



Forty-fourth Regular Meeting of the Executive Committee

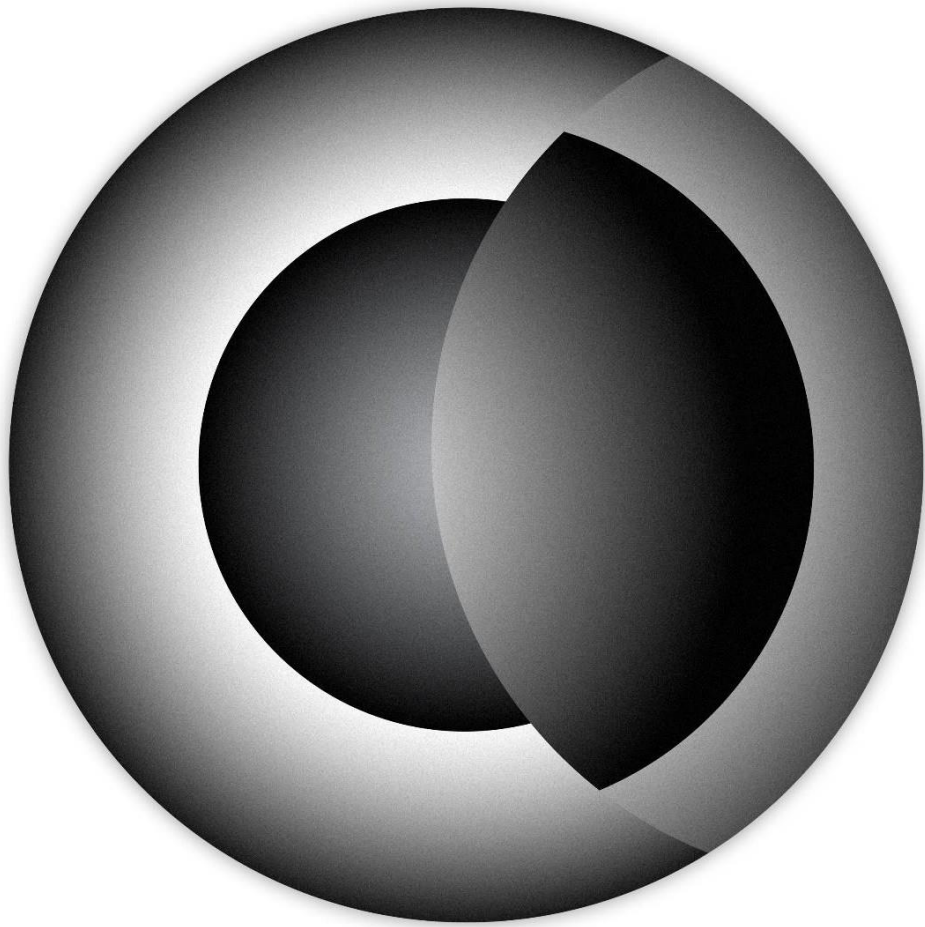
2023 Financial Statements of IICA and Report of the External Auditors

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San Jose, Costa Rica
23-24 July 2024

Deloitte.



Inter-American Institute
for Cooperation on Agriculture (IICA)
Financial Statements
Of December 31, 2023 and 2022

INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the accompanying financial statements of the Inter-American Institute for Cooperation on Agriculture (IICA), which comprise the statements of net assets as of December 31, 2023 and 2022 and the statement of activities of unrestricted net assets, changes in net assets, and of cash flows for the years then ended, as well as the explanatory notes to the separate financial statements that include a summary of material accounting policies.

In our opinion the financial statements present fairly, in all material respects, the financial position of IICA as of December 31, 2023 and 2022 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, but does not include the financial statements and our auditor's report thereon.

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

In relation to our audit of the financial statements, our responsibility is to read the other information and, by doing so, consider if that is materially consistent with the financial statements or with our knowledge we obtained during our audit, or otherwise if it seems to might contain material misstatements.

If based on the work 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 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 , 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 had communications with those charged with governance at IICA regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

JORGE ANDRES BARBOZA HIDALGO (FIRMA)
PERSONA FISICA, CPF-01-1039-0955.
Fecha declarada: 21/06/2024 04:29:34 PM
Esta representación visual no es fuente de confianza. Valide siempre la firma.

Jorge Andrés Barboza Hidalgo - C.P.A. No.5079

Insurance Policy No.0116 FIG 7

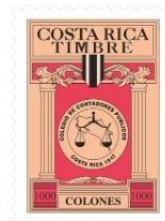
Expires: September 30, 2024

Law stamp of Law No.6663 for ₡1.000

Attached and paid

June 21, 2024

Nombre del CPA: JORGE BARBOZA HIDALGO
Carné: 5079
Cédula: 110390955
Nombre del Cliente: Instituto Interamericano de Cooperación para la Agricultura (IICA)
Identificación del cliente: 3003045216
Dirigido a: Junta Directiva y Accionistas
Fecha: 21-06-2024 03:02:26 PM
Tipo de trabajo: Informe de Auditoría
Timbre de ₡1000 de la Ley 6663 adherido y cancelado en el original.



Código de Timbre: CPA-1000-13714

INTER-AMERICAN INSTITUTE FOR COOPERATION ON AGRICULTURE (IICA)

**STATEMENTS OF NET ASSETS
DECEMBER 31, 2023 AND 2022**

(Stated in United States Dollars)

	Notes	December 31, 2023			Total	December 31, 2022
		Unrestricted	Temporarily Restricted	Permanently Restricted		
ASSET						
CURRENT ASSET:						
Cash	1e, 2	US\$ 46,211,043			US\$ 46,211,043	US\$ 49,861,070
Cash equivalents	1e, 3	56,337,143			56,337,143	58,248,540
Investments held to maturity	1f, 4	<u>36,995,525</u>			<u>36,995,525</u>	<u>20,759,079</u>
Subtotal		<u>139,543,711</u>			<u>139,543,711</u>	<u>128,868,689</u>
Receivables:						
Quotas from member states	1g	19,792,104			19,792,104	22,393,641
Allowance for doubtful accounts	1g	<u>(10,799,579)</u>			<u>(10,799,579)</u>	<u>(9,545,979)</u>
Quotas from member states - net		<u>8,992,525</u>			<u>8,992,525</u>	<u>12,847,662</u>
Payments made on behalf of contracts, agreements and grants	1g	1,665,449			1,665,449	1,633,949
Due from regular fund to trust fund	1g	(64,761,978)	US\$64,761,978			
Other		<u>710,382</u>			<u>710,382</u>	<u>341,412</u>
Receivables - net		<u>(53,393,622)</u>	<u>64,761,978</u>		<u>11,368,356</u>	<u>14,823,023</u>
Advances of external resources allocated	1p	521,949			521,949	363,468
Prepaid expenses	1h	70,119			70,119	71,419
Other assets		<u>54,712</u>			<u>54,712</u>	<u>46,865</u>
Total current assets		86,796,869	64,761,978		151,558,847	144,173,464
PROPERTY, FURNITURE AND EQUIPMENT - Net	1i, 1j, 1q, 5	<u>2,112,313</u>		<u>US\$8,713,171</u>	<u>10,825,484</u>	<u>11,290,374</u>
TOTAL ASSETS		<u>US\$ 88,909,182</u>	<u>US\$64,761,978</u>	<u>US\$8,713,171</u>	<u>US\$162,384,331</u>	<u>US\$155,463,838</u>
LIABILITIES AND NET ASSETS						
CURRENT LIABILITIES:						
Accounts payable and accrued expenses	1q, 1o	US\$ 3,871,998			US\$ 3,871,998	US\$ 3,949,301
Other accruals		<u>396,025</u>			<u>396,025</u>	<u>398,870</u>
Total current liabilities		<u>4,268,023</u>			<u>4,268,023</u>	<u>4,348,171</u>
LONG-TERM LIABILITIES:						
Lease liability	1q, 5	<u>636,870</u>			<u>636,870</u>	<u>932,788</u>
Total long-term liabilities		<u>636,870</u>			<u>636,870</u>	<u>932,788</u>
Provisions for:						
Repatriation and transfer of international professional personnel	1k	1,136,362			1,136,362	979,218
Recognition of years of service for international professional personnel	1k	1,712,439			1,712,439	1,879,938

(Continues)

INTER-AMERICAN INSTITUTE FOR COOPERATION ON AGRICULTURE (IICA)

STATEMENTS OF NET ASSETS
DECEMBER 31, 2023 AND 2022
(Stated in United States Dollars)

	Notes	December 31, 2023			Total	December 31 of 2022
		Unrestricted	Temporarily Restricted	Permanently Restricted		
Recognition of years of service for local personnel	1k	US\$ 3,421,624			US\$ 3,421,624	US\$ 3,207,564
Other termination benefits	1k, 12	13,844,014			13,844,014	11,662,719
Other liabilities of projects	12	<u>24,312,073</u>			<u>24,312,073</u>	<u>18,979,831</u>
Total provisions		<u>44,426,512</u>			<u>44,426,512</u>	<u>36,709,270</u>
Total liabilities		<u>49,331,405</u>			<u>49,331,405</u>	<u>41,990,229</u>
NET ASSETS:						
Unrestricted funds:						
Regular fund:						
General sub-fund	1b	14,190,120			14,190,120	14,088,114
Working sub-fund	1b	4,094,736			4,094,736	4,094,736
Miscellaneous Income fund	1b	7,838,395			7,838,395	3,267,382
Indirect cost recovery fund	1b	12,258,195			12,258,195	11,697,727
Fixed assets fund	1b	1,196,331			1,196,331	1,182,825
Restricted funds:						
Trust funds	1b		US\$64,761,978		64,761,978	70,429,654
Permanently restricted funds - land	1b			<u>US\$8,713,171</u>	<u>8,713,171</u>	<u>8,713,171</u>
Total net assets		<u>39,577,777</u>	<u>64,761,978</u>	<u>8,713,171</u>	<u>113,052,926</u>	<u>113,473,609</u>
TOTAL LIABILITIES AND NET ASSETS		<u>US\$ 88,909,182</u>	<u>US\$64,761,978</u>	<u>US\$8,713,171</u>	<u>US\$162,384,331</u>	<u>US\$155,463,838</u>
CONTINGENCIES	13	<u>US\$</u>	<u>US\$</u>	<u>US\$</u>	<u>US\$</u>	<u>US\$</u>

(Concluded)

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

INTER-AMERICAN INSTITUTE FOR COOPERATION ON AGRICULTURE (IICA)

**STATEMENTS OF ACTIVITIES OF UNRESTRICTED NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

(Stated in United States Dollars)

	Notes	2023				2022					
		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
REVENUES:											
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\$14,261,551		14,261,551		US\$13,804,570			13,804,570
Temporarily restricted fund assets released from restrictions	1g				US\$209,977,113	209,977,113				US\$195,682,342	195,682,342
Commercial and miscellaneous operations - net	7		US\$4,571,014			4,571,014		US\$2,178,686			2,178,686
Total revenues		29,574,100	4,571,014	14,261,551	209,977,113	258,383,778	29,574,100	2,178,686	13,804,570	195,682,342	241,239,698
EXPENSES:											
International professional personnel		10,520,927				10,520,927	10,220,135				10,220,135
Local professional and general service		10,815,039				10,815,039	9,556,827				9,556,827
Training and technical events		1,580,804				1,580,804	980,320				980,320
Official travel		192,855				192,855	186,181				186,181
Documents and materials and supplies		457,215				457,215	435,136				435,136
Plant, equipment and furniture		333,233				333,233	352,146				352,146
General services		1,961,091				1,961,091	1,794,750				1,794,750
Work and services contracts, and transfers		735,004				735,004	1,473,010				1,473,010
Allowance to CATIE	8	1,000,000				1,000,000	747,800				747,800
Other costs		1,875,926				1,875,926	1,540,145				1,540,145
Sub-total of expenses related to quota budget and working sub-fund		29,472,094				29,472,094	27,286,450				27,286,450
Temporarily restricted fund assets released from restrictions	1g				209,977,113	209,977,113				195,682,342	195,682,342
Disbursements financed with funds from the Indirect Cost Recovery (ICR)	6			13,701,083		13,701,083		9,111,677			9,111,677
Total expenses		29,472,094		13,701,083	209,977,113	253,150,290	27,286,450	9,111,677	195,682,342		232,080,469

(Continues)

INTER-AMERICAN INSTITUTE FOR COOPERATION ON AGRICULTURE (IICA)

**STATEMENTS OF ACTIVITIES OF UNRESTRICTED NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

(Stated in United States Dollars)

	2023					2022				
	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
Increase in unrestricted net assets for the year, before excluding net expenses capitalized as property, furniture and equipment and including depreciation of the year	US\$ 102,006	US\$4,571,014	US\$ 560,468		US\$ 5,233,488	US\$ 2,287,650	US\$2,178,686	US\$ 4,692,893		US\$ 9,159,229
Exclusion of net capitalized expenses as property, furniture and equipment	<u>493,107</u>				<u>493,107</u>	<u>555,523</u>				<u>555,523</u>
Increase in unrestricted net assets for the year, before including depreciation of the year	595,113	4,571,014	560,468		5,726,595	2,843,173	2,178,686	4,692,893		9,714,752
Inclusion of depreciation of the year	<u>(479,600)</u>				<u>(479,600)</u>	<u>(439,358)</u>				<u>(439,358)</u>
Increase in unrestricted net assets	<u>US\$ 115,513</u>	<u>US\$4,571,014</u>	<u>US\$ 560,468</u>	<u>US\$</u>	<u>US\$ 5,246,995</u>	<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>

(Concluded)

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

INTER-AMERICAN INSTITUTE FOR COOPERATION ON AGRICULTURE (IICA)

**STATEMENTS OF CHANGES IN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

(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, 2021	US\$11,800,464	US\$4,094,736	US\$1,088,696	US\$ 7,004,834	US\$1,066,660	US\$ 56,061,982	US\$8,713,171	US\$ 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	14,088,114	4,094,736	3,267,382	11,697,727	1,182,825	70,429,654	8,713,171	113,473,608
Increase (decrease) in unrestricted net assets	595,112		4,571,014	560,468	(479,600)			5,246,994
Restricted contributions received from donors						204,277,940		204,277,940
Net assets released from restrictions						(209,977,116)		(209,977,116)
Capitalization of net disbursements as property, furniture and equipment	(493,106)				493,106			
Net increase in disbursements made on behalf of contracts, agreements, and grants receivable from donors						31,500		31,500
BALANCE AT DECEMBER 31, 2023	<u>US\$14,190,120</u>	<u>US\$4,094,736</u>	<u>US\$7,838,395</u>	<u>US\$12,258,195</u>	<u>US\$1,196,331</u>	<u>US\$ 64,761,978</u>	<u>US\$8,713,171</u>	<u>US\$ 113,052,926</u>

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

INTER-AMERICAN INSTITUTE FOR COOPERATION ON AGRICULTURE (IICA)

**STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

(Stated in United States Dollars)

	2023	2022
OPERATING ACTIVITIES		
Increase in unrestricted net assets	US\$ 5,246,995	US\$ 9,275,394
Plus (minus): Items not requiring cash:		
Interest income from investments	(9,367,184)	(4,960,440)
Depreciation	957,997	898,645
Allowance for doubtful accounts	1,253,600	859,117
Cash generated by changes in:		
Quotas receivable from member states	2,601,537	(7,360,056)
Other receivables	(368,970)	(186,769)
Prepaid expenses	(157,181)	95,970
Other assets	274,549	98,703
Accounts payable and accrued expenses	(373,221)	(829,491)
Other accruals	(2,845)	71,733
Provisions	<u>7,717,240</u>	<u>5,616,323</u>
Net cash generated by activities of operation	<u>7,782,517</u>	<u>3,579,129</u>
INVESTING ACTIVITIES		
Disposals of investments held to maturity	(16,236,446)	(9,307,408)
Interest income received on investments	9,084,788	4,857,618
Additions to furniture and equipment	(493,107)	(555,793)
Disposal of furniture and equipment	<u> </u>	<u>270</u>
Net cash (used) generated by the investment activities	<u>(7,644,765)</u>	<u>(5,005,313)</u>
FINANCING ACTIVITIES		
Restricted contributions received from donors	204,277,940	209,191,458
Disbursements made in the execution of trust funds	<u>(209,977,116)</u>	<u>(195,682,342)</u>
Net cash generated by the financing activities	<u>(5,699,176)</u>	<u>13,509,116</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(5,561,424)	12,082,932
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>108,109,610</u>	<u>96,026,678</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>US\$ 102,548,186</u>	<u>US\$ 108,109,610</u>

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, 2023 AND 2022

(Stated in United States Dollars)

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.

Currently, 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 2023.
 - **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, 2023 and 2022, the amount of the allowance for doubtful accounts represented US\$10,799,579 and US\$9,545,979, 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, 2023 and 2022, 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*** - The Company adopted Accounting Standard Update (“ASU”) 2016-13, Measurement of Credit Losses on Financial Instruments, which amends guidance on reporting credit losses for assets held at amortized cost basis and available for sale debt securities. The ASU eliminates the probable initial recognition threshold in current guidance and, instead, requires an entity to reflect its current estimate of all expected credit losses. This ASU affects entities holding financial assets and net investment in leases that are not accounted for at fair value through net income. The amendments affect loans, debt securities, trade receivables, net investments in leases, off balance sheet credit exposures, reinsurance receivables, and any other financial assets not excluded from the scope that have the contractual right to receive cash. The adoption of this ASU did not have a significant impact on the Institute financial statements.

2. CASH

Cash due from banks as of December 31, 2023 and 2022 for US\$46,211,043 and US\$49,861,070, 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\$19,689,724 and US\$33,251,229, 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 detailed as follows:

	2023	2022
In Argentine pesos:		
Money market funds, interest between 83.6% and 126%	US\$ 633,186	
In Mexican pesos:		
Money market funds, interest between 5.57% and 5.61% (2022 - 2%)	33,352,833	US\$26,064,270
In Brazilian Reals:		
Money market funds, interest rate of 12.7% (2022 - 12.1%)	10,924,035	10,170,680
In U.S. dollars:		
Mutual funds, interest rates of 5.26% (2022: 4%)	<u>11,427,089</u>	<u>22,013,590</u>
Total	<u>US\$56,337,143</u>	<u>US\$58,248,540</u>

As of December 31, 2023 and 2022, cash equivalents of US\$44,910,055 and US\$44,623,131, 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:

	2023	2022
In United States of America dollars:		
Time deposits of Banco Bradesco, S.A., interest rate 8.5% (2022: 8.7%) maturing between August 2024 and April 2025	US\$ 9,835,525	US\$11,629,079
Time deposits at Bank of America, interest rate 5.62% (2022: 4.76%) with maturity between January and June 2024	24,000,000	5,000,000
Time deposits at BAC San José, interest rate of 5% (2022: 2.35% and 4.43%), with maturity between January and April 2024	<u>3,160,000</u>	<u>4,130,000</u>
Total	<u>US\$36,995,525</u>	<u>US\$20,759,079</u>

As of December 31, 2023 and 2022, investments held to maturity by US\$33,835,525 and US\$20,759,079; 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:

	2023	2022
Unrestricted:		
Buildings (25 years)	US\$ 5,418,053	US\$ 5,418,054
Leased buildings	915,982	1,853,664
Vehicles (4 years)	2,495,728	2,493,124
Furniture and equipment (3, 4, 5 and 10 years)	<u>5,314,200</u>	<u>5,177,548</u>
Total unrestricted fixed assets	14,143,963	14,942,390
Less: Accumulated depreciation	<u>(12,031,650)</u>	<u>(12,365,187)</u>
Total unrestricted fixed assets - net	2,112,313	2,577,203
Permanently restricted:		
Lands	<u>8,713,171</u>	<u>8,713,171</u>
Total	<u>US\$ 10,825,484</u>	<u>US\$ 11,290,374</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\$295,919 for the period 2023 and an estimate of the administration of US\$636,870, through the years remaining to the term of the contracts. (see Note 1q).

Depreciation expense was US\$957,997 and US\$898,645 for the years ended December 31, 2023 and 2022, respectively.

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:

	2023	2022
Revenue:		
Ministry of Agriculture and Livestock - Ecuador	US\$ 40,223	US\$ 249,132
Secretariat of Agriculture, Livestock, Fisheries and Food - Argentina	144,177	128,515
Ministry of Agriculture, Livestock and Food - Guatemala	459,275	272,533
National Health Service, Food Safety and Food Quality (SENASICA) - Secretariat of Agriculture, Livestock, Rural Development, Fisheries and Food (SAGARPA) - National Agrarian Registry (RAN) - México	7,681,567	6,521,426
United States Department of Agriculture (USDA)	748,150	713,137
Ministries of Agriculture, Livestock and Procurement, Agrarian Development, Mines and Energy - Brazilian Institute of Environment and Renewable Natural Resources - Brazil	393,707	585,169
Secretariat of Agriculture and Livestock - Honduras	2,821,155	1,971,499
Agencies and Organizations of International Cooperation	987,308	723,898
Secretariat of Central American Agricultural Council (SCAC)	35,296	37,215
Ministry of Agriculture and Livestock - Paraguay	25,063	56,695
Dominican Republic Special Fund for Agricultural Development	119,934	12,598
Ministry of Agriculture and Livestock- El Salvador	192,412	1,977,756
Ministry of Agriculture and Livestock- Government of Suriname	56,987	
Other institutions	<u>556,297</u>	<u>554,997</u>
Total	<u>US\$14,261,551</u>	<u>US\$13,804,570</u>
Expenses:		
International professional personnel	US\$ 494,715	US\$ 73,077
Local professional and general services personnel	7,567,629	5,260,536
Training and technical events	638,690	227,506
Official travel	592,389	473,627
Documents and materials and supplies	158,961	212,828
Plant, equipment and furniture	599,494	417,111
General services	1,120,279	842,453
Performance, contracts, and transfers	2,239,928	1,346,176
Other costs	<u>288,998</u>	<u>258,363</u>
Total	<u>US\$13,701,083</u>	<u>US\$ 9,111,677</u>

7. COMMERCIAL AND MISCELLANEOUS OPERATIONS

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

	2023	2022
Revenues:		
Interest earned from investments and cash equivalents	US\$ 4,883,342	US\$2,757,587
Proceeds from equipment sale	66,364	3,026
Sale of general services	113,518	257,337
Others	<u>61,702</u>	<u>86,722</u>
Total revenues from commercial and miscellaneous operations	<u>5,124,926</u>	<u>3,104,672</u>
Expenses:		
Local professional and general services personnel	946,523	697,102
Training and technical events	8,433	1,204
Documents and materials and supplies	103	6
Plant, equipment and furniture	161,594	221,256
General services	4,247	272,532
Performance, contracts and transfers	465,620	
Other costs	<u>151,767</u>	<u>114,682</u>
Subtotal	1,738,287	1,306,782
Gain on exchange - net	<u>(1,184,375)</u>	<u>(380,796)</u>
Total expenses from commercial and miscellaneous operations	<u>553,912</u>	<u>925,986</u>
Excess of expenses over income	<u>US\$ 4,571,014</u>	<u>US\$2,178,686</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, 2023 and 2022, IICA contributed to CATIE US\$1,000,000 and US\$747,800, 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 2023 and 2022, 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, 2023, 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, 2023 and 2022. The following is a summary of the actuarial calculations on the benefits of IICA employees:

	2023	2022
Actuarial reconciliation:		
Defined benefit obligation	US\$ 5,423,520	US\$4,660,468
Current liabilities	<u>4,172,515</u>	<u>4,218,933</u>
Total liability at balance level	<u>US\$ 5,423,520</u>	<u>US\$4,660,468</u>
Current service cost	US\$ 380,816	US\$ 372,957
Interest cost	285,621	205,090
Inflationary Effect on Financial Labor Cost	83,387	25,012
Inflationary Effect on projected benefits liability	528,674	219,007
Effect by reduction of obligations	(65,944)	19,908
Service passed by modification to the plan	149	13,822
Unrecognized net actuarial (gain)	<u>(1,106,103)</u>	<u>(574,519)</u>
Net periodic benefit cost final	<u>US\$ 106,600</u>	<u>US\$ 281,277</u>
Accounting Reconciliation:		
Net liability recognized at beginning of the year	US\$ 4,660,468	US\$4,686,460
Net periodic benefit cost	817,101	281,277
Benefit payments	(232,568)	(222,225)
Net liability projected before other comprehensive income	5,245,001	4,745,512
Accumulated other comprehensive incomes	<u>178,519</u>	<u>(85,044)</u>
Total liabilities at balance sheet level	<u>US\$ 5,423,520</u>	<u>US\$4,660,468</u>

Additionally, during 2023 and 2022, 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:

	2023	2022
Changes in benefit obligation:		
Benefit obligation at beginning of year (on real basis)	US\$ 7,080,736	US\$ 6,180,106
Current service cost	1,237,931	933,407
Interest cost	581,611	422,729
Actuarial loss	4,618,804	2,941,596
Benefit payments	<u>(1,997,103)</u>	<u>(1,035,077)</u>
Benefit obligation at end of year	<u>US\$11,521,979</u>	<u>US\$ 9,442,761</u>

(Continues)

	2023	2022
Amount recognized in the statement of financial position:		
Accrued (prepaid) liability (non-current liabilities)	<u>US\$ 9,019,936</u>	<u>US\$ 7,080,736</u>
Amount recognized in accumulated other comprehensive income:		
Transition obligation	US\$ 544,814	US\$ 520,711
Past service obligation	214,162	
Net loss	<u>4,618,804</u>	<u>2,941,596</u>
Amount recognized in accumulated other comprehensive incomes	<u>US\$ 5,377,780</u>	<u>US\$ 3,462,307</u>
Projected benefit obligation	<u>US\$ 9,019,936</u>	<u>US\$ 7,080,736</u>
Accumulated benefit obligation	<u>US\$ 6,199,155</u>	<u>US\$ 6,255,939</u>
Accumulated benefit obligation in excess of plan assets	<u>US\$ 6,199,155</u>	<u>US\$ 6,255,939</u>
Net periodic benefit cost :		
Current service cost	US\$ 1,237,931	US\$ 933,407
Interest cost	581,611	422,729
Amortization of transition obligation	49,901	47,800
Amortization of net loss	168,516	180,266
Amortization of past service obligation	1,464	
Cost of service for new revenues		<u>121,202</u>
Net periodic benefit cost final	<u>US\$ 2,039,423</u>	<u>US\$ 1,705,403</u>
Items not yet recognized as a component of net periodic benefit cost:		
Transition obligation	US\$ 544,814	US\$ 520,711
Net loss	<u>4,618,804</u>	<u>2,941,596</u>
	<u>US\$ 5,163,618</u>	<u>US\$ 3,462,307</u>
Reconciliation on net balance:		
Amount recognized in accumulated other comprehensive income	US\$ 5,377,780	US\$ 3,462,307
Accrued liability	<u>9,019,936</u>	<u>7,080,736</u>
Benefit obligation at the end of the year	<u>US\$14,397,716</u>	<u>US\$10,543,043</u>
Reconciliation of accrued (prepaid) benefit cost:		
Accrued benefit cost beginning of the year	US\$ 7,080,736	US\$ 6,180,106
Net periodic benefit cost	2,039,423	1,705,403
Benefits payment	(1,997,103)	(1,035,077)
Net periodic other comprehensive incomes	<u>1,896,880</u>	<u>230,304</u>
Accrued benefit cost at the end of the year	<u>US\$ 9,019,936</u>	<u>US\$ 7,080,736</u>

Actuarial reports 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, 2023, 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, 2023, 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 2023, 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\$1.4 million, for possible breach of contract related to the AIS Program. The court green-lighted the lawsuit and IICA is currently awaiting a ruling from the court.

The Office of the Comptroller General of the Republic and Departments informed IICA of its decision to include the Institute in a review of alleged responsibility in detriment of the financial resources of the Government of Colombia, in the amount of approximately US\$1.6 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.

* * * * *

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

SUPPLEMENTARY FINANCIAL INFORMATION

YEAR ENDED DECEMBER 31, 2023

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, 2023

(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\$ 14,000					US\$ 14,000	US\$ 14,000
Argentina	US\$ 1,261,500	1,329,100	US\$ 1,261,500		US\$ 1,261,500		1,329,100	1,329,100
Bahamas		24,000		US\$ 24,000	24,000			
Barbados	13,100	18,400	13,100	5,300	18,400		13,100	13,100
Belize		14,000		14,000	14,000			
Bolivia	24,400	25,800				US\$ 24,400	25,800	50,200
Brazil	8,144,900	4,493,000	8,144,900	4,493,000	12,637,900			
Canada		3,535,100		3,535,100	3,535,100			
Chile	376,580	525,000	342,861		342,861	33,719	525,000	558,719
Colombia	2,896,000	590,800				2,896,000	590,800	3,486,800
Costa Rica	64,281	94,900	64,281	14,989	79,270		79,911	79,911
Dominica		14,000					14,000	14,000
Dominican Republic	748	100,100	748	100,100	100,848			
Ecuador		148,500					148,500	148,500
El Salvador	109,600	39,800	34,800		34,800	74,800	39,800	114,600
Grenada		14,000		14,000	14,000			
Guatemala		75,400		75,400	75,400			
Guyana		14,600		14,600	14,600			
Haiti		17,100		17,100	17,100			
Honduras		18,800		18,000	18,000		800	800
Jamaica		24,200		24,200	24,200			
Mexico	2,187,900	2,333,500	2,187,900	13,000	2,200,900		2,320,500	2,320,500
Nicaragua		15,700		15,700	15,700			
Panama		75,000		75,000	75,000			
Paraguay	39,112	40,200	39,112	24,999	64,111		15,201	15,201

(Continues)

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

STATEMENT OF MOVEMENTS OF MEMBER STATES QUOTAS RECEIVABLE

YEAR ENDED DECEMBER 31, 2023

(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						
Peru	US\$	55,752	US\$	371,900	US\$	55,752	US\$	297,823	US\$	353,575		US\$	74,077	US\$	74,077
Saint Vincent and the Grenadines		15,889		14,000		15,889		12,832		28,721			1,168		1,168
Saint Kitts and Nevis				14,000				14,000		14,000					
Saint Lucia				14,000				14,000		14,000					
Suriname				17,100				17,100		17,100					
Trinidad and Tobago				61,700				61,700		61,700					
United States				14,671,400				11,003,550		11,003,550			3,667,850		3,667,850
Uruguay				115,300				115,300		115,300					
Venezuela		<u>7,203,879</u>		<u>699,700</u>								<u>US\$ 7,203,879</u>	<u>699,700</u>		<u>7,903,579</u>
Total		<u>US\$22,393,641</u>		<u>US\$29,574,100</u>		<u>US\$12,160,843</u>		<u>US\$20,014,793</u>		<u>US\$32,175,637</u>		<u>US\$10,232,798</u>	<u>US\$9,559,307</u>		<u>US\$19,792,104</u>

(Concluded)

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

PROGRAM BUDGET AND EXPENSES BY CHAPTER

YEAR ENDED DECEMBER 31, 2023

(Stated in United States Dollars)

	Budget	Expenses	(Over) Under Execution Absolute	Percentage
CHAPTER 1: Direct services of technical cooperation	US\$28,572,045	US\$26,499,522	US\$ 2,072,523	92.7%
CHAPTER 2: Management Costs	1,943,625	1,598,738	344,887	82.3%
CHAPTER 3: General costs and provisions	1,332,000	2,627,487	(1,295,487)	197.3%
CHAPTER 4: Renewal of infrastructure and equipment	<u>226,430</u>	<u>484,634</u>	<u>(258,204)</u>	<u>214%</u>
Total	<u>US\$32,074,100</u>	<u>US\$31,210,381</u>	<u>US\$ 863,719</u>	<u>97.3%</u>

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INTER-AMERICAN INSTITUTE FOR COOPERATION ON AGRICULTURE (IICA)

EXECUTION OF EXTERNAL RESOURCES BY FINANCING SOURCE
FOR THE YEAR ENDED DECEMBER 31, 2023

(Stated in United States Dollars)

	Financing Source	Amount
a.	Member States	
	Argentina	US\$ 9,669,877
	Bahamas	54,043
	Barbados	5,025
	Brazil	6,873,955
	Chile	294,623
	Costa Rica	1,013,259
	Dominican Republic	1,606,007
	Ecuador	1,363,205
	El Salvador	1,980,086
	Grenada	20,523
	Guatemala	5,365,763
	Guyana	140,197
	Haiti	30,586
	Honduras	56,413,929
	Mexico	96,432,423
	Nicaragua	30,166
	Panama	49,055
	Paraguay	46,430
	Saint Lucia	4,660
	Suriname	435,709
	United States	10,758,672
	Uruguay	<u>1,079,599</u>
	Subtotal - Member States	<u>US\$193,667,792</u>
b.	Other Institutions and Governments	
	Spanish Agency for International Cooperation for Development	US\$ 965,257
	AgResearch Limited	35,296
	Australian High Commission	77,012
	Bolivian Association of Animal Production	341,256
	Chile Prunes Association	46,106
	Swiss Association for the Development of Agriculture and Rural Areas	219,992
	Inter-American Development Bank	2,778,040
	The World Bank	46,995
	BAYER AG	250,622
	BIO International Convention	25,000
	Barbados Environmental Conservation Trust	24,777
	CCL Industries Chile	35,580
	Tropical Agricultural Research and Higher Education Center	98,472
	International Trade Center	56,316
	International Center for Tropical Agriculture	646,605
	Coalition of Development Initiatives	61,940
	Commission of the European Communities	2,182,570
	Inter-American Commission on Organic Agriculture	60,279

(Continues)

INTER-AMERICAN INSTITUTE FOR COOPERATION ON AGRICULTURE (IICA)

**EXECUTION OF EXTERNAL RESOURCES BY FINANCING SOURCE
FOR THE YEAR ENDED DECEMBER 31, 2023**

(Stated in United States Dollars)

Financing Source	Amount
Council for Technical and Vocational Education and Training	US\$ 22,067
Andean Development Corporation	65,975
Croplife Latin America	90,000
United States Dairy Export Council	96,442
The U.S. Soybean Export Council	25,000
Bahia Water and Sanitation Company	336,160
EQUINOCCIO Company	124,756
Financial Fund for the Development of La Cuenca del Plata	73,111
International Fund for Agricultural Development	39,332
Italo-Ecuadorian Fund for Sustainable Development	272,408
Global fund for Crop Diversity	69,266
Caribbean Biodiversity Fund	397,378
Regional Fund for Agricultural Technology	545,576
Our Lady of the Road Foundation	47,498
Hidroalto Power Generation, S.A.	176,773
Institute of Fine Cocoa and Chocolate	37,574
World Resources Institute	69,907
International Food Policy Research Institute	113,409
American Meat Institute	100,000
Itaipu Binational	431,427
The Partnership Initiative for Sustainable Land Management	160,041
United Nations Office for Project Services	1,644,080
Organization Ibero-American States for Education, Science and Culture	24,000
Market Information Organization of the Americas	260,459
United Nations Food and Agriculture Organization	231,067
United Nations Women	34,641
World Trade Organization	261,777
PEPSICO	133,825
Pontifical Catholic University of Valparaiso	26,074
United Nations Development Program	407,018
Peru Management Program	41,813
ProjectA+	37,999
RIKOLTO	175,828
Food and Nutrition Security	68,270
German Society for International Cooperation	823,486
Sparx Professional & Management Development Training Ltd	61,200
Syngenta Global	372,164
Taiwan Fund for International Cooperation and Development	99,271
TechnoServe	56,991
National Autonomous University	26,035
Metropolitan Technological University	28,403
WeLead Caribbean	31,406
Other (less than US\$20,000)	<u>217,298</u>
Subtotal - Other Institutions and Governments	<u>16,309,322</u>
Grand Total	<u>US\$209,977,113</u>

(Concluded)

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