

Consolidated Financial Statements and Report of
Independent Certified Public Accountants
World Resources Institute and Subsidiary
September 30, 2006 and 2005

World Resources Institute and Subsidiary

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Report of Independent Certified Public Accountants

Board of Directors
World Resources Institute and Subsidiary

We have audited the accompanying consolidated statements of financial position of the World Resources Institute and Subsidiary (the Institute) as of September 30, 2006 and 2005, and the related consolidated statements of activities, the consolidated changes in net assets, and the consolidated cash flows for the years then ended. These consolidated financial statements are the responsibility of the Institute's management. 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 as established by the American Institute of Certified Public Accountants 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 audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Institute as of September 30, 2006 and 2005, and the consolidated changes in its net assets and its consolidated cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated December 8, 2006, 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audits.

McLean, Virginia
December 8, 2006



World Resources Institute and Subsidiary

Consolidated Statements of Financial Position

<i>September 30,</i>	2006	2005
Assets		
Cash and cash equivalents	\$ 629,200	\$ 1,845,638
Cash restricted—held for others	1,352,133	1,304,553
Total cash and cash equivalents	1,981,333	3,150,191
Grants, pledges and contracts receivable, net (Note C)	12,352,349	6,705,998
Investments (Note B)	39,769,959	39,503,429
Other assets	693,749	394,367
Furniture, fixtures, and equipment, net (Note D)	516,761	544,498
Total Assets	\$ 55,314,151	\$ 50,298,483
Liabilities and Net Assets		
Liabilities		
Accounts payable	\$ 1,001,834	\$ 1,161,850
Accrued salaries and benefits	494,130	419,998
Obligation under capital leases (Note E)	104,526	65,923
Deferred rent	274,343	33,794
Deferred revenue	106,768	826,328
Funds held for others	1,353,987	1,306,407
Total Liabilities	3,335,588	3,814,300
Net Assets		
Unrestricted:		
Operating	111,630	111,630
Designated—working capital reserve	2,602,839	2,375,504
Designated—other	11,061,649	9,848,299
	13,776,118	12,335,433
Temporarily restricted	13,102,445	9,048,750
Permanently restricted	25,100,000	25,100,000
Total Net Assets	51,978,563	46,484,183
Total Liabilities and Net Assets	\$ 55,314,151	\$ 50,298,483

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, 2006

	Unrestricted		Temporarily Restricted	Permanently Restricted	Total
	Operating	Designated			
Revenues					
Grants/contributions and contracts	\$ 6,563,251	\$ —	\$ 11,219,489	\$ —	\$ 17,782,740
Federal grants and cooperative agreements	5,290,187	—	—	—	5,290,187
Investment return, net (Note B)	56,712	3,266,799	—	—	3,323,511
Support from endowment income	1,826,114	(1,826,114)	—	—	—
Publications	38,487	—	—	—	38,487
Other	58,782	—	—	—	58,782
Net assets released from program restrictions	7,165,794	—	(7,165,794)	—	—
Total Revenue	20,999,327	1,440,685	4,053,695	—	26,493,707
Expenses					
Policy research, technical support, and communications programs	17,076,707	—	—	—	17,076,707
Administration	2,337,611	—	—	—	2,337,611
Development	1,585,009	—	—	—	1,585,009
Total Expenses	20,999,327	—	—	—	20,999,327
Change in Net Assets	—	1,440,685	4,053,695	—	5,494,380
Net Assets, beginning of year	111,630	12,223,803	9,048,750	25,100,000	46,484,183
Net Assets, end of year	\$ 111,630	\$ 13,664,488	\$ 13,102,445	\$ 25,100,000	\$ 51,978,563

The accompanying notes are an integral part of this statement.

World Resources Institute and Subsidiary

Consolidated Statements of Activities and Changes in Net Assets—Continued

Year ended September 30, 2005

	Unrestricted		Temporarily Restricted	Permanently Restricted	Total
	Operating	Designated			
Revenues					
Grants/contributions and contracts	\$ 6,843,685	\$ —	\$ 5,479,655	\$ —	\$ 12,323,340
Federal grants and cooperative agreements	3,954,631	—	—	—	3,954,631
Investment return, net (Note B)	39,008	5,348,203	—	—	5,387,211
Support from endowment income	2,730,515	(2,730,515)	—	—	—
Publications	36,227	—	—	—	36,227
Other	8,769	—	—	—	8,769
Net assets released from program restrictions	6,404,664	—	(6,404,664)	—	—
Total Revenue	20,017,499	2,617,688	(925,009)	—	21,710,178
Expenses					
Policy research, technical support, and communications programs	16,364,463	—	—	—	16,364,463
Administration	2,161,034	—	—	—	2,161,034
Development	1,582,890	—	—	—	1,582,890
Total Expenses	20,108,387	—	—	—	20,108,387
Change in Net Assets	(90,888)	2,617,688	(925,009)	—	1,601,791
Net Assets, beginning of year	202,518	9,606,115	9,973,759	25,100,000	44,882,392
Net Assets, end of year	\$ 111,630	\$ 12,223,803	\$ 9,048,750	\$ 25,100,000	\$ 46,484,183

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>	2006	2005
Change in Cash and Cash Equivalents		
Cash Flows from Operating Activities		
Change in net assets	\$ 5,494,380	\$ 1,599,297
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation and amortization	272,837	236,612
Bad debt expense	(8,804)	50,000
Loss from disposal of equipment	39,015	—
Realized gain from sale of investments	(1,852,461)	(2,247,635)
Unrealized gain on investments	(1,386,700)	(3,063,812)
Changes in operating assets and liabilities:		
Cash restricted - held for others	(47,580)	(24,572)
Grants and contracts receivable	(5,637,547)	569,036
Other assets	(299,382)	(169,321)
Accounts payable	(160,016)	302,984
Accrued salaries and benefits	74,132	6,225
Funds held for others	47,580	22,718
Deferred rent	240,549	(10,138)
Deferred revenue	(719,558)	607,946
Net Cash Used in Operating Activities	(3,943,555)	(2,120,660)
Cash Flows from Investing Activities		
Proceeds from sales of investments	14,506,768	15,214,017
Purchase of investments	(11,534,137)	(12,721,465)
Purchase of furniture, fixtures, and equipment	(284,117)	(236,612)
Net Cash Provided by Investing Activities	2,688,514	2,255,940
Cash Flows from Financing Activities		
Borrowings (Payments) on capital lease obligations	38,603	(34,920)
Net Cash Provided by (Used in) Financing Activities	38,603	(34,920)
Net (Decrease) Increase in Cash and Cash Equivalents	(1,216,438)	100,360
Cash and Cash Equivalents, beginning of year	1,845,638	1,745,278
Cash and Cash Equivalents, end of year	\$ 629,200	\$ 1,845,638
Supplemental Disclosure of Cash Flow Information		
Cash paid for interest	\$ 10,354	\$ 5,872

The accompanying notes are an integral part of these statements.

World Resources Institute and Subsidiary

Notes to Consolidated Financial Statements

September 30, 2006 and 2005

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 an approximately 140-member interdisciplinary staff, strong in sciences and economics, and augmented by a network of advisors, collaborators, international fellows, and cooperating institutes in more than 50 countries. The Institute currently focuses on four goals: (1) Access, (2) Ecosystems & People, (3) Climate, and (4) Markets & Enterprises.

The Internal Revenue Service (IRS) has classified the Institute as exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC), as a publicly supported not-for-profit organization.

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 record investment activities for the African Centre for Technology Studies (ACTS) endowment (see note H). 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 asset 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.

Designated—Other—Amounts designated by the Board of Directors to be used in a manner similar to an endowment.

World Resources Institute and Subsidiary

Notes to Consolidated Financial Statements—Continued

September 30, 2006 and 2005

NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued

Classification of Net Assets—Continued

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.

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 is 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.

Cash and Cash Equivalents

For purposes of reporting cash flows, the Institute considers all highly liquid investment instruments purchased with an initial maturity of three months or less to be cash equivalents.

Investments

The Institute records its investments at fair market value based on quoted market prices, except for limited liability partnerships, which are recorded at estimated values.

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 five 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.

September 30, 2006 and 2005

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

Cash is held at financial institutions in excess of federally insured amounts. At September 30, 2006 and 2005, \$785,804 and \$1,533,080 respectively, were held at these institutions. The Institute has not incurred any losses on these funds.

NOTE B—INVESTMENTS

Investments were as follows as of September 30:

	2006	2005
Short-term investments	\$ 426,775	\$ 599,814
Limited liability partnerships	18,052,667	16,697,933
Equities	21,290,517	22,205,682
Total	\$ 39,769,959	\$ 39,503,429

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

	2006	2005
Realized gains	\$ 1,852,461	\$ 2,247,635
Unrealized gains	1,386,700	3,063,803
Dividends and interest	322,555	290,294
Investment management fees and foreign taxes	(238,205)	(214,521)
Total	\$ 3,323,511	\$ 5,387,211

World Resources Institute and Subsidiary

Notes to Consolidated Financial Statements—Continued

September 30, 2006 and 2005

NOTE C—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:

	2006	2005
U.S. government	8%	9%
Foundations	7%	23%
Foreign governments	12%	29%
International organizations	1%	7%
Corporations, individuals, and others	72%	32%
	100%	100%

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

	2006	2005
Less than one year	\$ 6,517,467	\$ 5,877,913
One to four years	6,649,611	1,041,410
Allowance for doubtful accounts	(152,891)	(161,695)
Unamortized discount on receivables	(661,837)	(51,630)
	\$ 12,352,349	\$ 6,705,998

NOTE D—FURNITURE, FIXTURES, AND EQUIPMENT

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

	2006	2005
Furniture and equipment	\$ 1,863,239	\$ 1,735,145
Leasehold improvements	805,059	803,806
Equipment under capital lease agreements	112,675	170,675
Artwork	8,825	8,825
	2,789,798	2,718,451
Less: accumulated depreciation and amortization	(2,273,037)	(2,173,953)
	\$ 516,761	\$ 544,498

World Resources Institute and Subsidiary

Notes to Consolidated Financial Statements—Continued

September 30, 2006 and 2005

NOTE E—OBLIGATIONS UNDER CAPITAL LEASES

The Institute is obligated under capital lease agreements for certain copy 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:

	2006	2005
Equipment under capital lease	\$ 112,675	\$ 170,675
Less: accumulated amortization	(20,292)	(113,973)
Equipment under capital lease, net	\$ 92,383	\$ 56,702

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

September 30,

2007	\$ 26,104
2008	26,104
2009	26,104
2010	26,104
2011	15,316
Thereafter	1,132
Total future minimum lease payments	120,864
Less: amount representing interest	(16,338)
Present value of minimum lease payments	\$ 104,526

Interest expense related to the capital leases was \$4,696 and \$5,872 respectively, for the years ended September 30, 2006 and 2005.

NOTE F—OFFICE LEASE COMMITMENTS AND RENT ABATEMENT

The Institute has entered into various operating lease agreements. During 2006, the Institute renegotiated and extended its current lease, under an agreement which expires in February 2019. As part of the office building lease, the Institute received two months of free rent. This rent abatement is being amortized on a straight-line basis over the life of the lease as a reduction of rent expense.

World Resources Institute and Subsidiary

Notes to Consolidated Financial Statements—Continued

September 30, 2006 and 2005

NOTE F—OFFICE LEASE COMMITMENTS AND RENT ABATEMENT—Continued

The future minimum lease payments as of September 30, 2006, are as follows:

<i>September 30,</i>	
2007	\$ 1,642,761
2008	1,886,408
2009	1,928,841
2010	1,972,229
2011	2,016,592
Thereafter	<u>16,240,950</u>
Total	<u>\$ 25,687,781</u>

Rental expense for these leases was \$1,569,798 and \$1,595,688 for the years ended September 30, 2006 and 2005, respectively.

NOTE G—LOANS PAYABLE

During fiscal year 2006, the Institute obtained a margin loan of \$1,000,000 from Citigroup Smith Barney with an open maturity date. The interest rate on the line-of-credit was based on London Interbank Offered Rate (LIBOR) as published in The Wall Street Journal "Money Rates" table two business dates after the date the line-of-credit is requested. The balance outstanding on this loan at September 30, 2006 was \$-0-.

NOTE H—FUNDS HELD FOR OTHERS

The Ford Foundation gave a grant (for endowment) of \$1,200,000 to ACTS (an unrelated organization) in Nairobi, Kenya. ACTS requested the Institute to hold the funds in an interest-bearing account until further notice, earning interest of \$152,133 as of September 30, 2006.

In addition, \$1,854 is being held for Millennium Ecosystem Assessment as of September 30, 2006.

World Resources Institute and Subsidiary

Notes to Consolidated Financial Statements—Continued

September 30, 2006 and 2005

NOTE I—PERMANENTLY RESTRICTED NET ASSETS

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. During 2006 and 2005, \$1,224,216 and \$1,938,380, respectively, of these earnings were transferred from unrestricted designated to unrestricted operating net assets in accordance with the policy statement referred to above. The Board of Directors also authorized management to draw down an additional amount of \$601,898 to cover capital campaign expenses during the period January 1, 2002, to September 30, 2006. As of September 30, 2006, the amount drawn down for this purpose was \$4,196,954.

In 2003, an individual contributed \$100,000 for the purpose of creating an endowment to enable the Institute to have interns. Investment earnings from the endowment are recognized as unrestricted designated revenue.

NOTE J—TEMPORARILY RESTRICTED NET ASSETS

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

	2006	2005
Embarq	\$ 7,795,899	\$ —
Climate, energy, and pollution	723,972	1,950,333
People & Ecosystems	1,228,864	675,994
Institutions and governance	1,219,318	1,834,525
Sustainable enterprise	1,061,780	1,754,001
Global Information	—	846,761
Special studies	1,072,612	1,987,136
Total	\$ 13,102,445	\$ 9,048,750

World Resources Institute and Subsidiary

Notes to Consolidated Financial Statements—Continued

September 30, 2006 and 2005

NOTE J—TEMPORARILY RESTRICTED NET ASSETS—Continued

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

	2006	2005
Embarq	\$ 1,001,835	\$ —
Climate, energy, and pollution	1,306,745	1,487,743
People & Ecosystems	980,987	689,960
Institutions and governance	1,248,872	399,741
Sustainable enterprise	994,625	970,697
Global Information	42,158	1,714,686
Special studies	1,590,572	1,141,837
Total	\$ 7,165,794	\$ 6,404,664

NOTE K—SIGNIFICANT CONTRACTS

The Institute was awarded a four-year 6,000,000 euro grant on October 1, 2004, by the Netherlands Ministry of Foreign Affairs for core funding in response to their proposal *Leveraging Change at the Nexus of Poverty, Ecosystem and Governance*. A total of \$1,817,000 of this grant has been received as of September 30, 2006. The Dutch government has been a major supporter of the Institute for several years. Their contributions accounted for approximately 7.8 percent and 11 percent of non-investment-related revenue for 2006 and 2005, respectively.

The Institute initiates and completes a substantial portion of its projects within the Institutions and Governance and Information Programs pursuant to a single cooperative agreement from the U.S. Agency for International Development. The revenue pursuant to this cooperative agreement was \$4,406,116 and \$3,118,815 for the years ended September 30, 2006 and 2005, respectively. Such revenue accounted for approximately 18 percent and 19 percent of total federal and non-federal grants, contributions, and cooperative agreement revenues during the years ended September 30, 2006 and 2005.

NOTE L—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, to individually owned tax-deferred annuity contracts under a defined contribution annuity plan. The amount contributed to the Plan for the years ended September 30, 2006 and 2005, was \$555,104 and \$525,793, respectively.

World Resources Institute and Subsidiary

Notes to Consolidated Financial Statements—Continued

September 30, 2006 and 2005

NOTE M—PROGRAM EXPENSE

Expenses by program are as follows as of September 30:

	2006	2005
Information	\$ —	\$ 3,033,805
Institutions and governance	3,450,683	2,985,336
People & Ecosystems	4,443,154	2,605,276
Sustainable enterprise	2,406,598	2,223,301
Embarq	1,748,850	1,774,482
Climate, energy, and pollution	2,677,697	1,750,459
Special studies/innovations	631,237	1,260,199
Communications	1,718,488	731,605
Total	\$ 17,076,707	\$ 16,364,463

The Institute has included the Information Program into the Biological Resources and Communication programs during 2006.

Supplemental Information



**Report of Independent Certified Public Accountants on
Supplemental Information**

Board of Directors
World Resources Institute and Subsidiary

Our audits were conducted for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The accompanying supplemental information on pages 19-20 is presented for purposes of additional analysis and is not a required part of the basic consolidated financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, is fairly stated in all material respects in relation to the consolidated financial statements taken as a whole.

Grant Thornton LLP

McLean, Virginia
December 8, 2006

World Resources Institute and Subsidiary

Schedule of Functional Expenses

Year ended September 30, 2006

	Climate, Energy and Pollution	People & Ecosystems	Embarq	Institutions and Governance	Sustainable Enterprise	Special Studies/ Innovations	Communications	Total Program Expenses	Administration	Development Including Capital Campaign	Total Expenses
Salaries	\$ 1,196,850	\$ 1,488,105	\$ 550,293	\$ 1,011,904	\$ 994,985	\$ 88,856	\$ 712,711	\$ 6,043,704	\$ 1,270,219	\$ 807,561	\$ 8,121,484
Fringe Benefits	353,104	443,334	161,289	302,856	282,385	26,907	206,405	1,776,280	381,558	242,977	2,400,815
Research Expenses	120,018	334,158	215,775	184,591	49,184	261,832	267,078	1,432,636	4,086	29,490	1,466,212
Conference Expenses	26,837	43,095	33,090	146,164	11,771	12,082	11,198	284,237	19,383	4,256	307,876
Publication Expenses	206,156	148,186	9,487	81,433	99,336	52,651	86,740	683,989	5,829	43,677	733,495
Communication Expenses	—	—	273	—	10	19,060	27,321	46,664	—	43,221	89,885
Travel	149,552	242,609	119,673	174,535	142,399	14,152	39,123	882,043	83,180	78,545	1,043,768
Other Direct Costs	19,930	68,393	43,957	25,754	16,047	35,863	23,451	233,395	573,356	34,388	841,139
Subgrants	119,631	1,026,699	349,329	1,071,854	436,475	—	22,500	3,026,488	—	—	3,026,488
Rent	256,833	343,017	140,513	238,838	197,803	63,377	170,280	1,410,661	—	159,137	1,569,798
Library and Information Services	15,175	20,267	8,302	14,111	11,687	3,745	10,061	83,348	—	9,402	92,750
Indirect Salaries	70,519	94,183	36,581	65,578	54,311	17,402	46,754	387,328	—	43,692	431,020
Indirect Benefits	21,206	28,322	11,602	19,720	16,332	5,233	14,059	116,474	—	13,139	129,613
Subgrant Pool Salaries	11,666	15,581	6,383	10,849	8,985	2,879	7,735	64,078	—	7,229	71,307
Subgrant Pool Benefits	3,559	4,753	1,947	3,309	2,741	878	2,360	19,547	—	2,205	21,752
Supplies and Materials	11,337	15,142	6,203	10,543	8,732	2,798	7,513	62,268	—	7,025	69,293
Telephone and Cables	17,941	23,961	9,816	16,684	13,818	4,427	11,895	98,542	—	11,117	109,659
Equipment Rental and Maintenance	26,400	35,259	14,444	24,550	20,332	6,515	17,503	145,003	—	16,358	161,361
Other Indirect	6,344	8,472	3,471	5,899	4,886	1,565	4,206	34,843	—	3,931	38,774
Depreciation	44,639	59,618	24,422	41,511	34,379	11,015	29,595	245,179	—	27,659	272,838
Total Expenses	2,677,697	4,443,154	1,748,850	3,450,683	2,406,598	631,237	1,718,488	17,076,707	2,337,611	1,585,009	20,999,327
Allocation of administration costs	382,454	510,791	209,241	355,657	294,551	94,376	253,566	2,100,637	(2,337,611)	236,974	—
TOTAL	\$ 3,060,151	\$ 4,953,945	\$ 1,958,091	\$ 3,806,340	\$ 2,701,149	\$ 725,613	\$ 1,972,054	\$ 19,177,344	\$ —	\$ 1,821,983	\$ 20,999,327

World Resources Institute and Subsidiary

Schedule of Functional Expenses

Year ended September 30, 2005

	Climat Energy and Pollution	People & Ecosystems	Embarrq	Institutions and Governance	Sustainable Enterprise	Information	Special Studies/ Innovations	Communications	Total Program Expenses	Administration	Development Including Capital Campaign	Total Expenses
Salaries and stipends	\$ 860,615	\$ 1,003,785	\$ 526,434	\$ 825,278	\$ 986,189	\$ 736,010	\$ 452,237	\$ 328,949	\$ 5,719,497	\$ 1,177,987	\$ 789,515	\$ 7,686,999
Benefits	238,976	287,713	152,843	241,044	257,394	199,934	121,341	106,039	1,605,284	334,014	227,746	2,167,044
Research expenses	94,436	245,964	120,541	230,607	52,554	164,533	119,218	34,653	1,062,506	57,491	74,394	1,194,391
Conference expenses	7,978	14,655	46,688	128,774	86,558	7,435	161,346	5,484	458,918	82,369	24,813	566,100
Publication expenses	69,626	79,434	18,374	119,815	61,978	655,225	31,181	67,186	1,102,819	8,259	85,166	1,196,244
Communication expenses	1,000	—	239	—	10,090	4,645	76	22,497	38,547	—	—	38,547
Staff and Board travel	90,668	176,851	157,675	125,669	135,291	37,502	35,507	14,240	773,403	55,668	47,166	876,237
Other direct expenses	20,415	27,787	21,633	31,987	26,826	20,088	79,449	13,460	241,645	445,246	33,142	720,033
Subgrants/subrecipients	41,901	338,021	484,864	882,324	226,841	779,906	25,000	—	2,778,857	—	—	2,778,857
Rent	179,736	238,510	135,665	221,232	210,023	237,105	129,940	76,963	1,429,174	—	166,516	1,595,690
Library and information services	9,688	12,855	7,312	11,924	11,320	12,780	7,004	4,148	77,031	—	8,975	86,006
Indirect salaries	48,453	64,297	36,572	59,639	56,617	63,918	35,029	20,748	385,273	—	44,889	430,162
Indirect benefits	12,999	17,249	9,812	16,000	15,189	17,148	9,397	5,566	103,360	—	12,043	115,403
Subgrant pool salaries	7,997	10,612	6,036	9,843	9,344	10,549	5,781	3,424	63,586	—	7,407	70,993
Subgrant pool benefits	2,376	3,155	1,793	2,924	2,776	3,134	1,718	1,891	18,891	—	2,201	21,092
Supplies and materials	7,474	9,918	5,641	9,199	8,733	9,860	5,403	3,200	59,428	—	6,924	66,352
Postage	2	2	1	2	2	2	1	1	13	—	2	15
Telephone and cables	7,927	10,519	5,983	9,757	9,265	10,457	5,731	3,394	63,031	—	7,344	70,375
Equipment and maintenance	18,394	24,409	13,884	22,641	21,494	24,266	13,298	7,877	146,263	—	17,041	163,304
Other	3,146	4,175	2,375	3,872	3,676	4,150	2,274	1,347	25,015	—	2,915	27,930
Depreciation	26,652	35,367	20,117	32,805	31,143	35,158	19,268	11,412	211,922	—	24,691	236,613
Total expenses	1,750,459	2,605,276	1,774,482	2,985,336	2,223,301	3,033,805	1,260,199	731,605	16,364,463	2,161,034	1,582,890	20,108,387
Allocation of administration costs	243,416	323,013	183,730	299,613	284,433	321,110	175,977	104,231	1,935,523	(2,161,034)	225,511	—
Total	\$ 1,993,875	\$ 2,928,289	\$ 1,958,212	\$ 3,284,949	\$ 2,507,734	\$ 3,354,915	\$ 1,436,176	\$ 835,836	\$ 18,299,986	\$ —	\$ 1,808,401	\$ 20,108,387