Consolidated Financial Statements and Independent Auditor's Report and Reports in Compliance with the Uniform Guidance

World Resources Institute and Subsidiaries

September 30, 2018 and 2017

World Resources Institute and Subsidiaries

Contents

GRANT THORNTON LLP
1000 Wilson Boulevard, Suite 1400
Arlington, VA 22209

T 703.847.7500

F 703.848.9580

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors
World Resources Institute and Subsidiaries

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of World Resources Institute and subsidiaries (collectively the "Institute"), which comprise the consolidated statements of financial position as of September 30, 2018 and 2017, and the related consolidated statements of activities and changes in net assets and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Institute's preparation and fair presentation of the consolidated 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 Institute's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of World Resources Institute and subsidiaries as of September 30, 2018 and 2017, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. *Code of Federal Regulations (CFR)* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"), for the year ended September 30, 2018 is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. The Schedules of Functional Expenses for the years ended September 30, 2018 and September 30, 2017, and the Schedules of Indirect Cost Rate Calculations and the Schedule of Fringe Benefit Rate Calculations for the year ended September 30, 2018 on pages 39 – 45 are also presented for additional analysis and are not a required part of the consolidated financial statements. Such supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures. These additional procedures included comparing and reconciling the information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report, dated February 25, 2019, on our consideration of the Institute's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Institute's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Institute's internal control over financial reporting and compliance.

Grant Thornton LLP

Arlington, Virginia
February 25, 2019

World Resources Institute and Subsidiaries

Consolidated Statements of Financial Position

As of September 30,		**2018**		**2017**
Assets				
Cash and cash equivalents	$	22,168,914	$	16,692,448
Cash restricted (Note H)		41,650		54,760
Grants, pledges and contracts receivable, net (Note D)		71,717,989		42,140,255
Investments (Notes B and C)		38,503,414		37,983,235
Other assets (Note G)		2,344,694		1,767,088
Software, property, leases, and equipment, net (Note E)		6,892,781		7,811,714
Total Assets	$	141,669,442	$	106,449,500
Liabilities and Net Assets				
Liabilities				
Accounts payable (Note G)	$	9,026,271	$	9,476,260
Accrued salaries and benefits		4,167,138		3,547,128
Deferred rent		3,537,838		4,209,548
Deferred revenue		8,586,340		5,389,560
Funds held for others		125,533		118,117
Term loan (Note G)		1,357,144		1,642,857
Total Liabilities		26,800,264		24,383,470
Net Assets				
Unrestricted:				
Operating		2,444,490		945,649
Designated–working capital reserve		3,523,649		3,523,649
		5,968,139		4,469,298
Temporarily restricted		83,801,039		52,496,732
Permanently restricted		25,100,000		25,100,000
Total Net Assets		114,869,178		82,066,030
Total Liabilities and Net Assets	$	141,669,442	$	106,449,500

The accompanying notes are an integral part of these consolidated financial statements.

World Resources Institute and Subsidiaries

Consolidated Statements of Activities and Changes in Net Assets

Year ended September 30, 2018

	Unrestricted					
	Operating	Designated	Total	Temporarily Restricted	Permanently Restricted	Total
Operating Revenues						
Grants/contributions and contracts	$ 64,679,882	$ —	$ 64,679,882	$ 70,156,395	$ —	$ 134,836,277
Federal grants and cooperative agreements	5,571,680	—	5,571,680	—	—	5,571,680
Investment return, net (Note B and J)	—	—	—	2,220,179	—	2,220,179
Other	256,627	—	256,627	—	—	256,627
Support from endowment income	1,756,687	—	1,756,687	(1,756,687)	—	—
Net assets released from program and time restrictions	38,886,722	—	38,886,722	(38,886,722)	—	—
Total Operating Revenues	111,151,598	—	111,151,598	31,733,165	—	142,884,763
Operating Expenses						
Policy research, technical support, and communications programs	99,395,855	—	99,395,855	—	—	99,395,855
Administration	7,016,102	—	7,016,102	—	—	7,016,102
Development	2,469,732	—	2,469,732	—	—	2,469,732
Total Operating Expenses	108,881,689	—	108,881,689	—	—	108,881,689
Change in Net Assets from Operations	2,269,909	—	2,269,909	31,733,165	—	34,003,074
Nonoperating Activities						
Write-off of uncollectible grants	—	—	—	(428,858)	—	(428,858)
Unrealized loss due to foreign currency adjustment	(771,068)	—	(771,068)	—	—	(771,068)
Change in Net Assets from Nonoperating Activities	(771,068)	—	(771,068)	(428,858)	—	(1,199,926)
Change in Net Assets	1,498,841	—	1,498,841	31,304,307	—	32,803,148
Net Assets, beginning of year	945,649	3,523,649	4,469,298	52,496,732	25,100,000	82,066,030
Net Assets, end of year	$ 2,444,490	$ 3,523,649	$ 5,968,139	$ 83,801,039	$ 25,100,000	$ 114,869,178

The accompanying notes are an integral part of this consolidated financial statement.

World Resources Institute and Subsidiaries

Consolidated Statements of Activities and Changes in Net Assets

Year ended September 30, 2017

	Unrestricted					
	Operating	**Designated**	**Total**	**Temporarily Restricted**	**Permanently Restricted**	**Total**
Operating Revenues						
Grants/contributions and contracts	$ 52,057,614	$ —	$ 52,057,614	$ 29,385,203	$ —	$ 81,442,817
Federal grants and cooperative agreements	5,920,879	—	5,920,879	—	—	5,920,879
Investment return, net (Note B and J)	—	149,311	149,311	2,994,072	—	3,143,383
Publications	3,715	—	3,715	—	—	3,715
Other	(705,903)	—	(705,903)	—	—	(705,903)
Support from endowment income	1,917,934	—	1,917,934	(1,917,934)	—	—
Net assets released from program and time restrictions	39,349,172	—	39,349,172	(39,349,172)	—	—
Total Operating Revenues	98,543,411	149,311	98,692,722	(8,887,831)	—	89,804,891
Operating Expenses						
Policy research, technical support, and communications programs	88,721,422	—	88,721,422	—	—	88,721,422
Administration	7,072,106	—	7,072,106	—	—	7,072,106
Development	2,691,467	—	2,691,467	—	—	2,691,467
Total Operating Expenses	98,484,995	—	98,484,995	—	—	98,484,995
Change in Net Assets	58,416	149,311	207,727	(8,887,831)	—	(8,680,104)
Net Assets, beginning of year	887,233	3,374,338	4,261,571	61,384,563	25,100,000	90,746,134
Net Assets, end of year	$ 945,649	$ 3,523,649	$ 4,469,298	$ 52,496,732	$ 25,100,000	$ 82,066,030

The accompanying notes are an integral part of this consolidated financial statement.

World Resources Institute and Subsidiaries

Consolidated Statements of Cash Flows

Year ended September 30,	**2018**	**2017**
Cash Flows from Operating Activities		
Change in net assets	$ 32,803,148	$ (8,680,104)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	1,901,950	1,976,549
Loss from disposal of equipment	—	3,245
Realized gain from sale of investments	(671,155)	(6,794,745)
Unrealized gain on investments	(776,673)	4,319,417
Reinvested interest/dividends	(942,805)	(772,748)
Changes in operating assets and liabilities:		
Cash restricted	13,110	—
Grants, pledges and contracts receivable, net	(29,577,734)	4,106,803
Other assets	(577,606)	(382,663)
Accounts payable	(449,989)	3,118,497
Accrued salaries and benefits	620,010	380,460
Deferred rent	(671,710)	(422,294)
Deferred revenue	3,196,780	4,127,339
Funds held for others	7,416	52,161
Net Cash Provided by Operating Activities	4,874,742	1,031,917
Cash Flows from Investing Activities		
Proceeds from sales of investments	23,378,625	43,213,089
Purchase of investments	(21,440,711)	(41,220,700)
Purchase of furniture, fixtures, and equipment	(1,050,477)	(1,154,338)
Net Cash Provided by Investing Activities	887,437	838,051
Cash Flows from Financing Activities		
Advances on line-of-credit	—	8,000,000
Payments on line-of-credit	—	(8,000,000)
Payments on capital lease obligations	—	(7,564)
Payments on term loan	(285,713)	(261,905)
Net Cash Used in Financing Activities	(285,713)	(269,469)
Net Increase in Cash and Cash Equivalents	5,476,466	1,600,499
Cash and Cash Equivalents, beginning of year	16,692,448	15,091,949
Cash and Cash Equivalents, end of year	$ 22,168,914	$ 16,692,448
Supplemental Disclosure of Cash Flow Information:		
Cash paid for interest	$ 54,123	$ 89,081

The accompanying notes are an integral part of these consolidated financial statements.

NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Principles of Consolidation

World Resources Institute and subsidiaries (collectively 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 860-member interdisciplinary staff, strong in sciences, and augmented by a network of advisors, collaborators, fellows, and cooperating institutes in more than 60 countries. The Institute focuses on six critical issues: Climate, Energy, Food, Forests, Water, and Cities. Work on these six issues is supported by experts in four disciplinary centers: Business, Economics, Finance, and Governance.

The accompanying consolidated financial statements include the accounts of the Institute's separately incorporated subsidiaries: the World Resources Institute Fund ("WRIF"), the World Resources Institute India ("WRII"), the World Resources Institute (US) Beijing Representative Office ("WRI China"), and the WRI Europe Stichting ("WRI Europe"). Descriptions of the activities of each are provided below.

WRIF was created in 1986 as a supporting organization to the Institute. WRIF currently manages the Lee Schipper Scholarship Fund initiated by the Shell Foundation (see Note H).

WRII, a wholly-owned subsidiary of the Institute, is a for-profit company incorporated in India. WRII provides services including, but not limited to, research and analysis to collate and create information to improve and sustainably develop resources and services such energy, water, food, forests, transit services and urban planning, information to mitigate climate change and develop resilience to climate change, and any other work in the area of holistic planning and environment conservation. WRII's work is carried out by an 80-member interdisciplinary staff, strong in sciences, and is augmented by a network of advisors, collaborators, fellows, and cooperating institutes across India.

WRI China, a Regional Office of the Institute, is a not-for-profit company incorporated in China. WRI China works closely with leaders to turn big ideas into action to sustain our natural resources — the foundation of economic opportunity and human well-being. WRI China focuses on five critical issues at the intersection of socioeconomic development and the environment: sustainable cities, climate, water, energy and finance.

WRI Europe is registered as a not-for-profit limited liability company under Dutch law and is based in The Hague. WRI Europe works to increase the Institute's global impact by fostering innovative partnerships, sharing WRI research findings, and ensuring that WRI learns from European insights and experience in development and environmental protection. WRI Europe also actively engages with bilateral donors, foundations and other partners to mobilize funding to support our work. The European Union plays a key role in promoting sustainable development, within Europe and on the global stage. WRI Europe engages with European partners to advance shared goals.

NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued

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. All intercompany accounts and transactions have been eliminated.

Classification of Net Assets

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

Unrestricted

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.

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 available for general or specific purposes and are used 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.

NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued

Income from grants and contracts are 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.

Grants from U.S. Agency for International Development ("USAID") and other U.S. federal agencies are recognized to the extent that qualifying reimbursable expenses have been incurred over the terms of the respective agreements.

Foreign Currency

The United States dollar is the functional currency of the Institute; however, the Institute maintains financial assets and liabilities in foreign currencies to meet local obligations in foreign locations. The financial assets and liabilities in foreign currencies are translated using exchange rates in effect at the end of the period and revenue and costs are translated using weighted average exchange rates for the period.

During the year ended September 30, 2018 and 2017, foreign exchange fluctuations resulted in unrealized losses to the Institute totaling $771,068 and $613, respectively, as a result of hedge restrictions from some bilateral donors. Management has decided to hedge all significant foreign currency receivables that can be reasonably assured/estimated in terms of amount and collection period, to reduce the Institute's exposure to foreign exchange fluctuations.

Cash and Cash Equivalents

The Institute considers all highly liquid investment instruments purchased with an original maturity of three months or less to be cash equivalents except for cash and cash equivalents held in investment accounts.

Investments

Investments held by the Institute are presented at their fair value. Purchases and sales of securities are recorded on a trade-date basis. Investment income is recorded on an accrual basis. Gains and losses on investments, realized and unrealized, are included in the consolidated statement of activities.

Furniture, Fixtures and Equipment

Furniture, fixtures, and equipment are recorded at cost or fair value if acquired as gifts. Depreciation is recorded on the straight-line basis over estimated useful lives that range from three to seven 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.

NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued

The Institute has capitalized its collections. Collections consist of artwork that is held for public exhibition. Collections purchased are capitalized at cost, collections donated are capitalized at appraised value as of the date of the acceptance of the donation. Collections are not depreciated and are included in Software, property, leases, and equipment, net, on the accompanying consolidated statements of financial position.

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

As of September 30, 2018, all interest-bearing U.S. deposit accounts maintained by the Institute were insured up to $250,000 at each financial institution by the Federal Deposit Insurance Corporation. The Institute's cash balances at times, may exceed federally insured limits. However, the Institute has not experienced any losses within these accounts and therefore believes it is not exposed to any significant credit risk associated with those deposits.

The Institute has cash in foreign accounts totaling $1,371,679 and $2,868,211 at September 30, 2018 and 2017, respectively.

Income Tax

The Institute and WRIF are exempt from federal income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code ("IRC" or the "Code"), though they are subject to tax on income unrelated to its exempt purpose, unless that income is otherwise excluded by the Code. WRI is an entity described under Section 509(a)(1) and WRIF is an entity described under Section 509(a)(3) of the IRC and, therefore, are not classified as private foundations.

The World Resources Institute India, a wholly-owned subsidiary of WRI, is a for-profit company incorporated in India. WRI China, a Regional Office of WRI, is a not-for-profit company incorporated in China. WRI Europe Stichting is registered as a non-for-profit limited liability company under Dutch law.

NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued

Income Tax—Continued

The Institute has processes presently in place to ensure the maintenance of its tax-exempt status; to identify and report unrelated income; to determine its filing and tax obligations in jurisdictions for which it has nexus; and to identify and evaluate other matters that may be considered tax positions. No material taxable unrelated business income was generated and, accordingly, no provision for income taxes has been made in the accompanying consolidated financial statements. The tax years ending September 30, 2015, 2016, 2017 and 2018 are still open to audit for both federal and state purposes.

The Institute follows the accounting guidance that creates a single model to address uncertainty in tax positions and clarifies accounting for income taxes by prescribing the minimum recognition threshold a tax position is required to meet before being recognized in its consolidated financial statements. Under the requirements of this guidance, organizations could now be required to record an obligation as the result of tax positions they have historically taken on various tax exposure items. This guidance provides that the tax effects from an uncertain tax position can only be recognized in the financial statements if the position is "more-likely-than-not" to be sustained if the position were to be challenged by a taxing authority. The assessment of the tax position is based solely on the technical merits of the position, without regard to the likelihood that the tax position may be challenged. The Institute is not required to record such an obligation.

Measure of Operations

The accompanying statements of activities distinguish between operating and non-operating activities. Operating activities principally include all revenues and expenses that are an integral part of the Institute's programs and supporting activities, investment return pursuant to the Institute's spending policy, and interest income on operating cash balances. Non-operating activities include unrealized gains and losses due to foreign currency adjustment, recovery (write-off) of uncollectible grants and other activities which are considered to be nonrecurring in nature.

NOTE B—INVESTMENTS

Investments were as follows as of September 30:

	2018	2017
Money market funds	$ 308,357	$ 479,372
Equity securities	14,233,180	11,109,751
Mutual funds:		
Equity funds	5,991,088	8,890,710
Fixed income funds	16,845,025	16,473,383
Alternative investments:		
Hedge funds	213,154	398,545
Private equity funds	912,610	631,474
Total investments	$ 38,503,414	$ 37,983,235

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

	2018	2017
Realized gains	$ 671,155	$ 6,794,745
Unrealized gains (losses)	776,673	(4,319,417)
Dividends and interest	942,805	772,748
Investment management fees and foreign taxes	(170,454)	(113,693)
Total	$ 2,220,179	$ 3,143,383

NOTE C—FAIR VALUE

ASC 820, *Fair Value Measurements and Disclosures*, establishes a single authoritative definition of fair value, sets a framework for measuring fair value, and requires additional disclosures about fair value measurements. In accordance with ASC 820, the Institute classifies its assets and liabilities into Level 1 (securities valued using quoted prices from active markets for identical assets), Level 2 (securities not traded on an active market for which observable market inputs are readily available), and Level 3 (securities valued based on significant unobservable inputs). Investments are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

NOTE C—FAIR VALUE—Continued

The following is a description of the valuation methodologies and inputs used for assets and liabilities measured at fair value, as well as the general classification pursuant to the valuation hierarchy.

Money Market Funds, Equity Securities, and Mutual Funds

Investments in money market funds and equity securities valued at the quoted prices in an active market are classified within Level 1 of the fair value hierarchy.

Alternative Investments

Alternative investments consist of investments in various funds. These investments are aggregated into hedge, equity, fixed income, emerging market and real estate funds based on their underlying investments. The fair value of such investments is determined using the net asset value ("NAV") per share as a practical expedient. The investments, which are redeemable at or near year-end at NAV per share, are not classified within the fair value hierarchy.

The following table summarizes the valuation of financial instruments at fair value on a recurring basis in the consolidated statement of financial position at September 30, 2018.

	Level 1	Reported at NAV	Total
Money market funds	$ 308,357	$ —	$ 308,357
Equity securities	14,233,180	—	14,233,180
Mutual Funds:			
Equity funds	5,991,088	—	5,991,088
Fixed income funds	16,845,025	—	16,845,025
Alternative investments:			
Hedge funds	—	213,154	213,154
Private equity funds	—	912,610	912,610
Total investments	$ 37,377,650	$ 1,125,764	$ 38,503,414

NOTE C—FAIR VALUE—Continued

The following table summarizes the valuation of financial instruments at fair value on a recurring basis in the consolidated statement of financial position at September 30, 2017.

	Level 1	Reported at NAV	Total
Money market funds	$ 479,372	$ —	$ 479,372
Equity securities	11,109,751	—	11,109,751
Mutual Funds:			
Equity funds	8,890,710	—	8,890,710
Fixed income funds	16,473,383	—	16,473,383
Alternative investments:			
Hedge funds	—	398,545	398,545
Private equity funds	—	631,474	631,474
Total investments	$ 36,953,216	$ 1,030,019	$ 37,983,235

The table below presents additional information for the Institute's investments, as of September 30, 2018 and 2017, whose fair value is estimated using the practical expedient of reported NAV. These disclosures are required for all investments that are eligible to be valued using the practical expedient regardless of whether the practical expedient has been applied.

	Fair Value at 9/30/2018	Fair Value at 9/30/2017	Unfunded Commitments at 9/30/2018	Expected Liquidation Term	Redemption Terms at 9/30/2018	Redemption Restrictions at 9/30/2018
Hedge funds (a)	$ 213,154	$ 398,545	None	In liquidation	In liquidation	Not applicable
Private equity funds (b)	912,610	631,474	$2,127,993	8-10 years	Upon liquidation	Not applicable
	$ 1,125,764	$ 1,030,019				

(a) This class includes hedge funds and funds of funds that invest primarily in debt and equity securities. The fair values of the investments have been estimated by using the NAV per share of the funds.

(b) This class includes investments in private equity funds that invest in companies, organizations, and funds with the intention to generate social and environmental impact alongside a financial return. The fair values of the investments have been estimated by using the NAV per share of the funds.

NOTE D—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:

	2018	2017
U.S. government	4%	6%
Foundations	24%	19%
Foreign governments	46%	40%
International organizations	14%	14%
Corporations, individuals, and others	12%	21%
	100%	100%

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

	2018	2017
Due within one year	$ 54,851,623	$ 33,341,177
Due within one to five years	17,655,451	9,222,249
Total gross grants, pledges and contracts receivable	72,507,074	42,563,426
Less:		
Allowance for doubtful accounts	(184,825)	(191,386)
Unamortized discount on receivables	(604,260)	(231,785)
Grants, pledges, and contracts receivable, net	$ 71,717,989	$ 42,140,255

Contributions that are to be received over multiple years are discounted to present value at a discount rate commensurate with the risk at the time the contributions were pledged. Discount rates used as of September 30, 2018 and 2017 ranged from 2.62% to 3.94% and from 1.88% to 2.92%, respectively. Allowance for doubtful accounts is determined based on the average write-offs as a percentage of revenue over the last five years. Grants, pledges and contracts receivable are written-off when deemed to be uncollectible.

The Institute received new conditional pledges of $97,273,353 and $11,205,920 during the years ended September 30, 2018 and 2017, respectively. The Institute has recorded revenue of $53,183,324 and $20,648,832 for the years ended September 30, 2018 and 2017, respectively, the extent to which the conditions on the pledges have been met. As of September 30, 2018 and 2017, the Institute had conditional pledges outstanding of $79,006,977 and $41,674,506, respectively. Pledge payments due over the ensuing three years are conditional based on progress and reporting satisfactory to the donor.

NOTE E—SOFTWARE, PROPERTY, LEASES, AND EQUIPMENT

Software, property, leases, and equipment consist of the following at September 30:

	2018	2017
Furniture, equipment and software	$ 10,329,617	$ 9,353,319
Leasehold improvements	6,120,085	6,120,085
Equipment under capital lease agreements	70,235	70,235
Artwork	8,825	8,825
	16,528,762	15,552,464
Less: accumulated depreciation and amortization	(9,635,981)	(7,740,750)
Furniture, fixtures, and equipment, net	$ 6,892,781	$ 7,811,714

NOTE F—OFFICE LEASE COMMITMENTS AND RENT ABATEMENT

The Institute has entered into various operating lease agreements.

During 2007, the Institute renegotiated and extended its current lease for its Washington, DC office space, under an agreement which expired in February 2019. In 2015, the Institute extended the existing lease through December 2028. As part of the office building lease, the Institute received a total of six months of free rent; from February 2016 to July 2016. This rent abatement is being amortized on a straight-line basis over the life of the lease as a reduction of rent expense. Also as part of the office building lease, the Institute received a tenant allowance of $4,545,305. The tenant allowance was $3,277,830 and $3,596,799 for the years ended September 30, 2018 and 2017, respectively, and was being amortized on a straight-line basis over the life of the lease as a reduction of rent expenses.

NOTE F—OFFICE LEASE COMMITMENTS AND RENT ABATEMENT—Continued

Minimum future rental payments under non-cancelable leases as of September 30, 2017 are as follows:

September 30,	
2019	$ 2,350,415
2020	3,642,894
2021	3,664,189
2022	3,633,538
2023	3,654,802
Thereafter	20,256,235
Total	$ 37,202,073

Rental expense for these leases was $3,504,851 and $3,502,897 for the years ended September 30, 2018 and 2017, respectively.

NOTE G—DEBT

The Institute entered into a 7-year term loan agreement with SunTrust Bank for an amount not to exceed $3,500,000. On December 1, 2015, the Institute drew $2,000,000 on their term loan which bears 3.44% fixed interest. Interest expenses were $51,900 and $61,865 for the year ended September 30, 2018 and 2017. Pursuant to the Security Agreement executed in connection with the term loan, the Institute has granted to SunTrust Bank a security interest in all of the Institute's assets as collateral.

Principle payments are as follows for the years subsequent to September 30, 2018:

September 30,	
2019	$ 285,714
2020	285,714
2021	285,714
2022	285,714
2023	214,288
Total	$ 1,357,144

NOTE G—DEBT—Continued

The Institute entered into an interest rate swap agreement, with an effective date of December 1, 2015, whereby the Institute agreed to swap its variable rate of interest of 1-month LIBOR plus 1.30% for a fixed rate equal to 3.44%. The variable rate of interest at September 30, 2018 and 2017 was 2.54% and 1.82%, respectively. The notional amount, per swap agreement, was $1,357,144 and $1,642,857 as of September 30, 2018 and 2017, respectively, and is amortized monthly until the termination date on May 28, 2023. The fair value of the swap agreement as of September 30, 2018 and 2017 was an asset of $21,555 and a liability of $18,148, respectively. Net settlement transactions related to the swap agreement resulted in a net loss to the Institute totaling $6,516 and $22,585 for the years ended September 30, 2018 and 2017, respectively.

As of and for the years ended September 30, 2018 and 2017, amounts included within the financial statements relating to the interest rate swap agreement are as follows:

Fair Value at September 30, 2018	Statement of Financial Position Location	Change in Value of Interest Rate Swap Agreement for the Year Ended September 30, 2018	Statement of Activities Location	Level Within Fair Value Hierarchy
$21,555	Other Assets	$39,703	Other Income	Level 2

As of and for the year ended September 30, 2016, amounts included within the financial statements relating to the interest rate swap agreement are as follows:

Fair Value at September 30, 2017	Statement of Financial Position Location	Change in Value of Interest Rate Swap Agreement for the Year Ended September 30, 2017	Statement of Activities Location	Level Within Fair Value Hierarchy
$(18,148)	Accounts Payable	$(58,992)	Administration	Level 2

On October 24, 2016, the Institute entered into a revolving line-of-credit agreement with SunTrust Bank for $9,500,000 which bears interest at the daily floating LIBOR plus 1.30%. There was an outstanding balance of $0 as of September 30, 2018 and 2017.

NOTE H—RESTRICTED CASH

During 2012, the Shell Foundation provided a grant of $100,000 to EMBARQ, a WRI program in memory of the late Lee Schipper to establish a scholarship fund. Other smaller donors have since contributed an additional $6,325 to this effort. As of September 30, 2018 and 2017, this fund had a balance of $41,650 and $54,760 respectively.

NOTE I—TEMPORARILY RESTRICTED NET ASSETS

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

	2018	2017
Cities & Transport (EMBARQ)	$ 24,597,495	$ 18,764,992
Climate (Climate & Energy)	5,901,837	7,574,268
Energy	5,455,971	1,320,367
Food Forests & Water (People & Ecosystems)	26,582,747	17,358,669
Governance (Institutions & Governance)	7,042,114	2,325,137
Finance	243,880	426,546
Business (Market & Enterprise)	6,074,608	475,291
Special Studies/Innovation	6,747,465	2,317,551
Development	124,850	—
Communication & World Resources Report	68,346	37,396
Cumulative Unappropriated Endowment Earnings	2,140,465	1,676,972
Cynthia Helms Fellowship Fund	337,100	140,163
Foreign Currency Unrealized (Loss) Gain	(1,143,364)	(613)
Multi-Year Receivable Discount	(372,475)	79,993
Total	$ 83,801,039	$ 52,496,732

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:

	2018	2017
Cities & Transport (EMBARQ)	$ 15,257,472	$ 10,836,960
Climate (Climate & Energy)	6,437,669	2,956,067
Energy	903,378	693,983
Food Forests & Water (People & Ecosystems)	11,902,830	18,387,344
Governance (Institutions & Governance)	1,254,667	1,055,521
Finance	429,678	55,000
Business (Market & Enterprise)	378,062	319,286
Special Studies/Innovation	2,258,053	4,931,011
Communication & World Resources Report	57,396	114,000
Development	7,517	—
Total	$ 38,886,722	$ 39,349,172

NOTE J—ENDOWMENT FUNDS

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 temporarily restricted revenue.

In 2003 and individuals contributed $100,000 for the purpose of creating an endowment fund to enable the Institute to hire interns. Investment earnings from the endowment fund is recognized as temporarily restricted revenue and used to pay for interns.

NOTE J—ENDOWMENT FUNDS—Continued

Interpretation of Relevant Law

The Management and Board of Directors of the Institute have interpreted Delaware's "Uniform Prudent Management of Institutional Funds Act of 2007," absent explicit donor stipulations to the contrary, to require the Institute to act in good faith and with the care that an ordinarily prudent person in a like position would exercise under similar circumstances in making determinations to appropriate or accumulated endowment funds, taking into account both its obligation to preserve the value of the endowment and its obligation to use the endowment to achieve the purposes for which it was donated. The Institute classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment required by the applicable donor gift instrument, if applicable.

Endowment Investment Policies

The Institute's investments are managed in accordance with the Board adopted Investment Policy Statement. The Institute's mission is to move human society to live in ways that protect earth's environment and its capacity to provide for the needs and aspirations of current and future generations. Our investments prioritize our mission and values and should be aligned such that we invest in companies/instruments that are fully transparent and sensitive to environmental and developmental issues. The investment strategy of the Institute is to emphasize total return; that is, the aggregate returns from capital appreciation and dividend and interest income.

Specifically, the primary objective in the investment management for Endowment assets shall be:

> Long-term growth of capital, emphasizing long-term growth of principal while avoiding excessive risk. Short-term volatility will be tolerated in as much as it is consistent with the volatility of a comparable market index.

The secondary objective in the investment management of Endowment assets shall be:

> Preservation of Purchasing Power After Spending - To achieve net returns (after management and custodial fees) in excess of the rate of inflation plus our spending guideline (see below) over the investment horizon in order to preserve purchasing power of Endowment assets. Risk control is an important element in the investment of Endowment assets.
>
> Over the established investment horizon of 10 years or longer, it is the goal of the aggregate Endowment assets to significantly exceed the rate of inflation (as measured by the Consumer Price Index) plus 1.0% over a market cycle.

The investment allocation is shown in Note B.

NOTE J—ENDOWMENT FUNDS—Continued

Endowment Spending Policy

The Board of Directors approves an operating budget and associated endowment draw annually. The Institute spending guideline shall normally be 4.75% of the trailing 12 quarter average market value of the investments. The Board may approve a deviation from the 4.75% guideline if deemed prudent.

During 2018 and 2017, $1,756,687 and $1,917,934, respectively, of these earnings were transferred from temporarily restricted to unrestricted operating net assets in accordance with the policy statement referred to above.

Endowment Net Assets Composition by Type of Fund as of September 30, 2018:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	$ —	$ 2,140,465	$ 25,100,000	$ 27,240,465
Board-designated endowment funds	3,523,649	—	—	3,523,649
Total funds	$ 3,523,649	$ 2,140,465	$ 25,100,000	$ 30,764,114

Changes in Endowment Net Assets for the Year Ended September 30, 2018:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$ 3,523,649	$ 1,676,973	$ 25,100,000	$ 30,300,622
Investment return				
Reinvested dividends and interest, unrealized appreciation	—	1,719,478	—	1,719,478
Realized appreciation, net fees	—	500,702	—	500,702
Total investment return	—	2,220,179	—	2,220,179
Appropriation of endowment assets for expenditure	—	(1,756,687)	—	(1,756,687)
Endowment net assets, end of year	$ 3,523,649	$ 2,140,465	$ 25,100,000	$ 30,764,114

NOTE J—ENDOWMENT FUNDS—Continued

Endowment Net Assets Composition by Type of Fund as of September 30, 2017:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	$ —	$ 1,676,973	$ 25,100,000	$ 26,776,972
Board-designated endowment funds	3,523,649	—	—	3,523,649
Total funds	$ 3,523,649	$ 1,676,973	$ 25,100,000	$ 30,300,622

Changes in Endowment Net Assets for the Year Ended September 30, 2017:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$ 3,374,338	$ 600,835	$ 25,100,000	$ 29,075,173
Investment return				
Reinvested dividends and interest, unrealized appreciation	48,302	920,272	—	968,574
Realized appreciation, net fees	101,009	2,073,800	—	2,174,809
Total investment return	149,311	2,994,072		3,143,383
Appropriation of endowment assets for expenditure	—	(1,917,934)	—	(1,917,934)
Endowment net assets, end of year	$ 3,523,649	$ 1,676,973	$ 25,100,000	$ 30,300,622

NOTE K—SIGNIFICANT CONTRIBUTIONS AND CONTRACTS

The Institute was awarded a three-year grant of GBP 5,000,000 in April 2018, by Department for Business, Energy and Industrial Strategy of the United Kingdom to support the Coalition for Urban Transitions project. As of September 30, 2018, the Institute has received $1,959,313 and has spent $699,746.

The Institute was awarded a two-year grant of USD 2,685,000 in September 2018, by Bloomberg Philanthropies to provide renewable energy technical assistance to cities participating in the American Cities Climate Challenge. As of September 30, 2018, the Institute has received $1,175,000 and has spent $108,873.

The Institute was awarded a two-year grant of DKK 15,000,000 in July 2013, by Ministry of Foreign Affairs of Denmark to support WRI's core funding activities and Global Green Growth Forum. In March 2015, an additional grant of DKK 22,500,000 and a two-year extension was awarded to support WRI's Strategic Plan 2014-2017 "Scaling our Impact in Urgent Times". In December 2016, an additional grant of DKK 700,000 was awarded to for WRI's support in the design phase of a new 3GF initiative. As of September 30, 2018, the Institute has received $6,061,765 and has spent $6,057,508.

The Institute was awarded a one-year grant of DKK 5,000,000 in September 2017, by Ministry of Foreign Affairs of Denmark to support Delivering Better Growth: The New Climate Economy Project. As of September 30, 2018, the Institute has received $393,645 and has spent $781,071.

In February 2018, Ministry of Foreign Affairs of Denmark awarded the Institute a DKK 41,200,000 grant for the first year of a five year-program to support Partnering for Green Growth and the Global Goals 2030 project. With appropriations by the Danish Parliament under the "Finance Act", an additional DKK 162,800,000 will be awarded for Year 2 to Year 5. As of September 30, 2018, the Institute has received $6,805,305 and has spent $1,907,183.

In February 2018, Ministry of Foreign Affairs of Denmark awarded the Institute a DKK 15,000,000 grant for the first year of a five year-program to support the implementation of WRI's Strategic Plan 2018-2022. With annual approvals of provisions in the Danish Financial Act, an additional DKK 60,000,000 will be awarded for Year 2 to Year 5. As of September 30, 2018, the Institute has received $2,471,536 and has spent $2,102,676.

In December 2017, Ministry of Foreign Affairs of the Netherlands awarded the Institute a USD 4,300,000 grant for the first year of a five year-program to support the implementation of WRI's Strategic Plan 2018-2022. With sufficient funds made available by the budget legislator, an additional USD 17,200,000 will be awarded for Year 2 to Year 5. As of September 30, 2018, the Institute has received $4,300,000 and has spent $3,806,148.

The Institute was awarded a three-year grant of EUR 2,000,000 in November 2017, by IKEA Foundation to support "Linking Energy and Development: A User-Centric Approach" project. As of September 30, 2018, the Institute has received $1,103,995 and has spent $563,318.

NOTE K—SIGNIFICANT CONTRIBUTIONS AND CONTRACTS—Continued

The Institute was awarded a four-year grant of USD 1,100,000 in January 2018, by IKEA Foundation to support "Developing a Common Monitoring and Evaluation Framework for the Good Cause Campaign – Renewable Energy" project. As of September 30, 2018, the Institute has received $358,376 and has spent $172,612.

The Institute was awarded a three-year grant of USD 3,000,000 in August 2018, by The John D. and Catherine T. MacArthur Foundation in support of WRI's climate change program. As of September 30, 2018, the Institute has received $1,000,000 and has spent $370.

The Institute was awarded a three-year grant of USD 2,800,661 in September 2018, by Oak Foundation to support "Support Work for China, India, Brazil and International/Governance" project. As of September 30, 2018, the Institute has received $0 and has spent $29,824.

The Institute was awarded a three-year grant of NOK 115,000,000 in May 2016, by Ministry of Climate and Environment of Norway to support "Global Forest Watch Scaling Up Transparency for Transformative Action" project. In April 2018, an additional grant of NOK 1,350,000 was awarded for the project. As of September 30, 2018, the Institute has received $14,070,059 and has spent $12,575,815.

The Institute was awarded a three-year grant of NOK 21,000,000 in October 2017, by Ministry of Climate and Environment of Norway to support "Websak 17/2050, the New Climate Economy Project". In April 2018, an additional grant of NOK 1,620,000 was awarded for the project. In September 2018, an additional grant of NOK 73,300,000 was awarded for the project. As of September 30, 2018, the Institute has received $4,514,244 and has spent $3,568,074.

In December 2017, Swedish International Development Cooperation Agency awarded the Institute a SEK 65,000,000 grant for the first and second year of a five year-program to support WRI's Strategic Plan 2018-2022. With parliamentary appropriation of funds, an additional SEK 85,000,000 will be awarded for Year 3 to Year 5. As of September 30, 2018, the Institute has received $7,538,056 and has spent $3,361,347.

The Institute was awarded a two-year grant of USD 3,620,891 in August 2018, by United Nations Office for Project Services in support of BRG-REF Project. As of September 30, 2018, the Institute has received $245,000 and has spent $0.

The Institute initiates and completes a substantial portion of its projects within the Food Forests & Water, Governance Center and Climate Programs pursuant to cooperative agreements and contracts from the U.S. Agency for International Development. The revenue pursuant to these cooperative agreements and contracts was $3,499,260 and $4,277,708 for the years ended September 30, 2018 and 2017, respectively. Such revenue accounted for approximately 3.19% and 4.60% of total federal and non-federal grants, contributions, and cooperative agreement revenues during the years ended September 30, 2018 and 2017, respectively.

NOTE L—EMPLOYEE BENEFITS

The Institute contributes either 5% or 8% (based on years of service) of eligible employees' annual earnings, as defined in agreements under a defined contribution plan (the "Plan"). The amount contributed to the Plan for the years ended September 30, 2018 and 2017, totaled $2,187,035 and $1,921,872, respectively.

NOTE M—RELATED PARTIES

During the year ended September 30, 2014, a board member provided a grant in the amount of $30,500,000 conditioned upon meeting certain annual milestones through June 1, 2020. As of September 30, 2018, $25,500,000 of this grant has been received and recognized as grant revenue, $5,250,000 of which was received and recognized during the year ended September 30, 2018.

During the year ended September 30, 2018, a board member provided a grant in the amount of $6,000,000 March 31, 2020. As of September 30, 2018, $6,000,000 has been recognized as grant revenue, $3,000,000 has been received.

Additional board member contributions of $779,930 and $337,057 were recognized for the years ended September 30, 2018 and 2017, respectively.

NOTE N—SUBSEQUENT EVENTS

The Institute evaluated its September 30, 2018 consolidated financial statements for subsequent events through February 25, 2019, the date the financial statements were available to be issued.

The Institute is not aware of any subsequent events which would require recognition or disclosure in the consolidated financial statements.

Supplemental Information

Year ended September 30, 2018

Federal Grantor Program Title	Direct Award or Pass Through Entity	CFDA No.	Contract No.	Federal Expenditures	Amount passed through to Subrecipients
U.S. Agency for International Development:					
Sustainable Landscapes, Clean Energy & Adaptation	Direct	98.001	AID-OAA-A-13-00045	$ 304,158	$ 24,000
Strengthening Central Africa Env. Mgmt and Policy Support (SCAEMPS)	Direct	98.001	AID-660-A-14-00002	2,891,600	892,060
Restoring Environment Through Prosperity, Livelihoods & Conserving Ecosystems (REPLACE)	Associates in Rural Development, Inc.	98.001	AID-OOA-I-12-00032	16,411	—
Develop Integrated Model For Forest Management	Associates in Rural Development, Inc.	98.001	AID-386-C-12-00002	15,524	12,739
Land Rights, Beef Commodity Chains, And Deforestation Dynamics In The Paraguayan Chaco	Associates in Rural Development, Inc.	98.001	AID-OAA-I-12-00032	53,340	—
USAID Hay Tao Program	Pact, Inc.	98.001	72068718C00001	24,177	—
Africa Biodiversity Collaborative Group (ABCG) II: Hosting & Management Services	Wildlife Conservation Society	98.001	AID-OAA-A-15-00060	114,539	—
CARPE III Maiko-Itombwe-KBNPCentral Africa Forest Ecosystems Conservation (CAFEC)	Wildlife Conservation Society	98.001	AID-660-A-13-00010 AID-660-A-13-00004 AID-660-A-13-00007	62,362	—
Sustainable Water Partnership (SWP) Leader with Associates	Winrock International	98.001	AID-OAA-L-16-00006	17,155	—
Total for CFDA number 98.001				3,499,266	928,799
Total for U.S. Agency for International Development				3,499,266	928,799
U.S. Department of Agriculture					
Develop A Pilot Project Demonstrating Efficacy Of Forest Resilience Bond	American Forest Foundation	10.912	69-3475-17-14	63,269	—
Promoting Rotational Grazing in Chesapeake Bay Watershed and Quantifying Economic and Environmental Benefits	Chesapeake Bay Foundation	10.912	69-3A75-16-038	1,361	—
Unlocking Green Bonds for Natural Infrastructure in U.S. Water Sector	Direct	10.912	69-3A75-16-005	143,910	4,219
Total for CFDA number 10.912				208,540	4,219
Enhancement & Application of Chesapeake Bay Nutrient Trading Tool (CBNTT) and Nutrient Tracking Tool (NTT) to Support Water Quality Trading Markets	Texas A&M University	10.290	58-0111-16-008	3,015	—
Timber Legality & Transparency	Direct	10.684	17-DG-11132762-124	370,396	34,747
Total for U.S. Department of Agriculture				581,951	38,966
U.S. Department of Energy					
EC-LEDS	Alliance for Sustainable Energy	81.087	DE-AC36-08GO28308	88,539	—
US-China Clean Energy Research Center Advanced Coal Technology Collaboration	West Virginia University	81.087	10-733-WRI-2	83,367	—
Total for CFDA number 81.087				171,906	—
Total for U.S. Department of Energy				171,906	—
U.S. Department Of State					
Nationally Determined Contribution Investment Accelerator (NDCIA) for the Low Emission Accelerator Partnership	Direct	19.017	S-LMAQM-16-GR-1180	892,928	583,297
Increasing Private Investment inLandscape Restoration: A Pathway to Enhanced Resilience	Direct	19.017	S-LMAQM-17-CA-2018	89,361	—
Total for CFDA number 19.017				982,289	583,297
Total for U.S. Department of State				982,289	583,297
U.S. Environmental Protection Agency					
Assessing Methodologies For Conformance To WRI GHG Protocol Corporate Accounting Standard	Direct	66.U01	PR-OAR-17-0l085	19,883	—
Total for U.S. Environmental Protection Agency				19,883	—
U.S. Fish and Wildlife Service					
Development of Technology to Identify Timber Species	Direct	15.U01	F17PX00432	41,841	—
Support for Implementing COP-17 CITES-Listed Timber Species: Development of a Rosewood Assessment Diagnostic Toolkit	Direct	15.679	F17AP00782	65,827	2,000
Total for U.S. Fish and Wildlife Service				107,668	2,000
National Oceanic & Atmospheric Administration					
Supporting US-India Partnership For Climate Resilience	North Carolina State University	11.432	13342-Z7812001	208,717	—
Total for National Oceanic & Atmospheric Administration				208,717	—
Total Federal Expenditures				$ 5,571,680	$ 1,553,062

The accompanying Notes to the Schedule of Expenditures of Federal Awards is an integral part of this schedule.

NOTE A—BASIS OF ACCOUNTING

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes all federal grants to the Institute that had expenditure activity during the year ended September 30, 2018. This Schedule has been prepared on the accrual basis of accounting for expenditures in accordance with accounting principles generally accepted in the United States of America. Grant revenues and expenditures are recorded for financial reporting purposes when the Institute has met the qualifications for the respective grants. Grant revenues are equivalent to grant expenditures. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations (CFR)* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance").

The Institute has not elected to use the 10% de minimis cost rate allowed under the Uniform Guidance.

NOTE B—CATALOG OF FEDERAL DOMESTIC ASSISTANCE

Catalog of Federal Domestic Assistance ("CFDA") numbers are not assigned to the U.S. Agency for International Development grants and contracts. However, because of their similarities, we have considered all such contracts as one program for determination in applying the Uniform Guidance.

GRANT THORNTON LLP
1000 Wilson Boulevard, Suite 1400
Arlington, VA 22209

T 703.847.7500

F 703.848.9580

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Board of Directors
World Resources Institute and Subsidiaries

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of World Resources Institute and subsidiaries (collectively the "Institute"), which comprise the consolidated statement of financial position as of September 30, 2018, and the related consolidated statements of activities and changes in net assets and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated February 25, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered the Institute's internal control over financial reporting ("internal control") to design audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of internal control. Accordingly, we do not express an opinion on the effectiveness of the Institute's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Institute's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in the Institute's internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Institute's consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Intended Purpose

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Institute's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Institute's internal control and compliance. Accordingly, this report is not suitable for any other purpose.

Grant Thornton LLP

Arlington, Virginia
February 25, 2019

GRANT THORNTON LLP
1000 Wilson Boulevard, Suite 1400
Arlington, VA 22209

T 703.847.7500

F 703.848.9580

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Board of Directors
World Resources Institute and Subsidiaries

Report on Compliance for Each Major Federal Program

We have audited the compliance of World Resources Institute and subsidiaries (collectively the "Institute") with the types of compliance requirements described in the U.S. Office of Management and Budget's *OMB Compliance Supplement* that could have a direct and material effect on its major federal program for the year ended September 30, 2018. The Institute's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the federal statutes, regulations, and the terms and conditions of its federal awards applicable to the Institute's federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the Institute's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Institute's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for its major federal program. However, our audit does not provide a legal determination of the Institute's compliance.

Opinion on Each Major Federal Program

In our opinion, the Institute complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended September 30, 2018.

Report on Internal Control over Compliance

Management of the Institute is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Institute's internal control over compliance with the types of compliance requirements that could have a direct and material effect on its major federal program to design audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for its major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Institute's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses. Given these limitations, during our audit we did not identify any deficiencies in the Institute's internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this Report on Internal Control Over Compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Grant Thornton LLP

Arlington, Virginia
March 14, 2019

Section I	*Summary of Auditor's Results*
Financial Statements	
1. Type of auditor's report issued	Unmodified
2. Internal control over financial reporting	
a. Material weaknesses identified?	No
b. Significant deficiencies identified not considered to be material weaknesses?	None reported
c. Noncompliance material to the financial statements noted?	No
Federal Awards	
1. Internal control over major programs:	
a. Material weaknesses identified?	No
b. Significant deficiencies identified not considered to be material weaknesses?	None reported
2. Type of auditor's report issued on compliance for major programs:	Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with the 2 CFR 200.516(a)?	No
4. Identification of major program:	
Federal Agency/Program Title	**CFDA**
USAID Foreign Assistance for Programs Overseas	98.001
5. Dollar threshold used to distinguish between Type A and Type B programs:	$750,000
6. Auditee qualified as a low-risk auditee under Uniform Guidance, Section 520?	Yes

Section II—Financial Statement Findings

None reported

Section III—Federal Award Findings and Questioned Costs

None reported

Supplemental Schedules

World Resources Institute and Subsidiaries

Schedule of Functional Expenses

Year ended September 30, 2018

	Food, Forests and Water	Cities and Transport	Climate	Energy	Governance, Finance and Business Centers	Shared and Special Projects	Total Program Expenses	Administration	Development	Total Expenses
Salaries	$ 8,216,633	$ 4,987,213	$ 5,805,865	$ 1,399,820	$ 4,022,536	$ 2,856,773	$ 27,288,840	$ 3,279,170	$ 1,151,890	$ 31,719,900
Fringe Benefits	3,636,000	2,066,679	2,584,569	575,940	1,788,294	1,242,472	11,893,954	1,442,148	517,475	13,853,577
Research Expenses	3,753,554	2,265,125	1,624,651	294,563	544,736	1,207,608	9,690,237	167,396	—	9,857,633
Conference Expenses	607,785	329,104	699,918	52,074	113,079	173,877	1,975,837	125,393	161,592	2,262,822
Publication Expenses	172,225	249,043	668,312	6,850	62,962	195,080	1,354,472	8,079	26,941	1,389,492
Communication Expenses	1,335,764	84,365	1,337,932	140,142	100,585	58,685	3,057,473	(400)	18	3,057,091
Travel	1,375,658	1,159,601	1,237,909	203,153	561,427	350,837	4,888,585	306,527	110,250	5,305,362
Occupancy	872,253	542,712	629,873	128,639	430,768	337,146	2,941,391	369,570	125,768	3,436,729
Other Direct Costs	552,824	247,215	295,993	40,098	163,322	77,556	1,377,008	1,318,219	143,633	2,838,860
Subgrants	12,618,885	9,766,491	1,718,404	595,779	910,788	1,159,226	26,769,573	—	—	26,769,573
Rent	(2,896)	(1,684)	(2,100)	(401)	(1,099)	(917)	(9,097)	—	(316)	(9,413)
Library and information services	60,650	35,260	43,989	8,397	23,015	19,209	190,520	—	6,613	197,133
Indirect Salaries	569,564	331,121	413,102	78,854	216,131	180,395	1,789,167	—	62,099	1,851,266
Indirect Benefits	253,864	147,586	184,127	35,146	96,333	80,405	797,461	—	27,679	825,140
Subgrant Pool Salaries	435,240	336,857	59,270	20,549	31,414	39,983	923,313	—	—	923,313
Subgrant Pool Benefits	195,232	151,101	26,586	9,218	14,091	17,935	414,163	—	—	414,163
Subgrant Pool Other Costs	62,226	48,160	8,474	2,938	4,491	5,716	132,005	—	—	132,005
Supplies and materials	67,486	39,234	48,947	9,343	25,609	21,375	211,994	—	7,358	219,352
Postage	399	232	289	55	151	126	1,252	—	44	1,296
Telephone and cables	98,811	57,444	71,667	13,680	37,495	31,296	310,393	—	10,773	321,166
Equipment rental and maintenance	312,506	181,678	226,659	43,265	118,586	98,978	981,672	—	34,072	1,015,744
Other Indirect	183,838	106,876	133,337	25,452	69,761	58,226	577,490	—	20,044	597,534
Depreciation	585,157	340,187	424,412	81,013	222,049	185,334	1,838,152	—	63,799	1,901,951
Total expenses before G&A Allocation	35,963,658	23,471,600	18,242,185	3,764,567	9,556,524	8,397,321	99,395,855	7,016,102	2,469,732	108,881,689
Allocation of administration costs	2,158,587	1,254,914	1,565,614	298,847	819,115	683,677	6,780,754	(7,016,102)	235,348	—
Total Expenses After G&A Allocations	38,122,245	24,726,514	$ 19,807,799	$ 4,063,414	$ 10,375,639	$ 9,080,998	$ 106,176,609	$ —	$ 2,705,080	$ 108,881,689

This schedule should be read in conjunction with the accompanying Report of Independent Certified Public Accountants and the Consolidated Financial Statements and Notes thereto.

World Resources Institute and Subsidiaries

Schedule of Functional Expenses

Year ended September 30, 2017

	Food, Forests and Water	Cities and Transport	Climate	Energy	Governance, Finance and Business Centers	Shared and Special Projects	Total Program Expenses	Administration	Development	Total Expenses
Salaries	$ 7,435,816	$ 4,850,022	$ 4,537,088	$ 1,107,097	$ 3,074,224	$ 2,934,650	$ 23,938,897	$ 2,873,058	$ 1,302,176	$ 28,114,131
Fringe Benefits	3,216,742	1,907,197	1,947,367	445,741	1,337,470	1,222,671	10,077,188	1,221,362	568,947	11,867,497
Research Expenses	7,387,119	1,676,976	728,813	207,928	268,558	708,110	10,977,504	278,287	24,632	11,280,423
Conference Expenses	307,120	433,748	451,577	28,278	140,258	38,364	1,399,345	146,529	77,988	1,623,862
Publication Expenses	199,997	160,659	313,830	47,387	148,425	372,615	1,242,913	15,357	63,383	1,321,653
Communication Expenses	1,501,599	62,698	509,516	117,886	7,300	188,366	2,387,365	—	7,647	2,395,012
Travel	1,113,839	1,053,398	730,463	180,677	377,714	314,548	3,770,639	225,933	107,000	4,103,572
Occupancy	833,838	569,182	513,709	120,205	328,135	340,077	2,705,146	342,414	135,041	3,182,601
Other Direct Costs	456,781	248,371	275,243	37,093	144,439	43,914	1,205,841	1,969,166	144,718	3,319,725
Subgrants	12,119,664	8,782,684	774,036	526,103	463,212	890,321	23,556,020	—	—	23,556,020
Rent	5,678	2,772	2,531	580	1,473	1,559	14,593	—	615	15,208
Library and information services	83,543	40,788	37,236	8,529	21,679	22,933	214,708	—	9,047	223,755
Indirect Salaries	594,285	290,150	264,882	60,673	154,217	163,131	1,527,338	—	64,358	1,591,696
Indirect Benefits	250,953	122,524	111,854	25,621	65,123	68,887	644,962	—	27,177	672,139
Subgrant Pool Salaries	406,199	294,358	25,942	17,633	15,525	29,840	789,497	—	—	789,497
Subgrant Pool Benefits	182,384	132,167	11,648	7,917	6,971	13,398	354,485	—	—	354,485
Subgrant Pool Other Costs	76,065	55,122	4,858	3,302	2,907	5,588	147,842	—	—	147,842
Supplies and materials	100,143	48,893	44,635	10,224	25,987	27,489	257,371	—	10,845	268,216
Postage	63	31	28	6	16	17	161	—	7	168
Telephone and cables	110,380	53,891	49,198	11,269	28,644	30,299	283,681	—	11,954	295,635
Equipment rental and maintenance	277,981	135,720	123,901	28,380	72,136	76,306	714,424	—	30,104	744,528
Other Indirect	239,246	116,808	106,636	24,425	62,084	65,673	614,872	—	25,909	640,781
Depreciation	737,975	360,305	328,928	75,343	191,505	202,574	1,896,630	—	79,919	1,976,549
Total Expenses	37,637,410	21,398,464	11,893,919	3,092,297	6,938,002	7,761,330	88,721,422	7,072,106	2,691,467	98,484,995
Allocation of administration costs	2,681,317	1,309,111	1,195,107	273,745	695,802	736,022	6,891,104	(7,072,106)	290,374	—
Total Expenses After G&A Allocations	40,318,727	22,707,575	13,089,026	3,366,042	7,633,804	8,497,352	95,612,526	—	2,981,841	98,484,995

This schedule should be read in conjunction with the accompanying Report of Independent Certified Public Accountants and the Consolidated Financial Statements and Notes thereto .

Schedule of Indirect Cost Rate Calculation (Facility Costs)

Year ended September 30, 2018

Direct Expenses	Programs	Fundraising	Total Expenses
Salaries and Stipends	$ 27,288,840	$ 1,151,890	$ 28,440,730
Fringe Benefits	11,893,954	517,475	12,411,429
Research & Conference Expenses	11,666,074	161,592	11,827,666
Publications Expenses	1,354,472	26,941	1,381,413
Communications Expenses	3,057,473	18	3,057,491
Travel	4,888,585	110,250	4,998,835
Occupancy	2,941,391	125,768	3,067,159
Misc. Costs	1,377,008	143,633	1,520,641
Subgrants	26,769,573	—	26,769,573
Total direct expenses	91,237,370	2,237,567	93,474,937
Less: Costs of institutional cooperative agreements/subgrants	(26,769,573)	—	(26,769,573)
Total Allowable Direct Expenses (Allocation Base)	$ 64,467,797	$ 2,237,567	$ 66,705,364

Facility Costs	Total Facility Cost
Rent	$ (9,413)
Salaries	1,851,266
Fringe Benefits	825,140
Library and Information Services	197,133
Reproduction	—
Supplies and Materials	219,352
Postage	1,296
Telephone and Cables	321,166
Equipment Rental and Maintenance	1,015,744
Interest/Offsite storage/Misc. Exp.	597,534
Depreciation and Amortization	1,901,951
Total facility costs	6,921,169
Total Allowable Facility Costs	$ 6,921,169

Calculation of Facility Cost Rate:

Total allowable facility costs/total allowable direct expenses ($6,921,169/$66,705,364)	10.38%

World Resources Institute and Subsidiaries

Schedule of Fringe Benefit Rate Calculation

Year ended September 30, 2018

Fringe Benefits	Regular and Term Staff	Temporary Staff	Total Benefits
PTO, Holiday and Other Benefits	$ 6,314,323	$ —	$ 6,314,323
Employer Payroll Taxes	2,484,562	$ 36,784	$ 2,521,346
Group health	2,923,806	—	2,923,806
Retirement	2,369,318	—	2,369,318
Unemployment	79,167	7,500	86,667
Workers' compensation	47,273	1,462	48,735
Other	828,685	—	828,685
Total allocable costs	$ 15,047,134	$ 45,746	$ 15,092,880

Regular and Term Staff Labor	Programs	Fundraising	Facility	Subgrant	Administration	Total Labor
Salaries	$ 26,528,753	1,151,890	1,845,726	923,313	3,217,627	$ 33,667,309
Less: excluded salaries expense *	(69,622)	—	(45,678)	—	(28,527)	(143,827)
Total allowable labor base	$ 26,459,131	$ 1,151,890	$ 1,800,048	$ 923,313	$ 3,189,100	$ 33,523,482

Calculation of fringe benefit for regular and term staff:
Total allocable costs/total allowable labor base
($15,047,134/$33,523,482) 44.89%

Temporary Staff Labor	Programs	Fundraising	Facility	Subgrant	Administration	Total Labor
Salaries and stipends	$ 760,087	$ —	$ 5,540	$ —	$ 61,543	$ 827,170
Total allowable labor base	$ 760,087	$ —	$ 5,540	$ —	$ 61,543	$ 827,170

Calculation of fringe benefit for temporary staff:
Total allocable costs/total allowable labor base
($45,746/$827,170) 5.53%

* Excluded salary expenses are fellowship stipends, intern programs and outside temporary help. These expenditures are excluded because they do not have a relationship to fringe benefit costs.

World Resources Institute and Subsidiaries

Schedule of Indirect Cost Rate Calculation (General and Administration)

Year ended September 30, 2018

	Programs	Fundraising	Total
Allowable total direct	$ 64,467,797	$ 2,237,567	$ 66,705,364
Total allocation base for general and administrative	$ 64,467,797	$ 2,237,567	$ 66,705,364

General and Administrative Expenses	
Salaries	$ 3,279,170
Benefits	1,442,148
Research Expenses	167,396
Conference Expenses	125,393
Publications Expenses	8,079
Travel	306,527
Occupancy	369,570
Professional Services	210,571
Memberships/Fees/Dues	52,298
Recruitment/Relocation	118,596
Staff Meals/Kitchen	3,584
Training & Career Development	65,292
Postage	466
Reproduction	—
Miscellaneous	558,916
Non-billable unallowable	308,096
Total general and administrative expenses	7,016,102
Less: Non-billable unallowable	(308,096) *
Total allowable general and administrative expenses	$ 6,708,006
Calculation of general and administrative rate:	
Total general and administrative/total allocation base for general and administrative ($6,708,006/$66,705,364)	10.06%

* Excluded unallowable expenses that are not chargeable to funders.

Schedule of Indirect Cost Rate Calculation (Subgrant)

Year ended September 30, 2018

	Programs	Fundraising	Total
Total subgrant costs	$ 26,769,573	$ —	$ 26,769,573
Total allocation base for general and administrative	$ 26,769,573	$ —	$ 26,769,573
General and Administrative Expenses			
Salaries			$ 923,313
Benefits			414,163
Other Costs			132,005
Total general and administrative expenses			$ 1,469,481
Calculation of subgrant rate:			
Total subgrant costs/total allocation base for general and administrative ($1,469,481/$26,769,573)			5.49%

NOTE A—BASIS OF ACCOUNTING

The calculation of allocation rates is prepared in accordance with the methodologies used by the Institute in negotiating its indirect facility cost, fringe benefit, and general and administrative cost rates with its oversight agency, the U.S. Agency for International Development.

Facility Cost Rate–represents total indirect costs less unallowable costs as a percentage of total direct costs, which includes fringe benefit costs, less all charges representing costs incurred pursuant to subcontract or subgrant agreements and unallowable costs.

Fringe Benefit Rate–represents the cost of total fringe benefit expenses as a percentage of total salary and wage charges that result in related fringe benefit expenses. Fringe benefit costs are included as a direct cost in the calculation of both the overhead, and the general and administrative cost rates.

General and Administrative Rate–represents all general and administrative expenses as a percentage of direct costs incurred, less charges representing costs incurred pursuant to subcontract or subgrant agreements.

Subgrant Pool Rate–represents subgrant-related salaries as a percentage of total subgrant costs.