



Consolidated Financial Statements and  
Independent Auditor's Report and Reports in  
Compliance with OMB Circular A-133

**World Resources Institute and Subsidiary**

September 30, 2015 and 2014

# World Resources Institute and Subsidiary

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## Report of Independent Certified Public Accountants

Board of Directors  
World Resources Institute and Subsidiary

### Report on the Financial Statements

We have audited the accompanying consolidated financial statements of World Resources Institute and subsidiary (the “Institute”), which comprise the consolidated statements of financial position as of September 30, 2015 and 2014, and the related consolidated statements of activities and changes in net assets and cash flows for the years then ended, and the related notes to the consolidated financial statements.

### Management’s Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Institute’s preparation and fair presentation of the consolidated 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 Institute’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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of World Resources Institute and subsidiary as of September 30, 2015 and 2014, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Supplementary Information***

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The Schedule of Expenditures of Federal Awards as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, for the year ended September 30, 2015 is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. The Schedule of Functional Expenses, Schedules of Indirect Cost Rate Calculations and the Schedule of Fringe Benefit Rate Calculations for the year ended September 30, 2015 are also presented for additional analysis and are not a required part of the consolidated financial statements. Such supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures. These additional procedures included comparing and reconciling the information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report, dated February 12, 2016, on our consideration of the Institute'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 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 the Institute's internal control over financial reporting and compliance.



McLean, Virginia  
February 12, 2016

# World Resources Institute and Subsidiary

## Consolidated Statements of Financial Position

<i>Year ended September 30,</i>	<b>2015</b>	<b>2014</b>
<b>Assets</b>		
Cash and cash equivalents	\$ 8,227,152	\$ 10,180,845
Cash restricted (Note I)	71,595	85,075
Grants, pledges and contracts receivable, net (Note D)	44,594,398	43,514,960
Investments (Notes B and C)	37,855,374	40,290,239
Other assets	2,853,548	824,754
Furniture, fixtures, leases, and equipment, net (Note E)	3,898,925	1,869,618
<b>Total Assets</b>	<b>97,500,992</b>	<b>96,765,491</b>
<b>Liabilities and Net Assets</b>		
<b>Liabilities</b>		
Accounts payable	6,355,232	3,916,863
Accrued salaries and benefits	2,754,003	2,654,261
Obligation under capital leases (Note F)	33,408	3,416
Deferred rent	3,067,952	168,188
Deferred revenue	1,202,739	688,079
Funds held for others	74,157	25,889
Line-of-credit (Note H)	3,000,000	—
<b>Total Liabilities</b>	<b>16,487,491</b>	<b>7,456,696</b>
<b>Net Assets</b>		
Unrestricted:		
Operating	339,227	427,718
Designated—working capital reserve	3,240,661	3,362,404
	3,579,888	3,790,122
Temporarily restricted	52,333,613	60,418,673
Permanently restricted	25,100,000	25,100,000
<b>Total Net Assets</b>	<b>81,013,501</b>	<b>89,308,795</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 97,500,992</b>	<b>\$ 96,765,491</b>

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

**World Resources Institute and Subsidiary**

Consolidated Statements of Activities and Changes in Net Assets

*Year ended September 30, 2015*

	Unrestricted			Temporarily Restricted	Permanently Restricted	Total
	Operating	Designated	Total			
<b>Revenues</b>						
Grants/contributions and contracts	\$ 31,582,037	\$ —	\$ 31,582,037	\$ 36,215,753	\$ —	\$ 67,797,790
Federal grants and cooperative agreements	4,940,810	—	4,940,810	—	—	4,940,810
Investment return, net (Note B)	—	(121,743)	(121,743)	(2,313,122)	—	(2,434,865)
Publications	56,495	—	56,495	—	—	56,495
Other	(1,276,398)	—	(1,276,398)	—	—	(1,276,398)
Support from endowment income	1,978,588	—	1,978,588	(1,978,588)	—	—
Net assets released from program and time restrictions	39,398,785	—	39,398,785	(39,398,785)	—	—
<b>Total Revenue</b>	<b>76,680,317</b>	<b>(121,743)</b>	<b>76,558,574</b>	<b>(7,474,742)</b>	<b>—</b>	<b>69,083,832</b>
<b>Expenses</b>						
Policy research, technical support, and communications programs	70,433,448	—	70,433,448	—	—	70,433,448
Administration	5,017,102	—	5,017,102	—	—	5,017,102
Development	1,928,576	—	1,928,576	—	—	1,928,576
<b>Total Expenses</b>	<b>77,379,126</b>	<b>—</b>	<b>77,379,126</b>	<b>—</b>	<b>—</b>	<b>77,379,126</b>
<b>Change in Net Assets from Operations</b>	<b>(698,809)</b>	<b>(121,743)</b>	<b>(820,552)</b>	<b>(7,474,742)</b>	<b>—</b>	<b>(8,295,294)</b>
<b>Less: Net Asset Releases Due to Foreign Currency Adjustment</b>	<b>610,318</b>	<b>—</b>	<b>610,318</b>	<b>(610,318)</b>	<b>—</b>	<b>—</b>
<b>Change in Net Assets</b>	<b>(88,491)</b>	<b>(121,743)</b>	<b>(210,234)</b>	<b>(8,085,060)</b>	<b>—</b>	<b>(8,295,294)</b>
<b>Net Assets, beginning of year</b>	<b>427,718</b>	<b>3,362,404</b>	<b>3,790,122</b>	<b>60,418,673</b>	<b>25,100,000</b>	<b>89,308,795</b>
<b>Net Assets, end of year</b>	<b>\$ 339,227</b>	<b>\$ 3,240,661</b>	<b>\$ 3,579,888</b>	<b>\$ 52,333,613</b>	<b>\$ 25,100,000</b>	<b>\$ 81,013,501</b>

*The accompanying notes are an integral part of this statement.*

**World Resources Institute and Subsidiary**

Consolidated Statements of Activities and Changes in Net Assets

*Year ended September 30, 2014*

	Unrestricted			Temporarily Restricted	Permanently Restricted	Total
	Operating	Designated	Total			
<b>Revenues</b>						
Grants/contributions and contracts	\$ 30,798,253	\$ —	\$ 30,798,253	\$ 47,690,306	\$ —	\$ 78,488,559
Federal grants and cooperative agreements	4,372,251	—	4,372,251	—	—	4,372,251
Investment return, net (Note B)	—	147,474	147,474	2,802,013	—	2,949,487
Publications	3,396	—	3,396	—	—	3,396
Other	(519,815)	—	(519,815)	—	—	(519,815)
Support from endowment income	1,872,137	—	1,872,137	(1,872,137)	—	—
Net assets released from program and time restrictions	29,353,815	—	29,353,815	(29,353,815)	—	—
<b>Total Revenue</b>	<b>65,880,037</b>	<b>147,474</b>	<b>66,027,511</b>	<b>19,266,367</b>	<b>—</b>	<b>85,293,878</b>
<b>Expenses</b>						
Policy research, technical support, and communications programs	58,698,411	—	58,698,411	—	—	58,698,411
Administration	4,972,925	—	4,972,925	—	—	4,972,925
Development	2,328,011	—	2,328,011	—	—	2,328,011
<b>Total Expenses</b>	<b>65,999,347</b>	<b>—</b>	<b>65,999,347</b>	<b>—</b>	<b>—</b>	<b>65,999,347</b>
<b>Change in Net Assets from Operations</b>	<b>(119,310)</b>	<b>147,474</b>	<b>28,164</b>	<b>19,266,367</b>	<b>—</b>	<b>19,294,531</b>
<b>Less: Net Asset Releases Due to Foreign Currency Adjustment</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Change in Net Assets</b>	<b>(119,310)</b>	<b>147,474</b>	<b>28,164</b>	<b>19,266,367</b>	<b>—</b>	<b>19,294,531</b>
<b>Net Assets, beginning of year</b>	<b>547,028</b>	<b>3,214,930</b>	<b>3,761,958</b>	<b>41,152,306</b>	<b>25,100,000</b>	<b>70,014,264</b>
<b>Net Assets, end of year</b>	<b>\$ 427,718</b>	<b>\$ 3,362,404</b>	<b>\$ 3,790,122</b>	<b>\$ 60,418,673</b>	<b>\$ 25,100,000</b>	<b>\$ 89,308,795</b>

*The accompanying notes are an integral part of this statement.*

# World Resources Institute and Subsidiary

## Consolidated Statements of Cash Flows

<i>Year ended September 30,</i>	<b>2015</b>	<b>2014</b>
<b>Cash Flows from Operating Activities</b>		
Change in net assets	\$ (8,295,294)	\$ 19,294,531
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation and amortization	939,052	882,376
Loss from disposal of equipment	82,276	10,635
Realized gain from sale of investments	(73,927)	(2,017,659)
Unrealized loss (gain) on investments	2,833,435	(656,496)
Reinvested interest/dividends	(485,414)	(430,119)
Changes in operating assets and liabilities:		
Cash restricted – held for others	(13,480)	(8,025)
Grants and contracts receivable	(1,079,438)	(10,130,495)
Other assets	(2,028,794)	(150,978)
Accounts payable	2,438,369	732,357
Accrued salaries and benefits	99,742	499,459
Funds held for others	48,268	3,718
Deferred rent	2,899,764	(9,891)
Deferred revenue	514,660	467,082
<b>Net Cash (Used in) Provided by Operating Activities</b>	<b>(2,120,781)</b>	<b>8,486,495</b>
<b>Cash Flows from Investing Activities</b>		
Proceeds from sales of investments	2,352,192	4,666,496
Purchase of investments	(1,965,655)	(2,562,656)
Purchase of furniture, fixtures, and equipment	(3,217,749)	(1,194,635)
<b>Net Cash (Used in) Provided by Investing Activities</b>	<b>(2,831,212)</b>	<b>909,205</b>
<b>Cash Flows from Financing Activities</b>		
Advances on line-of-credit	3,000,000	2,000,000
Payments on line-of-credit	—	(7,000,000)
Payments on capital lease obligations	(1,700)	(6,642)
<b>Net Cash Provided by (Used in) Financing Activities</b>	<b>2,998,300</b>	<b>(5,006,642)</b>
<b>Net (Decrease) Increase in Cash and Cash Equivalents</b>	<b>(1,953,693)</b>	<b>4,389,058</b>
<b>Cash and Cash Equivalents, beginning of year</b>	<b>10,180,845</b>	<b>5,791,787</b>
<b>Cash and Cash Equivalents, end of year</b>	<b>\$ 8,227,152</b>	<b>\$ 10,180,845</b>
<b>Supplemental Disclosure of Cash Flow Information</b>		
Cash paid for interest	\$ 1,608	\$ 14,611

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



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*September 30, 2015 and 2014*

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**NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***Organization and Principles of Consolidation***

World Resources Institute (the Institute) is an independent research and policy institute founded in 1982 to help governments, environmental and development organizations, and private businesses address a fundamental question as to how societies can meet basic human needs and nurture economic growth without undermining the natural resource base and environmental integrity.

The Institute's work is carried out by 530-member interdisciplinary staff, strong in sciences, and augmented by a network of advisors, collaborators, fellows, and cooperating institutes in more than 50 countries. The Institute focuses on six critical issues: Climate, Energy, Food, Forests, Water, and Cities and Transport. Work on these six issues is supported by experts in four disciplinary centers: Business, Economics, Finance, and Governance.

The World Resources Institute Fund (WRIF) is a not-for-profit organization created in 1986 as a supporting organization to the Institute, and is included in these consolidated financial statements. Prior to fiscal year 2002, and after 2003, WRIF had no activities. In 2002 and 2003, WRIF activities included the operation of a capital campaign. Such activities have been shifted to the Institute since. WRIF is currently used to handle the Lee Schipper Scholarship Fund initiated by the Shell Foundation (see note I). The IRS has classified WRIF as exempt from federal income taxes under Section 501(c)(3) of the IRC. WRIF is an entity described under Section 509(a)(3) of the IRC and, therefore, not a private foundation.

***Basis of Presentation***

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

***Classification of Net Assets***

Activities of the Institute are recorded in the following net assets categories:

*Operating*—Unrestricted revenues and operating expenses of the Institute. Current investment earnings are available to support current operations.

*Designated—Working Capital Reserve*—Amounts designated by the Board of Directors of the Institute to be maintained as part of a reserve and used to support certain specific future activities as defined by the Board of Directors.

*Temporarily Restricted*—Contributions restricted, as to time or purpose, by the donor. When the purpose or time period restriction is met, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidated statement of activities as net assets released from restrictions.

*Permanently Restricted*—Funds that are restricted by donors requiring that the principal be invested in perpetuity. The earnings on these funds are unrestricted and are used for operations in accordance with a spending policy approved by the Board of Directors.

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*September 30, 2015 and 2014*

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**NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued**

***Revenue Recognition***

Contributions, including unconditional promises to give, are recognized as revenue in the period received. Contributions are reported as increases in the appropriate category of net assets, except for the contributions that impose restrictions that are met in the same fiscal year they are received, which are included in unrestricted revenues.

Income from grants and contracts are currently recorded as unrestricted revenue when the costs are incurred. Amounts received that have not been expended are recorded as deferred revenue. The amount of expenses incurred in excess of funds received is included in grants and contracts receivable.

***Foreign Currency***

The United States dollar is the functional currency of the Institute; however, the Institute maintains financial assets and liabilities in foreign currencies to meet local obligation in foreign locations. The financial assets and liabilities in foreign currencies are translated using exchange rates in effect at the end of the period and revenue and costs are translated using weighted average exchange rates for the period.

During the year ended September 30, 2015, Foreign exchange fluctuations caused the Institute to lose \$1,441,929 as a result of hedge restrictions from some bilateral donors. Management has decided to hedge all significant foreign currency receivables that can be reasonably assured/estimated in terms of amount and collection period, to reduce the Institute's exposure to foreign exchange fluctuations.

***Cash and Cash Equivalents***

The Institute considers all highly liquid investment instruments purchased with an initial maturity of three months or less to be cash equivalents except for cash and cash equivalents held in investment accounts.

***Investments***

Investments held by the Institute are presented at their fair market value. Purchases and sales of securities are recorded on a trade-date basis. Investment income is recorded on an accrual basis. Gains and losses on investments, realized and unrealized, are included in the statement of activities.

***Furniture, Fixtures and Equipment***

Furniture, fixtures, and equipment are recorded at cost. Depreciation is recorded on the straight-line basis over estimated useful lives that range from three to seven years. Leasehold improvements are amortized over the shorter of their useful lives or the lease term. Assets purchased under a capital lease are recorded as an asset and a corresponding obligation at the beginning of the lease term. The recorded amount is equal to the present value of the minimum lease payments. Leased assets are amortized over the shorter of their useful lives or the lease term. When assets are retired or sold, the related cost and accumulated depreciation are removed from the accounts, and any gain or loss arising from such disposition is included in the consolidated statement of activities.

The Institute has capitalized its collections. Collections consist of artwork that is held for public exhibition. Collections purchased are capitalized at cost, collections donated are capitalized at appraised value as of the date of the acceptance of the donation. Collections are not depreciated.

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*September 30, 2015 and 2014*

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**NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued**

***Costs Subject to Audit***

The Institute's costs under its government grants and cooperative agreements are subject to audit by the awarding agencies. Management of the Institute does not believe that the results of such audits would have a material impact on the financial position and operating results of the Institute.

***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, and disclosure of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

***Concentration of Credit Risk***

As of September 30, 2015, all interest bearing U.S. deposit accounts maintained by the Institute were insured up to \$250,000 at each financial institution by the Federal Deposit Insurance Corporation. The Institute's cash balances at times, may exceed federally insured limits. At September 30, 2015, the uninsured amounts totaled \$5,419,305. However, the Institute has not experienced any losses within these accounts and therefore believes it is not exposed to any significant credit risk associated with those deposits.

The Institute has cash in foreign accounts totaling \$1,222,050 at September 30, 2015.

***Income Tax***

The Institute is exempt from federal income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code, though it is subject to tax on income unrelated to its exempt purpose, unless that income is otherwise excluded by the Code. The Institute has processes presently in place to ensure the maintenance of its tax-exempt status; to identify and report unrelated income; to determine its filing and tax obligations in jurisdictions for which it has nexus; and to identify and evaluate other matters that may be considered tax positions. No material taxable unrelated business income was generated and, accordingly, no provision for income taxes has been made in the accompanying consolidated financial statements. The tax years ending September 30, 2012, 2013, 2014 and 2015 are still open to audit for both federal and state purposes.

The Institute follows the accounting guidance that creates a single model to address uncertainty in tax positions and clarifies accounting for income taxes by prescribing the minimum recognition threshold a tax position is required to meet before being recognized in its consolidated financial statements. Under the requirements of this guidance, organizations could now be required to record an obligation as the result of tax positions they have historically taken on various tax exposure items. This guidance provides that the tax effects from an uncertain tax position can only be recognized in the financial statements if the position is "more-likely-than-not" to be sustained if the position were to be challenged by a taxing authority. The assessment of the tax position is based solely on the technical merits of the position, without regard to the likelihood that the tax position may be challenged. The Institute is not required to record such an obligation.

# World Resources Institute and Subsidiary

## Notes to Consolidated Financial Statements—Continued

*September 30, 2015 and 2014*

### NOTE B—INVESTMENTS

Investments were as follows as of September 30:

	2015	2014
Money market funds	\$ 655,930	\$ 326,013
Equity securities	13,817,554	14,772,329
Debt securities	1,490,037	1,516,664
Alternative investments:		
Hedge funds	15,801,562	15,985,419
Fixed income fund	1,013,783	2,301,265
Emerging market fund	1,915,707	4,334,695
Real estate fund	3,160,801	1,053,854
Total investments	\$ 37,855,374	\$ 40,290,239

Investment return consists of the following for the years ended September 30:

	2015	2014
Realized gains	\$ 73,927	\$ 2,017,659
Unrealized (losses) gains	(2,833,435)	656,496
Dividends and interest	485,414	430,119
Investment management fees and foreign taxes	(160,771)	(154,787)
Total	\$ (2,434,865)	\$ 2,949,487

# World Resources Institute and Subsidiary

## Notes to Consolidated Financial Statements—Continued

September 30, 2015 and 2014

### NOTE C—FAIR VALUE

ASC 820, *Fair Value Measurements and Disclosures*, establishes a single authoritative definition of fair value, sets a framework for measuring fair value, and requires additional disclosures about fair value measurements. In accordance with ASC 820, the Institute classifies its assets and liabilities into Level 1 (securities valued using quoted prices from active markets for identical assets), Level 2 (securities not traded on an active market for which observable market inputs are readily available), and Level 3 (securities valued based on significant unobservable inputs). Investments are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

The following is a description of the valuation methodologies and inputs used for assets and liabilities measured at fair value, as well as the general classification pursuant to the valuation hierarchy.

#### *Money Market Funds and Equity Securities*

Investments in money market funds and equity securities valued at the quoted prices in an active market are classified within Level 1 of the fair value hierarchy.

#### *Debt Securities*

When quoted prices are available in an active market, debt securities are classified within Level 1 of the fair value hierarchy. Quoted prices in inactive markets are classified within Level 2. As of September 30, 2015 and 2014, all debt securities were valued using quoted prices in an active market.

#### *Alternative Investments*

Alternative investments consist of investments in various funds. These investments are aggregated into hedge, equity, fixed income, emerging market and real estate funds based on their underlying investments. The fair value of such investments is determined using the net assets value (NAV) per share as a practical expedient. The investments, which are redeemable at or near year-end at NAV per share, are classified within Level 2 of the fair value hierarchy; otherwise, they are classified within Level 3 of the fair value hierarchy.

The following table summarizes the valuation of financial instruments at fair value on a recurring basis in the Statement of Financial Position at September 30, 2015.

	Level 1	Level 2	Level 3	Total
Money market funds	\$ 655,930	\$ —	\$ —	\$ 655,930
Equity securities	13,817,554	—	—	13,817,554
Debt securities	1,490,037	—	—	1,490,037
Alternative investments:				
Directional/absolute hedge funds	—	—	15,801,562	15,801,562
Inflation hedge fund	—	3,160,801	—	3,160,801
Fixed income fund	—	—	1,013,783	1,013,783
Emerging market fund	—	—	1,915,707	1,915,707
Total investments	\$ 15,963,521	\$ 3,160,801	\$ 18,731,052	\$ 37,855,374

# World Resources Institute and Subsidiary

## Notes to Consolidated Financial Statements—Continued

September 30, 2015 and 2014

### NOTE C—FAIR VALUE—Continued

The following table summarizes the valuation of financial instruments at fair value on a recurring basis in the Statement of Financial Position at September 30, 2014.

	Level 1	Level 2	Level 3	Total
Money market funds	\$ 326,013	\$ —	\$ —	\$ 326,013
Equity securities	14,772,329	—	—	14,772,329
Debt securities	1,516,664	—	—	1,516,664
Alternative investments:				
Directional/absolute hedge funds	—	—	15,985,419	15,985,419
Inflation hedge fund	—	4,334,695	—	4,334,695
Fixed income fund	—	—	1,053,854	1,053,854
Emerging market fund	—	—	2,301,265	2,301,265
Total investments	\$ 16,615,006	\$ 4,334,695	\$ 19,340,538	\$ 40,290,239

The following table summarizes the changes in fair value of assets and liabilities measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the year ended September 30, 2015:

	Ending Balance at 10/1/14	Total Realized/Unrealized Gains (Losses)	Purchases	Sales Fees and Withdrawals	Ending Balance at 9/30/15
Hedge funds	\$ 15,985,419	\$ 247,308	\$ —	\$ (431,165)	\$ 15,801,562
Fixed income fund	1,053,854	(40,071)	—	—	1,013,783
Emerging market fund	2,301,265	(385,558)	—	—	1,915,707
	\$ 19,340,538	\$ (178,379)	\$ —	\$ (431,165)	\$ 18,731,052

The following table summarizes the changes in fair value of assets and liabilities measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the year ended September 30, 2014:

	Ending Balance at 9/30/13	Total Realized/Unrealized Gains (Losses)	Purchases	Sales Fees and Withdrawals	Ending Balance at 9/30/14
Hedge funds	\$ 15,819,213	\$ 1,207,985	\$ 3,000,000	\$ (4,041,779)	\$ 15,985,419
Fixed income fund	1,059,292	(5,438)	—	—	1,053,854
Emerging market fund	2,118,179	183,086	—	—	2,301,265
	\$ 18,996,684	\$ 1,385,633	\$ 3,000,000	\$ (4,041,779)	\$ 19,340,538

# World Resources Institute and Subsidiary

## Notes to Consolidated Financial Statements—Continued

September 30, 2015 and 2014

### NOTE C—FAIR VALUE—Continued

The table below presents additional information for the Institute's investments, as of September 30, 2015 and 2014, whose fair value is estimated using the practical expedient of reported net assets value (NAV). These disclosures are required for all investments that are eligible to be valued using the practical expedient regardless of whether the practical expedient has been applied.

	Fair Value at 9/30/2015	Fair Value at 9/30/2014	Unfunded Commitments	Expected Liquidation Term	Redemption Terms	Redemption Restrictions	Redemption Restrictions at 9/30/13
					Annually (1 fund), Quarterly (3 funds), and Closed for Redemption	Between 60 - 105 days notice (3 funds) and Gated (2 funds)	2 funds are Gated
Hedge funds (a)	\$ 15,801,562	\$ 15,985,419	None	Not applicable	(1 fund)		
Inflation hedge fund (b)	3,160,801	4,334,695	None	Not applicable	Monthly	None	None
Fixed income fund (c)	1,013,783	1,053,854	None	Not applicable	Monthly	15 days notice	None
Emerging market fund (d)	1,915,708	2,301,265	None	Not applicable	Monthly	30 days notice	None
	<u>\$ 21,891,854</u>	<u>\$ 23,675,233</u>					

- (a) This class includes several hedge funds and funds of funds that invest primarily in debt and equity securities. The fair values of the investments have been estimated by using the NAV per share of the funds.
- (b) This class includes investments in funds that invest primarily in international bonds. The fair values of these investments have been estimated using the NAV per share of the funds.
- (c) This class includes investments in funds that invest primarily in equity stock and debt securities in emerging economies. The fair values of the investments have been estimated using the NAV per share of the fund.
- (d) This class includes an investment in an inflation hedge fund whose objective is long-term total return in excess of a customized blended benchmark. The fair value of this investment has been estimated using the NAV per share of the fund.

# World Resources Institute and Subsidiary

## Notes to Consolidated Financial Statements—Continued

September 30, 2015 and 2014

### NOTE D—GRANTS, PLEDGES, AND CONTRACTS RECEIVABLE

Grants, pledges and contracts receivable are recorded at their net realizable values. The mix of receivables as of September 30 was as follows:

	2015	2014
U.S. government	4%	3%
Foundations	18%	13%
Foreign governments	67%	74%
International organizations	2%	3%
Corporations, individuals, and others	9%	7%
	100%	100%

As of September 30 the Institute's receivables were due as follows:

	2015	2014
Due within one year	\$ 38,796,136	\$ 31,021,910
Due within two to five years	6,169,175	13,120,890
Total gross grants, pledges and contracts receivable	44,965,311	44,142,800
Less:		
Allowance for doubtful accounts	(186,904)	(238,502)
Unamortized discount on receivables	(184,009)	(389,338)
Grants, pledges, and contracts receivable, net	\$ 44,594,398	\$ 43,514,960

Contributions that are to be received over multiple years are discounted to present value at a discount rate commensurate with the risk at the time the contributions were pledged. Discount rates used as of September 30, 2015 ranged from 1.37% to 1.78%. Allowance for doubtful accounts is determined based on the average write-offs as a percentage of revenue over the last five years.



# World Resources Institute and Subsidiary

Notes to Consolidated Financial Statements—Continued

September 30, 2015 and 2014

## NOTE E—FURNITURE, FIXTURES, LEASES AND EQUIPMENT

Furniture, fixtures, and equipment consist of the following at September 30:

	2015	2014
Furniture, equipment and software	\$ 4,505,820	\$ 5,557,370
Leasehold improvements	3,470,944	1,419,898
Equipment under capital lease agreements	70,235	31,736
Artwork	8,825	8,825
	8,055,824	7,017,829
Less: accumulated depreciation and amortization	(4,156,899)	(5,148,211)
Furniture, fixtures, and equipment, net	\$ 3,898,925	\$ 1,869,618

Included in the leasehold improvements total above is \$1,384,441 of assets not yet placed in service as of September 30, 2015 and will not be depreciated until they are complete. Excluded from the furniture, fixtures and equipment total is \$343,547 and \$ 124,566 of assets not yet placed in service as of September 30, 2015 and 2014, respectively. These assets will not be depreciated until they are placed in service, and are included in the accompanying Statement of Financial Position as Other Assets.

## NOTE F—OBLIGATIONS UNDER CAPITAL LEASES

The Institute is obligated under capital lease agreements for certain copy equipment. The equipment is a postage machine and the US Post Office mandates that the Institute lease the equipment. The aggregate discounted lease payments are recorded as a liability. Obligations under capital leases and the fair market values of the related leased assets are capitalized and amortized over the related lease periods. Total assets capitalized pursuant to such agreements, and the related accumulated amortization at September 30, were as follows:

	2015	2014
Equipment under capital lease	\$ 70,235	\$ 31,736
Less: accumulated amortization	(37,511)	(31,736)
Equipment under capital lease, net	\$ 32,724	\$ —

## World Resources Institute and Subsidiary

### Notes to Consolidated Financial Statements—Continued

*September 30, 2015 and 2014*

#### NOTE F—OBLIGATIONS UNDER CAPITAL LEASES—Continued

The future minimum lease payments under the capital lease agreements and the present value of the minimum lease payments and interest are as follows:

<i>September 30,</i>	
2016	\$ 8,928
2017	8,928
2018	8,928
2019	8,928
2020	2,233
Total future minimum lease payments	37,945
Less: amount representing interest	(4,537)
Present value of minimum lease payments	\$ 33,408

Interest expense related to the capital leases was \$1,608 and \$396 respectively, for the years ended September 30, 2015 and 2014, respectively.

#### NOTE G—OFFICE LEASE COMMITMENTS AND RENT ABATEMENT

The Institute has entered into various operating lease agreements.

During 2007, the Institute renegotiated and extended its current lease for its Washington, DC office space, under an agreement which expires in February 2019. In 2015, the Institute extended the existing lease through December 2028. As part of the office building lease, the Institute received a total of six months of free rent; from February 2016 to July 2016. This rent abatement is being amortized on a straight-line basis over the life of the lease as a reduction of rent expense. Also as part of the office building lease, the Institute received a tenant allowance of \$4,500,000. As of September 30, 2015, the amount of the allowance utilized is \$2,449,914, and is being amortized on a straight-line basis over the life of a lease as a reduction of rent expense.

## World Resources Institute and Subsidiary

Notes to Consolidated Financial Statements—Continued

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*September 30, 2015 and 2014*

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### NOTE G—OFFICE LEASE COMMITMENTS AND RENT ABATEMENT—Continued

Minimum future rental payments under non-cancelable leases as of September 30, 2015 are as follows:

<i>September 30,</i>	
2016	\$ 3,249,002
2017	3,299,322
2018	3,323,580
2019	2,088,926
2020	3,534,168
Thereafter	31,621,893
Total	\$ 47,116,891

Rental expense for these leases was \$3,515,871 and \$2,909,597 for the years ended September 30, 2015 and 2014, respectively.

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### NOTE H—DEBT

The Institute entered into an unsecured 7 year term loan agreement with SunTrust Bank for an amount not to exceed \$3,500,000 in April 28, 2015 which bears interest at the daily floating London Interbank Offered Rate (LIBOR) plus 1.30%. There was an outstanding balance of \$0 as of September 30, 2015.

On April 28, 2015, the Institute entered into a revolving line-of-credit agreement with SunTrust Bank for \$8,000,000 which bears interest at the daily floating London Interbank Offered Rate (LIBOR) plus 1.30%. There was an outstanding balance of \$3,000,000 as of September 30, 2015.

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### NOTE I—RESTRICTED CASH

During 2012, the Shell Foundation provided a grant of \$100,000 to EMBARQ, a WRI program in memory of the late Lee Schipper to establish a scholarship fund. Other smaller donors have since contributed an additional \$6,325 to this effort. As of September 30, 2015 and 2014, this fund had a balance of \$71,595 and \$85,075, respectively.

# World Resources Institute and Subsidiary

Notes to Consolidated Financial Statements—Continued

September 30, 2015 and 2014

## NOTE J—TEMPORARILY RESTRICTED NET ASSETS

As of September 30, temporarily restricted net assets are restricted for the following programs:

	2015	2014
Cities & Transport (Embarq)	\$ 14,825,688	\$ 10,227,253
Climate (Climate & Energy)	3,763,270	6,001,813
Energy	2,000,858	—
Food Forests & Water (People & Ecosystems)	7,006,778	6,283,202
Governance (Institutions & Governance)	2,232,606	2,253,182
Finance	474,130	—
Business (Market & Enterprise)	281,638	744,466
Special Studies/Innovation	21,661,007	30,748,975
Communication & World Resources Report	191,000	124,203
Development	50,000	208,921
Cumulative unappropriated endowment (losses) earnings	81,680	4,155,723
Cynthia Helms Fellowship Fund	169,948	—
Foreign currency unrealized loss	(610,319)	—
Multi Year Receivable Discount	205,329	(329,065)
Total	\$ 52,333,613	\$ 60,418,673

Net assets released from restrictions by incurring expenses satisfying their restricted purposes during the years ended September 30, are as follows:

	2015	2014
Cities & Transport (Embarq)	\$ 10,129,848	\$ 3,472,230
Climate (Climate & Energy)	6,098,971	4,532,650
Energy	617,559	—
Food Forests & Water (People & Ecosystems)	7,404,007	4,420,088
Governance (Institutions & Governance)	3,306,429	1,815,702
Finance	1,061,560	—
Business (Market & Enterprise)	60,082	805,665
Special Studies/Innovation	9,867,090	13,847,075
Communication & World Resources Report	853,239	460,405
Total	\$ 39,398,785	\$ 29,353,815

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September 30, 2015 and 2014

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## NOTE K—ENDOWMENT FUNDS

In 1987, the MacArthur Foundation gave the Institute a challenge loan of \$12,516,000 with the understanding that it would forgive this loan to the extent that the Institute raised qualifying matching funds under a comprehensive development program. The purpose of the challenge loan was to facilitate the establishment of a permanent endowment for the Institute.

After the Institute successfully met the terms of the loan agreement, an endowment was formally established at the level of \$25 million (cost basis) on January 1, 1991, with earnings on the corpus expendable to support any activities of the Institute. The Institute's Board of Directors adopted a policy statement entitled *Endowment Fund: Purposes, Goals, and Policies*, which establishes spending rules for future withdrawals of earnings to cover portions of the Institute's annual operating budget while protecting the value of the endowment against inflation. Investment earnings from the endowment (net of investment expenses) are recognized as unrestricted designated revenue.

In 2003 and 2007, two individuals contributed \$100,000 and \$250,000 respectively for the purpose of creating endowment funds to enable the Institute to hire interns. Under the directives of the donor, the \$250,000 endowment was converted to contribution in 2012. Investment earnings from the endowment funds are recognized as unrestricted designated revenue and used to pay for interns.

### *Interpretation of Relevant Law*

The Management and Board of Directors of the Institute have interpreted Delaware's "Uniform Prudent Management of Institutional Funds Act of 2007" (the Act), absent explicit donor stipulations to the contrary, to require the Institute to act in good faith and with the care that an ordinarily prudent person in a like position would exercise under similar circumstances in making determinations to appropriate or accumulated endowment funds, taking into account both its obligation to preserve the value of the endowment and its obligation to use the endowment to achieve the purposes for which it was donated. The Institute classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment required by the applicable donor gift instrument, if applicable.

### *Endowment Investment Policies*

The Institute's investments are managed in accordance with the Board adopted Investment Policy Statement. WRI's mission is to move human society to live in ways that protect earth's environment and its capacity to provide for the needs and aspirations of current and future generations. Our investments prioritize our mission and values and should be aligned such that we invest in companies/instruments that are fully transparent and sensitive to environmental and developmental issues. The investment strategy of the Institute is to emphasize total return; that is, the aggregate returns from capital appreciation and dividend and interest income.

Specifically, the primary objective in the investment management for Endowment assets shall be:

Long-term growth of capital, emphasizing long-term growth of principal while avoiding excessive risk. Short-term volatility will be tolerated in as much as it is consistent with the volatility of a comparable market index.

*September 30, 2015 and 2014*

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**NOTE K—ENDOWMENT FUNDS—Continued**

***Endowment Investment Policies—Continued***

The secondary objective in the investment management of Endowment assets shall be:

Preservation of Purchasing Power After Spending - To achieve net returns (after management and custodial fees) in excess of the rate of inflation plus our spending guideline (see below) over the investment horizon in order to preserve purchasing power of Endowment assets. Risk control is an important element in the investment of Endowment assets.

Over the established investment horizon of 10 years or longer, it is the goal of the aggregate Endowment assets to significantly exceed the rate of inflation (as measured by the Consumer Price Index) plus 1.0% over a market cycle.

The investment allocation is shown in Note B.

***Endowment Spending Policy***

The Board of Directors approves an operating budget and associated endowment draw annually. The Institute spending guideline shall normally be 5% of the trailing 12 quarter average market value of the investments. The Board may approve a deviation from the 5% guideline if deemed prudent.

During 2015 and 2014, respectively, \$1,978,588 and \$1,872,137 of these earnings were transferred from temporarily restricted to unrestricted operating net assets in accordance with the policy statement referred to above.

**World Resources Institute and Subsidiary**

Notes to Consolidated Financial Statements—Continued

*September 30, 2015 and 2014*

**NOTE K—ENDOWMENT FUNDS—Continued**

Endowment Net Assets Composition by Type of Fund as of September 30, 2015:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	\$ —	\$ 81,680	\$ 25,100,000	\$ 25,181,680
Board-designated endowment funds	3,240,661	—	—	3,240,661
Total funds	\$ 3,240,661	\$ 81,680	\$ 25,100,000	\$ 28,422,341

Changes in Endowment Net Assets for the Year Ended September 30, 2015:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	\$ 3,362,404	\$ 4,373,390	\$ 25,100,000	\$ 32,835,794
Investment return				
Reinvested dividends and interest, unrealized depreciation	(117,401)	(2,230,620)	—	(2,348,021)
Realized depreciation, net fees	(4,342)	(82,502)	—	(86,844)
Total investment return	(121,743)	(2,313,122)	—	(2,434,865)
Appropriation of endowment assets for expenditure	—	(1,978,588)	—	(1,978,588)
Endowment net assets, end of year	\$ 3,240,661	\$ 81,680	\$ 25,100,000	\$ 28,422,341

**World Resources Institute and Subsidiary**

Notes to Consolidated Financial Statements—Continued

*September 30, 2015 and 2014*

**NOTE K—ENDOWMENT FUNDS—Continued**

Endowment Net Assets Composition by Type of Fund as of September 30, 2014:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	\$ —	\$ 4,373,390	\$ 25,100,000	\$ 29,473,390
Board-designated endowment funds	3,362,404	—	—	3,362,404
Total funds	\$ 3,362,404	\$ 4,373,390	\$ 25,100,000	\$ 32,835,794

Changes in Endowment Net Assets for the Year Ended September 30, 2014:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	\$ 3,214,930	\$ 3,443,514	\$ 25,100,000	\$ 31,758,444
Investment return				
Reinvested dividends and interest, unrealized appreciation	54,331	1,032,284	—	1,086,615
Realized appreciation, net fees	93,143	1,769,729	—	1,862,872
Total investment return	147,474	2,802,013	—	2,949,487
Appropriation of endowment assets for expenditure	—	(1,872,137)	—	(1,872,137)
Endowment net assets, end of year	\$ 3,362,404	\$ 4,373,390	\$ 25,100,000	\$ 32,835,794



September 30, 2015 and 2014

### NOTE L—SIGNIFICANT CONTRACTS

The United Kingdom's Strategic Climate Institutions Programme (SCIP) via KPMG East Africa awarded the Institute a 1.5 year grant of 547,539 GBP on September 1, 2013 to support Ethiopian stakeholders and development partners to respond to the challenges of transitioning to a climate resilient green economy. In December 2014, an additional 99,036.34 GBP was pledged and the project was extended an additional 6 months. In May 2015, a second amendment increased the award by an additional 55,731.40 GBP. WRI has received \$979,278 as of September 30, 2015. A total of \$1,098,601 of this grant has been spent as of September 30, 2015.

The Nordic Council of Ministers Working Group awarded the Institute in March 2014 an eleven-month contract of 400,000 DKK for the project *Accounting Framework in a bottom-up Setting*. WRI has received \$66,066 and spent the full \$73,927 of this grant as of September 30, 2015.

The Institute was awarded a two-year core funding grant of \$8,600,000 grant on October 1, 2012, by the Netherlands Ministry of Foreign Affairs for the program *Sustainable Development in a Warming and Resource-Constrained World*. An additional \$375,000 was pledged in November 2013 to support the LDCs in the post-2015 process. On June 17, 2014 a 3-year extension and additional \$12,900,000 was awarded for core support. On September 15, 2014, an additional \$132,000 was awarded for the project *Towards a Transformative Post-2015 Agenda*. WRI has received \$15,557,000 as of September 30, 2015. A total of \$12,577,685 of this grant has been spent as of September 30, 2015.

The Institute was awarded a five-year 75,000,000 SEK grant on October 1, 2012, by the Swedish International Development Cooperation Agency (SIDA) awarding to support poverty alleviation, effective management of natural resources and protection of the environment. WRI has received \$7,131,848 as of September 30, 2015. A total of \$6,304,154 of this grant has been spent as of September 30, 2015.

The Institute was awarded a two year 15,000,000 DKK grant in July of 2013, by the Danish Ministry of Foreign Affairs that will support the Institute's core funding activities and Global Green Growth Forum. In March 2015, an additional 22,500,000 DKK was granted to support WRI's Strategic Plan 2014-2017 "Scaling our Impact in Urgent Times" and extended the grant period through June 2017. WRI has received the full initial pledge of \$2,677,138 as of September 30, 2015. A total of \$2,699,480 of this grant has been spent as of September 30, 2015.

The Institute was awarded a one-year 200,000 EUR contract in June 2013, by Irish Aid to support governance, adaptation, environmental mainstreaming and food and water security initiatives in Africa. In November 2013, an additional 200,000 EUR 1-year contract was awarded for support of the *Adaptation and Financial Accountability Project* in Uganda and Zambia. In August 2014, the Institute was awarded an additional 1-year contract of 500,000 EUR for continuation of activities in particular those geared towards Sub-Saharan Africa. In July 2015, an additional 600,000 EUR was pledged for continuation of the work for another year as outlined in the WRI Strategic Plan 2014-2017. WRI has received \$1,582,540 as of September 30, 2015. A total of \$953,307 of these contracts has been spent as of September 30, 2015.

The Children's Investment Fund Foundation awarded the Institute a \$2,020,796 grant for the first year of a proposed three year programme to assist the Brazilian government and cities in planning and implementing sustainable transport and development projects. Awarded in February 2015, year 1 of the Project will run from January 1, 2015 through December 31, 2015. With achievement of an agreed upon set of key performance indicators and deliverables, an additional \$4,206,347 will be awarded for the final two years from January 1, 2016 through December 31, 2017. As of September 30, 2015, WRI has received the full \$2,020,796, with a total of \$1,464,571 having been spent.

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*September 30, 2015 and 2014*

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**NOTE L—SIGNIFICANT CONTRACTS—Continued**

The Children's Investment Fund Foundation awarded the Institute a \$1,976,717 grant for the first year of a proposed three year programme to assist the government in mitigating GHG emissions from the transport sector in Chinese cities. Awarded in April 2015, year 1 of the project will run from April 1, 2015 through March 31, 2016. With achievement of an agreed upon set of Key Performance Indicators, deliverables and Annual Review, an additional \$3,092,283 will be awarded for the final two year from April 2016 through February 28, 2018. As of September 30, 2015, WRI has received \$857,818 and has spent \$608,768.

In April 2015, the Inter-American Development Bank awarded the Institute the first year of a three year grant of up to \$2,336,419 to promote the development and transfer of environmentally sound technologies in Latin America and the Caribbean to reduce GHG emissions and reduce the regions vulnerability to climate change in specific sectors. Year 1 of the project will run from April 27, 2015 through April 26, 2016 with an approved budget of \$642,684. The subsequent two years of activities and remaining budget of \$1,693,735 will be undertaken and disbursed upon successful completion of year one and approval of the subsequent years' workplans. As of September 30, 2015, WRI has received \$301,000 and has spent \$17,182.

In July 2015, the Institute was awarded a 9 month grant of 3,455,053 GBP by the United Kingdom Department for International Development for Phase II of the New Climate Economy project. As of September 30, 2015, WRI has spent \$1,213,886.

The Institute initiates and completes a substantial portion of its projects within the Food Forests & Water, Business Center and Finance Center Programs pursuant to cooperative agreements and contracts from the U.S. Agency for International Development. The revenue pursuant to these cooperative agreements and contracts was \$4,332,112 and \$3,331,443 for the years ended September 30, 2015 and 2014, respectively. Such revenue accounted for approximately 5.71 percent and 4.02 percent of total federal and non-federal grants, contributions, and cooperative agreement revenues during the years ended September 30, 2015 and 2014, respectively.

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**NOTE M—EMPLOYEE BENEFITS**

The Institute contributes either 5 percent or 8 percent (based on years of service) of eligible employees' annual earnings, as defined in Plan agreements under a defined contribution plan. The amount contributed to the Plan for the years ended September 30, 2015 and 2014, was \$1,481,967 and \$1,336,224, respectively.

# World Resources Institute and Subsidiary

## Notes to Consolidated Financial Statements—Continued

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*September 30, 2015 and 2014*

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### **NOTE N—RELATED PARTIES**

During the year ended September 30, 2014, a board member provided a grant in the amount of \$30,500,000 conditioned upon meeting certain milestones through June 1, 2016. As of September 30, 2015, \$10,000,000 of this grant has been recognized as grant revenue, \$5,000,000 of which was recognized during the year ended September 30, 2015.

During the year ended September 30, 2015, a board member provided a grant in the amount of \$1,000,000 for a fellowship.

Additional board member contributions of \$680,094 and \$426,000 were recognized for the years ended September 30, 2015 and 2014, respectively.

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### **NOTE O—SUBSEQUENT EVENTS**

The Institute evaluated its September 30, 2015 consolidated financial statements for subsequent events through February 12, 2016, the date the financial statements were available to be issued.

On December, 01, 2015, the Institute drew \$2,000,000 on their term loan as well as entered into a swap agreement for this term loan with SunTrust Bank. The swap agreement bears a fixed interest rate of 3.44% per annum.

There was an outstanding balance of \$3,000,000 as of September 30, 2015 on the Institute's revolving line-of-credit agreement with SunTrust Bank for \$8,000,000 which bears interest at the daily floating London Interbank Offered Rate (LIBOR) plus 1.30%. This balance was paid off on December 02, 2015.

The Institute is not aware of any other subsequent events which would require recognition or disclosure in the consolidated financial statements.

## Supplemental Information



**World Resources Institute and Subsidiary**

Supplemental Schedule of Expenditures of Federal Awards

*Year ended September 30, 2015*

Federal Grantor Program Title	Pass Through Entity	CFDA No.	Contract No.	Federal Expenditures
<b>U.S. Agency for International Development:</b>				
USAID Foreign Assistance for Programs Overseas - Forestry Legality Alliance	N/A	98.001	AID-EEM-A-00-09-0012-00	\$ 925,585
Sustainable Landscapes, Clean Energy & Adaptation	N/A	98.001	AID-OAA-A-13-00045	1,491,752
Strengthening Central Africa Env. Mgmt and Policy Support (SCAEMPS)	N/A	98.001	AID-660-A-14-00002	1,652,980
Energy Efficiency and Renewable Energy Program LWA	Winrock International	98.001	11/4/6349	43,351
Collaboration on Biodiversity Analysis and Technical Support	World Wildlife Fund	98.001	RLA-A-00-07-0043	23,654
African and Latin American Resilience to Climate Change	Associates in Rural Development, Inc.	98.001	PLACE-IQC-WRI-001	3,387
Restoring the Environment through Prosperity, Livelihoods and Conserving Ecosystems (REPLACE)	Associates in Rural Development, Inc.	98.001	AID-OOA-I-12-00032	62,469
Productive Landscapes (PROLAND)	Associates in Rural Development, Inc.	98.001	AID-OOA-I-13-00058	73,856
Mekong Adaptation and Resilience to Climate Change (Mekong)	Development Alternatives, Inc.	98.001	1001620-11S-19951-00	55,078
<b>Total for U.S. Agency for International Development</b>				<u>4,332,112</u>
<b>U.S. Department of Energy</b>				
EC-LEDS	Alliance for Sustainable Energy	81.087	LXL-3-23251-01	63,353
US-China - Advanced coal tech collaboration	West Virginia University	81.087	10-733-WRI	248,846
				<u>312,199</u>
Building Sustainable, Energy Efficient and Connected Communities in India	N/A	81.117	DE-EE0006096/000	126,609
Fossil Energy Research and Development	University of Illinois at Urbana-Champaign	81.089	DE-FC26-05NT42588	44,262
<b>Total for U.S. Department of Energy</b>				<u>483,070</u>
<b>U.S. Environment Protection Agency</b>				
Case Studies - Good Practices of Setting Science -Based GHG Emissions Reduction Goals	N/A	N/A	EP-15-H-00279	14,000
<b>Total for U.S. Environment Protection Agency</b>				<u>14,000</u>
<b>U.S. Department of Agriculture</b>				
Environmental Quality Incentives Program	Chesapeake Bay Foundation	10.912	69-3475-12-209	74,317
Building Capacity for Sustainable Resources Management	N/A	10.684	14-DG-11132762-129	27,311
<b>Total for U.S. Department of Agriculture</b>				<u>101,628</u>
<b>U.S. Geological Survey</b>				
Improving Ecosystem Services Research and Practice	N/A	15.808	G14AC00171	10,000
<b>Total for U.S. Geological Survey</b>				<u>10,000</u>
<b>Total Federal Expenditures</b>				<u>\$ 4,940,810</u>

*The accompanying Notes to the Supplemental Schedule of Expenditures of Federal Awards is an integral part of this schedule.*

## World Resources Institute and Subsidiary

### Notes to Schedule of Expenditures of Federal Awards

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*Year ended September 30, 2015*

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#### NOTE A—BASIS OF ACCOUNTING

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes all federal grants to the Institute that had expenditure activity during the year ended September 30, 2015. This Schedule has been prepared on the accrual basis of accounting for expenditures in accordance with accounting principles generally accepted in the United States of America. Grant revenues and expenditures are recorded for financial reporting purposes when the Institute has met the qualifications for the respective grants. Grant revenues are equivalent to grant expenditures. The information in this Schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-profit Organizations Receiving Federal Awards*.

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#### NOTE B—SUBRECIPIENTS

Of the federal expenditures presented in this Schedule, the Institute provided federal awards to subrecipients in the following areas:

	<b>2015</b>
U.S. Agency for International Development: Forestry Legality Alliance	\$ 133,299
U.S. Agency for International Development: Strengthening Central Africa Environment Management and Policy Support (SCAEMPS)	932,828
U.S. Agency for International Development: Pass-through from WWF	<u>18,025</u>
Total subrecipient payments	<u>\$ 1,084,152</u>

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#### NOTE C—CATALOG OF FEDERAL DOMESTIC ASSISTANCE

Catalog of Federal Domestic Assistance (CFDA) numbers are not assigned to the U.S. Agency for International Development grants and contracts. However, because of their similarities, we have considered all such contracts as one program for determination in applying OMB Circular A-133.

**Report of Independent Certified Public Accountants on  
Internal Control over Financial Reporting and on  
Compliance and Other Matters Required by  
*Government Auditing Standards***

Board of Directors  
World Resources Institute and Subsidiary

We have audited, 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, the consolidated financial statements of World Resources Institute and Subsidiary (the “Institute”), which comprise the consolidated statement of financial position as of September 30, 2015, and the related consolidated statements of activities and changes in net assets and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated February 12, 2016.

**Internal Control over Financial Reporting**

In planning and performing our audit of the consolidated financial statements, we considered the Institute’s internal control over financial reporting (“internal control”) to design audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of internal control. Accordingly, we do not express an opinion on the effectiveness of the Institute’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 Institute’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 the Institute’s 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 the Institute's consolidated 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*.

### **Intended Purpose**

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 Institute'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 Institute's internal control and compliance. Accordingly, this report is not suitable for any other purpose.



McLean, Virginia  
February 12, 2016



## Report of Independent Certified Public Accountants on Compliance for Each Major Federal Program and on Internal Control over Compliance Required by OMB Circular A-133

Board of Directors  
World Resources Institute and Subsidiary

### Report on Compliance for Each Major Federal Program

We have audited the compliance of World Resources Institute and Subsidiary (the “Institute”) with the types of compliance requirements described in the U.S. Office of Management and Budget’s *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2015. The Institute’s major federal programs are identified in the summary of auditor’s results section of the accompanying Schedule of Findings and Questioned Costs.

#### Management’s Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to the Institute’s federal programs.

#### Auditor’s Responsibility

Our responsibility is to express an opinion on compliance for each of the Institute’s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

The above-mentioned standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Institute’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Institute’s compliance.

## Opinion on Each Major Federal Program

In our opinion, the Institute complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2015.

## Report on Internal Control over Compliance

Management of the Institute is responsible for designing, implementing, and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Institute's internal control over compliance with the types of compliance requirements that could have a direct and material effect on each major federal program to design audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Institute's internal control over compliance.

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

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

## Intended Purpose

The purpose of this Report on Internal Control Over Compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



McLean, Virginia  
February 12, 2016

# World Resources Institute and Subsidiary

## Schedule of Findings and Questioned Costs

Year ended September 30, 2015

### **Section I**

### **Summary of Auditor's Results**

#### **Financial Statements**

- |  |               |
|--|---------------|
| 1. Type of auditor's report issued   | Unmodified    |
| 2. Internal control over financial reporting                                     |               |
| a. Material weaknesses identified?   | No            |
| b. Significant deficiencies identified not considered to be material weaknesses? | None reported |
| c. Noncompliance material to the financial statements noted?                     | No            |

#### **Federal Awards**

- |   |               |
|---|---------------|
| 1. Internal control over major programs:  |               |
| a. Material weaknesses identified?  | No            |
| b. Significant deficiencies identified not considered to be material weaknesses?  | None reported |
| 2. Type of auditor's report issued on compliance for major programs:  | Unmodified    |
| 3. Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133, Section 510(a)? | No            |
| 4. Identification of major program:   |               |

#### **Federal Agency/Program Title**

USAID Foreign Assistance for Programs Overseas

#### **CFDA**

98.001

- |   |           |
|---|-----------|
| 5. Dollar threshold used to distinguish between Type A and Type B programs:       | \$300,000 |
| 6. Auditee qualified as a low-risk auditee under OMB Circular A-133, Section 530? | No        |

**World Resources Institute and Subsidiary**

Schedule of Findings and Questioned Costs—Continued

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*Year ended September 30, 2015*

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***Section II—Financial Statement Findings***

None reported

***Section III—Federal Award Findings and Questioned Costs***

None reported

World Resources Institute and Subsidiary

Schedule of Functional Expenses

Year ended September 30, 2015

	Business Center	Cities and Transport	Climate	Energy	Finance Center	Food, Forests and Water	Governance Center	Special Projects	Communications	Total Program Expenses	Administration	Development	Total Expenses
Salaries	\$ 293,294	\$ 4,029,393	\$ 3,712,416	\$ 568,006	\$ 985,187	\$ 4,689,831	\$ 1,554,621	\$ 1,671,295	\$ 878,305	\$ 18,382,348	\$ 2,154,821	\$ 957,164	\$ 21,494,333
Fringe Benefits	126,203	1,670,123	1,553,504	234,960	352,543	1,937,131	647,989	672,711	364,830	7,559,994	910,823	401,715	8,872,532
Research Expenses	—	976,406	1,192,194	75,710	273,284	1,789,772	134,670	1,221,108	30,593	5,693,737	31,052	31,605	5,756,394
Conference Expenses	4,341	209,150	313,827	20,513	46,789	421,464	108,941	262,976	20,506	1,408,507	47,899	38,350	1,494,756
Publication Expenses	8	243,112	544,242	9,075	26,415	195,346	91,345	389,804	107,131	1,606,478	7,181	33,515	1,647,174
Communication Expenses	—	83,979	136,545	68,083	—	1,401,136	19,709	236,005	11,570	1,957,027	720	4,100	1,961,847
Travel	36,815	864,617	544,189	61,419	152,317	888,905	203,060	410,336	15,389	3,177,047	141,685	70,403	3,389,135
Occupancy	20,566	563,369	535,025	86,362	171,337	709,267	233,185	226,729	136,094	2,681,934	331,621	130,480	3,144,035
Other Direct Costs	7,890	236,938	171,555	26,226	43,630	314,879	84,347	103,412	63,390	1,052,267	1,391,300	66,373	2,509,940
Subgrants	—	6,644,947	1,594,859	276,957	37,059	7,648,440	716,788	4,023,611	—	20,942,661	—	—	20,942,661
Rent	2,930	53,180	52,140	6,891	12,290	73,971	18,438	31,118	9,752	260,710	—	10,386	271,096
Library and information services	2,097	38,065	37,321	4,933	8,797	52,947	13,198	22,274	6,980	186,612	—	7,434	194,046
Indirect Salaries	14,178	257,314	252,282	33,344	59,465	357,915	89,216	150,566	47,184	1,261,464	—	50,254	1,311,718
Indirect Benefits	6,029	109,425	107,285	14,181	25,288	152,207	37,940	64,029	20,065	536,449	—	21,371	557,820
Subgrant Pool Salaries	—	210,544	50,533	8,775	1,175	242,340	22,711	127,488	—	663,566	—	—	663,566
Subgrant Pool Benefits	—	89,696	21,528	3,738	500	103,242	9,676	54,313	—	282,693	—	—	282,693
Subgrant Pool Other Costs	—	42,379	10,171	1,766	237	48,779	4,571	25,661	—	133,564	—	—	133,564
Supplies and materials	1,917	34,787	34,107	4,508	8,039	48,387	12,061	20,355	6,379	170,540	—	6,794	177,334
Postage	48	879	863	114	203	1,223	305	514	161	4,310	—	172	4,482
Telephone and cables	4,071	73,892	72,447	9,575	17,077	102,782	25,620	43,238	13,550	362,252	—	14,431	376,683
Equipment rental and maintenance	11,875	215,521	211,307	27,929	49,807	299,783	74,725	126,111	39,521	1,056,579	—	42,092	1,098,671
Other Indirect	1,682	30,522	29,925	3,955	7,054	42,455	10,583	17,860	5,597	149,633	—	5,961	155,594
Depreciation	10,150	184,210	180,607	23,871	42,571	256,230	63,869	107,789	33,779	903,076	—	35,976	939,052
<b>Total Expenses</b>	<b>544,094</b>	<b>16,862,448</b>	<b>11,358,872</b>	<b>1,570,891</b>	<b>2,321,064</b>	<b>21,778,432</b>	<b>4,177,568</b>	<b>10,009,303</b>	<b>1,810,776</b>	<b>70,433,448</b>	<b>5,017,102</b>	<b>1,928,576</b>	<b>77,379,126</b>
Allocation of administration costs	54,227	984,182	964,937	127,537	227,445	1,368,966	341,236	575,889	180,471	4,824,890	(5,017,102)	192,212	—
<b>Total Expenses After G&amp;A Allocations</b>	<b>\$ 598,321</b>	<b>\$ 17,846,630</b>	<b>\$ 12,323,809</b>	<b>\$ 1,698,428</b>	<b>\$ 2,548,509</b>	<b>\$ 23,147,398</b>	<b>\$ 4,518,804</b>	<b>\$ 10,585,192</b>	<b>\$ 1,991,247</b>	<b>\$ 75,258,338</b>	<b>\$ —</b>	<b>\$ 2,120,788</b>	<b>\$ 77,379,126</b>

*This schedule should be read in conjunction with the accompanying Report of Independent Certified Public Accountants and the Consolidated Financial Statements and Notes thereto.*

World Resources Institute and Subsidiary

Schedule of Functional Expenses

Year ended September 30, 2014

	Business Center	Cities and Transport	Climate	Energy	Finance Center	Food, Forests and Water	Governance Center	Special Projects	Communications	Total Program Expenses	Administration	Development	Total Expenses
Salaries	\$ 313,128	\$ 3,153,618	\$ 3,408,252	\$ 301,972	\$ 793,818	\$ 3,851,169	\$ 1,577,395	\$ 1,558,010	\$ 614,606	\$ 15,571,968	\$ 2,283,471	\$ 1,080,212	\$ 18,935,651
Fringe Benefits	125,409	1,275,850	1,396,931	123,788	264,004	1,572,463	629,461	594,740	230,283	6,212,929	927,552	449,160	7,589,641
Research Expenses	21,360	861,925	701,599	30,175	172,903	1,731,366	270,900	1,034,868	25	4,825,121	74,664	60	4,899,845
Conference Expenses	3,102	160,026	257,274	6,877	12,933	268,548	53,800	310,795	11,814	1,085,169	50,932	122,508	1,258,609
Publication Expenses	90	156,289	96,579	1,536	25,719	181,822	62,622	226,402	61,890	812,949	15,492	105,935	934,376
Communication Expenses	—	61,966	178,789	—	—	1,173,778	113,766	188,322	113,247	1,829,868	—	—	1,829,868
Travel	35,445	568,147	425,927	27,319	131,895	737,879	161,725	437,599	12,144	2,538,080	149,080	93,539	2,780,699
Other Direct Costs	3,552	142,694	(7,578)	5,435	12,135	139,256	41,326	(65,388)	(10,524)	260,908	1,471,734	77,129	1,809,771
Subgrants	5,000	4,433,472	1,458,602	39,487	100,110	5,033,540	1,279,334	5,606,253	—	17,955,798	—	—	17,955,798
Rent	41,661	529,430	535,840	41,247	117,279	801,240	241,542	355,581	85,754	2,749,574	—	160,023	2,909,597
Library and information services	2,733	34,733	35,153	2,706	7,694	52,565	15,846	23,328	5,626	180,384	—	10,498	190,882
Indirect Salaries	17,076	217,002	219,630	16,906	48,070	328,412	99,003	145,745	35,149	1,126,993	—	65,590	1,192,583
Indirect Benefits	7,110	90,352	91,446	7,039	20,015	136,738	41,220	60,683	14,635	469,238	—	27,309	496,547
Subgrant Pool Salaries	143	127,020	41,789	1,131	2,868	144,212	36,653	160,621	—	514,437	—	—	514,437
Subgrant Pool Benefits	60	53,309	17,539	475	1,204	60,524	15,383	67,411	—	215,905	—	—	215,905
Subgrant Pool Other Costs	3	2,830	931	25	64	3,213	817	3,579	—	11,462	—	—	11,462
Supplies and materials	2,162	27,472	27,805	2,140	6,086	41,576	12,534	18,451	4,450	142,676	—	8,304	150,980
Telephone and cables	4,642	58,989	59,703	4,596	13,067	89,274	26,912	39,619	9,555	306,357	—	17,830	324,187
Equipment rental and maintenance	13,908	176,739	178,879	13,770	39,151	267,476	80,633	118,703	28,627	917,886	—	53,420	971,306
Other Indirect	2,074	26,353	26,672	2,053	5,838	39,882	12,023	17,699	4,268	136,862	—	7,965	144,827
Depreciation	12,634	160,557	162,501	12,509	35,566	242,987	73,252	107,835	26,006	833,847	—	48,529	882,376
<b>Total Expenses</b>	<b>611,292</b>	<b>12,318,773</b>	<b>9,314,263</b>	<b>641,186</b>	<b>1,810,419</b>	<b>16,897,920</b>	<b>4,846,147</b>	<b>11,010,856</b>	<b>1,247,555</b>	<b>58,698,411</b>	<b>4,972,925</b>	<b>2,328,011</b>	<b>65,999,347</b>
Allocation of administration costs	71,205	904,872	915,829	70,498	200,446	1,369,435	412,831	607,740	146,567	4,699,423	(4,972,925)	273,502	—
<b>Total Expenses After G&amp;A Allocations</b>	<b>\$ 682,497</b>	<b>\$ 13,223,645</b>	<b>\$ 10,230,092</b>	<b>\$ 711,684</b>	<b>\$ 2,010,865</b>	<b>\$ 18,267,355</b>	<b>\$ 5,258,978</b>	<b>\$ 11,618,596</b>	<b>1,394,122</b>	<b>\$ 63,397,834</b>	<b>\$ —</b>	<b>\$ 2,601,513</b>	<b>\$ 65,999,347</b>

*This schedule should be read in conjunction with the accompanying Report of Independent Certified Public Accountants and the Consolidated Financial Statements and Notes thereto.*

## World Resources Institute and Subsidiary

### Schedule of Indirect Cost Rate Calculation (Facility Costs)

*Year ended September 30, 2015*

Direct Expenses	Programs	Fundraising	Total Expenses
Salaries and Stipends	\$ 18,382,348	\$ 957,164	\$ 19,339,512
Fringe Benefits	7,559,994	401,715	7,961,709
Research & Conference Expenses	7,102,244	69,955	7,172,199
Publications Expenses	1,606,478	33,515	1,639,993
Communications Expenses	1,957,027	4,100	1,961,127
Travel	3,177,047	70,403	3,247,450
Occupancy	2,681,934	130,480	2,812,414
Misc. Costs	1,052,267	66,373	1,118,640
Subgrants	20,942,661	—	20,942,661
<b>Total direct expenses</b>	<b>64,462,000</b>	<b>1,733,705</b>	<b>66,195,705</b>
Less: Costs of institutional cooperative agreements/subgrants	(20,942,661)	—	(20,942,661)
<b>Total Allowable Direct Expenses (Allocation Base)</b>	<b>\$ 43,519,339</b>	<b>\$ 1,733,705</b>	<b>\$ 45,253,044</b>

Facility Costs	Total Facility Cost
Rent	\$ 271,096
Salaries	1,311,718
Fringe Benefits	557,820
Library and Information Services	194,046
Supplies and Materials	177,334
Postage	4,482
Telephone and Cables	376,683
Equipment Rental and Maintenance	1,098,671
Interest/Offsite storage/Misc. Exp.	155,594
Depreciation and Amortization	939,052
<b>Total facility costs</b>	<b>5,086,496</b>
<b>Total Allowable Facility Costs</b>	<b>\$ 5,086,496</b>

#### Calculation of Facility Cost Rate:

Total allowable facility costs/total allowable direct expenses (\$5,086,496/\$45,253,044)

11.24%

**World Resources Institute and Subsidiary**

Schedule of Fringe Benefit Rate Calculation

*Year ended September 30, 2015*

Fringe Benefits	Regular and Term Staff	Temporary Staff	Total Benefits
PTO, Holiday and Other Benefits	\$ 4,079,146	\$ —	\$ 4,079,146
FICA	1,585,502	46,699	1,632,201
Group health	1,920,031	—	1,920,031
Retirement	1,481,967	—	1,481,967
Unemployment	56,048	8,546	64,594
Workers' compensation	52,759	2,329	55,088
Other	480,018	—	480,018
<b>Total allocable costs</b>	<b>\$ 9,655,471</b>	<b>\$ 57,574</b>	<b>\$ 9,713,045</b>

Regular and Term Staff Labor	Programs	Fundraising	Facility	Subgrant	Administration	Total Labor
Salaries	\$ 17,465,135	\$ 929,922	\$ 1,310,275	\$ 655,037	\$ 2,114,498	\$ 22,474,867
Less: excluded salaries expense*	(19,066)	—	(14,094)	—	(3,166)	(36,326)
<b>Total allowable labor base</b>	<b>\$ 17,446,069</b>	<b>\$ 929,922</b>	<b>\$ 1,296,181</b>	<b>\$ 655,037</b>	<b>\$ 2,111,332</b>	<b>\$ 22,438,541</b>

Calculation of fringe benefit for regular and term staff:

Total allocable costs/total allowable labor base  
(\$9,655,471/\$22,438,541)

43.03%

Temporary Staff Labor	Programs	Fundraising	Facility	Subgrant	Administration	Total Labor
Salaries and stipends	\$ 917,213	\$ 27,242	\$ 1,443	\$ 8,529	\$ 40,323	\$ 994,750
<b>Total allowable labor base</b>	<b>\$ 917,213</b>	<b>\$ 27,242</b>	<b>\$ 1,443</b>	<b>\$ 8,529</b>	<b>\$ 40,323</b>	<b>\$ 994,750</b>

Calculation of fringe benefit for temporary staff:

Total allocable costs/total allowable labor base  
(\$57,574/\$994,750)

5.79%

\*Excluded salary expenses are fellowship stipends, intern programs and outside temporary help. These expenditures are excluded because they do not have a relationship to fringe benefit costs.

*This schedule should be read in conjunction with the accompanying Report of Independent Certified Public Accountants and the Consolidated Financial Statements and Notes thereto.*



## World Resources Institute and Subsidiary

### Schedule of Indirect Cost Rate Calculation (General and Administration)

*Year ended September 30, 2015*

	Programs	Fundraising	Total
Allowable total direct	\$ 43,519,339	\$ 1,733,705	\$ 45,253,044
Total allocation base for general and administrative	\$ 43,519,339	\$ 1,733,705	\$ 45,253,044

#### General and Administrative Expenses

Salaries	\$ 2,154,821
Benefits	910,823
Research Expenses	31,052
Conference Expenses	47,899
Publications Expenses	7,181
Travel	141,685
Occupancy	331,621
Professional Services	584,262
Memberships/Fees/Dues	38,287
Recruitment/Relocation	293,256
Staff Meals/Kitchen	27,209
Training & Career Development	73,184
Miscellaneous	178,811
Non-billable unallowable	197,011
Total general and administrative expenses	5,017,102
Less: non-billable unallowable	(197,011) *
Total allowable general and administrative expenses	\$ 4,820,091
Calculation of general and administrative rate:	
Total general and administrative/total allocation base for general and administrative (\$4,820,091/\$45,253,044)	10.65%

\*Excluded unallowable expenses that are not chargeable to funders.

# World Resources Institute and Subsidiary

## Schedule of Indirect Cost Rate Calculation (Subgrant)

*Year ended September 30, 2015*

	<b>Programs</b>	<b>Fundraising</b>	<b>Total</b>
Total subgrant costs	\$ 20,942,661	\$ —	\$ 20,942,661
Total allocation base for general and administrative	\$ 20,942,661	\$ —	\$ 20,942,661

### **General and Administrative Expenses**

Salaries	\$	663,566
Benefits		282,693
Other Costs		133,564
Total general and administrative expenses	\$	1,079,823

Calculation of subgrant rate:

Total subgrant costs/total allocation base for general and administrative (\$1,079,823/\$20,942,661)		5.16%
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# World Resources Institute and Subsidiary

## Note to Schedule of Indirect Cost and Fringe Benefit Rate Calculations

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*Year ended September 30, 2015*

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### **NOTE A—BASIS OF ACCOUNTING**

The calculation of allocation rates is prepared in accordance with the methodologies used by the Institute in negotiating its indirect facility cost, fringe benefit, and general and administrative cost rates with its oversight agency, the U.S. Agency for International Development. Revenue is recorded using provisional approved rates. The difference between actual and provisional rates is not material to the financial statements as a whole.

*Facility Cost Rate*—represents total indirect costs less unallowable costs as a percentage of total direct costs, which includes fringe benefit costs, less all charges representing costs incurred pursuant to subcontract or subgrant agreements and unallowable costs.

*Fringe Benefit Rate*—represents the cost of total fringe benefit expenses as a percentage of total salary and wage charges that result in related fringe benefit expenses. Fringe benefit costs are included as a direct cost in the calculation of both the overhead, and the general and administrative cost rates.

*General and Administrative Rate*—represents all general and administrative expenses as a percentage of direct costs incurred, less charges representing costs incurred pursuant to subcontract or subgrant agreements.

*Subgrant Pool Rate*—represents subgrant-related salaries as a percentage of total subgrant costs.