



# Annex 1

**Deloitte.**

## AUDITOR'S REPORT

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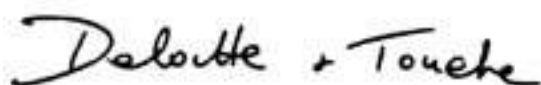
### To the Interim Panel of Eminent Experts Global Crop Diversity Trust Rome

We have audited the accompanying statement of financial position of Global Crop Diversity Trust, as at and for the year ended 31 December 2004 and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of management. Our responsibility is to express an opinion on these financial statements based on our audit.

The financial statements of Global Crop Diversity Trust for the year ended 31 December 2003 were not audited by us and, accordingly, we do not express an opinion on them.

We conducted our audit in accordance with International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements give a true and fair view of the financial position of the Global Crop Diversity Trust at 31 December 2004 and the results of its activities and cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS") as described in note 2 to the financial statements.



Italy, Rome May 27, 2005

**Ancona Bari Bergamo Bologna Brescia Cagliari Firenze Genova Milano Napoli Padova Parma Roma  
Torino Treviso Verona Vicenza.**

**Member of  
Deloitte Touche Tohmatsu**

**Sede Legale: Via Tortona, 25 - 20144 Milano**

**Capitale Sociale: sottoscritto e versato Euro 10.327.590,00 - deliberato Euro 10.850.00000**

**Partita IVA/Codice Fiscale/Registro delle Imprese Milano n. 03049560166- R.E.A. Milano n. 1720239**



**GLOBAL CROP DIVERSITY TRUST****Statement of Financial Position  
for the year ended 31 December 2004**

	Notes	2004 USD	2003 USD
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	3	9,444,818	3,455,672
Accounts Receivable	4		
Donors	Exhibit 1	293,998	914,974
Others	Exhibit 2	94,695	119,630
<b>Total Current Assets</b>		<b>9,833,511</b>	<b>4,490,276</b>
<b>Total Non Current Assets</b>		<b>-</b>	<b>-</b>
<b>TOTAL ASSETS</b>		<b>9,833,511</b>	<b>4,490,276</b>
<b>LIABILITIES &amp; FUND BALANCES</b>			
<b>Current Liabilities</b>			
Accounts Payable	5	246,636	610,617
<b>Total Current Liabilities</b>		<b>246,636</b>	<b>610,617</b>
<b>Non Current Liabilities</b>		<b>-</b>	<b>-</b>
<b>Total Liabilities</b>		<b>246,636</b>	<b>610,617</b>
<b>Fund Balances</b>			
Unrestricted		(239,084)	73,987
Temporarily Restricted		381,140	350,000
Permanently Restricted		9,444,818	3,455,672
<b>Total Fund Balances</b>	6	<b>9,586,874</b>	<b>3,879,659</b>
<b>TOTAL LIABILITIES &amp; FUND BALANCES</b>		<b>9,833,511</b>	<b>4,490,276</b>



**GLOBAL CROP DIVERSITY TRUST**
**Statement of Activities  
for the year ended 31 December 2004**

<b>INCOME &amp; SUPPORT</b>	<b>Notes</b>	<b>2004 USD</b>	<b>2003 USD</b>
<b>Investment Income</b>			
Earnings from Endowment Fund	7	42,641	5,322
Investment Expenses		-	-
<b>Net Investment Income</b>		<b>42,641</b>	<b>5,322</b>
<b>Contributions to Operational Fund</b>			
Contributions to Operational and Fundraising Activities	8 / Exhibit 3	964,069	1,509,124
In-Kind Contributions	9	205,046	-
<b>Total Contributions to Operational Fund</b>		<b>1,169,115</b>	<b>1,509,124</b>
<b>Net Assets released from Restrictions</b>			
From Capacity Building Fund	10	649,045	-
From Endowment Fund		-	-
<b>Total Net Assets released from Restrictions</b>		<b>649,045</b>	<b>-</b>
<b>TOTAL INCOME &amp; SUPPORT</b>		<b>1,860,800</b>	<b>1,514,446</b>
<b>GRANT EXPENSE</b>			
Conservation Strategies		261,258	-
External Review & Consultancies		-	-
Capacity Building Grants		387,787	-
Long-term Conservation Grants		-	-
<b>Total Grant Expense</b>	10	<b>649,045</b>	<b>-</b>
<b>SUPPORTING EXPENSES</b>			
Salaries and Benefits		1,086,238	341,233
Travel and Administrative		81,913	94,886
Governance		95,188	35,481
Public Awareness / Communications		202,762	140,382
Professional Services		16,085	550,873
<b>Total Supporting Expenses</b>	11	<b>1,482,186</b>	<b>1,162,857</b>
<b>TOTAL EXPENSES</b>		<b>2,131,231</b>	<b>1,162,857</b>
<b>Net Excess of Income &amp; Support over Expenditure</b>		<b>(270,430)</b>	<b>351,589</b>
<b>Increase/(Decrease) in Restricted Funds:</b>			
<b>Capacity Building Fund</b>			
Contributions	12 / Exhibit 3	680,185	350,000
Released from Restrictions	10	(649,045)	-
<b>Increase/(Decrease) in Capacity Building Fund</b>		<b>31,140</b>	<b>350,000</b>
<b>Endowment Fund</b>			
Contributions	13	5,946,506	3,450,350
Released from Restrictions		-	-
<b>Increase/(Decrease) in Endowment Fund</b>		<b>5,946,506</b>	<b>3,450,350</b>
<b>Increase/(Decrease) in Restricted Funds</b>		<b>5,977,646</b>	<b>3,800,350</b>
<b>Increase/(Decrease) in Fund Balances</b>		<b>5,707,216</b>	<b>4,151,939</b>
Fund Balances at Beginning of Period		3,879,659	(272,280)
<b>Fund Balances at End of Period</b>		<b>9,586,874</b>	<b>3,879,659</b>



**GLOBAL CROP DIVERSITY TRUST****Statement of Changes in Fund Balances  
for the year ended 31 December 2004**

	2004 USD	2003 USD
<b>RESTRICTED FUND BALANCES</b>		
<b>Endowment Fund</b>		
Opening Balance	3,455,672	-
Donations/Contributions	5,946,506	3,450,350
Net Investment Income	42,641	5,322
Amount Released	-	-
<b>Closing Balance</b>	<b>9,444,818</b>	<b>3,455,672</b>
<b>Capacity Building Fund</b>		
Opening Balance	350,000	-
Donations/Contributions	680,185	350,000
Amount Released	(649,045)	-
<b>Closing Balance</b>	<b>381,140</b>	<b>350,000</b>
<b>UNRESTRICTED FUND BALANCES</b>		
<b>Operational Fund</b>		
Opening Balance	73,987	(272,280)
Operating Surplus/Deficit	(313,071)	346,267
<b>Closing Balance</b>	<b>(239,084)</b>	<b>73,987</b>
<b>TOTAL FUND BALANCES</b>	<b>9,586,874</b>	<b>3,879,659</b>

**GLOBAL CROP DIVERSITY TRUST****Statement of Cash Flows  
for the year ended 31 December 2004**

	2004 USD	2003 USD
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Increase/(Decrease) in Unrestricted Fund Balance	(313,071)	73,987
(Increase)/Decrease in Accounts Receivable	645,912	(1,034,604)
Increase/(Decrease) in Accounts Payable	(363,981)	610,617
<b>Net Cash Provided By Operating Activities</b>	<b>(31,140)</b>	<b>(350,000)</b>
<b>CASH FLOWS FROM RESTRICTED ACTIVITIES</b>		
Increase/(Decrease) in Capacity Building Fund	31,140	350,000
Increase/(Decrease) in Endowment Fund	5,989,147	3,455,672
<b>Net Cash Provided By Restricted Activities</b>	<b>6,020,287</b>	<b>3,805,672</b>
Increase/(Decrease) in Cash	5,989,147	3,455,672
<b>CASH AT BEGINNING OF YEAR</b>	<b>3,455,672</b>	<b>-</b>
<b>CASH AT END OF YEAR</b>	<b>9,444,818</b>	<b>3,455,672</b>

# GLOBAL CROP DIVERSITY TRUST

## Notes to the Financial Statements

For the year ended 31 December 2004

### 1. Statement of Purpose

The Global Crop Diversity Trust (the Trust) is an autonomous international fund established under international law. The international status of the Trust is conferred under an Establishment Agreement which has been signed by 16 countries. The Trust was established on October 21, 2004 and operates as an essential element of the Funding Strategy of the International Treaty, with overall policy guidance from the Governing Body of the International Treaty, and within the framework of the International Treaty.

The Trust is currently located in Rome, hosted by the Food and Agricultural Organization of the United Nations (FAO) and the International Plant Genetic Resources Institute (IPGRI), pending the establishment of a permanent headquarters location.

The objective of the Trust is to ensure the long-term conservation and availability of plant genetic resources for food and agriculture with a view to achieving global food security and sustainable agriculture. To do this, the Trust aims to raise an endowment fund of USD260 million to support the development of a rational and efficient system for conserving crop diversity around the world.

Donors to the Trust include governments from developing and developed countries, foundations and the private sector.

The first set of financial statements for the Trust has been prepared for the year ended December 31, 2004 with comparatives provided in respect of the previous year. The comparative financial statements have not been audited.

### 2. Summary of Significant Accounting Policies

The financial statements of the Trust are prepared in accordance with International Financial Reporting Standards (IFRS), as issued by International Accounting Standards Board (IASB). Since existing IFRS do not cover issues unique to not-for-profit organizations, the Trust has drawn from other widely used standards (such as FAS 117 of US GAAP) to provide guidance on issues of importance that are not yet addressed by existing IFRS. The significant accounting policies followed are described below:

#### Revenue recognition

Funding managed by the Trust falls into three categories:

- 1) Endowment fund
- 2) Funds for regional and crop conservation strategies and capacity building grants
- 3) Funds to cover the operational and fundraising activities of the Trust

While some donors provide funds that may be applied to any category and activity at the discretion of the Trust, most donors allocate their funds to a specific category or categories. In certain cases, the Trust may receive funds that are either unrestricted for use within the category concerned or that are restricted, or "earmarked" by the donor to a specific purpose or activity.



Unrestricted grants, received and pledged, are recognized as revenues when the conditions imposed by the donor have been substantially met or explicitly waived by the donor.

Restricted grants are recognized as revenue to the extent grant conditions have been met. Grants pledged but not yet received are accrued among receivables only to the extent expended.

Grants in kind are recorded at the fair value of the assets or services received, or the fair value of the liabilities satisfied.

### Foreign currency transactions

The Trust conducts its operations in several currencies and maintains its accounting records in United States dollars. The financial statements are expressed in United States dollars solely for the purpose of summarizing the financial position and the results of operations. All items in the balance sheet, where necessary, have been translated at market rates of exchange at year-end. Revenue and expense items in currencies other than United States dollars have been recorded at the exchange rate prevailing on the transaction date.

## 3. Cash and Cash Equivalents

Cash and cash equivalents include contributions received for the endowment fund and related interest earned. It comprises cash in banks and interest bearing time deposits held at call with banks. Cash and cash equivalents are denominated in US dollars.

## 4. Accounts Receivable

All receivable balances are valued at their net realizable value.

### (A) Accounts receivable - donors

Accounts receivable from donors consists of claims for unrestricted grants pledged provided that the conditions attached to the grants have already been met. It also consists of claims for expenses paid on behalf of restricted grants in excess of the amount received.

Donor	Grant Pledged/ Amount Expended	Funds Received	Accounts Receivable
Grains Research & Development Corporation	383,148	250,000	133,148
United Nations Foundation	500,000	339,150	160,850

Further detail can be found in Exhibit 1.

### (B) Accounts receivable – other

This balance consists of amounts received by the host organizations, FAO and IPGRI, on behalf of the Trust but not yet expended by the Trust.

	2004	2003
Accounts Receivable – IPGRI	94,695	-
Accounts Receivable – FAO	-	119,630

Further detail can be found in Exhibit 2.

## 5. Accounts Payable

This balance comprises amounts expended by the host organizations, FAO and IPGRI, on behalf of the Trust in respect of which contributions have not yet been received.

	2004	2003
Accounts Payable – IPGRI	-	610,617
Accounts Payable – FAO	246,636	-

Further detail can be found in Exhibit 2.

## 6. Fund Balances

Resources are classified for accounting and reporting purposes into fund categories according to the activities or objectives specified by internal designation or by external restriction.

### **Unrestricted Fund**

The Unrestricted Operational Fund comprises contributions received and expenditure incurred in respect of the operational and fundraising activities of the Trust.

### **Temporarily Restricted Fund**

The Temporarily Restricted Capacity Building Fund comprises contributions received or allocated and expenditure incurred in respect of crop and regional conservation strategies and capacity building grants.

### **Permanently Restricted Fund**

The Permanently Restricted Endowment Fund contains contributions received for the endowment fund together with the related interest earned and not released on those contributions.

Current year movements are as follows (amounts in USD/000):

Donors	Balance Jan 1, 2004	Receipts	Balance Dec 31, 2004
Australia (AusAid)	3,450		3,456
DuPont/ Pioneer Hi-bred		250	250
Norway		3,057	3,057
Switzerland (SDC)		2,640	2,640
Interest Earned	6	42	42
<b>Total</b>	<b>3,456</b>	<b>5,989</b>	<b>9,445</b>

## 7. Earnings from Endowment Fund

This amount includes income received from the interest bearing time deposits held at call with banks.

## 8. Contributions to Operational and Fundraising Activities

This amount comprises contributions received from donors and expended by the Trust for operational and fundraising activities.

Further detail can be found in Exhibit 3.



## 9. In-Kind Contributions

The Trust received an in-kind contribution from IPGRI (USD80,000) and FAO (USD125,000) in respect of salaries and administration costs.

## 10. Grant Expenditure

An amount of USD649,045 was expended during the period on regional and crop conservation strategies and capacity building grants. This amount was released from the capacity building fund.

## 11. Supporting Expenditure

All supporting expenditures have been incurred by the host organizations, FAO and IPGRI, on behalf of the Trust. The majority of these costs are charged back to the Trust at cost plus overhead. The Trust did not incur a direct charge in respect of facilities from either host organization during the period.

## 12. Capacity Building Fund Contributions

This balance comprises contributions received for the crop and regional conservation strategies and capacity building grants.

Further detail can be found in Exhibit 3.

## 13. Endowment Fund Contributions

This balance comprises amounts received during the year for the endowment fund.

Further detail can be found in Note 6.



### EXHIBIT 1

#### Accounts Receivable – Donors as at 31 December 2004

	2004			2003		
	Amount Expended	Amount Received	Receivable	Amount Expended	Amount Received	Receivable
<b>Donor</b>						
<b>Restricted</b>						
Grains Research & Development Corporation	383,148	250,000	133,148	-	-	-
	<b>Amount Pledged</b>			<b>Amount Pledged</b>		
<b>Unrestricted</b>						
Australia (AusAID)	-	-	-	200,000	200,000	-
Canada (CIDA)	813,219	813,219	-	769,974	-	769,974
Rockefeller Foundation	-	-	-	200,000	200,000	-
Switzerland (SDC)	87,037	87,037	-	200,000	130,000	70,000
Syngenta Foundation	100,000	100,000	-	50,000	-	50,000
United Nations Foundation	160,850	-	160,850	339,150	339,150	-
United States (USAID)	100,000	100,000	-	100,000	75,000	25,000
<b>Accounts Receivable</b>			<b>293,998</b>			<b>914,974</b>



**EXHIBIT 2****Accounts Receivable – Others  
as at 31 December 2004**

	<b>2004</b>		<b>2003</b>	
	<b>IPGRI</b>		<b>IPGRI</b>	
<b>Amounts Received</b>				
Previous Year c/f	(610,617)		(272,280)	
Australia (AusAID)			200,000	
Canada (CIDA)	1,583,193		-	
Grains Research & Development Corporation	250,000		-	
Rockefeller Foundation			200,000	
Switzerland (SDC)	157,037		130,000	
Syngenta Foundation	150,000		-	
United States (USAID)	125,000	1,654,613	75,000	332,720
<b>Amounts Paid</b>				
Expenditure Incurred		(1,559,919)		(943,337)
<b>Amount Receivable/(Payable) to IPGRI</b>		<b>94,695</b>		<b>(610,617)</b>
	<b>2004</b>		<b>2003</b>	
	<b>FAO</b>		<b>FAO</b>	
<b>Amounts Received</b>				
Previous Year c/f		119,630		-
United Nations Foundation		-		339,150
<b>Amounts Paid</b>				
Expenditure Incurred		(366,266)		(219,520)
<b>Amount Receivable/(Payable) to FAO</b>		<b>(246,636)</b>		<b>119,630</b>

**EXHIBIT 3****Contributions to Operational, Fundraising and Capacity Building Activities  
for the year 31 December 2004**

	<b>2004</b>		
	<b>IPGRI</b>	<b>FAO</b>	<b>TOTAL</b>
Canada (CIDA)	813,219		813,219
Grains Research & Development Corporation	383,148		383,148
Switzerland (SDC)	87,037		87,037
Syngenta Foundation	100,000		100,000
United Nations Foundation		160,850	160,850
United States (USAID)	100,000		100,000
<b>Total Contributions</b>	<b>1,483,404</b>	<b>160,850</b>	<b>1,644,254</b>
Contributions to Operational and Fundraising Activities			964,069
Contributions to Capacity Building Fund			680,185
<b>Total Contributions</b>			<b>1,644,254</b>

