

**Centro Internacional de Mejoramiento  
de Maiz y Trigo, International and Centro  
Internacional de Mejoramiento  
de Maiz y Trigo, A. C.**

Combined financial statements

At the years ended December 31, 2014 and 2013  
And as of January 1, 2013, and for the years ended  
December 31, 2014 and 2013

**Centro Internacional de Mejoramiento de Maiz y Trigo, International  
And Centro Internacional de Mejoramiento de Maiz y Trigo, A. C.**

**Contents**

Combined Statement of Financial Position	1
Combined Statements of Activities	2
Combined Statement of Changes in Net Assets	3
Combined Statement of Cash Flows	4
Notes to the combined financial statements	5



**KPMG Cárdenas Dosal**  
Manuel Avila Camacho 176  
Col. Reforma Social  
11650 México, D.F.

Teléfono: + 01 (55) 52 46 83 00  
www.kpmg.com.mx

## Independent Auditors' Report

To the Boards of Trustees of Centro Internacional de Mejoramiento de Maíz y Trigo, International and Centro Internacional de Mejoramiento de Maíz y Trigo, A. C.:

We have audited the accompanying combined financial statements of Centro Internacional de Mejoramiento de Maíz y Trigo, International and Centro Internacional de Mejoramiento de Maíz y Trigo, A. C. (collectively "the Organization"), both of which are under common management, which comprise the combined statement of financial position as at December 31, 2014, 2013 and January 1, 2013, (transition date) the combined statements of activities, changes in net assets and cash flows for the years then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility for the (Combined) Financial Statements*

Management is responsible for the preparation and fair presentation of these combined financial statements in accordance with International Financial Reporting Standards (IFRS), and for such internal control as management determines is necessary to enable the preparation of (combined) financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these combined financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the combined financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the combined financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the combined financial statements.

(Continued)

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 combined financial statements give a true and fair view of the combined financial position of the Centro Internacional de Mejoramiento de Maíz y Trigo, International and Centro Internacional de Mejoramiento de Maíz y Trigo, A. C. as at December 31, 2014, 2013 and January 1, 2013, (transition date), and of its combined financial performance and its combined cash flows for the year then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

*Emphasis of Matter*

Without qualifying our opinion, we draw attention to the following:

As mentioned in note 2 to the combined financial statements which indicates that the Organization adopted International Financial Reporting Standards (IFRS) for the first time for the year ended December 31, 2014 which were applied retrospectively as of December 31, 2013 and January 1, 2013, (transition date); the comparative information presented as at and for the year ended December 31, 2013 and January 1, 2013, (transition date), were previously presented under Consultative Group on International Agricultural Research (“CGIAR”) Accounting Policies and Reporting Practices Manual.

KPMG CARDENAS DOSAL, S. C.

Sergio R. Betancourt Gómez

May 6, 2016.



**CENTRO INTERNACIONAL DE MEJORAMIENTO DE MAIZ Y TRIGO, INTERNATIONAL  
AND CENTRO INTERNACIONAL DE MEJORAMIENTO DE MAIZ Y TRIGO, A. C.**

Combined Statements of Activities

For the years ended December 31, 2014 and 2013

(In thousands of U. S. Dollars)

	Note	<u>2014</u>	<u>2013</u>
Grant revenue	Exhibit 1	\$ 147,936	140,819
Other revenues	15 (b)	936	943
Total revenue		148,872	141,762
Research expenses		95,153	95,183
CGIAR Collaboration Expenses		16,103	11,618
Non-CGIAR Collaboration Expenses		39,058	34,528
General and Administration Expenses	16 B.	(2,812)	(5,399)
Other income, net	16 C.	(2,619)	(129)
Total expenses	16 A.	144,883	135,801
Finance (income) cost	16 D.	(28)	590
Surplus for the year		4,017	5,371

See accompanying notes to Combined Financial Statements.

**CENTRO INTERNACIONAL DE MEJORAMIENTO DE MAIZ Y TRIGO, INTERNATIONAL  
AND CENTRO INTERNACIONAL DE MEJORAMIENTO DE MAIZ Y TRIGO, A. C.**

Combined Statement of Changes in Net Assets

(In thousands of U. S. Dollars)

	<b>Designated <u>Net assets</u></b>	<b>Undesignated <u>Net assets</u></b>	<b>Actuarial <u>(gains) losses</u></b>	<b><u>Total</u></b>
Balances January 1, 2013	\$ 41,409	12,311	-	53,720
Accumulated Net Results	(14,745)	14,745	-	-
Surplus for the year	-	5,371	-	5,371
Other comprehensive income	<u>-</u>	<u>-</u>	<u>168</u>	<u>168</u>
Balances December 31, 2013	<u>\$ 26,664</u>	<u>32,427</u>	<u>168</u>	<u>59,259</u>
Accumulated Net Results	(4,308)	5,591	-	1,283
Surplus for the year	-	4,017	-	4,017
Other comprehensive income	<u>-</u>	<u>-</u>	<u>(119)</u>	<u>(119)</u>
Balances December 31, 2014	<u>\$ 22,356</u>	<u>42,035</u>	<u>49</u>	<u>64,440</u>

See accompanying notes to Combined Financial Statements.

**CENTRO INTERNACIONAL DE MEJORAMIENTO DE MAIZ Y TRIGO, INTERNATIONAL  
AND CENTRO INTERNACIONAL DE MEJORAMIENTO DE MAIZ Y TRIGO, A. C.**

Combined Statements of Cash Flows

For the years ended December 31, 2014 and 2013

(In thousands of U. S. Dollars)

	<u>2014</u>	<u>2013</u>
<b>Cash flow from operating activities:</b>		
Surplus of the year:	\$ 4,017	5,371
Adjustments for:		
Depreciation	7,881	7,564
Amortization	91	71
Gain on sale of properties and equipment	6	62
Employee benefit finance cost, net	<u>308</u>	<u>301</u>
Subtotal	12,303	13,369
Change in:		
Short-term employee benefits	26	294
Accounts receivables, net	4,530	(14,058)
Inventory and supplies, net	(59)	(487)
Prepaid expenses	-	(500)
Program related activities	2,658	(1,209)
Accounts payable	7,119	(11,452)
Employee termination benefits	13	585
Actuarial losses	(119)	168
Provisions	(775)	(231)
Deferred revenue	<u>58</u>	<u>22,252</u>
<b>Net cash from operating activities</b>	<u>25,754</u>	<u>8,731</u>
<b>Cash flow from investing activities:</b>		
Proceeds from sale of property and equipment	2,207	17,045
Acquisition of properties and equipment	(4,664)	(31,171)
Acquisition of intangibles	(42)	(73)
Restricted cash	<u>(767)</u>	<u>1,791</u>
<b>Net cash from investing activities</b>	<u>(3,266)</u>	<u>(12,408)</u>
Net change in cash and cash equivalents	22,488	(3,677)
Beginning of the year	<u>59,960</u>	<u>63,637</u>
Ending of the year	<u>\$ 82,448</u>	<u>59,960</u>

See accompanying notes to Combined Financial Statements.



**Centro Internacional de Mejoramiento de Maiz y Trigo, International  
And Centro Internacional de Mejoramiento de Maiz y Trigo, A. C.**

Notes to the combined financial statements

As of December 31, 2014 and 2013 and as of January 1, 2013.

(In thousands of U.S. Dollars)

**(1) Reporting entity-**

The Centro Internacional de Mejoramiento de Maíz y Trigo, International (“**CIMMYT, Int.**”) was created through an agreement signed by the United Nations Development Programme and the International Bank of Reconstruction and Development, both cosponsors of the Consultative Group on International Agricultural Research (“CGIAR”), and is a not-for profit, scientific and training organization engaged in the improvement of maize and wheat cropping systems in developing countries. Centro Internacional de Mejoramiento de Maíz y Trigo, A.C. (“**CIMMYT, A. C.**”) is a private association chartered under Mexican law. CIMMYT, A. C. does not carry out any activities and only holds part of the land and buildings where CIMMYT, Int. carries out its activities. These two entities, which are under common management, are referred to collectively in this document as the “**Organization**”.

A Headquarters Agreement signed by the Government of Mexico on May 9, 1988 and ratified by the Mexican Senate on December 22, 1988, recognized CIMMYT, Int. as having the status of an international organization. A revised agreement between the United Mexican States and CIMMYT, Int. concerning the establishment of the headquarters of the Center in Mexico was signed on June 27, 2003 with retroactive effect from January 1, 2003. Due to its status as an international not-for-profit organization, CIMMYT, Int. is exempt from income taxes.

***Consortium Research Programs (CRPs)-***

In 2012, CGIAR introduced a new programmatic based approach to doing business. The Donors to CGIAR, represented by the Fund Council, approved the creation of fifteen Consortium Research Programs (CRPs), each to be led by a designated Center which would be responsible, through a Program Implementation Agreement (PIA) for overseeing the implementation of the CRP by program participants and for all payments to and reporting from program participants. Program participants include other Centers who are subcontracted by the Lead Center via a Program Participant Agreement (PPA) or other suitable contracting arrangement.

(Continued)

**Centro Internacional de Mejoramiento de Maiz y Trigo, International  
and Centro Internacional de Mejoramiento de Maiz y Trigo, A. C.**

Notes to the combined financial statements

(In thousands of U.S. Dollars)

**(2) Basis of accounting-**

The accompanying combined financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”). These are the Organization’s first combined financial statements prepared in accordance with IFRS and IFRS 1 *First-time Adoption of International Financial Reporting Standards* has been applied.

An explanation of how the transition to IFRS has affected the reported financial position, financial performance and cash flows of the Organization is provided in note 22.

In accordance with the General Corporations Law and the bylaws of CIMMYT, A.C., that entity’s Board of Directors is empowered to modify the CIMMYT, A.C. financial schedules after issuance. The accompanying combined financial statements would be submitted to the next CIMMYT, Int. Board of Trustees’ meeting for approval should any change to the CIMMYT, A.C. financial schedules necessitate an amendment to the accompanying financial statements.

**(3) Functional and presentation currency-**

The accompanying combined financial statements are presented in U.S. Dollar (“Dollar” or “\$”) which is the Organization’s functional currency and the currency in which these combined financial statements are presented. Except where otherwise noted, all financial information presented in dollars has been rounded to the nearest thousand.

**(4) Use of estimates and judgements-**

Preparation of these combined financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized prospectively.

**a) Judgements-**

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the combined financial statements is included on the next page.

(Continued)

**Centro Internacional de Mejoramiento de Maiz y Trigo, International  
and Centro Internacional de Mejoramiento de Maiz y Trigo, A. C.**

Notes to the combined financial statements

(In thousands of U.S. Dollars)

- Note 5g (i) (iii) - useful lives of property and equipment;

***b) Assumptions and estimation uncertainties-***

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ending December 31, 2014 is included in the following notes:

Note 13 (c) - measurement of defined benefit obligations: key actuarial assumptions.

**(5) Significant accounting policies-**

The accounting policies set out below have been applied consistently to all periods presented in these combined financial statements and in preparing the opening combined IFRS statement of financial position as at January 1, 2013 for the purposes of the transition to IFRS, unless otherwise indicated.

***(a) Cash and cash equivalents-***

Cash and cash equivalents are comprised of cash on hand, bank current accounts, fixed term interest bearing bank deposits and publicly listed securities. The Organization considers all highly-liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents. Restricted cash is detailed in note 7.

***(b) Foreign currency-***

***i. Foreign currency transactions-***

Transactions in foreign currencies are translated to the respective functional currencies of each foreign office at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated to the functional currency at the exchange rate when the fair value was determined. Foreign currency differences are generally recognized in the statement of activities.

(Continued)

**Centro Internacional de Mejoramiento de Maiz y Trigo, International  
and Centro Internacional de Mejoramiento de Maiz y Trigo, A. C.**

Notes to the combined financial statements

(In thousands of U.S. Dollars)

*ii. Foreign operations-*

The assets and liabilities of foreign operations are translated to Dollars at the exchange rates at the reporting date. The income and expenses of foreign operations are translated to Dollars at exchange rates at the dates of the transactions.

Foreign currency differences are recognized in OCI (Other Comprehensive Income) and accumulated in the translation reserve. Due to materiality reasons no currency translation effects were recognized during the periods presented.

*(c) Employee benefits-*

*i. Short-term benefits-*

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Organization has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

*ii. Defined contribution pension plans-*

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognized as an employee benefit expense in the statement of activities in the periods during which services are rendered by employees. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available. Contributions to a defined contribution plan that are due more than 12 months after the end of the period in which the employees render the service are discounted to their present value.

(Continued)

**Centro Internacional de Mejoramiento de Maiz y Trigo, International  
and Centro Internacional de Mejoramiento de Maiz y Trigo, A. C.**

Notes to the combined financial statements

(In thousands of U.S. Dollars)

**iii. Seniority premiums-**

In accordance with Mexican Labour Law, the Organization provides seniority premium benefits to its Nationally Recruited Staff (NRS) under certain circumstances. These benefits consist of a one-time payment equivalent to 12 days' wages for each year of service (at the employee's most recent salary, but not to exceed twice the legal minimum wage), payable to all employees with 15 or more years of service, as well as to certain employees terminated involuntarily prior to the vesting of their seniority premium benefit. Costs associated with these benefits are provided for based on actuarial computations using the projected unit credit method.

**iv. Other long-term employee benefits-**

The Organization's net obligation in respect of long-term employee benefits other than pension plans is the amount of future benefits that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value.

**v. Termination benefits-**

Termination benefits are recognized as an expense when the Organization is committed demonstrably, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognized as an expense if the Organization has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting period, then they are discounted to their present value.

End of service benefits for Internationally Recruited Staff (IRS) such as costs of return flights and shipment of personal effects are accrued during the duration of the employment contract. Because of the unstable political and security context in countries where the Organization operates, a provision for end of service benefits for international staff has been included based on the estimated probability of having to close operations in specific countries.

(Continued)

**Centro Internacional de Mejoramiento de Maiz y Trigo, International  
and Centro Internacional de Mejoramiento de Maiz y Trigo, A. C.**

Notes to the combined financial statements

(In thousands of U.S. Dollars)

**(d) *Income tax-***

CIMMYT, Int. is tax-exempt; accordingly, no provision for income taxes has been made in the accompanying combined financial statements.

**(e) *Biological assets-***

Biological assets are measured at fair value less costs to sell, with any change therein recognized in the statement of activities. For the periods presented, biological assets are immaterial.

**(f) *Inventories-***

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on their average price. Inventories are assets held in the form of materials or supplies to be consumed in the Organization's operations or in the rendering of services. They comprise materials and supplies not immediately expended at the time of their purchase, such as scientific supplies, automotive parts, building materials, petroleum products, office and other general supplies.

Inventories are valued at average cost. The cost of inventories applied to operations is based on the average method, and includes expenditure incurred in acquiring the inventories, and other costs incurred in bringing them to their existing location and condition.

Inventories are written down to net realizable value on an item-by item basis. The allowance for inventory obsolescence is deducted from the related asset. The amount of write-down of inventories to net realizable value and all losses of inventories are recognized as an expense in the period the write-down or loss occurs.

**(g) *Property and equipment-***

***i. Recognition and measurement-***

Land and buildings are initially recorded at acquisition cost.

(Continued)

**Centro Internacional de Mejoramiento de Maiz y Trigo, International  
and Centro Internacional de Mejoramiento de Maiz y Trigo, A. C.**

Notes to the combined financial statements

(In thousands of U.S. Dollars)

The Organization considers as equipment to be capitalized items with an estimated useful life beyond one year and costs in excess of \$2.5 or its equivalent.

Equipment is recorded at acquisition cost. Cost includes the purchase price and all other incremental costs incurred in bringing the asset to its present location and condition for its intended use.

Any gain or loss on disposal of an item of property and equipment is recognized in the statement of activities.

*ii. Subsequent expenditure-*

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Organization.

*iii. Depreciation-*

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less any residual value.

Depreciation is recognized in the statement of activities on a straight-line basis over the estimated useful lives of each part of an item of property and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Land is not depreciated.

Estimated useful life for property and equipment is as follows:

	<u>Years</u>
Buildings	40
Agricultural equipment	10
Fixtures	10
Furniture and office equipment	5
Laboratory equipment	5
Vehicles	4
Computers	3
Other equipment	3-5

(Continued)

**Centro Internacional de Mejoramiento de Maiz y Trigo, International  
and Centro Internacional de Mejoramiento de Maiz y Trigo, A. C.**

Notes to the combined financial statements

(In thousands of U.S. Dollars)

Depreciation methods, useful lives and residual values are reviewed at each financial year end and adjusted if appropriate (see note 10).

Property and equipment acquired through the use of grants restricted for a certain project is recorded as an asset. Such assets are depreciated over the shorter of the project life or their useful lives.

**(h) Intangible assets-**

***i Recognition and measurement-***

Intangible assets that are acquired by the Organization and have finite useful lives are measured at cost less accumulated amortization.

***ii Subsequent expenditure-***

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates.

***iii Amortization-***

Amortization is calculated to write off the cost of intangible assets less the estimated residual values using the straight-line method over their estimated useful lives, and is generally recognized in profit and loss.

The estimated useful life of the software is three years.

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Software acquired through the use of grants restricted for a certain project is recorded as an asset. Such assets are depreciated over the shorter of the project life or their useful lives.

**(i) Prepaid expenses-**

Mainly include prepaid expenses for rents and the purchase of services that are received after the date of the combined statement of financial position and in the ordinary course of operations.

(Continued)



**Centro Internacional de Mejoramiento de Maiz y Trigo, International  
and Centro Internacional de Mejoramiento de Maiz y Trigo, A. C.**

Notes to the combined financial statements

(In thousands of U.S. Dollars)

**(j) Advance grant payments from donors-**

Represent grant payments received in advance from donors for restricted grants, for which the grant conditions have not yet been met. It also includes amounts payable to donors when donors require reimbursement of unexpended grant balances.

**(k) Other accounts payable and accruals-**

These represent amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

**(l) Provisions-**

A provision is recognized if, as a result of a past event, the Organization has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

**(m) Financial instruments-**

Non-derivative financial instruments comprise cash and cash equivalents, restricted cash, accounts receivable and accounts payable.

The Organization initially recognises accounts receivable and accounts payable on the date that they are originated.

Financial assets and liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial assets and liabilities are measured at amortised cost using the effective interest method.

The Organization derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the right to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred.

The Organization derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

(Continued)

**Centro Internacional de Mejoramiento de Maiz y Trigo, International  
and Centro Internacional de Mejoramiento de Maiz y Trigo, A. C.**

Notes to the combined financial statements

(In thousands of U.S. Dollars)

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Organization has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

**(n) Impairment-**

**i. Financial assets-**

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor.

The Organization considers evidence of impairment for receivables at a specific asset level. All individually significant receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Receivables that are not individually significant are collectively assessed for impairment by grouping together receivables with similar risk characteristics.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in the statement of activities and reflected in an allowance account against receivables. Interest on the impaired asset, if any, continues to be recognized through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through the statement of activities.

**ii. Non-financial assets-**

The carrying amounts of the Organization's non-financial assets, other than inventories are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

(Continued)

**Centro Internacional de Mejoramiento de Maiz y Trigo, International  
and Centro Internacional de Mejoramiento de Maiz y Trigo, A. C.**

Notes to the combined financial statements

(In thousands of U.S. Dollars)

The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the “cash-generating unit”).

An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognized in the statement of activities. Impairment losses recognized in respect of cash-generating units are allocated to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

**(o) Revenue recognition-**

The Organization recognizes revenue in accordance with IFRS as follows:

**i. Rendering of services-**

Income for rendered services is recognized in the accounting period in which the services are rendered.

**ii. Consortium research programs (CRPs)-**

The Lead Center of a CRP is required to include in its Statement of Activity expenses incurred by subcontracted centers and the corresponding revenue.

Partner Centers must include in their Statements of Activity expenses incurred for each CRP and the corresponding revenue.

(Continued)

**Centro Internacional de Mejoramiento de Maiz y Trigo, International  
and Centro Internacional de Mejoramiento de Maiz y Trigo, A. C.**

Notes to the combined financial statements

(In thousands of U.S. Dollars)

**Funding Windows**

Fund Donors may designate use of the funds they contribute to the CGIAR Fund in three ways:

Window 1 (W1) - These funds are allocated to the CRPs by the Consortium and approved by the Fund Council.

Window 2 (W2) - These funds are directed by Fund Donors to specific CRPs proposed by the Consortium and approved by the Fund Council as eligible to receive Window 2 subaccount funding. For each CRP, funds received into Window 2 are limited to the total budget amount approved by the Fund Council for that CRP.

Window 3 (W3) - These funds are directed by Fund Donors to individual Centers. Fund Donors may designate specific amounts to specific Centers for use at the Center's discretion.

***iii. Sale of goods-***

Sales Revenue is recognized when certain conditions have been satisfied:

- (a) The Organization has transferred to the buyer the significant risk and rewards of ownership of the goods;
- (b) The Organization does not retain effective control over the goods sold;
- (c) The amount of revenues can be reliably measured;
- (d) It is probable that the economic benefits will flow to the Organization; and
- (e) The costs incurred in respect of the transaction can be measured reliably.

***iv. Commissions-***

If the Organization acts in the capacity of an agent rather than as the principal in a transaction, then the revenue recognized is the net amount of commission made by the Organization.

(Continued)

**Centro Internacional de Mejoramiento de Maiz y Trigo, International  
and Centro Internacional de Mejoramiento de Maiz y Trigo, A. C.**

Notes to the combined financial statements

(In thousands of U.S. Dollars)

**v. Finance income and finance cost-**

The Organization's finance income and financial cost include interest income, interest expense and foreign exchange effects. Interest income or expense is recognized using the effective interest method.

**vi. Government grants-**

Government grants are initially recognized as deferred income at fair value if there is reasonable assurance that they will be received and that the Organization will comply with the conditions associated with the grant; they are then recognized in the statement of activities as income on a systematic basis over the useful life of the asset.

Grants that compensate the Organization for expenses incurred are recognized in the statement of activities on a systematic basis in the periods in which the expenses are recognized.

**(p) Donor accounts receivable-**

Donor accounts receivable represent amounts recoverable from donors for restricted grants promised or pledged for which any conditions have already been met. Donor accounts receivable are stated at their gross principal amounts, less any allowance for doubtful accounts. The allowance for doubtful accounts is initially created once the recoverability of collectible balances becomes doubtful based on the management's periodic review and analysis of the receivable balances from Donors accounts, as well as an assessment of the prevailing and anticipated economic conditions. If subsequently, as part of the periodic analysis of Donors accounts, the management confirms that a previously created doubtful account becomes uncollectible, the outstanding grant receivable balance is removed from the books through the allowance for doubtful accounts.

**(6) Cash and cash equivalents-**

	<u>December 31</u>		<u>January 1</u>
	<u>2014</u>	<u>2013</u>	<u>2013</u>
Cash on hand in banks	\$ 25,137	14,935	10,057
Short-term cash investments	<u>57,311</u>	<u>45,025</u>	<u>53,580</u>
Total	\$ 82,448	59,960	63,637
	=====	=====	=====

(Continued)

**Centro Internacional de Mejoramiento de Maiz y Trigo, International  
and Centro Internacional de Mejoramiento de Maiz y Trigo, A. C.**

Notes to the combined financial statements

(In thousands of U.S. Dollars)

Excess funds not required for operational purposes are invested in accordance with the CIMMYT, Int. Board of Trustees' approved investment policy. In accordance with such policy investments are made for the purpose of capital preservation, at the same time reducing risk exposure and optimizing investment returns where possible and ensuring diversification of the investment portfolio.

All cash investments are held in the form of deposits with reputable financial institutions.

**(7) Program related cash and liabilities**

The Organization acts as a host agent for a fee, and must comply with the following:

- a) Establish and oversee the operation of the account;
- b) If requested by CGIAR Members for a particular Commercialization arrangement, collect and pay royalties, license fees and other receipts; and
- c) Make all payments approved by the Program Steering Committee, including Program funds to be made available to CGIAR Members.

***Generation Challenge Program-***

The Generation Challenge Program (the "GCP") is a Consortium formed by different organizations (the "Consortium Members"), whose principal goal is to increase food security, improve livelihoods, improve development by unlocking the genetic potential of crop species and their relatives and enhancing the use of public genetic resources in plant breeding programs through the concerted generation, management, dissemination and application of comparative biological knowledge.

The GCP is supported by the World Bank, the European Commission, Department for International Development (DFID), and other donors (collectively the "Supporter Organizations") and is governed by an independent Steering Committee.

The GCP is transitioning to the Integrated Breeding Platform and as a part of that transition process the GCP Executive Board resolved to designate GCP funds for the purpose of implementing the new IBP program. Similarly, the IBP Phase II project funded by the Bill & Melinda Gates Foundation comprises co-funding from the GCP at the request of the Foundation.

(Continued)

**Centro Internacional de Mejoramiento de Maiz y Trigo, International  
and Centro Internacional de Mejoramiento de Maiz y Trigo, A. C.**

Notes to the combined financial statements

(In thousands of U.S. Dollars)

***Integrated Breeding Platform-***

The Integrated Breeding Platform (IBP) is an initiative of the Generation Challenge Programme. It is hosted by the Organization. The aim of the IBP is to support and promote the use of advanced plant breeding technologies and knowledge in order to increase agricultural productivity, enhance food security, and improve the livelihoods of smallholder farmers throughout the developing world.

The IBP is supported by the Bill & Melinda Gates Foundation and the World Bank (collectively, the “Supporter Organizations”) and is governed by an independent Board of Trustees.

The Organization, as host agent of the IBP, assumes fiduciary responsibility and has duties of care, loyalty and impartiality in its role and is reimbursed by the IBP for direct and indirect costs associated with its operations. The Organization acts on instructions from the IBP with regard to disbursement of funds based on a plan of work and attendant budget that has been approved by the Board of Trustees of the IBP.

**Program related cash and cash equivalents**

	<b>December 31</b>		<b>January 1</b>
	<b>2014</b>	<b>2013</b>	<b>2013</b>
Generation Challenge Program	\$ 4,035	7,061	8,852
Integrated Breeding Platform	3,793	-	-
Total	\$ 7,828	7,061	8,852

The liability due to the GCP and IBP in the combined statements of financial position represents the resources provided by the Supporter Organizations that are held in the Organization’s bank accounts and managed by the Organization as a host agent until the distribution or application is made by the Board of Trustees (IBP) and the Steering Committee (GCP), respectively.

The activity of each program is recorded in the program’s accounting records, and therefore such activity is not presented in these combined financial statements.

(Continued)

**Centro Internacional de Mejoramiento de Maiz y Trigo, International  
and Centro Internacional de Mejoramiento de Maiz y Trigo, A. C.**

Notes to the combined financial statements

(In thousands of U.S. Dollars)

**Program related accounts payable**

	<b>December 31</b>		<b>January 1</b>
	<b>2014</b>	<b>2013</b>	<b>2013</b>
Generation Challenge Program	\$ 4,408	7,643	8,852
Integrated Breeding Platform	5,893	-	-
Total	\$ 10,301	7,643	8,852

**(8) Related parties-**

The Organization's related parties include its key management personnel and related entities as described below.

Unless otherwise stated, none of the transactions incorporate special terms and conditions and no guarantees were give or received. Outstanding balances are usually settled in cash.

***Transactions with key management personnel-***

Key management of the Organization are the executive members of CIMMYT, Int.'s Management and members of Executive Committee of CIMMYT, Int.'s Board of Trustees.

	<b>2014</b>	<b>2013</b>
Short and long term benefits	\$ 2,837	2,535
	=====	=====

(Continued)



**Centro Internacional de Mejoramiento de Maiz y Trigo, International  
and Centro Internacional de Mejoramiento de Maiz y Trigo, A. C.**

Notes to the combined financial statements

(In thousands of U.S. Dollars)

**(9) Accounts receivable-**

*(a) Accounts receivable - donors consist of the following-*

		<b>December 31</b>		<b>January 1</b>
		<b>2014</b>	<b>2013</b>	<b>2013</b>
Restricted	\$	15,775	16,899	9,525
GCP and IBP (see Note 7)		1,464	2,318	1,888
Restricted - unbilled		-	-	35
		17,239	19,217	11,448
Less allowance for doubtful accounts - donors		(946)	(2,300)	(2,300)
Total donors	\$	16,293	16,917	9,148

*(b) Accounts receivable - CGIAR consist of the following:*

		<b>December 31</b>		<b>January 1</b>
		<b>2014</b>	<b>2013</b>	<b>2013</b>
CGIAR - W1 & W2		3,390	5,514	1,869
CGIAR Centers - Other	\$	1,717	1,747	2,436
Total CGIAR	\$	5,107	7,261	4,305

(Continued)

**Centro Internacional de Mejoramiento de Maiz y Trigo, International  
and Centro Internacional de Mejoramiento de Maiz y Trigo, A. C.**

Notes to the combined financial statements

(In thousands of U.S. Dollars)

*(c) Accounts receivable - others consist of the following:*

	<u>December 31</u>		<u>January 1</u>
	<u>2014</u>	<u>2013</u>	<u>2013</u>
BISA (1)	\$ 716	4,152	2,355
Regional offices	721	881	494
VAT receivable	671	446	-
Employees	79	164	148
AIARC (2) - International Salaries	7	1,001	(16)
Other	<u>82</u>	<u>110</u>	<u>69</u>
	2,276	6,754	3,050
Less allowance for doubtful accounts - BISA	<u>-</u>	<u>(2,726)</u>	<u>(2,355)</u>
Total other	<u>2,276</u>	<u>4,028</u>	<u>695</u>
Total accounts receivable	\$ 23,676	28,206	14,148
	=====	=====	=====

- (1) The Borlaug Institute for South Asia (BISA) in India is an entity set up for the purpose of initiating a platform for agricultural research across South Asia and establishing collaborative research efforts between the Indian Council of Agricultural Research (ICAR), three state governments of India and the Organization. The objective of BISA is to contribute to food security in the South Asia region by harnessing the latest technology in agriculture to improve farm productivity and sustainability to meet the food demands of the fast growing populations in South Asia.

During the start-up phase the Organization provided working capital to BISA which was later consolidated into a loan. Because BISA was never expected to repay this loan, it was partly provided for in 2012 and 2013, and partly written off during 2014. Arrangements are being considered for the remaining outstanding amounts.

- (2) The Payroll administration and payment of International staff salaries is outsourced to the Association of International Agricultural Research Centers (AIARC).

(Continued)

**Centro Internacional de Mejoramiento de Maiz y Trigo, International  
and Centro Internacional de Mejoramiento de Maiz y Trigo, A. C.**

Notes to the combined financial statements

(In thousands of U.S. Dollars)

**(10) Property and equipment-**

Details of the Organization's property and equipment and their carrying amount are as follows:

<u>Cost</u>	<u>December 31, 2013</u>	<u>Additions</u>	<u>Disposals</u>	<u>December 31, 2014</u>
Land	\$ 15,404	277	-	15,681
Buildings	33,553	2,077	-	35,630
Office equipment	1,395	24	(10)	1,409
Vehicles	14,331	749	(64)	15,016
Farm equipment	7,999	626	(3)	8,622
Labs & Scientific equipment	11,223	504	(36)	11,691
Auxiliary units	1,226	161	(3)	1,384
Maintenance equipment	304	-	-	304
Computers	4,002	246	(313)	3,935
Work in process	<u>947</u>	<u>-</u>	<u>(903)</u>	<u>44</u>
Total	\$ 90,384 =====	4,664 =====	(1,332) =====	93,716 =====
 <b><u>Accumulated depreciation</u></b>				
Buildings	\$ (2,882)	(1,906)	-	(4,788)
Office equipment	(1,157)	(104)	10	(1,251)
Vehicles	(11,509)	(1,779)	64	(13,224)
Farm equipment	(5,676)	(1,650)	3	(7,323)
Labs & Scientific equipment	(8,381)	(1,836)	17	(10,200)
Auxiliary units	(581)	(272)	2	(851)
Maintenance equipment	(50)	(30)	-	(80)
Computers	<u>(3,654)</u>	<u>(304)</u>	<u>306</u>	<u>(3,652)</u>
Total	(33,890)	(7,881)	402	(41,369)
Net book value	\$ 56,494 =====	(3,217) =====	(929) =====	52,347 =====

(Continued)

**Centro Internacional de Mejoramiento de Maiz y Trigo, International  
and Centro Internacional de Mejoramiento de Maiz y Trigo, A. C.**

Notes to the combined financial statements

(In thousands of U.S. Dollars)

<u>Cost</u>	<b>January 1, 2013</b>	<b>Additions</b>	<b>Disposals</b>	<b>December 31, 2013</b>
Land	\$ 15,404	-	-	15,404
Buildings	9,260	24,293	-	33,553
Office equipment	1,393	22	(20)	1,395
Vehicles	13,052	1,688	(409)	14,331
Farm equipment	6,976	1,035	(12)	7,999
Labs & Scientific equipment	8,926	3,151	(854)	11,223
Auxiliary units	1,006	225	(5)	1,226
Maintenance equipment	304	-	-	304
Computers	3,399	757	(154)	4,002
Work in process	<u>17,062</u>	<u>-</u>	<u>(16,115)</u>	<u>947</u>
Total	\$ 76,782	31,171	(17,569)	90,384
	=====	=====	=====	=====
 <b><u>Accumulated depreciation</u></b>				
Buildings	\$ (2,404)	(478)	-	(2,882)
Office equipment	(1,020)	(157)	20	(1,157)
Vehicles	(9,471)	(2,409)	371	(11,509)
Farm equipment	(4,396)	(1,280)	-	(5,676)
Labs & Scientific equipment	(6,431)	(2,004)	54	(8,381)
Auxiliary units	(396)	(189)	4	(581)
Maintenance equipment	(20)	(30)	-	(50)
Computers	<u>(2,650)</u>	<u>(1,017)</u>	<u>13</u>	<u>(3,654)</u>
Total	<u>(26,788)</u>	<u>(7,564)</u>	<u>462</u>	<u>(33,890)</u>
Net book value	\$ 49,994	23,607	(17,107)	56,494
	=====	=====	=====	=====

(Continued)

**Centro Internacional de Mejoramiento de Maiz y Trigo, International  
and Centro Internacional de Mejoramiento de Maiz y Trigo, A. C.**

Notes to the combined financial statements

(In thousands of U.S. Dollars)

**(11) Accounts payable-**

*(a) Advance grant payments from donors-*

	<u>December 31</u>		<u>January 1</u>
	<u>2014</u>	<u>2013</u>	<u>2013</u>
Restricted	\$ 39,001	31,237	39,834
GCP and IBP (see Note 7)	-	51	150
Restricted - Unbilled	<u>-</u>	<u>-</u>	<u>50</u>
Total donors	\$ 39,001	31,288	40,034
	=====	=====	=====

*(b) Advance grant payments from CGIAR-*

	<u>December 31</u>		<u>January 1</u>
	<u>2014</u>	<u>2013</u>	<u>2013</u>
CGIAR W1 & W2	225	-	6,923
CGIAR Centers - Other	\$ 725	710	573
Consortium 2% System Costs	<u>376</u>	<u>105</u>	<u>-</u>
Total CGIAR	\$ 1,326	815	7,496
	=====	====	=====

*(c) Accounts payable to others-*

	<u>December 31</u>		<u>January 1</u>
	<u>2014</u>	<u>2013</u>	<u>2013</u>
Suppliers	\$ 9,988	9,814	7,955
Employees	1,034	753	411
Payroll taxes and social security	451	655	472
Workshop	152	360	135
Others	<u>60</u>	<u>64</u>	<u>140</u>
Total others	\$ 11,685	11,646	9,113
	=====	=====	=====

(Continued)

**Centro Internacional de Mejoramiento de Maiz y Trigo, International  
and Centro Internacional de Mejoramiento de Maiz y Trigo, A. C.**

Notes to the combined financial statements

(In thousands of U.S. Dollars)

**(d) Accruals-**

	<b>December 31</b>		<b>January 1</b>
	<b>2014</b>	<b>2013</b>	<b>2013</b>
Grupo PC Constructores, S. A. de C. V. (*)	\$ -	700	-
Project accruals	237	697	48
Others	109	93	-
Total accruals	346	1,490	48
Total accounts payable	\$ 52,358	45,239	56,691
	=====	=====	=====

(\*) Included in this accrual is the estimated amount of additional works to be settled with the construction company related to the construction of new laboratories and greenhouses.

**(12) Deferred revenue-**

	<b>December 31</b>		<b>January 1</b>
	<b>2014</b>	<b>2013</b>	<b>2013</b>
Opening balance	\$ 30,949	8,697	-
Fixed asset acquisitions	3,739	27,800	23,730
Current year depreciation	(3,681)	(5,548)	(15,033)
	\$ 31,007	30,949	8,697
	=====	=====	=====

**(13) Employee benefits-**

The cost, obligations and other elements of the post-employment benefits mentioned in note 5(c), have been determined based on computations prepared by independent actuaries for NRS at December 31, 2014, 2013 and January 1, 2013, respectively.

(Continued)

**Centro Internacional de Mejoramiento de Maiz y Trigo, International  
and Centro Internacional de Mejoramiento de Maiz y Trigo, A. C.**

Notes to the combined financial statements

(In thousands of U.S. Dollars)

	<b>December 31</b>		<b>January 1</b>
	<b>2014</b>	<b>2013</b>	<b>2013</b>
Defined benefit obligations NRS (DBO)	\$ 4,961	4,767	4,912
Defined benefit obligations IRS	<u>4,396</u>	<u>4,269</u>	<u>3,238</u>
Net defined benefit asset/ (liability)	\$ 9,357	9,036	8,150
	=====	=====	=====

*(a) Change in the present value of the defined benefit obligations (DBO) as of December 31, 2014 and 2013 are as follows-*

	<b>2014</b>	<b>2013</b>
DBO at January 1	\$ 4,767	4,912
Current service cost	195	220
Interest cost	308	301
Actuarial (gain)/ losses	119	(168)
Benefits paid directly by the Organization	<u>(428)</u>	<u>(498)</u>
DBO at December 31	\$ 4,961	4,767
	=====	=====

*(b) Expense recognized in statement of activities as of December 31, 2014 and 2013 are as follows:*

	<b>2014</b>	<b>2013</b>
Current service costs	\$ 195	220
Finance cost	<u>308</u>	<u>301</u>
	\$ 504	522
	====	====

(Continued)

**Centro Internacional de Mejoramiento de Maiz y Trigo, International  
and Centro Internacional de Mejoramiento de Maiz y Trigo, A. C.**

Notes to the combined financial statements

(In thousands of U.S. Dollars)

**(c) Actuarial assumptions-**

The following were the principal actuarial assumptions at the reporting dates (expressed as weighted averages):

	<u>2014</u>	<u>2013</u>
Discount rate at December 31	7.50%	7.75%
Price inflation	3.5%	3.5%
Rate of salary increase	5.5%	5.5%

**(d) Sensitivity analysis-**

Reasonably possible changes at the reporting dates to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below:

		<u>Seniority premium</u>
Discount rate 8.5%	1% increase	376,578
Discount rate 6.5%	1% decrease	(420,891)
Salary increase 6.5%	1% increase	-
Salary increase 4.5	1% decrease	-
		=====

The total liability for internationally recruited staff (IRS) benefits as of December 31, 2014, 2013 and January 1, 2013, is \$4,396, \$4,269 and \$3,238, respectively. These amounts have been determined based on management's estimates.

**(14) Net assets-**

Net assets represent the residual balances of total assets minus total liabilities. The net assets are further classified as follows:

**(a) Unrestricted, designated net assets-**

Represent net assets the use of which is not restricted by donors but restricted by the Organization's management for specific purposes. Under previous GAAP, these amounts were the accumulated costs of Infrastructure investments, property and equipment, net of accumulated depreciation.

(Continued)



**Centro Internacional de Mejoramiento de Maiz y Trigo, International  
and Centro Internacional de Mejoramiento de Maiz y Trigo, A. C.**

Notes to the combined financial statements

(In thousands of U.S. Dollars)

Due to the conversion to IFRS, the deferred income method was applied. This method consists in the recognition of the asset at the date of acquisition against deferred revenue, with the asset's depreciation recognized in the statement of activities on a systematic basis over the useful life of the asset against the corresponding release of deferred revenue.

For this reason, final amounts in Property and Equipment net and Unrestricted Designated Net Assets are not the same.

**(b) *Unrestricted, undesignated net assets-***

Represent the Organization's accumulated surplus. These funds are intended to ensure availability of sufficient working capital to provide continuity to the Organization's operations, to cover additional investments in the upgrade or expansion of the organization's infrastructure and potentially for the orderly closure of the Organization if required.

**(15) Revenue-**

**(a) *Grants-***

Funds received from donors are used to support the Organization's programs. Programs must fall within the mandate of the Organization. Restricted grants also support the Organization's general activities, but they must be used for the activities mutually agreed upon between the Organization and the donor.

Included in the Combined Statement of Activities as supplementary funding are W3 & Bilateral Grants which are related to but are not strategically aligned with the Consortium Research Programs (CRPs), funding that typically supports scale-out and accelerates the impact pathway of a CRP. This type of funding includes a significant number of country-specific, downstream projects that were not envisioned in the original CRP proposals.

**(b) *Other revenues-***

For the years ended December 31, 2014 and 2013, other revenues and gains are:

(Continued)

**Centro Internacional de Mejoramiento de Maiz y Trigo, International  
and Centro Internacional de Mejoramiento de Maiz y Trigo, A. C.**

Notes to the combined financial statements

(In thousands of U.S. Dollars)

	<u>2014</u>	<u>2013</u>
Management fee - Integrated Breeding Platform	\$ 23	-
Management fee - Generation Challenge Program	907	881
Gain on sale of fixed assets	<u>6</u>	<u>62</u>
 Total revenues	 \$ 936	 943
	<u>===</u>	<u>===</u>

The Organization acts as a host agent for a fee. In the absence of specific guidance in IFRS on distinguishing between an agent and a principal, management considered the following:

- The Organization does not take title to the goods and has no responsibility in respect of the goods sold.
- Although the Organization collects the revenue from the final customer, all credit risk is borne by the supplier of the goods.
- The Organization cannot vary the selling prices set by the supplier by more than one percent.

**(16) Expenses (income)-**

**Program-related expenses** – These comprise the following main categories of expenses:

- a) **Research-** These expenses are incurred in direct research operations by the following programs: Global Wheat; Global Maize; Genetic Resources; and Impacts Targeting and Assessment.
- b) **Research support-** These expenses are incurred in direct support of research activities undertaken in the research programs listed above.
- c) **Information services-** Includes the costs of publication of annual reports and technical bulletins, translation and printing of various public information activities, as well as the costs of library services.
- d) **Training-** Except for amounts charged directly to research programs, training includes the costs applicable to trainees from various developing countries. These costs are incurred in Mexico and in regional offices.

(Continued)

**Centro Internacional de Mejoramiento de Maiz y Trigo, International  
and Centro Internacional de Mejoramiento de Maiz y Trigo, A. C.**

Notes to the combined financial statements

(In thousands of U.S. Dollars)

- e) **Management and general expenses-** These expenses comprise general administration expenses, including expenditures applicable to the Board of Trustees, Management, Finance, Human Resources, Purchasing, Supplies, Building Maintenance, Security, General Services and Housing.

For the years ended December 31, 2014 and 2013, Expenses and Losses are broken down as follows:

	<u>2014</u>	<u>2013</u>
<b>Direct Costs</b>		
Research expenses	\$ 131,255	100,760
Research support	(1,757)	(3,632)
Information services	595	548
Training	667	1,346
CG Center CRP Collaboration (via PPAs)	<u>(5,791)</u>	<u>(4,208)</u>
Ongoing research expenses	124,969	94,814
CG Center CRP Collaboration (via PPAs)	5,791	4,208
CARSO	<u>999</u>	<u>20,379</u>
Total research expenses	<u>131,759</u>	<u>119,401</u>
Indirect Cost Recovery	13,938	16,531
Research Support	<u>(814)</u>	<u>(131)</u>
Total Restricted Expenses	\$ 144,883	135,801
	=====	=====
<b>General and Administration Expenses</b>		
Personnel Cost	\$ 8,381	7,060
Supplies and Services	8,961	8,975
Operational Travel	459	468
Depreciation	1,508	875
Cost Allocation/Chargeback	<u>(8,183)</u>	<u>(6,246)</u>
Total General and Administration Expenses	11,126	11,132
Indirect Cost Recovery	<u>(13,938)</u>	<u>(16,531)</u>
General and Administration Expenses for SOA	\$ (2,812)	(5,399)
	=====	=====

(Continued)

**Centro Internacional de Mejoramiento de Maiz y Trigo, International  
and Centro Internacional de Mejoramiento de Maiz y Trigo, A. C.**

Notes to the combined financial statements

(In thousands of U.S. Dollars)

	<u>2014</u>	<u>2013</u>
<b>Other Gains and Losses</b>		
Inventory Adjustment	\$ (2)	3
VAT Recovery	(1,706)	(906)
Reversal Provisions	(1,862)	(231)
Other Expenses	<u>951</u>	<u>1,005</u>
Total Other Gains	\$ (2,619)	(129)
	=====	=====
<b>Net Finance (Income) Cost</b>		
Interest Income	\$ (336)	-
Interest Cost	<u>308</u>	<u>590</u>
Net Finance (Income)/Cost recognized in SOA	\$ (28)	590
	=====	=====
<b>Total Unrestricted Supplies and Services</b>		
Supplies and Services	\$ 10,267	12,896
Other Expenses under Supplies and Services	(42)	34
Cost Allocation / Chargeback	<u>(13,242)</u>	<u>(13,429)</u>
Total Unrestricted Supplies and Services	\$ (3,017)	(499)
	=====	=====

(1) In the Statement of Activities the amount for Supplies and Services in Unrestricted includes the full amount of charge-backs for support services. The charge-back rates are calculated, however, based on full cost of delivery of support services including salaries which is why a credit balance is shown in the Statement of Activity in the column Unrestricted.

**(17) Financial instruments and risk management-**

**(a) Overview-**

The Organization has exposure to the following risks from its use of financial instruments:

- market risk
- credit risk
- liquidity risk

(Continued)

**Centro Internacional de Mejoramiento de Maiz y Trigo, International  
and Centro Internacional de Mejoramiento de Maiz y Trigo, A. C.**

Notes to the combined financial statements

(In thousands of U.S. Dollars)

This note presents information about the Organization's exposure to each of the above risks, the Organization's objectives, policies and processes for measuring and managing risk, and the Organization's management of net assets. Further quantitative disclosures are included throughout these combined financial statements.

**Risk management framework**

The Organization is a not-for-profit Organization that does not actively engage in the trading of financial assets for speculative purposes nor does it write options. The most significant financial risks to which the Organization is exposed are described below.

The Organization's Board of Trustees has overall responsibility for the establishment and oversight of the Organization's risk management framework. Management has a Risk Management Committee, which is responsible for developing and monitoring the Organization's risk management policies. Management reports regularly to the Board of Trustees on this committee's activities, findings and recommendations.

The Organization's risk management policies are established to identify and analyse the risk faced by the Organization, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Organization's activities. The Organization, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Organization's Audit Committee oversees how management monitors compliance with the Organization's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Organization. The Organization's Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

**(b) Market risk-**

Market risk is the risk that changes in market prices, such as foreign exchange rates, and interest rates will affect the Organization's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters.

(Continued)

**Centro Internacional de Mejoramiento de Maiz y Trigo, International  
and Centro Internacional de Mejoramiento de Maiz y Trigo, A. C.**

Notes to the combined financial statements

(In thousands of U.S. Dollars)

The functional currency of the Organization is the US dollar. However, the organization is also engaged in foreign currency transactions.

In respect of monetary assets and liabilities denominated in foreign currencies, the Organization's policy is to ensure that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

The following significant exchange rates have been applied during the year.

		<u>Year-end spot rate</u>	
		<u>2014</u>	<u>2013</u>
MXN	\$	14.7348	13.0652
		=====	=====

For the period presented the Organization does not have any variable interest rate financial instruments.

*Sensitivity analysis*

Management has not quantified the potential impact on the statement of activities and net assets based on fluctuations of the exchange rate (sensitivity analysis) due to immateriality reasons, namely due to the fact that the Organization does not have any material transactions in foreign currencies.

**(c) Credit risk-**

Credit risk is the risk of financial loss to the Organization if a donor or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Organization's receivables from donors and investments and cash equivalents.

**i. Accounts receivable-**

The Organization's exposure to credit risk is influenced mainly by the individual characteristics of each donor.

(Continued)

**Centro Internacional de Mejoramiento de Maiz y Trigo, International  
and Centro Internacional de Mejoramiento de Maiz y Trigo, A. C.**

Notes to the combined financial statements

(In thousands of U.S. Dollars)

Cash and equivalents held by the Organization, are maintained in banks and financial institution counterparties with strong financial ratings.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date is shown:

	<u>Carrying amount</u>		
	<u>December 31</u>		<u>January 1,</u>
	<u>2014</u>	<u>2013</u>	<u>2013</u>
Cash and cash equivalents	\$ 82,448	59,960	63,637
Loans and receivables	<u>24,176</u>	<u>28,706</u>	<u>14,148</u>
	\$ 106,624	88,666	77,785
	=====	=====	=====

*ii. Impairment-*

At December 31 2014, the ageing of accounts receivable that were not impaired was as follows:

	<u>Accounts receivable</u>	<u>Impairment</u>
Neither past due nor impaired	23,676	-
Past due 1 year	723	(723)
Past due 3 years	<u>222</u>	<u>(222)</u>
	24,621	(945)
	=====	====

The movement in the allowance for impairment in respect of trade and other receivables during the year was as follows in the next page.

(Continued)

**Centro Internacional de Mejoramiento de Maiz y Trigo, International  
and Centro Internacional de Mejoramiento de Maiz y Trigo, A. C.**

Notes to the combined financial statements

(In thousands of U.S. Dollars)

	<b>Allowance for doubtful accounts <u>receivable</u></b>
Balance at January 1, 2013	\$ 4,655
Increase in allowance	<u>371</u>
Balance at December 31, 2013	5,026
Increase in allowance	327
Amounts written off	<u>(4,408)</u>
Balance at December 31, 2014	\$ 945 =====

At December 31, 2014 and 2013, there was an allowance for doubtful accounts receivable of \$945 and \$5,026 respectively related to contributions from several donors that have indicated that they are not expecting to be able to pay their outstanding balances, mainly due to economic circumstances. Additionally, an allowance of \$3,154 and \$2,726 related to the Borlaug Institute for South Asia (BISA) loan was recognized.

**(d) Liquidity risk-**

Liquidity risk is the risk that the Organization will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The Organization's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Organization's reputation.

At December 31, 2014 and 2013 the Organization did not have any available lines of credit.

(Continued)



**Centro Internacional de Mejoramiento de Maiz y Trigo, International  
and Centro Internacional de Mejoramiento de Maiz y Trigo, A. C.**

Notes to the combined financial statements

(In thousands of U.S. Dollars)

**(18) Net assets management-**

The Organization presently follows the CGIAR's draft Reserves Policy Guideline to maintain sufficient net assets for meeting the Organization's operational and strategic needs and to maintain the confidence of donors. This is achieved with efficient cash management, constant monitoring of the Organization's revenues, and long-term investment plans mainly financed by the Organization's operating cash flows.

**(19) Commitments-**

The Organization believes that it has complied with all aspects of contractual agreements, grants and donor restrictions that could have an effect on the combined financial statements.

**(20) Contingencies-**

CIMMYT, Int. is involved in a number of mostly labour related lawsuits and claims arising in the normal course of business. It is expected that the final outcome of these matters will not have significant adverse effects on the Organization's financial position and results of operations. The estimated amount payable regarding these lawsuits amounts to \$222 and is included in provisions.

During 2013 and 2014 the Mexican Government undertook audit processes of the MASAGRO project. The audit reports were published in February 2014 and February 2015, respectively. The final outcome of the audits is at this point uncertain, as the auditors of the Mexican Government claim that CIMMYT, Int. is obliged to comply with federal budget laws, whereas according to a ruling obtained by CIMMYT, Int. from the Mexican Secretary of Foreign Affairs, federal budget laws do not apply to CIMMYT, Int., in accordance with its status as an International Organization.

**(21) Standards issued but not yet adopted-**

A number of new standards, amendments to standards and interpretations are not yet effective as of December 31, 2014, and have not been applied in preparing these combined financial statements. None of these is expected to have a significant effect on the combined financial statements of the Organization. The Organization has not considered early application of these standards, which are detailed in the next page.

(Continued)

**Centro Internacional de Mejoramiento de Maiz y Trigo, International  
and Centro Internacional de Mejoramiento de Maiz y Trigo, A. C.**

Notes to the combined financial statements

(In thousands of U.S. Dollars)

- IFRS 9 *Financial Instruments*- published in July 2014 replaces the existing guidance in IAS 39 *Financial Instruments: Recognition and Measurement*. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. IFRS 9 is effective for annual reporting periods beginning on or after January 1, 2018, with early adoption permitted. The Organization is assessing the potential impact on its combined financial statements resulting from the application of IFRS 9.
- IFRS 15 *Revenue from Contracts with Customers*- established a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing revenue recognition guidance, including IAS 18 *Revenue*, IAS 11 *Construction Contracts* and IFRIC 13 *Customer Loyalty Programmes*. IFRS 15 is effective for annual reporting periods beginning on or after January 1, 2017, with early adoption permitted. The Organization is assessing the potential impact on its combined financial statements resulting from the application of IFRS 15.

There are no other standards and interpretations in issue but not yet adopted that Management anticipate will have a material effect on the reported income or net assets of the Organization.

**(22) Explanation of transition to IFRS-**

The accounting policies set out in note 5 have been applied in preparing the combined financial statements for the year ended December 31, 2014, the comparative information presented in these combined financial statements for the year ended December 31, 2013 and in the preparation of an opening combined IFRS statement of financial position at January 1, 2013 (the Organization's date of transition).

In preparing its opening combined IFRS statement of financial position, the Organization has adjusted amounts reported previously in combined financial statements prepared in accordance with CGIAR policies. An explanation of how the transition from CGIAR policies to IFRS would have affected the Organization's combined financial position, combined financial performance and combined cash flows is set out in the following tables and the notes that accompany the tables.

(Continued)

**Centro Internacional de Mejoramiento de Maiz y Trigo, International  
and Centro Internacional de Mejoramiento de Maiz y Trigo, A. C.**

Notes to the combined financial statements

(In thousands of U.S. Dollars)

**Reconciliation of net assets-**

The Statement of financial position reconciliation between IFRS and CGIAR policies as of January 1, 2013, and December 31, 2013 and December 31, 2014, and the Statement of activities reconciliation for the years ended December 31, 2013 and December 31, 2014 together with a description of the main adjusted transactions are as follows:

	<u>Note</u>	<b>CGIAR balance as January 1, 2013</b>	<b>Adjustments and reclassifications</b>	<b>IFRS balance as January 1, 2013</b>
<b>Asset</b>				
Current assets:				
Cash and cash equivalents	\$	63,637	-	63,637
Restricted cash		8,852	-	8,852
Accounts receivable, net		14,148	-	14,148
Inventory and supplies, net		<u>971</u>	<u>-</u>	<u>971</u>
Total current assets		87,608	-	87,608
Non-current assets:				
Property and equipment, net	(a)	41,409	8,585	49,994
Intangible assets		<u>-</u>	<u>112</u>	<u>112</u>
Total non-current assets		<u>41,409</u>	<u>8,697</u>	<u>50,106</u>
Total assets	\$	129,017	8,697	137,714
		=====	=====	=====
<b>Liability and net assets</b>				
Current liabilities:				
Short term employee benefits	\$	376	-	376
Program related activities		8,852	-	8,852
Accounts payable		56,659	32	56,691
Deferred revenue	(a)	<u>-</u>	<u>8,697</u>	<u>8,697</u>
Total current liabilities		65,887	8,729	74,616
Non-current liabilities:				
Employee termination benefit	(b)	\$ 8,803	(8,803)	-
Employee benefits	(b)	-	8,150	8,150
Provisions		<u>1,228</u>	<u>-</u>	<u>1,228</u>
Total non-current liabilities	\$	10,031	(653)	9,378
		=====	=====	=====

(Continued)

**Centro Internacional de Mejoramiento de Maiz y Trigo, International  
and Centro Internacional de Mejoramiento de Maiz y Trigo, A. C.**

Notes to the combined financial statements

(In thousands of U.S. Dollars)

	<u>Note</u>	<b>CGIAR balance at January 1, 2013</b>	<b>Adjustments and reclassifications</b>	<b>IFRS balance at January 1, 2013</b>
Net assets:				
Designated		\$ 41,409	-	41,409
Undesignated	(a) (b)	<u>11,690</u>	<u>621</u>	<u>12,311</u>
Total net assets		<u>53,099</u>	<u>621</u>	<u>53,720</u>
Total liabilities and net assets		\$ 129,017 =====	8,697 =====	137,714 =====
<b>Asset</b>				
Current assets:				
Cash and cash equivalents		\$ 59,960	-	59,960
Restricted cash		7,061	-	7,061
Accounts receivable, net		28,206	-	28,206
Inventory and supplies, net		<u>1,458</u>	<u>-</u>	<u>1,458</u>
Total current assets		96,685	-	96,685
Non-current assets:				
Property and equipment, net	(a)	26,664	29,830	56,494
Intangible assets		-	114	114
Prepaid rent		<u>500</u>	<u>-</u>	<u>500</u>
Total non-current assets		<u>27,164</u>	<u>29,944</u>	<u>57,108</u>
Total assets		\$ 123,849 =====	29,944 =====	153,793 =====

(Continued)

**Centro Internacional de Mejoramiento de Maiz y Trigo, International  
and Centro Internacional de Mejoramiento de Maiz y Trigo, A. C.**

Notes to the combined financial statements

(In thousands of U.S. Dollars)

	<u>Note</u>	<b>CGIAR balance at December 31, 2013</b>	<b>Adjustments and <u>reclassifications</u></b>	<b>IFRS balance at December 31, 2013</b>
<b>Liability and net assets</b>				
Current liabilities:				
Short term employee benefits		\$ 670	-	670
Program related activities		7,643	-	7,643
Accounts payable		45,239	-	45,239
Deferred revenue		<u>-</u>	<u>30,949</u>	<u>30,949</u>
Total current liabilities		53,552	30,949	84,501
Non-current liabilities:				
Employee termination benefit	(b)	11,247	(11,247)	-
Employee benefits	(b)	-	9,036	9,036
Provisions		<u>997</u>	<u>-</u>	<u>997</u>
Total non-current liabilities		\$ 12,244	(2,211)	10,033
		=====	=====	=====
Net assets:				
Actuarial losses		\$ -	168	168
Designated		26,664	-	26,664
Undesignated	(a) (b)	<u>31,389</u>	<u>1,038</u>	<u>32,427</u>
Total net assets		<u>58,053</u>	<u>1,206</u>	<u>59,259</u>
Total liabilities and net assets		\$ 123,849	29,944	153,793
		=====	=====	=====

(Continued)

**Centro Internacional de Mejoramiento de Maiz y Trigo, International  
and Centro Internacional de Mejoramiento de Maiz y Trigo, A. C.**

Notes to the combined financial statements

(In thousands of U.S. Dollars)

	<u>Note</u>	<b>CGIAR balance at December 31, 2014</b>	<b>Adjustments and reclassifications</b>	<b>IFRS balance at December 31, 2014</b>
<b>Asset</b>				
Current assets:				
Cash and cash equivalents		\$ 82,448	-	82,448
Restricted cash		7,828	-	7,828
Accounts receivable, net		23,676	-	23,676
Inventory and supplies, net		<u>1,517</u>	<u>-</u>	<u>1,517</u>
Total current assets		115,469	-	115,469
Non-current assets:				
Property and equipment, net	(a)	22,356	29,991	52,347
Intangible assets		-	65	65
Prepaid rent		<u>500</u>	<u>-</u>	<u>500</u>
Total non-current assets		<u>22,856</u>	<u>30,056</u>	<u>52,917</u>
Total assets		\$ <u>138,325</u>	<u>30,056</u>	<u>168,381</u>
<b>Liability and net assets</b>				
Current liabilities:				
Short term employee benefits		\$ 696	-	696
Program related activities		10,301	-	10,301
Accounts payable		52,358	-	52,358
Deferred revenue		<u>-</u>	<u>31,007</u>	<u>31,007</u>
Total current liabilities		63,355	31,007	94,362
Non-current liabilities:				
Employee termination benefit	(b)	\$ 12,586	(12,586)	-
Employee benefits	(b)	-	9,357	9,357
Provisions		<u>222</u>	<u>-</u>	<u>222</u>
Total non-current liabilities		\$ <u>12,808</u>	<u>(3,229)</u>	<u>9,579</u>

(Continued)

**Centro Internacional de Mejoramiento de Maiz y Trigo, International  
and Centro Internacional de Mejoramiento de Maiz y Trigo, A. C.**

Notes to the combined financial statements

(In thousands of U.S. Dollars)

	<u>Note</u>	<b>CGIAR balance at December 31, 2014</b>	<b>Adjustments and reclassifications</b>	<b>IFRS balance at December 31, 2014</b>
Net assets:				
Actuarial losses		\$ -	49	49
Designated		22,356	-	22,356
Undesignated	(a) (b)	39,806	2,229	42,035
Total net assets		<u>62,162</u>	<u>2,278</u>	<u>64,440</u>
Total liabilities and net assets		\$ 138,325	30,056	168,381
		=====	=====	=====

**Reconciliation of statement of activities for the year ended December 31, 2013**

	<u>Note</u>	<b>CGIAR balance</b>	<b>Adjustments and reclassifications</b>	<b>IFRS balances</b>
Revenue	(c)	\$ 166,442	(25,623)	140,819
Other revenue		<u>1,219</u>	<u>(276)</u>	<u>943</u>
Total revenue		167,661	(25,899)	141,762
Research expenses		120,806	(25,623)	95,183
CGIAR Collaboration expenses		11,618	-	11,618
Non-CGIAR Collaboration expenses		34,528	-	34,528
General and Administration expenses		(4,845)	(554)	(5,399)
Other gains and losses		<u>568</u>	<u>(697)</u>	<u>(129)</u>
Total expenses		162,675	(26,874)	135,801
Finance cost		<u>-</u>	<u>590</u>	<u>590</u>
Surplus of the year		4,986	385	5,371
Other comprehensive income:				
Defined benefit plan actuarial gains/(losses)	(b)	<u>-</u>	<u>168</u>	<u>168</u>
Total comprehensive income for the year		\$ 4,986	553	5,539
		=====	=====	=====

(Continued)

**Centro Internacional de Mejoramiento de Maiz y Trigo, International  
and Centro Internacional de Mejoramiento de Maiz y Trigo, A. C.**

Notes to the combined financial statements

(In thousands of U.S. Dollars)

**Reconciliation of statement of activities for the year ended December 31, 2014**

	<u>Note</u>	<u>CGIAR balance</u>	<u>Adjustments and reclassifications</u>	<u>IFRS balances</u>
Revenue	(c)	\$ 148,919	(983)	147,936
Other revenue		<u>1,260</u>	<u>(324)</u>	<u>936</u>
Total revenue		150,179	(1,037)	148,872
Research expenses		96,136	(983)	95,153
CGIAR Collaboration expenses		16,103	-	16,103
Non-CGIAR Collaboration expenses		39,058	-	39,058
General and Administration expenses		(4,935)	2,123	(2,812)
Other gains and losses		<u>(14)</u>	<u>(2,605)</u>	<u>(2,619)</u>
Total expenses		146,348	(1,465)	144,883
Finance income		-	(336)	(336)
Finance cost		<u>-</u>	<u>308</u>	<u>308</u>
Finance cost net		-	(28)	(28)
		=====	=====	=====
Surplus of the year		3,831	186	4,017
Other comprehensive income:				
Defined benefit plan actuarial gains/(losses)	(b)	<u>-</u>	<u>(119)</u>	<u>(119)</u>
Total comprehensive income for the year		\$ 3,831	67	3,898
		=====	=====	=====

(Continued)



**Centro Internacional de Mejoramiento de Maiz y Trigo, International  
and Centro Internacional de Mejoramiento de Maiz y Trigo, A. C.**

Notes to the combined financial statements

(In thousands of U.S. Dollars)

**Material adjustments to the statement of cash flows for the year ended December 31, 2013-**

There are no material differences between the statements of cash flows presented on the page's IFRS and the statement of cash flows presented under CGIAR.

**(a) *Property and equipment-***

Under the CGIAR Accounting Policies and Reporting Practices Manual, the Organization records Property and equipment acquired through the use of grants restricted for a certain project as an asset, such assets are fully depreciated in the year of acquisition and the depreciation expense is charged directly to the appropriate restricted project. On transition to IFRS, the Organization reversed the accumulated depreciation of the assets depreciated 100% in previous years for assets used in ongoing projects. Under IFRS, Property and equipment restricted for certain projects are depreciated over the shorter of useful lives or the project term.

**(b) *Employee benefits-***

Under CGIAR accounting policies, the Organization recognized a provision for employee termination benefits based on actuarial studies. Under IFRS, the Organization is required to recognize termination benefits at the earlier of when the Organization can no longer withdraw an offer of those benefits and when it recognizes any related restructuring costs. Therefore, the Organization derecognized the liability recorded under CGIAR policies related to employee termination benefits and recognized a provision for post-employment benefits in accordance with IFRS.

The effect reflected in undesignated net assets and other comprehensive income, relates to the reversal of the liabilities related to employee termination benefits. The amount shown in other comprehensive income corresponds to the difference in recognition of remeasurement (gains) and losses between the CGIAR policies and IFRS.

Additionally, the interest cost associated with the provision for post-employment benefits was recognized as part of the finance cost in the statement of activities.

(Continued)

**Centro Internacional de Mejoramiento de Maiz y Trigo, International  
and Centro Internacional de Mejoramiento de Maiz y Trigo, A. C.**

Notes to the combined financial statements

(In thousands of U.S. Dollars)

**(c) Grant revenue-**

The aforementioned IFRS adjustments in property and equipment affected grant revenue under IFRS since the monetary grants for the acquisition of research equipment should be recognized under the deferred income method which consists of the recognition of the research equipment as an asset at the date of acquisition against deferred revenue, followed by depreciation of the asset recognized in the statement of activities on a systematic basis over the useful life of the asset, with the corresponding release of deferred revenue over the same period.