

Consolidated Financial Statements and Report of Independent
Certified Public Accountants

World Resources Institute and Subsidiary

September 30, 2004 and 2003

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, 2004 and 2003, 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, 2004 and 2003, 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 CP

Vienna, Virginia
November 19, 2004

World Resources Institute and Subsidiary

Consolidated Statements of Financial Position

<i>September 30,</i>	2004	2003
Assets		
Cash and cash equivalents	\$ 1,743,424	\$ 1,020,829
Cash restricted—held for others	1,281,835	1,277,111
Total cash and cash equivalents	3,025,259	2,297,940
Grants, pledges and contracts receivable, net of allowance for doubtful accounts of \$111,695 and \$142,405 for 2004 and 2003, respectively (Note C)	7,239,924	13,114,302
Investments (Note B)	36,661,135	36,874,700
Other assets	225,046	259,105
Furniture, fixtures, and equipment, net (Note D)	664,658	747,392
Total Assets	\$ 47,816,022	\$ 53,293,439
Liabilities and Net Assets		
Liabilities		
Accounts payable	\$ 858,867	\$ 549,853
Accrued salaries and benefits	413,773	464,688
Line-of-credit (Note G)	—	2,000,000
Loan payable (Note G)	—	240,221
Obligation under capital leases (Note E)	100,843	130,371
Deferred rent	43,932	67,899
Deferred revenue	234,380	42,206
Funds held for others	1,281,835	1,277,111
Total Liabilities	2,933,630	4,772,349
Net Assets		
Unrestricted:		
Operating	202,518	202,518
Designated—working capital reserve	2,108,790	1,988,478
Designated—other	7,497,325	6,402,009
	9,808,633	8,593,005
Temporarily restricted	9,973,759	14,828,085
Permanently restricted	25,100,000	25,100,000
Total Net Assets	44,882,392	48,521,090
Total Liabilities and Net Assets	\$ 47,816,022	\$ 53,293,439

The accompanying notes are an integral part of these statements.

World Resources Institute and Subsidiary

Consolidated Statements of Activities

Year ended September 30, 2004

	Unrestricted		Temporarily Restricted	Permanently Restricted	Total
	Operating	Designated			
Revenues					
Grants 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 Activities—Continued

Year ended September 30, 2003

	Unrestricted		Total	Temporarily		Permanently		Total
	Operating	Designated		Restricted	Restricted	Restricted	Restricted	
Revenues								
Grants and contributions	\$ 4,304,653	\$ —	\$ 4,304,653	\$ 4,957,714	\$ 100,000	\$ 9,362,367		
Federal grants and cooperative agreements	2,743,558	—	2,743,558	—	—	2,743,558		
Investment return, net (Note B)	12,917	6,522,914	6,535,831	—	—	6,535,831		
Support from endowment income	3,381,193	(3,381,193)	—	—	—	—		
Publications	93,160	—	93,160	—	—	93,160		
Other	34,696	—	34,696	—	—	34,696		
Net assets released from program restrictions	9,121,265	—	9,121,265	(9,121,265)	—	—		
Total Revenue	19,691,442	3,141,721	22,833,163	(4,163,551)	100,000	18,769,612		
Expenses								
Policy research, technical support, and communications programs	16,078,713	—	16,078,713	—	—	16,078,713		
Administration	1,704,548	—	1,704,548	—	—	1,704,548		
Development	1,908,181	—	1,908,181	—	—	1,908,181		
Total Expenses	19,691,442	—	19,691,442	—	—	19,691,442		
Change in Net Assets	—	3,141,721	3,141,721	(4,163,551)	100,000	(921,830)		
Net Assets, beginning of year	202,518	5,248,766	5,451,284	18,991,636	25,000,000	49,442,920		
Net Assets, end of year	\$ 202,518	\$ 8,390,487	\$ 8,593,005	\$ 14,828,085	\$ 25,100,000	\$ 48,521,090		

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>	2004	2003
Increase (Decrease) in Cash and Cash Equivalents		
Cash Flows from Operating Activities		
Change in net assets	\$ (3,638,698)	\$ (921,830)
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation and amortization	268,131	331,386
Bad debt expense	(30,710)	10,030
Realized (gain) loss from sale of investments	(2,695,880)	331,621
Unrealized gain on investments	(1,146,611)	(6,753,880)
Changes in operating assets and liabilities:		
Grants and contracts receivable	5,905,088	3,181,225
Other assets	34,059	177,441
Accounts payable	309,014	17,112
Accrued salaries and benefits	(50,915)	22,598
Funds held for others	4,724	7,271
Deferred rent	(23,967)	(23,524)
Deferred revenue	192,174	(145,737)
Net Cash Used in Operating Activities	(873,591)	(3,766,287)
Cash Flows from Investing Activities		
Proceeds from sales of investments	25,058,995	14,534,655
Purchase of investments	(21,002,939)	(12,770,725)
Purchase of furniture, fixtures, and equipment	(185,397)	(73,307)
Net Cash Provided by Investing Activities	3,870,659	1,690,623
Cash Flows from Financing Activities		
Proceeds from line-of-credit borrowings	—	2,000,000
Payments on capital lease obligations	(29,528)	(28,970)
Payments on loan payable	(240,221)	(50,494)
Payments on line-of-credit	(2,000,000)	(1,500,000)
Net Cash (Used in) Provided by Financing Activities	(2,269,749)	420,536
Net Increase (Decrease) in Cash and Cash Equivalents	727,319	(1,655,128)
Cash and Cash Equivalents, beginning of year	2,297,940	3,953,068
Cash and Cash Equivalents, end of year	\$ 3,025,259	\$ 2,297,940
Supplemental Disclosure of Cash Flow Information		
Cash paid for interest	\$ 7,785	\$ 9,907
Assets purchased under capital leases	\$ —	\$ 31,664

The accompanying notes are an integral part of these statements.

World Resources Institute and Subsidiary

Notes to Consolidated Financial Statements

September 30, 2004 and 2003

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 the 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 broad themes: (1) promoting new paths for development, (2) halting the degradation of biological resources, (3) preventing dangerous human-caused change in the earth's climate, and (4) fostering sustainable 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 World Resources Institute and is included in these consolidated financial statements. Prior to fiscal year 2002, WRIF had no activities. Commencing in 2002, WRIF activities include the operation of a capital campaign. 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:

Unrestricted Funds:

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, 2004 and 2003

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.

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.

World Resources Institute and Subsidiary

Notes to Consolidated Financial Statements—Continued

September 30, 2004 and 2003

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 and 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 one financial institution in excess of federally insured amounts. At September 30, 2004 and 2003, \$1,743,424 and \$1,020,820, respectively, was held at that institution. The Institute has not incurred any losses on these funds.

NOTE B—INVESTMENTS

As of September 30, 2004 and 2003, investments were as follows:

	2004	2003
Short-term investments	\$ 1,196,818	\$ 1,284,694
Limited liability partnerships	14,804,108	13,828,937
Equities	20,660,209	21,761,069
Total	\$ 36,661,135	\$ 36,874,700

Investment return consists of the following for the years ended September 30, 2004 and 2003:

	2004	2003
Realized gain (losses)	\$ 2,695,880	\$ (331,621)
Unrealized gains	1,146,611	6,753,880
Dividends and interest	321,774	320,930
Investment management fees and foreign taxes	(269,536)	(207,358)
Total	\$ 3,894,729	\$ 6,535,831

World Resources Institute and Subsidiary

Notes to Consolidated Financial Statements—Continued

September 30, 2004 and 2003

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, 2004 and 2003, was as follows:

	2004	2003
U.S. government	11%	4%
Foundations	18%	25%
Foreign governments	7%	23%
International organizations	10%	25%
Corporations, individuals and others	54%	23%
	100%	100%

As of September 30, 2004 and 2003, the Institute's receivables were due as follows:

	2004	2003
Less than one year	\$ 5,861,916	\$ 8,839,779
One to three years	1,553,894	4,543,088
Allowance for doubtful accounts	(111,695)	(142,505)
Unamortized discount on receivables	(64,191)	(126,060)
Grants, pledges and contracts receivable, net	\$ 7,239,924	\$ 13,114,302

NOTE D—FURNITURE, FIXTURES, AND EQUIPMENT

Furniture, fixtures, and equipment consist of the following at September 30, 2004 and 2003:

	2004	2003
Furniture and equipment	\$ 1,620,486	\$ 1,532,422
Leasehold improvements	802,012	802,012
Equipment under capital lease agreements	170,676	170,676
Artwork	8,825	8,825
	2,601,999	2,513,935
Less: accumulated depreciation and amortization	(1,937,341)	(1,766,543)
Furniture, fixtures, and equipment, net	\$ 664,658	\$ 747,392

World Resources Institute and Subsidiary

Notes to Consolidated Financial Statements—Continued

September 30, 2004 and 2003

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, 2004 and 2003, were as follows:

	2004	2003
Equipment under capital lease	\$ 170,676	\$ 170,676
Less: accumulated amortization	(79,505)	(45,037)
Equipment under capital lease, net	\$ 91,171	\$ 125,639

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

September 30,

2005	\$ 40,791
2006	40,791
2007	23,992
2008	5,394
Total future minimum lease payments	110,968
Less: amount representing interest	(10,125)
Present value of minimum lease payments	\$ 100,843

Interest expense related to the capital leases was \$7,785 and \$9,907, respectively, for the years ended September 30, 2004 and 2003.

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, 2004 and 2003

NOTE F—OFFICE LEASE COMMITMENTS AND RENT ABATEMENT—Continued

The future minimum lease payments are as follows as of September 30, 2004:

<i>September 30,</i>	
2005	\$ 1,411,482
2006	1,439,742
2007	1,468,509
2008	1,497,909
2009	502,598
Total	<u>\$ 6,320,240</u>

Rental expense for these leases was \$1,489,065 and \$1,390,198 for the years ended September 30, 2004 and 2003, respectively.

NOTE G—LOANS PAYABLE

During fiscal year 1999, the Institute obtained a \$500,000 loan at Bank of America, NA, with a maturity date of March 31, 2004. The balance outstanding on this loan at September 30, 2004 and 2003 was \$-0- and \$240,221, respectively. The interest rate on the loan was 6.55 percent. Interest expense for the years ending September 30, 2004 and 2003, was \$8,051 and \$17,787, respectively. The loan agreement contained a covenant required the Institute to maintain a minimum balance of \$720,000 in a collateral bank account. The loan was fully paid off in 2004.

To manage short-term cash flow effectively, the Institute maintained a line-of-credit. During fiscal year 2001, the Institute obtained a \$3,000,000 line-of-credit at Bank of America, NA with a maturity date of April 30, 2004. The balance outstanding on this line-of-credit at September 30, 2004 and 2003 was \$-0- and \$2,000,000, respectively. The interest rate on the line-of-credit was based on London Interbank Offered Rate (LIBOR) plus 1.5 percent (2.6200 percent and 3.3137 percent at September 30, 2004 and 2003, respectively). The loan agreement contained a covenant which required the Institute to maintain unrestricted, unencumbered liquid assets (marketable securities, cash and cash equivalents) of not less than \$3,000,000. The loan was fully paid off in 2004.

World Resources Institute and Subsidiary

Notes to Consolidated Financial Statements—Continued

September 30, 2004 and 2003

NOTE H—FUNDS HELD FOR OTHERS

The Ford Foundation gave a grant (for endowment) of \$1,200,000 to the African Centre for Technology Studies (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 \$80,835 as of September 30, 2004.

In addition, \$1,000 is being held for Millennium Ecosystem Assessment as of September 30, 2004

NOTE I—PERMANENTLY RESTRICTED NET ASSETS

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

After the Institute successfully met the terms of the loan agreement, an endowment was formally established at the level of \$25 million (cost basis) on January 1, 1991, with earnings on the corpus expendable to support any activities of the Institute. The Institute's Board of Directors adopted a policy statement entitled Endowment Fund: Purposes, Goals, and Policies, which establishes spending rules for future withdrawals of earnings to cover portions of the Institute's annual operating budget while protecting the value of the endowment against inflation. Investment earnings from the endowment (net of investment expenses) are recognized as unrestricted designated revenue. During 2004 and 2003, \$1,599,190 and \$2,397,064, 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 December 31, 2005. As of September 30, 2004, \$2,802,891 was drawn down for this purpose.

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.

World Resources Institute and Subsidiary

Notes to Consolidated Financial Statements—Continued

September 30, 2004 and 2003

NOTE J—TEMPORARILY RESTRICTED NET ASSETS

As of September 30, 2004 and 2003, temporarily restricted net assets are restricted for the following programs:

	2004	2003
Climate, energy and pollution	\$ 2,011,812	\$ 2,437,951
Biological resources	802,780	1,372,520
Institutions and governance	694,555	905,994
Sustainable enterprise	1,884,956	1,767,910
Information	2,179,491	4,191,732
Special studies	2,400,165	4,151,978
Total	\$ 9,973,759	\$ 14,828,085

Net assets released from restrictions by incurring expenses satisfying their restricted purposes during the years ended September 30, 2004 and 2003, are as follows:

	2004	2003
Climate, energy and pollution	\$ 863,931	\$ 1,305,202
Biological resources	748,210	484,812
Economics program	—	296,213
World Resources report	—	50,321
Institutions and governance	845,171	767,275
Sustainable enterprise	1,353,781	1,159,326
Information	3,349,405	2,998,594
Special studies	2,570,875	1,407,922
Forest	—	651,600
Total	\$ 9,731,373	\$ 9,121,265

World Resources Institute and Subsidiary

Notes to Consolidated Financial Statements—Continued

September 30, 2004 and 2003

NOTE K—SIGNFICANT CONTRACT

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 \$2,603,375 and \$1,987,174 for the years ended September 30, 2004 and 2003, respectively. Such revenue accounted for approximately 19.5 percent and 17 percent of total federal and non-federal grants, contributions, and cooperative agreement revenues during the years ended September 30, 2004 and 2003.

NOTE L—EMPLOYEE BENEFITS

The Institute contributes either 5 percent or 8 percent (based on years of service) of eligible employees' annual earnings, as defined in Plan agreements, to individually owned tax-deferred annuity contracts under a defined contribution annuity plan. The amount contributed to the Plan for the years ended September 30, 2004 and 2003, was \$521,550 and \$550,588, respectively.

NOTE M—RELATED-PARTY TRANSACTION

The Institute provided bookkeeping services for a foundation from which the Institute received grant awards for research studies in 2003 for \$378,362. The foundation did not have any activities in 2004. In addition, the Institute received \$8,382 in 2003 from the foundation for bookkeeping services.

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
November 19, 2004

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	Total 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	34,881	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	126,373	93,156	35,534	5,669	780,301	55,776	67,386	903,465
Other direct expenses	57,173	101,480	41,872	33,142	2,689,042	23,522	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	8,630	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

World Resources Institute and Subsidiary

Schedule of Functional Expenses—Continued

Year ended September 30, 2003

	Climate Energy and Pollution	Biological Resources	World Resources Report	Institutions and Governance	Sustainable Enterprise	Information	Special Studies	External Relations	Total Program Expenses	Administration	Development	Total Expenses
Salaries and stipends	\$ 560,657	\$ 937,218	\$ 221,207	\$ 825,051	\$ 1,213,348	\$ 1,001,178	\$ 736,096	\$ 351,860	\$ 5,846,615	\$ 880,525	\$ 816,406	\$ 7,543,546
Benefits	166,267	287,360	67,824	247,561	351,206	301,648	220,199	106,852	1,748,417	261,336	243,302	2,253,055
Research and conferences	50,627	239,436	32,022	189,568	101,381	176,370	82,477	5,343	872,224	40,767	278,210	1,196,201
Communication expenses	5,195	19,675	200	20,000	11,099	57,855	820	7,711	122,555	—	22,626	145,181
Publication expenses	40,880	20,896	140,774	111,830	114,848	75,539	9,354	92,512	606,633	2,015	94,945	703,593
Staff and Board travel	144,689	125,033	1,091	100,921	71,594	88,905	35,280	15,267	582,780	57,438	52,096	692,314
Other direct expenses	25,338	81,106	5,063	38,839	60,541	25,912	11,391	30,458	278,648	462,467	104,679	845,794
Subgrants/subrecipients	403,000	388,891	—	520,846	91,875	2,185,802	30,000	—	3,620,414	—	84,770	3,705,184
Rent	126,938	218,543	59,810	195,937	245,791	220,674	139,964	77,863	1,285,520	—	8,463	1,293,983
Library and information services	10,263	17,669	4,836	15,841	19,872	17,841	11,316	6,295	103,933	—	34,476	138,409
Indirect salaries and benefits	41,806	71,976	19,698	64,531	80,950	72,678	46,096	25,644	423,379	—	—	423,379
Subgrant pool salaries and benefits	9,248	15,922	4,357	14,275	17,907	16,077	10,197	5,673	93,656	—	7,627	101,283
Supplies and materials	5,786	9,962	2,726	8,931	11,204	10,059	6,380	3,549	58,597	—	4,772	63,369
Postage	575	989	271	887	1,112	999	633	352	5,818	—	474	6,292
Telephone and cables	7,900	13,601	3,722	12,194	15,297	13,734	8,711	4,846	80,005	—	6,515	86,520
Equipment rental and maintenance	11,670	20,092	5,499	18,014	22,597	20,288	12,868	7,159	118,187	—	9,624	127,811
Other	(6,442)	(14,534)	(3,978)	(13,031)	(16,346)	(14,676)	(9,308)	(5,178)	(85,493)	—	119,635	34,142
Depreciation	31,691	48,530	11,177	46,915	47,748	84,466	26,748	14,550	311,825	—	19,561	331,386
Total expenses	1,634,088	2,502,365	576,299	2,419,110	2,462,024	4,355,349	1,379,222	750,256	16,078,713	1,704,548	1,908,181	19,691,442
Allocation of administration costs	154,918	237,235	54,636	229,342	233,410	412,906	130,756	71,127	1,524,330	(1,704,548)	180,218	—
Total	\$ 1,789,006	\$ 2,739,600	\$ 630,935	\$ 2,648,452	\$ 2,695,434	\$ 4,768,255	\$ 1,509,978	\$ 821,383	\$ 17,603,043	\$ —	\$ 2,088,399	\$ 19,691,442