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# REPORT TO THE CONGRESS 099350



BY THE COMPTROLLER GENERAL  
OF THE UNITED STATES

UNITED STATES  
GENERAL ACCOUNTING OFFICE

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MAY 13 1976



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Examination Of Financial  
Statements Of The  
Inter-American Foundation  
Fiscal Years 1975 And 1974

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MAY 12, 1976



COMPTROLLER GENERAL OF THE UNITED STATES  
WASHINGTON, D.C. 20548

B-135075

To the President of the Senate and the  
Speaker of the House of Representatives

We have examined the accompanying statements of financial condition of the Inter-American Foundation, a Government-owned corporation, as of June 30, 1975 and 1974, and the related statements of grant disbursements and administrative expenses and statements of changes in fund balances for the years then ended. Our examination, pursuant to the Government Corporation Control Act (31 U.S.C. 841 et. seq.), was made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

AGC 20354

In our opinion, the accompanying financial statements present fairly the financial position of the Inter-American Foundation at June 30, 1975 and 1974, and the results of its operations and the changes in fund balances for the years then ended, in conformity with principles and standards of accounting prescribed by the Comptroller General of the United States.

We are sending copies of this report to the Director, Office of Management and Budget; Secretary of the Treasury; and President, Inter-American Foundation.

A handwritten signature in black ink, appearing to read "James B. Starks".

Comptroller General  
of the United States

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**SCHEDULES**

INTER-AMERICAN FOUNDATION  
STATEMENT OF FINANCIAL CONDITION  
AT JUNE 30, 1975 AND 1974

## ASSETS

	<u>1975</u>	<u>1974</u>
OPERATING FUND: (notes 1 and 4)		
Funds with U.S.		
Treasury	\$30,229,653	\$37,961,802
Cashier imprest fund	<u>2,302</u>	<u>2,860</u>
	\$30,231,955	\$37,964,662
Office furniture and equipment	213,078	185,359
Less allowance for depreciation (note 1)	<u>46,898</u>	<u>29,661</u>
	166,180	155,698
Accounts receivable	27,812	5,074
Employee travel advance	<u>4,746</u>	<u>7,052</u>
Total operating funds	\$30,430,693	\$38,132,486
SOCIAL PROGRESS TRUST FUND: (note 2)		
Fund balance	<u>23,066,891</u>	<u>29,778,355</u>
Total assets	<u>\$53,497,584</u>	<u>\$67,910,841</u>

## LIABILITIES AND INVESTMENT OF U.S. GOVERNMENT

	<u>1975</u>	<u>1974</u>
LIABILITIES:		
Operating fund:		
Accounts payable		
Trade and approved		
grant disburse-		
ment requests	\$ 118,116	\$ 446,331
Owed to U.S. Govern-		
ment agencies	14,963	5,057
Accrued annual leave	105,082	89,243
Accrued salaries and		
benefits	33,492	23,505
Cashier funds advanced		
by Treasury	<u>3,000</u>	<u>3,000</u>
Total liabilities	<u>\$ 274,653</u>	<u>\$ 567,136</u>
Commitments (note 3)		
INVESTMENT OF U.S.		
GOVERNMENT:		
Operating fund		
Appropriation		
(note 4)	50,000,000	50,000,000
Social Progress Trust		
Fund (note 2)	<u>31,000,000</u>	<u>30,000,000</u>
	81,000,000	80,000,000
Less accumulated dis-		
bursements and		
expenses (Schedule 2)	<u>27,777,069</u>	<u>12,656,295</u>
Total investment of		
the U.S. Govern-		
ment (note 5)	<u>53,222,931</u>	<u>67,343,705</u>
Total liabilities		
and investment	<u>53,497,584</u>	<u>67,910,841</u>

The notes on pages 6 and 7 are an integral part of the financial statements.

## INTER-AMERICAN FOUNDATION

## STATEMENT OF GRANT DISBURSEMENTS AND ADMINISTRATIVE EXPENSES

FOR FISCAL YEARS ENDED JUNE 30, 1975 AND 1974

	<u>1975</u>	<u>1974</u>
GRANT DISBURSEMENTS:		
Grants financed with appropriated Funds	\$ 5,514,246	\$ 5,025,424
Grants financed with Social Progress Trust Fund	<u>7,711,464</u>	<u>221,645</u>
Total grant disbursements	\$13,225,710	\$ 5,247,069
ADMINISTRATIVE EXPENSES:		
Employee salaries and benefits	1,413,809	1,162,836
Employee travel and transportation	171,446	148,227
Depreciation	18,311	15,929
Office and equipment rental	120,380	112,356
Telephone, postage and supplies	76,894	58,504
Contracted services and other expenses	<u>94,224</u>	<u>118,527</u>
Total administrative expenses	<u>1,895,064</u>	<u>1,616,379</u>
Current year disbursements and expenses	15,120,774	6,863,448
Prior year disbursements and expenses:		
Financed with appropriated funds	12,434,650	5,792,847
Financed with Social Progress Trust Fund	<u>221,645</u>	<u>12,656,295</u>
Accumulated disbursements and expenses	<u>\$27,777,069</u>	<u>\$12,656,295</u>

The notes on pages 6 and 7 are an integral part of the financial statements.

INTER-AMERICAN FOUNDATION  
STATEMENT OF CHANGES IN FUND BALANCES  
FOR FISCAL YEARS ENDED JUNE 30, 1975 AND 1974

	<u>1975</u>		<u>1974</u>	
Fund Balances beginning of year				
Appropriated Funds	\$37,964,662		\$44,246,491	
Social Progress Trust Fund	<u>29,778,355</u>	\$67,743,017	-	\$44,246,491
Funds provided:				
Appropriated Funds	-		-	
Social Progress Trust Fund	<u>1,000,000</u>	<u>1,000,000</u>	<u>30,000,000</u>	<u>30,000,000</u>
Total Funds Available		<u>68,743,017</u>		<u>74,246,491</u>
Funds Applied:				
Grant disbursements and administrative expenses	15,120,774		6,863,448	
Less nonfunded expenses (depreciation and loss on disposal of equipment)	<u>21,679</u>	15,099,095	<u>16,334</u>	6,847,114
Purchase of fixed assets		32,161		37,916
Increase in accounts receivable and travel advances		20,432		(1,574)
Decrease in liabilities		<u>292,483</u>		<u>(379,982)</u>
Total funds applied		<u>15,444,171</u>		<u>6,503,474</u>
Fund balances end of year				
Appropriated Funds	30,231,955		37,964,662	
Social Progress Trust Fund	<u>23,066,891</u>		<u>29,778,355</u>	
Total balances end of year		<u>\$53,298,846</u>		<u>\$67,743,017</u>

The notes on pages 6 and 7 are an integral part of the financial statements.

NOTES TO FINANCIAL STATEMENTS

1. The Inter-American Foundation, a U.S. Government corporation, was established pursuant to part IV of the Foreign Assistance Act of 1969 (22 U.S.C. 290f). Its purpose is to provide support for developmental activities designed to achieve improved living conditions for Latin Americans. Until February 1972, the Foundation operated under the name of Inter-American Social Development Institute. The name was changed pursuant to Public Law 92-226 section 406 (3).

Significant accounting policies:

- a. Foundation accounting records are maintained on an accrual basis.
- b. Depreciation is computed on the straight line method based on the useful life of the assets. Depreciation is not charged in the year of acquisition and a full year's depreciation is charged in the year of disposal.

2. Under an agreement dated December 20, 1973, between the Foundation and the Inter-American Development Bank, *DLG00896* the Foundation is allowed to commit amounts allocated from the Social Progress Trust Fund, a fund administered for the U.S. Government by the Bank. Allocated funds are available to finance social development projects operated by entities in the member countries of the Bank and are not to be used for Foundation general and administrative expenses.

*DLG00899*

The agreement provides that amounts equivalent to \$5 million are available on January 1 and July 1 of 1974, 1975, and 1976, for a total of \$30 million. An additional \$1 million was provided in August 1974, bringing the total to \$31 million. Funds remain available until the end of 1976. However, the agreement may be terminated at any time by mutual agreement in which case all uncommitted funds will no longer be available.

Funds available and committed since inception are detailed below:

<u>FISCAL YEAR</u>	<u>FUNDS AVAILABLE TO FOUNDATION</u>	<u>FUNDS COMMITTED</u>
1974	a/ \$ 6,000,000	\$ 5,930,448
1975	b/ 10,205,560	<u>10,205,560</u>
Since inception		<u><u>16,136,008</u></u>



a/ Includes \$1 million allocated by the Bank on June 28, 1974, from funds to become available July 1, 1974. Fiscal year 1975 allocations were correspondingly reduced.

b/ Includes \$69,552 available but uncommitted in fiscal year 1974, a \$1 million addition to funds under the agreement provided in August 1974, and \$136,008 committed by the Bank from funds to become available on July 1, 1975. Fiscal year 1976 funds will be reduced by \$136,008 in accordance with the agreement.

3. At June 30, 1975 and 1974, Foundation commitments consisted of undisbursed grant balances:

	<u>Fiscal year 1974</u>	<u>Fiscal year 1975</u>
Appropriated Funds	\$ 6,474,456	\$ 4,923,632
Social Progress Trust Fund	<u>5,708,803</u>	<u>8,202,899</u>
Total grant commitments	<u>\$12,183,259</u>	<u>\$13,126,531</u>

4. Enabling legislation authorized a transfer of \$50 million to the Foundation to remain available for Foundation use until expended; however, Congress established annual limitations on this authority. The congressional limitation was \$10 million in both fiscal years 1975 and 1974. Total obligations in those years were \$6.5 million and \$9.7 million respectively, including grant and fellowship obligations of \$4.6 million in fiscal year 1975 and \$8.1 million in fiscal year 1974.

5. At June 30, 1975, investment of the U.S. Government consisted of the following:

	<u>Social Progress Trust Fund</u>	<u>Appropriated Funds</u>	<u>Total</u>
Initial investment	\$31,000,000	\$50,000,000	\$81,000,000
Accumulated Disburse- ments and expenses	<u>7,933,109</u>	<u>19,843,960</u>	<u>27,777,069</u>
Investment of the U.S. Government	<u>23,066,891</u>	<u>30,156,040</u>	<u>53,222,931</u>

APPENDIX

## INTER-AMERICAN FOUNDATION

BOARD OF DIRECTORS

	<u>Appointed</u>	<u>Expiration date</u>
Augustin S. Hart, Jr., Chairman	September 21, 1970	September 20, 1976
George Cabot Lodge, Vice Chairman	September 21, 1970	September 20, 1976
John Richardson, Jr.	December 10, 1975	September 20, 1980
Charles A. Meyer	April 25, 1974	October 6, 1978
William D. Rogers	December 10, 1975	September 20, 1976
William S. Mailliard	December 10, 1975	September 20, 1978

PRINCIPAL OFFICIALS

		<u>From</u>	<u>To</u>
William M. Dyal, Jr.	President	March 15, 1971	Present
Paul C. Bell	Vice President	January 28, 1972	November 23, 1975 <sup>a/</sup>
Leon Parker	Executive Officer	May 16, 1971	Present
Abelando L. Valdez	General Counsel	March 11, 1973	May 9, 1975
Hugh Key	General Counsel	May 10, 1975	Present

<sup>a/</sup> Subsequent to this date, the office of Vice-President was removed from the line of direct operational responsibilities.

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