



Financial Statements

31 December 2017

Center for International Forestry Research



CENTER FOR INTERNATIONAL FORESTRY RESEARCH

FINANCIAL STATEMENTS

31 DECEMBER 2017

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**Statement of the Board Chair
As at 31 December 2017
And for the year ended 31 December 2017**

The year 2017 marked significant efforts at the Center in consolidation of operations following multiple years of funding cuts in the CGIAR that resulted in a complete change in the funding and operating structure that necessitated the Board and management to seek a more efficient and strategic operating model focused at creating impact. The Board initiated a review of CIFOR operations during the year by setting up a workgroup to identify and address issues caused by the change in funding structure that caused the deficits in the previous financial years. I am happy to report that the workgroup presented its report at the November Board meeting and the Board has approved a vision of CIFOR as a Center without Walls with the objective of achieving zero deficit by 2020. The Board will over the next years review and approve various initiatives toward achieving this vision and the goal of regaining financial and operational stability.

At the end of 2017, CIFOR entered into formal discussions with World Agroforestry Center (ICRAF) to explore ways the two centers can better work together to address the changes in the funding structures. Collaboration efforts are intended to support the Center without Walls operating model.

CIFOR continues to lead the CGIAR program on Forests, Trees and Agroforestry – the world’s largest integrated collaborative research program on forests and trees, incidentally also one of the largest CGIAR programs. CIFOR scientists based around the world produced a total of 382 publications this year, including 204 scientific articles – of which 78% were in open-access journals – as well as 10 books, 26 book chapters, 35 occasional or working papers, 53 briefs, and 41 factsheets. Our publications were downloaded nearly 1,5 million times, with over 10,000 citations and 400,000 Google book visits.

CIFOR is engaged in two other CGIAR programs – in the IFPRI led Policies, Institutions, and Markets and the CIAT led program on Climate Change, Agriculture and Food Security.

CIFOR has been leading the Global Landscapes Forum, a multi-partnership initiative over the last few years and this has taken a renewed direction with multi-year funding committed by the German government toward this initiative. The GLF has grown into a platform that addresses questions about sustainable development, climate change, poverty and gender at various scales. The first GLF meeting under this new funding arrangement and broader outlook was organized in December 2017 in Bonn and was a resounding success – with over a thousand participants from 104 countries and as many hosting organizations and indigenous representatives from various regions of the world. We estimate conservatively that the GLF had a record online participation with 70,000 people from 114 countries participating via live stream and over 40 million people potentially reached #thinklandscape Twitter hashtag trending #1 in Germany and among top 10 in three other countries. The Board is excited with the development of the GLF and looks forward to CIFOR setting up the permanent GLF secretariat in Bonn in 2018.

Financial highlights 2017

CIFOR ended the year with expenditures of USD 34.39m, supported by revenue of USD 30.6m, leading to an operating deficit of USD 3.79 m, which is netted off by other comprehensive income of USD 0.25m resulting to total deficit and other comprehensive income amounting to USD 3.54m. The Board as noted above is concerned about the deficits in the last few years which have exceeded USD 8m and recognizes that the current operating model is not sustainable given the current funding climate. The Board believes initiatives being undertaken in 2018, will enable CIFOR to operate in a total restricted environment with zero deficit starting 2020. Deficits have been and will continue to be funded from Center unrestricted net assets and the Board recognizes that reserves are approaching the minimum acceptable level. The Board notes the difficulties of full cost recovery and of recovering the Cost Sharing Percentage (CSP) from the funders and recognizes the CGIAR System is attempting to address these issues that affect all the CGIAR Centers.

The Center remains financially stable and financial indicators including cash reserves, while significantly reduced, remain within the CGIAR recommended guidelines.

The Center continues to maintain a conservative approach to investments following the Board approved investment policy. Investment funds are held in fixed income securities by Lombard Odier on behalf of CIFOR.

CIFOR Board of Trustees

The CIFOR Board met twice in 2017, during April and November 2017.

I would like to acknowledge the contributions of CIFOR Board members, management, staff, funders and partners for their active commitment to CIFOR research. On behalf of the Board, I would also like to thank CIFOR's host, the Government of Indonesia.

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José Joaquín Campos Arce

Chair, Board of Trustees

BOGOR, 22 May 2018

**Board Statement on Risk Management
As at 31 December 2017
and For the Year Ended 31 December 2017**

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, Research/Scientific, Reputational, Infrastructure/Capability and Financial 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 in 2016 that is based on the International Organization for Standardization (ISO) 31000:2009 on Risk Management. The policy outlines the responsibility and accountability of the Board of Trustees, the Management and Centre staff. The policy also outlines reporting and assurances needed from Centre staff, the Internal and External Auditors and applies to all activities, business processes, policies, procedures, individuals, property and locations that comprise the CIFOR, and is mandatory for all CIFOR staff to follow. The policy has been communicated to all staff. In 2017, the Board approved for the statement on Risk Appetite to be included in the policy.

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 Board meetings and the Finance and Audit Committee meets once between Board meetings or more frequently if needed.

CIFOR's risk register was updated in September 2017 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 2017 risk register has 28 risk items. The Board has noted with concern that a number of risks have trended upward in all risk categories.

Unreliability of W1/2 funding and the continued CGIAR reform process, working in areas of conflict and insecurity, increased donor compliance and government legislation, volatile financial markets, inability to recover full costs, reduced cash flow and decreasing reserves were some of the risks that trended higher in 2017. Over the past few years, management has made adjustments to the operating model to reduce overhead costs while maintaining commitment to adequate compliance and control functions.

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 constituted a workgroup consisting of Board and management to address the operational challenges and risks faced by the Center in 2017. The Boards of CIFOR and World Agroforestry Center (ICRAF) established a joint task force to explore collaboration options up to and including merger as both Centers face similar risks.

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.

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José Joaquín Campos Arce
Chair, Board of Trustees
Center for International Forestry Research
22 May 2018

**MANAGEMENT STATEMENT OF RESPONSIBILITY FOR
FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2017
AND FOR THE YEAR ENDED 31 DECEMBER 2017**

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 International Financial Reporting Standards (IFRS). 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 2017, 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.

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Robert Nasi
Director General

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Kumar Tumuluru
Deputy Director General - Operations

BOGOR
22 May 2018



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

CENTER FOR INTERNATIONAL FORESTRY RESEARCH

Opinion

In our opinion, the financial statements of Center for International Forestry Research (CIFOR) present fairly, in all material respects, the financial position of CIFOR as at 31 December 2017 and its financial activities and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

What we have audited

We have audited the accompanying financial statements of CIFOR, which comprise the statement of financial position as at 31 December 2017, and the statement of activities and other comprehensive income, statement of changes in net assets and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the financial statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

We are independent of CIFOR in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Other information

Management is responsible for the other information. The other information comprises Exhibit 1-7 of the financial statements, which we obtained prior to the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and presentation of the financial statements in accordance with the IFRS, 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.

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In preparing the financial statements, management is responsible for assessing CIFOR's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate CIFOR or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing CIFOR's financial reporting process.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 CIFOR's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the CIFOR's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause CIFOR to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

JAKARTA
22 May 2018

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

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2017

(Expressed in thousands of US Dollar)

	<u>Notes</u>	<u>31 December 2017</u>	<u>31 December 2016¹⁾</u>	<u>1 January 2016¹⁾</u>
ASSETS				
CURRENT ASSETS				
Cash	6	14,829	28,375	18,947
Account receivables:				
- Donors	7	3,798	5,653	9,649
- Employees		338	464	491
- Other CGIAR centers		660	241	344
- Others		1,006	609	1,234
Long term investment - current portion	8	298	1,115	550
Other current assets		<u>860</u>	<u>952</u>	<u>1,217</u>
		<u>21,789</u>	<u>37,409</u>	<u>32,432</u>
NON-CURRENT ASSETS				
Account receivables:				
- Donors	7	1,719	1,240	379
- Employees		238	223	128
- Other CGIAR centers		7	1	51
- Others		122	21	68
Property and equipment		1,406	2,223	3,492
Long term investment – non-current portion	8	5,107	4,207	4,457
Other non-current assets		<u>45</u>	<u>1,837</u>	<u>1,666</u>
		<u>8,644</u>	<u>9,752</u>	<u>10,241</u>
TOTAL ASSETS		<u><u>30,433</u></u>	<u><u>47,161</u></u>	<u><u>42,673</u></u>

¹⁾ As restated, see Note 3

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2017


(Expressed in thousands of US Dollar)

	Notes	31 December 2017	31 December 2016 ¹⁾	1 January 2016 ¹⁾
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Account payables:				
- Deferred income from donors	9	6,779	4,639	3,670
- Employees		289	310	354
- Other CGIAR centers		407	82	46
- Others	10	1,108	6,706	2,167
Deferred income - others		522	649	1,243
Accruals	11	5,930	4,398	4,045
Employee benefit obligations - current portion	12	<u>1,201</u>	<u>4,210</u>	<u>2,205</u>
		<u>16,236</u>	<u>20,994</u>	<u>13,730</u>
NON-CURRENT LIABILITIES				
Account payables:				
- Deferred income from donors	9	2,496	11,696	6,529
- Employees		7	83	208
- Other CGIAR centers		124	-	-
- Others	10	11	10	20
Employee benefit obligations - non-current portion	12	<u>1,667</u>	<u>1,140</u>	<u>4,019</u>
		<u>4,305</u>	<u>12,929</u>	<u>10,776</u>
TOTAL LIABILITIES		<u>20,541</u>	<u>33,923</u>	<u>24,506</u>
NET ASSETS				
Unrestricted:				
- Undesignated	14	5,505	8,475	12,196
- Designated	14	3,965	4,784	6,211
Other comprehensive income		417	166	(53)
IFRS conversion		<u>5</u>	<u>(187)</u>	<u>(187)</u>
TOTAL NET ASSETS		<u>9,892</u>	<u>13,238</u>	<u>18,167</u>
TOTAL LIABILITIES AND NET ASSETS		<u>30,433</u>	<u>47,161</u>	<u>42,673</u>

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



Robert Nasi
Director General



Kumar Tumuluru
Deputy Director General – Operations

¹⁾ As restated, see Note 3

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

**STATEMENT OF ACTIVITIES AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2017**
(Expressed in thousands of US Dollar)

Notes	31 December 2017					31 December 2016 ¹⁾				
	Unrestricted Portfolio	Unrestricted Non-Portfolio	Restricted Portfolio	Restricted Non-Portfolio	Total	Unrestricted Portfolio	Unrestricted Non-Portfolio	Restricted Portfolio	Restricted Non-Portfolio	Total
Revenue and gains										
Grant revenue										
Windows 1 & 2	-	-	6,680	-	6,680	-	-	11,568	-	11,568
Window 3	-	-	10,158	-	10,158	-	-	11,189	-	11,189
Bilateral	-	-	14,530	1,704	16,234	276	-	10,399	3,852	14,527
Total grant revenue	-	-	31,368	1,704	33,072	276	-	33,156	3,852	37,284
Other revenue and gains	476	312	-	-	788	318	-	-	-	318
Total revenue and gains	476	312	31,368	1,704	33,860	594	-	33,156	3,852	37,602
Expenses and losses										
13 Research expenses	2,769	-	17,893	-	20,662	5,083	-	18,982	1,158	25,223
CGIAR collaborator expenses	-	-	3,480	-	3,480	-	-	5,380	53	5,433
Non CGIAR collaborator expenses	-	-	7,251	-	7,251	73	-	3,967	2,410	6,450
General and administration expenses	1,321	105	2,744	201	4,371	24	-	4,827	231	5,082
Other expenses and losses	-	766	-	1,503	2,269	-	-	-	-	-
Total operating expenses	4,090	871	31,368	1,704	38,033	5,180	-	33,156	3,852	42,188
Gain on sale of asset(s)	38	-	-	-	38	21	-	-	-	21
Financial income	167	-	-	-	167	146	-	-	-	146
Financial expenses	(104)	-	-	-	(104)	-	-	-	-	-
Others, net	283	-	-	-	283	(729)	-	-	-	(729)
Deficit	(3,230)	(559)	-	-	(3,789)	(5,148)	-	-	-	(5,148)
Other comprehensive income:										
Items that will not be reclassified to statement of activities:										
12 - Remeasurement of employee benefit obligations	225	-	-	-	225	164	-	-	-	164
Items that may be subsequently reclassified to statement of activities:										
- Change in value of available-for-sale financial assets	26	-	-	-	26	55	-	-	-	55
Total deficit and other comprehensive income	(2,979)	(559)	-	-	(3,538)	(4,929)	-	-	-	(4,929)

¹⁾ As restated, see note 3

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

**STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED 31 DECEMBER 2017**

(Expressed in thousands of US Dollar)

	UNRESTRICTED							Other Comprehensive Income		IFRS Conversion		Restricted	Total
	Notes	Designated						Changes in Net Assets	Remeasurement of Employee Benefits Obligation	Property and Equipment	Others		
		Undesignated	Donor Conditionality	Crisis Management	Invested in Property and Equipment	Reserve for Replacement Property and Equipment	Sub-total Designated						
Balance as at 1 January 2016 before restated		12,196	152	1,000	3,053	2,006	6,211	-	-	-	-	-	18,407
IFRS conversion		-	-	-	-	-	-	(137)	84	441	(628)	-	(240)
Balance as at 1 January 2016 after restated		12,196	152	1,000	3,053	2,006	6,211	(137)	84	441	(628)	-	18,167
Depreciation for the year ended 31 December 2016		-	-	-	(1,431)	1,431	-	-	-	-	-	-	-
Appropriations from Designated to Undesignated	14	1,427	(152)	-	-	(1,275)	(1,427)	-	-	-	-	-	-
Additions of property and equipment during the year ended 31 December 2016		-	-	-	176	(176)	-	-	-	-	-	-	-
Net book value of disposal of property and equipment during the year ended 31 December 2016		-	-	-	(16)	16	-	-	-	-	-	-	-
Changes in net assets for the year ended 31 December 2016		(5,148)	-	-	-	-	-	-	-	-	-	-	(5,148)
Remeasurement of employee benefits obligation		-	-	-	-	-	-	-	164	-	-	-	164
Change in value of available-for-sale financial assets		-	-	-	-	-	-	55	-	-	-	-	55
Balance as at 31 December 2016 ^{*)}		8,475	-	1,000	1,782	2,002	4,784	(82)	248	441	(628)	-	13,238
Depreciation for the year ended 31 December 2017		-	-	-	(895)	895	-	-	-	-	-	-	-
Appropriations from Designated to Undesignated	14	819	-	-	-	(819)	(819)	-	-	-	-	-	-
Additions of property and equipment during the year ended 31 December 2017		-	-	-	84	(84)	-	-	-	-	-	-	-
Net book value of disposals of property and equipment ended 31 December 2017		-	-	-	(6)	6	-	-	-	-	-	-	-
Changes in net assets for the year ended 31 December 2017		(3,789)	-	-	-	-	-	-	-	-	-	-	(3,789)
Remeasurement of employee benefits obligation		-	-	-	-	-	-	-	225	-	-	-	225
Change in value of available-for-sale financial assets		-	-	-	-	-	-	26	-	-	-	-	26
IFRS convergence		-	-	-	-	-	-	-	-	-	192	-	192
Balance as at 31 December 2017		5,505	-	1,000	965	2,000	3,965	(56)	473	441	(436)	-	9,892

*) As restated, see note 3

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

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2017**

(Expressed in thousands of US Dollar)

	<u>Notes</u>	<u>2017</u>	<u>2016¹⁾</u>
Cash flows from operating activities			
Changes in net assets		(3,789)	(5,148)
Adjustments to reconcile changes in net assets to net cash provided by operating activities:			
- Depreciation and amortisation		1,022	1,559
- Gain on the disposal of property and equipment		(38)	(21)
- Provision for impairment of account receivables	7	92	(151)
- Write-off of account receivables		-	4,152
- Employee benefit obligations	12	364	634
- Unrealised foreign exchange (gain)/loss		<u>(354)</u>	<u>239</u>
Operating cash flows before changes in assets and liabilities		(2,703)	1,264
Changes in assets and liabilities:			
- Account receivables			
- Donors		1,284	(866)
- Employees		111	(68)
- Other CGIAR centers		(425)	153
- Others		(498)	672
- Other current assets		92	265
- Other non-current assets		1,792	(171)
- Account payables			
- Deferred income from donors		(7,060)	6,136
- Employees		(97)	(169)
- Other CGIAR centers		449	36
- Others		(5,597)	4,529
- Deferred income - others		(127)	(594)
- Accruals		1,532	353
- Employee benefit obligations – provident fund		(1,753)	143
Payment of employee benefit obligations	12	<u>(835)</u>	<u>(1,474)</u>
Net cash (used in)/provided from operating activities		<u>(13,835)</u>	<u>10,209</u>
Cash flows from investing activities			
Acquisition of property and equipment		(84)	(176)
Proceeds from the disposal of property and equipment		44	37
Addition of investments		<u>(57)</u>	<u>(261)</u>
Net cash used in investing activities		<u>(97)</u>	<u>(400)</u>
Net (decrease)/increase in cash		(13,932)	9,809
Cash at the beginning of the year		28,375	18,947
Effect of exchange rate changes on cash		<u>386</u>	<u>(381)</u>
Cash at the end of the year		<u><u>14,829</u></u>	<u><u>28,375</u></u>

¹⁾ As restated, see Note 3

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**
(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 Consortium of International Agricultural Research Centers (“CGIAR System Organisation”).

The purpose of CIFOR is to advance human wellbeing, equity and environmental integrity by conducting innovative research, developing partners’ capacity and actively engaging in dialogue with all stakeholders to inform policies and practices that affect forests and people.

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.

Phase 2 of CRPs has been started for the period 2017 to 2022.

CIFOR is involved in the following CRPs and Research Support Platform:

CRPs and Research Support Platform	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
Policies, Institutions & Markets	2016	2016	Participating Center
Platform for Big Data (Research Support Platform)	2017	2017	Participating Center
System Initiative (Gender Research Action Plan)	2015	2015	Participating Center

CIFOR’s headquarter is in Bogor, Indonesia. The Government of Indonesia provides CIFOR with a land area for its headquarter 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 2017 and 2016, the members of the Board of Trustees were as follows:

	<u>2017</u>	<u>2016</u>
Chair of the Board of Trustees	: Dr. José Joaquín Campos Arce	Dr. John Hudson
Vice Chair of the Board of Trustees	: Ms. Phyllis Caldwell	Dr. José Joaquín Campos Arce
Members	: Dr. Agus Justianto Dr. Robert Nasi Dr. John K. Lynam Ms. Kaoru Kitajima Dr. Bisrat Aklilu Ms. Elizabeth Adu Ms. Marja-Liisa T. Biström Ms. Maria Teresa C. Goy	Dr. Henry Bastaman Dr. Peter Holmgren Dr. John K. Lynam Dr. Antonio G.M. La Viña Ms. Phyllis Caldwell Dr. Bisrat Aklilu Ms. Elizabeth Adu Ms. Mary Hobley Ms. Thelma Krug

As at 31 December 2017, CIFOR had 177 employees (2016: 183 employees).

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**
(Expressed in Thousands of US Dollar)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements were authorised for issuance by the Board of Trustees on 22 May 2018.

The financial statements of CIFOR have been prepared in accordance with International Financial Reporting Standards (IFRS). The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

These are the first financial statements prepared by CIFOR in accordance with IFRS. Please refer to Note 3 for the adjustments made for the first time adoption of IFRS.

a. Basis of preparation of financial statements

The financial statements are prepared on the historical cost convention, as modified by available-for-sale financial assets, and using the accrual basis, except for the statements of cash flows.

The statements of cash flows present the changes in cash from operating, investing and financing activities. The statements of cash flows are prepared using the indirect method.

Figures in the financial statements are rounded to and stated in thousands of US Dollar, unless otherwise specified.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying CIFOR's accounting policies. Areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 5.

Changes to the statements of financial accounting standards ("IFRS" and "IAS")

New and revised standards issued, which will be effective for the financial year beginning 1 January 2018, are as follows:

- IFRS 9 "Financial Instruments"
- IFRS 15 "Revenue from contracts with customers"
- IFRS 16 "Leases"
- Amendment IFRS 2 "Share-based payment transactions"
- Amendment IFRS 4 "Insurance contracts"
- Amendment IFRS 1 (Annual improvement 2017) "First time adoption of IFRS", regarding IFRS 7, IAS 19 and IFRS 10, IAS 28 "Investment in associates and joint ventures"
- IAS 28 (Annual improvement 2017) "Investment in associates and joint ventures"
- Amendment IAS 40 "Transfers of Investment Property"
- Interpretation 22 "Foreign Currency Transactions and Advance Consideration"
- IFRS 17 "Insurance Contracts"
- Amendments IFRS 10 and IAS 28 "Sale or contribution of assets between an investor and its associate or joint venture"

As at the authorisation date of these financial statements, the management is still evaluating the potential impact of these revised standards to the financial statements of CIFOR.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**
(Expressed in Thousands of US Dollar)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b. Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instruments of another entity.

(i) Financial assets

CIFOR classifies its financial assets in the category of loans, receivables and available for sale financial assets. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than twelve months after the end of reporting period. CIFOR's loans and receivables comprise account receivables in the financial statements.

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within twelve months of the end of the reporting period. CIFOR's available-for-sale financial assets comprise long term investments in the financial statements.

Loans and receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest rate method. Available-for-sale financial assets are initially recognised at fair value plus transaction costs and subsequently carried at fair value. Net differences arising from the changes of fair value are recognised in other comprehensive income.

Financial assets are derecognised when the rights to receive cash flows from the assets have ceased to exist or have been transferred and CIFOR has transferred substantially all risks and rewards of ownership.

Interest on available-for-sale investments is recognised in the statement of activities as part of finance income.

(ii) Financial liabilities

CIFOR classifies its financial liabilities in the category of financial liabilities measured at amortised cost.

CIFOR's financial liabilities measured at amortised cost, consists of payables and accruals. After initial recognition which is at fair value plus transaction costs, CIFOR measures all financial liabilities at amortised cost using effective interest rates method. Financial liabilities are derecognised when extinguished.

(iii) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the statements of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**
(Expressed in Thousands of US Dollar)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b. Financial instruments (continued)

(iv) Impairment of financial assets

At the end of each reporting period, CIFOR assesses whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

For loans and receivables, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the statement of activities.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the reversal of the previously recognised impairment loss is recognised in the statement of activities.

If there is objective evidence of impairment for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the statement of activities - is removed from net assets and recognised in the statement of activities.

Impairment losses on equity instruments that were recognised in the statement of activities are not reversed through the statement of activities in a subsequent period.

If the fair value of a debt instrument classified as available-for-sale increases in a subsequent period and the increase can be objectively related to an event occurring after the impairment loss was recognised in the statement of activities, the impairment loss is reversed through the statement of activities.

c. Cash

Cash include cash on hand and cash in banks.

d. Revenue recognition

Revenue is measured at the fair value of consideration received or receivable.

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 period in which the grants are pledged, as long as the amount can be reliably measured and it is probable that the future economic benefit will flow to CIFOR.

CIFOR presents the revenue of unrestricted grant received from CGIAR and non-CGIAR under unrestricted portfolio and unrestricted non-portfolio, respectively.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**
(Expressed in Thousands of US Dollar)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

d. Revenue recognition (continued)

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 amount can be reliably measured and it is probable that future economic benefit will flow to CIFOR and the grant conditions have been met.

CIFOR presents the revenue of restricted grant received from CGIAR and non-CGIAR under restricted portfolio and restricted non-portfolio, respectively.

e. Account receivables from donors

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 in accordance with the terms of the underlying contract with donor and the collection is probable.

f. Deferred income from donors

Deferred income from donors represent grants received from donors of which conditions have not been met.

g. Right to use asset

CIFOR received services-in-kind for undetermined period to use land and building owned by the Government of Republic of Indonesia located at Situgede, Bogor. This in-kind contribution represents non-monetary grants from the Government of Republic of Indonesia and constitutes right for CIFOR to use the assets.

The right-to-use is recognised as an asset at the date the right is granted and measured at its fair value on that date. Subsequently, the fair value is deemed as historical costs which is amortised as an expense over the estimated period of use. The period of use estimated at the initial establishment of CIFOR was 25 years. Correspondingly, the non-monetary grants is recognised as deferred revenue at the same value as above and recognised as an unrestricted grant revenue over the estimated period of right-to-use.

h. Property and equipment

Property and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. 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 and equipment are depreciated using the straight line method over the shorter of project period or 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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**
(Expressed in Thousands of US Dollar)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

h. Property and equipment (continued)

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the asset will flow to CIFOR and the cost of the item can be measured reliably. The carrying amount of the replaced asset is derecognised.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Property and equipment acquired through non-monetary grants are recognised at fair value at the date of the grant. Such grants are presented in the statement of financial position as deferred revenue and are recognised as revenue on a systematic and rational basis over the shorter of the project period or the estimated useful life of the asset.

i. Impairment of non-financial assets

Property and equipment and other non-current assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows.

j. Employee benefit obligations

Short-term obligations

Short-term employee benefits are recognised when they are accrued to the employees.

Post-employment obligations

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 NRS and IRS. 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. However for IRS, all contracts entered on or after starting 1 November 2016, including the extended contract, are no longer entitled for separation payment.

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).

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**
(Expressed in Thousands of US Dollar)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

j. Employee benefit obligations (continued)

Post-employment obligations (continued)

Starting 2017, the defined contribution plan for NRS involves regular payment of fixed contribution to a third party, which is PT Mandiri Manajemen Investasi ("Mandiri"). Previously, CIFOR recognised expense and the corresponding liability on the fixed contribution, and regularly set aside fund at the same amount as a provident fund and recorded it as part of other non-current assets. Upon the engagement with Mandiri, the balance of provident fund was transferred to Mandiri and recorded against the associated liabilities.

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.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are directly recognised in other comprehensive income. Past service costs arising from amendment or curtailment programs are recognised immediately in the statement of activities when incurred.

k. 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 - part of net assets that are not designated by CIFOR's management for specific purpose.
- Designated - 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.
- Other comprehensive income - includes the change in fair value of available-for-sale financial assets and remeasurement of employee benefit obligations.
- IFRS conversion - includes the value impacting net assets during the first year of adoption of the IFRS.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

(Expressed in Thousands of US Dollar)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

i. Foreign currency translation

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates (the "functional currency") which is 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. Exchange gains and losses arising from such settlement of such transactions and from the translation of monetary assets and liabilities are recognised in the statement of activities.

As at 31 December 2017 and 2016, the rates used for the translation are as follows:

	<u>2017</u>	<u>2016</u>
Indonesian Rupiah 1,000 ("IDR")	0.0738	0.0744
British Pound sterling 1 ("GBP")	1.3447	1.2286
European Euro 1 ("EURO")	1.1938	1.0540

m. Transactions with related parties

CIFOR enters into transactions with related parties as defined in IAS 24 "Related Party Disclosures". All significant transactions and balances with related parties are disclosed in the notes to the financial statements.

3. RESTATEMENT ON THE FINANCIAL STATEMENT

These financial statements for the year ended 31 December 2017 are the first CIFOR has prepared in accordance with IFRS. CIFOR previously prepared and issued financial statements based on the CGIAR Financial Guidelines Series No. 2 – CGIAR Accounting Policies and Reporting Practices Manual (CGIAR FG-2).

Due to a change in the reporting requirements from CGIAR, CIFOR has now prepared financial statements that comply with IFRS applicable as at, and for the year ended, 31 December 2017 together with the comparative period information as at, and for the year ended, 31 December 2016 as described in the summary of significant accounting policies (Note 2).

In preparing these financial statements, CIFOR's opening statement of financial position was prepared as at 1 January 2016, which was CIFOR's date of transition to IFRS. This note explains the principal adjustments made by CIFOR to align its financial position and activities that were previously prepared using the CGIAR FG-2 to conform with the principles of IFRS.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**
(Expressed in Thousands of US Dollar)

3. RESTATEMENT ON THE FINANCIAL STATEMENT (continued)

The reconciliation of CIFOR's financial position as at 1 January 2016 (date of transition to IFRS) is as follows:

	<u>Notes</u>	<u>CGIAR FG-2 basis</u>	<u>Adjustments</u>	<u>IFRS basis</u>
ASSETS				
CURRENT ASSETS				
Cash		18,947	-	18,947
Account receivables:				
- Donors		10,028	(379)	9,649
- Employees	3c	667	(176)	491
- Other CGIAR centers		395	(51)	344
- Others		1,302	(68)	1,234
Long term investment - current portion	3d	-	550	550
Other current assets	3c, 3d	<u>413</u>	<u>804</u>	<u>1,217</u>
		<u>31,752</u>	<u>680</u>	<u>32,432</u>
NON-CURRENT ASSETS				
Account receivables:				
- Donors		-	379	379
- Employees	3c	-	128	128
- Other CGIAR centers		-	51	51
- Others		-	68	68
Property and equipment	3a, 3b	3,053	439	3,492
Long term investment - non-current portion	3d	-	4,457	4,457
Other non-current assets	3c, 3d	<u>6,656</u>	<u>(4,990)</u>	<u>1,666</u>
		<u>9,709</u>	<u>532</u>	<u>10,241</u>
TOTAL ASSETS		<u><u>41,461</u></u>	<u><u>1,212</u></u>	<u><u>42,673</u></u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

(Expressed in Thousands of US Dollar)

3. RESTATEMENT ON THE FINANCIAL STATEMENT (continued)

	<u>Notes</u>	<u>CGIAR FG-2 basis</u>	<u>Adjustments</u>	<u>IFRS basis</u>
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Account payables				
- Donors	3e	10,199	(10,199)	-
- Deferred income from donors	3e	-	3,670	3,670
- Employees	.	563	(209)	354
- Other CGIAR centers		46	-	46
- Others		2,187	(20)	2,167
Deferred income - others	3a, 3b	-	1,243	1,243
Accruals		3,520	525	4,045
Employee benefit obligations - current portion	3f	-	2,205	2,205
		<u>16,515</u>	<u>(2,785)</u>	<u>13,730</u>
NON-CURRENT LIABILITIES				
Account payables				
- Deferred income from donors	3e	-	6,529	6,529
- Employees		-	208	208
- Others		-	20	20
Employee benefit obligations - non-current portion	3f	<u>6,539</u>	<u>(2,520)</u>	<u>4,019</u>
		<u>6,539</u>	<u>4,237</u>	<u>10,776</u>
TOTAL LIABILITIES		<u>23,054</u>	<u>1,452</u>	<u>24,506</u>
NET ASSETS				
Unrestricted:				
- Undesignated		12,196	-	12,196
- Designated		6,211	-	6,211
Other comprehensive income	3d, 3f	-	(53)	(53)
IFRS convergence		-	(187)	(187)
		<u>18,407</u>	<u>(240)</u>	<u>18,167</u>
TOTAL LIABILITIES AND NET ASSETS		<u>41,461</u>	<u>1,212</u>	<u>42,673</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**
(Expressed in Thousands of US Dollar)

3. RESTATEMENT ON THE FINANCIAL STATEMENT (continued)

The reconciliation of CIFOR's financial position as at 31 December 2016 (comparative information) is as follows:

	<u>Notes</u>	<u>CGIAR FG-2 basis</u>	<u>Adjustments</u>	<u>IFRS basis</u>
ASSETS				
CURRENT ASSETS				
Cash		28,375	-	28,375
Account receivables:				
- Donors		6,893	(1,240)	5,653
- Employees	3c	768	(304)	464
- Other CGIAR centers		242	(1)	241
- Others		630	(21)	609
Long term investment – current portion	3d	-	1,115	1,115
Other current assets	3c, 3d	<u>1,383</u>	<u>(431)</u>	<u>952</u>
		<u>38,291</u>	<u>(882)</u>	<u>37,409</u>
NON-CURRENT ASSETS				
Account receivables:				
- Donors		-	1,240	1,240
- Employees	3c	-	223	223
- Other CGIAR centers		-	1	1
- Others		-	21	21
Property and equipment	3a, 3b	2,219	4	2,223
Long term investment – non-current portion	3d 3d	-	4,207	4,207
Other non-current assets	3c, 3d	<u>6,002</u>	<u>(4,165)</u>	<u>1,837</u>
		<u>8,221</u>	<u>1,531</u>	<u>9,752</u>
TOTAL ASSETS		<u>46,512</u>	<u>649</u>	<u>47,161</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**
(Expressed in Thousands of US Dollar)

3. RESTATEMENT ON THE FINANCIAL STATEMENT (continued)

	<u>Notes</u>	<u>CGIAR FG-2 basis</u>	<u>Adjustments</u>	<u>IFRS basis</u>
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Account payables:				
- Donors	3e	16,335	(16,335)	-
- Deferred income from donors	3e	-	4,639	4,639
- Employees		393	(83)	310
- Other CGIAR centers		82	-	82
- Others		6,716	(10)	6,706
Deferred Income - others	3a, 3b	-	649	649
Accruals		3,957	441	4,398
Employee benefit obligations - current portion	3f	-	4,210	4,210
		<u>27,483</u>	<u>(6,489)</u>	<u>20,994</u>
NON-CURRENT LIABILITIES				
Account payables:				
- Deferred income from donors		-	11,696	11,696
- Employees	3e	-	83	83
- Others		-	10	10
Employee benefit obligations – non-current portion	3f	<u>5,458</u>	<u>(4,318)</u>	<u>1,140</u>
		<u>5,458</u>	<u>7,471</u>	<u>12,929</u>
TOTAL LIABILITIES		<u>32,941</u>	<u>982</u>	<u>33,923</u>
NET ASSETS				
Unrestricted:				
- Undesignated		8,352	123	8,475
- Designated		5,219	(435)	4,784
Other comprehensive income	3d, 3f	-	166	166
IFRS convergence		-	(187)	(187)
		<u>13,571</u>	<u>(333)</u>	<u>13,238</u>
TOTAL LIABILITIES AND NET ASSETS		<u>46,512</u>	<u>649</u>	<u>47,161</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**
(Expressed in Thousands of US Dollar)

3. RESTATEMENT ON THE FINANCIAL STATEMENT (continued)

Reconciliation of CIFOR's statement of activities as at 31 December 2016 is as follows:

	<u>Notes</u>	<u>CGIAR FG-2 basis</u>	<u>Adjustments</u>	<u>IFRS basis</u>
Revenue and gains				
Grant revenue				
Window 1 & 2 – Restricted portfolio		11,568	-	11,568
Window 3 – Restricted portfolio	3h	10,941	248	11,189
Bilateral	3b	<u>14,112</u>	<u>415</u>	<u>14,527</u>
Total Grant Revenue		36,621	663	37,284
Other revenue and gains - Unrestricted portfolio	3a, 3c	<u>212</u>	<u>106</u>	<u>318</u>
Total revenue and gains		<u>36,833</u>	<u>769</u>	<u>37,602</u>
Expenses and losses				
Research expenses	3a – 3c, 3f, 3h	24,175	1,048	25,223
CGIAR collaboration expenses		5,433	-	5,433
Non CGIAR collaboration expenses		6,450	-	6,450
General and administration Expenses		<u>5,082</u>	<u>-</u>	<u>5,082</u>
Total Operating Expense		41,140	1,048	42,188
Gain on sales of asset(s)		-	21	21
Financial income	3d	200	(54)	146
Financial deficit		<u>(729)</u>	<u>-</u>	<u>(729)</u>
Deficit		<u>(4,836)</u>	<u>(312)</u>	<u>(5,148)</u>

Explanation for the reconciliation between the CGIAR FG-2 basis of accounting and IFRS

a. Right-to-use asset

The government of the Republic of Indonesia allows CIFOR to use land and building owned by the government as their office. The right to use the property is valid providing the existence of CIFOR and without imposing any charges.

Under CGIAR FG-2 basis of accounting, this right-to-use was not reflected in the financial statements. Under IFRS, the right-to-use was measured at fair value at the time it was granted in 1997. The determination of fair value involved a third party valuation expert. The right-to-use asset was initially recognised at its fair value and correspondingly a deferred income - others was also recognised at the same amount. Subsequently, the right-to-use asset is amortised over the estimated period of the use or useful life of the associated property, whichever is lower. Concurrently, the deferred income - others is released to the statement of activities over the same period of the amortisation of right-to-use asset. As a result, there is no impact to the change of net assets during a period.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**
(Expressed in Thousands of US Dollar)

3. RESTATEMENT ON THE FINANCIAL STATEMENT (continued)

b. Depreciation of property and equipment

Under CGIAR FG-2 basis of accounting, assets acquired for purpose of restricted projects were depreciated in full at the year of acquisition.

Under IFRS, depreciation of an asset acquired for purpose of restricted projects is dependent on the status of asset at the end of project. If the asset will be returned to donor or donated to project partners, CIFOR depreciates it over the period of the project or its useful life, whichever is shorter. This treatment also applies if the agreement is silent about the ownership status of the asset at the end of project. The grant portion for purchasing the asset is recognised as deferred income - others and released as grant income over the determined life of the respective asset. If the asset will be vested to CIFOR, CIFOR depreciates it over the estimated useful life.

c. Employee loan receivables

CIFOR provides no interest bearing loan to its employees. Under CGIAR FG-2 basis of accounting, employee loan is initially recorded at its carrying value. Under IFRS, employee loan is a financial asset that should be recorded at fair value on initial recognition. The difference between the carrying value and the fair value is accounted as deferred benefit given to employees. The deferred benefit is amortised as an expense over the period of loan, in line with the accretion of employee loan balances. In addition, CIFOR separates the presentation of current and non-current portion of employee loan.

d. Investment

CIFOR has a number of investments classified as the available-for-sale investments. Under CGIAR FG-2 basis of accounting, the change in fair value is recorded as gain or loss in the statement of activities. Under IFRS, the change in fair value is booked directly to other comprehensive income. In addition, CIFOR separates the presentation of current and non-current portion of investments.

e. Account payables

CIFOR has a liability representing grants received from donor but yet to meet criteria to be recognised as grant revenue, or excess of unused fund to be returned to donors. Under CGIAR FG-2 basis of accounting, such balance is recorded as general account payables, whilst under IFRS, it is recorded as deferred income from donors. In addition, CIFOR separates the presentation of current and non-current portion of account payables.

f. Employee benefit obligations

CIFOR provides a defined benefit plan to its employees through a separation payment scheme. Under CGIAR FG-2, CIFOR estimated the provision for such benefit on a pro rata basis. Under IFRS, CIFOR calculates the present value of the defined benefit obligation at end of the reporting period using the projected unit credit methods. CIFOR engages an independent actuary to assist the calculation. In addition, CIFOR also presented the employee benefit obligations that is expected to be settled within twelve months since the reporting date as current liabilities.

**NOTES TO THE FINANCIAL STATEMENTS
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3. RESTATEMENT ON THE FINANCIAL STATEMENT (continued)

g. Related party

Under CGIAR FG-2, key management personnel are not defined as related parties. Under IFRS, key management personnel are considered related parties and their remuneration has to be disclosed in the financial statements.

h. Cost Sharing Percentage (“CSP”)

Under CGIAR FG-2, CIFOR records the income from grant at net, off-set by CSP charge. Under IFRS, the income from grant is recorded at gross because there is no legally enforceable right to offset the recognised amount with CSP.

4. FINANCIAL RISK MANAGEMENT

a. Financial risk factors

CIFOR's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and interest rate risks), credit risk, and liquidity risk. CIFOR's treasury policies are designed to mitigate the financial impact of fluctuations in interest rates and foreign exchange rates and to minimise potential adverse effects on CIFOR's financial performance. Financial risk management is carried out and under monitor by the Board of Trustees.

Foreign exchange risk

CIFOR is exposed to foreign exchange risk arising from recognised financial assets and liabilities that are denominated in a currency that is not CIFOR's functional currency which is USD. The currencies that give rise to the foreign exchange risk to CIFOR are IDR, GBP, and EURO.

CIFOR does not hedge its foreign currency exposure. To manage its foreign currency exposure, CIFOR ensures that the net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rate when necessary to address short-term imbalance.

As at 31 December 2017, if USD had strengthened/weakened by 5% against other currencies with all other variables held constant, loss for the year would have been USD 143 (2016 : USD 169) higher/lower mainly as a result of foreign exchange losses/gain on translation of cash and banks and account receivables.

Credit risk

Credit risk arises from cash in banks and account receivables. The carrying amount of financial assets in CIFOR's statement of financial position represents maximum credit risk exposure.

CIFOR manages credit risk exposed from its cash in banks by only using reputable banks. CIFOR manages credit risk on account receivables by monitoring financial performance and receivable aging of donors.

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4. FINANCIAL RISK MANAGEMENT (continued)

a. Financial risk factors (continued)

Liquidity risk

Liquidity risk arises in situations where CIFOR has difficulties in obtaining funding. Prudent liquidity risk management implies maintaining sufficient cash and banks. CIFOR manages liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

As at 31 December 2017, CIFOR had positive working capital of USD 5,552. As at 31 December 2017, all the Company's financial liabilities other than account payables which has aging over than one year, were expected to mature in less than one year and had no interest.

b. Fair value of financial instruments

CIFOR's financial assets are mostly comprised of cash, account receivables with maturity less than one year, loan to employees and available-for-sale-financial assets. The fair values of cash and account receivables with maturity less than one year approximate their carrying amounts, as the impact of the discounting is not significant. Loan to employees and available-for-sale financial assets which have maturity of more than one year are presented at its fair value by level of valuation method. The different levels of valuation methods have been defined as follows:

- (i) Level 1
Quoted price (unadjusted) in active markets for identical assets or liabilities
- (ii) Level 2
Input other than quoted prices included within level 1 that are observable for assets and liabilities, either directly (that is, as a price) or indirectly (derived from price).
- (iii) Level 3
Input for assets and liabilities that are not based on observable market data (unobservable inputs).

The following table presents CIFOR's financial assets that are measured at fair value at 31 December 2017:

	31 December 2017			Total
	Level 1	Level 2	Level 3	
Available-for-sale financial assets	5,405	-	-	5,405
Loan to employee	-	-	576	576
	<u>5,405</u>	<u>-</u>	<u>576</u>	<u>5,981</u>

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, or broker, industry group pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transaction on an arm's lengths basis. The quoted market price used for CIFOR's available-for-sale financial assets is the current market price. This instrument is included in Level 1.

**NOTES TO THE FINANCIAL STATEMENTS
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4. FINANCIAL RISK MANAGEMENT (continued)**b. Fair value of financial instruments (continued)**

For loan to employees, the significant inputs for determining fair value is not based on observable market data, therefore this instrument is included in Level 3.

The carrying for financial assets and liabilities with maturity less than one year, including cash, account receivables, account payables and accruals were considered to approximate their fair values due to their short-term maturity and the fact that the impact of discounting is not significant.

The carrying amount for financial assets and liabilities with maturity more than one year are considered to approximate their fair values since the impact of discounting is not significant.

5. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements used in preparing the financial statements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable. Actual results may differ from these estimates. The estimates and assumptions that have a significant effect on the carrying amounts of assets and liabilities are disclosed below.

Property and equipment

CIFOR periodically reviews the estimated useful lives of property and equipment based on several factors such as technical specification, operation and business needs. The financial statements could be materially affected by changes in these estimates.

Employee benefit obligations

The present value of the pension obligation depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost for pensions include the discount rate and the future salary increment rate. Any changes in these assumptions will impact the carrying amount of pension obligations.

Determination of the discount rate is explained in Note 12. For future salary increment rate, CIFOR uses historical salary increment, adjusted for future business plans. Other key assumptions for employee benefit obligations are partly based on current market conditions.

Accrual

Management should estimate the liabilities arising from goods and services that have been received or used whilst the actual transactions and their related value have not been confirmed through any forms of documents. Management may need to apply their judgment in the estimate which may be based on various basis, such as prior experience, the most updated and relevant data and information, and knowledge on current circumstances. Any variation at the actual expenditures could materially affect the financial statements, in particular the expenses and, where applicable, the corresponding restricted revenue account.

**NOTES TO THE FINANCIAL STATEMENTS
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5. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

Provision for impairment of account receivables

Management reviews its receivables at the reporting date to evaluate whether there is any objective evidence of impairment. Significant financial difficulties of donor or and defaults or significant delay in payments are considered to be objective evidence that a receivable is impaired. In determining this, management makes judgment as to whether there is observable data indicating that there has been a significant change in the payment ability of the donor. Management's judgment is applied in the estimation when determining the level of provision required. Management estimates the provision for impairment of receivables based on the assessment of the collectability and ageing of the receivables.

Fair value of derivatives and other financial instruments

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. CIFOR uses its judgment to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period.

6. CASH

	<u>2017</u>	<u>2016</u>
USD	10,793	19,388
Euro	2,953	8,401
Other currencies	<u>1,083</u>	<u>586</u>
	<u>14,829</u>	<u>28,375</u>

7. ACCOUNT RECEIVABLES - DONORS

	<u>2017</u>	<u>2016¹⁾</u>	<u>2015¹⁾</u>
Unrestricted W3	-	-	20
Restricted W3	1,975	2,614	1,054
Restricted bilateral	3,548	2,532	3,007
W1&2	655	1,683	5,549
Others	<u>49</u>	<u>682</u>	<u>1,167</u>
	6,227	7,511	10,797
Less: Provision for impairment of account receivables	<u>(710)</u>	<u>(618)</u>	<u>(769)</u>
	<u>5,517</u>	<u>6,893</u>	<u>10,028</u>
Less: Current portion	<u>(3,798)</u>	<u>(5,653)</u>	<u>(9,649)</u>
Non-current portion	<u>1,719</u>	<u>1,240</u>	<u>379</u>

¹⁾ As restated, see Note 3

**NOTES TO THE FINANCIAL STATEMENTS
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7. ACCOUNT RECEIVABLES – DONORS (continued)

The aging analysis of these account receivables is as follow:

	<u>2017</u>	<u>2016¹⁾</u>	<u>2015¹⁾</u>
1 – 30 days	1,408	2,504	1,335
31 – 60 days	765	667	2,004
61 – 90 days	877	662	1,392
Above 90 days	<u>2,467</u>	<u>3,060</u>	<u>5,297</u>
	<u>5,517</u>	<u>6,893</u>	<u>10,028</u>

¹⁾ As restated, see Note 3

Provision for impairment of account receivables only covered the impaired account receivables and excluded the aged but not impaired account receivables. The aged but not impaired account receivables are mostly related to the on-going projects as of 31 December 2017 where funds have not yet been received from the donors. CIFOR believed that these account receivables are most likely recoverable.

8. LONG TERM INVESTMENT

	<u>2017</u>	<u>2016¹⁾</u>	<u>2015¹⁾</u>
- Semi-annual investment	5,097	4,896	4,737
- Annual investment	-	141	145
- Quarterly	251	-	-
- Money market fund	-	174	-
- Others	<u>57</u>	<u>111</u>	<u>125</u>
	<u>5,405</u>	<u>5,322</u>	<u>5,007</u>
Less: Current portion	<u>(298)</u>	<u>(1,115)</u>	<u>(550)</u>
Non-current portion	<u>5,107</u>	<u>4,207</u>	<u>4,457</u>

CIFOR has investments of asset management fixed income at Lombard Odier amounting to USD 5,405 (2016: USD 5,322). The quality rating of the investment based on S&P, Moody and Fitch in average is A.

¹⁾ As restated, see Note 3

**NOTES TO THE FINANCIAL STATEMENTS
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9. ACCOUNT PAYABLES - DEFERRED INCOME FROM DONORS

	<u>2017</u>	<u>2016¹⁾</u>	<u>2015¹⁾</u>
Restricted W3	3,447	6,763	6,386
Restricted bilateral	4,574	9,491	3,623
W1&2	1,254	-	99
Others	-	81	91
	<u>9,275</u>	<u>16,335</u>	<u>10,199</u>
Less: Current portion	<u>(6,779)</u>	<u>(4,639)</u>	<u>(3,670)</u>
Non-current portion	<u>2,496</u>	<u>11,696</u>	<u>6,529</u>

¹⁾ As restated, see Note 3

10. ACCOUNT PAYABLES - OTHERS

	<u>2017</u>	<u>2016¹⁾</u>	<u>2015¹⁾</u>
Funds-In-Trust (CP6-FTA)	784	6,484	1,669
Others	335	232	518
	<u>1,119</u>	<u>6,716</u>	<u>2,187</u>
Less: Current portion	<u>(1,108)</u>	<u>(6,706)</u>	<u>(2,167)</u>
Non-current portion	<u>11</u>	<u>10</u>	<u>20</u>

¹⁾ As restated, see Note 3

Funds in trust are funds which have been provided by CGIAR, and would be distributed by CIFOR to other project executing centers based on CGIAR's request.

11. ACCRUALS

	<u>2017</u>	<u>2016¹⁾</u>	<u>2015¹⁾</u>
Other collaboration costs	4,011	2,571	2,524
Supplies and services	1,195	815	650
Unused leave entitlement	397	441	525
Others	327	571	346
	<u>5,930</u>	<u>4,398</u>	<u>4,045</u>

¹⁾ As restated, see Note 3

**NOTES TO THE FINANCIAL STATEMENTS
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12. EMPLOYEE BENEFIT OBLIGATIONS

	<u>2017</u>	<u>2016¹⁾</u>	<u>2015¹⁾</u>
IRS Employees			
- Separation	793	1,402	2,508
- Repatriation	<u>754</u>	<u>889</u>	<u>881</u>
	<u>1,547</u>	<u>2,291</u>	<u>3,389</u>
NRS Employees			
- Separation – fixed term	593	624	542
- Separation – open ended	587	513	474
- Provident fund	67	1,820	1,677
- Others	<u>74</u>	<u>102</u>	<u>142</u>
	<u>1,321</u>	<u>3,059</u>	<u>2,835</u>
Less: Current portion	<u>(1,201)</u>	<u>(4,210)</u>	<u>(2,205)</u>
Non-current portion	<u>1,667</u>	<u>1,140</u>	<u>4,019</u>

¹⁾ As restated, see Note 3

The separation and repatriation benefit obligations were calculated by PT Milliman Indonesia, an independent actuary, in its report dated 16 May 2018 using the "Projected Unit Credit" method.

The principal actuarial assumptions used for 31 December 2017 and 2016 were as follows:

Discount rate

- IRS employees – separation : 1.91% (2016: 1.30%, 2015: 1.38%)
- IRS employees – repatriation : 2.2% (2016: 1.58%, 2015: 1.38%)
- NRS employees - fixed term : 5% (2016: 7%, 2015: 8%)
- NRS employees - open ended : 6.5% (2016: 8%, 2015: 9%)

Salary increase rate

- IRS employees - separation : 2% (2016 and 2015: 2%)
- NRS employees : 7% (2016: 7%, 2015: 7.50%)

Ticket price increase rate

- IRS employees – repatriation : 3% (2016 and 2015: 3%)

**NOTES TO THE FINANCIAL STATEMENTS
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12. EMPLOYEE BENEFIT OBLIGATIONS (continued)

The movement in the liability recognised in the statements of financial position as at 31 December 2017, 2016 and 2015 were as follows:

IRS employees

	Separation			Repatriation			Total		
	2017	2016	2015	2017	2016	2015	2017	2016 ¹⁾	2015 ¹⁾
Beginning of the year	1,402	2,508	2,579	889	881	1,014	2,291	3,389	3,593
Total expense charged to the statement of activities	112	315	369	87	137	8	199	452	377
Remeasurements:									
- Experience adjustment obligation	(73)	(123)	(98)	(135)	(28)	(7)	(208)	(151)	(105)
- Change in financial assumption	(2)	(1)	(10)	(2)	-	(3)	(4)	(1)	(13)
Benefit paid	(646)	(1,297)	(332)	(85)	(101)	(131)	(731)	(1,398)	(463)
	<u>793</u>	<u>1,402</u>	<u>2,508</u>	<u>754</u>	<u>889</u>	<u>881</u>	<u>1,547</u>	<u>2,291</u>	<u>3,389</u>

NRS employees

	Separation Fixed Term			Separation Open Ended			Total		
	2017	2016	2015	2017	2016	2015	2017	2016 ¹⁾	2015 ¹⁾
Beginning of the year	624	542	495	513	474	531	1,137	1,016	1,026
Total expense charged to the statement of activities	124	138	158	41	44	23	165	182	181
Remeasurements:									
- Experience adjustment obligation	(51)	5	(30)	(16)	(28)	(21)	(67)	(23)	(51)
- Change in financial assumption	5	(3)	(6)	49	14	(52)	54	11	(58)
Benefit paid	(104)	(72)	(72)	-	(4)	(4)	(104)	(76)	(76)
Foreign exchange difference	(5)	14	(3)	-	13	(3)	(5)	27	(6)
	<u>593</u>	<u>624</u>	<u>542</u>	<u>587</u>	<u>513</u>	<u>474</u>	<u>1,180</u>	<u>1,137</u>	<u>1,016</u>

¹⁾ As restated, see Note 3

The amount recognised in the statement of activities for the years ended 31 December 2017, 2016 and 2015 were as follows:

	<u>2017</u>	<u>2016¹⁾</u>
IRS Employees		
- Current service costs	190	428
- Interest costs	<u>9</u>	<u>24</u>
	<u>199</u>	<u>452</u>

¹⁾ As restated, see Note 3

**NOTES TO THE FINANCIAL STATEMENTS
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12. EMPLOYEE BENEFIT OBLIGATIONS (continued)

The amount recognised in the statement of activities for the years ended 31 December 2017, 2016 and 2015 were as follows: (continued)

	<u>2017</u>	<u>2016¹⁾</u>
NRS Employees		
- Current service costs	85	96
- Interest costs	<u>80</u>	<u>86</u>
	<u>165</u>	<u>182</u>

¹⁾ As restated, see Note 3

The sensitivity of the defined benefit obligation to changes in the principal assumption is as follow:

IRS employees

	<u>Separation</u>			<u>Repatriation</u>		
	<u>Impact on defined benefit obligation</u>					
	<u>Change in assumption</u>	<u>Increase in assumption</u>	<u>Decrease in assumption</u>	<u>Change in assumption</u>	<u>Increase in assumption</u>	<u>Decrease in assumption</u>
Discount rate	1%	(789)	797	1%	(750)	757
Salary increase rate	1%	804	(782)	1%	760	(747)

NRS employees

	<u>Separation Fixed Term</u>			<u>Separation Open Ended</u>		
	<u>Impact on defined benefit obligation</u>					
	<u>Change in assumption</u>	<u>Increase in assumption</u>	<u>Decrease in assumption</u>	<u>Change in assumption</u>	<u>Increase in assumption</u>	<u>Decrease in assumption</u>
Discount rate	1%	(588)	593	1%	(548)	619
Future salary increase	1%	599	(583)	1%	624	(543)

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit pension obligation to principal actuarial assumptions, the same method (present value of the defined benefit pension obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognised within the statements of financial position.

The weighted average duration of the defined benefit pension obligation are as follows:

- IRS employees – separation : 1 year
- IRS employees – repatriation : 0.9 years
- NRS employees - fixed term : 1.13 years
- NRS employees - open ended : 7.1 years

**NOTES TO THE FINANCIAL STATEMENTS
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13. EXPENSES AND LOSSES

	2017				Total	2016 ¹			
	Unrestricted Portfolio	Unrestricted Non-Portfolio	Restricted Portfolio	Restricted Non-Portfolio		Unrestricted	Restricted Portfolio	Restricted Non-Portfolio	Total
Expenses by natural classification									
Personnel costs	533	3,640	7,714	358	12,245	3,205	9,701	319	13,225
CGIAR									
Collaborator Expenses	-	-	3,480	-	3,480	-	5,380	53	5,433
Other									
Collaborator Expenses	-	-	7,251	-	7,251	73	3,967	2,410	6,450
Supplies and services	1,847	353	8,623	1,080	11,903	2,295	6,766	489	9,550
Travel	-	354	1,195	31	1,580	157	1,156	55	1,368
Depreciation and amortisation	127	790	105	-	1,022	162	1,105	292	1,559
Cost sharing percentage	262	-	256	34	552	163	285	3	451
Indirect cost recovery	1,321	(4,266)	2,744	201	-	(5,027)	4,796	231	-
Write-off of account receivables	-	-	-	-	-	4,152	-	-	4,152
Total operating expenses	4,090	871	31,368	1,704	38,033	5,180	33,156	3,852	42,188

The write-off of USD 4,152 represents the over-expenditures on W1/2 for the years 2014-2016. The over-expenditures were a result of the successive budget cuts during these 3 year period. The amount was written-off in 2016, the year when the first phase of FTA ends.

¹ As restated, see Note 3

14. NET ASSETS

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 up to a level equivalent to 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, among others, replacement and upgrading of IT, infrastructure and buildings at prevailing costs.

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

Capital reserves are replenished through depreciation of property and equipment, replenishment through charge back 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.

Invested in property and equipment

The capital reserves that have been invested are reclassified from capital reserve and presented under designated net assets.

**NOTES TO THE FINANCIAL STATEMENTS
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(Expressed in Thousands of US Dollar)

14. NET ASSETS (continued)

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 conditionality required 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.

15. RELATED PARTY INFORMATION

a. Nature of relationships and transactions

<u>Related parties</u>	<u>Nature of relationship</u>	<u>Nature of transaction</u>
Director General, Deputy Director General and other Directors	Key management personnel	Salaries and employee benefits obligation

b. Significant transactions with related parties

	<u>2017</u>	<u>2016¹⁾</u>
Key management compensation		
Salaries and other short-term employment benefits	2,000	2,129
Employee benefit obligations	<u>39</u>	<u>96</u>
	<u>2,039</u>	<u>2,225</u>

¹⁾ As restated, see Note 3

16. EVENTS AFTER THE REPORTING PERIOD

CIFOR established a wholly owned subsidiary with name of CIFOR Germany gGmbH ("CIFOR Germany") on March 6, 2018. CIFOR Germany exclusively and directly serves public-benefit purposes and determined as a non-profit entity. CIFOR contributed the cash capital of EUR 25,000 on April 27, 2018 and owned 25,000 shares with par value of EUR 1.

**SCHEDULE OF GRANTS REVENUE
FOR THE YEAR ENDED 31 DECEMBER 2017**
(Expressed in Thousands of US Dollar)

Schedule of Grants Revenue For the years ended 31 December, 2017 and 2016 (all figures expressed in thousands of US dollars)					
	Funds available US\$'000	Receivables from donors	Deferred revenue	Grants revenue	
				2017	2016
A. Unrestricted					
Total-Unrestricted	-	-	-	-	-
B. Restricted					
Windows 1 & 2					
CGIAR Fund	6,922	-	1,254	5,668	11,052
Centro Internacional de Agricultura Tropical (CIAT)	318	115	-	433	471
International Food Policy Research Institute	-	579	-	579	64
Subtotal-Windows 1 & 2	7,240	694	1,254	6,680	11,587
Window 3					
Austrian Development Agency	777	-	225	552	707
China	-	33	-	33	59
Department for International Development (DFID) - United Kingdom	4,478	-	-	4,478	4,366
International Fund for Agricultural Development	(1,008)	1,930	-	922	1,600
International Livestock Research Institute (ILRI) - Kenya	135	12	-	147	103
Japan	138	-	112	26	(10)
United States Agency for International Development (USAID)	7,110	-	3,110	4,000	4,468
Subtotal-Window 3	11,630	1,975	3,447	10,158	11,293
Bilateral					
African Development Bank (ADB)	(1,108)	1,108	-	-	-
ACDI VOCA	64	36	-	100	-
AGRECO G.E.I.E.	15	6	-	21	18
Australia-Department of Environment	11	-	-	11	218
Centre de Recherche et d'Action pour le Développement Durable en Afrique centrale (CERAD)	(1)	-	-	(1)	43
Climate and Land Use Alliance (CLUA)	7	-	-	7	50
Common Market for Eastern and Southern Africa (COMESA)	(89)	89	-	-	24
Copenhagen Business School	16	20	-	36	10
COWI A/S	(2)	72	-	70	-
David and Lucile Packard Foundation	4	-	-	4	56
Ethiopian Economics Association (EEA)	7	-	3	4	5
European Commission	7,809	268	1,533	6,544	5,694
Food and Agriculture Organization of the United Nations	1,307	152	170	1,289	529
French Global Environment Facility	60	-	-	60	166
Government of Finland	233	-	174	59	157
Forest Stewardship Council	11	-	-	11	42
German Agency for International Cooperation and German Federal Ministry for Economic Cooperation and Development (GIZ/BMZ)	1,866	67	650	1,283	547
German Federal Ministry for the Environment, Nature Conservation, Building and Nuclear Safety	2,133	1,314	-	3,447	1,502
IDH, The Sustainable Trade Initiative - Indonesia International Food Policy Research Institute (IFPRI)	(61)	61	-	-	92
ICF - Headquarters	-	47	-	47	-
International Food Policy Research Institute	6	-	-	6	79
International Institute for Environment and Development (IIED)	194	30	-	224	226
International Institute of Tropical Agriculture (IITA)	52	-	-	52	53
Institute of Terrestrial Ecosystems (ITES) - ETH Zurich	11	-	4	7	2
Leibniz Institute for Zoo and Wildlife Research (IZW)	6	11	-	17	-
Japan-MAFF-Ministry of Agriculture, Forestry and Fisheries	228	-	207	21	-
Korea-National Institute of Forest Science (NIFoS)	404	-	176	228	300
National Academy of Sciences - USA	201	-	68	133	94
Norwegian Agency for Development Cooperation	3,031	-	1,510	1,521	816
SCBD-Secretariat of the Convention on Biological Diversity	21	12	-	33	-
Swiss National Science Foundation	122	-	28	94	47
Switzerland	207	29	-	236	475
Tropenbos International (TBI)	32	1	30	3	-
UNEP-United Nations Environment Programme	136	92	-	228	87
University of Dar es Salaam (UDSM)	1	-	1	-	-

**SCHEDULE OF GRANTS REVENUE
FOR THE YEAR ENDED 31 DECEMBER 2017**
(Expressed in Thousands of US Dollar)

Schedule of Grants Revenue
For the years ended 31 December, 2017 and 2016
(all figures expressed in thousands of US dollars)

	Funds available US\$'000	Receivables from donors	Deferred revenue	Grants revenue	
				2017	2016
University of Melbourne	15	-	2	13	-
University of South Carolina (SC)	113	35	-	148	47
The U.S. Fish and Wildlife Service	11	-	11	-	-
US Forest Service - International Programs	13	11	-	24	117
Various Donor	4	3	7	-	1,007
Virginia Tech	19	-	-	19	13
Wildlife Conservation Society (WCS) - Headquarters	-	13	-	13	-
Wageningen University	45	-	-	45	45
Winrock International - Headquarters	21	5	-	26	-
WRI-World Resources Institute	12	5	-	17	-
World Agroforestry Centre (ICRAF)	35	61	-	96	707
World Wide Fund for Nature (WWF)	28	10	-	38	9
Subtotal-Bilateral	17,250	3,558	4,574	16,234	13,277
Total-Restricted	36,120	6,227	9,275	33,072	36,157
Grand Total	36,120	6,227	9,275	33,072	36,157

**SCHEDULE OF GRANTS PLEDGES AND EXPENSES
FOR THE YEAR ENDED 31 DECEMBER 2017**
(Expressed in Thousands of US Dollar)

Schedule of Grants Pledges and Expenses For the year ended 31 December, 2017									
Donor and Program/ Project	Start Date	End Date	CRP/ Non-CRP	Total Grant Pledge	Expenditure prior years US\$'000	Expenditure Current year US\$'000	Total Expenditure US\$'000	Deferred Depreciation US\$'000	
Windows 1 & 2									
CGIAR Fund									
System Initiative (Gender Research Action Plan)	23-Mar-15	31-Jul-18	System initiative gender	108	28	24	52	-	
CGIAR Research Program on Forests, Trees, and Agroforestry: Landscapes, Livelihoods and Governance	1-Jan-17	31-Dec-22	CRP	17,852	-	5,644	5,644	-	
Total - CGIAR Fund				17,960	28	5,668	5,696	-	
Centro Internacional de Agricultura Tropical (CIAT)									
CGIAR Research Program: Climate Change, Agriculture and Food Security	1-Jan-17	31-Dec-22	CRP	1,977	-	326	326	-	
CGIAR Platform for Big Data in Agriculture	1-Jan-17	31-Dec-22	Big-Data	211	-	107	107	-	
Total - Centro Internacional de Agricultura Tropical (CIAT)				2,188	-	433	433	-	
International Food Policy Research Institute									
CGIAR Research Program: Policies, Institutions and Markets	1-Jan-17	31-Dec-22	CRP	1,020	-	579	579	-	
Total - International Food Policy Research Institute				1,020	-	579	579	-	
Total - Window 1 & 2				21,168	28	6,680	6,708	-	
Window 3									
Austrian Development Agency									
Engaging the Forest Farm Interface: Improving Livelihood and Environmental Outcomes in Ethiopia's Mosaic Landscapes	1-Jul-15	31-Oct-17	CRP	574	339	235	574	-	
The dynamics and governance of Uganda's informal timber value chains: Identifying appropriate formalization options	1-Jul-16	30-Jun-19	CRP	588	55	140	195	-	
Sloping lands in transition: Land use change and smallholder adaptive capacity in Bhutan	1-Jul-16	30-Jun-19	CRP	588	158	177	335	-	
Subtotal - Austrian Development Agency				1,750	552	552	1,104	-	
China									
Supporting Collaborative Project in China	1-Dec-17	Open	CRP	98	-	33	33	-	
Subtotal - China				98	-	33	33	-	
Department for International Development (DFID) - United Kingdom									
DFID Know-for-Phase 2	1-Oct-15	31-Dec-17	CRP	8,958	4,480	4,478	8,958	-	
Subtotal - Department for International Development (DFID) - United Kingdom				8,958	4,480	4,478	8,958	-	

**SCHEDULE OF GRANTS PLEDGES AND EXPENSES
FOR THE YEAR ENDED 31 DECEMBER 2017**
(Expressed in Thousands of US Dollar)

Schedule of Grants Pledges and Expenses For the year ended 31 December, 2017								
Donor and Program/ Project	Start Date	End Date	CRP/ Non-CRP	Total Grant Pledge	Expenditure prior years US\$'000	Expenditure Current year US\$'000	Total Expenditure US\$'000	Deferred Depreciation US\$'000
International Fund for Agricultural Development								
Securing Tenure Rights for Forest-Dependent Communities: a global comparative study of design and implementation of tenure reform	28-Jan-14	30-Dec-17	CRP	3,195	2,892	274	3,166	-
Haze Free Sustainable Livelihoods Project (HFSLP)	18-Mar-16	31-Dec-18	CRP	495	93	142	235	-
Enhancing Smallholder Food Security, Incomes and Gender Equity within West Africa's Forest-Farm Interface	31-Mar-16	30-Mar-19	CRP	1,500	467	506	973	-
Subtotal - International Fund for Agricultural Development				5,190	3,452	922	4,374	-
International Livestock Research Institute (ILRI) - Kenya								
Greening Livestock: Incentive-Based Interventions for Reducing the Climate Impact of Livestock in East Africa (IFAD)	1-May-16	28-Feb-19	CRP	784	103	147	250	-
Subtotal - International Livestock Research Institute (ILRI) - Kenya				784	103	147	250	-
Japan								
"Futurability" of Tropical Forests: Value-oriented approach to strengthen international framework	1-Apr-14	31-Mar-18	CRP	463	260	26	286	-
Subtotal - Japan				463	260	26	286	-
United States Agency for International Development								
Conservation and sustainable use of tropical forest biodiversity	1-Oct-12	30-Sep-18	CRP	7,700	6,252	1,167	7,419	-
Governing Oil Palm Landscapes for Sustainability (GOLS)	1-Oct-15	30-Sep-19	CRP	2,491	915	620	1,535	-
Climate Change Governance and Finance	1-Jan-16	31-Jul-17	CRP	300	87	213	300	-
Master's program- Governing Oil Palm Landscapes for Sustainability (GOLS)	1-Oct-15	30-Sep-19	CRP	2,491	457	848	1,305	-
Sustainable wetlands adaptation and mitigation program (SWAMP) phase 2	1-Oct-16	30-Sep-18	CRP	1,500	25	785	810	-
Restoring forest landscapes: Building national contexts and global knowledge for effective restoration with livelihood and climate outcomes	1-Oct-16	31-Dec-17	CRP	376	9	367	376	-
Subtotal - United States Agency for International Development				14,858	7,745	4,000	11,745	-
Total - Window 3				32,101	16,592	10,158	26,750	-

**SCHEDULE OF GRANTS PLEDGES AND EXPENSES
FOR THE YEAR ENDED 31 DECEMBER 2017**
(Expressed in Thousands of US Dollar)

Schedule of Grants Pledges and Expenses For the year ended 31 December, 2017									
Donor and Program/ Project	Start Date	End Date	CRP/ Non-CRP	Total Grant Pledge	Expenditure prior years	Expenditure Current year	Total Expenditure	Deferred Depreciation	
					US\$'000	US\$'000	US\$'000	US\$'000	
Bilateral									
ACDI VOCA									
Liberia Forest Incomes for Environment Sustainability (FIFES)	15-Dec-16	30-Apr-18	CRP	150	-	100	100	-	
Subtotal - ACDI VOCA				150	-	100	100	-	
AGRECO G.E.I.E.									
Technical Assistance for the Facilitation of the Congo Basin Forest Partnership (CBFP)	29-Mar-16	31-Jul-17	CRP	39	18	21	39	-	
Subtotal - AGRECO G.E.I.E.				39	18	21	39	-	
Australia-Department of Environment									
Asia-Pacific Rainforest Partnership at the Global Landscape Forum: Peatlands Matter	19-Apr-17	18-Jun-17	Non-CRP	11	-	11	11	-	
The third Asia-Pacific Rainforest Summit in Indonesia in 2018.	10-Nov-17	31-May-18	Non-CRP	86	-	-	-	-	
Subtotal - Australia-Department of Environment				97	-	11	11	-	
Centre de Recherche et d'Action pour le Développement Durable en Afrique centrale (CERAD)									
Cibler et promouvoir les demandes de sciages légaux sur les marchés intérieurs de bois du Cameroun	22-Jun-15	31-Jul-16	CRP	65	66	(1)	65	-	
Subtotal - Centre de Recherche et d'Action pour le Développement Durable en Afrique centrale (CERAD)				65	66	(1)	65	-	
Climate and Land Use Alliance (CLUA)									
Supporting local regulation for sustainable oil palm in East Kalimantan	1-Jul-15	31-Mar-17	CRP	60	53	7	60	-	
Subtotal - Climate and Land Use Alliance (CLUA)				60	53	7	60	-	
Copenhagen Business School									
New Partnerships for Sustainability (NEPSUS)	1-Apr-16	12-Jan-18	CRP	102	10	36	46	-	
Subtotal - Copenhagen Business School				102	10	36	46	-	

**SCHEDULE OF GRANTS PLEDGES AND EXPENSES
FOR THE YEAR ENDED 31 DECEMBER 2017**
(Expressed in Thousands of US Dollar)

Schedule of Grants Pledges and Expenses
For the year ended 31 December, 2017

Donor and Program/ Project	Start Date	End Date	CRP/ Non-CRP	Total Grant Pledge	Expenditure prior years	Expenditure Current year	Total Expenditure	Deferred Depreciation
					US\$'000	US\$'000	US\$'000	US\$'000
COWI A/S								
EU financing of REDD readiness activities and results-based payments pre and post 2020: sources, cost-effectiveness and fair allocation of incentives	1-Jan-17	31-Dec-17	CRP	70	-	70	70	-
Subtotal - COWI A/S				70	-	70	70	-
David and Lucile Packard Foundation								
International Blue Carbon Scientific Working Group Meeting	8-Aug-16	28-Feb-17	CRP	60	56	4	60	-
Subtotal - David and Lucile Packard Foundation				60	56	4	60	-
Ethiopian Economics Association (EEA)								
Migration, Remittances and Forest Dependence in Ethiopia: Implications for Food Security, Gender and Forest Conservation	1-Feb-16	30-Sep-18	CRP	24	5	4	9	-
Subtotal - Ethiopian Economics Association (EEA)				24	5	4	9	-
European Commission								
Operational Potential of Ecosystem Research Applications (OPERAs)	1-Dec-12	30-Nov-17	CRP	113	107	6	113	-
Forests and Climate Change in Congo (FCCC)	25-Jan-13	24-Dec-16	Non-CRP	15,519	15,541	(22)	15,519	-
Establishment of a prototype of a regional forest observatory (database and website, report on the State of Forests and REDD+ activities) in East Africa, including the countries of Kenya, Mozambique, Tanzania and Uganda	22-Nov-16	22-Mar-18	CRP	537	-	407	407	-
Formation, Recherche, Environnement dans la Tshopo (FORETS)	20-Dec-16	19-Dec-21	CRP	28,305	-	5,396	5,396	-
Renforcement et Institutionnalisation de l'Observatoire des Forêts d'Afrique Centrale (RIOFAC)	7-Jul-17	6-Apr-22	CRP	3,689	-	757	757	-
Governing Multifunctional landscapes in Sub-Saharan Africa: Managing Trade-Offs between Social and Ecological Impacts.	12-Dec-17	11-Dec-21	CRP	12,356	-	-	-	-
Yangambi, pôle scientifique au service de l'homme et des forêts	31-Dec-17	30-Dec-20	CRP	3,599	-	-	-	-
Subtotal - European Commission				64,118	15,648	6,544	22,192	-
Forest Stewardship Council								
Expanding FSC certification at landscape level through incorporating additional ecosystem services	23-Feb-12	30-Jun-17	CRP	340	329	11	340	-
Subtotal - Forest Stewardship Council				340	329	11	340	-
French Global Environment Facility								
Supporting the Development of Policies and Adaptation at Different scales in West Africa Savanahs	1-Jun-11	30-Sep-17	CRP	1,927	1,867	60	1,927	-
Subtotal - French Global Environment Facility				1,927	1,867	60	1,927	-

**SCHEDULE OF GRANTS PLEDGES AND EXPENSES
FOR THE YEAR ENDED 31 DECEMBER 2017**
(Expressed in Thousands of US Dollar)

Schedule of Grants Pledges and Expenses For the year ended 31 December, 2017								
Donor and Program/ Project	Start Date	End Date	CRP/ Non-CRP	Total Grant Pledge	Expenditure prior years	Expenditure Current year	Total Expenditure	Deferred Depreciation
					US\$'000	US\$'000	US\$'000	US\$'000
Food and Agriculture Organization of the United Nations								
FAO/GEF Sustainable Management of the Wildlife and Bushmeat Sector in Central Africa project	1-Aug-13	31-Aug-17	CRP	380	301	79	380	-
Securing Tenure Rights for Forest Landscape-Dependent Communities: Linking science with policy to advance tenure security, sustainable forest management and people's livelihoods	8-Oct-15	7-Oct-18	CRP	2,000	502	824	1,326	-
A study to inform the review of the Chainsaw Milling Regulation #115-11 in view of the effective regulation of chainsaw milling and its inclusion into the Timber Legality Assurance system	2-Dec-16	2-Jun-18	CRP	45	-	23	23	-
Réalisation et publication d'un Etat du secteur forêts-bois en République Centrafricaine – 2015	21-Nov-16	4-Nov-17	CRP	34	-	31	31	-
Strategic Report: Transformational impact of land-use sector through REDD+ Projects of GCF	20-Dec-16	31-Dec-17	CRP	198	-	198	198	-
Essor des demandes publiques et privées camerounaises en sciages d'origine légale	14-Sep-17	13-Dec-18	CRP	110	-	26	26	-
Wildlife for integrated livelihood development through meat production and trade (WILD MEAT)	9-Oct-17	30-Apr-18	CRP	410	-	108	108	-
Capacity building on restoration and sustainable management of degraded Ethiopia forests and landscapes and development of SFM plan for Benishangul-Gumuz	7-Dec-17	31-May-18	CRP	65	-	-	-	-
Subtotal - Food and Agriculture Organization of the United Nations				3,242	803	1,289	2,092	-
German Agency for International Cooperation and German Federal Ministry for Economic Cooperation and Development (GIZ/BMZ)								
Forests in the global bioeconomy: developing multi-scale policy scenarios	1-Apr-15	30-Nov-18	CRP	1,358	612	287	899	-
Measuring carbon sequestration in agroforestry systems in Indonesia	1-Feb-15	31-Aug-17	CRP	90	60	30	90	-
Understanding migration and remittances to improve forest management projects and policies	1-Jan-16	31-Dec-18	CRP	1,375	198	352	550	-
Low-cost methods for monitoring water quality to inform upscaling of sustainable water management in forested landscapes in Kenya	1-Jan-16	31-Dec-17	CRP	110	30	80	110	-
The "Water Towers" of East Africa: Policies and Practices for Enhancing Co-benefits from Joint Forest and Water Conservation	1-Jan-17	31-Dec-19	CRP	1,403	-	534	534	-
Global Programme Responsible Land Policy - Peru	1-Dec-17	31-May-18	CRP	72	-	-	-	-
Subtotal - German Agency for International Cooperation and German Federal Ministry for Economic Cooperation and Development (GIZ/BMZ)				4,408	900	1,283	2,183	-

**SCHEDULE OF GRANTS PLEDGES AND EXPENSES
FOR THE YEAR ENDED 31 DECEMBER 2017**

(Expressed in Thousands of US Dollar)

Schedule of Grants Pledges and Expenses For the year ended 31 December, 2017								
Donor and Program/ Project	Start Date	End Date	CRP/ Non-CRP	Total Grant Pledge	Expenditure prior years	Expenditure Current year	Total Expenditure	Deferred Depreciation
					US\$'000	US\$'000	US\$'000	US\$'000
German Federal Ministry for the Environment, Nature Conservation, Building and Nuclear Safety								
From climate research to action under multilevel governance: building knowledge and capacity at landscape scale	28-Jul-14	31-Dec-18	CRP	5,231	2,004	1,783	3,787	-
Global Landscapes Forum	1-Apr-17	31-Mar-21	Non-CRP	6,558	-	1,664	1,664	-
Subtotal - German Federal Ministry for the Environment, Nature Conservation, Building and Nuclear Safety				11,789	2,004	3,447	5,451	-
Government of Finland								
Finnish JPO - GOV Programme	26-Jul-12	3-Jan-17	CRP	353	295	(7)	288	-
Finnish JPO - GOV Programme	30-Jul-14	31-Jul-17	CRP	473	297	66	363	-
Subtotal - Government of Finland				826	592	59	651	-
ICF - Headquarters								
Greenhouse Gas Emission Accounting Services: GOI Greenhouse Gas Technical Assistance and Training	26-May-17	30-Mar-18	CRP	51	-	47	47	-
Subtotal - ICF - Headquarters				51	-	47	47	-
International Food Policy Research Institute								
Current and future trends of production, consumption and trade of oil palm (Bill and Melinda Gates Foundation)	1-Oct-15	30-Apr-17	CRP	60	54	6	60	-
Subtotal - International Food Policy Research Institute				60	54	6	60	-
International Institute for Environment and Development (IIED)								
Africa-China Informal Resource Trade (ACIRT)	19-Jan-15	18-Jan-18	CRP	596	301	224	525	-
Subtotal - International Institute for Environment and Development (IIED)				596	301	224	525	-
International Institute of Tropical Agriculture (IITA)								
Cameroon cocoa-eco+ - sustainable cocoa intensification for increasing cocoa productivity, quality and income (GIZ)	1-Mar-16	30-Nov-17	CRP	105	53	52	105	-
Subtotal - International Institute of Tropical Agriculture (IITA)				105	53	52	105	-

**SCHEDULE OF GRANTS PLEDGES AND EXPENSES
FOR THE YEAR ENDED 31 DECEMBER 2017**
(Expressed in Thousands of US Dollar)

Schedule of Grants Pledges and Expenses For the year ended 31 December, 2017									
Donor and Program/ Project	Start Date	End Date	CRP/ Non-CRP	Total Grant Pledge	Expenditure prior years	Expenditure Current year	Total Expenditure	Deferred Depreciation	
					US\$'000	US\$'000	US\$'000	US\$'000	
Institute of Terrestrial Ecosystems (ITES) - ETH Zurich									
Developing a sustainable value chain of Brazil Nuts for Swiss Consumers: an Interdisciplinary Approach (SUSTAIN)	1-Sep-16	31-Aug-18	CRP	26	2	7	9	-	
Subtotal - Institute of Terrestrial Ecosystems (ITES) - ETH Zurich				26	2	7	9	-	
Japan-MAFF-Ministry of Agriculture, Forestry and Fisheries									
Enhancing climate-resilient livelihoods in boreal and tropical high carbon forests and peatlands	1-Oct-17	30-Sep-20	CRP	682	-	21	21	-	
Subtotal - Japan-MAFF-Ministry of Agriculture, Forestry and Fisheries				682	-	21	21	-	
Leibniz Institute for Zoo and Wildlife Research (IZW)									
BioD Forex	7-Aug-17	28-Feb-18	CRP	19	-	17	17	-	
Subtotal - Leibniz Institute for Zoo and Wildlife Research (IZW)				19	-	17	17	-	
Korea-National Institute of Forest Science (NIFoS)									
The Development of KHPs: national policies and a case study of KPH Wae Apu	1-Aug-15	31-Mar-17	CRP	200	165	35	200	-	
Socio economic and environmental benefits of bioenergy production on degraded land in Indonesia	1-Oct-15	31-Dec-18	CRP	523	154	193	347	-	
Subtotal - Korea-National Institute of Forest Science (NIFoS)				723	319	228	547	-	
National Academy of Sciences - USA									
Integrated watershed management for enhancing local livelihoods and biodiversity conservation in Indonesia	1-Nov-15	31-Oct-18	CRP	300	98	133	231	-	
Subtotal - National Academy of Sciences - USA				300	98	133	231	-	
Norwegian Agency for Development Cooperation									
A global comparative study for achieving REDD+ results	1-Jan-16	31-Dec-20	CRP	10,753	816	1,521	2,337	-	
Subtotal - Norwegian Agency for Development Cooperation				10,753	816	1,521	2,337	-	
SCBD-Secretariat of the Convention on Biological Diversity									
SMALL SCALE FUNDING AGREEMENT for "Strengthening governance in the bushmeat sector" project	30-Jun-17	30-Mar-18	CRP	38	-	33	33	-	
Subtotal - SCBD-Secretariat of the Convention on Biological Diversity				38	-	33	33	-	
Swiss National Science Foundation									
Oil Palm Adaptive Landscapes (OPAL)	1-Mar-15	28-Feb-18	CRP	220	101	94	195	-	
Subtotal - Swiss National Science Foundation				220	101	94	195	-	

**SCHEDULE OF GRANTS PLEDGES AND EXPENSES
FOR THE YEAR ENDED 31 DECEMBER 2017**
(Expressed in Thousands of US Dollar)

Schedule of Grants Pledges and Expenses For the year ended 31 December, 2017								
Donor and Program/ Project	Start Date	End Date	CRP/ Non-CRP	Total Grant Pledge	Expenditure prior years	Expenditure Current year	Total Expenditure	Deferred Depreciation
					US\$'000	US\$'000	US\$'000	US\$'000
Switzerland								
ASEAN-Swiss Partnership on Social Forestry and Climate Change (ASFCC) - Phase 2	1-Jan-14	31-Mar-17	CRP	930	856	74	930	-
ASEAN-Swiss Partnership on Social Forestry & Climate Change (ASFCC) Phase 3	1-Mar-17	29-Feb-20	CRP	549	-	162	162	-
Subtotal - Switzerland				1,479	856	236	1,092	-
Tropenbos International (TBI)								
Agreement for Publication Grant to produce chapters of book entitled Forest Landscape Restoration Manual	22-Sep-17	31-Dec-17	CRP	3	-	3	3	-
The Young Expert Programme (YEP): "The inclusive and sustainable development contributions of smallholder-inclusive business models and financing schemes"	15-Dec-17	14-Dec-19	CRP	64	-	-	-	-
Subtotal - Tropenbos International (TBI)				67	-	3	3	-
UNEP-United Nations Environment Programme								
Impacts for local livelihoods of CITES decisions on bushmeat species	26-Oct-15	15-Dec-16	CRP	34	36	(2)	34	-
UNEP contribution to CIFOR's Global Landscape Forum - Climate Action for Sustainable Development in Marrakech, Morocco on 16 November 2016	11-Nov-16	10-Jun-17	CRP	30	30	-	30	-
Global Environment Facility (GEF) Project Preparation Grant (PPG) of the project "Supporting the implementation of integrated ecosystem management approach for landscape restoration and biodiversity conservation in Tanzania"	21-Mar-17	30-Jun-18	CRP	190	-	180	180	-
Global Landscape Forum (GLF) from 19th to 20th December 2017 in Bonn, Germany.	23-Nov-17	31-Mar-18	Non-CRP	50	-	50	50	-
Subtotal - UNEP-United Nations Environment Programme				304	66	228	294	-
University of Dar es Salaam (UDSM)								
Fellowship award under the African climate change fellowship program	15-Nov-11	open	CRP	17	16	-	16	-
Subtotal - University of Dar es Salaam (UDSM)				17	16	-	16	-
University of Melbourne								
Improving policies for forest plantations to balance smallholder, industry and environmental needs in Lao PDR and Vietnam	4-Jan-16	30-Apr-19	CRP	19	-	13	13	-
Subtotal - University of Melbourne				19	-	13	13	-

**SCHEDULE OF GRANTS PLEDGES AND EXPENSES
FOR THE YEAR ENDED 31 DECEMBER 2017**
(Expressed in Thousands of US Dollar)

Schedule of Grants Pledges and Expenses For the year ended 31 December, 2017								
Donor and Program/ Project	Start Date	End Date	CRP/ Non-CRP	Total Grant Pledge	Expenditure prior years US\$'000	Expenditure Current year US\$'000	Total Expenditure US\$'000	Deferred Depreciation US\$'000
University of South Carolina (SC)								
From Growing Food to Growing Cash: Understanding the Drivers of Food Choice in the Context of Rapid Agrarian Change in Indonesia (BMGF - Bill & Melinda Gates Foundation, Department for International Development (DFID) - United Kingdom)	1-Sep-16	31-Oct-18	CRP	300	47	148	195	-
Subtotal - University of South Carolina (SC)				300	47	148	195	-
US Forest Service - International Programs								
Support to the Kenya Water Tower Climate Change Resilience Program	15-Aug-15	31-Jan-19	CRP	168	81	24	105	-
Subtotal - US Forest Service - International Programs				168	81	24	105	-
Virginia Tech								
Forest Co-management in Guinea: A multiscale multi-output ex-post impact Analysis	21-Mar-16	30-Jun-17	CRP	32	13	19	32	-
Subtotal - Virginia Tech				32	13	19	32	-
Wildlife Conservation Society (WCS) - Headquarters								
Decreasing threats to protected wildlife populations in Central Africa by reducing demand for bushmeat in large urban areas	1-Mar-17	28-Feb-18	CRP	43	-	13	13	-
Subtotal - Wildlife Conservation Society (WCS) - Headquarters				43	-	13	13	-
Wageningen University								
International course on "Landscape Governance" 3 - 14 April, 2017	15-Mar-17	31-Jul-17	CRP	45	-	45	45	-
Subtotal - Wageningen University				45	-	45	45	-
Winrock International - Headquarters								
Vietnam Forests and Deltas project to support implementation of Payments for Forest Environmental Services (PFES)	1-Dec-16	31-Mar-18	CRP	26	-	26	26	-
Subtotal - Winrock International - Headquarters				26	-	26	26	-

**SCHEDULE OF GRANTS PLEDGES AND EXPENSES
FOR THE YEAR ENDED 31 DECEMBER 2017**
(Expressed in Thousands of US Dollar)

Schedule of Grants Pledges and Expenses For the year ended 31 December, 2017								
Donor and Program/ Project	Start Date	End Date	CRP/ Non-CRP	Total Grant Pledge	Expenditure prior years	Expenditure Current year	Total Expenditure	Deferred Depreciation
					US\$'000	US\$'000	US\$'000	US\$'000
World Agroforestry Centre (ICRAF)								
Development of timber and non-timber forest products' production and market strategies for improvement of smallholders' livelihoods in Indonesia (ACIAR)	1-Apr-13	24-Mar-17	CRP	379	343	36	379	-
Building biocarbon and rural development in West Africa (BIODEV) – (Finland)	1-Jan-14	31-Jan-17	CRP	844	844	-	844	-
Developing and promoting market-based agroforestry options and integrated landscape management for smallholder forestry in Indonesia	1-Apr-17	30-Jun-21	CRP	350	-	60	60	-
Subtotal - World Agroforestry Centre (ICRAF)				1,573	1,187	96	1,283	-
WRI-World Resources Institute								
Administrative Barriers to the Formalization of Indigenous and Community Land	1-Apr-17	30-Sep-17	CRP	17	-	17	17	-
Subtotal - WRI-World Resources Institute				17	-	17	17	-
World Wide Fund for Nature (WWF)								
Programme de gouvernance forestière en RDC	1-Sep-17	31-Dec-17	CRP	38	-	38	38	-
Subtotal - World Wide Fund for Nature (WWF)				38	-	38	38	-
Total - Bilateral				105,018	26,361	16,234	42,595	-
Grand Total				158,287	42,981	33,072	76,053	-

**SCHEDULE OF PROPERTY AND EQUIPMENT
FOR THE YEAR ENDED 31 DECEMBER 2017**
(Expressed in Thousands of US Dollar)

Property, Plant and Equipment For the years ended 31 December 2017 and 2016 (all figures expressed in thousands of US dollars)													
	UNRESTRICTED (Center Assets)						RESTRICTED (Project Assets)						Grand Total
	Infrastructure & leasehold	Heavy equipment	Office furniture and equipment	Computers	Vehicles	Total	Infrastructure & leasehold	Heavy equipment	Office furniture and equipment	Computers	Vehicles	Total	
Year ended 31 December 2017													
Cost													
At start of the year	3,784	816	1,459	2,116	1,176	9,351	53	83	504	183	435	1,258	10,609
Additions	6	46	23	-	-	75	-	-	9	-	-	9	84
Disposals	-	(8)	(33)	(35)	(334)	(410)	-	-	(46)	(18)	-	(64)	(474)
At end of year	3,790	854	1,449	2,081	842	9,016	53	83	467	165	435	1,203	10,219
Accumulated Depreciation													
At start of the year	(2,251)	(682)	(1,142)	(1,941)	(1,117)	(7,133)	(53)	(83)	(500)	(182)	(435)	(1,253)	(8,386)
Charge for the year	(574)	(50)	(137)	(95)	(37)	(893)	-	-	(2)	-	-	(2)	(895)
Disposals	-	8	28	34	334	404	-	-	46	18	-	64	468
At end of year	(2,825)	(724)	(1,251)	(2,002)	(820)	(7,622)	(53)	(83)	(456)	(164)	(435)	(1,191)	(8,813)
Net book value at end of year	965	130	198	79	22	1,394	-	-	11	1	-	12	1,406
Year ended 31 December 2016													
Cost													
At start of the year	3,784	763	1,464	2,067	1,263	9,341	53	83	505	183	489	1,313	10,654
Additions	-	73	19	84	-	176	-	-	-	-	-	-	176
Disposals	-	(20)	(24)	(35)	(87)	(166)	-	-	(1)	-	(54)	(55)	(221)
At end of year	3,784	816	1,459	2,116	1,176	9,351	53	83	504	183	435	1,258	10,609
Accumulated Depreciation													
At start of the year	(1,677)	(629)	(1,010)	(1,863)	(1,108)	(6,287)	(21)	(6)	(313)	(174)	(359)	(873)	(7,160)
Charge for the year	(574)	(73)	(156)	(114)	(79)	(996)	(32)	(77)	(188)	(8)	(130)	(435)	(1,431)
Disposals	-	20	24	35	71	150	-	-	1	-	54	55	205
At end of year	(2,251)	(682)	(1,142)	(1,942)	(1,116)	(7,133)	(53)	(83)	(500)	(182)	(435)	(1,253)	(8,386)
Net book value at end of year	1,533	134	317	174	60	2,218	-	-	4	1	-	5	2,223

**INDIRECT COST RATE COMPUTATION
FOR THE YEAR ENDED 31 DECEMBER 2017**
(Expressed in Thousands of US Dollar)

	<u>2017</u> <u>US\$000</u>	<u>2016¹⁾</u> <u>US\$000</u>
General and Administration Expenses	4,371	5,082
Research Expenses and Non-CGIAR collaboration costs	27,913	31,673
Indirect Cost Rate	16%	16%

¹⁾ As restated, see Note 3

**CENTER CRP/PLATFORM EXPENDITURE AND FUNDING REPORTS
FOR THE YEAR ENDED 31 DECEMBER 2017**
(Expressed in Thousands of US Dollar)

CRP on Forests, Trees and Agroforestry - Expenditure Report
For the year ended December 31, 2017
(in Thousands of US Dollars)

Expenses by Natural Classification	Phase 1	Phase 2				Total
	Windows 1 & 2	Windows 1 & 2	Window 3	Bilateral	Center Funds	
Personnel Costs	-	919	3,097	2,733	82	6,831
CGIAR Collaboration Costs	-	-	202	476	-	678
Other Collaboration Costs	-	116	809	5,126	-	6,051
Supplies and Services	-	751	3,856	3,105	2,389	10,101
Operational Travel	-	154	416	446	-	1,016
Depreciation/Amortization	-	103	-	2	-	105
Cost Sharing Percentage	-	-	129	77	262	468
Total Direct Costs	-	2,043	8,509	11,965	2,733	25,250
Indirect Costs	-	346	1,134	984	1,145	3,609
Total Costs	-	2,389	9,643	12,949	3,878	28,859
Deferred depreciation	-	-	-	-	-	-
Grand Total - All Costs	-	2,389	9,643	12,949	3,878	28,859

CRP on Forests, Trees and Agroforestry - Funding Report
For the year ended December 31, 2017
(in Thousands of US Dollars)

Description	Phase 1	Phase 2
	Windows 1 & 2	Windows 1 & 2
Opening Balance	(1,608)	-
Add: Cash Receipts from Lead Center	1,608	3,587
Less: Disbursements	-	2,389
Closing Balance	-	1,198

**CENTER CRP/PLATFORM EXPENDITURE AND FUNDING REPORTS
FOR THE YEAR ENDED 31 DECEMBER 2017**
(Expressed in Thousands of US Dollar)

CRP on Climate Changes, Agriculture and Food Security - Expenditure Report
For the year ended December 31, 2017
(in Thousands of US Dollars)

Expenses by Natural Classification	Phase 1	Phase 2				Total
	Windows 1 & 2	Windows 1 & 2	Window 3	Bilateral	Center Funds	
Personnel Costs	-	95	100	71	-	266
CGIAR Collaboration Costs	-	-	-	-	-	-
Other Collaboration Costs	-	88	63	-	-	151
Supplies and Services	-	80	57	101	5	243
Operational Travel	-	21	1	4	-	26
Depreciation/Amortization	-	-	-	-	-	-
Cost Sharing Percentage	-	-	-	3	-	3
Total Direct Costs	-	284	221	179	5	689
Indirect Costs	-	42	20	27	28	117
Total Costs	-	326	241	206	33	806
Deferred depreciation	-	-	-	-	-	-
Grand Total - All Costs	-	326	241	206	33	806

CRP on Climate Changes, Agriculture and Food Security - Funding Report
For the year ended December 31, 2017
(in Thousands of US Dollars)

Description	Phase 1	Phase 2
	Windows 1 & 2	Windows 1 & 2
Opening Balance	(37)	-
Add: Cash Receipts from Lead Center	37	250
Less: Disbursements	-	326
Closing Balance	-	(76)

**CENTER CRP/PLATFORM EXPENDITURE AND FUNDING REPORTS
FOR THE YEAR ENDED 31 DECEMBER 2017**
(Expressed in Thousands of US Dollar)

Policies, Institution and Markets - Expenditure Report For the year ended December 31, 2017 (in Thousands of US Dollars)
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Expenses by Natural Classification	Phase 1		Phase 2			Total
	Windows 1 & 2	Windows 1 & 2	Window 3	Bilateral	Center Funds	
Personnel Costs	-	241	-	370	-	611
CGIAR Collaboration Costs	-	-	-	-	-	-
Other Collaboration Costs	-	34	42	519	-	595
Supplies and Services	-	191	147	311	30	679
Operational Travel	-	28	49	74	-	151
Depreciation/Amortization	-	-	-	-	-	-
Cost Sharing Percentage	-	-	19	27	-	46
Total Direct Costs	-	494	257	1,301	30	2,082
Indirect Costs	-	84	17	74	149	324
Total Costs	-	578	274	1,375	179	2,406
Deferred depreciation	-	-	-	-	-	-
Grand Total - All Costs	-	578	274	1,375	179	2,406

Policies, Institution and Markets - Funding Report For the year ended December 31, 2017 (in Thousands of US Dollars)
--

Description	Phase 1	Phase 2
	Windows 1 & 2	Windows 1 & 2
Opening Balance	(37)	-
Add: Cash Receipts from Lead Center	37	-
Less: Disbursements	-	578
Closing Balance	-	(578)

**CENTER CRP/PLATFORM EXPENDITURE AND FUNDING REPORTS
FOR THE YEAR ENDED 31 DECEMBER 2017**
(Expressed in Thousands of US Dollar)

BIG DATA - Expenditure Report

CGIAR Platform for Big Data in Agriculture - Expenditure Report
For the year ended December 31, 2017
(in Thousands of US Dollars)

Expenses by Natural Classification	Phase 1		Phase 2			Total
	Windows 1 & 2	Windows 1 & 2	Window 3	Bilateral	Center Funds	
Personnel Costs	-	67	-	-	-	67
CGIAR Collaboration Costs	-	-	-	-	-	-
Other Collaboration Costs	-	-	-	-	-	-
Supplies and Services	-	24	-	-	-	24
Operational Travel	-	-	-	-	-	-
Depreciation/Amortization	-	-	-	-	-	-
Cost Sharing Percentage	-	-	-	-	-	-
Total Direct Costs	-	91	-	-	-	91
Indirect Costs	-	16	-	-	-	16
Total Costs	-	107	-	-	-	107
Deferred depreciation	-	-	-	-	-	-
Grand Total - All Costs	-	107	-	-	-	107

CGIAR Platform for Big Data in Agriculture - Funding Report
For the year ended December 31, 2017
(in Thousands of US Dollars)

Description	Phase 1	Phase 2
	Windows 1 & 2	Windows 1 & 2
Opening Balance	-	-
Add: Cash Receipts from Lead Center	-	68
Less: Disbursements	-	107
Closing Balance	-	(39)

**CENTER CRP/PLATFORM EXPENDITURE AND FUNDING REPORTS
FOR THE YEAR ENDED 31 DECEMBER 2017**
(Expressed in Thousands of US Dollar)

CGIAR System Initiative (Gender Research Action Plan) - Expenditure Report For the year ended December 31, 2017 (in Thousands of US Dollars)
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Expenses by Natural Classification	Phase 1	Phase 2				Total
	Windows 1 & 2	Windows 1 & 2	Window 3	Bilateral	Center Funds	
Personnel Costs	-	21	-	-	-	21
CGIAR Collaboration Costs	-	-	-	-	-	-
Other Collaboration Costs	-	-	-	-	-	-
Supplies and Services	-	3	-	-	-	3
Operational Travel	-	-	-	-	-	-
Depreciation/Amortization	-	-	-	-	-	-
Cost Sharing Percentage	-	-	-	-	-	-
Total Direct Costs	-	24	-	-	-	24
Indirect Costs	-	-	-	-	-	-
Total Costs	-	24	-	-	-	24
Deferred depreciation	-	-	-	-	-	-
Grand Total - All Costs	-	24	-	-	-	24

CGIAR System Initiative (Gender Research Action Plan) - Funding Report For the year ended December 31, 2017 (in Thousands of US Dollars)
--

Description	Phase 1	Phase 2
	Windows 1 & 2	Windows 1 & 2
Opening Balance	81	81
Add: Cash Receipts from Lead Center	-	-
Less: Disbursements	-	24
Closing Balance	81	57

**LEAD CENTER CRP EXPENDITURE AND FUNDING REPORTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

(Expressed in Thousands of US Dollar)

**CRP on Forests, Trees and Agroforestry - Expenditure Report
For the year ended December 31, 2017**

Expenses by Natural Classification	Phase 1	Phase 2				Total
	Windows 1 & 2	Windows 1 & 2	Window 3	Bilateral	Center Funds	
Personnel Costs	-	919	3,097	2,733	82	6,831
CGIAR Collaboration Costs	-	2,802	202	476	-	3,480
Other Collaboration Costs	-	570	809	5,126	-	6,505
Supplies and Services	-	751	3,856	3,105	2,389	10,101
Operational Travel	-	154	416	446	-	1,016
Depreciation/Amortization	-	103	-	2	-	105
Cost Sharing Percentage	-	-	129	77	262	468
Sub-total Direct Costs	-	5,299	8,509	11,965	2,733	28,506
Indirect Costs	-	346	1,134	984	1,145	3,609
Total Costs	-	5,645	9,643	12,949	3,878	32,115
Deferred depreciation	-	-	-	-	-	-
Grand Total - All Costs	-	5,645	9,643	12,949	3,878	32,115

**CRP on Forests, Trees and Agroforestry - Funding Report
For the year ended December 31, 2017
(in Thousands of US Dollars)**

Description	Phase 1	Phase 2
	Windows 1 & 2	Windows 1 & 2
Opening Balance	6,484	5,000
Add: Cash Receipts from the CGIAR Fund	-	2,976
Less: Disbursements		
Biodiversity International	(23)	(627)
CATIE	(48)	(184)
CIAT	-	(90)
CIFOR	(1,413)	(3,587)
CIRAD	-	(165)
INBAR	-	(121)
Tropenbos International	-	(192)
World Agroforestry Centre	-	(2,224)
Closing Balance	5,000	786

**CENTER TOTAL CRPS/PLATFORMS EXPENDITURE REPORTS
FOR THE YEAR ENDED 31 DECEMBER 2017**
(Expressed in Thousands of US Dollar)

Total CRPs/Platforms Expenditure Report For the year ended December 31, 2017 (in Thousands of US Dollars)

Expenses by Natural Classification	Phase 1	Phase 2				Total
	Windows 1 & 2	Windows 1 & 2	Window 3	Bilateral	Center Funds	
Personnel Costs	-	1,343	3,197	3,174	82	7,796
CGIAR Collaboration Costs	-	2,802	202	476	-	3,480
Other Collaboration Costs	-	692	914	5,645	-	7,251
Supplies and Services	-	1,049	4,060	3,517	2,424	11,050
Operational Travel	-	203	466	524	-	1,193
Depreciation/Amortization	-	103	-	2	-	105
Cost Sharing Percentage	-	-	148	107	262	517
Total Direct Costs	-	6,192	8,987	13,445	2,768	31,392
Indirect Costs	-	488	1,171	1,085	1,322	4,066
Total Costs	-	6,680	10,158	14,530	4,090	35,458
Deferred depreciation	-	-	-	-	-	-
Grand Total - All Costs	-	6,680	10,158	14,530	4,090	35,458



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