

## FINANCIAL REPORT

In 2003 the International Potato Center achieved a net surplus of US\$ 0.9 million, US\$ 0.6 million, or 183 percent above the amount budgeted. The surplus helped to increase the Center's financial reserves.

CIP's total revenues in 2003 were US\$18.2 million, 3 percent lower than 2002 revenues. Total revenues included US\$7.96 million of unrestricted donations and US\$9.86 million of restricted donations. At the end of 2003, US\$43 million of grants approved (24 percent of total revenues) had not been released.

CIP's donations are received in US Dollars, Euros, and several other currencies. In 2003, the US dollar continued to depreciate in the currency markets, which created additional revenues of US\$ 0.5 million in unrestricted and earmarked activities. Though the US dollar was weak in 2002-2003, it is expected that at some time during 2004 the US dollar will begin to rise, affecting CIP's future revenues denominated in other currencies.

Accumulated expenditures reached US\$17.4 million in 2003, 10 percent below the 2002 amount. Expenditures fell in all categories, particularly in services, as well as international and local staff funded by unrestricted donations. This fall was mainly due to a reduction exercise implemented in 2002 and measures taken to improve operational efficiency, which took full effect in 2003. In addition, steps were taken to improve direct and indirect cost recovery from ongoing and new restricted projects, which resulted in an increase from US\$0.8 million in 2002 to US\$1.3 million in 2003.

By the end of 2003, CIP's financial reserves increased to US\$4.5 million. The increase is mainly explained by the 2003 surplus of US\$0.9 million, and by the reallocation of US\$1.0 million from accruals and provisions to net assets.

In 2003, 72 project proposals for US\$41.5 million were submitted to donor agencies. During the year, 52 proposals were approved for total commitments of US\$15.1 million. The approved proposals, measured in dollar terms, represent an increase in approved donations of 40 percent compared with 2002. The average donation approved per project climbed from US\$0.212 million in 2002 to US\$0.29 million in 2003. By the end of the year, the backlog of projects pending approval increased by US\$13.6 million to reach US\$ 33.1 million.

Austere policies made it possible to keep indirect costs at 13 percent. CIP will continue to exercise prudent management, and indirect costs should decline as the Center expands its research program.

The statement below summarizes CIP's financial position as of December 2003. A copy of the complete audited financial statements may be requested from the office of the Deputy Director General, Corporate Development, at CIP headquarters in Lima, Peru.

### Statement of financial position

Year ending 31 December 2003, compared with 2002

	(US\$000)	
	2003	2002
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalent	9,190	5,969
Accounts receivable:		
Donors	4,268	4,025
Employees	283	311
Others	316	238
Inventories	436	489
Advances	475	432
Prepaid expenses	261	184
Total current assets	15,229	11,648
<b>Property and equipment, net</b>	2,596	2,860
<b>Total assets</b>	<b>17,825</b>	<b>14,508</b>
<b>Liabilities and net assets</b>		
<b>Current liabilities</b>		
Accounts payable		
Donors	4,290	1,063
Others	6,342	6,709
Accruals	61	1,201
Total current liabilities	10,693	8,973
<b>Net assets</b>		
Appropriated	2,596	3,736
Unappropriated	4,536	1,799
Total net assets	7,132	5,535
<b>Total liabilities and net assets</b>	<b>17,825</b>	<b>14,508</b>