

International Fertilizer Development Center
Financial Statements
December 31, 2014 and 2013

International Fertilizer Development Center
Table of Contents
December 31, 2014 and 2013

CONTENTS

<u>ITEM</u>	<u>PAGE</u>
Independent Auditor's Report.....	1
Statements of Financial Position.....	3
Statements of Activities & Changes in Net Assets.....	4
Statements of Cash Flows.....	5
Notes to the Financial Statements.....	6
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing</i> <i>Standards</i>	16

Independent Auditor's Report

To the Board of Directors
International Fertilizer Development Center

Report on the Financial Statements

We have audited the accompanying statements of financial position of International Fertilizer Development Center ("IFDC"), a nonprofit organization, as of December 31, 2014 and December 31, 2013, and the related statements of activities and changes in net assets, and cash flows for the years then ended, and the related notes to the financial statements (collectively, the "financial statements").

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

ATHENS
213 South Houston Street
P.O. Box 929
Athens, AL 35612
Phone: 256.232.2260
Fax: 256.232.1881

HUNTSVILLE
101 Lowe Avenue
Suite 2-B
Huntsville, AL 35801
Phone: 256.539.3555
Fax: 256.536.6818

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. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant 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 audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of IFDC as of December 31, 2014 and December 31, 2013, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 2, 2015 on our consideration of IFDC's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering IFDC's internal control over financial reporting and compliance.

CDPA, P.C.

April 2, 2015

International Fertilizer Development Center
Statements of Financial Position
December 31, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Assets		
Current Assets		
Cash	\$ 4,569,713	\$ 7,063,393
Short-term investments - cash equivalents	3,999,958	-
Short-term investments	2,162,950	237,000
Contributions receivable	1,250,000	3,250,000
Grants and contracts receivable	6,307,153	6,374,055
Other receivables	452,967	477,376
Supplies inventory	117,054	160,213
Prepaid expenses and advances	566,009	605,811
Advances to subrecipients	<u>497,118</u>	<u>193,098</u>
 Total current assets	 19,922,922	 18,360,946
Non-Current Assets		
Buildings and equipment, net	<u>13,280</u>	<u>20,833</u>
 Total assets	 <u>\$ 19,936,202</u>	 <u>\$ 18,381,779</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued liabilities	\$ 529,892	\$ 2,536,926
Deferred compensation	-	105,100
Accrued salary, withholdings, annual leave and sick leave	1,530,519	1,896,982
Deferred revenue	<u>17,839,590</u>	<u>12,015,211</u>
 Total current liabilities	 <u>19,900,001</u>	 <u>16,554,219</u>
Net assets		
Unrestricted	27,871	1,819,230
Temporarily restricted	-	-
Permanently restricted	<u>8,330</u>	<u>8,330</u>
 Total net assets	 <u>36,201</u>	 <u>1,827,560</u>
 Total liabilities and net assets	 <u>\$ 19,936,202</u>	 <u>\$ 18,381,779</u>

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

International Fertilizer Development Center
Statements of Activities and Changes in Net Assets
December 31, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Revenue and support		
Contributions	\$ 2,250,000	\$ 3,250,000
Grants and contracts	61,889,881	72,397,318
Other	<u>114,012</u>	<u>62,002</u>
Total revenue and support	<u>64,253,893</u>	<u>75,709,320</u>
Expenses		
Program:		
Research and development	3,162,410	3,132,947
Agribusiness	35,724,247	44,138,588
Natural resource management	5,934,505	3,695,870
Capacity building	9,812,898	12,634,360
Virtual fertilizer research	1,025,895	572,865
Support services	9,134,544	10,541,446
Operational expense	<u>1,250,753</u>	<u>1,280,896</u>
Total expenses	<u>66,045,252</u>	<u>75,996,972</u>
Change in net assets	<u>(1,791,359)</u>	<u>(287,652)</u>
Net assets, beginning of year	<u>1,827,560</u>	<u>2,115,212</u>
Net assets, end of year	<u>\$ 36,201</u>	<u>\$ 1,827,560</u>

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

International Fertilizer Development Center
Statements of Cash Flows
December 31, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Cash flows from operating activities		
Change in net assets	\$ (1,791,359)	\$ (287,652)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Bad debt expense	-	515,653
Depreciation	7,553	13,331
Change in assets and liabilities:		
Contributions receivable	2,000,000	(3,250,000)
Grants and contracts receivable	66,902	1,956,480
Other receivables	24,409	157,922
Supplies inventory	43,159	(27,519)
Advances to subrecipients	39,802	(55,132)
Prepaid expenses	(304,020)	41,783
Accounts payable and accrued liabilities	(2,007,034)	(1,456,123)
Deferred compensation payable	(105,100)	(27,947)
Accrued salary, annual leave and sick leave	(366,463)	183,674
Deferred revenue	<u>5,824,379</u>	<u>(12,818,873)</u>
Net cash provided by (used in) operating activities	3,432,228	(15,054,403)
Cash flows from investing activities		
Changes in short-term investments	<u>(1,925,950)</u>	<u>9,450,935</u>
Net cash (used in) provided by investing activities	(1,925,950)	9,450,935
Increase (decrease) in cash	1,506,278	(5,603,468)
Cash and Cash Equivalents		
Beginning of year	<u>7,063,393</u>	<u>12,666,861</u>
End of year	<u>\$ 8,569,671</u>	<u>\$ 7,063,393</u>
Reconciliation of Cash and Cash Equivalents to Statements of Financial Position:		
Cash	\$ 4,569,713	\$ 7,063,393
Short-term investments-cash equivalents	<u>3,999,958</u>	<u>-</u>
	<u>\$ 8,569,671</u>	<u>\$ 7,063,393</u>

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

International Fertilizer Development Center
Notes to the Financial Statements
December 31, 2014 and 2013

NOTE 1 – GENERAL

International Fertilizer Development Center (“IFDC”) is a non-profit organization incorporated October 7, 1974 under the state laws of Alabama. On March 14, 1977, IFDC was designated as a public international organization by executive order of the President of the United States. IFDC focuses on increasing and sustaining food and agricultural productivity in developing countries and transitional economies through the development and transfer of effective and environmentally sound plant nutrient technology and agribusiness expertise.

In the event of dissolution, the articles of incorporation provide that the residual assets of the organization will be distributed to one or more tax exempt organizations or to the federal, state, or local government for exclusive public purposes.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements of IFDC have been prepared on the accrual basis of accounting.

Contributions

Contributions, both restricted and unrestricted, are recorded as support and contributions receivable when an unconditional “promise to give” is made. Allowances, if any, are established for pledges estimated to be uncollectible.

IFDC reports contributions of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities and changes in net assets as net assets released from restrictions.

Contributions include funds provided under the terms of a contract between IFDC and USAID. The funding by USAID is used to support IFDC’s programs of improving fertilizers and fertilizer utilization and handling in developing countries.

Grants and Contracts

Except for the grants classified as contributions discussed above, IFDC’s grants and contracts are considered to be exchange contracts and, therefore, the revenues are classified as unrestricted and are recognized as the related funds are expended. Deferred revenue of \$17,839,590 and \$12,015,211 at December 31, 2014 and 2013, respectively, represents funds received in advance or grants and contract funds received in excess of amounts expended.

International Fertilizer Development Center
Notes to the Financial Statements
December 31, 2014 and 2013

Cash and Cash Equivalents

IFDC considers all highly liquid investments with a maturity of three months or less to be cash equivalents.

Short-Term Investments

Short-term investments, which consist of United States Treasury Bills and bank certificates of deposit, are recorded at cost, which approximates market value.

Grants and Contracts Receivable

Grants and contracts receivable represent amounts earned under exchange contracts but not received at year end. As previously noted, amounts are deemed earned and are recognized as revenue as the related funds are expended.

Other Receivables

Other receivables consist primarily of receivables from employees. Due to the nature of IFDC's operations in foreign countries, advances are routinely made to employees working in these regions for living or travel expenses. All amounts are due within one year.

Supplies Inventory

Inventories of supplies are valued at the lower of cost or replacement cost using the first-in, first-out method.

Advances to Subrecipients

Advances to subrecipients represent payments to subrecipients in advance of services being provided by the subrecipients in accordance with the terms of the grant contract. These payments are recorded as advances when made and are appropriately reclassified as project expenses as the work is performed under these contracts.

Buildings and Equipment

Buildings and equipment are recorded at cost, or fair value at the date of donation in the case of gifts. Major renewals and betterments are capitalized. IFDC's capitalization policy defines a major renewal or betterment as a purchase of property, plant or equipment with a cost exceeding \$5,000 and a life reasonably expected to be longer than one year. Maintenance and repairs are charged to expense as incurred. Depreciation is calculated on the straight-line method over the estimated useful lives of the assets ranging from three to twelve years. When items of buildings or equipment are sold or retired, the related cost and accumulated depreciation are removed from the respective accounts and any gain or loss is included in the statements of activities and changes in net assets.

International Fertilizer Development Center
Notes to the Financial Statements
December 31, 2014 and 2013

Accrued Annual and Sick Leave

Annual and sick leave accrue at the monthly rate of 16 hours and 8 hours, respectively. Employees may carry forward annual leave up to a maximum of 176 hours and sick leave up to a maximum of 1,200 hours. Annual leave in excess of 176 hours can be converted to sick leave until accrued sick leave reaches 1,200 hours. Upon termination, employees are paid for accrued annual leave up to 176 hours. All unused sick leave is forfeited upon termination.

Net Assets

IFDC's net assets and its revenues and expenses are classified based on the existence or absence of donor-imposed restrictions using the following classifications:

- Unrestricted Net Assets – Net assets that result from revenues that are not restricted by donors or those with donor-imposed restrictions that have expired as well as capital assets purchased with temporary or permanently restricted revenues where the satisfaction of donor stipulations were satisfied when the assets were placed into operations.
- Temporarily Restricted Net Assets – Net assets that result from contributions and other inflows of assets whose use by IFDC is limited by donor-imposed stipulations that require IFDC use or expend the donated assets as specified and are satisfied either by the passage of time or by actions of IFDC.
- Permanently Restricted Net Assets – Net assets that result from contributions and other inflows of assets whose use by IFDC is limited by donor-imposed stipulations that neither expire by the passage of time nor can be fulfilled or otherwise removed by action of the Board of Directors pursuant to those stipulations. Permanently restricted funds at December 31, 2014 and 2013 represent an endowment with donor-imposed stipulations that the principal balance of \$8,330 remain in place with the interest earned to be used by IFDC as unrestricted funds.

Income Tax Status

IFDC has a tax determination letter from the Internal Revenue Service stating that it qualifies under the provisions of Section 501(c)(3) of the Internal Revenue Code and is exempt from federal income taxes. Accordingly, no provision for income taxes has been included in the accompanying financial statements.

Uncertain Tax Positions

IFDC is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, except on net income derived from unrelated business activities. The Organization had no unrelated business activities that are subject to taxes. The Organization's federal Exempt Organization Business Income Tax Returns for 2011, 2012, and 2013 are subject to examination by the IRS, generally for three years after they were filed.

International Fertilizer Development Center
Notes to the Financial Statements
December 31, 2014 and 2013

Foreign Currency

IFDC records transactions denominated in foreign currency on a monthly basis, using the average monthly exchange rate. Bank accounts denominated in foreign currency are translated as of the ending balance sheet dates using the current exchange rate at that time. At December 31, 2014 and 2013, there were immaterial gains and losses related to those transactions, which are included in the statements of activities and changes in net assets as other revenue.

Concentrations of Credit Risk

IFDC maintains cash accounts with several large financial institutions. All accounts at financial institutions in the United States of America are guaranteed by the Federal Deposit Insurance Corporation up to \$250,000 per bank. IFDC also maintains cash accounts with foreign financial institutions. IFDC's policy is to maintain one month's worth of operating expenses within these foreign accounts to cover current expenses of programs based in these foreign countries. Credit risk with respect to deposits and investments, is more fully described in Note 3.

IFDC may have receivables from governments and entities outside the United States. Management evaluates the collectability of these foreign receivables and reserves for any receivables that are doubtful of collection. At December 31, 2014 and 2013, IFDC had \$3,110,937 and \$2,509,616, respectively, of receivables from foreign governments and entities.

Use of Estimates

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

Long-Lived Assets

IFDC reviews long-lived assets held and used in operations for impairment whenever events or changes in circumstances indicate that the carrying amount of these assets may not be fully recoverable. In the event that facts and circumstances indicate that the cost of any long-lived assets may be impaired, an evaluation of recoverability is performed. If an evaluation is required, the estimated future undiscounted cash flows associated with the asset are compared to the asset's carrying amount to determine if a write-down to market value or discounted cash flow value is required. IFDC did not recognize any impairment write-downs for long-lived assets in 2014 and 2013.

International Fertilizer Development Center
Notes to the Financial Statements
December 31, 2014 and 2013

Functional Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities and changes in net assets. Accordingly, certain costs have been allocated among the following programs and supporting services that benefit from such costs. During the years ended December 31, 2014 and 2013, these costs were allocated as follows:

- a. *Research and Development Program* – The Research and Development Program is comprised primarily of the Agro-Economic Program and the Fertilizer Technology Program. The Agro-Economic Program focuses on nutrient and water management technologies and conducts research on the economic social relevance of technologies and policy and market development options. The Fertilizer Technology Program encompasses all research and engineering functions related to fertilizer raw materials and the production of fertilizer materials.
- b. *Agribusiness Program* – The Agribusiness Program aims to increase the productivity and profitability of smallholder agriculture through the development of competitive and sustainable agricultural value chains and the improvement of social and environmental stability in various regions of the world.
- c. *Natural Resource Management Program* – The Natural Resource Management Program aims to develop sustainable and competitive agricultural production systems using a participatory research and development approach.
- d. *Capacity Building Program* – The Capacity Building Program aims to equip IFDC partners (farmers, dealers, marketers, entrepreneurs) in developing countries with the capabilities, expertise and skills required to perform their functions in the food value chain in an effective and efficient manner.
- e. *Virtual Fertilizer Research Center (“VFRC”) Program* – The VFRC is a research initiative that has been established under the auspice of IFDC. The VFRC helps develop and commercialize innovative research into the next generation of fertilizers and fertilizer technologies that will assist smallholder farmers in developing regions. IFDC serves as a catalyst, change-agent, stimulator and initiator by engaging the needed global expertise in a partnership for a common technology agenda.

International Fertilizer Development Center
Notes to the Financial Statements
December 31, 2014 and 2013

NOTE 3 – CASH AND SHORT-TERM INVESTMENTS

Cash

At December 31, cash consisted of the following:

	<u>2014</u>	<u>2013</u>
Deposits in U.S. banks	\$ 4,008,040	\$ 5,391,990
Deposits in foreign financial institutions	507,860	1,562,732
Petty cash funds	<u>53,813</u>	<u>108,671</u>
	<u>\$ 4,569,713</u>	<u>\$ 7,063,393</u>

At December 31, 2014, the balance per the bank statements (prior to reconciliation) of the U.S. bank deposits was \$4,069,535. Of this balance, \$523,882 was covered by FDIC insurance and \$3,433,600 of the balance was collateralized with securities pledged by the financial institutions. At December 31, 2014, \$112,053 was unsecured or uncollateralized. At December 31, 2013, the balance per the bank statements (prior to reconciliation) of the U.S. bank deposits was \$5,410,401. Of this balance, \$363,302 was covered by FDIC insurance and \$5,047,099 of the balance was collateralized with securities pledged by the financial institutions. There were no amounts that were unsecured or uncollateralized at December 31, 2013. The securities pledged to secure IFDC's deposits are held by the pledging institution's third party safekeeper on behalf of IFDC. The securities are held in the name of the pledging financial institution. Pledges are released only by notification of consent from IFDC to the safekeeping financial institution.

Short-Term Investments and Cash Equivalents

At December 31, short-term investments and cash equivalents consisted of the following:

	<u>2014</u>	<u>2013</u>
U.S. Treasury Bills, matures > 3 months	\$ 1,849,950	\$ -
U.S. Treasury Bills- cash equivalents, matures < 3 months	3,999,958	-
Certificates of Deposit, U.S. banks, matures < 1 year	<u>313,000</u>	<u>237,000</u>
	<u>\$ 6,162,908</u>	<u>\$ 237,000</u>

At December 31, 2014, short-term investments and cash equivalents were covered by FDIC insurance in the amount of \$250,000 and \$5,912,908 was unsecured and uncollateralized. However, the U.S. Treasury Bills are backed by the full faith and credit of the United States government. At December 31, 2013, short-term investments and cash equivalents were fully covered by FDIC insurance and there were no amounts unsecured or uncollateralized.

Income from deposits and investments consisted of interest income only. For the year ended December 31, 2014, interest income totaled \$17,813 of which \$17,224 is included in other income and \$589 is included in grants and contracts income in accordance with requirements set forth in the grant/contract agreements. For the year ended December 31, 2013, interest income totaled \$24,619 of which \$24,485 is included in other income and \$134 is included in grants and contracts income in accordance with requirements set forth in the grant/contract agreements.

International Fertilizer Development Center
Notes to the Financial Statements
December 31, 2014 and 2013

NOTE 4 – BUILDINGS AND EQUIPMENT

Buildings and equipment consist of the following at December 31, 2014 and 2013:

	<u>2014</u>	<u>2013</u>
Buildings	\$ 5,976,400	\$ 5,976,400
Equipment	<u>385,771</u>	<u>385,771</u>
	6,362,171	6,362,171
Accumulated depreciation	<u>(6,348,891)</u>	<u>(6,341,338)</u>
	<u>\$ 13,280</u>	<u>\$ 20,833</u>

Depreciation expense was \$7,553 and \$13,331 for the years ended December 31, 2014 and 2013, respectively. During the year ended December 31, 2013, fully depreciated assets with original costs of \$81,728 were disposed.

IFDC's building, which was being depreciated over thirty-five years, was fully depreciated during the year ended December 31, 2007. The land on which the building was constructed is owned by the Tennessee Valley Authority ("TVA"). On August 16, 1976, TVA granted IFDC a permanent easement for the construction, operation, and maintenance of fertilizer research and related facilities on this land. In the event that IFDC ceases such operations, TVA has the right to terminate the easement upon ninety days written notice to IFDC. Upon any such termination, IFDC, at its own expense, may remove any of the improvements that it shall have placed on the land within 180 days following termination of the easement. Any improvements not removed within the 180 day time frame shall, upon expiration thereof, automatically vest in TVA, its successors or assignees.

IFDC's building was constructed with federal funds received through a USAID capital construction program grant. This grant, effective June 30, 1975 through June 29, 1978, provided funds totaling \$8,800,000 for the support of capital development costs including the purchase and acquisition of capital equipment. Under the terms of the grant, any real property purchased or constructed with the use of these federal funds obligates IFDC, or in the case of any transfer of such property, any transferee, to use such property for a purpose for which the grant funds were expended or for another purpose involving the provision of similar services or benefits.

An amendment to IFDC's articles of incorporation, dated January 17, 1975, provides that in the event of dissolution, the residual assets of the organization will be turned over to one or more organizations which themselves are exempt as organizations described in Sections 501(c)(3) and 170(c)(2) of the Internal Revenue Code of 1954 or corresponding sections of any prior or future Internal Revenue Code, or to the federal, state or local government for exclusive public purpose.

International Fertilizer Development Center
Notes to the Financial Statements
December 31, 2014 and 2013

NOTE 5 – GRANTS AND CONTRACTS

Revenue recognized under grants and contracts for the years ended December 31, 2014 and 2013 is summarized as follows:

	<u>2014</u>	<u>2013</u>
United States Agency for International Development	\$ 20,213,518	\$ 28,907,540
ACDI/VOCA	1,861,707	1,665,511
AFAP	929,430	871,750
Alliance for a Green Revolution in Africa (AGRA)	783,273	1,708,248
Centre for Development Innovation (CDI)	157,924	-
Chemonics International Inc.	1,190,965	3,496,801
Common Funds for Commodities	-	238,416
DAI	489,664	478,734
Dutch Embassy of Benin	1,604,629	403,615
Dutch Embassy of Burundi	1,641,267	1,940,690
Dutch Embassy of Mali	995,985	1,270,856
Dutch Embassy of Rwanda	6,351,396	6,224,043
Dutch Embassy of Uganda	5,654,916	2,488,659
Economic Community West African States (ECOWAS)	574,212	-
Forum for Agricultural Research in Africa (FARA)	-	88,621
Government of Nigeria	784,304	932,962
Government of Taraba State Nigeria	42,783	129,288
Government of Togo	441,551	435,668
GRM International Limited	1,547,143	-
International Fertilizer Industry Association	161,431	101,879
International Food Policy Research Institute (IFPRI)	727,352	801,952
International Fund for Agricultural Development (IFAD)	-	61,707
Jacobs Engineering, Inc.	-	752,100
Kumtor Gold Company	242,000	200,000
Netherlands Minister for Development Cooperation (DGIS)	7,948,516	14,033,355
National Programme for Food Security (NPFS)	-	10,698
Royal Tropical Institute	-	103,955
Saudi Basic Industries Corporation (SABIC)	431,944	-
Shell Oil Products US	731,631	815,657
Sulvaris Inc.	-	67,262
Swiss Agency for Development and Cooperation (SDC)	2,912,528	2,132,299
Sygenta Crop Protection AG	659,610	-
The Fertilizer Institute	180,000	172,500
The International Crop Research Institute for the Semi-Arid Tropics (ICRISAT)	593,199	432,835
University of Michigan	-	157,594
Wal-Mart Foundation, Inc.	643,650	233,885
Training Programs	410,201	413,729
Others	<u>983,152</u>	<u>624,509</u>
Total grants and contracts revenue	<u>\$ 61,889,881</u>	<u>\$ 72,397,318</u>

International Fertilizer Development Center
Notes to the Financial Statements
December 31, 2014 and 2013

NOTE 6 – RETIREMENT PLAN

IFDC provides retirement benefits for eligible employees through a fully vested defined contribution retirement plan. Contributions, which are made by IFDC for each eligible employee, are based upon salary and age. IFDC's contributions for the years ended December 31, 2014 and 2013 were \$1,601,659 and \$1,573,419, respectively.

NOTE 7 – RISKS AND UNCERTAINTIES

IFDC's projects, like most projects of other International Agricultural Research Centers, are normally situated in unstable regions arising from the political turmoil and instability. The situation in any of these areas could change rapidly, at which time the project in that area may have to be abandoned or postponed. The abandonment or long-term interruption of any major project could have a negative impact on IFDC's financial position and/or results of operations.

A majority of IFDC's multilateral and bilateral donor funding is subject to competition, changes in procurement policies and regulations, the continuing availability of congressional appropriations, world events, and the size and timing of programs in which IFDC may participate. These risks could result in deduction or loss of future funding. Significant reductions in multilateral or bilateral donor funding could have a material adverse impact on IFDC's financial position, results of operations and cash flows.

NOTE 8 – LINE OF CREDIT

IFDC entered into an agreement with First Metro Bank, Muscle Shoals, Alabama, for a \$4,000,000 line of credit. The agreement, dated November 21, 2014, allows IFDC to borrow up to \$4,000,000 at a variable interest rate (currently 5%) through November 21, 2015. No amounts were outstanding at December 31, 2014 and 2013.

NOTE 9 – COMMITMENTS AND CONTINGENCIES

The Company leases various building and equipment under operating leases. Future minimum lease payments under non-cancelable operating leases as of December 31, 2014, are as follows:

Year Ending December 31,	
2015	\$ 188,949
2016	228,630
2017	215,877
2018	209,808
2019	209,808
Thereafter	<u>139,872</u>
	<u>\$ 1,192,944</u>

International Fertilizer Development Center
Notes to the Financial Statements
December 31, 2014 and 2013

NOTE 10 – SUBSEQUENT EVENTS

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition and disclosure through the date of the auditors' report, which was the date the financial statements were available to be issued.

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

To the Board of Directors
International Fertilizer Development Center

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of International Fertilizer Development Center ("IFDC"), as of and for the year ended December 31, 2014, and the related notes to the financial statements and have issued our report thereon dated April 2, 2015.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered IFDC's internal control over financial reporting ("internal control") to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of IFDC's internal control. Accordingly, we do not express an opinion on the effectiveness of IFDC's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

ATHENS
213 South Houston Street
P.O. Box 929
Athens, AL 35612
Phone: 256.232.2260
Fax: 256.232.1881

HUNTSVILLE
101 Lowe Avenue
Suite 2-B
Huntsville, AL 35801
Phone: 256.539.3555
Fax: 256.536.6818

Compliance and Other Matters

As part of obtaining reasonable assurance about whether IFDC's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

CDPA, P.C.

April 2, 2015