

Consolidated Financial Statements and Report of
Independent Certified Public Accountants

World Resources Institute and Subsidiary

September 30, 2005 and 2004

World Resources Institute and Subsidiary

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Report of Independent Certified Public Accountants

Board of Directors
World Resources Institute and Subsidiary

We have audited the accompanying consolidated statements of financial position of the World Resources Institute and Subsidiary (the Institute) as of September 30, 2005 and 2004, and the related consolidated statements of activities, the consolidated changes in net assets, and consolidated cash flows for the years then ended. These consolidated financial statements are the responsibility of the Institute's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America, as established by the Auditing Standards Board of the American Institute of Certified Public Accountants. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Institute's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used, and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Institute as of September 30, 2005 and 2004, and the consolidated changes in its net assets, and its consolidated cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Grant Thornton LLP

Vienna, Virginia
December 2, 2005

World Resources Institute and Subsidiary

Consolidated Statements of Financial Position

<i>September 30,</i>	2005	2004
Assets		
Cash and cash equivalents	\$ 1,843,784	\$ 1,743,424
Cash restricted—held for others	1,306,407	1,281,835
Total cash and cash equivalents	3,150,191	3,025,259
Grants, pledges and contracts receivable, net of allowance for doubtful accounts of \$161,695 and \$111,695 for 2005 and 2004, respectively (Note C)	6,705,998	7,239,924
Investments (Note B)	39,503,429	36,661,135
Other assets	394,367	225,046
Furniture, fixtures, and equipment, net (Note D)	544,498	664,658
Total Assets	\$ 50,298,483	\$ 47,816,022
Liabilities and Net Assets		
Liabilities		
Accounts payable	\$ 1,161,850	\$ 858,867
Accrued salaries and benefits	419,998	413,773
Obligation under capital leases (Note E)	65,923	100,843
Deferred rent	33,794	43,932
Deferred revenue	826,328	234,380
Funds held for others	1,306,407	1,281,835
Total Liabilities	3,814,300	2,933,630
Net Assets		
Unrestricted:		
Operating	111,630	202,518
Designated—working capital reserve	2,375,504	2,108,790
Designated—other	9,848,299	7,497,325
	12,335,433	9,808,633
Temporarily restricted	9,048,750	9,973,759
Permanently restricted	25,100,000	25,100,000
Total Net Assets	46,484,183	44,882,392
Total Liabilities and Net Assets	\$ 50,298,483	\$ 47,816,022

The accompanying notes are an integral part of these statements.

World Resources Institute and Subsidiary

Consolidated Statements of Activities

Year ended September 30, 2005

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

The accompanying notes are an integral part of these statements.

World Resources Institute and Subsidiary

Consolidated Statements of Activities—Continued

Year ended September 30, 2004

	Unrestricted		Temporarily Restricted	Permanently Restricted	Total
	Operating	Designated			
Revenues					
Grants/contracts and contributions	\$ 4,839,866	\$ —	\$ 4,877,047	\$ —	\$ 9,716,913
Federal grants and cooperative agreements	3,622,641	—	—	—	3,622,641
Investment return, net (Note B)	7,693	3,887,036	—	—	3,894,729
Support from endowment income	2,671,408	(2,671,408)	—	—	—
Publications	81,515	—	—	—	81,515
Other	9,982	—	—	—	9,982
Net assets released from program restrictions	9,731,373	—	(9,731,373)	—	—
Total Revenue	20,964,478	1,215,628	(4,854,326)	—	17,325,780
Expenses					
Policy research, technical support, and communications programs	17,162,228	—	—	—	17,162,228
Administration	2,049,506	—	—	—	2,049,506
Development	1,752,744	—	—	—	1,752,744
Total Expenses	20,964,478	—	—	—	20,964,478
Change in Net Assets	—	1,215,628	(4,854,326)	—	(3,638,698)
Net Assets, beginning of year	202,518	8,390,487	14,828,085	25,100,000	48,521,090
Net Assets, end of year	\$ 202,518	\$ 9,606,115	\$ 9,973,759	\$ 25,100,000	\$ 44,882,392

The accompanying notes are an integral part of these statements.

World Resources Institute and Subsidiary

Consolidated Statements of Cash Flows

<i>Year ended September 30,</i>	2005	2004
Increase (Decrease) in Cash and Cash Equivalents		
Cash Flows from Operating Activities		
Change in net assets	\$ 1,601,791	\$ (3,638,698)
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation and amortization	236,612	268,131
Bad debt expense	50,000	(30,710)
Realized gain from sale of investments	(2,247,635)	(2,695,880)
Unrealized gain on investments	(3,063,803)	(1,146,611)
Changes in operating assets and liabilities:		
Grants and contracts receivable	483,926	5,905,088
Other assets	(169,321)	34,059
Accounts payable	302,983	309,014
Accrued salaries and benefits	6,225	(50,915)
Funds held for others	24,572	4,724
Deferred rent	(10,138)	(23,967)
Deferred revenue	591,948	192,174
Net Cash Used in Operating Activities	(2,192,840)	(873,591)
Cash Flows from Investing Activities		
Proceeds from sales of investments	18,977,563	25,058,995
Purchase of investments	(16,508,419)	(21,002,939)
Purchase of furniture, fixtures, and equipment	(116,452)	(185,397)
Net Cash Provided by Investing Activities	2,352,692	3,870,659
Cash Flows from Financing Activities		
Payments on capital lease obligations	(34,920)	(29,528)
Payments on loan payable	—	(240,221)
Payments on line-of-credit	—	(2,000,000)
Net Cash Used in Financing Activities	(34,920)	(2,269,749)
Net Increase in Cash and Cash Equivalents	124,932	727,319
Cash and Cash Equivalents, beginning of year	3,025,259	2,297,940
Cash and Cash Equivalents, end of year	\$ 3,150,191	\$ 3,025,259
Supplemental Disclosure of Cash Flow Information		
Cash paid for interest	\$ 5,872	\$ 7,785

The accompanying notes are an integral part of these statements.

World Resources Institute and Subsidiary

Notes to Consolidated Financial Statements

September 30, 2005 and 2004

NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Principles of Consolidation

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

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

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

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

Basis of Presentation

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

Classification of Net Assets

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

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

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

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

World Resources Institute and Subsidiary

Notes to Consolidated Financial Statements—Continued

September 30, 2005 and 2004

NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued

Classification of Net Assets—Continued

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

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

Revenue Recognition

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

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

Cash and Cash Equivalents

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

Investments

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

Furniture, Fixtures and Equipment

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

September 30, 2005 and 2004

NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued

Costs Subject to Audit

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

Use of Estimates

The preparation of financial statements, in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Concentration of Credit Risk

Cash is held at financial institutions in excess of federally insured amounts. At September 30, 2005 and 2004, \$2,737,633 and \$1,797,943, respectively, was held at these institutions. The Institute has not incurred any losses on these funds.

NOTE B—INVESTMENTS

Investments were as follows as of September 30:

	2005	2004
Short-term investments	\$ 599,814	\$ 1,196,818
Limited liability partnerships	16,697,933	14,804,108
Equities	22,205,682	20,660,209
Total	\$ 39,503,429	\$ 36,661,135

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

	2005	2004
Realized gains	\$ 2,247,635	\$ 2,695,880
Unrealized gains	3,063,803	1,146,611
Dividends and interest	290,294	321,774
Investment management fees and foreign taxes	(214,521)	(269,536)
Total	\$ 5,387,211	\$ 3,894,729

World Resources Institute and Subsidiary

Notes to Consolidated Financial Statements—Continued

September 30, 2005 and 2004

NOTE C—GRANTS, PLEDGES AND CONTRACTS RECEIVABLE

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

	2005	2004
U.S. government	9%	11%
Foundations	23%	18%
Foreign governments	29%	7%
International organizations	7%	10%
Corporations, individuals, and others	32%	54%
	100%	100%

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

	2005	2004
Less than one year	\$ 5,877,913	\$ 5,861,916
One to four years	1,041,410	1,553,894
Allowance for doubtful accounts	(161,695)	(111,695)
Unamortized discount on receivables	(51,630)	(64,191)
Grants, pledges and contracts receivable, net	\$ 6,705,998	\$ 7,239,924

NOTE D—FURNITURE, FIXTURES, AND EQUIPMENT

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

	2005	2004
Furniture and equipment	\$ 1,735,145	\$ 1,620,486
Leasehold improvements	803,806	802,012
Equipment under capital lease agreements	170,675	170,676
Artwork	8,825	8,825
	2,718,451	2,601,999
Less: accumulated depreciation and amortization	(2,173,953)	(1,937,341)
Furniture, fixtures, and equipment, net	\$ 544,498	\$ 664,658

World Resources Institute and Subsidiary

Notes to Consolidated Financial Statements—Continued

September 30, 2005 and 2004

NOTE E—OBLIGATIONS UNDER CAPITAL LEASES

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

	2005	2004
Equipment under capital lease	\$ 170,676	\$ 170,676
Less: accumulated amortization	(113,974)	(79,505)
Equipment under capital lease, net	\$ 56,702	\$ 91,171

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

<i>September 30,</i>	
2006	\$ 40,792
2007	23,992
2008	5,393
Total future minimum lease payments	70,177
Less: amount representing interest	(4,254)
Present value of minimum lease payments	\$ 65,923

Interest expense related to the capital leases was \$5,872 and \$7,785, respectively, for the years ended September 30, 2005 and 2004.

NOTE F—OFFICE LEASE COMMITMENTS AND RENT ABATEMENT

The Institute has entered into various operating lease agreements. During 1999, the Institute relocated to a new office building, under a lease which expires in February 2009. As part of the office building lease, the Institute received one month of free rent. This rent abatement is being amortized on a straight-line basis over the life of the lease as a reduction of rent expense.

World Resources Institute and Subsidiary

Notes to Consolidated Financial Statements—Continued

September 30, 2005 and 2004

NOTE F—OFFICE LEASE COMMITMENTS AND RENT ABATEMENT—Continued

The future minimum lease payments as of September 30, 2005, are as follows:

<i>September 30,</i>	
2006	\$ 1,439,742
2007	1,468,509
2008	1,497,909
2009	502,598
Total	<u>\$ 4,908,758</u>

Rental expense for these leases was \$1,595,688 and \$1,489,065 for the years ended September 30, 2005 and 2004, respectively.

NOTE G—FUNDS HELD FOR OTHERS

The Ford Foundation gave a grant (for endowment) of \$1,200,000 to ACTS (an unrelated organization) in Nairobi, Kenya. ACTS requested the Institute to hold the funds in an interest-bearing account until further notice, earning interest of \$105,407 as of September 30, 2005.

In addition, \$1,000 is being held for Millennium Ecosystem Assessment as of September 30, 2005.

NOTE H—PERMANENTLY RESTRICTED NET ASSETS

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

World Resources Institute and Subsidiary

Notes to Consolidated Financial Statements—Continued

September 30, 2005 and 2004

NOTE H—PERMANENTLY RESTRICTED NET ASSETS—Continued

After the Institute successfully met the terms of the loan agreement, an endowment was formally established at the level of \$25 million (cost basis) on January 1, 1991, with earnings on the corpus expendable to support any activities of the Institute. The Institute's Board of Directors adopted a policy statement entitled *Endowment Fund: Purposes, Goals, and Policies*, which establishes spending rules for future withdrawals of earnings to cover portions of the Institute's annual operating budget while protecting the value of the endowment against inflation. Investment earnings from the endowment (net of investment expenses) are recognized as unrestricted designated revenue. During 2005 and 2004, \$1,938,380 and \$1,599,190, respectively, of these earnings were transferred from unrestricted designated to unrestricted operating net assets in accordance with the policy statement referred to above. The Board of Directors also authorized management to draw down an additional amount to cover capital campaign expenses during the period January 1, 2002, to September 30, 2006. As of September 30, 2005, the amount drawn down for this purpose was \$3,595,026.

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

NOTE I—TEMPORARILY RESTRICTED NET ASSETS

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

	2005	2004
Climate, energy, and pollution	\$ 1,950,333	\$ 2,011,812
Biological resources	675,994	802,780
Institutions and governance	1,834,525	694,555
Sustainable enterprise	1,754,001	1,884,956
Global Information	846,761	2,179,491
Special studies	1,987,136	2,400,165
Total	\$ 9,048,750	\$ 9,973,759

World Resources Institute and Subsidiary

Notes to Consolidated Financial Statements—Continued

September 30, 2005 and 2004

NOTE I—TEMPORARILY RESTRICTED NET ASSETS—Continued

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

	2005	2004
Climate, energy, and pollution	\$ 1,487,743	\$ 863,931
Biological resources	689,960	748,210
Institutions and governance	399,741	845,171
Sustainable enterprise	970,697	1,353,781
Global Information	1,714,686	3,349,405
Special studies	1,141,837	2,570,875
Total	\$ 6,404,664	\$ 9,731,373

NOTE J—SIGNIFICANT CONTRACTS

The Institute was awarded a four-year 6,000,000 euro grant on October 1, 2004, by the Netherlands Ministry of Foreign Affairs for core funding in response to their proposal *Leveraging Change at the Nexus of Poverty, Ecosystem and Governance*. A total of 1,500,000 euros (\$1,846,500) of this grant was used in fiscal 2005. The Dutch government has been a major supporter of the Institute for several years. Their contributions accounted for approximately 11 percent and 7 percent of non-investment-related revenue for 2005 and 2004, respectively.

The Institute initiates and completes a substantial portion of its projects within the Institutions and Governance and Information Programs pursuant to a single cooperative agreement from the U.S. Agency for International Development. The revenue pursuant to this cooperative agreement was \$3,118,815 and \$2,603,375 for the years ended September 30, 2005 and 2004, respectively. Such revenue accounted for approximately 19.08 percent and 19.50 percent of total federal and non-federal grants, contributions, and cooperative agreement revenues during the years ended September 30, 2005 and 2004.

NOTE K—EMPLOYEE BENEFITS

The Institute contributes either 5 percent or 8 percent (based on years of service) of eligible employees' annual earnings, as defined in Plan agreements, to individually owned tax-deferred annuity contracts under a defined contribution annuity plan. The amount contributed to the Plan for the years ended September 30, 2005 and 2004, was \$525,793 and \$521,550, respectively.

World Resources Institute and Subsidiary

Notes to Consolidated Financial Statements—Continued

September 30, 2005 and 2004

NOTE L—PROGRAM EXPENSE

Expenses by program are as follows as of September 30:

	2005	2004
Information	\$ 3,033,805	\$ 5,174,126
Institutions and governance	2,985,336	2,763,433
Biological resources	2,605,276	2,064,679
Sustainable enterprise	2,223,301	2,857,916
Embarq	1,774,482	—
Climate, energy, and pollution	1,750,459	2,431,288
Special studies/innovations	1,260,199	1,275,027
Communications	731,605	595,759
Total	\$ 16,364,463	\$ 17,162,228

Supplemental Information



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

Board of Directors
World Resources Institute and Subsidiary

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

Grant Thornton LLP

Vienna, Virginia
December 2, 2005

World Resources Institute and Subsidiary

Schedule of Functional Expenses

Year ended September 30, 2005

	Climate Energy and Pollution	Biological Resources	Embarq	Institutions and Governance	Sustainable Enterprise	Information	Special Studies/ Innovations	Communications	Total Program Expenses	Administration	Development (Including Capital Campaign)	Total Expenses
Salaries and stipends	\$ 860,615	\$ 1,003,785	\$ 526,434	\$ 825,278	\$ 986,189	\$ 736,010	\$ 452,237	\$ 328,949	\$ 5,719,497	\$ 1,177,987	\$ 789,515	\$ 7,686,999
Benefits	238,976	287,713	152,843	241,044	257,394	199,934	121,341	106,039	1,605,284	334,014	227,746	2,167,044
Research expenses	94,436	245,964	120,541	230,607	52,354	164,533	119,218	34,653	1,062,506	57,491	74,394	1,194,391
Conference expenses	7,978	14,655	46,688	128,774	86,558	7,435	161,346	5,484	458,918	82,569	24,813	566,100
Publication expenses	69,626	79,434	18,374	119,815	61,978	655,225	31,181	67,186	1,102,819	8,259	85,166	1,196,244
Communication expenses	1,000	—	239	—	10,090	4,645	76	22,497	38,547	—	—	38,547
Staff and Board travel	90,668	176,851	157,675	125,669	135,291	37,502	35,507	14,240	773,403	55,668	47,166	876,237
Other direct expenses	20,415	27,787	21,633	31,987	26,826	20,088	79,449	13,460	241,645	445,246	33,142	720,083
Subgrants/subsipients	41,901	338,021	484,864	882,324	226,841	779,906	25,000	—	2,778,857	—	—	2,778,857
Rent	179,736	238,510	135,665	221,232	210,023	237,105	129,940	76,963	1,429,174	—	166,516	1,595,690
Library and information services	9,688	12,855	7,312	11,924	11,320	12,780	7,004	4,148	77,031	—	8,975	86,006
Indirect salaries	48,453	64,297	36,572	59,639	56,617	63,918	35,029	20,748	385,273	—	44,889	430,162
Indirect benefits	12,999	17,249	9,812	16,000	15,189	17,148	9,397	5,566	103,360	—	12,043	115,403
Subgrant pool salaries	7,997	10,612	6,036	9,843	9,344	10,549	5,781	3,424	63,586	—	7,407	70,993
Subgrant pool benefits	2,376	3,153	1,793	2,924	2,776	3,134	1,718	1,017	18,891	—	2,201	21,092
Supplies and materials	7,474	9,918	5,641	9,199	8,733	9,860	5,403	3,200	59,428	—	6,924	66,352
Postage	2	2	1	2	2	2	1	1	13	—	2	15
Telephone and cables	7,927	10,519	5,983	9,757	9,263	10,457	5,731	3,394	63,031	—	7,344	70,375
Equipment and maintenance	18,394	24,409	13,884	22,641	21,494	24,266	13,298	7,877	146,263	—	17,041	163,304
Other	3,146	4,175	2,375	3,872	3,676	4,150	2,274	1,347	25,015	—	2,915	27,930
Depreciation	26,652	35,367	20,117	32,805	31,143	35,158	19,268	11,412	211,922	—	24,691	236,613
Total expenses	1,750,459	2,605,276	1,774,482	2,985,336	2,223,301	3,033,805	1,260,199	731,605	16,364,463	2,161,034	1,582,890	20,108,387
Allocation of administration costs	243,416	323,013	183,730	299,613	284,433	321,110	175,977	104,231	1,935,523	(2,161,034)	225,511	—
Total	\$ 1,993,875	\$ 2,928,289	\$ 1,958,212	\$ 3,284,949	\$ 2,507,734	\$ 3,354,915	\$ 1,436,176	\$ 835,836	\$ 18,299,986	\$ —	\$ 1,808,401	\$ 20,108,387

World Resources Institute and Subsidiary

Schedule of Functional Expenses

Year ended September 30, 2004

	Climate Energy and Pollution	Biological Resources	Institutions and Governance	Sustainable Enterprise	Information	Special Studies	Communications	Program Expenses	Administration	Development	Total Expenses
Salaries and stipends	\$ 702,608	\$ 766,976	\$ 838,804	\$ 1,241,720	\$ 1,043,542	\$ 594,444	\$ 315,670	\$ 5,503,764	\$ 1,157,175	\$ 772,051	\$ 7,432,990
Benefits	203,771	222,229	246,129	351,515	308,653	166,360	95,291	1,593,948	340,328	228,210	2,162,486
Research expenses	173,030	180,548	172,130	115,282	294,567	141,159	972	1,077,688	11,813	243,896	1,333,397
Conference expenses	78,192	11,395	105,019	61,602	66,171	7,226	5,861	335,466	11,600	5,244	352,310
Publication expenses	6,342	24,868	68,298	116,908	143,900	30,701	43,512	434,529	4,268	67,140	505,937
Communication expenses	34,881	7,590	700	5,930	32,260	20,247	12,053	113,661	150	440	114,251
Staff and Board travel	201,251	102,362	215,956	126,573	93,156	35,534	5,669	780,301	55,776	67,386	903,463
Other direct expenses	57,173	101,480	41,872	57,086	33,142	19,293	4,130	314,176	468,396	37,100	819,672
Subgrants/subrecipients	634,425	316,890	680,920	297,586	2,689,042	23,522	—	4,642,385	—	—	4,642,385
Rent	187,467	182,348	217,270	267,120	259,270	130,570	62,156	1,306,201	—	182,864	1,489,065
Library and information services	13,267	12,905	15,377	18,905	18,349	9,241	4,399	92,443	—	12,942	105,385
Indirect salaries	43,093	41,916	49,944	61,403	59,598	30,014	14,288	300,256	—	42,035	342,291
Indirect benefits	12,376	12,038	14,343	17,634	17,116	8,620	4,103	86,230	—	12,072	98,302
Subgrant pool salaries	11,131	10,827	12,901	15,861	15,395	7,753	3,691	77,559	—	10,858	88,417
Subgrant pool benefits	3,388	3,296	3,927	4,828	4,686	2,360	1,123	23,608	—	3,305	26,913
Supplies and materials	6,962	6,772	8,068	9,920	9,628	4,849	2,308	48,507	—	6,791	55,298
Postage	4	3	4	5	6	3	1	26	—	4	30
Telephone and cables	11,021	10,720	12,773	15,704	15,242	7,676	3,654	76,790	—	10,750	87,540
Equipment and maintenance	14,141	13,755	16,389	20,149	19,557	9,849	4,689	98,529	—	13,794	112,323
Other	3,008	2,926	3,486	4,286	4,160	2,095	997	20,958	—	2,934	23,892
Depreciation	33,757	32,835	39,123	48,099	46,686	23,511	11,192	235,203	—	32,928	268,131
Total expenses	2,431,288	2,064,679	2,763,433	2,857,916	5,174,126	1,275,027	595,759	17,162,228	2,049,506	1,752,744	20,964,478
Allocation of administration costs	258,025	250,978	299,044	367,656	356,851	179,714	85,549	1,797,817	(2,049,506)	251,689	—
Total	\$ 2,689,313	\$ 2,315,657	\$ 3,062,477	\$ 3,225,572	\$ 5,530,977	\$ 1,454,741	\$ 681,308	\$ 18,960,045	\$ —	\$ 2,004,433	\$ 20,964,478