



Forty-second Regular Meeting of the Executive Committee

**2021 Financial statements of IICA and report  
of the external auditors**

IICA/CE/Doc. 739 (22) - Original: Spanish

San Jose, Costa Rica  
19-20 July 2022



## **INDEPENDENT AUDITORS' REPORT**

To the Inter-American Board of Agriculture  
of the Inter-American Institute for Cooperation on Agriculture (IICA)

### *Opinion*

We have audited the accompanying financial statements of the Inter-American Institute for Cooperation on Agriculture (IICA), which comprise the statements of net assets as of December 31, 2021 and 2020 and the statement of activities of unrestricted net assets, changes in net assets, and of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory notes.

In our opinion the financial statements present fairly, in all material respects, the financial position of IICA as of December 31, 2021 and 2020 and the changes in its net assets and its cash flows for the years then ended, in accordance with the generally accepted accounting principles in the United States of America.

### *Basis for Opinion*

We conducted our audit in accordance with the International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of IICA in accordance with the Code of Professional Ethics of the Association of Certified Public Accountants of Costa Rica and the Code of Ethics for Professional Accountants of the International Ethics Standards Board for Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with such requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### *Supplementary Information in Relation to the Financial Statements and the Auditor's Report*

Management is responsible for the other information. The other information comprises the details included in Exhibits No.1 to 3 the movements of Member States quotas receivable, budget and expenses by chapter and the execution of external resources by financing source, which is included for the benefit of the reader.

Our opinion on the financial statements does not cover the other information, and we do not express any form of opinion over the reasonableness of this other additional information.

In relation to our audit of the financial statements, our responsibility is to read the other information and, by doing so, consider if that is materially consistent with the financial statements or with our knowledge we obtained during our audit, or otherwise if it seems to might contain material misstatements. If, based on the work that we have done, we are able to conclude that there is an important inaccuracy of this other information, we are obliged to report such matter to you. We do not have anything to report on it.

If based on the work we performed over this other additional information we concluded that a material misstatement exists in this information, it requires that we report that fact. We do not have any to report on it.

## *Responsibilities of Management and Those Charged with the IICA's Governance with the Financial Statements*

Management is responsible for the preparation and fair presentation of IICA's accompanying financial statements according to the generally accepted accounting principles in the United States of America and for the internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In the preparation of financial statements, Management is responsible for assessing the IICA ability to continue as a going concern, disclosing as it may be necessary, the matters related to the going concern principle and using such accounting basis, unless management either intends to liquidate of IICA or to cease operations, or has no realistic alternative but to do so.

Those charged with governance of IICA are responsible for overseeing the financial reporting process of the Inter-American Institute for Cooperation on Agriculture.

## *Auditor's 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 auditor's 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 the International Standards on Auditing (ISAs) will always detect a material misstatement when it exists. Misstatements can arise from fraud or non-fraud related 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 the International Standards on Auditing (ISA), we exercise professional judgment and maintain professional skepticism 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 non-fraud related 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 IICA'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 in the preparation of the financial statements in the context of the applicable financial reporting framework. We also conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on IICA’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor’s report to the disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify the opinion on the financial statements. Our conclusions are based on information available at the date of the auditor’s report. However, future events or conditions may cause IICA 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 are required to communicate with those charged with governance at IICA 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.

Jorge Andrés Barboza Hidalgo - C.P.A. No.5079  
Insurance Policy No.0116 FIG 7  
Expires: September 30, 2022  
Law stamp of Law No.6663 for ₡1.000, attached and paid

June 10, 2022



**INTER-AMERICAN INSTITUTE FOR COOPERATION ON AGRICULTURE (IICA)**

**STATEMENTS OF NET ASSETS  
DECEMBER 31, 2021 AND 2020**  
(Stated in United States Dollars)

	Notes	December 31, 2021			Total	December 31, 2020
		Unrestricted	Temporarily Restricted	Permanently Restricted		
<b>ASSETS</b>						
CURRENT ASSETS:						
Cash	1e, 2	US\$ 33,675,602			US\$ 33,675,602	US\$ 27,197,874
Cash equivalents	1e, 3	62,351,077			62,351,077	55,713,647
Investments held to maturity	1f, 4	11,451,671			11,451,671	10,012,104
Subtotal		107,478,350			107,478,350	92,923,625
Receivables:						
Quotas from member states		15,033,585			15,033,585	17,292,625
Allowance for doubtful accounts	1g	(8,686,862)			(8,686,862)	(7,474,095)
Quotas from member states - net		6,346,723			6,346,723	9,818,530
Payments made on behalf of contracts, agreements and grants	1g	775,393			775,393	337,865
Due from regular fund to trust fund	1g	(56,061,982)	US\$56,061,982			
Other		154,643			154,643	106,003
Receivables - net		(48,785,223)	56,061,982		7,276,759	10,262,398
Advances of external resources allocated	1p	456,842			456,842	541,176
Prepaid expenses	1h	74,015			74,015	79,659
Other assets		42,747			42,747	47,283
Total current assets		59,266,731	56,061,982		115,328,713	103,854,141
PROPERTY, FURNITURE AND EQUIPMENT - Net	1i, 1j, 5	1,066,660		US\$8,713,171	9,779,831	9,697,571
<b>TOTAL ASSETS</b>		<u>US\$ 60,333,391</u>	<u>US\$56,061,982</u>	<u>US\$8,713,171</u>	<u>US\$125,108,544</u>	<u>US\$113,551,712</u>
<b>LIABILITIES AND NET ASSETS</b>						
CURRENT LIABILITIES:						
Accounts payable and accrued expenses	1o	US\$ 4,317,204			US\$ 4,317,204	US\$ 7,239,720
Other accruals		327,137			327,137	340,668
Total current liabilities		4,644,341			4,644,341	7,580,388
Provisions for:						
Repatriation and transfer of international professional personnel	1k	1,158,009			1,158,009	1,123,078
Recognition of years of service for international professional personnel	1k	1,454,938			1,454,938	1,520,986
Recognition of years of service for local personnel	1k	3,192,643			3,192,643	3,041,668
Other termination benefits	1k, 12	10,790,388			10,790,388	10,559,111
Other liabilities of projects	12	14,037,682			14,037,682	13,347,301
Total provisions		30,633,660			30,633,660	29,592,144
Total liabilities		35,278,001			35,278,001	37,172,532

(Continues)

**INTER-AMERICAN INSTITUTE FOR COOPERATION ON AGRICULTURE (IICA)**

**STATEMENTS OF NET ASSETS  
DECEMBER 31, 2021 AND 2020**  
(Stated in United States Dollars)

	Notes	December 31, 2021			Total	December 31, 2020
		Unrestricted	Temporarily Restricted	Permanently Restricted		
NET ASSETS:						
Unrestricted funds:						
Regular fund:						
General sub-fund	1b	US\$ 11,800,464			US\$ 11,800,464	US\$ 7,651,605
Working sub-fund	1b	4,094,736			4,094,736	4,094,736
Miscellaneous income fund	1b	1,088,696			1,088,696	667,896
Indirect cost recovery fund	1b	7,004,834			7,004,834	4,482,535
Fixed assets fund	1b	1,066,660			1,066,660	984,400
Restricted funds:						
Trust funds	1b		US\$56,061,982		56,061,982	49,784,837
Permanently restricted fund - land	1b			US\$8,713,171	8,713,171	8,713,171
Total net assets		<u>25,055,390</u>	<u>56,061,982</u>	<u>8,713,171</u>	<u>89,830,543</u>	<u>76,379,180</u>
TOTAL LIABILITIES AND NET ASSETS		<u>US\$ 60,333,391</u>	<u>US\$56,061,982</u>	<u>US\$8,713,171</u>	<u>US\$125,108,544</u>	<u>US\$113,551,712</u>
CONTINGENCIES	13	<u>US\$</u>	<u>US\$</u>	<u>US\$</u>	<u>US\$</u>	<u>US\$</u>

(Concluded)

See accompanying notes to the financial statements.

**INTER-AMERICAN INSTITUTE FOR COOPERATION ON AGRICULTURE (IICA)**

**STATEMENTS OF ACTIVITIES OF UNRESTRICTED NET ASSETS  
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**  
(Stated in United States Dollars)

	Notes	2021					2020				
		Regular Fund Quotas	Miscellaneous Income Fund	Indirect Cost Recovery Fund	Trust Funds	Total	Regular Fund Quotas	Miscellaneous Income Fund	Indirect Cost Recovery Fund	Trust Funds	Total
<b>REVENUES:</b>											
Quotas from member states	1c	US\$29,574,100				US\$ 29,574,100	US\$29,574,100				US\$ 29,574,100
Indirect Cost Recovery (ICR)	6			US\$10,603,295		10,603,295		US\$9,352,841			9,352,841
Temporarily restricted fund assets released from restrictions	1g				US\$151,164,819	151,164,819			US\$129,949,510		129,949,510
Commercial and miscellaneous operations - net	7		US\$420,800			420,800		US\$636,999			636,999
<b>Total revenues</b>		<u>29,574,100</u>	<u>420,800</u>	<u>10,603,295</u>	<u>151,164,819</u>	<u>191,763,014</u>	<u>29,574,100</u>	<u>636,999</u>	<u>9,352,841</u>	<u>129,949,510</u>	<u>169,513,450</u>
<b>EXPENSES:</b>											
International professional personnel		9,192,099				9,192,099	9,314,401				9,314,401
Local professional and general service		8,774,637				8,774,637	8,319,464				8,319,464
Training and technical events		437,519				437,519	425,995				425,995
Official travel		29,592				29,592	103,268				103,268
Documents and materials and supplies		506,431				506,431	553,918				553,918
Plant, equipment and furniture		265,967				265,967	130,710				130,710
General services		1,690,412				1,690,412	1,779,697				1,779,697
Work and services contracts, and transfers		1,656,355				1,656,355	883,043				883,043
Annual allowance to CATIE	8	1,000,000				1,000,000	853,400				853,400
Other costs		1,872,229				1,872,229	1,983,769				1,983,769
<b>Sub-total of expenses related to quota budget and working sub-fund</b>		<u>25,425,241</u>				<u>25,425,241</u>	<u>24,347,665</u>				<u>24,347,665</u>
Temporarily restricted fund assets released from restrictions	1g				151,164,819	151,164,819			129,949,510		129,949,510
Disbursements financed with funds from the Indirect Cost Recovery (ICR)	6			8,080,996		8,080,996		8,578,915			8,578,915
<b>Total expenses</b>		<u>25,425,241</u>		<u>8,080,996</u>	<u>151,164,819</u>	<u>184,671,057</u>	<u>24,347,665</u>	<u>8,578,915</u>	<u>129,949,510</u>		<u>162,876,090</u>
Increase in unrestricted net assets for the year, before excluding net expenses capitalized as property, furniture and equipment and including depreciation of the year		4,148,859	420,800	2,522,299		7,091,957	5,226,435	636,999	773,926		6,637,360
Exclusion of net capitalized expenses as property, furniture and equipment		510,344				510,344	179,682				179,682
Increase in unrestricted net assets for the year, before including depreciation of the year		4,659,203	420,800	2,522,299		7,602,302	5,406,117	636,999	773,926		6,817,042
Inclusion of depreciation of the year		(428,084)				(428,084)	(510,690)				(510,690)
<b>Increase in unrestricted net assets</b>		<u>US\$ 4,231,158</u>	<u>US\$420,800</u>	<u>US\$ 2,522,299</u>	<u>US\$</u>	<u>US\$ 7,174,218</u>	<u>US\$ 4,895,427</u>	<u>US\$636,999</u>	<u>US\$ 773,926</u>	<u>US\$</u>	<u>US\$ 6,306,352</u>

See accompanying notes to the financial statements.



**INTER-AMERICAN INSTITUTE FOR COOPERATION ON AGRICULTURE (IICA)**

**STATEMENTS OF CHANGES IN NET ASSETS  
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

(Stated in United States Dollars)

	Note	Net Assets						Temporarily Restricted	Permanently Restricted	Total
		Regular Fund		Unrestricted						
		General Sub-fund	Working Sub-fund	Miscellaneous Income Fund	Indirect Cost Recovery Fund	Fixed Assets Fund				
BALANCE AT DECEMBER 31, 2019		US\$ 2,425,170	US\$4,094,736	US\$ 30,897	US\$3,708,609	US\$1,315,408	US\$ 59,033,601	US\$8,713,171	US\$ 79,321,592	
Increase (decrease) in unrestricted net assets		5,406,117		636,999	773,926	(510,690)			6,306,352	
Restricted contributions received from donors	1b						122,571,966		122,571,966	
Net assets released from restrictions							(129,949,510)		(129,949,510)	
Capitalization of net disbursements as property, furniture and equipment		(179,682)				179,682				
Net increase in disbursements made on behalf of contracts, agreements, and grants receivable from donors							(1,871,220)		(1,871,220)	
BALANCE AT DECEMBER 31, 2020		7,651,605	4,094,736	667,896	4,482,535	984,400	49,784,837	8,713,171	76,379,180	
Increase (decrease) in unrestricted net assets		4,659,203		420,800	2,522,299	(428,084)			7,174,218	
Restricted contributions received from donors	1b						157,004,437		157,004,437	
Net assets released from restrictions							(151,164,819)		(151,164,819)	
Capitalization of net disbursements as property, furniture and equipment		(510,344)				510,344				
Net increase in disbursements made on behalf of contracts, agreements, and grants receivable from donors							437,527		437,527	
BALANCE AT DECEMBER 31, 2021		<u>US\$11,800,464</u>	<u>US\$4,094,736</u>	<u>US\$1,088,696</u>	<u>US\$7,004,834</u>	<u>US\$1,066,660</u>	<u>US\$ 56,061,982</u>	<u>US\$8,713,171</u>	<u>US\$ 89,830,543</u>	

See accompanying notes to the financial statements.

**INTER-AMERICAN INSTITUTE FOR COOPERATION  
ON AGRICULTURE (IICA)**

**STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

(Stated in United States Dollars)

	<b>2021</b>	<b>2020</b>
<b>OPERATING ACTIVITIES</b>		
Increase in unrestricted net assets	US\$ 7,174,218	US\$ 6,306,352
Plus: Items not requiring cash:		
Interest income from investments	(2,451,824)	(2,299,576)
Depreciation	428,084	510,690
Allowance for doubtful accounts	1,212,767	1,242,816
Cash provided by (used in) changes in:		
Quotas receivable from member states	2,259,040	(4,338,251)
Other receivables	(48,640)	44,739
Prepaid expenses	89,978	(167,428)
Other assets	(843)	(793)
Accounts payable and accrued expenses	(2,922,516)	4,864,997
Other accruals	(13,531)	6,576
Provisions	<u>1,041,516</u>	<u>(378,897)</u>
Net cash provided by operating activities	<u>6,768,249</u>	<u>5,791,225</u>
<b>INVESTING ACTIVITIES</b>		
(Disposals) Acquisition of investments held to maturity	(1,439,567)	8,772,896
Interest income received on investments	2,457,203	2,337,168
Additions to furniture and equipment	(523,688)	(183,257)
Disposal of furniture and equipment	<u>13,344</u>	<u>3,575</u>
Net cash provided by investing activities	<u>507,291</u>	<u>10,930,382</u>
<b>FINANCING ACTIVITIES</b>		
Restricted contributions received from donors	157,004,437	122,571,966
Disbursements made in the execution of trust funds	<u>(151,164,819)</u>	<u>(129,949,510)</u>
Net cash provided (used in) by financing activities	<u>5,839,617</u>	<u>(7,377,544)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	13,115,157	9,344,063
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>82,911,521</u>	<u>73,567,458</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>US\$ 96,026,678</u>	<u>US\$ 82,911,521</u>

See accompanying notes to the financial statements.

# INTER-AMERICAN INSTITUTE FOR COOPERATION ON AGRICULTURE (IICA)

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (Stated in United States Dollars)

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### 1. NATURE OF BUSINESS, BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

- a. **Nature of Business** - The Inter-American Institute for Cooperation on Agriculture (IICA), formerly the Inter-American Institute of Agricultural Sciences was established on October 7, 1942 pursuant to an initiative of the Organization of American States (OAS) in the District of Columbia, United States of America for an indefinite term. IICA is an autonomous international legal entity of Inter-American scope, whose main objective is to stimulate, promote, and support the efforts of the Member States to achieve agricultural development and rural well-being. Its regulations and operating procedures currently in use were approved at the First Ordinary Meeting of the Inter-American Board of Agriculture, held in August 1981 in Argentina.

IICA has the following formal authority structures:

- Inter-American Board of Agriculture (IABA), consisting of a representative from each Member State.
- Executive Committee, consisting of twelve Member States.
- General Directorate.

At present, IICA consists of 34 Member States with central headquarters located in San José, Costa Rica.

- b. **Basis of Presentation and Funds Managed** - The financial statements have been prepared in accordance with the generally accepted accounting principles in the United States of America (USGAAP), and are presented according to the American Institute of Certified Public Accountants (AICPA)'s fund accounting policies for not-for-profit organizations. Funds managed by IICA are classified in the accompanying financial statements, according to the accounting policies established by IICA, as Unrestricted Funds, Temporarily Restricted Funds, and Permanently Restricted Funds. Additionally, such funds are classified according to their source and purpose, as follows:

- **Unrestricted Funds** -

- *Regular Fund* - This fund consists of two sub-funds:

- i. General Sub-fund - Activities of this sub-fund are mainly financed by mandatory contributions from Member States, as established by IABA, based on the quota computation system of the Organization of American States (OAS). In addition, the miscellaneous income is recorded in this fund, unless the IABA or the Executive Committee has approved it for specific purposes. The purpose of the General Sub-fund is to finance execution of the regular activities planned and budgeted by IICA, including administration and management.

- ii. Working Sub-fund - The purpose of this sub-fund is to ensure the normal financial operation of IICA. According to Article No.89 of the Rules of the General Directorate, the sub-fund balance shall not exceed 15% of annual quotas approved for the corresponding fiscal year, unless otherwise decided by IABA or the Executive Committee. This fund is constituted by the proceeds from the balances of uncommitted appropriations financed by quotas outstanding at each fiscal year-end and by additional funds specifically assigned by IABA or the Executive Committee.
      - *Fixed Assets Fund* - The Fixed Assets Fund is used by IICA to control unrestricted property, furniture and equipment, which have been either acquired with resources from the Regular Fund and the Indirect Cost Recovery (ICR) Fund or donated thereto by a national or international organization. The balance of the Fixed Assets Fund represents the carrying amount, net of depreciation, of fixed assets owned by IICA, except for land with permanent use restrictions.
      - *Indirect Cost Recovery (ICR) Fund* - The objective of this Fund is to finance additional costs incurred by IICA, in the execution of contracts, agreements, and grants subscribed by donors (Member States, international organizations, and others) for specific purposes and to contribute to the Institute's pre-investment activities. The Indirect Cost Recovery Fund balance consists of the recovery of Indirect Cost (ICR) in the management of projects executed by IICA with external resources.
      - *Miscellaneous Income Fund* - This fund was created by the IABA through resolution IICA/IABA/Res.400 (XII-O/03) dated November 13, 2003, with the purpose of covering immediate financial needs of IICA. The Miscellaneous Income Fund consists of the balance of those proceeds from the General Sub-fund that are not committed in the Regular Fund budget at the end of the fiscal year in which they were received.
  - **Temporarily Restricted Funds** -
    - Trust Funds* - The Trust Funds have been established according to contracts, agreements, and grants subscribed by donors (Member States, international organizations, and others) for specific purposes. For control purposes, separate records are maintained to account for income and expenses related to those funds. Moreover, financial resources pertaining to some funds are managed through separate bank accounts according to the agreement terms executed by IICA and the donors.
  - **Permanently Restricted Fund - Land** - This fund is represented by the original contribution of land to IICA, which has permanent use restrictions (Note 5).
- c. **Budget** - A summary of significant aspects of each fund budget is provided below:
- **Regular Fund** - On October 31, 2019, through Resolution IICA/IABA/Res.511 (XIX-O/19) IABA approved the 2021 and 2020 budget for the Regular Fund made up of Member State quotas and other miscellaneous

income amounting to US\$29,574,100 and US\$2,500,000, respectively. On October 31, 2019, through Resolution IICA/IABA/ Res.523 (XX-O/19) IABA approved the 2021 and 2020 budget for the Regular Fund made up of Member State quotas and other miscellaneous income amounting to US\$29,574,100, and US\$2,500,000 respectively for both periods. Miscellaneous income consists of estimated income to be generated and of resources from the miscellaneous income fund.

The above resolution authorizes the Director General to transfer amounts between budget chapters, provided that the total transfers do not significantly affect the priorities approved.

In the Exhibit No.2, a comparative analysis is shown of the detailed budget, actual expenses and respective over/under execution.

- **Trust Funds** - Through resolution IICA/IABA/Res.254 (VIII-O/95) dated September 19, 1995, IABA authorized the Director General to use the resources provided to IICA through the institutions and Member States related to contracts, agreements, and grants, for the agreed upon purposes. The mentioned resolution authorized the Director General to accept contributions and donations, and to perform contracts or agreements, as long as they are consistent with the objectives of IICA programs and that the Executive Committee of IICA is notified in advance of contracts or agreements exceeding US\$500,000.
- d. **Monetary Unit and Foreign Exchange Transactions** - The accounting records of IICA are kept in United States dollars (US\$), and the financial statements are expressed in such currency. Assets and liabilities in currencies of the countries where IICA's activities are developed are translated into U.S. dollars at official exchange rates in effect in each country. Transactions in such currencies are translated into U.S. Dollars using monthly average exchange rates. When determining its financial position and results of activities, IICA values and adjusts the balances of assets and liabilities that are recoverable or payable in the local currency of countries where activities are developed. The resulting differences are applied to the results of the period in which they are incurred.
- e. **Cash and Cash Equivalents** - Cash and cash equivalents include cash on hand, demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value with original maturity of less than 3 months.
- f. **Investments Held to Maturity** - Investments held to maturity are those that IICA intends and has the capacity hold until they mature. They are recorded at cost and valued using the amortized cost method.
- g. **Due from Regular Fund and Temporarily Restricted Net Assets** - Funds contributed by institutions and Member States (counterparts) to establish Trust Funds for executing contracts, agreements, and grants are recorded as restricted contributions received from donors within temporarily restricted net assets. As the funds are used in the agreed-upon activities, IICA recognizes simultaneously an income for funds released from restrictions and an expense of Trust Funds in the Statement of Activities of Unrestricted Net Assets. Generally, funds received from counterparts to execute contracts, agreements, and grants are managed by IICA

as part of current assets of the Regular Fund. To identify the portion of funds corresponding to resources received from counterparts, an asset account entitled "Due from Regular Fund to Trust Funds" is used.

Whenever expenses incurred by IICA in the execution of a particular contract, agreement, or grant exceed the amounts contributed to date or are reimbursable, the resulting difference is recorded as an account receivable from the respective donor.

IICA has the policy to record an allowance for doubtful accounts that show recoverability arrears, once the corresponding analyses have been made. As of December 31, 2021 and 2020, the amount of the allowance for doubtful accounts represented US\$8,686,862 and US\$7,474,095, respectively.

- h. **Prepaid Expenses** - Prepaid expenses are primarily made up of office supplies and materials. IICA initially recognizes them at cost, accounting for them as an asset and subsequently derecognises based on their consumption.
- i. **Property, Furniture, and Equipment** - IICA has adopted the policy of charging the amounts disbursed for the acquisition of fixed assets to current period expenses, and, subsequently, capitalizing those amounts in the Fixed Assets Fund. Such capitalization is recorded at original acquisition cost of the asset or the market value in effect at the donation date, if they are donated. Minor repairs and maintenance expenses are charged to results of the annual activities. Such practice enables IICA to compare expenditures with annual budgeted amounts for the acquisition of fixed assets and, at the same time, to present such amounts as capitalized assets in the statement of net assets.
- j. **Accumulated Depreciation** - The historical cost of fixed assets is depreciated over their estimated useful lives using the straight-line method.

Below is a detail of estimated useful lives:

<b>Property, Furniture, and Equipment</b>	<b>Estimated Useful Lives</b>
Buildings	25 years
Furniture and office equipment	3 to 10 years
Vehicles	4 years

- k. **Employees Benefits** - According to the organization's regulations, in case of expiration of contract, resignation or dismissal, IICA pays expenses for transfer, repatriation and recognition of years of service of international professional personnel. Such expenses are computed based on years of service of each official and the number of his/her dependents. Likewise, the national personnel may be entitled to recognition of years of service once they leave IICA, except in those countries where local laws require either payment of fourteen or more salaries per year, or payment of severance equal to half or more of monthly salaries per year of service, in the event of voluntary or involuntary departure.

Where IICA offices are located, local personnel may be entitled to termination benefits according with applicable legislation in each country. IICA follows the policy of recording an accrual for employees benefits for severance indemnities to cover future disbursements for this concept, considering the actuarial probabilities of future events, future salary increases and the time value of money. Actual termination payments are charged to the provision.

- i. **Net Assets - Restricted and Unrestricted Funds** - IICA applies the accounting standards contained in the Statement of Financial Accounting Standards FASB ASC Topic 958, Not-For-Profit Entities. In accordance with those standards, IICA records contributions received from donors for specific purposes, as well as any income generated by such contributions, as Net Assets-Temporarily Restricted Funds. The balance of each Temporarily Restricted Fund decreases when available resources are used for established purposes, and it is disclosed as "net assets released from restrictions" in the Statement of Changes in Net Assets and in the Statement of Activities of Unrestricted Net Assets.

The balance of Unrestricted Funds increases with the excess of income over expenses from IICA's activities (increase in unrestricted net assets), as determined at year-end. Likewise, such balance decreases when there is an excess of expenses over income (decrease in unrestricted net assets).

- m. **Revenue Recognition** - IICA recognizes quota revenue from Member States when performance obligations are met through the transfer of control, these quotas are fixed in accordance with the resolution of the Inter-American Board of Agriculture. IICA recognizes an account receivable at the beginning of the period, as this represents the given time at which the right to consideration becomes unconditional, as it only requires the passage of time before the payment expires.

Miscellaneous income is recognized as a performance obligation fulfilled over time. Revenues are recognized based on measuring progress towards full compliance with the performance obligation.

- n. **Indirect Cost Recovery (ICR)** - As established in certain contract agreements signed with donors (Member States, international organizations, etc.), IICA recovers indirect costs incurred in the execution of these agreements, as a recognition of the administrative efforts devoted by IICA to manage such contracts. Such reimbursement is recognized by IICA as income when earned and increases the balance of the Indirect Cost Recovery (ICR) Fund.

- o. **Accounts Payable** - IICA recognizes liabilities in its financial statements when it transfers the ownership of the goods and receives the corresponding service.

- p. **Advances of External Resources Allocated** - IICA delivers advances to external entities that carry out activities related to Institute projects. The expenditures for such projects are recorded as soon as the settlement of account paperwork is submitted. These advances are related to projects financed with external resources.

- q. **Use of Estimates** - The preparation of financial statements in accordance with USGAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and the related notes. Results could differ from these estimates. Material estimates that are particularly susceptible to significant changes relate mainly to the allowance for doubtful accounts, determination of the useful lives of property, furniture and equipment, other assets and provisions for accrued expenses, employees benefits and other liabilities.

- r. **Financial Instruments** - Financial instruments of IICA are initially recorded at fair value and consist of cash on hand and due from banks, investments, accounts receivable, accounts payable and other liabilities. As of December 31, 2021 and 2020, the carrying amount of short-term financial instruments approximates their fair value due to their current nature.

IICA has not signed any contracts involving derivative financial instruments.

- s. **Accounting Pronouncements Pending Adoption** - In February 2016, the FASB issued ASU 2016-02, *Leases*, which introduces a lessee model that brings most leases on the balance sheet. The new standard also aligns many of the underlying principles of the new lessor model with those of ASC 606, the FASB's new revenue recognition standard (e.g., those related to evaluating when profit can be recognized). Furthermore, the ASU addresses other concerns related to the current leases model. For example, the ASU eliminates the requirement in current U.S. GAAP for an entity to use bright-line tests in determining lease classification. The ASU also requires lessors to increase the transparency of their exposure to changes in value of their residual assets and how they manage that exposure. The amendments in this ASU are effective for annual reporting periods beginning after December 15, 2021 with early application permitted. (The Company is currently evaluating the impact of this ASU).

On August 5, 2020, the FASB issued ASU 2020-06, which simplifies the accounting for certain financial instruments with characteristics of liabilities and equity, including convertible instruments and contracts on an entity's own equity. This ASU is effective for fiscal years beginning after December 15, 2023 with early adoption permitted. (The Company is currently evaluating the impact of this ASU. The guidance may be early adopted for fiscal years beginning after December 15, 2020, and interim periods within those fiscal years. For convertible instruments that include a down-round feature, entities may early adopt the amendments that apply to down-round features if they have not yet adopted the amendments in ASU 2017-11).

In November 2021, the FASB issued ASU 2021-09, which amends the current guidance in ASC 842, *Leases*, to allow a non-public business entity lessee to make an accounting policy election, by class of underlying assets, to use a risk-free rate as the discount rate when the rate implicit in the lease is not readily determinable. Lessees that have not adopted ASC 842 on or before November 11, 2021, should adopt this ASU on the same date on which ASU 842 is adopted and should apply the transition requirements in ASC 842-10-65-1. Lessees that have adopted ASC 842 as of November 11, 2021, should apply the transition requirements of the ASU for fiscal years beginning after December 15, 2021.

In November 2021, the FASB issued ASU 2021-10, which requires a business entity that has received government assistance to provide the following disclosures for annual periods about transactions that are within the scope of ASC 832, *Government Assistance* ("ASC 832"):

- The nature of the transactions, including a general description of the transactions and the form in which the assistance has been received (for example, cash or other assets).
- The accounting policies used to account for the transactions.
- The line items on the balance sheet and income statement that are affected by the transactions, and the amounts applicable to each financial statement line item in the current reporting period.
- The significant terms and conditions of transactions with a government within the scope of ASC 832. Terms and conditions that might be appropriate to disclose include, but are not limited to, any of the following:



- The duration or period of the agreement.
- Commitments made by both the reporting entity and the government.
- Provisions, if any, for recapture (for example, when the government can recapture amounts awarded), including the conditions under which recapture is allowed.
- Other contingencies.

Further, ASC 832 notes that, in certain situations, the terms of the government assistance may legally prohibit an entity from disclosing the required information. In such circumstances, the entity must disclose a description of the general nature of the information and indicate that it is excluding the disclosures because of legal prohibitions. The guidance in this ASU is effective for all entities for fiscal years beginning after December 15, 2021. Entities may apply the ASU's provisions either (1) prospectively to all transactions within the scope of ASC 832 that are reflected in the financial statements as of the adoption date and all new transactions entered into after the date of adoption or (2) retrospectively. Early adoption is permitted.

## 2. CASH

Cash due from banks as of December 31, 2021 and 2020 for US\$33,675,602 and US\$27,197,874, respectively; they are deposited in various currencies, in different financial entities located in the countries of each of the IICA representations. This amounts includes funds held in separate bank accounts of US\$25,983,589 and US\$21,116,516, respectively, which may only be used to cover expenditures related to contracts signed by IICA and the respective donors.

## 3. CASH EQUIVALENTS

Cash equivalents are as follows:

	<b>2021</b>	<b>2020</b>
In Argentine pesos:		
Time deposits (2020: interest of 34% per annum)		US\$ 15,545
In Mexican pesos:		
Money market funds, interest of 2% per annum (2020: between 0.99% and 1.08%)	US\$20,220,047	19,296,150
In Brazilian reais:		
Money market funds, interest of 4.1% per annum (2020: between 0.15%)	14,494,791	11,373,279
In U.S. dollars:		
Mutual funds, interest 0.025% per annum (2020: 1.1%)	<u>27,636,239</u>	<u>25,028,673</u>
Total	<u>US\$62,351,077</u>	<u>US\$55,713,647</u>

As of December 31, 2021 and 2020, cash equivalents of US\$38,384,584 and US\$38,227,977, respectively, are restricted to cover expenditures of contracts signed by IICA and the respective donors.

#### 4. INVESTMENTS HELD TO MATURITY

Investments held to maturity are detailed below:

	<b>2021</b>	<b>2020</b>
In US dollars:		
Time deposits at Banco Bradesco, S.A., interest rate 9.6% per annum, maturing between October 2023 and August 2024 (2020: 34% per annum)	US\$ 7,901,671	US\$ 6,232,104
Time deposits at BAC San José, annual interest rate between 1.65% and 2.94% (2020: between 3.26% and 4.12% per annum), with maturity between February and June 2022	<u>3,550,000</u>	<u>3,780,000</u>
Total	<u>US\$11,451,671</u>	<u>US\$10,012,104</u>

As of December 31, 2021 and 2020, investments held to maturity US\$11,451,671 and US\$10,012,104; respectively, are restricted to cover disbursements for contracts signed between IICA and the respective counterparts.

#### 5. PROPERTY, FURNITURE AND EQUIPMENT - NET

The property, furniture and equipment, including their useful lives, are detailed as follows:

	<b>2021</b>	<b>2020</b>
Unrestricted:		
Buildings (25 years)	US\$ 5,418,054	US\$ 5,418,054
Vehicles (4 years)	2,336,037	2,471,694
Furniture and equipment (3, 4, 5 and 10 years)	<u>5,052,290</u>	<u>5,008,908</u>
Total unrestricted fixed assets	12,806,381	12,898,656
Less: Accumulated depreciation	<u>(11,739,721)</u>	<u>(11,914,256)</u>
Total unrestricted fixed assets - net	1,066,660	984,400
Permanently restricted - land	<u>8,713,171</u>	<u>8,713,171</u>
Total	<u>US\$ 9,779,831</u>	<u>US\$ 9,697,571</u>

Property, furniture and equipment do not include fixed assets acquired with resources from specific funds (Trust Funds), since such disbursements are considered expenditures related to the execution of specific agreements related to those funds. However, in accordance with the provisions of each agreement, when assets are donated, exchanged, or sold to IICA, they are recognized in the accounting records as part of the Fixed Assets Fund.

Land located in Costa Rica (San Isidro de Coronado, Turrialba and Limón) was donated to IICA by the Government of Costa Rica. However, once IICA concludes its official mission or terminates its functions in Costa Rica, this property and any improvements thereto shall be returned to the Government of Costa Rica. Income capitalized for this donation is shown in the financial statements of IICA as part of Net Assets - Permanently Restricted Funds. Throughout the years, IICA has built several administrative facilities

and related infrastructure on the properties donated by the Government of Costa Rica. These improvements to donated properties have no restrictions of use and are being amortized over their estimated useful lives.

According to an agreement entered into between the Government of Costa Rica and IICA, the Tropical Agricultural Research and Training Center (CATIE) was granted usufruct rights to land and buildings located in Turrialba and Limón, Costa Rica.

## 6. INCOME AND EXPENSES RELATED TO INDIRECT COST RECOVERY (ICR)

On October 13, 1997, through Resolution IICA/IABA/Res.310 (IX-O/97), the Inter-American Board of Agriculture agreed to establish the Indirect Cost Recovery (ICR) Fund. The purpose of this fund is to finance the additional costs incurred by the Institute in the execution of contracts and to contribute to the institutional pre-investment activities.

Income and expenses related to Indirect Cost Recovery (ICR) are broken down as follows:

	<b>2021</b>	<b>2020</b>
Income:		
Ministry of Agriculture and Livestock - Ecuador	US\$ 203,714	US\$ 40,811
Secretariat of Agriculture, Livestock, Fisheries and Food - Argentina	105,084	87,556
Ministry of Agriculture, Livestock and Food - Guatemala	145,224	153,758
National Health Service, Food Safety and Food Quality (SENASICA) - Secretariat of Agriculture, Livestock, Rural Development, Fisheries and Food (SAGARPA) - National Agrarian Registry (RAN) - México	5,775,680	6,053,032
United States Department of Agriculture (USDA)	148,090	94,548
Ministries of Agriculture, Livestock and Procurement, Agrarian Development, Mines and Energy - Brazilian Institute of Environment and Renewable Natural Resources - Brazil	309,715	285,761
Secretariat of Agriculture and Livestock - Honduras	2,063,333	1,224,331
Agencies and Organizations of International Cooperation	832,268	536,029
Secretariat of Central American Agricultural Council (SCAC)	184,076	8,298
Ministry of Agriculture and Livestock Paraguay	167,776	178,436
Government of Peru	7,909	163,854
Special Fund for Agricultural Development - Rep. Dominicana	133,654	
Other institutions	<u>526,771</u>	<u>526,427</u>
Total	<u>US\$10,603,295</u>	<u>US\$9,352,841</u>

(Continues)

	<b>2021</b>	<b>2020</b>
Expenses:		
International professional personnel	US\$ 171,885	US\$ 405,700
Local professional and general services personnel	4,853,404	5,540,223
Training and technical events	168,511	75,431
Official travel	172,074	39,333
Documents and materials and supplies	183,936	171,260
Plant, equipment and furniture	549,853	460,587
General services	700,201	876,646
Work and services contracts, and transfers	1,134,018	913,157
Other costs	<u>147,114</u>	<u>96,578</u>
Total	<u>US\$8,080,996</u>	<u>US\$8,578,915</u>

## **7. COMMERCIAL AND MISCELLANEOUS OPERATIONS**

A breakdown of revenues and expenses from commercial and miscellaneous operations is as follows:

	<b>2021</b>	<b>2020</b>
Revenues:		
Interest earned from investments and cash equivalents	US\$ 649,372	US\$ 456,532
Proceeds from equipment sale	37,765	41,290
Sale of general services	252,763	23,504
Others	<u>399,291</u>	<u>120,794</u>
Total revenues from commercial and miscellaneous operations	<u>1,339,191</u>	<u>642,120</u>
Expenses:		
Local professional and general services personnel	696,319	649,090
Training and technical events	1,325	2,200
Official travel		5,148
Documents and materials and supplies	1,515	
Plant, equipment and furniture	87,651	27,556
General services	21,951	
Performance, contracts and transfers	38,570	77,507
Other costs	<u>152,570</u>	<u>95,166</u>
Subtotal	999,901	856,667
Gain on exchange - net	<u>(81,510)</u>	<u>(851,546)</u>
Total expenses from commercial and miscellaneous operations	<u>918,391</u>	<u>5,121</u>
Excess of expenses over income	<u>US\$ 420,800</u>	<u>US\$ 636,999</u>

## **8. TROPICAL AGRICULTURE RESEARCH AND TRAINING CENTER (CATIE)**

On September 27, 2000, the Costa Rican Legislative Assembly reformed, via Law No. 8028, the text of Law No. 6873, ratifying CATIE's creation contract entered into by the Government of Costa Rica, IICA and CATIE. The most significant terms of this Law are as follows:

- a. The Inter-American Board of Agriculture will be the superior governing body of CATIE.
- b. CATIE's members (partners) may be regular or special. The regular members will be IICA, the Government of Costa Rica, and the Governments of the remaining member countries of IICA, which incorporate into CATIE via acceptance of the Contract. Special members will include international governmental and non-governmental organizations, international centers, and private organizations with similar purposes as those of CATIE.
- c. IICA will contribute up to a maximum of 5% of IICA's quotas budget to CATIE's basic budget. The use of those contributions may be subject to an audit by IICA, when considered necessary. Each member country of CATIE will annually contribute US\$50,000 to cover CATIE's expenses.
- d. The agreement will be for a 20-year period, effective from its enacting date, renewable for equal consecutive terms. This term expired in 2020, and the agreement has been renewed.
- e. CATIE is entitled to the following: i) usufruct rights to land, buildings, equipment, and other property contributed by IICA, plus improvements thereto, during the entire term of the contract, and ii) all assets CATIE has acquired or will acquire in the future.
- f. Upon termination of the contract, all usufruct property as well as improvements thereto, will be returned to IICA. The remaining assets will be distributed between IICA, the Government of Costa Rica, and regular active members based on quotas paid.

During the years ended December 31, 2021 and 2020, IICA contributed to CATIE US\$1,000,000 and US\$853,400 per annum, respectively, in accordance with the approved allocation in the Program Budget.

## **9. DISBURSEMENTS SUBJECT TO APPROVAL**

Some grant agreements entered into with international organizations, establish that disbursements for agreed-upon programs executed with grant funds are subject to approval or rejection by those same organizations, depending on compliance with the agreement terms.

As of December 31, 2021, management of IICA is not aware of any expenses not yet reimbursed, that would have been questioned or disallowed by the respective donors.

## **10. TAXES**

As an international organization, IICA is exempt from income and sales taxes in Costa Rica and other countries where it operates. With respect to other taxes, such as contributions and present or future national and municipal taxes, customs duties, national licenses, among others, the exemption is dependent upon the agreements entered into with the Governments of those countries.

## 11. INACTIVE FUNDS

The Inter-American Board of Agriculture (IABA) approved, through various resolutions, the establishment of the following funds. Nevertheless, as of December 31, 2021, these funds have not yet received any contributions and therefore, remain inactive.

**Patrimonial Fund** - The purpose of this fund is to establish an endowment for the partial financing of IICA's activities. The fund balance would be made up of donations and other voluntary contributions from governments, individuals, private institutions, and other donors, as well as a portion of the Fund's annual income deposited in the endowment to increase and preserve its real value.

Capital Assets donated to the Fund, including all reinvested income to increase and maintain the real value of the Fund's Capital Assets, shall not be expensed for a 20 year-period from the date of the IABA resolution creating the Fund.

**IICA Associates Trust Fund** - In Resolution IICA/IABA/Res.312 (IX-O/97), dated October 13, 1997, the Inter-American Board of Agriculture approved the creation of IICA Associates Trust Fund. The status of IICA associate is granted to certain permanent observers, international, regional, and national organizations, and other non-IICA member states. The Fund's balance is to be made up of contributions from such associates, Member States and other donors to this Fund, and will be governed by the corresponding rules and regulations of the Institute and its Statutes approved by the Executive Committee.

## 12. OTHER TERMINATION BENEFITS

IICA conducted actuarial studies for provisions for personnel benefits as of December 31, 2021 and 2020. The following is a summary of the actuarial calculations on the benefits of IICA employees:

	2021	2020
Amounts recognized in statement of financial position:		
Defined benefit obligation	US\$4,686,460	US\$4,753,821
Current liabilities	<u>3,687,574</u>	<u>3,677,310</u>
Total liability	<u>US\$4,686,460</u>	<u>US\$4,753,821</u>
Net periodic benefit cost:	US\$ 412,906	US\$ 426,829
Current service cost	168,678	199,626
Interest cost	8,113	6,049
Inflationary Effect on Financial Labor Cost	65,836	63,555
Inflationary Effect on Projected Benefit Liability		26,277
Effect from reduction of liabilities		
Unrecognized net actuarial (gain)	<u>(239,777)</u>	<u>(199,085)</u>
Net periodic benefit cost final	<u>US\$ 415,756</u>	<u>US\$ 523,251</u>
Net liability recognized at beginning of the year	US\$4,753,821	US\$4,901,316
Net periodic benefit cost	417,993	523,252
Benefit payments	(396,018)	(750,254)
Net liability recognized at end of the year	4,775,796	4,674,314
Accumulated other comprehensive incomes	<u>(89,336)</u>	<u>79,507</u>
Total liability	<u>US\$4,686,460</u>	<u>US\$4,753,821</u>

Additionally, during 2021 and 2020, actuarial studies were performed in reference to termination benefits for some projects financed by external funds. The counterparty assumes these costs and has transferred to IICA the funds for the payment of its obligation when appropriate. The result of these studies according to USGAAP is summarized below:

	<b>2021</b>	<b>2020</b>
Changes in benefit obligation:		
Benefit obligation at beginning of year (on real basis)	US\$5,948,462	US\$4,598,139
Current service cost	1,023,200	889,927
Interest cost	302,429	297,224
Actuarial loss	2,682,706	3,341,789
Benefit payments	<u>(672,959)</u>	<u>(318,037)</u>
Benefit obligation at end of year	<u>US\$9,283,838</u>	<u>US\$8,809,042</u>
Amount recognized in the statement of financial position:		
Accrued (prepaid) liability (non-current liabilities)	<u>US\$6,180,106</u>	<u>US\$5,948,462</u>
Amount recognized in accumulated other comprehensive income:		
Transition obligation	US\$ 567,889	US\$ 614,653
Net loss (gain)	<u>2,682,706</u>	<u>3,341,789</u>
Amount recognized in accumulated other comprehensive incomes		
Projected benefit obligation	<u>US\$3,250,595</u>	<u>US\$3,956,442</u>
Accumulated benefit obligation	<u>US\$6,180,106</u>	<u>US\$5,948,462</u>
Accumulated benefit obligation in excess of plan assets	<u>US\$5,252,665</u>	<u>US\$3,528,254</u>
Net periodic benefit cost / (income):		
Current service cost	US\$1,023,200	US\$ 889,927
Interest cost	302,429	297,224
Amortization of transition obligation	50,961	50,847
Amortization of net loss	<u>233,858</u>	<u>201,597</u>
Net periodic benefit cost final	<u>US\$1,610,449</u>	<u>US\$1,439,595</u>
Items not yet recognized as a component of net periodic benefit cost:		
Transition obligation	US\$ 567,889	US\$ 614,653
Net loss	<u>2,682,706</u>	<u>3,341,789</u>
Total	<u>US\$3,250,595</u>	<u>US\$3,956,442</u>
Reconciliation on net balance:		
Amount recognized in accumulated other comprehensive income	US\$3,250,595	US\$3,956,442
Accrued (prepaid) liability	<u>6,180,106</u>	<u>5,948,462</u>
Benefit obligation at the end of the year	<u>US\$9,430,701</u>	<u>US\$9,904,904</u>

(Continues)

	<b>2021</b>	<b>2020</b>
Reconciliation of accrued (prepaid) benefit cost:		
Accrued (prepaid) benefit cost (beginning of the year)	US\$5,948,462	US\$4,598,139
Net periodic benefit cost	1,610,449	1,439,595
Benefits payment	(672,959)	(318,037)
Net periodic other comprehensive incomes	<u>(705,847)</u>	<u>228,766</u>
Accrued (prepaid) benefit cost (end of the year)	<u>US\$6,180,106</u>	<u>US\$5,948,463</u>

Actuarial studies were performed by independent experts not related to IICA, who possess appropriate qualifications and experience preparing such reports.

### **13. CONTINGENCIES**

**General** - As of December 31, 2021, there are various disputes in which IICA is one of the parties to a lawsuit filed through its Delegations. These lawsuits deal mainly with labor and/or commercial complaints related primarily to projects and are in different procedural stages.

The financial statements of IICA for the year ended December 31, 2021, include a provision of US\$215,916 to cover potential losses from these lawsuits, considered sufficient to meet these legal obligations in accordance with the criteria of IICA's legal advisers.

**AIS Program in Colombia** - Throughout 2021, IICA closely monitored developments in connection with the suspension ordered in 2010 by the Colombian Government of all disbursements, projects and new contracts associated with an agricultural subsidy program known as Agro Ingreso Seguro (AIS) managed by IICA on behalf of the Ministry of Agriculture and Rural Development (MADR). The Institute believes that this situation was influenced by factors outside the control of IICA, arising out of political clashes during the pre-electoral campaign of 2009-2010, exacerbated by relentless media coverage.

The suspension was followed by the anticipatory termination of agreements with AIS project beneficiaries and IICA sub-contractors. This gave rise at the time to specific legal actions and the risk of other similar actions. However, according to legal experts on this matter, some of these actions have expired and others are under final review by the Office of the Comptroller General of the Republic, with a high chance of a favorable ruling for the Institute, as has been indicated in previous years.

In February 2015, IICA received a formal notification informing it that it was being sued by the MADR for the sum of around US\$1.6 million, for possible breach of contract related to the AIS Program. The court green-lighted the lawsuit and IICA is currently awaiting a ruling from the court.

The Office of the Comptroller General of the Republic and Departments informed IICA of its decision to include the Institute in a review of alleged responsibility in detriment of the financial resources of the Government of Colombia, in the amount of approximately US\$1.9 million, for activities aimed at publicizing the AIS Program. This situation prevents any state entity from entering into contracts or agreements with IICA that involve resources from the Colombian State, and is currently under final review.



The Institute still aims to reach a solution to its differences with the Government regarding AIS. In the event those differences remain in the judicial arena, there are a number of arguments in the Institute's favor. They include: the co-responsibility of the MADR, the beneficiaries and the consultants: force majeure of the Government: the lack of due process; and the actions of oversight bodies which made it impossible to complete the Program as scheduled and with the resources allocated. Moreover, IICA enjoys immunity from legal process under its Basic Agreement with the Government of Colombia and its agreements with other Member States where its principal assets are held.

Under these circumstances, it is not possible at this time to make a reliable estimate of the likely damages arising out of AIS. As an international organization, and considering that the administration is mindful of the interest of the governments in IICA's mission, the Institute continues to work with the Government of Colombia to bring the AIS program to a successful and amicable conclusion.

#### **14. MEASURES ADOPTED BY THE INSTITUTE IN RESPONSE TO COVID-19**

**COVID-19** - The appearance of the Coronavirus COVID-19 and its global expansion, led to the World Health Organization designating the viral outbreak as a pandemic in March 2020.

Countries throughout the hemisphere where IICA operates responded consistently, declaring states of emergency due to COVID-19 or public calamity, among others, adopting a series of measures through various Government Decrees that established, among other aspects, limitations on rights to freedom of movement, restrictions on transit and movement of people at specified times; limitations of concentration of people and suspension of public performances; and the establishment of controls for certain articles, goods, supplies or services related to the prevention, treatment, containment and response to the virus.

During 2021, this situation continued to be monitored by IICA management to assess any adverse effects that might occur. To date the Institute has not been significantly affected in its operations, as reflected in its financial statements as of December 31, 2021. The focus on offering innovative methods of service, promoting digital agriculture and increasing the use of information and technology in the face of the different health restrictions was maintained, as well as timely measures for the containment of expenditures, resulting in savings to safeguard the financial position, and allowing the Institute to maintain both its services and a reasonable financial situation.

In support of the Member States, the Institute continues to coordinate virtual ministerial meetings at the hemispheric, subregional and bilateral levels and continues its work on the Councils, monitor and blog created on issues of communication and food security. Meetings continue with the goal of strengthening relations with the private agricultural sector in the hemisphere, including multinational companies, associations, producers, and rural women.

The Institute has successfully continued using flexible work-from-home arrangements in its Delegations, allowing IICA to effectively continue its delivery of cooperation to the Member States and offer new solutions. However, due to the future effects that this pandemic could generate and due to the uncertainty of its effects, as well as the possible

related measures which might be taken by the different government authorities, it is not possible to reliably quantify the impact on the Institute's financial position, results of operations and future cash flows. IICA continues to monitor and evaluate this situation.

More than two years into this pandemic, IICA continues to act quickly, responsibly and effectively, implementing financial austerity measures and adapting to a different and unprecedented reality for all.

IICA remains united, as a strengthened and revitalized institution.

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**INTER-AMERICAN INSTITUTE FOR COOPERATION  
ON AGRICULTURE (IICA)**

**SUPPLEMENTARY FINANCIAL INFORMATION**

**YEAR ENDED DECEMBER 31, 2021**

## **INDEX**

### **EXHIBIT**

1. Statement of Movements of Member States Quotas Receivable
2. Program Budget and Expenses by Chapter
3. Execution of External Resources by Financing Source

**INTER-AMERICAN INSTITUTE FOR COOPERATION ON AGRICULTURE (IICA)  
REGULAR FUND**

**STATEMENT OF MOVEMENTS OF MEMBER STATES QUOTAS RECEIVABLE  
YEAR ENDED DECEMBER 31, 2021**  
(Stated in United States Dollars)

Country	Uncollected Quotas at Beginning of Year	Quotas for the Year	Quotas Collected During the Year			Uncollected Quotas at Year-End		
			Prior Years	Current Year	Total	Prior Years	Current Year	Total
Antigua & Barbuda		US\$ 9,600		US\$ 9,600	US\$ 9,600			
Argentina	US\$ 1,126,500	1,194,000	US\$1,126,500		1,126,500		US\$1,194,000	US\$ 1,194,000
Bahamas		22,000		22,000	22,000			
Barbados	13,100	14,900	13,100	1,800	14,900		13,100	13,100
Belize		9,600		9,600	9,600			
Bolivia	21,100	22,600				US\$ 21,100	22,600	43,700
Brazil	7,304,000	3,932,400	7,261,977		7,261,977	42,023	3,932,400	3,974,423
Canada		3,093,900		3,093,900	3,093,900			
Colombia	1,825,000	517,100				1,825,000	517,100	2,342,100
Costa Rica	45,729	83,400	45,729	30,582	76,311		52,818	52,818
Chile	105,103	461,300	105,103	246,028	351,131		215,272	215,272
Dominica		9,600		9,600	9,600			
Ecuador	315,216	130,500	1,233		1,233	313,982	130,500	444,482
El Salvador	34,800	36,500				34,800	36,500	71,300
United States		16,515,000		16,515,000	16,515,000			
Grenada		9,600		9,600	9,600			
Guatemala		67,800		67,800	67,800			
Guyana		10,200		8,233	8,233		1,967	1,967
Haiti		12,700		12,553	12,553		147	147
Honduras		16,700		16,700	16,700			
Jamaica	820	21,800	820	19,704	20,524		2,096	2,096
Mexico		2,042,400		2,042,400	2,042,400			
Nicaragua		11,300		11,300	11,300			
Panama		66,400		66,400	66,400			
Paraguay	2,176	36,400	2,176	35,388	37,564		1,012	1,012
Peru	316,998	326,700	316,998	326,700	643,698			
Dominican Republic	85,836	88,000	85,836	88,000	173,836			
San Vicent & The Granadines	1,968	9,600	1,968	5,711	7,679		3,889	3,889
Saint Kitts & Nevis		9,600		9,600	9,600			
Santa Lucia		9,600		9,600	9,600			
Surinam	10,700	12,700				10,700	12,700	23,400
Trinidad y Tobago	52,800	55,800	52,800	55,800	108,600			
Uruguay	95,300	102,000	95,300		95,300		102,000	102,000
Venezuela	5,935,479	612,400				5,935,479	612,400	6,547,879
<b>Total</b>	<b>US\$17,292,625</b>	<b>US\$29,574,100</b>	<b>US\$9,109,541</b>	<b>US\$22,723,599</b>	<b>US\$31,833,140</b>	<b>US\$8,183,084</b>	<b>US\$6,850,501</b>	<b>US\$15,033,385</b>

**INTER-AMERICAN INSTITUTE FOR COOPERATION ON AGRICULTURE (IICA)  
REGULAR FUND**

**PROGRAM BUDGET AND EXPENSES BY CHAPTER  
YEAR ENDED DECEMBER 31, 2021**

(Stated in United States Dollars)

	Budget	Expenses	<b>(Over) Under Execution</b>	
			<b>Absolute</b>	<b>Percentage</b>
CHAPTER 1: Direct technical cooperation services	US\$28,868,310	US\$21,548,279	US\$ 7,320,031	75%
CHAPTER 2: Management costs	1,830,360	2,223,955	(393,595)	122%
CHAPTER 3: General costs and provisions	1,186,000	2,299,291	(1,113,291)	194%
CHAPTER 4: Renewal of infrastructure and equipment	<u>189,430</u>	<u>353,618</u>	<u>(164,188)</u>	<u>187%</u>
Total	<u>US\$32,074,100</u>	<u>US\$26,425,143</u>	<u>US\$ 5,648,957</u>	<u>82%</u>

**INTER-AMERICAN INSTITUTE FOR COOPERATION  
ON AGRICULTURE (IICA)**

**EXECUTION OF EXTERNAL RESOURCES BY FINANCING SOURCE  
FOR THE YEAR ENDED DECEMBER 31, 2021**

(Stated in United States Dollars)

	Source	Amount
<b>a. Member States</b>		
Argentina		US\$ 1,652,089
Bahamas		81,699
Bolivia		26,100
Brazil		4,518,922
Chile		279,894
Costa Rica		3,213,526
Ecuador		1,331,046
El Salvador		1,437,408
United States of America		1,277,124
Guatemala		2,317,814
Guyana		64,551
Haiti		106,417
Honduras		39,474,372
Mexico		77,621,612
Nicaragua		26,449
Panama		18,064
Paraguay		249,206
Peru		9,809
Dominican Republic		646,548
San Vicent & The Granadines		21,070
Surinam		391,160
Uruguay		<u>347,215</u>
Subtotal - Member States		<u>135,112,095</u>
<b>b. Other Institutions and Governments</b>		
Brazilian Association of Pig Farmers		48,471
Brazilian Animal Protein Association		145,681
Korea International Cooperation Agency		77,049
Japan International Cooperation Agency		105,000
Spanish Agency for International Development Cooperation		163,010
Swiss Association for Development of Agriculture and Rural Areas		111,134
Australian High Commission		43,295
Inter-American Development Bank		159,323
Bayer AG		469,137
Caribbean Biodiversity Fund		646,651
Caribbean Community Climate Change Centre		128,441
Tropical Agricultural Research and Higher Education Center		263,929
International Center for Tropical Agriculture		364,116
International Potato Center		380,904

(Continues)

**INTER-AMERICAN INSTITUTE FOR COOPERATION  
ON AGRICULTURE (IICA)**

**EXECUTION OF EXTERNAL RESOURCES BY FINANCING SOURCE  
FOR THE YEAR ENDED DECEMBER 31, 2021**

(Stated in United States Dollars)

<b>Source</b>	<b>Amount</b>
Technical Centre for Agricultural and Rural Cooperation	US\$ 34,861
Coca Cola Company	31,395
Commission of the European Communities	3,761,233
Andean Development Corporation	23,239
DAI Global UK	98,348
Deutsche Gesellschaft für Internationale Zusammenarbeit	801,712
Bahia Water and Sanitation Company, S.A.	864,825
EQUINOCCIO Trade Company	87,704
International Fund for Agricultural Development	1,330,798
Italo Ecuadorian Fund for Sustainable Development	251,888
Regional Fund for Agricultural Technology	363,681
Helvetas Intercooperation Switzerland	206,466
Itaipu Binational	3,079,905
Korea Institute for Development Strategy	71,740
Argentine Sustainable Meat Table (MACS)	30,389
United Nations Office for Project Services	151,793
International Organization for Migration	43,000
Market Information Organization of the Americas	169,882
United Nations Food and Agriculture Organization	153,796
International Coffee Organization	112,518
World Trade Organization	58,415
United Nations Development Program	617,614
Saga S.A Commercial Group	27,350
The Cropper Foundation	28,830
The Partnership Initiative on Sustainable Land Management	21,550
The U.S. Dairy Export Council	22,760
University of Chile	23,036
Metropolitan Technological University	228,508
World Resources Institute	28,392
Others	<u>220,953</u>
Subtotal - Other Institutions and Governments	<u>16,052,724</u>
Grand total	<u>US\$151,164,819</u>

(Concluded)

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