Thirty-sixth Regular Meeting of the Executive Committee

2015 Financial Statements of IICA and Report of the External Auditors

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Deloitte.

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the Inter-American Institute for Cooperation on Agriculture (IICA), which comprise the statements of financial position as at December 31, 2015 and 2014 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.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with generally accepted accounting principles in the United States of America and for such 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Entity's preparation and fair presentation of the financial statements 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 the Entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

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Basis for Qualified Opinion

1. As at December 31, 2015 and 2014, IICA presented within the account “Other termination benefits” provisions for US$2,648,739 and US$2,727,782, respectively, which do not have actuarial or similar studies to support the amounts of the obligation. As at December 31, 2015 and 2014, in the same account there are other items in the amount of US$3,201,018 and US$3,570,832, respectively, on which actuarial studies were performed, that showed that such provisions were overstated by US$512,713 and US$957,873, respectively. Amount of other termination benefits must be adequately supported by the corresponding actuarial studies; therefore, liabilities and net assets as of December 31, 2015 and 2014, and changes in net assets for the years then ended were affected in amounts not determined by the Administration.

2. As disclosed in the statement of movement of quotas receivable in Exhibit 1 of the supplementary financial information, as of December 31, 2015, IICA presents quotas receivable of Member States in the amount of US$2,491,179 with aging greater than 365 days, registered in accordance with the commitments made by Member States. Due to the fact that it was not possible to establish the collection period of these quotas, the Administration was unable to determine the possible effect of impairment on the carrying value. Accordingly, the accompanying financial statements are affected in amounts not yet determined.

Qualified Opinion

In our opinion, except for the effects of the matter explained in first and second paragraph explained in “Basis for Qualified Opinion,” the financial statements present fairly, in all material respects, the financial position of IICA as of December 31, 2015 and 2014 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.

Emphasis of Matter

Without qualifying our audit opinion, as stated in Note 13 to the financial statements, IICA is facing possible legal claims related to the execution in Colombia of the Agro-Ingreso Seguro Program.

Anayancy Porras Barrientos - C.P.A. No.2863
Insurance Policy No.0116 FIG 7
Expires: September 30, 2016
Law stamp of Law No.6663 for ¢1.000, attached and paid

June 30, 2016

INTER-AMERICAN INSTITUTE FOR COOPERATION ON AGRICULTURE (IICA)

STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2015 AND 2014
(Stated in United States Dollars)

	Notes	December 31, 2015 Unrestricted	Temporarily Restricted	Permanently Restricted	Total	December 31, 2014
ASSETS						
CURRENT ASSETS:						
Cash	1e, 2	US$ 16,655,224			US$16,655,224	US$ 11,707,279
Cash equivalents	1e, 3	30,753,011			30,753,011	41,436,250
Investments held to maturity	1f, 4	21,097,461			21,097,461	32,703,508
Subtotal		68,505,696			68,505,696	85,847,037
Receivables:						
Quotas from Member States		7,269,542			7,269,542	5,822,181
Payments made on behalf of contracts, agreements and grants		815,572			815,572	473,883
Due from regular fund to trust fund	1g	(46,568,556)	US$46,568,556			
Other		196,928			196,928	135,123
Receivables - net		(38,286,514)	46,568,556		8,282,042	6,431,187
Inventories	1h	80,922			80,922	86,038
Advances of External Resources Allocated	1q	792,322			792,322	1,110,945
Prepaid expenses		6,719			6,719	5,701
Other assets		85,007			85,007	109,665
Total current assets		31,184,152	46,568,556		77,752,708	93,590,573
PROPERTY, FURNITURE AND EQUIPMENT - Net	1j, 1k, 5	1,373,863		US$8,713,171	10,087,034	10,389,236
TOTAL ASSETS		US$ 32,558,015	US$46,568,556	US$8,713,171	US$87,839,742	US$103,979,809
LIABILITIES AND NET ASSETS						
CURRENT LIABILITIES:						
Accounts payable and accrued expenses		US$ 1,358,190			US$ 1,358,190	US$ 1,480,325
Other accruals		383,921			383,921	164,710
Total current liabilities		1,742,111			1,742,111	1,645,035
Provisions for:						
Repatriation and transfer of international professional personnel	1*l*	1,327,903			1,327,903	1,204,491
Recognition of years of service for international professional personnel	1*l*	1,259,190			1,259,190	1,289,477
Recognition of years of service for local personnel	1*l*	2,787,765			2,787,765	2,612,182
Other termination benefits	1*l*, 12	7,128,213			7,128,213	7,810,902
Other liabilities of projects	12	6,489,897			6,489,897	7,224,325
Total provisions		18,992,968			18,992,968	20,141,377
Total liabilities		20,735,079			20,735,079	21,786,412
NET ASSETS:						
Unrestricted funds:						
Regular fund:						
General sub-fund	1b	4,273,414			4,273,414	4,272,855
Working sub-fund	1b	4,094,736			4,094,736	4,094,736
Miscellaneous income fund	1b	1,588,293			1,588,293	3,278,798
Institutional net rate fund	1b	492,630			492,630	898,676
Fixed assets fund	1b	1,373,863			1,373,863	1,676,065
Temporarily restricted funds:						
Trust funds	1b		US$46,568,556		46,568,556	59,259,096
Permanently restricted fund - land	1b			US$8,713,171	8,713,171	8,713,171
Total net assets		11,822,936	46,568,556	8,713,171	67,104,663	82,193,397
TOTAL LIABILITIES AND NET ASSETS		US$ 32,558,015	US$46,568,556	US$8,713,171	US$87,839,742	US$103,979,809
CONTINGENCIES	13	US$	US$	US$	US$	US$

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, 2015 AND 2014
(Stated in United States Dollars)

		2015					2014				
	Notes	Regular Fund Quotas	Miscellaneous Income Fund	Institutional Net Rate Fund	Trust Funds	Total	Regular Fund Quotas	Miscellaneous Income Fund	Institutional Net Rate Fund	Trust Funds	Total
REVENUES:											
Quotas from Member States	1c	US$27,810,000				US$ 27,810,000	US$27,810,000				US$ 27,810,000
Recovery of Institutional Net Rate (INR)	6			US$6,528,171		6,528,171			US$8,088,751		8,088,751
Temporarily restricted fund assets released from restrictions	1g				US$94,359,148	94,359,148				US$116,265,470	116,265,470
Total revenues		27,810,000		6,528,171	94,359,148	128,697,319	27,810,000		8,088,751	116,265,470	152,164,221
EXPENSES:											
International professional personnel		9,458,481				9,458,481	9,578,684				9,578,684
Local professional and general service		10,181,119				10,181,119	10,093,613				10,093,613
Training and technical events		1,766,428				1,766,428	1,224,114				1,224,114
Official travel		707,758				707,758	907,551				907,551
Documents and materials and supplies		349,540				349,540	452,513				452,513
Plant, equipment and furniture		207,386				207,386	453,144				453,144
General services		1,970,298				1,970,298	2,073,856				2,073,856
Performance contracts and transfers		1,369,714				1,369,714	1,312,174				1,312,174
Annual allowance to CATIE	8	948,000				948,000	868,064				868,064
Annual allowance to Caribbean Agricultural Research and Development Institute (CARDI)		200,000				200,000	200,000				200,000
Other costs		650,717				650,717	645,613				645,613
Sub-total of expenses related to quota budget and working sub-fund		27,809,441				27,809,441	27,809,326				27,809,326
Temporarily restricted fund assets released from restrictions	1g				94,359,148	94,359,148				116,265,470	116,265,470
Disbursements financed with funds from the Institutional Net Rate (INR)	6			6,934,217		6,934,217			8,485,968		8,485,968
Commercial and miscellaneous operations - net	7		US$ 1,690,505			1,690,505		US$ 592,747			592,747
Total expenses		27,809,441	1,690,505	6,934,217	94,359,148	130,793,311	27,809,326	592,747	8,485,968	116,265,470	153,153,511
Increase (decrease) in unrestricted net assets for the year, before excluding net expenses capitalized as property, furniture and equipment and including depreciation of the year		559	(1,690,505)	(406,046)		(2,095,992)	674	(592,747)	(397,217)		(989,290)
Exclusion of net capitalized expenses as property, furniture and equipment		382,431				382,431	857,629				857,629
Prior period adjustments									235,523		235,523
Increase in unrestricted net assets for the year, before including depreciation of the year		382,990	(1,690,505)	(406,046)		(1,713,561)	858,303	(592,747)	(161,694)		103,862
Inclusion of depreciation of the year		(684,633)				(684,633)	(644,859)				(644,859)
Decrease in unrestricted net assets		US$ (301,643)	US$(1,690,505)	US$ (406,046)	US$	US$ (2,398,194)	US$ 213,444	US$(592,747)	US$ (161,694)	US$	US$ (540,997)

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, 2015 AND 2014
(Stated in United States Dollars)

	Net Assets							
	Unrestricted					Temporarily Restricted	Permanently Restricted	
	Regular Fund		Miscellaneous Income Fund	Institutional Net Rate Fund	Fixed Assets Fund			
	General Sub-fund	Working Sub-fund				Trust Funds	Land	Total
BALANCE AT DECEMBER 31, 2013	US$4,272,181	US$4,094,736	US$ 3,871,545	US$1,060,370	US$1,463,295	US$ 62,210,531	US$8,713,171	US$ 85,685,829
Increase (decrease) in unrestricted net assets for the year	858,303		(592,747)	(397,217)	(644,859)			(776,520)
Prior period adjustments				235,523				235,523
Increase (decrease) in unrestricted net assets	858,303		(592,747)	(161,694)	(644,859)			(540,997)
Restricted contributions received from donors						113,361,647		113,361,647
Net assets released from restrictions						(116,265,470)		(116,265,470)
Capitalization of net disbursements as property, furniture and equipment	(857,629)				857,629			
Net decrease in disbursements made on behalf of contracts, agreements, and grants receivable from donors						(47,612)		(47,612)
BALANCE AT DECEMBER 31, 2014	4,272,855	4,094,736	3,278,798	898,676	1,676,065	59,259,096	8,713,171	82,193,397
Increase (decrease) in unrestricted net assets for the year	382,990		(1,690,505)	(406,046)	(684,633)			(2,398,194)
Prior period adjustments								
Increase (decrease) in unrestricted net assets	382,990		(1,690,505)	(406,046)	(684,633)			(2,398,194)
Restricted contributions received from donors						81,326,919		81,326,919
Net assets released from restrictions						(94,359,148)		(94,359,148)
Capitalization of net disbursements as property, furniture and equipment	(382,431)				382,431			
Net decrease in disbursements made on behalf of contracts, agreements, and grants receivable from donors						341,689		341,689
BALANCE AT DECEMBER 31, 2015	US$4,273,414	US$4,094,736	US$1,588,293	US$ 492,630	US$1,373,863	US$ 46,568,556	US$8,713,171	US$ 67,104,663

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, 2015 AND 2014
(Stated in United States Dollars)

	2015	2014
OPERATING ACTIVITIES		
Decrease in unrestricted net assets	US$ (2,398,194)	US$ (776,520)
Plus: Items not requiring cash:		
Interest income from investments	(3,669,756)	(4,672,851)
Depreciation	684,633	644,859
Allowance for doubtful accounts		(264,928)
Cash provided by (used in) changes in:		
Quotas receivable from Member States	(1,447,361)	(3,668,380)
Other receivables	(61,805)	14,861
Inventories	5,116	2,766
Prepaid expenses	317,605	1,050,435
Other assets	27,822	62,607
Accounts payable and accrued expenses	(122,135)	(953,933)
Other accruals	219,211	36,647
Provisions	(1,148,409)	(51,191)
Net cash used in operating activities	(7,593,273)	(8,575,628)
INVESTING ACTIVITIES		
Disposals of investments held to maturity	11,606,047	1,668,312
Interest income received on investments	3,666,592	4,641,517
Additions to furniture and equipment	(412,933)	(859,983)
Disposal of furniture and equipment	30,502	2,354
Net cash provided by investing activities	14,890,208	5,452,200
FINANCING ACTIVITIES		
Restricted contributions received from donors	81,326,919	113,361,647
Disbursements made in the execution of trust funds	(94,359,148)	(116,265,470)
Net cash used in financing activities	(13,032,229)	(2,903,823)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(5,735,294)	(6,027,251)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	53,143,529	59,170,780
CASH AND CASH EQUIVALENTS, END OF YEAR	US$ 47,408,235	US$ 53,143,529

See accompanying notes to the financial statements.

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 is made up 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, except for other termination benefits that do not have actuarial studies that support part of the provision and quotas receivable on which were unable to determined impairment on the carrying value. 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 Institutional Net Rate (INR) 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.

– *Institutional Net Rate (INR) 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 Institutional Net Rate Fund balance consists of the recovery of Institutional Net Rate (INR) 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 26, 2013, through Resolution IICA/IABA/ Res.485 (XVII-O/13) IABA approved the 2015 and 2014 budget for the Regular Fund made up of Member State quotas and other miscellaneous income amounting to US$27,810,000 and US$6,100,000, respectively.

  The 2015 and 2014 miscellaneous income corresponds to US$3,500,000 of budgeted income for that year and transfers of US$2,600,000 from the available balance of the Miscellaneous Income Fund.

  The above resolution authorizes the Director General to transfer amounts between budget chapters not exceeding 15% of each chapter total.

  In the Exhibit 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 the Entity both has the capacity, and intends, to 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 (donors) 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 donors 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 donors, 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.

h. ***Inventories*** - Inventories are composed primarily of office supplies stated at average cost, which does not exceed market value.

i. ***Allowance for Doubtful Accounts*** - IICA adopted the policy of recording an allowance for doubtful accounts based on accounts with collection problems.

j. ***Property, Furniture, and Equipment*** - IICA has adopted the policy of charging the amounts disbursed and/or committed 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 financial position.

k. ***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:

Property, Furniture, and Equipment	**Estimated Useful Lives**
Buildings	25 years
Furniture and office equipment	3 to 10 years
Vehicles	4 years

l. ***Provisions*** - According to the organization's regulations, in case of 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 severance indemnities to cover future disbursements for this concept. Additionally, a provision for post-employment benefits for contractual agreements is recorded based upon the different national labor legislations and on the assumption that these would be settled at the closing date and without considering the actuarial probabilities of future events, future salary increases and the time value of money. Actual termination payments are charged to the provision.

m. ***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).

n. ***Revenue Recognition*** - IICA recognizes the revenue from the quotas of the Member States at beginning of period according to resolution of the Inter-American Board of Agriculture, as well as miscellaneous income as the services are provided.

o. ***Recovery of Institutional Net Rate (INR)*** - 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 Institutional Net Rate (INR) Fund.

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

q. ***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.

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 determination of the useful lives of property, furniture and equipment, other assets and provisions for accrued expenses 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, accounts receivable, accounts payable and other liabilities. As of December 31, 2015 and 2014, the carrying value of short-term financial instruments approximates their fair value due to their current character.

IICA has not signed any contracts involving derivative financial instruments.

t. ***New Accounting Standards*** - The following standard was updated in 2015 by the Financial Accounting Standards Board ("FASB"), with effect on IICA's financial statements:

- In January 2014, the FASB issued ASU No. 2014-02, Intangibles – Goodwill and Other (Topic 350: Accounting for Goodwill a consensus of the Private Company Council). The main provision of this ASU is that it allows non-public entities to elect an accounting alternative upon which such election they would amortize goodwill on a straight-line basis over 10 years, or less than 10 years if the entity demonstrates that another useful life is more appropriate. Such entities are required to test goodwill for impairment upon a triggering event that indicates that the fair value of an entity (or a reporting unit) may be below its carrying amount, providing the entity with the option to first assess qualitative factors to determine whether the quantitative impairment test is necessary. The accounting alternative, if elected, should be applied prospectively to goodwill existing as of the beginning of the period of adoption and new goodwill recognized in annual periods beginning after December 15, 2014, and interim periods within annual periods beginning after December 15, 2015. Early application is permitted. [The Company is currently evaluating the effects of adopting this ASU.]

- In April 10, 2014, the FASB issued ASU 2014-08, Presentation of Financial Statements (Topic 205) and Property, Plant, and Equipment (Topic 360): Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity. This ASU requires that only disposals that represent a strategic shift that has (or will have) a major effect on the entity's results and operations would qualify as discontinued operations. In addition, the ASU (1) expands the disclosure requirements for disposals that meet the definition of a discontinued operation, (2) requires entities to disclose information about disposals of individually significant components, and (3) defines "discontinued operations" similarly to how it is defined under IFRS 5, Non-Current Assets Held for Sale and Discontinued Operations. The Company will apply the amendments in this Update prospectively to both of the following:

- All disposals (or classifications as held for sale) of components of an entity that occur within annual periods beginning on or after December 15, 2014, and interim periods within annual periods beginning on or after December 15, 2015

- All businesses or nonprofit activities that, on acquisition, are classified as held for sale that occur within annual periods beginning on or after December 15, 2014, and interim periods within annual periods beginning on or after December 15, 2015.

- In May 2014 the FASB issued ASU 2014-09, Revenue Recognition (Topic 606) Revenue from Contracts with Customers. This ASU requires companies to recognize revenue when a customer obtains control rather than when companies have transferred substantially all risks and rewards of a good or service. In addition, the update requires expanded disclosures surrounding the Company's revenue transactions. This ASU is effective for the Company in 2018.

- In August 2014, the FASB issued ASU No. 2014-15, Presentation of Financial Statements - Going Concern (Subtopic 205-40: Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern). This ASU requires that in connection with preparing financial statements for each annual and interim reporting period, an entity's management should evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the entity's ability to continue as a going concern within one year after the date that the financial statements are issued (or within one year after the date that the financial statements are available to be issued when applicable). Management's evaluation should be based on relevant conditions and events that are known and reasonably knowable at the assessment date. If conditions or events raise substantial doubt about an entity's ability to continue as a going concern, but the substantial doubt is alleviated as a result of consideration of management's plans, the entity is required to disclose information that enables users of the financial statements to understand the principal conditions or events that raised the substantial doubt, management's evaluation of the significance of those conditions or events in relation to the entity's ability to meet its obligations and management's plans that alleviated that substantial doubt. If conditions or events raise substantial doubt about an entity's ability to continue as a going concern, and substantial doubt is not alleviated after consideration of management's plans, an entity should include a statement in the footnotes indicating that there is substantial doubt about the entity's ability to continue as a going concern within one year after the date that the financial statements are issued (or available to be issued), as well as include other required disclosures. The amendments in this Update are effective for the annual period ending after December 15, 2016, and for annual periods and interim periods thereafter. Early application is permitted.

2. RESTRICTED CASH

Cash in banks at December 31, 2015 and 2014 includes funds held in separate bank accounts of US$12,114,745 and US$6,095,481, 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:

	2015	2014
In Argentinean pesos:		
Time deposits, interest between 22.4% and 22.75% per annum (2014: 19.5% and 21.2% per annum)	US$ 2,341,605	US$ 4,681,560
In Mexican pesos:		
Money market funds, interest of 2.41% per annum (2014: 2.56% per annum)	8,636,399	9,654,222
In Brazilian reais:		
Money market funds, interest between 12.86% and 13.44% per annum (2014: 10.49% and 10.75% per annum)	16,542,065	26,622,324
In U.S. dollars:		
Overnight deposits, interest between 0.01% and 0.05% per annum	6,941	397,144
Time deposits and mutual funds, interest of 0.29% per annum (2014: 2.5% per annum)	3,226,001	81,000
Total	US$30,753,011	US$41,436,250

As of December 31, 2015 and 2014, cash equivalents of US$29,575,554 and US$41,293,367, 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:

	2015	2014
In Dominican pesos:		
Time deposits, annual interest rate of 6.1%, with maturity in March 2015		US$ 1,151,760
In US dollars:		
Time deposits at BAC San José, annual interest rate from 2.4% to 2.78% (2014: 3.11% annual), with maturity between February and June 2016	US$ 1,597,461	834,139
Time deposits at Banco Nacional de Costa Rica, annual interest rate of 0.8%, with maturity in January 2015		717,609
Time deposits at Bank of America, annual interest rate from 0.31% to 0.60% (2014: 0.24% to 0.27% annual), with maturity between January and April 2016	19,500,000	30,000,000
Total	US$21,097,461	US$32,703,508

As of December 31, 2015 and 2014, investments held to maturity for US$12,887,874 and US$20,884,767, 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:

	2015	2014
Unrestricted:		
Buildings (25 years)	US$ 5,205,177	US$ 5,205,177
Vehicles (4 years)	2,516,904	2,631,884
Furniture and equipment (3, 4, 5 and 10 years)	5,173,419	5,346,130
Total unrestricted fixed assets	12,895,500	13,183,191
Less: Accumulated depreciation	(11,521,637)	(11,507,126)
Total unrestricted fixed assets - net	1,373,863	1,676,065
Permanently restricted - land	8,713,171	8,713,171
Total	US$ 10,087,034	US$ 10,389,236

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. As of December 31, 2014, the net book value of such assets is US$17,566 (2013: US$52,695).

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 INSTITUTIONAL NET RATE (INR)

On October 13, 1997, through Resolution IICA/IABA/Res.310 (IX-O/97), the Inter-American Board of Agriculture agreed to establish the Institutional Net Rate (INR) 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 Institutional Net Rate (INR) are broken down as follows:

	2015	2014
Income:		
Ministry of Agriculture and Rural Development - Colombia		US$ 23,170
Ministry of Agriculture and Livestock - Ecuador	US$ 52,579	84,777
Secretariat of Agriculture, Livestock, Fisheries and Food - Argentina	543,007	824,133
Ministry of Agriculture and Livestock - El Salvador	85	67,834
National Health Service, Food Safety and Food Quality (SENASICA) - Secretariat of Agriculture, Livestock, Rural Development, Fisheries and Food (SAGARPA) - National Agrarian Registry (RAN) - Mexico	3,564,152	4,281,450
Government of the United States of America	288,205	194,275

(Continues)

	2015	2014
Ministries of Agriculture, Livestock and Procurement, Agrarian Development, Mines and Energy - Brazilian Institute of Environment and Renewable Natural Resources - Brazil	US$ 590,236	US$ 679,738
Secretariat of Agriculture and Livestock - Honduras	48,771	130,588
Agencies and Organizations of International Cooperation	738,008	651,203
Secretariat of Central American Agricultural Council (SCAC)	146,463	112,547
Ministry for Foreign Affairs of Finland	208,505	533,658
Other institutions	348,160	505,378
Total	US$6,528,171	US$8,088,751
Expenses:		
International professional personnel	US$1,262,948	US$1,214,594
Local professional and general services personnel	3,124,824	4,253,916
Training and technical events	84,601	121,360
Official travel	264,751	291,393
Documents and materials and supplies	190,412	190,793
Plant, equipment and furniture	152,031	356,782
General services	979,881	931,106
Performance, contracts and transfers	731,381	1,032,680
Other costs	143,388	93,344
Total	US$6,934,217	US$8,485,968

7. COMMERCIAL AND MISCELLANEOUS OPERATIONS

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

	2015	2014
Revenues:		
Interest earned from investments and cash equivalents	US$2,629,910	US$ 3,132,775
Proceeds from equipment sale	236,382	179,447
Purchase discounts	155,644	152,212
Sale of services	12,323	10,808
Others	527,724	896,749
Miscellaneous services	10,572	
Total revenues from commercial and miscellaneous operations	3,572,555	4,371,991

(Continues)

	2015	2014
Expenses:		
International professional personnel	US$ 262,493	US$ 152,386
Local professional and general services personnel	2,823,028	1,902,353
Training and technical events	503,057	236,307
Official travel	124,121	184,997
Documents and materials and supplies	119,146	113,579
Plant, equipment and furniture	331,252	309,549
General services	611,940	491,250
Performance, contracts and transfers	505,518	404,966
Other costs	32,368	46,963
Miscellaneous services		14,211
Subtotal	5,312,923	3,856,561
Exchange (gains) losses - net	(49,863)	1,108,177
Total expenses from commercial and miscellaneous operations	5,263,060	4,964,738
Excess of expenses over income	US$(1,690,505)	US$ (592,747)

8. TROPICAL AGRICULTURE RESEARCH AND TRAINING CENTER (CATIE)

On September 12, 2000, under Law No.6873 the Costa Rican Legislative Assembly ratified 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 new agreement will be for a 20-year period, effective from its enacting date, and may be renewed for equal consecutive terms.

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, 2015 and 2014, IICA contributed to CATIE US$948,000 and US$868,064 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, 2015, 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, 2015, these funds have not yet received any contributions and therefore, remain inactive.

a. ***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.

b. ***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 some provisions for personnel benefits as at 31 December 2015 and 2014. The following is a summary of the actuarial calculations:

	2015	**2014**
Amounts recognized in statement of financial position:		
Defined benefit obligation	US$2,688,305	US$ 2,612,959
Current liabilities	4,379	120,631
Unrecognized prior service cost		
Unrecognized net actuarial (gain)/loss	(1,524)	60,063
Net liability / (asset) recognized	69,088	204,963
AOCI	(1,524)	60,063
Total liability / (asset) after AOCI	US$2,688,305	US$ 2,612,959
Net periodic benefit cost / (income):		
Current service cost	US$ 301,512	US$ 284,655
Interest cost	150,379	140,400
Expected return on plan assets		
Unrecognized net actuarial (gain)/loss	57,283	105,665
Net periodic benefit cost / (income) final	US$ 509,174	US$ 530,720
Movements of the liabilities / (assets) recognized in the statement of financial position:		
Net liability / (asset) recognized at beginning of the year	US$2,349,843	US$ 3,868,566
Net periodic benefit cost / (income)	495,014	530,719
Benefit payments	(234,454)	(317,053)
Other adjustments in profit and loss		(1,529,337)
Net liability / (asset) recognized at end of the year	69,088	204,963
AOCI	(1,524)	60,063
Total liability / (asset) after AOCI	US$2,688,305	US$ 2,612,959
Projections to 2015:		
Net periodic benefit cost / (income)	US$ 453,508	US$ 481,391
Expected benefits payments	US$ 487,525	US$ 463,918

Census information and actuarial assumptions used to determine obligations for termination benefits at date of the statement of financial position and the net cost for the year were as follows:

	Termination Benefits				Recognition of Years of Service	
	Local Personnel Headquarters and Costa Rica Office		Local Personnel of Mexico Office		International Professional Personnel	
	2015	**2014**	**2015**	**2014**	**2015**	**2014**
Census information:						
Number of employees	227	226	30	27	74	75
Average age	42,74	42,49	45,51	44,88	55,90	55,44
Average seniority	10,49	10,20	6,31	6,58	7,80	7,37
Annual base salary	CRC$2,729,016,008	CRC$2,616,088,164	MXN$10,604,016	MXN$8,965,212	US$4,342,521	US$4,289,616
Average monthly base salary	CRC$1,001,841	CRC$964,634	MXN$29,456	MXN$27,670	US$1,129	US$1,100
Annual integrated salary	N/A	N/A	MXN$12,079,892	MXN$10,213,182	N/A	N/A
Average monthly integrated salary	N/A	N/A	MXN$33,555	MXN$31,522	N/A	N/A
Financial assumptions:						
Discount rate	8,19%	10,75%	6,70%	6,50%	2,70%	2,50%
Salary increase rate	4,85%	5,85%	4,50%	5,04%	3,50%	3,00%
Minimum wage increase rate	N/A	N/A	4,00%	4,00%	N/A	N/A
Long-term inflation rate	3,80%	4,80%	3,50%	4,00%	3,50%	2,50%
Demographic assumptions:						
Mortality	UP 84 H	UP 84 H	EMSSAH 09	EMSSAH 09	UP 84 H	UP 84 H
Disability	GBB	GBB	EISS-97	EISS-97	GBB	GBB
Turnover	Booke 87-89 4 A.S. al 130%	Booke 87-89 4 A.S. al 130%	Booke 87-89 4 A.S. al 200%	Booke 87-89 4 A.S. al 200%	Booke 87-89 4 A.S. al 150%	Booke 87-89 4 A.S. al 150%
Withdrawal rate	N/A	N/A	40%	40%	N/A	N/A
Anticipated retirement	N/A	N/A	60 years	60 years	60 years	60 years
Normal retirement	65 years	65 years	65 years	65 years	65 years	65 years

Additionally, during 2015 and 2014, actuarial studies were performed in reference to termination benefits for some projects financed by external funds. The result of these studies according to USGAAP is summarized below:

	2015	**2014**
Changes in benefit obligation:		
Benefit obligation at beginning of year (on real basis)	US$ 2,066,877	US$ 1,884,599
Current service cost	308,989	285,095
Interest cost	125,134	138,455
Actuarial loss (gain)	254,013	478,547
Benefit payments	(605,636)	(354,411)
Benefit obligation at end of year	US$ 2,149,377	US$ 2,432,285
Amount recognized in the statement of financial position:		
Accrued (prepaid) liability (non-current liabilities)	US$ (125,485)	US$ (14,392)

(Continues)

	2015	2014
Amount recognized in accumulated other comprehensive income (AOCI):		
Transition obligation	US$ 851,318	US$ 1,057,717
Net loss (gain)	1,423,545	1,388,960
Prior service cost (credit)		
Amount recognized in AOCI	US$ 2,274,863	US$ 2,446,677
Information for plan with an accumulated benefit obligation in excess of plan assets:		
Projected benefit obligation	US$ 2,149,377	US$ 2,432,285
Accumulated benefit obligation	1,058,560	1,197,115
Accumulated benefit obligation in excess of plan assets	US$ 1,058,560	US$ 1,197,115
Net periodic benefit cost / (income):		
Current service cost	US$ 308,989	US$ 285,095
Interest cost	125,134	138,455
Expected return on plan assets		
Amortization of transition obligation	47,496	55,893
Amortization of net loss (gain)	11,653	7,722
Net periodic benefit cost / (income) final	US$ 493,272	US$ 487,165
Items not yet recognized as a component of net periodic benefit cost:		
Transition obligation	US$ 851,318	US$ 1,057,717
Prior service cost		
Net loss (gain)	1,423,545	1,388,960
	US$ 2,274,863	US$ 2,446,677
Reconciliation on net balance:		
Amount recognized in accumulated other comprehensive income	US$ 2,274,863	US$ 2,446,677
Accrued (prepaid) liability	(125,485)	(14,392)
Benefit obligation at the end of the year	US$ 2,149,378	US$ 2,432,285
Reconciliation of accrued (prepaid) benefit cost:		
Accrued (prepaid) benefit cost (beginning of the year)	US$ (13,121)	US$ (144,330)
Net periodic benefit cost	493,272	484,349
Benefits payment	(605,636)	(354,411)
Accrued (prepaid) benefit cost (end of the year)	US$ (125,485)	US$ (14,392)

Census information and actuarial assumptions used to determine obligations for termination benefits at date of the statement of financial position and the net cost for the year were as follows:

	2015	2014
Census information:		
Number of employees	1,575	1,686
Average age	31.98 to 39.31	29.74 to 38.75
Average past service	1.4 to 11.06	0.78 to 10.55
Total annual payroll	MXN$235,422,876	MXN$235,863,060
Average monthly salary	MXN$15,257	MXN$11,658
Average remaining service period	19.36 to 25.25	19.82 to 27.08
Financial assumptions:		
Discount rate	6.81%	6.53%
Salary increase	5.14%	5.14%
Minimum wage rate	4.00%	4.00%
Expected rate of return	N/A	N/A
Inflation (long term)	4.00%	4.00%
Demographic assumptions:		
Mortality	Mexican Experience CNSF-2000-I	Mexican Experience CNSF-2000-I
Disability	American Experience	American Experience
Turnover (representative turnover rates between 20 to 60 years)	12.24% to 0%	12.24% to 0%
Normal retirement	65 years	65 years

13. CONTINGENCIES

General - As of December 31, 2015, IICA is a party in various lawsuits filed through its Delegations. These lawsuits deal basically with labor and/or commercial complaints related primarily to projects and are in different procedural stages. The amounts claimed by the plaintiffs are approximately US$313,740.

The financial statements of IICA for the year ended December 31, 2015, include a provision of US$201,960 to cover potential losses from these lawsuits. According to the legal advisors of IICA considered sufficient these legal obligations.

AIS Program in Colombia - Throughout 2015, 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. All this has given rise to actual lawsuits and concerns about the possibility of others, as further discussed below.

By Resolution No.191 of June 2010, the MADR declared IICA in default of its obligations under one of the AIS agreements, in the amount of approximately US$5,2 million. The Ministry has sued the Colombian insurance company which guaranteed those obligations by way of a performance bond. The Government brought the suit, notwithstanding the fact that it has since recovered almost the entire amount from beneficiaries who it claims were mistakenly awarded that same amount in AIS subsidies.

So far, the insurer has not made any payments in relation to the lawsuit brought against it by the MARD and has vigorously opposed the suit arguing, inter alia, violations of due process, unjust enrichment, and that the Ministry itself was responsible for the defaults alleged. But if the insurer would have to pay, it may seek recovery from IICA under a subrogation clause in the bond. IICA's defenses against a potential claim from the insurer are based on the provision for dispute resolution contained in the legal agreement, which provides that arbitration is discretionary rather than mandatory, and on the Institute's immunities.

In February 2015, IICA received a formal notification informing it that it was being sued by the MADR for the sum of around US$1.3 million, for possible breach of contract related to the AIS Program. The court green-lighted the lawsuit and the process is at the notification stage.

The Office of the Comptroller General of the Republic (CGR) 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$6.4 million, for activities aimed at publicizing the AIS Program.

In June 2014, the CGR issued a decision that was unfavorable to IICA, and it is possible that the departmental entities will issue a decision unfavorable to IICA. The Institute could not afford to pay the large sum being sought, but it will not have to do so in any case, thanks to the immunities that it enjoys. Therefore, the most serious consequence for the Institute is its inclusion on the list of financially liable entities kept by the Comptroller's Office. This means that no state entity may sign contracts or agreements with IICA that involve resources belonging to the Colombian State.

The Institute is still hopeful that there will be a potential solution to its differences with the Government regarding AIS, and in particular, Resolution No.191. 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. SUBSEQUENT EVENTS

IICA has evaluated the events taking place after December 31, 2015, in order to determine if there exists the need to recognize or disclose additional information in the accompanying financial statements. The events were evaluated as of June 30, 2016, date in which the financial statements were available to be issued. Based on this evaluation, we determined that no subsequent events took place that would require to be recognized or disclosed in the financial statements.

*** * * * ***

INTER-AMERICAN INSTITUTE FOR COOPERATION ON AGRICULTURE (IICA)

SUPPLEMENTARY FINANCIAL INFORMATION

YEAR ENDED DECEMBER 31, 2015

INDEX

EXHIBIT

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

STATEMENT OF MOVEMENTS OF MEMBER STATES QUOTAS RECEIVABLE
YEAR ENDED DECEMBER 31, 2015
(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$ 6,100	US$ 6,100				US$ 6,100	US$ 6,100	US$ 12,200
Argentina		883,300					883,300	883,300
Bahamas		17,100		US$ 17,100	US$ 17,100			
Barbados	12,400	12,400	US$ 12,400	12,400	24,800			
Belize	12,200	6,100	12,200	6,100	18,300			
Bolivia		13,500					13,500	13,500
Brazil	2,734,600	2,734,600	2,734,600		2,734,600		2,734,600	2,734,600
Canada		3,293,300		3,293,300	3,293,300			
Colombia	180,160	288,600	180,160		180,160		288,600	288,600
Costa Rica	14,576	60,800	14,576	38,802	53,378		21,998	21,998
Chile		327,100		327,100	327,100			
Dominica		6,100		6,100	6,100			
Dominican Republic	141,400	70,700	70,700		70,700	70,700	70,700	141,400
Ecuador		71,000					71,000	71,000
El Salvador	34,400	34,400				34,400	34,400	68,800
Grenada	6,100	6,100	6,100		6,100		6,100	6,100
Guatemala		51,400		51,400	51,400			
Guyana		6,700		6,700	6,700			
Haiti		9,400		9,400	9,400			
Honduras		14,000		13,950	13,950		50	50
Jamaica	4,156	25,600	4,156	7,568	11,724		18,032	18,032
Mexico		2,495,300		2,495,300	2,495,300			
Nicaragua	50,663	9,400	50,663		50,663		9,400	9,400
Panama		47,600		47,600	47,600			
Paraguay	31,073	28,100	31,073	24,317	55,390		3,783	3,783
Peru	189,300	189,300	189,300	189,300	378,600			
Saint Kitts and Neves		6,100		6,100	6,100			
Saint Lucia	18,300	6,100	18,300		18,300		6,100	6,100
Saint Vincent & the Grenadines	6,773	6,100	6,773	6,100	12,873			
Suriname	9,400	9,400				9,400	9,400	18,800
Trinidad & Tobago		49,500		49,500	49,500			
United States of America		16,359,400		16,359,400	16,359,400			
Uruguay		64,100		64,100	64,100			
Venezuela	2,370,580	601,300				2,370,579	601,300	2,971,879
Total	US$5,822,181	US$27,810,000	US$3,331,001	US$23,031,637	US$26,362,638	US$2,491,179	US$4,778,363	US$7,269,542

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

PROGRAM BUDGET AND EXPENSES BY CHAPTER
YEAR ENDED DECEMBER 31, 2015
(Stated in United States Dollars)

			(Over) Under Execution	
	Budget	**Expenses**	**Absolute**	**Percentage**
CHAPTER 1: Direct technical cooperation services	US$30,683,015	US$29,107,484	US$1,575,531	94.87%
CHAPTER 2: Management costs	1,629,177	2,223,850	(594,673)	136.50%
CHAPTER 3: General costs and provisions	1,280,000	1,252,392	27,608	97.84%
CHAPTER 4: Renewal of infrastructure and equipment	317,808	538,638	(220,830)	169.49%
Total	US$33,910,000	US$33,122,364	US$ 787,636	97.68%

INTER-AMERICAN INSTITUTE FOR COOPERATION ON AGRICULTURE (IICA)

EXECUTION OF EXTERNAL RESOURCES BY FINANCING SOURCE FOR THE YEAR ENDED DECEMBER 31, 2015

(Stated in United States Dollars)

Source	Amount
a. **Member States**	
Argentina	US$ 9,689,989
Barbados	121,038
Belize	147,282
Brazil	11,294,869
Canada	9,258
Chile	1,644
Costa Rica	1,444,732
Dominican Republic	657,609
Ecuador	717,602
El Salvador	246,060
Guatemala	366,279
Honduras	944,504
Jamaica	284
Mexico	48,266,251
Nicaragua	38,284
Panama	174,398
Paraguay	22,516
Suriname	75,695
United States of America	3,517,340
Uruguay	670,469
Subtotal - Member States	78,406,103
b. **Other Institutions and Governments**	
Andean Development Corporation	43,182
Caribbean Development Bank	243,029
Caritas Diocesana de Bilbao	106,491
Centrais Eletricas Brasileiras, S.A.	330,797
Crisfe Foundation	24,013
Deutsche Gesellschaft Fur Internacionale Zusammenarbeit	1,514,822
Developpment International Desjardins Inc.	358,933
Engineering and Consulting, S.L.	58,746
European Commission	6,569,972
Food and Agriculture Organization of the United Nations	330,449
Gas Natural Fenosa Engineering	22,302
Inter-American Development Bank	148,032
International Center for Tropical Agriculture	43,348

INTER-AMERICAN INSTITUTE FOR COOPERATION ON AGRICULTURE (IICA)

EXECUTION OF EXTERNAL RESOURCES BY FINANCING SOURCE FOR THE YEAR ENDED DECEMBER 31, 2015

(Stated in United States Dollars)

Source	Amount
International Development Research Centre	US$ 172,991
International Fund for Agricultural Development	1,264,749
Itaipu Binacional	144.111
Market Information Organization of the Americas	143,705
Ministry of Foreign Affairs of Finland	2,250,978
Nestlé Venezuela, S.A.	369,581
New Zealand Ministry of Foreign Affairs and Trade	20,379
Rafael Landivar University	63,835
Regional Fund for Agricultural Technology	29,780
Spanish Agency for International Development Cooperation	8,983
Swiss Agency for Development and Cooperation	175,448
Technical and Vocational Education and Training	15,128
Technical Center for Agricultural and Rural Cooperation	77,027
Technology Laboratory of Uruguay	927,670
The Conference Board of Canada	30,660
The Texas A&M University System	119,145
United Nations	32,631
University Real	70,085
World Trade Organization	199,986
Others	42,057
Subtotal - Other Institutions and Governments	15,953,045
Grand total	US$94,359,148

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