



INCLEN

INTERNATIONAL CLINICAL  
EPIDEMIOLOGY NETWORK



*1997-1998 Annual Report*

*INCLen*  
*International Clinical*  
*Epidemiology Network*

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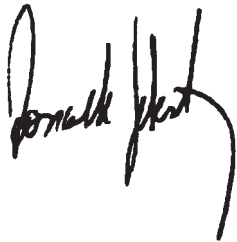
## *Message from the Chairman of the Board*

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Vital organizations evolve in accordance with their own ontogenic forces as well as changing circumstances. For INCLLEN, 1997-98 was a year in which these two came together in invigorating ways, as INCLLEN enjoyed the first full year of implementation of its plans to shift responsibilities from the developed to the developing world; reach out to other institutions and organizations; and match its strong training programs with equally strong research to improve health in the developing world. These changes took advantage of INCLLEN's 18-year history of building capacity in key institutions in the developing world, a history that has created a remarkable resource of nearly 500 teachers and scientists trained in the methods of clinical epidemiology, biostatistics, health social science and clinical economics. They turned to advantage the need to diversify INCLLEN's funding, by prompting the development of interaction with other individuals, institutions and agencies with similar goals. They moved INCLLEN ever closer to its founding goal of using population-based science profoundly to improve health — whether through more rational treatment or more effective prevention.

The evolution of INCLLEN's Board of Directors parallels the evolution of the organization as a whole. Earlier in its development nearly all Board members were clinical epidemiologists. Now, only three are, while seven come out of public health. Earlier, most Board members were from the United States or Canada, whereas now the Board brings views from Uganda, Ethiopia, Chile, Mexico, Thailand, Switzerland and Great Britain as well. The breadth of vision of the Board corresponds with the wider mission of INCLLEN.

The leadership of INCLLEN — in its Clinical Epidemiology Unit faculty, its small central staff and its Board — is committed to the success of this evolution and is energized by the progress made to date. This annual report for 1997-98 documents that progress and, I think, conveys some of that energy.



*Dr. Ronald A. Gebert*

Chairman of the Board of Directors

The INCLLEN community continued to move towards realizing its enormous potential in the areas of health research and capacity building. Building on the foundation laid in recent years, INCLLEN has focused on nurturing collaborative and multi-disciplinary research that contributes to improving health, particularly in the developing world. The Capacity Building Subcommittee has played a substantial role in identifying and supporting strengthening activities that will enhance research capacity of INCLLEN faculty and their collaborators.

Concurrently, a substantial effort was launched to create new partnerships and identify new support for the work of INCLLEN faculty. Five INCLLEN faculty members in addition to executive office staff represented INCLLEN at the Global Forum for Health Research held in Geneva in June 1998. INCLLEN has become an active member of the US Agency for International Development's Child Health Research Group and continues to participate in and support the activities of COHRED (Council on Health Research for Development). INCLLEN executive office staff visited potential donors in the United Kingdom, Sweden, Belgium, Germany, Denmark, Switzerland and the United States, in order to introduce the work of the network to those who may not have had the opportunity to interact with INCLLEN faculty in the past.

New support was received from a variety of sources. The International Center for Research on Women (ICRW) committed two years of support for the India Survey of Abuse in the Family Environment (IndiaSAFE), a country-specific study of the larger WorldSAFE program. The US National Institutes of Health, Fogarty International Center, funded a five-year proposal from the University of North Carolina, Chapel Hill to train faculty in the area of HIV/AIDS research from INCLLEN sites in Cameroon and China. The US Agency for International Development supported a study on the impact of Pulse Polio Immunization Days (PPD) on other health services in India and has encouraged IndiaCLEN to participate in the upcoming Infectious Disease Initiative focusing on antimicrobial resistance, tuberculosis and surveillance. The development of a new unit at Hanoi Medical School in Vietnam was boosted by a training fellowship from St. Luke's Life Science Institute in Japan, while clinical economic activities at INCLLEN XV were sponsored by contributions from Merck & Co., Inc., Searle, Pharmacia & Upjohn Company and Bayer Corporation. 1998-99 holds promise for welcoming new supporters to INCLLEN and for facilitating new relationships between INCLLEN researchers and those interested in international health research.

1997-98 also marked the end of training at the original training centers in the United States, Canada and Australia. Although there may be future occasion for specialized training in one of the centers, as with the Fogarty International Center grant in HIV/AIDS, the ongoing training has passed to the regional training centers, which this year trained over 45 first-year fellows in clinical epidemiology. Université Claude Bernard in Lyon, France, was recognized as an official training center in May 1998 and is continuing to develop a program focused on Francophone countries.

Regional meetings in Latin America, India, Southeast Asia and Africa, as well as the global meeting held in Querétaro, Mexico, provided fora for investigators to present current work and to plan new studies. As a result of these meetings, new collaborative studies were begun in mental health, group A streptococcus, rhinitis, adolescent health, the cost-effectiveness of Directly Observed Therapy, (DOT) for tuberculosis, among others.

With greater emphasis on the role of the regions in determining research agendas and capacity building needs, the regional CLENs embarked on a process of strategic planning for their future. The first of these sessions was held by the AfriCLEN units, while others are planned for the coming year. These mark another step in the process of self-determination for the CLENs.

### *INCLEN XV:*

INCLEN's 15th scientific meeting, in Querétaro, Mexico, in February 1998, brought approximately 400 health scientists together around the theme of "Synergistic solutions for global health: research that crosses geographic and disciplinary lines." This theme grew out of INCLEN's increasing emphasis on ensuring that its world-wide network of well-trained faculty focuses research efforts on important health problems and takes advantage of the unusual ability to bring various disciplines and researchers in various countries together to measure health needs and define efficient interventions.

INCLEN continued the previous year's collaboration with the Field Epidemiology Training Program (FETP) of the US Centers for Disease Control and Prevention and the International Epidemiologic Association (IEA) in jointly sponsoring the meeting. This joint sponsorship, as well as the active participation of the Rockefeller Foundation's Public Health Schools Without Walls (PHSWOW), brought a variety of perspectives to the discussion of current health issues.

Competitively selected abstract presentations included topics in HIV/AIDS, pharmacoepidemiology, cardiovascular disease, reproductive health, children's health, anesthesiology and geriatrics. Plenary sessions were structured explorations of the conference theme of synergistic solutions for global health, beginning with a presentation on the changing nature of health problems, and moving through thoughtful discussions on the limitations of epidemiologic research intervention strategies, to practical applications of quality assessment and improvement methods in countries with limited resources. Afternoon workshops included continuing education sessions on selected issues in biostatistics, health social science, clinical economics and clinical epidemiology, as well as discussions on a wide-range of research topics such as tobacco, violence and injury, mental health and reproductive health.

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## 1997- 1998

### *The Board of Directors:*

Ronald Gebert, MD of Temuco, Chile, continued as chairman of the Board of Directors. Jaime Sepulveda, MD, of Instituto Nacional De Salud Publica, Mexico; Marcel Tanner, PhD, of the Swiss Tropical Institute, Switzerland; Nelson Sewankambo, MD, of Makerere University, Uganda; Harrison Spencer, MD, of the London School of Hygiene and Tropical Medicine, UK; and Demissie Habte, MD, of the World Bank, United States, were welcomed as new members. Drs. Judy Lim and Julio Frenk stepped down from the Board.

### *New Members:*

INCLLEN welcomed six new members and an associate member in 1997-98. These included: University of Pretoria in South Africa; Chiang Mai University in Thailand; The Tamil Nadu Dr. M.G.R. Medical University, India; Kyoto University, Faculty of Medicine, Japan; Universidad del Cauca, Colombia; Cook County Hospital, Epidemiology and Clinical Research Collaborative Research Unit, United States; and, as associate member, Indira Gandhi Medical College in India.

### *Research and Capacity Building Subcommittees:*

Although created as separate subcommittees of the Program Committee, the Research and Capacity Building Subcommittees have come to view their roles as complementary. The mandate of the Research Subcommittee is to encourage the development of important research by soliciting and funding high-quality proposals. The Capacity Building Subcommittee focuses on the continued strengthening of the existing CEU network. The two groups increasingly have worked cooperatively to maximize the impact of limited resources. In 1997-98 the following requests were funded by the two subcommittees:

### **Grants Disbursed by Research and Capacity Building Subcommittees July 1997 – June 1998**

#### *Research Subcommittee Funded Proposals*

- **Development of Rational Strategies for the Management of Acute Myocardial Infarction in Various Countries**  
*Dr. Geoff Anderson, University of Toronto, Canada*
- **Improving the Management of Stroke**  
*Dr. Richard Heller, University of Newcastle, Australia*
- **The AfriCLEN Invasive Bacterial Infections Surveillance (IBIS) Study**  
*Dr. Rose Kambarami, University of Zimbabwe, Zimbabwe*

- **World Studies of Abuse in the Family Environment Collaboration (WorldSAFE)**  
*Dr. Desmond Runyan, University of North Carolina, USA*
- **INCLEN Manuscript Preparation Grant: “Invasive Bacterial Infections Surveillance (IBIS) Study.”**  
*Dr. Kurien Thomas, Christian Medical College, Vellore, India*
- **Acute Respiratory Infections Antibiotic Resistance Surveillance (an INCLEN/ARCH project)**  
*Dr. Shally Awasthi, King George’s Medical College, India*
- **The Role of Pharmacists (an INCLEN/ARCH project)**  
*Dr. Juan Lozano, Pontificia Universidad Javeriana, Colombia*
- **INCLEN Child Health Collaboration**  
*Dr. Peter Margolis, University of North Carolina, USA*
- **Development of an Adolescent Health Service Program for Thailand**  
*Dr. Chitr Sitthi-amorn, Chulalongkorn University, Thailand*
- **The Determinants, Etiology, and Outcome of Injury in Four African Countries**  
*Dr. Ronald Lett, Canadian Network for International Surgery, Canada; Dr. Olive Kobusingye, Makerere University, Uganda; Dr. Tadios Munie, Addis Ababa University, Ethiopia; Dr. William Macharia, University of Nairobi, Kenya; Dr. Amr Hassan, Suez Canal University, Egypt.*
- **Workshop on Maternal Mortality at INCLEN XV**  
*Dr. Jorge Tolosa, Thomas Jefferson University, USA; Dr. Tsungai Chipato, University of Zimbabwe, Zimbabwe; Dr. Xu Liangzhi, West China University of Medical Sciences, China; Dr. Sompop Limpongsanurak, Chulalongkorn University, Thailand; Dr. Pisake Lumbiganon, Khon Kaen University, Thailand; Dr. Manorama Purwar, Government Medical College, India; Dr. Sheela Shenoy, Medical College, Trivandrum, India.*
- **RCT of Antibiotics and Urethritis**  
*Dr. Shally Awasthi, King George’s Medical College, India*
- **Workshop for Effects of Zinc & Copper Supplements in the Treatment of Acute Diarrhea in Childhood**  
*Dr. Michael Dibley, University of Newcastle, Australia*
- **Collaboration Research Strengthening of 2 CEUs**  
*Dr. Antonio Ledo Alves da Cunha, Universidade Federal do Rio de Janeiro, Brazil*
- **Correcting Misguided Popular Preventive Health Practices Against Sexually Transmitted Diseases among Youth: a Multi-site Intervention in the Philippines and Thailand**  
*Dr. Jorge Tolosa, Thomas Jefferson University, USA; The Global Network for Perinatal and Reproductive Health.*

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## 1997 - 1998

- **INCLLEN Manuscript Preparation Grant: “Amoxicillin for Fever and Sore Throat Due to Presumed Viral Infection: Beneficial or Harmful?”**  
*Dr. Amorn Leelarasamee, Mahidol University, Thailand*
- **Adolescent Sexual and Reproductive Health Interventions: Applying Evidence-Based Criteria and an Emergent Conceptual Framework in a Multi-Site Study (Thailand, Uganda, Canada)**  
*Dr. Dennis Willms, McMaster University, Canada; Dr. Manop Kanato, Khon Kaen University, Thailand; Dr. Nelson Sewankambo, Makerere University, Uganda.*
- **InterHeart: An International Case Control Study to Identify The Risk Factors of AMI**  
*Dr. Salim Yusuf, McMaster University, Canada; Dr. Christopher Kuaban, University of Yaounde, Cameroon; Dr. Jonathan Matenga, University of Zimbabwe, Zimbabwe; Dr. Antonio Dans, University of the Philippines, Philippines; Dr. K. Srinath Reddy, All India Institute of Medical Sciences, India; Dr. Chitr Sittthi-amorn, Chulalongkorn University, Thailand; Dr. Fernando Lanas, Universidad de la Frontera, Chile; Dr. Antonio Castellanos, Instituto Mexicano del Seguro Social, Mexico.*
- **Participation in INCLLEN XVI, Mexico**  
*Dr. William Macharia, University of Nairobi, Kenya*
- **A Multi-Center Study on the Cost-Effectiveness of Strategies to Control Tuberculosis**  
*Dr. David Evans, WHO, Switzerland; Dr. Francisca Monebenimp, University of Yaounde, Cameroon; Dr. Tessa Tan-Torres, University of the Philippines, The Philippines; Dr. C.S. Ghosh, Medical College, Trivandrum, India; Dr. Archana Patel, Indira Gandhi Medical College, India; Dr. Pirom Kamol-ratanukul, Chulalongkorn University, Thailand.*
- **Funds to Participate in the WHO Meeting in Geneva on Adolescent Health**  
*Dr. Dennis Willms, McMaster University, Canada*
- **Analysis of Regional Variation of Health Variables**  
*Dr. Paul Ekwaru, Makerere University, Uganda*

*Capacity Building Subcommittee Funded Proposals*

- **Advanced Health Social Science Workshop in Chennai**  
*Dr. Shuba Kumar, Chennai Medical College, India*
- **Technical Visit to Thai CERTC Consortium, September 3-8, 1997**  
*Dr. Chitr Sitthi-amorn, Thai CERTC Consortium, Chulalongkorn University, Thailand and Professor Salim Yusuf, McMaster University, Canada*
- **External Evaluation of Phase II Program and 3 Workshops on EBM/Health Econ./DALYs**  
*Dr. Wang Jialiang, West China University of Medical Sciences, China*
- **Development of Health Social Sciences in the Clinical Epidemiology & Biostatistics Unit**  
*Dr. Asdie H. Ahmad Husain, Gadjah Mada University, Indonesia*
- **The Erasmus Summer Programme**  
*Ms. Venus Udomprasertgul, Chulalongkorn University, Thailand*
- **First Clinical Economics Capacity Building Workshop (CE-CBW)**  
*Dr. Shally Awasthi, King George's Medical College, India*
- **Data Analysis and Writing-up Workshop**  
*Dr. Tonny Sadjimin, Gadjah Mada University, Indonesia, and Dr. Richard Heller, The University of Newcastle, Australia*
- **Workshop on "Using Burden of Disease and Cost Effectiveness to Define National Control Priorities and Essential Packages of Care"**  
*Dr. Visanu Thamlikitkul, Siriraj Hospital, Thailand*
- **Training of social scientists for Javeriana University R-CERTC**  
*Dr. Carlos Gomez and Dr. Maria Ospina, Pontificia Universidad Javeriana, Colombia*
- **Biostatistics training for biostatisticians & clinical epidemiologists**  
*Dr. L. Jeyaseelan, Christian Medical College, Vellore, India*
- **Capacity building in health care technology**  
*Dr. Jose Acuin, De La Salle University, Philippines*
- **Technical site visit**  
*Dr. Chitr Sitthi-amorn, Chulalongkorn University, Thailand*

INDEPENDENT AUDITORS' REPORT,  
AND FINANCIAL STATEMENTS  
INCLLEN, Inc.  
JUNE 30, 1998 AND 1997  
Independent Auditors' Report

The Board of Directors  
INCLLEN, Inc.  
Philadelphia, Pennsylvania

We have audited the accompanying statements of financial position of INCLLEN, Inc. as of June 30, 1998 and 1997 and the related statement of activities, cash flows, and functional expenses for the years then ended. These financial statements are the responsibility of INCLLEN, Inc.'s management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of INCLLEN, Inc. as of June 30, 1998 and 1997 and changes in its net assets and its cash flows for the years then ended in conformity with generally accepted accounting principles.

ASHER & COMPANY, Ltd.

August 18, 1998

# INCLLEN, Inc. • Statements of Financial Position

JUNE 30, 1998 AND 1997

	1998	1997
<b>ASSETS</b>		
Cash and cash equivalents	\$ 3,716,916	\$ 1,564,827
Interest receivable		4,251
Grants receivable	16,460	772,650
Prepaid expenses	34,724	52,424
Grant advances	464,708	849,972
Property and equipment, net	35,011	33,246
Security deposit	3,513	3,513
Total assets	<u>\$ 4,271,332</u>	<u>\$ 3,280,883</u>
<b>LIABILITIES AND NET ASSETS</b>		
Accounts payable and accrued expenses	\$ 301,469	\$ 66,390
Deferred revenue	241,683	61,897
Total liabilities	<u>543,152</u>	<u>128,287</u>
<b>COMMITMENTS</b>		
<b>NET ASSETS</b>		
Unrestricted	306,895	209,015
Temporarily restricted	3,421,285	2,943,581
Total net assets	<u>3,728,180</u>	<u>3,152,596</u>
Total liabilities and net assets	<u>\$ 4,271,332</u>	<u>\$ 3,280,883</u>

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

# INCLLEN, Inc. • Statements of Activities

YEARS ENDED JUNE 30, 1998 AND 1997

	1998			1997		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
<b>SUPPORT</b>						
Rockefeller Foundation Grants	\$ 1,505,158	\$ 3,225,652	\$ 4,730,810	\$ 1,725,198	\$ 2,258,887	\$ 3,984,085
USAID Grant	484,679	–	484,679	460,961	–	460,961
Contributions	14,349	29,135	43,484	30,648	–	30,648
Net assets released from restrictions:						
Expiration of time restrictions	2,777,083	(2,777,083)	–	554,372	(554,372)	–
Total support	4,781,269	477,704	5,258,973	2,771,179	1,704,515	4,475,694
<b>REVENUE</b>						
Miscellaneous income	24,898	–	24,898	–	–	–
Interest income	83,694	–	83,694	77,342	–	77,342
Total revenue	108,592	–	108,592	77,342	–	77,342
Total support and revenue	4,889,861	477,704	5,367,565	2,848,521	1,704,515	4,553,036
<b>EXPENSES</b>						
Program services						
Annual meeting	345,113	–	345,113	344,151	–	344,151
Research Subcommittee	426,983	–	426,983	–	–	–
Capacity Building Subcommittee	166,607	–	166,607	286,269	–	286,269
Program operations	2,770,243	–	2,770,243	1,259,500	–	1,259,500
Program management	696,345	–	696,345	417,674	–	417,674
Total program services	4,405,291	–	4,405,291	2,307,594	–	2,307,594
Supporting services						
Administrative and general	272,837	–	272,837	443,009	–	443,009
Fundraising	113,853	–	113,853	18,334	–	18,334
Total supporting services	386,690	–	386,690	461,343	–	461,343
Total expenses	4,791,981	–	4,791,981	2,768,937	–	2,768,937
Changes in net assets	97,880	477,704	575,584	79,584	1,704,515	1,784,099
Net assets, beginning of year	209,015	2,943,581	3,152,596	129,431	1,239,066	1,368,497
Net assets, end of year	<u>\$ 306,895</u>	<u>\$ 3,421,285</u>	<u>\$ 3,728,180</u>	<u>\$ 209,015</u>	<u>\$ 2,943,581</u>	<u>\$ 3,152,596</u>

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

# INCLLEN, Inc. • Statements of Cash Flows

YEARS ENDED JUNE 30, 1998 AND 1997

	1998	1997
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$ 575,584	\$ 1,784,099
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation and amortization	10,363	12,437
Changes in assets and liabilities:		
Accounts receivable		2,921
Interest receivable	4,251	40
Grant receivable	756,190	(755,810)
Prepaid expenses	17,700	(35,929)
Grant advances	385,264	(564,645)
Accounts payable and accrued expenses	235,079	(30,974)
Deferred grant revenue	179,786	61,897
Net cash provided by operating activities	2,164,217	474,036
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(12,128)	(14,710)
Net cash used in investing activities	(12,128)	(14,710)
Increase in cash and cash equivalents	2,152,089	459,326
Cash and cash equivalents, beginning of year	1,564,827	1,105,501
Cash and cash equivalents, end of year	<u>\$ 3,716,916</u>	<u>\$ 1,564,827</u>

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

# INCLLEN, Inc. • Statements of Functional Expenses

YEAR ENDED JUNE 30, 1998

	Program Services						Supporting Services			
	Annual Meeting	Research Subcommittee	Capacity Building Subcommittee	Program Operations	Program Management	Total	Administrative & General	Fund-raising	Total	Total
Salaries	\$ -	\$ -	\$ -	\$ 5,762	\$ 255,685	\$ 261,447	\$ 201,311	\$ 79,593	\$ 280,904	\$ 542,351
Payroll taxes and fringe benefits	-	-	-	930	39,113	40,043	34,469	10,730	45,199	85,242
Grants and awards	-	426,983	166,607	2,733,782	-	3,327,372	-	-	-	3,327,372
Depreciation and amortization	-	-	-	-	-	-	10,363	-	10,363	10,363
Professional services	-	-	-	8,900	113,337	122,237	19,958	4,846	24,804	147,041
Occupancy costs	-	-	-	-	55,412	55,412	3,185	1,502	4,687	60,099
Travel and related expense	301,986	-	-	20,501	117,395	439,882	-	15,182	15,182	455,064
Postage and shipping	8,130	-	-	91	10,884	19,105	603	284	887	19,992
Printing	17,027	-	-	-	38,324	55,351	-	-	-	55,351
Office expense	11,180	-	-	277	45,858	57,315	1,734	1,121	2,855	60,170
Communications	6,790	-	-	-	20,337	27,127	1,214	595	1,809	28,936
<b>Total expenses</b>	<b>\$ 345,113</b>	<b>\$ 426,983</b>	<b>\$ 166,607</b>	<b>\$ 2,770,243</b>	<b>\$ 696,345</b>	<b>\$ 4,405,291</b>	<b>\$ 272,837</b>	<b>\$ 113,853</b>	<b>\$ 386,690</b>	<b>\$ 4,791,981</b>

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

# INCLIN, Inc. • Statements of Functional Expenses

YEAR ENDED JUNE 30, 1997

	Program Services					Supporting Services			
	Annual Meeting	Capacity Building	Program Operations	Program Management	Total	Administrative & General	Fund-raising	Total	Total
Salaries	\$ -	\$ -	\$ 8,440	\$ 164,813	\$ 173,253	\$ 220,938	\$ 13,695	\$ 234,633	\$ 407,886
Payroll taxes and fringe benefits	-	-	1,331	26,073	27,404	34,833	2,159	36,992	64,396
Grants and awards	-	205,550	1,127,257	-	1,332,807	-	-	-	1,332,807
Depreciation and amortization	-	-	-	-	-	12,437	-	12,437	12,437
Professional services	800	800	4,899	23,869	30,368	89,230	-	89,230	119,598
Occupancy costs	-	-	-	17,084	17,084	51,924	-	51,924	69,008
Travel and related expense	292,809	40,270	104,285	155,410	592,774	615	1,135	1,750	594,524
Postage and shipping	9,291	25,869	2,904	3,724	41,788	3,970	-	3,970	45,758
Printing	24,270	6,652	9,405	13,091	53,418	3,736	1,345	5,081	58,499
Office expense	12,847	6,715	448	9,025	29,035	15,031	-	15,031	44,066
Communications	4,134	413	531	4,585	9,663	10,295	-	10,295	19,958
Total expenses	<u>\$ 344,151</u>	<u>\$ 286,269</u>	<u>\$ 1,259,500</u>	<u>\$ 417,674</u>	<u>\$ 2,307,594</u>	<u>\$ 443,009</u>	<u>\$ 18,334</u>	<u>\$ 461,343</u>	<u>\$ 2,768,937</u>

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

## 1. Organization and purpose:

INCLLEN, Inc. (Corporation) is a not-for-profit corporation established on March 9, 1988, which promotes world health through more effective health care and the formulation of health policy. The Corporation is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

INCLLEN coordinates and administers a clinical epidemiology network of medical schools, research and training centers, and clinical epidemiology units at institutions in developing countries. INCLLEN also provides technical assistance as well as funding to these institutions. Significant revenues in the form of grants are received from the Rockefeller Foundation and USAID.

## 2. Summary of significant accounting policies:

### Financial statement presentation

The financial statements have been prepared in accordance with Statement on Financial Accounting Standards (SFAS) No. 117, Financial Statements of Not-for-Profit Organizations. SFAS No. 117 establishes standards for external financial reporting by not-for-profit organizations and requires that resources be classified for accounting and reporting purposes into net asset categories according to donor imposed restrictions. For the years ended June 30, 1998 and 1997, the Corporation had accounting transactions in two net asset categories required by SFAS No. 117.

- **Unrestricted net assets** — Net assets that are not subject to donor imposed restrictions.
- **Temporarily restricted** — Net assets subject to donor-imposed restrictions that will be met by the passage of time or which will be fulfilled by the actions of the Corporation.

### Use of estimates

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

### Cash and cash equivalents

The Corporation considers all highly liquid investments purchased with original maturities of three months or less to be cash equivalents.

### Concentration of credit risk

Instruments that potentially expose the Corporation to concentrations of credit risk consist of cash, grants receivable and advances. Financial instruments are placed with a variety of institutions that have high credit ratings. Cash equivalents are invested in U.S. treasury bills on a daily basis. This investment policy limits the Corporation's exposure to concentrations of credit risk. The Corporation receives the majority of its support from private and governmental grants which are renewable on a periodic basis. Grant advances made to subrecipients are expected to be converted to expenses in the subsequent year.

The organization on a regular basis maintains cash deposits in financial institutions which exceeds the limit insured by the Federal Deposit Insurance Corporation (FDIC).

### Property and equipment

Property and equipment are stated at cost. Donated equipment is recorded at the fair value as of the date of donation. When donors stipulate how long the assets must be used, the contributions are recorded as restricted support. In the absence of such stipulations, contributions of property and equipment are recorded as unrestricted support. Depreciation on furniture and fixtures, computer equipment, communication equipment and donated equipment is provided by the straight-line method over the estimated useful life of five years.

Amortization of leasehold improvements is provided by the straight-line method over the life of the lease, which is five years.

**Revenue and support recognition**

In accordance with SFAS No. 116, Accounting for Contributions Received and Contributions Made, the Corporation recognizes contributions as unrestricted revenue when the donor makes an unconditional promise to give or when cash is received. Donor-restricted contributions that limit the use of the asset are reported as increases in temporarily restricted net assets depending on the nature of the restriction. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets. However, contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized.

The Corporation accounts for those contract revenues which have been determined to be exchange transactions in the statement of activities to the extent that expenses have been incurred for the purpose specified by the grantor during the period. Program revenues received in advance of their usage are classified as deferred revenue in the statement of financial position. In applying this concept, the legal and contractual requirements of each individual contract are used as guidance.

Unrestricted revenues are obtained from contributions and investment income. These revenues are used to offset program expenses as well as administrative and general and fundraising expenses.

**Subrecipient grants**

The Corporation provides grants to various subrecipients to carry out research and training. Subrecipient expenses relating to those grants are recognized ratably over the term of the grant. Unrecognized expenses are recorded as grant advances in the statement of financial position.

**Functional expense allocation**

The costs of providing program and supporting services have been summarized on a functional basis. Certain expenses are charged to program or supporting services based on a direct costing method. Those expenses which are not specifically attributable to program or supporting services are allocated by management based on various allocation factors which is consistent with the benefit derived by each function.

**3. Grants receivable and deferred revenue:**

The Corporation operates its programs under various grants. At June 30, 1998 and 1997, the Corporation recorded grants receivable for those amounts which are considered to be contributions but have not been received. In addition, the Corporation received advances from certain funding sources which represent payments received in excess of expenditures incurred on cost reimbursement grants. The following details the grants receivable and deferred revenue at June 30, 1998 and 1997:

	1998	1997
<b>Grants Receivable</b>		
GRANTOR		
Amounts receivable in one year		
Rockefeller Foundation	\$ 16,460	\$ 772,650
<b>Deferred Revenue</b>		
GRANTOR		
U.S. Agency for International Development	\$ 241,683	\$ 61,897

**4. Property and equipment:**

Property and equipment at June 30, 1998 and 1997 are as follows:

	1998	1997
Furniture and fixtures	\$ 69,936	\$ 69,116
Computer equipment	70,859	62,278
Communications equipment	13,732	11,005
Donated equipment	9,946	9,946
Leasehold improvements	11,356	11,356
	175,829	163,701
Accumulated depreciation and amortization	(140,818)	(130,455)
	\$ 35,011	\$ 33,246

Depreciation expense amounted to \$ 10,363 and \$ 12,437 for the years ended December 31, 1998 and 1997, respectively.

**5. Retirement benefits:**

The Corporation has a 403(b)7 retirement plan that covers all eligible employees. Employees may elect to contribute to the tax deferred annuity program by reductions in their gross salary up to the maximum set by law. The Corporation contributes 3% of eligible payroll. The Corporation will match the employee's elective deferral contribution at a rate of 50%, up to a maximum match contribution of 2.5% of the employee's gross pay. For 1998 and 1997, employer payments totaled \$ 22,913 and \$14,050, respectively.

The total of both the employer contribution and the match component cannot exceed 5.5% of the employees' gross pay.

**6. Components of net assets:**

At June 30, 1998 and 1997, temporarily restricted net assets consist of the following:

	1998	1997
<b>Amounts restricted for expenditures in subsequent fiscal years:</b>		
Rockefeller Foundation	\$ 3,392,150	\$2,943,581
<b>Amounts restricted for the following purposes:</b>		
Masters degree program in Thailand	22,250	
Capacity building clinical economics workshop	6,885	
	<u>\$ 3,421,285</u>	<u>\$ 2,943,581</u>

**7. Lease commitments:**

INCLLEN leases its office facilities under a five year operating lease expiring in September 1999. Rental expense under this lease was \$ 56,785 and \$59,113 for 1998 and 1997, respectively. The aggregate future minimum rental commitments under this lease including minimum proportionate share of operating expenses is as follows at June 30, 1998:

Year ending June 30,	<u>Amount</u>
1999	\$ 58,185
2000	<u>14,546</u>
	<u>\$ 72,731</u>

**8. Other Matters:**

Certain amounts reported in the financial statements for the year ended June 30, 1997 have been reclassified to conform to the presentation at June 30, 1998.

# INCLLEN Board of Directors

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1997-1998

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INCLLEN is an international, non-profit, non-governmental charitable organization, with 501(c)(3) status in the United States. The INCLLEN program derives support from The Rockefeller Foundation, the United States Agency for International Development, along with individual, foundation and corporate donors from around the world.

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