

IFAR (INTERNATIONAL FUND FOR AGRICULTURAL RESEARCH)

WASHINGTON, D.C.

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FINANCIAL REPORT

FOR THE YEARS ENDED

DECEMBER 31, 2010, 2009, 2008, 2007, AND 2006

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# REGARDIE, BROOKS & LEWIS

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## INDEPENDENT AUDITOR'S REPORT

September 30, 2011

To the Board of Directors  
IFAR (International Fund for Agricultural Research)  
Washington, D.C.

We have audited the accompanying statements of financial position of IFAR (International Fund for Agricultural Research) (a nonprofit organization) as of December 31, 2010, 2009, 2008, 2007, and 2006 and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of IFAR (International Fund for Agricultural Research) as of December 31, 2010, 2009, 2008, 2007, and 2006 and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information listed in the preceding table of contents is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.

*Regardie, Brooks & Lewis*

Certified Public Accountants

IFAR (INTERNATIONAL FUND FOR AGRICULTURAL RESEARCH)  
WASHINGTON, D.C.

STATEMENTS OF FINANCIAL POSITION

	As of December 31,				
	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
<u>ASSETS</u>					
<u>Current assets:</u>					
Cash	\$ 301,744	\$ 298,194	\$ 242,350	\$ 242,888	\$ 166,398
Contributions receivable	-	-	10,000	10,000	10,000
Interest receivable	10,996	17,177	19,422	26,354	20,417
Total current assets	312,740	315,371	271,772	279,242	196,815
<u>Investments (note 4)</u>	4,954,639	4,920,237	5,097,482	4,841,615	4,762,285
Total assets	<u>\$ 5,267,379</u>	<u>\$ 5,235,608</u>	<u>\$ 5,369,254</u>	<u>\$ 5,120,857</u>	<u>\$ 4,959,100</u>
<u>LIABILITIES AND NET ASSETS</u>					
<u>Current liabilities:</u>					
Accounts payable and accrued expenses	\$ 3,500	\$ 8,788	\$ 7,756	\$ 4,325	\$ 4,685
<u>Net assets:</u>					
Unrestricted	5,253,879	5,226,820	5,351,498	5,106,532	4,944,415
Temporarily restricted:					
Wilfred Thalwitz Scholarship Fund	10,000	-	-	-	-
King Baudouin Award Fund	-	-	10,000	10,000	10,000
Total net assets	<u>5,263,879</u>	<u>5,226,820</u>	<u>5,361,498</u>	<u>5,116,532</u>	<u>4,954,415</u>
Total liabilities and net assets	<u>\$ 5,267,379</u>	<u>\$ 5,235,608</u>	<u>\$ 5,369,254</u>	<u>\$ 5,120,857</u>	<u>\$ 4,959,100</u>

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See the accompanying independent auditor's report.  
The accompanying notes are an integral part of these financial statements.

IFAR (INTERNATIONAL FUND FOR AGRICULTURAL RESEARCH)  
WASHINGTON, D.C.

STATEMENTS OF ACTIVITIES

	Years ended December 31,			
	2010	2009	2008	2007
<u>Unrestricted net assets:</u>				
Revenues and support:				
Investment income	\$ 109,704	\$ 143,687	\$ 174,323	\$ 219,715
Contributions, including net assets released from restrictions	22,906	58,169	111,536	44,256
Total revenues and support	<u>132,610</u>	<u>201,856</u>	<u>285,859</u>	<u>263,971</u>
Expenses:				
Program grants and awards	143,000	132,000	266,500	143,000
Management and general	5,703	21,787	17,520	10,387
Total expenses	<u>148,703</u>	<u>153,787</u>	<u>284,020</u>	<u>153,387</u>
Change in unrestricted net assets from operations	<u>(16,093)</u>	<u>48,069</u>	<u>1,839</u>	<u>110,584</u>
Unrealized gains (losses) on investment	43,152	(172,747)	243,127	51,533
Change in unrestricted net assets	<u>27,059</u>	<u>(124,678)</u>	<u>244,966</u>	<u>162,117</u>
Temporarily restricted net assets:				
Contributions - Wilfred Thalwitz Scholarship	20,000	-	-	-
Net assets released from restrictions	<u>(10,000)</u>	<u>(10,000)</u>	<u>-</u>	<u>(1,401)</u>
Change in temporarily restricted net assets	<u>10,000</u>	<u>(10,000)</u>	<u>-</u>	<u>(1,401)</u>
Change in net assets	<u>37,059</u>	<u>(134,678)</u>	<u>244,966</u>	<u>162,117</u>
Net assets at beginning of year	<u>5,226,820</u>	<u>5,361,498</u>	<u>5,116,532</u>	<u>4,954,415</u>
Net assets at end of year	<u>\$ 5,263,879</u>	<u>\$ 5,226,820</u>	<u>\$ 5,361,498</u>	<u>\$ 5,116,532</u>
			<u>\$ 4,954,415</u>	<u>\$ 4,954,415</u>

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IFAR (INTERNATIONAL FUND FOR AGRICULTURAL RESEARCH)  
WASHINGTON, D.C.

STATEMENTS OF CASH FLOWS

	Years ended December 31,			
	2010	2009	2008	2007
<u>Cash flows from operating activities:</u>				
Change in net assets (Exhibit "B")	\$ 37,059	\$ (134,678)	\$ 244,966	\$ 162,117
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:				
Amortization of discounts and premiums on investments	9,695	8,579	(1,602)	(18,827)
Unrealized (losses) gains on investment	(43,152)	172,747	(243,127)	(51,533)
Changes in:				
Contributions receivable	-	10,000	-	-
Interest receivable	6,181	2,245	6,932	(5,937)
Accounts payable and accrued expenses	(5,288)	1,032	3,431	(360)
Net cash provided by (used in) operating activities	4,495	59,925	10,600	85,460
<u>Cash flows from investing activities:</u>				
Proceeds from redemption of investments	1,300,000	2,100,000	3,100,000	2,300,000
Purchases of investments	(1,300,945)	(2,104,081)	(3,111,138)	(2,308,970)
Net cash used in investing activities	(945)	(4,081)	(11,138)	(8,970)
Net increase (decrease) for the year	3,550	55,844	(538)	76,490
Cash at beginning of year	298,194	242,350	242,888	166,398
Cash at end of year	\$ 301,744	\$ 298,194	\$ 242,350	\$ 242,888
				\$ 166,398

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# IFAR (INTERNATIONAL FUND FOR AGRICULTURAL RESEARCH)

## NOTES TO FINANCIAL STATEMENTS

### 1 - Organization and activity.

IFAR (International Fund for Agricultural Research) (the Organization) was incorporated in Washington D.C. in February 1985 as a not-for-profit support organization for international agricultural research. Its current emphasis is on fostering scientific excellence in agriculture and related fields through partnerships and collaboration with various international agricultural research centers and other partners, and by offering grants to various individuals, research centers, and scientific communicators to promote agricultural research and professional development within the field.

### 2 - Significant accounting policies.

#### A. Accounting method.

The Organization presents its financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

#### B. Basis of presentation.

The Organization reports information regarding its financial position and activities according to three classes of net assets as follows:

*Unrestricted net assets* - Net assets that are not subject to donor-imposed stipulations and are available for the general operations of the Organization.

*Temporarily restricted net assets* - Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Organization and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire (that is, when stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized.

*Permanently restricted net assets* - Net assets subject to donor-imposed stipulations that the contribution be maintained permanently by the Organization.

#### C. Contributions receivable.

Contributions, including unconditional promises to give, are recognized at fair value as revenues in the period received. An allowance for uncollectible contributions receivable is provided based upon management's judgment of potential defaults. Balances that are still outstanding after management has used reasonable collection efforts are written off. At December 31, 2009, management determined that the contributions receivable amounting to \$10,000 was uncollectible and, thus, accordingly written off.

IFAR (INTERNATIONAL FUND FOR AGRICULTURAL RESEARCH)

NOTES TO FINANCIAL STATEMENTS

2 - Significant accounting policies (continued).

D. Investments.

The Organization invests only in U.S. government securities which are recorded at their fair values in the statements of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying statements of activities. Amortization of bond discount or premium is recorded based on straight-line method.

E. Contributions.

Contributions are recognized as revenue when received or when a promise to give is made, if earlier. Contributions are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending upon the existence and nature of any donor restrictions.

F. Contributed services.

Contributed services are recognized as contributions in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958 (formerly SFAS No. 116, Accounting for Contributions Received and Contributions Made), if the services (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization.

During the years ended December 31, 2010, 2009, 2008, 2007, and 2006, the value of contributed services meeting the requirements for recognition in the financial statements were not material and have not been recorded. In addition, many individuals volunteer their time and perform a variety of tasks that assist the Organization in performing its activities, but these services do not meet the criteria for recognition as contributed services.

G. Management use of estimates.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

3 - Restrictions on net assets.

Temporarily restricted net assets consist of unexpended funds restricted by donors for the Wilfred Thalwitz Scholarship Fund. This fund annually grants scholarship to an individual for policy work in Eastern Europe and Central Asia.

In addition to contributions restricted for the Wilfred Thalwitz Scholarship Fund, the Organization received a pledge from Consultative Group on International Agricultural Research (CGIAR) to fund the King Baudouin Award. In 2009, this pledge receivable was determined uncollectible and, accordingly, was written off as bad debts expense.

IFAR (INTERNATIONAL FUND FOR AGRICULTURAL RESEARCH)

NOTES TO FINANCIAL STATEMENTS

4 - Investments.

Investments are comprised of U.S. Treasury notes and Treasury bills detailed as follows:

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Investments at cost	\$ 4,789,051	\$ 4,788,106	\$ 4,784,025	\$ 4,772,887	\$ 4,763,917
Cumulative amortization of discount and premium	21,857	31,552	40,131	38,529	19,702
Allowance for change in value of investments	<u>143,731</u>	<u>100,579</u>	<u>273,326</u>	<u>30,199</u>	<u>(21,334)</u>
Investments at fair value	<u>\$ 4,954,639</u>	<u>\$ 4,920,237</u>	<u>\$ 5,097,482</u>	<u>\$ 4,841,615</u>	<u>\$ 4,762,285</u>

At December 31, 2010, the U.S. Treasury notes and Treasury bills had the following fair value, face value, coupon rates, and maturity dates:

	<u>Fair Value</u>	<u>Face Value</u>	<u>Coupon Rate</u>	<u>Maturity</u>
	\$ 1,003,940	\$ 1,000,000	0.750%	11/30/2011
	802,184	800,000	0.625%	7/31/2012
	498,475	500,000	0.375%	10/31/2012
	2,132,500	2,000,000	3.500%	5/31/2013
	<u>517,540</u>	<u>500,000</u>	2.375%	10/31/2014
	<u>\$ 4,954,639</u>	<u>\$ 4,800,000</u>		

Investment return consists of the following:

	<u>Years ended December 31,</u>				
	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Investment income received	119,399	\$ 152,266	\$ 172,721	\$ 200,888	\$ 151,106
Amortization of discount/ (premium)	<u>(9,695)</u>	<u>(8,579)</u>	<u>1,602</u>	<u>18,827</u>	<u>19,702</u>
Subtotal	109,704	143,687	174,323	219,715	170,808
Unrealized gains (losses)	<u>43,152</u>	<u>(172,747)</u>	<u>243,127</u>	<u>51,533</u>	<u>(21,334)</u>
Total	<u>\$ 152,856</u>	<u>\$ (29,060)</u>	<u>\$ 417,450</u>	<u>\$ 271,248</u>	<u>\$ 149,474</u>

IFAR (INTERNATIONAL FUND FOR AGRICULTURAL RESEARCH)

NOTES TO FINANCIAL STATEMENTS

5 - Fair value measurements.

Fair value measurement is reported in one of the three levels which is determined by the lowest level input that is significant to the fair value measurement in its entirety. These levels are:

- Level 1 - inputs are based upon unadjusted quoted prices for identical instruments traded in active markets.
- Level 2 - inputs are based upon quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3 - inputs are generally unobservable and typically reflect management's estimates of assumptions that market participants would use in pricing the asset or liability. The fair values are therefore determined using model-based techniques that include option pricing models, discounted cash flow models, and similar techniques.

All the investments are classified as level 1. Fair values are based on quoted market prices.

6 - Concentration of credit risk.

The Organization maintains its cash balance in one financial institution. The account's balance is insured by the Federal Deposit Insurance Corporation (FDIC) up to \$100,000 in 2006 and 2007 and up to \$250,000 beginning in 2008. As of December 31, 2010, the Organizations' uninsured cash balance was \$51,744. At various times throughout these years, the cash balance exceeded the FDIC limit. The Organization believes the risk of loss is minimal.

7 - Major donor/related party.

CGIAR is a major benefactor of the Organization. In 2010, 2009, 2008, 2007, and 2006, the Organization received contributions from CGIAR amounting to \$3,906, \$48,169, \$111,536, \$44,256, and \$82,754, respectively. If CGIAR should cease or significantly reduce funding to IFAR, management believes the effect on operations would be limited since most current operating activities could be funded by its investment income. Furthermore, the Organization and CGIAR have similar interests and objectives and the Organization's officers are members of CGIAR's management team.

8 - Income taxes.

The Organization is exempt from taxation under Section 501(c)(3) of the Internal Revenue Code, except for income taxes on unrelated business income. During the year ended December 31, 2010, 2009, 2008, 2007 and 2006, the Organization did not have any activities which were taxable as unrelated business income.

IFAR (INTERNATIONAL FUND FOR AGRICULTURAL RESEARCH)

NOTES TO FINANCIAL STATEMENTS

9 - Tax positions.

The Organization has filed for and received income tax exemptions in the various jurisdictions where it is required to do so. The Organization files Form 990 (information return) in the U.S. federal jurisdiction. With few exceptions, the Organization is no longer subject to U.S. federal, state, and local income tax examinations by taxing authorities for years before 2007. The Organization adopted the provisions of FASB ASC 740 (formerly FIN 48), Accounting for Uncertainty in Income Taxes, that prescribe when to recognize and how to measure the financial statement effects, if any, of income tax positions taken or expected to be taken on its income tax returns. These rules require management to evaluate the likelihood that, upon examination by relevant taxing jurisdictions, those income tax positions would be sustained. Federal and state authorities generally have the right to examine and audit the previous three years of tax returns filed. Management believes the Organization has no material uncertain tax positions which would require an adjustment to, or disclosure in, the financial statements.

10 - Risks and uncertainties.

The Organization invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in the values of investment will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position.

11 - Evaluation of subsequent events.

Management has evaluated subsequent events through September 30, 2011, the date that the financial statements were available to be issued.

IFAR (INTERNATIONAL FUND FOR AGRICULTURAL RESEARCH)  
WASHINGTON, D.C.

SCHEDULES OF ACCOUNTS PAYABLE AND ACCRUED EXPENSES

	As of December 31,			
	2010	2009	2008	2007
Accountant	\$ 3,500	\$ 6,303	\$ 3,750	\$ 3,750
Attorneys	-	1,392	100	575
Board travel and others	-	1,093	3,906	-
Total accounts payable and accrued expenses	<u>\$ 3,500</u>	<u>\$ 8,788</u>	<u>\$ 7,756</u>	<u>\$ 4,325</u>
				<u>\$ 4,685</u>

Supplementary information.  
See the accompanying independent auditor's report.

IFAR (INTERNATIONAL FUND FOR AGRICULTURAL RESEARCH)  
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SCHEDULES OF FUNCTIONAL EXPENSES

	Years ended December 31,			
	2010	2009	2008	2007
<u>Program grants and awards:</u>				
IFAR fellowship awards	\$ 132,000	\$ 132,000	\$ 132,000	\$ 132,000
Wilfred Thalwitz Scholarship awards	11,000	-	11,000	11,000
CGIAR awards	-	-	123,500	-
Total program grants awards	<u>143,000</u>	<u>132,000</u>	<u>266,500</u>	<u>143,000</u>
<u>Management and general:</u>				
Accounting fees	3,500	6,303	7,500	7,500
Legal fees	1,235	2,958	1,104	2,389
Bank charges	537	402	1,264	325
Licenses and others	431	672	434	-
Bad debts expense	-	10,000	-	-
Travel	-	1,092	6,939	-
Conference	-	270	-	-
Information technology	-	90	-	-
Miscellaneous	-	-	279	173
Total management and general	<u>5,703</u>	<u>21,787</u>	<u>17,520</u>	<u>10,387</u>
Total expenses	<u>\$ 148,703</u>	<u>\$ 153,787</u>	<u>\$ 284,020</u>	<u>\$ 153,387</u>
				<u>\$ 227,907</u>

Supplementary information.

See the accompanying independent auditor's report.

IFAR (INTERNATIONAL FUND FOR AGRICULTURAL RESEARCH)  
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SCHEDULES OF CONTRIBUTIONS RECEIVED

	Years ended December 31,				
	2010	2009	2008	2007	2006
Wilfred Thalwitz Scholarship contributors (restricted)	\$ 20,000	\$ -	\$ -	\$ -	\$ -
Consultative Group on International Agricultural Research (CGIAR):					
Secretariat and Centers	3,906	-	63,500	-	-
Switzerland	-	48,169	48,036	44,256	82,754
Total CGIAR contributions	3,906	48,169	111,536	44,256	82,754
Other contributors	9,000	-	-	-	-
Total contributions	\$ 32,906	\$ 48,169	\$ 111,536	\$ 44,256	\$ 82,754

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