies and a case study of KPH Wae Apu	08/15-12/16	200	-	15	15
- Socio economic and environmental benefits of bioenergy production on degraded land in Indonesia	10/15-09/17	350	-	4	4
		550	-	19	19
<i>KPMG East Africa Ltd.</i>					
- Enhancing the role of forestry in Ethiopia's Climate Resilient Green Economy (CRGE): A Knowledge, action research and innovation project	07/13-01/16	999	634	365	999
		999	634	365	999
<i>National Academy of Sciences</i>					
- Integrated watershed management for enhancing local livelihoods and biodiversity conservation in Indonesia	11/15-10/16	78	-	4	4
		78	-	4	4
<i>Netherlands</i>					
- Dutch APO Climate Change	02/13-01/16	325	200	104	304
- Dutch APO Food Security	02/13-02/16	298	179	90	269
		623	379	194	573
<i>Norwegian Agency for Development Cooperation (NORAD)</i>					
- Learning from REDD+ - An enhanced global comparative analysis	01/13-12/15	8,722	5,253	3,469	8,722
		8,722	5,253	3,469	8,722
<i>Öko-Institut e.V.</i>					
- Strengthening independent monitoring of GHG emissions from land activities for publishing, comparing, and reconciling estimates	12/14-12/16	151	-	33	33
		151	-	33	33
<i>Others</i>					
- Global Landscape Forum in Lima, December 2014	10/14-02/15	435	435	(7)	428
- Global Landscape Forum in Paris and London 2015	04/15-02/16	961	-	144	144
		1,396	435	137	572
<i>OXFAM – Novib</i>					
- Engendering the RSPO standards for more gender equality and better performance on smallholder oil plantations	10/15-02/16	22	-	-	-
		22	-	-	-
<i>Rockefeller Foundation</i>					
- Adaptation of people to climate change in East Africa	12/11-03/16	600	353	209	562
		600	353	209	562

**SUPPLEMENTARY SCHEDULE OF RESTRICTED PROJECTS
WINDOW 3 AND BILATERAL
FOR THE YEAR ENDED 31 DECEMBER 2015**
(Expressed in Thousands of US Dollar)

Donors and projects	Grant period MM/YY	Grant pledged	Cumulative expenditures through prior year	Expenditures in current year	Total cumulative expenditures
<i>Swedish International Development Cooperation Agency (SIDA)</i>					
- The Landscape Fund – Support for preparatory work and pilot phase	01/15-03/16	647	-	597	597
		647	-	597	597
<i>Swiss National Science Foundation</i>					
- Oil Palm Adaptive Landscapes (OPAL)	03/15-02/18	262	-	54	54
		262	-	54	54
<i>Switzerland</i>					
- ASEAN-Swiss Partnership on Social Forestry and Climate Change (ASFCC) - Phase 2	01/14-12/16	948	201	180	381
		948	201	180	381
<i>Techinal University of Darmstadt</i>					
- Governance for the reduction of indirect land use changes - GoViLa	12/12-06/16	424	408	5	413
		424	408	5	413
<i>Tetra Tech ARD</i>					
- Assessment of natural resource governance including land and forest tenure in coastal mangrove forests of Southeast Asia and Africa	10/15-05/16	144	-	44	44
		144	-	44	44
<i>United Kingdom - Department for International Development (DFID)</i>					
- DFID Know-for Phase 2	10/15-09/17	9,872	-	73	73
		9,872	-	73	73
<i>United Nations Environment Programme</i>					
- Global Landscape Forum in Lima, December 2014	07/14-03/15	170	152	18	170
- Global Landscape Forum in London, June 2015 and Paris, December 2015	04/15-02/16	150	-	129	129
		320	152	147	299
<i>United States Agency for International Development (USAID)</i>					
- Sustainable Wetlands Adaptation and Mitigation Program (SWAMP)	10/12-09/16	3,003	1,632	568	2,200
- Conservation and sustainable use of tropical forest biodiversity	10/12-09/16	6,125	2,924	1,806	4,730
- Developing systems for reducing emissions from land use	10/12-09/16	2,924	1,610	552	2,162
- Governing Oil Palm Landscapes for Sustainability (GOLS)	10/15-09/17	2,431	-	12	12
		14,483	6,166	2,938	9,104
<i>University of Dar Es Salaam (Institute of Resource Assessment)</i>					
- Fellowship award under the African climate change fellowship program	11/11-Open	34	23	9	32
		34	23	9	32
<i>University of Gottingen</i>					
- Restoration and reclamation of mined-out areas and other degraded lands for biodiversity conservation and rural development in Burkina Faso: a chance for local people?	01/14-12/16	115	37	19	56
		115	37	19	56

**SUPPLEMENTARY SCHEDULE OF RESTRICTED PROJECTS
WINDOW 3 AND BILATERAL
FOR THE YEAR ENDED 31 DECEMBER 2015**
(Expressed in Thousands of US Dollar)

<u>Donors and projects</u>	<u>Grant period MM/YY</u>	<u>Grant pledged</u>	<u>Cumulative expenditures through prior year</u>	<u>Expenditures in current year</u>	<u>Total cumulative expenditures</u>
<i>U.S. Forest Service - International Programs</i>					
- Forest conservation and sustainable wetlands adaptation and mitigation program	03/13-03/18	420	263	123	386
- Support for the Kenya Water Tower Climate Change Resilience Program	08/15-12/16	93	-	1	1
		513	263	124	387
<i>Wageningen International</i>					
- The international course on "Governance for forest, nature and people" - 2014	07/14-01/15	54	49	-	49
- The International course on "Governance of landscapes, forests, and people" - 2015	07/15-01/16	48	-	48	48
		102	49	48	97
<i>World Agroforestry (ICRAF)</i>					
- Agroforestry and forestry in Sulawesi: linking knowledge with action (Global Affairs Canada: Foreign Affairs, Trade and International Development)	01/12-03/16	914	651	218	869
- Development of timber and non-timber forest products' production and market strategies for improvement of smallholders' livelihoods in Indonesia (ACIAR)	04/13-12/16	366	88	74	162
- Building biocarbon and rural development in West Africa (BIODEV)-(Finland)	01/14-07/16	927	217	263	480
- Green Rubber: alleviating poverty and enhancing environmental integrity through restoring ecosystem services in a tropical plantation crop in the Upper Mekong Region (GIZ)	04/14-12/16	105	30	22	52
		2,312	986	577	1,563
<i>World Bank – Headquarters</i>					
- Ecosystems and Poverty Under Climate Change	10/14-05/15	110	-	110	110
- Global Landscape Forum in Paris, 2015	10/15-03/16	130	-	106	106
		240	-	216	216
<i>World Fish</i>					
- Integrated research in development for improved livelihoods programme in northern province, zambia (IRDLP) (Irish Aid)	09/13-12/15	575	220	93	313
		575	220	93	313
Total restricted grants		106,834	46,067	24,141	70,208

**SUPPLEMENTARY SCHEDULE OF PROPERTY, PLANT AND EQUIPMENT
FOR THE YEAR ENDED 31 DECEMBER 2015**
(Expressed in Thousands of US Dollar)

	<u>Infrastructure and leasehold improvements</u>	<u>Furnishing and equipment</u>	<u>Property, plant and equipment under commissioning</u>	<u>Total 2015</u>	<u>Total 2014</u>
COST:					
Balance 1 January	3,639	6,618	-	10,257	8,449
Current period:					
- Additions	44	496	184	724	2,007
- Disposals	(30)	(298)	-	(328)	(199)
- Transfers	184	-	(184)	-	-
Balance 31 December	<u>3,837</u>	<u>6,816</u>	<u>-</u>	<u>10,653</u>	<u>10,257</u>
ACCUMULATED DEPRECIATION:					
Balance 1 January	(1,141)	(5,246)	-	(6,387)	(5,390)
Current period:					
- Additions	(597)	(921)	-	(1,518)	(1,046)
- Disposals	9	296	-	305	49
Balance 31 December	<u>(1,729)</u>	<u>(5,871)</u>	<u>-</u>	<u>(7,600)</u>	<u>(6,387)</u>
Net Book Value	<u>2,108</u>	<u>945</u>	<u>-</u>	<u>3,053</u>	<u>3,870</u>

**SUPPLEMENTARY COMPUTATION OF INDIRECT EXPENSE RATE
FOR THE YEAR ENDED 31 DECEMBER 2015**
(Expressed in Thousands of US Dollar)

	2015			2014		
	Center	Partner	Total	Center	Partner	Total
Indirect expenses						
- General and administrative expenses	4,172	597	4,769	5,947	769	6,716
Direct expenses						
- Research expenses	26,516	-	26,516	33,772	-	33,772
- Non CGIAR collaboration expenses	-	8,671	8,671	-	8,141	8,141
	26,516	8,671	35,187	33,772	8,141	41,913
Indirect cost rate (Indirect/direct expenses)			14%			16%

The above calculation excludes CGIAR collaboration expenses.

**CRP EXPENDITURE REPORT - CENTER
FOR THE YEAR ENDED 31 DECEMBER 2015**
(Expressed in Thousands of US Dollar)

CRP on Forests, Trees and Agroforestry – Expenditure Report

Natural Classification	Window 1 & 2	Window 3	Bilateral Funding	Center Funds	Total Funding
Personnel costs	5,309	2,476	4,088	1,311	13,184
CGIAR collaboration	-	103	82	-	185
Non CGIAR collaboration	458	1,213	1,827	966	4,464
Supplies and services	950	2,246	3,866	1,479	8,541
Travel	413	325	518	286	1,542
Depreciation	1,040	-	203	23	1,266
Sub-total of direct costs	8,170	6,363	10,584	4,065	29,182
Indirect costs	1,818	820	981	715	4,334
Total – all costs	9,988	7,183	11,565	4,780	33,516

CRP on Climate Change, Agriculture and Food Security – Expenditure Report

Natural Classification	Window 1 & 2	Window 3	Bilateral Funding	Center Funds	Total Funding
Personnel costs	272	-	-	161	433
CGIAR collaboration	24	-	-	-	24
Non CGIAR collaboration	143	-	-	-	143
Supplies and services	231	-	1	-	232
Travel	27	-	-	-	27
Sub-total of direct costs	697	-	1	161	859
Indirect costs	105	-	-	-	105
Total – all costs	802	-	1	161	964

**CRP WINDOW 1 AND WINDOW 2 FUNDING REPORT - CENTER
FOR THE YEAR ENDED 31 DECEMBER 2015**

(Expressed in Thousands of US Dollar)

CRP on Forests, Trees and Agroforestry – Funding Report

Description	Windows 1 & 2
Opening balance	(2,164)
Cash receipts from lead center	6,611
Disbursements	9,988
Closing balance	(5,541)

CRP on Climate Change, Agriculture and Food Security – Funding Report

Description	Windows 1 & 2		
	CIAT	ICRISAT	Total
Opening balance	(199)	64	(135)
Cash receipts from lead center	1,019	-	1,019
Cash receipts from other center	-	8	8
Disbursements	721	81	802
Closing balance	99	(9)	90

**CRP EXPENDITURE REPORT – LEAD CENTER
FOR THE YEAR ENDED 31 DECEMBER 2015**
(Expressed in Thousands of US Dollar)

CRP on Forests, Trees and Agroforestry – Expenditure Report

Natural Classification	Windows 1 & 2	Window 3	Bilateral Funding	Center Funds	Total Funding
Personnel costs	5,309	2,476	4,088	1,311	13,184
CGIAR Collaboration	8,624	103	82	-	8,809
Non CGIAR collaboration	978	1,213	1,827	966	4,984
Supplies and services	950	2,246	3,866	1,479	8,541
Travel	413	325	518	286	1,542
Depreciation	1,040	-	203	23	1,266
Sub-total of direct costs	17,314	6,363	10,584	4,065	38,326
Indirect costs	1,818	820	981	715	4,334
Total – all costs	19,132	7,183	11,565	4,780	42,660

SUPPLEMENTARY SCHEDULE
CRP WINDOW 1 AND WINDOW 2 FUNDING REPORT – LEAD CENTER
FOR THE YEAR ENDED 31 DECEMBER 2015
 (Expressed in Thousands of US Dollar)

CRP on Forests, Trees and Agroforestry – Funding Report Windows 1 and 2

Description		Total
Opening balance – payable (all partners)		2,146
Cash receipts from Consortium		15,987
Disbursements:		
Bioversity International	2,084	
CATIE	240	
CIRAD	193	
CIAT	574	
CIFOR	6,611	
World Agroforestry Centre	6,762	
Total disbursements		16,464
Closing balance – payable (all partners)		1,669

