

## **Financial report for 2001 and 2002 IAC Executive Director**

### **1. *Preliminary observation***

At this stage of development it is not yet realistic to submit to the Board a “revolving three year work plan and budget”, as required of the IAC Secretariat by article 3, paragraph 16, sub a of the Bylaws. However, even if such a plan and budget is not yet feasible, the Board needs to be informed of the IAC's financial situation if it is to take responsibility for that situation. Accordingly, in consultation with the Co-Chairs it has been decided that the Executive Director submit to the Board a financial statement for 2001 and a financial projection for 2002. As the Bylaws do not specify the responsibilities of the Board, if any, in relation to the IAC's financial affairs, the Board needs to take a decision on how it wishes to deal with these documents: formal or informal; take note or (dis)approve.

The Board is requested to take a decision in the matter.

### **2. *Financial administration***

Most of the initial funding for the IAC – in particular from the Alfred P. Sloan Foundation and the Rockefeller Foundation - was originally transferred to the National Academy of Sciences (NAS). In the course of the year these funds were transferred to the Royal Netherlands Academy of Arts and Sciences (KNAW), with the exception of any amounts already spent or yet to be spent by the NAS.

Within the KNAW separate accounts were created for the IAC. The IAC's financial administration is handled by officers of the KNAW and arrangements have been made to ensure that IAC funds are strictly reserved and used in accordance with IAC decisions. In practice this means that any financial mutation of an IAC account – be it income or expense – requires the signature of the Executive Director.

The financial administration of the KNAW as a whole is audited by accountants of the Netherlands Ministry of Education, Culture and Science in accordance with normal accounting procedures. This also extends to the KNAW accounts specifically reserved for the IAC.

The Board is requested to decide if this auditing mechanism is deemed adequate or if additional mechanisms are needed and, if so, what these must be.

### **3. *Financial statement 2001***

The attached statement needs little explanation. However, it should be noted that the funds provided by the Alfred P. Sloan Foundation and the Rockefeller Foundation have been essential in covering the expenses in 2001 of establishing the IAC as an organizational unit, in particular in relation to staff salaries. The KNAW has borne all expenses relating the salary of the Office Manager, office and computer facilities, as well as communication. The NAS covered the salary expenses of American staff, as well as the costs of developing the website.

### **4. *Financial projection 2002***

Sufficient funds are available in relation to program activities; see also the attached budget approved by the Board for the S&T Capacities study. However, due to the fact

that the special Sloan and Rockefeller funds were exhausted in 2001, there now is a shortfall in relation to organizational expenses.

5. *Voluntary contributions*

So far pledges have been received only from the following members:

- Chinese Academy of Sciences: formal pledge of \$ 5.000.
- Israeli Academy of Sciences: formal pledge of \$ 5.000.
- NAS: informal pledge of \$ 50.000 to \$100.000
- KNAW: informal pledge of \$ 50.00 to \$100.000.

The Board is requested to decide if, and how, it wishes to proceed with the issue of voluntary contributions.

**Statement on income and expenses  
IAC in 2001 (US dollars)**

<b>Income</b>		<b>Expenses</b>	
<i><b>Program-related</b></i>		<i><b>Program-related</b></i>	
Sloan F.: self-initiated study	400.000	Study S&T Capacities: staff/meeting	75.000
Sloan F.: staff support studies	85.000		
<i><b>Subtotal</b></i>	485.000	<i><b>Subtotal</b></i>	75.000
Sloan F.: program development	100.000	Travel and communication	18.000
<i><b>Subtotal</b></i>	100.000	<i><b>Subtotal</b></i>	18.000
<i><b>Organisation-related</b></i>		<i><b>Organisation-related</b></i>	
Sloan F.: initiation IAC/meeting Board	45.000	Preparatory activities, legal fees	8.400
		Meeting Board Davos, travel	21.850
		Salaries, overhead	14.750
<i><b>Subtotal</b></i>	45.000	<i><b>Subtotal</b></i>	45.000
Sloan F.: staff support organisation	165.000	Salaries staff: ED, AD and OM	286.500
Rockefeller F.: management support	50.000	Office and communication facilities	24.000
Contribution NAS: salaries, website	98.000	Support and travel staff	51.500
Contribution KNAW: salaries, office fac.	69.000	Development website	20.000
<i><b>Subtotal</b></i>	382.000	<i><b>Subtotal</b></i>	382.000
<i><b>Total income</b></i>	1.012.000	<i><b>Total expenses</b></i>	520.000
		<i><b>Surplus to be transferred to 2002</b></i>	492.000

**Projection of income and expenses IAC  
2002 (in US dollars)**

<b>Income</b>		<b>Budget</b>	
<i><b>Program-related</b></i>		<i><b>Program-related</b></i>	
Sloan F.: S&T study - transfer from 2001	410.000	Study S&T Capacities: staff, meetings	410.000
<b>Subtotal</b>	410.000	<b>Subtotal</b>	410.000
Sloan F.: program dev. - transfer from 2001	82.000	Travel, communication, meetings	82.000
<b>Subtotal</b>	82.000	<b>Subtotal</b>	82.000
<i><b>Organisation-related</b></i>		<i><b>Organisation-related</b></i>	
Neth. Ministry OC&W: meeting Board	22.500	Meeting Board Amsterdam, 2002	22.500
<b>Subtotal</b>	22.500	<b>Subtotal</b>	22.500
Contribution NAS: salaries, website	98.000	Salaries staff: ED, AD and OM	318.000
Contribution KNAW: salaries, office fac.	69.000	Office and communication facilities	34.000
		Support and travel staff	24.000
<b>Subtotal</b>	167.000	<b>Subtotal</b>	376.000
<b>Total income</b>	681.500	<b>Total expenses</b>	890.500
		<b>Shortfall yet to be financed</b>	209.000

**Budget IAC study on Promoting  
Worldwide Science and Technology  
Capacities for the 21st century**

<b>Expenses</b>		<b>Funding</b>	
Study director and Program assistant (18 months @ 50 %, salaries and overheads)	190.000,00	Sloan F.: Self-initiated study	400.000,00
IAC Secretariat support	35.000,00	Sloan F.: IAC staff support	85.000,00
Preparatory workshop (10 @ 1 @ 3000)	30.000,00		
Travel and per diem staff	20.000,00		
Travel expenses panel (15 @ 3 @ 3000)	135.000,00		
Review process (travel, logistics)	25.000,00		
Meeting expenses (5 @ 2000)	10.000,00		
Publication and dissemination	40.000,00		
<b>Total costs</b>	<b>485.000,00</b>	<b>Total revenues</b>	<b>485.000,00</b>

