

**International Fertilizer Development Center**  
**Financial Statements**  
**December 31, 2017 and 2016**

**International Fertilizer Development Center**  
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**December 31, 2017 and 2016**

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## **Independent Auditor's Report**

To the Board of Directors  
International Fertilizer Development Center

### **Report on the Financial Statements**

We have audited the accompanying financial statements of International Fertilizer Development Center ("IFDC"), a nonprofit organization, which comprise the statements of financial position as of December 31, 2017 and December 31, 2016, 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 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.

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.

/ Huntsville

/ Athens  
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/ Florence

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, 2017 and December 31, 2016, 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 July 3, 2018 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 the effectiveness of IFDC's 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.***

Florence, AL  
July 3, 2018

**International Fertilizer Development Center**  
**Statements of Financial Position**  
**December 31, 2017 and 2016**

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	<u>2017</u>	<u>2016</u>
<b>Assets</b>		
Current Assets		
Cash	\$ 10,580,599	\$ 3,825,711
Short-term investments	148,000	241,000
Grants and contracts receivable	5,037,125	7,190,657
Other receivables	267,735	391,286
Supplies inventory	26,419	35,326
Prepaid expenses and advances	470,523	479,996
Advances to subrecipients	<u>23,495</u>	<u>35,550</u>
 Total current assets	 16,553,896	 12,199,526
Non-Current Assets		
Buildings and equipment, net	<u>86,379</u>	<u>99,057</u>
 Total assets	 <u>\$ 16,640,275</u>	 <u>\$ 12,298,583</u>
<b>Liabilities and Net Assets</b>		
Liabilities		
Accounts payable and accrued liabilities	\$ 856,254	\$ 702,898
Accrued salary, withholdings, annual leave and sick leave	891,142	1,291,941
Deferred revenue	<u>16,340,738</u>	<u>12,527,389</u>
 Total current liabilities	 18,088,134	 14,522,228
Net assets		
Unrestricted	(1,456,189)	(2,231,975)
Temporarily restricted	-	-
Permanently restricted	<u>8,330</u>	<u>8,330</u>
 Total net assets	 <u>(1,447,859)</u>	 <u>(2,223,645)</u>
 Total liabilities and net assets	 <u>\$ 16,640,275</u>	 <u>\$ 12,298,583</u>

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

**International Fertilizer Development Center**  
**Statements of Activities and Changes in Net Assets**  
**For the Year Ended December 31, 2017 and 2016**

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	<u>2017</u>	<u>2016</u>
<b>Revenue and support</b>		
Grants and contracts	\$ 56,399,675	\$ 59,994,700
Other	<u>196,637</u>	<u>53,437</u>
Total revenue and support	56,596,312	60,048,137
<b>Expenses</b>		
Program:		
Research and development	3,136,079	2,975,607
Field projects	41,530,781	42,747,641
Capacity building	4,607,497	6,312,577
Virtual fertilizer research	-	143,238
Support services	5,812,478	6,907,344
Operational expense	<u>733,691</u>	<u>890,179</u>
Total expenses	<u>55,820,526</u>	<u>59,976,586</u>
Change in net assets	775,786	71,551
Net assets, beginning of year	<u>(2,223,645)</u>	<u>(2,295,196)</u>
Net assets, end of year	<u>\$ (1,447,859)</u>	<u>\$ (2,223,645)</u>

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

**International Fertilizer Development Center**  
**Statements of Cash Flows**  
**For the Year Ended December 31, 2017 and 2016**

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	<u>2017</u>	<u>2016</u>
<b>Cash flows from operating activities</b>		
Change in net assets	\$ 775,786	\$ 71,551
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	12,678	12,678
Change in assets and liabilities:		
Contributions receivable	-	-
Grants and contracts receivable	2,153,532	(3,963,879)
Other receivables	123,551	(77,794)
Supplies inventory	8,907	10,790
Advances to subrecipients	12,055	152,283
Prepaid expenses	9,473	92,239
Accounts payable and accrued liabilities	153,356	(1,059,134)
Accrued salary, annual leave and sick leave	(400,799)	(74,965)
Deferred revenue	<u>3,813,349</u>	<u>(3,324,160)</u>
Net cash provided by (used in) operating activities	6,661,888	(8,160,391)
<b>Cash flows from investing activities</b>		
Purchases of PP&E	-	(101,347)
Changes in short-term investments	<u>93,000</u>	<u>2,071,158</u>
Net cash provided by investing activities	<u>93,000</u>	<u>1,969,811</u>
Increase (decrease) in cash	6,754,888	(6,190,580)
<b>Cash and Cash Equivalents</b>		
Beginning of year	<u>3,825,711</u>	<u>10,016,291</u>
End of year	<u>\$ 10,580,599</u>	<u>\$ 3,825,711</u>

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

**International Fertilizer Development Center**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2017 and 2016**

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**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. There were no such contributions during the years ended December 31, 2017 and 2016.

**Grants and Contracts**

Except for the any amounts 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 \$16,340,738 and \$12,527,389 at December 31, 2017 and 2016, respectively, represents funds received or billings in advance or in excess of amounts expended on grants and contracts.



**International Fertilizer Development Center**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2017 and 2016**

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**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 or billed 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**  
**For the Year Ended December 31, 2017 and 2016**

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**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. As a result of declining usage of sick leave, IFDC changed its methodology for estimating accrued sick leave in 2016. The effect of this change was to decrease salaries and wages expense and increase the change in net assets by approximately \$230,000 in the year of the change in estimation.

**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, 2017 and 2016 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.

It is the policy of the IFDC to first apply restricted resources when an expense is incurred and then apply unrestricted resources when both restricted and unrestricted net assets are available.

**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.

**International Fertilizer Development Center**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2017 and 2016**

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**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 2015, 2016, and 2017 are subject to examination by the IRS, generally for three years after they were filed.

**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, 2017 there was a net gain of \$132,469 related to those transactions, which were included in the statements of activities and changes in net assets as expense. At December 31, 2016 there was a net loss of \$299,563 related to those transactions, which were included in the statements of activities and changes in net assets as expense.

**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.

During the year ended December 31, 2017 and 2016, approximately 33% and 43%, respectively, of revenues were generated from contributions, grants or contracts directly or indirectly funded by USAID. During the year ended December 31, 2017 and 2016, approximately 51% and 44%, respectively, of revenues were generated from contributions, grants or contracts directly or indirectly funded by one foreign government. At times, IFDC may have concentrations of receivables from both foreign and domestic entities. Management evaluates the collectability of these receivables and reserves for any receivables that are doubtful of collection. At December 31, 2017 and 2016, receivables from contributions, grants and contracts funded by USAID were 52% and 67%, respectively, of total contributions, grants and contracts receivable. At December 31, 2017 and 2016, IFDC had \$1,620,873 and \$1,859,627, respectively, of receivables from foreign governments and entities. At December 31, 2017 and 2016, approximately 3% and 12% of total contributions, grants and contracts receivable were funded by one foreign government.

**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.

**International Fertilizer Development Center**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2017 and 2016**

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**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 2017 and 2016.

**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, 2017 and 2016, these costs were allocated as follows:

- a. *Research and Development Program* – The Research and Development Program is comprised primarily of three programs: 1) Developing and Scaling Out Technologies, Approaches and Practices, which develops and diffuses technologies that address nutrient management issues and promotes advancement of sustainable agricultural intensification; 2) Supporting Policy Reforms and Market Development, which conducts evidence-based policy analyses to support reform processes in multiple dimensions of economic policy and 3) Learning Agendas and Knowledge Management, which works to ensure that IFDC captures, documents, analyzes, and disseminates the knowledge generated from all of IFDC's work on increased agricultural productivity.
- b. *Field Projects Program* – The Field Projects 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. *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.
- d. *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**  
**For the Year Ended December 31, 2017 and 2016**

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**NOTE 3 – CASH AND SHORT-TERM INVESTMENTS**

**Cash**

At December 31, cash consisted of the following:

	<u>2017</u>	<u>2016</u>
Deposits in U.S. banks	\$ 9,888,227	\$ 2,684,523
Deposits in foreign financial institutions	669,188	1,104,304
Petty cash funds	<u>23,184</u>	<u>36,884</u>
	<u>\$ 10,580,599</u>	<u>\$ 3,825,711</u>

At December 31, 2017, the balance per the bank statements (prior to reconciliation) of the U.S. bank deposits was \$9,893,880. Of this balance, \$1,012,877 was covered by FDIC insurance and \$3,866,712 of the balance was collateralized with securities pledged by the financial institutions. At December 31, 2017, \$5,014,291 was unsecured or uncollateralized. At December 31, 2016, the balance per the bank statements (prior to reconciliation) of the U.S. bank deposits was \$2,724,290. Of this balance, \$1,012,871 was covered by FDIC insurance and \$186,254 of the balance was collateralized with securities pledged by the financial institutions. At December 31, 2016, \$1,525,165 was unsecured or uncollateralized. 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>2017</u>	<u>2016</u>
Certificates of Deposit, U.S. banks, matures < 1 year	<u>\$ 148,000</u>	<u>\$ 241,000</u>

At December 31, 2017, short-term investments and cash equivalents were covered by FDIC insurance in the amount of \$148,000 and \$0 was unsecured and uncollateralized. At December 31, 2016, short-term investments and cash equivalents were covered by FDIC insurance in the amount of \$241,000 and \$0 was unsecured and uncollateralized. However, the U.S. Treasury Bills are backed by the full faith and credit of the United States government.

Income from deposits and investments consisted of interest income only. For the year ended December 31, 2017, interest income totaled \$10,871 of which \$10,791 is included in other income and \$80 is included in grants and contracts income in accordance with requirements set forth in the grant/contract agreements. For the year ended December 31, 2016, interest income totaled \$18,049 of which \$16,254 is included in other income and \$1,795 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**  
**For the Year Ended December 31, 2017 and 2016**

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**NOTE 4 – BUILDINGS AND EQUIPMENT**

Buildings and equipment consist of the following at December 31, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Buildings	\$ 6,077,747	\$ 6,077,747
Equipment	<u>385,771</u>	<u>385,771</u>
	6,463,518	6,463,518
Accumulated depreciation	<u>(6,377,139)</u>	<u>(6,364,461)</u>
	<u>\$ 86,379</u>	<u>\$ 99,057</u>

Depreciation expense was \$12,678 and \$12,678 for the years ended December 31, 2017 and 2016, respectively.

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**  
**For the Year Ended December 31, 2017 and 2016**

**NOTE 5 – GRANTS AND CONTRACTS**

Revenue recognized under grants and contracts for the years ended December 31, 2017 and 2016 is summarized as follows:

	<u>2017</u>	<u>2016</u>
United States Agency for International Development	\$ 18,137,337	\$ 24,571,894
ACDI/VOCA	20,740	285,519
AFAP	102,194	166,914
Africa Rice Center	216,273	137,897
Alliance for a Green Revolution in Africa (AGRA)	265,770	424,418
Centre for Development Innovation (CDI)	339,188	331,092
Chemonics International Inc.	-	210,652
Context Global Development	463,965	205,985
DAI	-	359,042
Dutch Embassy of Benin	3,817,981	2,880,844
Dutch Embassy of Burundi	13,715,234	9,502,414
Dutch Embassy of Rwanda	-	644,132
Dutch Embassy of Uganda	1,954,445	3,272,334
Government of Nigeria	143,456	265,435
GIZ Uganda	44,023	-
Haifa Chemicals, Ltd.	10,936	182,839
Hexion, Inc.	134,014	-
IFAD VCDP	551,816	136,986
International Fertilizer Industry Association	182,579	86,578
International Food Policy Research Institute (IFPRI)	668,347	683,521
International Maize & Wheat Improvement Center (CIMMYT)	330,223	65,630
Irish Aid	111,721	92,929
MAEP	440,853	316,711
Millennium Challenge Authority (MCA)	284,597	-
Netherlands Minister for Development Cooperation (DGIS)	8,870,777	9,326,940
OCP Foundation	290,775	-
Saudi Basic Industries Corporation (SABIC)	217,056	258,483
Safi Sana	100,257	-
Shell Oil Products US	428,169	428,006
Sirius	152,082	-
Solidaridad West Africa (SWA)	207,209	199,213
Swiss Agency for Development and Cooperation (SDC)	648,595	2,500,403
Sulvaris	5,373	207,226
The Fertilizer Institute	85,632	140,188
Toyota Tsusho Corporation	70,580	242,839
United Nations Office for Project Development (UNOPS-LIFT)	1,331,287	1,022,087
USDA	22,601	18,448
Wal-Mart Foundation, Inc.	563,693	9,710
World Bank	107,658	-
Training Programs	241,567	377,903
Other Pilot Plant/Lab/Greenhouse Income	578,490	-
Others	<u>542,182</u>	<u>439,488</u>
Total grants and contracts revenue	<u>\$ 56,399,675</u>	<u>\$ 59,994,700</u>

**International Fertilizer Development Center**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2017 and 2016**

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**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, 2017 and 2016 were \$1,235,816 and \$1,447,984, 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 on November 18, 2016. The agreement allowed IFDC to borrow up to \$4,000,000 at 5% interest through November 18, 2017. The agreement expired on November 18, 2017 and management is currently renegotiating its terms as of the date of the audit report. No amounts were outstanding at December 31, 2017 and 2016.

**NOTE 9 – COMMITMENTS AND CONTINGENCIES**

The Company leases various building and equipment under operating leases. Rent expense under operating leases during the years ended December 31, 2017 and 2016 totaled \$1,226,870 and \$1,213,412. Future minimum lease payments under non-cancelable operating leases as of December 31, 2016, are as follows:

Year Ending December 31,	
2018	\$ 499,204
2019	439,829
2020	335,376
Thereafter	<u>          -</u>
	<u>\$1,274,409</u>



**International Fertilizer Development Center**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2017 and 2016**

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**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”), a nonprofit organization, which comprise the statements of financial position as of December 31, 2017 and 2016, 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, and have issued our report thereon dated July 3, 2018.

**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.

## **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.***

Florence, AL  
July 3, 2018