

CENTRO AGRONOMICO TROPICAL DE INVESTIGACION Y ENSEÑANZA

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CENTRO INTERAMERICANO DE DOCUMENTACION
INFORMACION Y COMUNICACION AERIOLA

21 ENE 1982

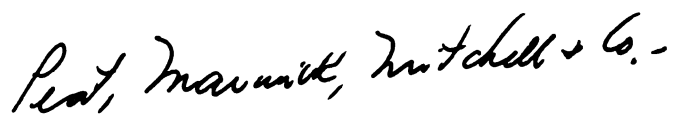
CIDIA — TURRIALBA COSTA RICA

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The Board of Governors
Centro Agronómico Tropical de Investigación y Enseñanza:

We have examined the balance sheet of Centro Agronómico Tropical de Investigación y Enseñanza, Cartago, Costa Rica, as of December 31, 1978 and the related statements of revenue and expenditures and changes in the general working fund for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the aforementioned financial statements present fairly the assets and liabilities of Centro Agronómico Tropical de Investigación y Enseñanza at December 31, 1978 and the revenues and expenditures and changes in the general working fund for the year then ended, in conformity with the accounting principles described in note 1 (a) to the financial statements, on a basis consistent with that of the preceding year.



August 29, 1979

CENTRO AGRONÓMICO TROPICAL DE INVESTIGACION Y ENSEÑANZA
(Cartago, Costa Rica)

Balance Sheet

December 31, 1978

Assets:

Cash	\$ 66,318
Short-term investments	62,720
Receivables:	
Personnel and students	30,811
Contributions and donations	311,522
Other	<u>153,905</u>
	496,238
Less allowance for doubtful receivables	<u>5,000</u>
Net receivables	<u>491,238</u>

Inventories:

Coffee crop in process	115,577
Materials and supplies	17,894
Other	<u>38,185</u>
Total inventories	<u>171,656</u>

Prepaid expenses

6,703
\$ 798,635

Liabilities:

Bank loans (note 4)	58,548
Accounts payable - other	259,593
Advances from third-party funds	253,643
International professional personnel retirement fund	133,816
Deferred income	7,713
Accrued expenses (note 5)	<u>26,586</u>
	<u>739,899</u>

Net assets represented by the general
working fund

\$ 58,736

See accompanying notes to financial statements.

CENTRO AGRONOMICO TROPICAL DE INVESTIGACION Y ENSEÑANZA

Statement of Revenue and Expenditures

Year ended December 31, 1978

Revenue:

Members of the Center	\$ 690,600
Agricultural products and services	440,726
Field operations	942,850
Administration of projects	177,862
Special projects (note 3)	1,264,173
Other	<u>33,305</u>
Total revenue	<u>3,549,516</u>

Expenditures:

Management	152,587
Special projects (note 3)	1,344,032
Technical programs	970,912
Administrative services	533,667
Field operations	418,823
Other	<u>152,536</u>
	<u>3,572,557</u>
Excess of expenditures over revenue	\$ <u>23,041</u>

See accompanying notes to financial statements.

CENTRO AGRONOMICO TROPICAL DE INVESTIGACION Y ENSEÑANZA

Statement of Changes in the General Working Fund

Year ended December 31, 1978

Balance at beginning of year	\$ 410,532
Less deductions:	
Net assets at beginning of year used to finance the 1978 budget	264,161
Casualty loss (note 6)	59,594
Allowance for doubtful receivables	<u>5,000</u>
	328,755
	<u>81,777</u>
Excess of expenditures over budgeted revenue for 1978	<u>23,041</u>
Balance at end of year	\$ <u>58,736</u>

See accompanying notes to financial statements.

CENTRO AGRONÓMICO TROPICAL DE INVESTIGACION Y ENSEÑANZA

Notes to Financial Statements

December 31, 1978

(1) Summary of Significant Accounting Policies

(a) Accounting Principles

The financial statements of Centro Agronómico Tropical de Investigación y Enseñanza (CATIE) are prepared in conformity with generally accepted accounting principles, except that certain asset accounts do not include the value of crops, transportation equipment, constructions and other properties. The disbursements made for the acquisition thereof are charged to expenditures in the period in which payment is made or the respective liabilities recorded.

(b) Monetary Unit

The accounting records of CATIE are kept in dollars of the United States of America and the financial statements and notes thereto are expressed in such currency. Transactions made in colones (₡), the monetary unit of the Republic of Costa Rica, are translated for accounting purposes at the exchange rate of ₡8.54 for \$1.00.

(c) Short-term Investments

Short-term investments consist of time deposits in dollars of the United States of America.

(d) Inventories

The coffee crop in process is stated at sales price less known or estimated marketing costs. Inventories of materials and supplies are stated at average warehouse landed cost.

(e) Employees' Severance Indemnities

Costa Rican legislation requires payment of severance indemnities to personnel dismissed without just cause, equivalent to one month's salary for each year of service up to a maximum of eight-months' salary. CATIE has made an accrual to cover possible payment of such indemnities.

(f) International Professional Personnel Retirement Fund

CATIE follows the practice of accruing for its portion of the cost of the future retirement of the international professional personnel. The employees' portion is withheld and added to that accrual.

(continued)

CENTRO AGRONÓMICO TROPICAL DE INVESTIGACION Y ENSEÑANZA

Notes to Financial Statements

(2) Formation of Centro Agronómico Tropical de Investigación y Enseñanza

Centro Agronómico Tropical de Investigación y Enseñanza (CATIE) was formed on June 1, 1973, through an agreement between the Government of Costa Rica and the Interamerican Institute of Agricultural Science. CATIE is a non-profit civil association, with its own legal representation, for the purpose of executing, promoting and stimulating investigation and teaching in the fields of agriculture, forestry, animal science and related areas. The Interamerican Institute of Agricultural Science donated to CATIE its installations, including land, real property and cattle. Starting on July 1, 1973, the Interamerican Institute of Agricultural Science and the Government of Costa Rica contribute an annual allotment from their respective budgets for CATIE's operations. Since that date other countries have joined CATIE and assign annual contributions to finance its operations.

(3) Special Projects

In 1978 CATIE incorporated into its accounting records revenue and expenditures from certain special projects, which in prior years had been recorded in separate accounting records. Such special projects consist of funds from international organisms, private enterprises and third-parties, with the purpose of developing investigation projects and cover CATIE personnel expenses. A summary of revenue and expenditures of such special projects at December 31, 1978 is as follows:

	<u>Revenue</u>	<u>Expenditures</u>
Rockefeller Brothers Fund	\$ 166,054	166,054
Central Bank of Honduras	134,300	134,300
International Development Research Centre- Animal Production	251,168	251,168
German Technical Cooperation Ltd.	213,487	213,487
International Potato Center	47,072	47,072
Swiss Technical Cooperation	13,941	13,941
Costa Rican Institute of Land and Coloniza- tion	106,327	106,327
Agricultural Center of Coto Brus County	97,462	97,462
CABSHA - Costa Rica	8,228	8,228
International Plant Protection Center (IPPC/OSU)	11,881	11,881
Panamanian Institute of Agricultural Investi- gation (IDIAP)	30,452	30,452
American Cocoa Research Institute (ACRI)	33,390	33,390

(continued)

CENTRO AGRONOMICO TROPICAL DE INVESTIGACION Y ENSEÑANZA

Notes to Financial Statements

	<u>Revenue</u>	<u>Expenditures</u>
Organization of American States - Honduras	\$ 37,465	37,465
AID/ROCAP - Soil Fertility	5,175	5,175
AID/ROCAP - Crop System	107,771	107,771
OFICAFE Costa Rica		6,368
Cocoa Development Agreement - Panamá		4,296
Forestry Products Laboratory (MAG/UCR)		69,195
	<u>\$ 1,264,173</u>	<u>1,344,032</u>

(4) Bank Loans

On December 4, 1978 CATIE obtained a \$58,548 loan from Banco Nacional de Costa Rica, with first-degree security on the 1978-1979 coffee crop, in the amount of \$87,822. That loan was paid on May 4, 1979.

(5) Accrued Expenses

Accrued expenses consist of the items detailed as follows:

Crop price differences	\$ 10,503
International professional personnel moving expenses	8,648
Severance indemnities of auxiliary personnel and farm workers	5,468
Other	<u>1,967</u>
	<u>\$ 26,586</u>

(6) Subsequent Event

In February 1979, as a result of a fire, CATIE lost its maintenance installations, work shops, the central warehouse and inventories located therein. Further, the fire destroyed CATIE's accounting records for the periods between the months of July 1973 and December 1977, which event was noted in a writ by the appropriate judicial authority for the corresponding effect.

The loss of assets other than inventory were not included in operations for the year ended December 31, 1978, since such assets were not included in the balance sheet as of that date.

(continued)

CENTRO AGRONOMICO TROPICAL DE INVESTIGACION Y ENSEÑANZA

Notes to Financial Statements

On August 29, 1979 specific donations amounting to \$93,454 had been received to replace the installations, equipment and inventory lost in the fire. Of that amount, on July 31, 1979, \$37,292 had been utilized to replace inventories. Costa Rican and International organisms and institutions have committed \$440,000 of specific donations, which are pending receipt by CATIE.

(7) Loan with the Central American Bank of Economic Integration

During May 1976, CATIE entered into an agreement with the Central American Bank of Economic Integration (Banco Centroamericano de Integración Económica) for a loan of \$270,000, bearing interest at 8% per annum, to finance the construction of new installations. The accounting records of the loan and the administration of the project are kept separately and, therefore, are not included in the balance sheet of CATIE as of December 31, 1978. A balance sheet of that project as of December 31, 1978 (unaudited) is as follows:

	<u>(Unaudited)</u>
Assets:	
Cash	US\$ 108
Accounts receivables	109,121
Work in progress	428,379
Other assets	<u>41,730</u>
	<u>US\$ 579,338</u>
Liabilities:	
Notes payable, BCIE	US\$ 135,000
Proceeds from sale of land	436,946
Accrued expenses	5,945
Interest received on time deposits	691
Accounts payable	<u>756</u>
	<u>US\$ 579,338</u>