



Forty-third Regular Meeting of the Executive Committee

## **2022 Financial Statements of IICA and Report of the External Auditors**

IICA/CE/Doc. 749 (23)  
Original: Spanish

San Jose, Costa Rica  
19-20 July 2023



## **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, 2022 and 2021 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, 2022 and 2021 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 audits 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 audits 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.

## *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 audits.

Jorge Andrés Barboza Hidalgo - C.P.A. No.5079  
Insurance Policy No.0116 FIG 7  
Expires: September 30, 2023  
Law stamp of Law No.6663 for ₡1.000, attached and paid

June 14, 2023



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

**STATEMENTS OF NET ASSETS  
DECEMBER 31, 2022 AND 2021**  
(Stated in United States Dollars)

	Notes	December 31, 2022			December 31 of 2021	
		Unrestricted	Temporarily Restricted	Permanently Restricted		Total
<b>ASSET</b>						
<b>CURRENT ASSET:</b>						
Cash	1e, 2	US\$ 49,861,070			US\$ 49,861,070	US\$ 33,675,602
Cash equivalents	1e, 3	58,248,540			58,248,540	62,351,077
Investments held to maturity	1f, 4	<u>20,759,079</u>			<u>20,759,079</u>	<u>11,451,671</u>
Subtotal		<u>128,868,689</u>			<u>128,868,689</u>	<u>107,478,350</u>
Receivables:						
Quotas from member states	1g	22,393,641			22,393,641	15,033,585
Allowance for doubtful accounts	1g	<u>(9,545,979)</u>			<u>(9,545,979)</u>	<u>(8,686,862)</u>
Quotas from member states - net		<u>12,847,662</u>			<u>12,847,662</u>	<u>6,346,723</u>
Payments made on behalf of contracts, agreements and grants	1g	1,633,949			1,633,949	775,393
Due from regular fund to trust fund	1g	(70,429,654)	US\$70,429,654			
Other		<u>341,412</u>			<u>341,412</u>	<u>154,643</u>
Receivables - net		<u>(55,606,631)</u>	<u>70,429,654</u>		<u>14,823,023</u>	<u>7,276,759</u>
Advances of external resources allocated	1p	363,468			363,468	456,842
Prepaid expenses	1h	71,419			71,419	74,015
Other assets		<u>46,865</u>			<u>46,865</u>	<u>42,747</u>
Total current assets		73,743,810	70,429,654		144,173,464	115,328,713
PROPERTY, FURNITURE AND EQUIPMENT - Net	1i, 1j, 1q, 5	<u>2,577,203</u>		<u>US\$8,713,171</u>	<u>11,290,374</u>	<u>9,779,831</u>
<b>TOTAL ASSETS</b>		<u>US\$ 76,321,013</u>	<u>US\$70,429,654</u>	<u>US\$8,713,171</u>	<u>US\$155,463,838</u>	<u>US\$125,108,544</u>
<b>LIABILITIES AND NET ASSETS</b>						
<b>CURRENT LIABILITIES:</b>						
Accounts payable and accrued expenses	1q, 1o, 5	US\$ 3,949,301			US\$ 3,949,301	US\$ 4,317,204
Other accruals		<u>398,870</u>			<u>398,870</u>	<u>327,137</u>
Total current liabilities		<u>4,348,171</u>			<u>4,348,171</u>	<u>4,644,341</u>
<b>LONG-TERM LIABILITIES:</b>						
Lease liability	1q, 5	<u>932,788</u>			<u>932,788</u>	
Total long-term liabilities		<u>932,788</u>			<u>932,788</u>	
<b>Provisions for:</b>						
Repatriation and transfer of international professional personnel	1k	979,218			979,218	1,158,009
Recognition of years of service for international professional personnel	1k	1,879,938			1,879,938	1,454,938
Recognition of years of service for local personnel	1k	3,207,564			3,207,564	3,192,643
Other termination benefits	1k, 12	11,662,719			11,662,719	10,790,388
Other liabilities of projects	12	<u>18,979,831</u>			<u>18,979,831</u>	<u>14,037,682</u>
Total provisions		<u>36,709,270</u>			<u>36,709,270</u>	<u>30,633,660</u>
Total liabilities		<u>41,990,229</u>			<u>41,990,229</u>	<u>35,278,001</u>

(Continues)

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

**STATEMENTS OF NET ASSETS  
DECEMBER 31, 2022 AND 2021**  
(Stated in United States Dollars)

	Notes	December 31, 2022			December 31 of 2021	
		Unrestricted	Temporarily Restricted	Permanently Restricted		Total
<b>NET ASSETS:</b>						
Unrestricted Funds:						
Regular fund:						
General Sub-Fund	1b	US\$ 14,088,114			US\$ 14,088,114	US\$ 11,800,464
Working Sub-Fund	1b	4,094,736			4,094,736	4,094,736
Miscellaneous Income Fund	1b	3,267,382			3,267,382	1,088,696
Indirect cost recovery fund	1b	11,697,727			11,697,727	7,004,834
Fixed Assets Fund	1b	1,182,825			1,182,825	1,066,660
Restricted Funds:						
Trust funds	1b		US\$70,429,654		70,429,654	56,061,982
Permanently restricted funds - land	1b			US\$8,713,171	8,713,171	8,713,171
Total net assets		<u>34,330,784</u>	<u>70,429,654</u>	<u>8,713,171</u>	<u>113,473,609</u>	<u>89,830,543</u>
TOTAL LIABILITIES AND NET ASSETS		<u>US\$ 76,321,013</u>	<u>US\$70,429,654</u>	<u>US\$8,713,171</u>	<u>US\$155,463,838</u>	<u>US\$125,108,544</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, 2022 AND 2021**  
(Stated in United States Dollars)

	Notes	2022				2021					
		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\$13,804,570		13,804,570		US\$10,603,295			10,603,295
Temporarily restricted fund assets released from restrictions	1g				US\$195,682,342	195,682,342			US\$151,164,819		151,164,819
Commercial and miscellaneous operations - net	7		<u>US\$2,178,686</u>			<u>2,178,686</u>		<u>US\$420,800</u>			<u>420,800</u>
<b>Total revenues</b>		<u>29,574,100</u>	<u>2,178,686</u>	<u>13,804,570</u>	<u>195,682,342</u>	<u>241,239,698</u>	<u>29,574,100</u>	<u>420,800</u>	<u>10,603,295</u>	<u>151,164,819</u>	<u>191,763,014</u>
<b>EXPENSES:</b>											
International professional personnel		10,220,135				10,220,135	9,192,099				9,192,099
Local professional and general service		9,556,827				9,556,827	8,774,637				8,774,637
Training and technical events		980,320				980,320	437,519				437,519
Official travel		186,181				186,181	29,592				29,592
Documents and materials and supplies		435,136				435,136	506,431				506,431
Plant, equipment and furniture		352,146				352,146	265,967				265,967
General services		1,794,750				1,794,750	1,690,412				1,690,412
Work and services contracts, and transfers		1,473,010				1,473,010	1,656,355				1,656,355
Annual allowance to CATIE	8	747,800				747,800	1,000,000				1,000,000
Other costs		<u>1,540,145</u>				<u>1,540,145</u>	<u>1,872,229</u>				<u>1,872,229</u>
Sub-total of expenses related to quota budget and working sub-fund		27,286,450				27,286,450	25,425,241				25,425,241
Temporarily restricted fund assets released from restrictions	1g				195,682,342	195,682,342				151,164,819	151,164,819
Disbursements financed with funds from the Indirect Cost Recovery (ICR)	6			<u>9,111,677</u>		<u>9,111,677</u>		<u>8,080,996</u>			<u>8,080,996</u>
<b>Total expenses</b>		<u>27,286,450</u>		<u>9,111,677</u>	<u>195,682,342</u>	<u>232,080,469</u>	<u>25,425,241</u>	<u>8,080,996</u>	<u>151,164,819</u>		<u>184,671,057</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		2,287,650	2,178,686	4,692,893		9,159,229	4,148,859	420,800	2,522,299		7,091,957
Exclusion of net capitalized expenses as property, furniture and equipment		<u>555,523</u>				<u>555,523</u>	<u>510,344</u>				<u>510,344</u>
Increase in unrestricted net assets for the year, before including depreciation of the year		2,843,173	2,178,686	4,692,893		9,714,752	4,659,203	420,800	2,522,299		7,602,302
Inclusion of depreciation of the year		<u>(439,358)</u>				<u>(439,358)</u>	<u>(428,084)</u>				<u>(428,084)</u>
<b>Increase in unrestricted net assets</b>		<u>US\$ 2,403,815</u>	<u>US\$2,178,686</u>	<u>US\$ 4,692,893</u>	<u>US\$</u>	<u>US\$ 9,275,394</u>	<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>

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, 2022 AND 2021**

(Stated in United States Dollars)

	NET ASSETS							
	Regular Fund		Unrestricted			Temporarily Restricted	Permanently Restricted	Total
	General Sub-fund	Working Sub-fund	Miscellaneous Income Fund	Indirect Cost Recovery Fund	Fixed Assets Fund	Trust Funds	Land	
Note								
BALANCE AT DECEMBER 31, 2020	US\$ 7,651,605	US\$4,094,736	US\$ 667,896	US\$ 4,482,535	US\$ 984,400	US\$ 49,784,837	US\$8,713,171	US\$ 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						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	11,800,464	4,094,736	1,088,696	7,004,834	1,066,660	56,061,982	8,713,171	89,830,543
Increase (decrease) in unrestricted net assets	2,843,173		2,178,686	4,692,893	(439,358)			9,275,394
Restricted contributions received from donors						209,191,458		209,191,458
Net assets released from restrictions						(195,682,342)		(195,682,342)
Capitalization of net disbursements as property, furniture and equipment	(555,523)				555,523			
Net increase in disbursements made on behalf of contracts, agreements, and grants receivable from donors						858,556		858,556
BALANCE AT DECEMBER 31, 2022	<u>US\$14,088,114</u>	<u>US\$4,094,736</u>	<u>US\$3,267,382</u>	<u>US\$11,697,727</u>	<u>US\$1,182,825</u>	<u>US\$ 70,429,654</u>	<u>US\$8,713,171</u>	<u>US\$ 113,473,608</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, 2022 AND 2021**

(Stated in United States Dollars)

	<b>2022</b>	<b>2021</b>
<b>OPERATING ACTIVITIES:</b>		
Increase in unrestricted net assets	US\$ 9,275,394	US\$ 7,174,218
Plus (minus): Items not requiring cash:		
Interest income from investments	(4,960,440)	(2,451,824)
Depreciation	898,645	428,084
Allowance for doubtful accounts	859,117	1,212,767
Cash generated by changes in:		
Quotas receivable from member states	(7,360,056)	2,259,040
Other receivables	(186,769)	(48,640)
Prepaid expenses	95,970	89,978
Other assets	98,703	(843)
Accounts payable and accrued expenses	(829,491)	(2,922,516)
Other accruals	71,733	(13,531)
Provisions	<u>5,616,323</u>	<u>1,041,516</u>
Net cash generated by activities of operation	<u>3,579,129</u>	<u>6,768,249</u>
<b>INVESTING ACTIVITIES:</b>		
Disposals of investments held to maturity	(9,307,408)	(1,439,567)
Interest income received on investments	4,857,618	2,457,203
Additions to furniture and equipment	(555,793)	(523,688)
Disposal of furniture and equipment	<u>270</u>	<u>13,344</u>
Net cash (used) generated by the investment activities	<u>(5,005,313)</u>	<u>507,291</u>
<b>FINANCING ACTIVITIES:</b>		
Restricted contributions received from donors	209,191,458	157,004,437
Disbursements made in the execution of trust funds	<u>(195,682,342)</u>	<u>(151,164,819)</u>
Net cash generated by the financing activities	<u>13,509,116</u>	<u>5,839,617</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	12,082,932	13,115,157
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>96,026,678</u>	<u>82,911,521</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>US\$ 108,109,610</u>	<u>US\$ 96,026,678</u>

**THAT DO NOT GENERATE CASH:**

During 2022, the Institute recognized US\$1,394,377 in assets for use and lease liabilities due to the implementation of ASC 842, which became effective January 1st, 2022.

The attached notes are an integral part of these financial statements.

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

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (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 September 2, 2021, through Resolution IICA/IABA/Res.537 (XXI-O/21) IABA approved the 2022 and 2023 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 General Director to transfer amounts between budget chapters, provided that the total transfers do not significantly affect the priorities approved.

In the Exhibit No.2, in the Supplementary Information, a comparative analysis is shown of the detailed budget, actual expenses and respective over/under execution for year 2022.

- **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 in Financial Instruments** - 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, 2022 and 2021, the amount of the allowance for doubtful accounts represented US\$9,545,979 and US\$8,686,862, 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:

Real Estate, Furniture and Equipment	Life Estimated
Buildings	25 years
Office furniture and equipment	Between 3 and 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. **Lease Agreements** - IICA for facility leases recognizes the right-to-use (ROU) asset and long-term liabilities acquired at the signing of the contract greater than US\$5,000 annually. Operating lease ROU assets and liabilities are recognized on the start date based on the present value of lease payments during the term of the lease, including options for extending or rescinding the lease when it is reasonably certain that such options will be exercised, applying as a discount rate, the U.S. Treasury Department's risk-free rate, using for comparable purposes a period similar to the term of the lease.

ROU assets and lease liabilities are not recognized for leases with initial terms of 12 months or less and the lease expense is recognized for these leases linearly during the lease term.

- r. **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.
- s. **Financial Instruments** - Financial instruments of IICA are initially recorded at fair value and consist of cash on hand and due from banks, investments held to maturity, accounts receivable, accounts payable and other liabilities. As of December 31, 2022 and 2021, 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.

- t. **Recently Adopted Accounting Pronouncements** - On January 1st, 2022, the Company adopted ASU No. 2016-02 and related amendments, Leases (Topic 842) electing not to recast comparative periods. The Company used the modified retrospective approach for all leases existing at or commencing after January 1st, 2019 [and availed itself of the package of transition practical expedients for expired or existing contracts, which does not require reassessment of: (1) whether any existing contracts are or contain leases, (2) lease classification and (3) initial direct costs]. Topic 842 calls for the recognition of a ROU asset and a lease liability for all leases at the commencement date of each lease and recognize expenses in a manner similar to the prior FASB Accounting Standards Codification Topic 840, Leases ("Topic 840"). The Company's ROU assets and operating lease liabilities for operating leases at adoption were US\$1,853,664 and US\$1,853,664, respectively.

## 2. CASH

Cash due from banks as of December 31, 2022 and 2021 for US\$49,861,070 and US\$33,675,602, 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\$33,251,229 and US\$25,983,589, 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>2022</b>	<b>2021</b>
In Mexican pesos:		
Money market funds, interest of 2% (2021 - 2%)	US\$26,064,270	US\$20,220,047
In Brazilian Reals:		
Money market funds, interest of 12.1% (2021 - 4.1%)	10,170,680	14,494,791
In U.S. dollars:		
Mutual funds, interest of 4% (2021: 0.025%)	<u>22,013,590</u>	<u>27,636,239</u>
Total	<u>US\$58,248,540</u>	<u>US\$62,351,077</u>



As of December 31, 2022 and 2021, cash equivalents of US\$44,623,131 and US\$38,384,584, 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>2022</b>	<b>2021</b>
In United States of America dollars:		
Time deposits of Banco Bradesco, S.A., interest rate 8.7% (2021: 9.6%) maturing between October 2023 and April from 2025.	US\$11,629,079	US\$ 7,901,671
Time deposits at Bank of America, interest rate 4.76% with maturity June 2023.	5,000,000	
Time deposits at BAC San José, interest rate between 2.35% and 4.43% (2021: 1.65% and 2.94%), with maturity between January and June 2023.	<u>4,130,000</u>	<u>3,550,000</u>
Total	<u>US\$20,759,079</u>	<u>US\$11,451,671</u>

As of December 31, 2022 and 2021, investments held to maturity US\$20,759,079 and US\$11,451,671; 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>2022</b>	<b>2021</b>
Unrestricted:		
Buildings (25 years)	US\$ 5,418,054	US\$ 5,418,054
Leased buildings	1,853,664	
Vehicles (4 years)	2,493,124	2,336,037
Furniture and equipment (3, 4, 5 and 10 years)	<u>5,177,548</u>	<u>5,052,290</u>
Total unrestricted fixed assets	14,942,390	12,806,381
Less: Accumulated depreciation	<u>(12,365,187)</u>	<u>(11,739,721)</u>
Total unrestricted fixed assets - net	2,577,203	1,066,660
Permanently restricted:		
Lands	<u>8,713,171</u>	<u>8,713,171</u>
Total	<u>US\$ 11,290,374</u>	<u>US\$ 9,779,831</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.

Certain lands and buildings located in Turrialba and Limón, Costa Rica, were handed over in usufruct to the Tropical Agricultural Research and Training Center (CATIE), in accordance with a contract signed between the Government of Costa Rica and IICA.

IICA for its operation uses facilities under lease for terms of more than one year, over which it recognizes its right of use, presenting an obligation of US\$461,588 for the period 2023 and an estimate of the administration of US\$932,788, through the years remaining to the term of the contracts. (see Note 1q)

## 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>2022</b>	<b>2021</b>
Revenue:		
Ministry of Agriculture and Livestock - Ecuador	US\$ 249,132	US\$ 203,714
Secretariat of Agriculture, Livestock, Fisheries and Food - Argentina	128,515	105,084
Ministry of Agriculture, Livestock and Food - Guatemala	272,533	145,224
National Health Service, Food Safety and Food Quality (SENASICA) - Secretariat of Agriculture, Livestock, Rural Development, Fisheries and Food (SAGARPA) - National Agrarian Registry (RAN) - México	6,521,426	5,775,680
United States Department of Agriculture (USDA)	713,137	148,090
Ministries of Agriculture, Livestock and Procurement, Agrarian Development, Mines and Energy - Brazilian Institute of Environment and Renewable Natural Resources - Brazil	585,169	309,715

(Continues)

	<b>2022</b>	<b>2021</b>
Secretariat of Agriculture and Livestock - Honduras	US\$ 1,971,499	US\$ 2,063,333
Agencies and Organizations of International Cooperation	723,898	832,268
Secretariat of Central American Agricultural Council (SCAC)	37,215	184,076
Ministry of Agriculture and Livestock Paraguay	56,695	167,776
Dominican Republic Special Fund for Agricultural Development	12,598	133,654
Ministry of Agriculture and Livestock: El Salvador	1,977,756	
Other institutions	<u>554,997</u>	<u>534,681</u>
Total	<u>US\$13,804,570</u>	<u>US\$10,603,295</u>
Expenses:		
International professional personnel	US\$ 73,077	US\$ 171,885
Local professional and general services personnel	5,260,536	4,853,404
Training and technical events	227,506	168,511
Official travel	473,627	172,074
Documents and materials and supplies	212,828	183,936
Plant, equipment and furniture	417,111	549,853
General services	842,453	700,201
Performance, contracts, and transfers	1,346,176	1,134,018
Other costs	<u>258,363</u>	<u>147,114</u>
Total	<u>US\$ 9,111,677</u>	<u>US\$ 8,080,996</u>

## 7. COMMERCIAL AND MISCELLANEOUS OPERATIONS

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

	<b>2022</b>	<b>2021</b>
Revenues:		
Interest earned from investments and cash equivalents	US\$2,757,587	US\$ 649,372
Proceeds from equipment sale	3,026	37,765
Sale of general services	257,337	252,763
Others	<u>86,722</u>	<u>399,291</u>
Total revenues from commercial and miscellaneous operations	<u>3,104,672</u>	<u>1,339,191</u>
Expenses:		
Local professional and general services personnel	697,102	696,319
Training and technical events	1,204	1,325
Documents and materials and supplies	6	1,515

(Continues)

	<b>2022</b>	<b>2021</b>
Plant, equipment and furniture	US\$ 221,256	US\$ 87,651
General services	272,532	21,951
Performance, contracts and transfers		38,570
Other costs	<u>114,682</u>	<u>152,570</u>
Subtotal	1,306,782	999,901
Gain on exchange - net	<u>(380,796)</u>	<u>(81,510)</u>
Total expenses from commercial and miscellaneous operations	<u>925,986</u>	<u>918,391</u>
Excess of expenses over income	<u>US\$2,178,686</u>	<u>US\$ 420,800</u>

## **8. TROPICAL AGRICULTURAL 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, 2022 and 2021, IICA contributed to CATIE US\$747,800 and US\$1,000,000 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 2022 and 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. As of December 31, 2022, these funds have not yet received the required contributions to start its regular operation.

***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 twenty year-period from the date of the IABA resolution creating the Patrimonial 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, 2022 and 2021. The following is a summary of the actuarial calculations on the benefits of IICA employees:

	<b>2022</b>	<b>2021</b>
Actuarial reconciliaton:		
Defined benefit obligation	US\$4,660,468	US\$4,686,460
Current liabilities	<u>4,218,933</u>	<u>3,687,574</u>
Total liability	<u>US\$4,660,468</u>	<u>US\$4,686,460</u>
Net periodic benefit cost:	US\$ 372,957	US\$ 412,906
Current service cost	205,090	168,678
Interest cost	25,012	8,113
Inflationary Effect on Financial Labor Cost	219,007	65,836
Effect by reduction of obligations	19,908	
Service passed by modification to the plan	13,822	
Unrecognized net actuarial (gain)	<u>(574,519)</u>	<u>(239,777)</u>
Net periodic benefit cost final	<u>US\$ 281,277</u>	<u>US\$ 415,756</u>
Accounting Reconciliation:		
Net liability recognized at beginning of the year	US\$4,686,460	US\$4,753,821
Net periodic benefit cost	281,277	417,993
Benefit payments	(222,225)	(396,018)
Net liability projected before other comprehensive income	4,745,512	4,775,796
Accumulated other comprehensive incomes	<u>(85,044)</u>	<u>(89,336)</u>
Total liabilities at balance sheet level	<u>US\$4,660,468</u>	<u>US\$4,686,460</u>

Additionally, during 2022 and 2021, 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>2022</b>	<b>2021</b>
Changes in benefit obligation:		
Benefit obligation at beginning of year (on real basis)	US\$ 6,180,106	US\$5,948,462
Current service cost	933,407	1,023,200
Interest cost	422,729	302,429
Actuarial loss	2,941,596	2,682,706
Benefit payments	<u>(1,035,077)</u>	<u>(672,959)</u>
Benefit obligation at end of year	<u>US\$ 9,442,761</u>	<u>US\$9,283,838</u>
Amount recognized in the statement of financial position:		
Accrued (prepaid) liability (non-current liabilities)	<u>US\$ 7,080,736</u>	<u>US\$6,180,106</u>
Amount recognized in accumulated other comprehensive income:		
Transition obligation	US\$ 520,711	US\$ 567,889
Net loss	<u>2,941,596</u>	<u>2,682,706</u>
Amount recognized in accumulated other comprehensive incomes	<u>US\$ 3,462,307</u>	<u>US\$3,250,595</u>

(Continues)

	<b>2022</b>	<b>2021</b>
Projected benefit obligation	<u>US\$ 7,080,736</u>	<u>US\$6,180,106</u>
Accumulated benefit obligation	<u>US\$ 6,255,939</u>	<u>US\$5,252,665</u>
Accumulated benefit obligation in excess of plan assets	<u>US\$ 6,255,939</u>	<u>US\$5,252,665</u>
Net periodic benefit cost / (income):		
Current service cost	US\$ 933,407	US\$1,023,200
Interest cost	422,729	302,429
Amortization of transition obligation	47,800	50,961
Amortization of net loss	180,266	233,858
Cost of service for new revenues	<u>121,202</u>	<u>                    </u>
Net periodic benefit cost final	<u>US\$ 1,705,403</u>	<u>US\$1,610,449</u>
Items not yet recognized as a component of net periodic benefit cost:		
Transition obligation	US\$ 520,711	US\$ 567,889
Net loss	<u>2,941,596</u>	<u>2,682,706</u>
	<u>US\$ 3,462,307</u>	<u>US\$3,250,595</u>
Reconciliation on net balance:		
Amount recognized in accumulated other comprehensive income	US\$ 3,462,307	US\$3,250,595
Accrued (prepaid) liability	<u>7,080,736</u>	<u>6,180,106</u>
Benefit obligation at the end of the year	<u>US\$10,543,043</u>	<u>US\$9,430,701</u>
Reconciliation of accrued (prepaid) benefit cost:		
Accrued (prepaid) benefit cost (beginning of the year)	US\$ 6,180,106	US\$5,948,462
Net periodic benefit cost	1,705,403	1,610,449
Benefits payment	(1,035,077)	(672,959)
Net periodic other comprehensive incomes	<u>230,304</u>	<u>(705,847)</u>
Accrued benefit cost at the end of the year	<u>US\$ 7,080,736</u>	<u>US\$6,180,106</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, 2022, 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, 2022, 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 2022, 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\$2.1 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.

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

**SUPPLEMENTARY FINANCIAL INFORMATION**

**YEAR ENDED DECEMBER 31, 2022**

## **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, 2022**

(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 and Barbuda		US\$ 12,000		US\$ 12,000	US\$ 12,000			
Argentina	US\$ 1,194,000	1,261,500	US\$1,194,000		1,194,000		US\$1,261,500	US\$ 1,261,500
Bahamas		22,800		22,800	22,800			
Barbados	13,100	16,600	13,100	3,500	16,600		13,100	13,100
Belize		12,000		12,000	12,000			
Bolivia	43,700	24,400	43,700		43,700		24,400	24,400
Brazil	3,974,423	4,212,500	42,023		42,023	US\$ 3,932,400	4,212,500	8,144,900
Canada		3,314,200		3,314,200	3,314,200			
Chile	215,272	493,100	215,272	116,520	331,792		376,580	376,580
Colombia	2,342,100	553,900				2,342,100	553,900	2,896,000
Costa Rica	52,818	89,000	52,818	24,719	77,537		64,281	64,281
Dominica		12,000		12,000	12,000			
Dominican Republic		94,200		93,452	93,452		748	748
Ecuador	444,482	139,300	444,482	139,300	583,782			
El Salvador	71,300	38,300				71,300	38,300	109,600
Grenada		12,000		12,000	12,000			
Guatemala		71,600		71,600	71,600			
Guyana	1,967	12,600	1,967	12,600	14,567			
Haiti	147	15,100	147	15,100	15,247			
Honduras		17,900		17,900	17,900			
Jamaica	2,096	23,000	2,096	23,000	25,096			
Mexico		2,187,900					2,187,900	2,187,900
Nicaragua		13,700		13,700	13,700			
Panama		70,500		70,500	70,500			
Paraguay	1,012	38,100				1,012	38,100	39,112
Peru		349,100		293,348	293,348		55,752	55,752
Saint Vincent and the Grenadines	3,889	12,000				3,889	12,000	15,889
Saint Kitts and Nevis		12,000		12,000	12,000			
Saint Lucia		12,000		12,000	12,000			
Suriname	23,400	15,100	23,400	15,100	38,500			
Trinidad and Tobago		58,700		58,700	58,700			
United States		15,592,500		15,592,500	15,592,500			
Uruguay	102,000	108,500	102,000	108,500	210,500			
Venezuela	6,547,879	656,000				6,547,879	656,000	7,203,879
<b>Total</b>	<b>US\$15,033,585</b>	<b>US\$29,574,100</b>	<b>US\$2,135,005</b>	<b>US\$20,079,039</b>	<b>US\$22,214,044</b>	<b>US\$12,898,580</b>	<b>US\$9,495,061</b>	<b>US\$22,393,641</b>

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

**PROGRAM BUDGET AND EXPENSES BY CHAPTER  
YEAR ENDED DECEMBER 31, 2022**

(Stated in United States Dollars)

	Budget	Expenses	(Over) Under Execution	
			Absolute	Percentage
CHAPTER 1: Direct services of technical cooperation	US\$28,529,014	US\$23,438,862	US\$5,090,152	82.2%
CHAPTER 2: Management Costs	1,944,481	2,460,430	(515,949)	126.5%
CHAPTER 3: General costs and provisions	1,374,000	2,300,761	(926,761)	167.4%
CHAPTER 4: Renewal of infrastructure and equipment	<u>226,605</u>	<u>393,178</u>	<u>(166,573)</u>	<u>173.5%</u>
Total	<u>US\$32,074,100</u>	<u>US\$28,593,231</u>	<u>US\$3,480,869</u>	<u>89.1%</u>

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

**EXECUTION OF EXTERNAL RESOURCES BY FINANCING SOURCE  
FOR THE YEAR ENDED DECEMBER 31, 2022**

(Stated in United States Dollars)

	<b>Financing Source</b>	<b>Amount</b>
<b>a. Member States</b>		
Antigua & Barbuda	US\$	6,048
Argentina		2,570,936
Bahamas		56,186
Barbados		18,225
Belize		17,445
Brazil		9,736,316
Canada		23,403
Chile		270,514
Costa Rica		1,214,170
Dominican Republic		828,389
Ecuador		1,386,554
El Salvador		21,460,614
Guatemala		3,455,862
Guyana		43,477
Haiti		97,974
Honduras		39,441,918
Mexico		87,283,871
Nicaragua		22,089
Panama		202,681
Paraguay		30,858
Peru		53,620
Saint Vincent and the Grenadines		18,311
Suriname		393,437
United States		11,696,189
Uruguay		<u>895,601</u>
Subtotal - Member States		<u>181,224,688</u>
<b>b. Other Institutions and Governments</b>		
Korean International Cooperation Agency		225,678
Japan International Cooperation Agency		45,000
Spanish Agency for International Cooperation for Development		245,617
Research: Scientific innovation based on agriculture		39,158
Australian High Commission		59,910
High Commission of New Zealand Barbados		20,161
Brazilian Association of Animal Protein		327,371
Swiss Association for Agricultural Development and Rural Areas		177,149
Inter-American Development Bank		452,288
BAYER AG		599,475
CCL Industries Chile		47,040
Tropical Agricultural Research and Training Center		382,678
Caribbean Community Climate Change Center		97,099
International Center for Tropical Agriculture		451,619
International Center for Agricultural Biosciences		50,466
Coca-Cola Company		57,175

(Continues)

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

**EXECUTION OF EXTERNAL RESOURCES BY FINANCING SOURCE  
FOR THE YEAR ENDED DECEMBER 31, 2022**

(Stated in United States Dollars)

<b>Financing Source</b>	<b>Amount</b>
Commission of the European Communities	US\$ 2,321,659
Inter-American Commission on Organic Agriculture	99,328
Andean Development Corporation	30,207
Corteva Agriscience	68,845
CropLife Latin America	74,749
United States Dairy Export Council	119,425
British Embassy	20,408
Bahiana Water and Sanitation Company	448,462
EQUINOX Foreign Trade Company S.L.	109,702
Financial Fund for the Development of the River Plate Basin	54,936
International Fund for Agricultural Development	574,618
Italo Ecuadorian Fund for Sustainable Development	428,924
Caribbean Biodiversity Fund	488,031
Regional Fund for Agricultural Technology	428,820
Cropper Foundation	57,823
Minor Use Foundation	51,370
Great Energy Land	29,726
Helvetas Intercooperation Switzerland	82,330
Hidroalto Power Generation, S.A.	58,114
American Meat Institute	100,000
Itaipu Binational	1,091,807
The Partnership Initiative for Sustainable Land Management	117,132
MCKNIGHT	42,000
MICROSOFT	26,204
Ministry of Education Argentina	68,127
United Nations Office for Project Services	1,443,596
Market Information Organization of the Americas	351,751
UN Food and Agriculture Organization	165,481
World Trade Organization	122,065
PEPSICO	126,136
Pontifical Catholic University of Valparaiso	49,888
United Nations Development Program	948,541
Project-A More S.A.C.	24,615
Energy PROJECTS ECUAGESA, S.A.	41,195
Sustainable Agriculture Network	66,275
RIKOLTO	60,702
SAGA Commercial Group	30,047
German Society for International Cooperation	397,880
Syngenta Global	75,966
National Union of Poultry Producers	77,428
Other (less than US\$20,000)	<u>205,457</u>
Subtotal - Other Institutions and Governments	<u>14,457,654</u>
Grand Total	<u><u>US\$195,682,342</u></u>

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