



## Universidad de Costa Rica (UCR)

- *Financial Statements and Independent Auditor's Opinion*
- *December 31st, 2016*
- *Final Report*

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## *Independent Auditor's Report*

### **To University Council Universidad de Costa Rica**

We have audited attached Financial Statements of Universidad de Costa Rica, which include financial situation condition up to December 31st, 2016, balance sheet, statement of changes in equity and cash flows for the year ended on such date; and the notes which make up a summary of relevant accounting policies as well as other explanations.

### ***Opinion***

In all important aspects, we consider that financial statements reasonably show current financial situation of Universidad de Costa Rica up to December 31st, 2016, its financial performance and cash flows for the year ended on such date according to accounting basis described in Note 1.

### ***Additional Issues***

- a) Financial statements of Universidad de Costa Rica for year ended on December 31st, 2016 were audited by other independent auditors whose April 13th, 2016 report did not include any exception. We were not hired to audit, review or apply audit procedures for 2015 term financial statements; therefore; we do not give any opinion or any other security on such financial statements altogether.
- b) In N° 6038 session record dated October 27th, 2016, University Council agreed on authorizing management to create a specific surplus named UCR-CCSS-PAIS Contentious Process Precaution so that no used resources were to be included again in budget, in unit 05010300 Basic Services Payment up to reach contentious process final resolution.

### ***Management and Corporate Government Member Responsibilities regarding financial statements***

Universidad de Costa Rica Management is responsible for preparation and reasonable submission of financial statements, according to accounting standards established by National Accounting of Finance Ministry and those of internal control which Management considers necessary to allow preparation of financial statements free from significant errors, due to fraud or error.

Regarding financial statement preparation, management is responsible for assessing institution ability to continue as operating business, of disclosing, as applicable, issues related to operating business and using accounting basis of continuous operating business unless management considers institution liquidation or ceasing of operations, or there is no realistic alternative to proceed in any of such ways.

Corporate government members are responsible for overseeing financial data process of the institution.

### ***Auditor's responsibility upon financial statement audit***

Our goal is to obtain reasonable security that financial statements altogether are free from significant mistakes due to fraud or error and issuing an audit report with our opinion. Reasonable security is a high security level, but it is not a guarantee that audit performed per ISA will always detect a significant error whenever it exists. Errors may be due to fraud or error and they are significant whenever individually or altogether they may influence economical decisions made by users based on financial statements.

As part of an audit according to ISA, we use our professional judgement and keep a professional skepticism attitude along audit. Additionally;

- We identify and assess risks of significant errors in financial statements due to fraud or error, design and apply audit procedures to respond to those risks, and we do obtain enough and adequate audit evidence to provide a basis for our opinion. Risk of not detecting a significant error may result in greater fraud than the one which may result from such small error; since fraud may imply collusion, forgery, deliberate omissions, intentionally erroneous representations or circumvention of internal control.
- We obtain knowledge of internal control relevant for audit to design audit procedures suitable to circumstances, but not with intention to express an opinion about institution internal control effectiveness.

- We assess adequacy of used accounting policies, reasonableness of accounting estimates, and disclosures related done by management.
- We conclude about adequacy of usage of business accounting basis in operations by management and based on obtained audit evidence, we conclude if there is material uncertainty related to events or conditions which may generate significant doubts on institution capabilities to continue with business operations. In the event, we conclude there is material uncertainty, we must call attention in our report to disclosures related to financial statements or if such disclosures are inadequate; we change our opinion.
- Our conclusions are based on audit obtained evidence up to the date of our report. Nevertheless; facts or future conditions could become reasons for ceasing of operations.
- We assess general presentation, structure and content of financial statements, including disclosures and if financial statements represent underlying transactions and events for reasonable presentation.
- We obtained enough and adequate audit evidence related to financial data of institution activities to express an opinion on financial statements. We are responsible for direction, supervision and performance of the audit. We are solely responsible for our audit opinion.

We have informed members of institution government of anything related, among other issues, to scope and opportunity planed in the audit and those significant audit findings including any internal control significant deficiency that we identified along audit.

**CONSORCIO EMD  
CERTIFIED PUBLIC  
ACCOUNTANTS**



**Lic. Esteban Murillo Delgado  
Certified Public Accountant N° 3736  
Fidelity Policy No. 0116 FIG 7, Expires on September 30th, 2017**

**San José, Costa Rica, April 4th, 2017**

**“Exempt from Law stamp number 6663 of Public Accountant College of Costa Rica due to Article 8.**

**UNIVERSIDAD DE COSTA RICA**  
(San José, Costa Rica)

**Balance Sheet**

**In colones**  
**Up to December 31st, 2016**

	<u>Notes</u>	<u>2016</u>	<u>2015</u>
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash at Banks	3	19,658,210,667	2,854,401,2
Investments in financial instrument	4	57,325,152,197	61,098,642,537
Accounts receivables & other debtors, net	5	3,437,894,000	5,818,063,709
Professor and Student Loans, net	6	527,997,340	496,461,115
Goods In-transit		3,029,863,615	1,947,844,016
Warehouse Inventory, net	7	650,315,710	686,620,357
Accrued products	8	326,488,601	305,605,485
Prepaid Expenses	9	239,194,565	240,291,983
<b>Total Current Assets</b>		<b>85,195,116,695</b>	<b>73,447,930,478</b>
<b>Non-current Assets</b>			
Property, plant & equipment, net	10	107,416,136,167	97,665,800,448
Other Investments	12	124,658,240	118,070,750
Other Assets	13	322,132,629	332,174,335
<b>Total Non-Current Assets</b>		<b>107,862,927,036</b>	<b>98,116,045,533</b>
<b>Total Assets</b>		<b>193,058,043,731</b>	<b>171,563,976,011</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Current Liabilities</b>			
Accounts Payable	14	1,224,463,289	921,069,856
Withheld Deductions Payable	15	5,516,970,327	5,344,623,267
Accrued Expenses Payable	16	5,173,943,639	4,756,440,502
Deferred Liabilities	17	2,026,775,603	2,039,536,482
<b>Total Current Liabilities</b>		<b>13,942,152,858</b>	<b>13,061,670,107</b>
<b>Non-current liabilities</b>			
Long Term Documents Payable	18	21,470,959,515	21,816,392,990
<b>Total Liabilities</b>		<b>35,413,112,373</b>	<b>34,878,063,097</b>

(Continues...)

(End...)

**UNIVERSIDAD DE COSTA RICA**  
**(San José, Costa Rica)**  
**Balance Sheet**  
**In colones**  
**Up to December 31st, 2016**

	<u>Notes</u>	<u>2016</u>	<u>2015</u>
<b>Equity</b>			
<b>Capital Surplus</b>			
Term Surplus		3,669,877,968	4,274,392,011
Loan Fund Surplus		199,932,548	212,835,746
Committed surplus		69,914,099,613	55,918,295,279
<b>Total Capital Surplus</b>		<b><u>73,783,910,129</u></b>	<b><u>60,405,523,036</u></b>
<b>Other Equity's accounts</b>			
Loan Fund, net		581,520,384	538,353,984
Estimate Valuation of Professor and Student's Loan uncollectible	6	(53,523,044)	(41,892,869)
Estimate Valuation of Accounts Receivables uncollectible	5	(3,572,539,640)	(1,070,707,941)
Estimate Valuation of Warehouse Obsolescence	7	(7,499,000)	(33,208,000)
Profit (loss) non-realized in investments in financial instruments		276,978,836	285,392,911
Fixed assets	19	86,170,547,289	76,122,761,245
Capital in books		352,204,564	372,946,198
Capital Contributions		113,331,840	106,744,350
<b>Total, other equity account</b>		<b><u>83,861,021,229</u></b>	<b><u>76,280,389,878</u></b>
<b>Total equity</b>		<b><u>157,644,931,358</u></b>	<b><u>136,685,912,914</u></b>
<b>Total liabilities and net equity</b>		<b><u>193,058,043,731</u></b>	<b><u>171,563,976,011</u></b>
<b>Memorandum accountant</b>	35	<b><u>1,218,441,714</u></b>	<b><u>1,076,285,614</u></b>

***Attached notes are essential part of financial statements***

**Universidad de Costa Rica**  
**(San José, Costa Rica)**

**INCOME STATEMENT**

(In colones)  
For term ended on December 31st, 2016

	<u>Notes</u>	<u>2016</u>	<u>2015</u>
<b>INCOME FOR BASIC CLASS</b>			
Goods and services Taxes	20	485,574,796	418,210,337
Other Tax Income		98,314,469	178,305,070
Indemnifications		456,306	---
<b>Sales of Goods and Services</b>			
Sales of Goods		746,324,349	889,144,010
Sales of Services	21	3,904,970,240	3,315,203,979
Administrative Rights	22	7,617,789,833	7,545,521,227
<b>Subtotal</b>		<b><u>12,269,084,422</u></b>	<b><u>11,749,869,216</u></b>
Income from Property	23	4,092,011,090	4,183,307,407
Fines, Sanctions, Auctions and Expropriations		376,319,977	442,293,314
Other non-tax Income		396,842,032	472,055,256
<b>Public Sector Wire Transfers</b>			
Central Government Wire Transfers	24	252,336,883,201	231,648,442,450
De-centralized Organization Wire Transfers	25	750,747,096	380,877,550
De-centralized institution Wire Transfers	26	168,848,363	50,125,090
<b>Subtotal</b>		<b><u>253,256,478,660</u></b>	<b><u>232,079,445,090</u></b>
Private Sector Wire Transfers	27	1,446,309,155	1,485,486,885
External Sector Wire Transfers	28	80,047,881	83,314,271
Income due to Capital		202,073,147	214,125,182
Income due to funding	29	60,376,246,879	46,748,747,675
<b>Total General Income</b>		<b><u>333,079,758,814</u></b>	<b><u>298,055,159,703</u></b>

(It Continues...)

(It ends...)

Universidad de Costa Rica  
(San José, Costa Rica)

INCOME STATEMENT

(In colones)

For term ended on December 31st, 2016

	<u>Notes</u>	<u>2016</u>	<u>2015</u>
<b>EXPENSES</b>			
Compensations, remunerations	30	182,899,688,295	171,200,419,821
Services	31	16,102,340,609	15,518,077,586
Material and Supplies		5,687,558,243	5,359,586,034
Interests and Commissions		2,554,098,104	2,618,327,306
Financial Assets		12,463,676	11,838,714
Hard goods	32	18,610,128,908	13,987,265,722
Wire Transfers	33	33,084,137,375	28,651,967,679
Repayments		345,433,475	302,153,805
<i>Total Expenses</i>		<b>259,295,848,685</b>	<b>237,649,636,667</b>
Surplus before wire transfers		<b>73,783,910,129</b>	<b>60,405,523,036</b>
Committed surplus		(69,914,099,613)	(55,918,295,279)
Loan Fund		(199,932,548)	(212,835,746)
<i>Term Surplus</i>		<b>3,669,877,968</b>	<b>4,274,392,011</b>

***Attached notes are essential part of financial statements***

**Universidad de Costa Rica**  
**(San José, Costa Rica)**

**Statement of Changes in Equity**  
**(In thousands of colones)**  
**For term ended on December 31st, 2016**

	<b>Term Surplus</b>	<b>Uncollectible Estimate</b>	<b>Inventory Estimate</b>	<b>Loan Fund</b>	<b>Committed Surplus</b>	<b>Fixed Assets</b>	<b>Book Capital</b>	<b>Capital Contributions</b>	<b>Unrealized Gains Short Term Investment</b>	<b>Totals</b>
<b>Balance as of December 31st, 2014</b>	12,306	(1,405,259)	(37,919)	668,403	46,565,046	71,542,886	361,673	100,165	246,617	118,053,918
Term Surplus	4,274,392	---	---	---	---	---	---	---	---	4,274,392
Transfer to results	(12,306)	---	---	---	---	---	---	---	---	(12,306)
Transfer of Committed surplus	---	---	---	---	(46,565,046)	---	---	---	---	(46,565,046)
Record of new committed surplus	---	---	---	---	56,131,131	---	---	---	---	56,131,131
Record of new loan fund surplus	---	---	---	(212,836)	---	---	---	---	---	(212,836)
Increase in property, plant & equipment	---	---	---	---	---	4,579,875	---	---	---	4,579,875
Estimate of Movements	---	334,551	4,711	---	---	---	---	---	---	339,262
<b>Other movements along term</b>	---	---	---	40,894	---	---	11,273	6,580	38,776	97,523
<b>Balance up to December 31st, 2015</b>	4,274,392	(1,070,708)	(33,208)	496,461	56,131,131	76,122,761	372,946	106,745	285,393	136,685,913
Term Surplus	3,669,878	---	---	---	---	---	---	---	---	3,669,878
Loan Fund Surplus	---	---	---	199,932	---	---	---	---	---	199,932
Transfer to results	(4,274,392)	---	---	212,836	---	---	---	---	---	(4,061,556)
Transfer of Committed Surplus	---	---	---	---	(56,131,131)	---	---	---	---	(56,131,131)
Record of new committed surplus	---	---	---	---	69,714,167	---	---	---	---	69,714,167
Increase in property, plant and equipment	---	---	---	---	---	10,047,786	---	---	---	10,047,786
Estimate Movements	---	(2,501,832)	25,709	(11,630)	---	---	---	---	---	(2,487,753)
Other movements along term	---	---	---	30,263	---	---	(20,741)	6,587	(8,414)	7,695
<b>Balance as of December 31st, 2016</b>	3,669,878	(3,572,540)	(7,499)	927,862	69,714,167	86,170,547	352,205	113,332	276,979	157,644,931

***Attached notes are essential part of financial statements***

**Universidad de Costa Rica**  
**(San José, Costa Rica)**  
**Cash Flow Statement**  
**(In colones)**  
**For term ended on December 31st, 2016**

	<u>2016</u>	<u>2015</u>
<b>Operation Activities</b>		
Surplus in the term	<b>3,669,877,969</b>	<b>4,274,392,011</b>
<b>Item applied to results not requiring (supplying)</b>		
<b>Resources</b>		
Depreciation	6,929,045,868	7,547,998,647
Estimate for inventory loss	2,513,461,873	(388,195,058)
Estimate of uncollectible	(25,709,000)	(4,711,000)
Committed surplus	13,986,211,617	9,353,249,010
Committed Surplus of previous term	(4,251,896,097)	(12,306,437)
Other capitalizable expenses	(2,492,961,090)	436,784,854
Fixed Assets	10,047,786,044	4,579,875,359
<b>Subtotal</b>	<b>30,375,817,184</b>	<b>25,787,087,386</b>
Accounts receivables and other debtors	(121,661,990)	(310,025,302)
Accrued product	(20,883,116)	1,787,384
Accounts payables	303,393,433	51,510,333
Accrued expenses payable	417,503,137	369,030,666
Deferred liabilities	(12,760,879)	124,737,384
Pre-paid expenses	1,097,419	6,481,094
Loan Receivables (professors and students)	(43,166,399)	41,655,056
Inventories	(1,020,005,953)	257,743,923
Withheld Deductions Receivables	172,347,060	627,811,925
<b>Resources supplied by operation activities</b>	<b>30,051,679,896</b>	<b>26,957,819,849</b>
<b>Investment Activities</b>		
Additions to properties, plant and equipment	(16,679,381,586)	(11,766,271,315)
Permanent Investments	(6,587,490)	(6,579,510)
Other Assets	10,041,705	(52,515,457)
<b>Resources used in investment activities</b>	<b>(16,675,927,371)</b>	<b>(11,825,366,282)</b>
<b>Funding Activities</b>		
Decrease of long-term debt	(345,433,474)	(312,009,015)
<b>Resources used in funding activities</b>	<b>(345,433,474)</b>	<b>(312,009,015)</b>
Net Variation of cash and short term investment	13,030,319,051	14,820,444,553
Cash and short term investment a year's start	63,953,043,813	49,132,599,259
<b>Cash and cash equivalent at year's end (see 3,4,5 Notes)</b>	<b>76,983,362,864</b>	<b>63,953,043,813</b>

***Attached notes are essential part of financial statements***

**Universidad de Costa Rica  
(San José, Costa Rica)**

**Notes to Financial Statements  
(In colones)  
December 31st, 2016**

**Note 1- Operation Summary and Main Accounting Policies**

**Operation Nature**

The Universidad de Costa Rica (UCR) is a non-profit autonomous Institution of higher education created by Republic Act No. 362, on August 26th, 1940 as one government institution of higher education totally independent operationally and with judicial faculty granted by Political Constitution of the Republic of Costa Rica.

Its main source of income is current Government funds through Special Fund for Higher Education Funding Act No. 5909” and other subsidies which are annually included in national budget and that government supplies in twelfths. As complement, it receives other income from normal operation coming from rights paid by students, sale of goods and services, donations and other interests from short term investment.

Finally, University is governed, among others, by the Financial Management Act, of the Republic and Public Budgets, N° 8131, published in La Gaceta of October 16th, 2001, and from next-to-last article No.1 of current Act, The Administrative Hiring Act and a set of budget and audit standards whose audit is performed by the General Comptrollership of the Republic and the University Comptrollership Office.

Regarding accounting standard framework; in relevant issues, it functions under the Generally Accepted Accounting Principles (GAAP, for its English Acronym).

**FINANCIAL AND BUDGET STATEMENTS**

The financial and budget accounting of the Institution is made up to systematically and structurally produce quantitative data expressed in monetary units in all quantitative operations performed by Universidad de Costa Rica and of certain identifiable and quantifiable economical events that affect it to facilitate the decision-making process so that they function as input for preparation of Management Report and analysis of additional reports of institutional interest.

The main features that accounting and budget information should have are: utility, reliability, and accuracy; since, Financial Statements represent a general summary of Financial and Budget Situation at a given date and are designed to help users identify relationships and trends to assess institution work. Each year, the Financial Statements and Budget Execution are submitted on June 30th, and the Financial Statements and Budget Settlement are submitted on December 31st.

## **ACCOUNTING-BUDGET SYSTEM**

The accounting system is of Budget-Equity character, so its structure combines record basis such as accumulative as of cash and the result of its operations are shown in budget and financial statements in each time.

As a result, diverse transactions are generally recorded on accrual accounting system basis. Notwithstanding, some transactions as tuition fee income, as yields on some investments made at Exchange Booth and Investment Funds with State banks are realized upon payment reception from students or financial institutions, as applicable.

Regarding funds, they are classified in two types: External Bond and Current Funds. Result of External Bond operations is recorded within Committed Surplus account to provide continuity to development of projects in following term up to termination. Regarding Current Funds, operation result is settled yearly and it is shown within free surplus or shortfall of respective term and later, the following year is again included in the budget through extraordinary budget according to approved projects in Institutional Budget Plan (PPI, for its Spanish Acronym).

The accounting-budget structure for income and expenses are sorted in ten sections; with exception of first, third, and fourth, remaining ones are sorted into External Bond Program or Projects, as follows:

1. Current Funds
2. Ancillary Companies
3. Physical structure
4. Loans
5. Restricted Funds
6. Special Courses
7. Graduate Program with supplement funding
8. Intra-project Funds
9. CONARE System Funds
10. Institution Improvement Plan

Sections in External Bond Projects were created to establish a major control over income and expense detailed in each one of them, following an approved proposal by General Comptrollership Office of the Republic to include them in the Institution Budget Plan.

7,8 and 9 Sections were created as of year 2008 upon facing growth and experienced diversification in time for classified projects as Restricted Funds and Special Courses. Such subdivision was approved by Vice-Directorate of Management through record VRA-391-2008 with purposes on grouping projects by nature.

Section 10 was created about Higher Education Improvement Project of the International Bank on Reconstruction and Development (BIRF Loan No. 8194-CR). Income in this project is specifically used to fund PPI approved initiatives which must deal with infrastructure and equipment investment.

Balance Statement is a statement prepared based on cash and includes all income perceived in a term and all expenses incurred which, then, does not include property and goods depreciation, software repayment and estimates for accounts and documents receivables as well as inventory obsolescence. Such accounts have its record against Fixed Assets.

## **CURRENCY**

Accounting records are done in Costa Rican currency, colones, shown with “¢” symbol in Financial Statements. Exchange rate used for recording transactions in foreign currency, dollars of the United States or “euros” comes from Banco Central de Costa Rica (Central Bank of Costa Rica). For income, we used the purchase exchange rate and for expenses the selling exchange rate. The Asset account “Banks” related to such currency show the existing change rate on closing date for issuing of Financial Statements.

## **INVENTORIES**

Warehouse existing goods are appraised on its average cost. In transit goods are appraised according to invoice price.

## **SHORT TERM INVESTMENTS**

Short Term investments in dollars and in colones are performed in National Banking System and Exchange Booths; through different investment instruments as term deposit certificates, Investment Funds, re-purchase, Monetary Stabilization Bonds, property titles, SAFI Investments, and Development Unit Titles.

Records are classified by bank and are differentiated according to instrument type and currency in which were invested, same procedure as the one used with income accounts regarding interests.

Within these, there are:

- a) External Bond Investment (Restricted): relating to Student scholarships, Restricted Funds or Special Courses, and are coded in totally separated accounts; its interests are classified in a specific income account as any other expenses incurred for investing.

- b) Investment kept up to expiration, which correspond to Term Deposit Certificates in colones and dollars invested to an issuance date and specific expiration to meet commitments and obligations of cash flow.
- c) Investment available for sale, correspond to investment instruments whose holding them is not the main objective of University, and can be settled, if necessary at any moment.

In any case notes for Financial Statements explained investment sorted by intermediary.

Yield calculation is done monthly. Term certificates in colones are directly credited to income account since recovery is totally certain. For other modalities, there is an account classified within Equity named "Investment Profit or Loss" where yields receivables are credited since due to market variability they may go up or down from month to the other.

For investment in dollars, revaluation calculation is done monthly, updating it to recent exchange rate of the month by Central Bank of Costa Rica. Each re-valuation records increase or decrease of investment along time against an account named "Revaluation Profit or loss", which is settled upon term's end.

## **PROPERTY, PLANT AND EQUIPMENT**

Properties, furniture and equipment are valued as follows: acquisitions at cost, donations according to invoice value, at reasonable value previous research or assigned cost by expert on donation date; depending on each case; on the other hand, furniture made is valued according to workshop price. Expenses or disbursements due to constructions and works in process are charged in temporary account called "Constructions" which upon construction end; total value is transferred to Buildings and Installation account, as applicable, based on report by Execution Office of Investment Plan (OEPI). Regarding

Executory of Investment Plan, Principal Office, with reference given by University Council in session No. 5740, article 3, item No. 2, on August 8th, 2013 and record R- 2942-2014, there is an attachment to Financial Statements which include current situation of investment projects, according to status, bid, construction, pending of settlement and finished ones.

Renewals and important improvement which extend lifecycle of asset, are capitalized against an equity account and whenever asset is sold, donated or excluded due to loss, such equity account is affected as well as its accrued depreciation. Finally, disbursements due to repairs or maintenance are recorded as expenses whenever is considered they do not extend item lifecycle.

According to accounting- budget system of the University, purchases of Institutional Goods are charged into expense account when budget is affected; however, financial accounting capitalizes them showing its effect in equity account "Fixed Assets", which up to December 31st, 2016 was in the amount of ¢86,170,547,289.37.

As capitalization criteria of assets following parameters were used: physical features, expected lifecycle, actual possibilities to set up controls and item cost. Management Vice-Directorate, through record VRA-6060-2008; established as capitalization parameter 50% of basic salary of Operation Worker A. In 2016, the amount was €165,000.00.

## **DEPRECIATION**

Depreciation is calculated using the straight-line method over lifecycle of depreciable assets, such as: 2% for buildings, 10% for premises, 10% for furniture, equipment, machinery and vehicles and 33,33% for hardware. Record of accrued depreciation also affects Fixed Asset account.

As of 2008, policy to register depreciation monthly was established for assets in furniture, equipment, machinery and vehicle category. As of 2014, same policy applies for buildings and premises. In the case of software and software licenses, depreciation is calculated every six months and books are depreciated annually.

## **ESTIMATE FOR UNCOLLECTIBLE**

Method used to establish the amount for “Estimate for uncollectible” for items included in general ledger account named “Accounts receivables and other debtors” is the Declining balance method, which by the way was recommended by External Auditors. The estimate percentage of uncollectible items has been established based on judgement of Income Control Unit which according to experience they appreciated percentages to be applied according to seniority shown by different accounts.

In the event of estimate for note receivables due to loans to professors (regarding study scholarships abroad authorization through Foreign Affairs Office), short/long-term loans to students and tuition charge to students, such estimate is calculated through balance seniority study per note, contract or voucher as of formalization or agreed date to which an uncollectible percentage is applied according to experience obtained in last years of non-recovery. Regarding balance registered as judicial debt collection is totally included in estimate which is submitted for Balance Sheet purposes as a reduction of Note Receivables showing its net realized valued; similarly, each of them is individually shown within Equity, each one of the correct amounts so that its creation does not affect any result account at expense level within term.

## **BUDGET COMMITMENTS**

Budget commitments are those obligations which Management assumes with third parties in certain term to pay an amount of money, chargeable, due to amount and concept, to budget within term. Budget commitments are not realized as actual expenses of the term and therefore; the applicable liability is not established. It is worth mentioning that total budget commitments are included within Specific Surplus in corresponding note to Financial Statements.

## **SPECIFIC SURPLUS**

“Executed income excess over executed expenses at the end of financial year which due to special or legal provisions must be used for specific purpose”. It is made up by committed surplus and available surplus (available cash funds).

Such resources must be maintained effective at year’s end (December 31st of each year) to be used next year according to origin and usage.

## **COMMITTED SURPLUS**

It is the figure which groups budget commitments, that is pending purchase processes at year’s end and for which Institution may use per legal provision or higher standard to use them beyond year’s budget term. (Technical Standards on Public Budget N-1-2012-DC-DFOE, paragraph 4.3.2.)

## **AVAILABLE SURPLUS**

It is the amount which results from difference between income and expenses within term plus initial cash balance (if any). Such resources are considered available because total amount can be in budget for next year according to Institution needs.

It is worth mentioning that within Committed Surplus and Available Surplus, there are External Bond items made up by Ancillary Business projects, restricted funds, special courses, graduate programs with supplemental funding, intra-project funds, CONARE system funds and Institution Improvement Plan.

Surplus determination of these projects is performed according to assignment of General Comptrollership of the Republic where calculations are established based on accrued registration.

## **NET OR FREE SURPLUS OF THE TERM**

It is defined as “executed excess income over executed expenses at year’s end which are free regarding expense type that may fund”. (Technical Standards for Public Budget N-1-2012-DC-DFOE, page No. 6).

There is not legal support to determine a specific purpose. Amount of Budget Commitment amount is not considered an actual expense since they are included within Specific Surplus.

## **INCOME AND EXPENSES**

For preparation of Financial Statements, income is classified by section, therefore, specific income related to determined programs in income/expense budget is treated altogether to determine such Surplus which in turn will be transferred to next year through Committed Surplus and Free Surplus.

Within income classification which comprises External Bond, they are as follows:

- **Ancillary Businesses**

Within this category there is income which results from sale of products and service rendering by Budget Execution Units.

- **Special Courses**

Special courses are those activities which are part of normal Institution operations course. Implied costs are partially funded by activity itself. It includes special courses, teaching, social and investigation activities. They surge as concrete needs whose coverage is requested to University by individuals or entities which are willing to finance total expenses due to Institution as result of services requested.

- **Restricted Funds**

Due to its nature, Restricted Funds were in section five, where were separated into Income and Expenses to allow total identification of resources coming from external sources of the Institution (International Organisms as well as Local Private and Public ones); it is also a goal to relate income with expenses regarding project development funds. There is also the existence of specific cases which correspond to restricted funds located in sections eight and nine due to growth and experimented diversification.

- **Graduate Programs with Supplemental Funding**

Graduate Programs with Supplemental Funding are those which perceive a different tuition cost regarding regular programs or external funds coming from national or international, public or private organisms through diverse agreements which let them pay some expenses.

Universidad de Costa Rica supplies different type of additional resources (human resources, infrastructure, fixed expenditures, etc.) to enable adequate operations.

- **Inter-project Funds**

Resources come from Institutional Development Fund raised by UCR as Fundación de la Universidad de Costa Rica para la Investigación (FUNDEVI). This section also includes restricted funds of Graduate School System (SEP, for its acronym) and the Special Scholarship Fund of SEP which are funded through contribution made by Graduate Programs with Supplemental Funding, according to specific regulations.

- **CONARE System Fund**

Resources which CONARE (Dean National Council) to fund interuniversity projects whose activities are aimed to encourage activities and construction, development and strengthening of State Higher Education System.

- **Institution Improvement Plan**

Project funded with World Bank resources to be executed in 5-year term by four State universities according to Institution Improvement Plans designed for each one of them.

Project goal in general terms are related to increase institution capacity, increase student tuition through creation of physical infrastructure, equipment, scholarships, professor training and student service extension to strengthen and develop human talent fostering knowledge and including science, technology and innovation in relevant areas of state universities.

## **PROFESSOR AND STUDENT LOANS**

Regarding loan fund repayments are considered as income and granted loans in term as expenses.

Surplus or deficit of Loan Fund is determined up to December 31st, each year when difference between expenses due to professor and student loans (tuition or scholarships) and perceived income due to repayment of such loans. Due to its nature, this account is not included in June 30th, financial statements.

## **NON-REALIZED PROFIT OR LOSS IN TEMPORARY INVESTMENT**

According to NIIF No.39 and Instructions for Accounting of Securities Investment issued by General Superintendence of Financial Institutions, it is adopted the accounting policy of registering in Equity those positive and/or negative yields of temporary Investment made in “Investment Funds” and bank Exchange Booths which at financial year end were not cash or settled.

Therefore; such investment yields are registered in “Accrued Product” account against equity account named “non-realized Profit or loss -Temporary Investment”. This account is held up to investment settlement and principal and interest money is deposited. Then, earned interest are shown in term results when actual income of money takes place.

## **Note 2- Financial risk management**

Along normal operations, Institution is exposed to various financial risks which it aims to reduce through application of policies and risk management procedures. Policies include market risk coverage, liquid fund risk, interest rate risk and exchange rate risk.

### **Market risk**

State universities have maintained prevalence in higher education market. Currently, there are some private universities which provide higher education to students. Market has changed to offer education alternatives. UCR keeps substantially lower costs than private universities which provide competitive advantages. This translates into an adequate student influx to generate income plus Costa Rican State transfers as part of its funding obligations of higher education.

### **Liquid Fund Risk**

Investment securities in public sectors are used to provide liquid funds. Most important liquid income to fund University operations is provided by Fondo para la Enseñanza de la Educación Superior (FEES) [Higher Education Fund], which generated profits used for University operations development.

### **Interest Rate Risk**

Institution keeps important assets and liabilities mainly in cash, investment and bank loans which are object of variation in terms of interest rates. Institutions expects that interest rate paid does not significantly increase.

### **Exchange Rate Risk**

Costa Rican currency may experience devaluations and/or important appreciations regarding US dollar, according to exchange rate policies executed by Central Bank of Costa Rica. Up to December 31st, 2016, reference exchange rate for purchase and sale for US Dollar was ¢544,18 and ¢561,10. On December 31st, 2015, they were ¢531,94 and ¢544,87 respectively.

Institution does not have significant liabilities in US dollars, so that an eventual colon depreciation regarding US dollar would not affect results, financial position or cash flows.

### Note 3- Cash and at Banks

As of December 31st, 2016, it is as follows:

	<u>2016</u>	<u>2015</u>
Visa Card (a)	1,231,742	231,320
Fleet BN Debit Card (b)	1,184,681	2,807,620
Petty Cash	92,002,000	87,478,141
Permanent Works Funds	1,287,663,165	1,150,199,810
Temporary Works Funds	3,871,689	728,964
<b>Subtotal</b>	<b><u>1,385,953,277</u></b>	<b><u>1,241,445,855</u></b>
Banco Nacional de Costa Rica 83777-3	18,110,186	686,120
Banco Nacional de Costa Rica 61357-0 (\$)	46,794,782	67,644,830
Banco Nacional de Costa Rica 112112-8 (¢)	---	7,352,536
Banco Nacional de Costa Rica 80-980-6 (¢)	361,173,218	568,096,191
Banco Nacional de Costa Rica 80-3405-1 (¢)	81,401	901,901
Banco Nacional de Costa Rica 48888-2 (¢)	618,126,858	289,322,009
Banco Nacional de Costa Rica 080-004755-8 (¢)	38,563,546	58,521,171
Banco Nacional de Costa Rica 2000-1 (¢)	19,210,793	17,746,475
Banco Nacional de Costa Rica 000224-2 (¢)	---	500,000
Banco Nacional de Costa Rica 80-601688-6 (\$) (d)	6,215,540	---
Banco Popular 18-002038-0 (¢)	70,129,226	99,392,212
Banco Popular 18-200007-3 (\$)	4,437,853	476,784
Banco Popular 009559-3 (¢)	1,086,531	979,696
BCR 115416-8 (¢)	15,639,283	15,827,410
BCR 38439-9 (¢)	33,931,390	46,057,437
BCR 204993-7 (\$)	49,052,638	28,238,624
BCR 001-0281135-9 (¢) (c)	15,974,307,708	262,312,615
BCR 001-0281136-7 (\$)	602,121,644	33,453,858
BCR 001-0292015-8 (¢)	26,021,907	44,499,629
BCR 001-0298397-4 (Euros)	49,022,026	37,429,828
BCR 001-0319926-6 UCR (¢)	3,965	141,491
Banco Crédito Agrícola de Cartago 10154130-2 (\$)	2,386,041	182,824
Banco Crédito Agrícola de Cartago 347433-5 (¢)	47,271,288	4,058,152
In-Transit Deposits	633,025	690,175
National Treasury BM00026222 (\$) (e)	282,050,979	28,430,859
National Treasury BM00026216 (¢) (e)	5,885,562	12,594
<b>Subtotal</b>	<b><u>18,272,257,390</u></b>	<b><u>1,612,955,421</u></b>
<b>Total</b>	<b><u>19,658,210,667</u></b>	<b><u>2,854,401,276</u></b>

- a) it refers to electronic account “Basic UCR card- Financial Management Office” which is exclusively used to reinforce procurement purchases abroad which debit card has proven as best way of payment.
- b) It refers to debit cards related to Banco Nacional (BN) account named “BN Fleet” exclusively for fuel payment of institution vehicles.
- c) Increase is due to realization of Banking Account at Sight Investment for term included upon institution closing, to obtain income due to interest on daily balances, at 4% rate.
- d) Opening of account as of April 2016, to register participation and compliance warranty transactions in dollars through Merlink.
- e) Bank accounts are exclusively to register transactions due to income and disbursements regarding World Bank Loan used for Higher Education Improvement Projects.

#### Note 4- Investment in financial instruments

Investment balance up to December 31st, 2016, are as follows:

#### 2016

Intermediary	Keep up to Expiration	Available for Sale	Restricted Investment (a)	Total
Banco Nacional de Costa Rica (b)	5,063,927,402	---	---	5,063,927,402
Banco Crédito Agrícola (c)	---	---	1,096,360,000	1,096,360,000
BCR (d)	24,086,271,500	---	483,279,661	24,569,551,161
BCR Valores	---	1,143,538,917	---	1,143,538,917
Popular Valores (e)	518,812,479	8,623,615,420	206,361,840	9,348,789,739
BN Valores	548,236,293	15,554,748,685	---	16,102,984,978
	<u>30,217,247,673</u>	<u>25,321,903,022</u>	<u>1,786,001,501</u>	<u>57,325,152,197</u>

- a) Investment which is considered restricted because they relate to External Bond and relate to student scholarships, restricted funds or special courses which are registered as separate accounts and their interests are registered in specific income accounts as well as expenses incurred by such investment.
- b) Investment in US dollars in the amount of \$57.797,94 = ¢31.683.674,75
- c) Investment in US dollars in the amount of \$2.000.000,00 = ¢1.096.360.000,00
- d) Investment in US dollars in the amount of \$148.011,00 = ¢81.136.669,98
- e) Investment in US dollars in the amount of \$360.999,99 = ¢197.892.974,52

Investment balance in securities up to December 31<sup>st</sup>, 2015 is as follows:

**2015**

<b>Intermediary</b>	<b>Keep up to Expiration</b>	<b>Available for Sale</b>	<b>Restricted Investment (a)</b>	<b>Total</b>
Banco Nacional de Costa Rica (b)	2,684,567,974	4,484,080,288	1,032,049,859	8,200,698,121
Banco Crédito Agrícola (c)			1,191,844,005	1,191,844,005
BCR (d)	18,078,064,800	8,348,362,271		26,426,427,071
BCR Valores		1,317,453,782		1,317,453,782
Popular Valores (e)	1,006,185,556	7,767,559,316	198,786,409	8,972,531,281
BN Valores	9,400,107,937	5,589,580,340		14,989,688,277
	<u>31,168,926,267</u>	<u>27,507,035,997</u>	<u>2,422,680,273</u>	<u>61,098,642,537</u>

Investment detail sorted by bank up to December 31<sup>st</sup>, 2016 is as follows:

INSTRUMENT	INTERMEDIARY	CURRENCY	SETTLEMENT DATE	TERM	EXPIRATION	INVESTMENT €	INVESTMENT \$	BALANCE IN €	FACIAL	RATE
<b>TERM DEPOSIT</b>										
<b>CERTIFICATE</b>	<b>CTA 12-30-01-01</b>									
CDP	BANCO NAC.	COLONES	04/12/2014	1579	01/04/2019	€2,330,000.00		€2,330,000.00		7.49%
CDP	BANCO NAC.	COLONES	23/09/2016	121	22/01/2017	€5,000,000,000.00		€5,000,000,000.00		4.35%
CDP	BANCO NAC.	COLONES	09/03/2016	365	09/03/2017	€500,000.00		€500,000.00		2.35%
<b>SUBTOTAL CDP</b>						<b>€5,002,830,000.00</b>		<b>€5,002,830,000.00</b>		
<b>EST.</b>										
<b>MONETARY BONDS</b>	<b>CTA 12-30-01-10</b>									
EST. MONETARY BONDS	BN VALORES	COLONES	10/12/2014	985	05/09/2017	€544,911,235.05		€550,000,000.00		6.53%
<b>SUBTOTAL BEM</b>						<b>€544,911,235.05</b>		<b>€550,000,000.00</b>		
<b>PROPERTY</b>										
<b>TITLES</b>	<b>CTA 12-30-01-11</b>									
PROPERTY TITLES	BN VALORES	COLONES	12/02/2015	1126	28/03/2018	€1,000,000,000.00		€1,000,000,000.00		11.13%
<b>SUBTOTAL TP</b>						<b>€1,000,000,000.00</b>		<b>€1,000,000,000.00</b>		
<b>TERM DEPOSIT</b>										
<b>CERTIFICATE</b>	<b>CTA 12-30-01-12</b>									
CDP	BN VALORES	COLONES	29/07/2016	271	26/04/2017	€5,000,000,000.00		€5,000,000,000.00		4.88%
CDP	BN VALORES	COLONES	18/10/2016	87	13/01/2017	€2,003,782,524.57		€2,000,000,000.00		4.60%
CDP	BN VALORES	COLONES	18/10/2016	87	13/01/2017	€3,006,054,925.66		€3,000,000,000.00		4.60%
CDP	BN VALORES	COLONES	12/07/2016	144	06/01/2017	€2,000,000,000.00		€2,000,000,000.00		4.60%
CDP	BN VALORES	COLONES	04/08/2016	267	28/04/2017	€2,000,000,000.00		€2,000,000,000.00		4.60%
<b>SUBTOTAL CDP</b>						<b>€14,009,837,450.23</b>		<b>14,000,000,000.00</b>		
<b>TERM DEPOSIT</b>										
<b>CERTIFICATE</b>	<b>CTA 12-30-02-01</b>									
CDP	BANCO NAC.	DOLLARS	09/03/2016	363	07/03/2017		\$1,455.00	€797,601.90	\$1,455.00	3.20%
CDP	BANCO NAC.	DOLLARS	08/07/2016	731	09/07/2018		\$110,000.00	€60,299,800.00	\$110,000.00	3.20%
<b>SUBTOTAL CDP</b>							<b>\$111,455.00</b>	<b>€61,097,401.90</b>	<b>\$1,455.00</b>	

INSTRUMENT	INTERMEDIARY	CURRENCY	SETTLEMENT DATE	TERM	EXPIRATION	INVESTMENT €	INVESTMENT \$	BALANCE IN €	FACIAL	RATE
REPURCHASE	CTA 12-30-02-09									
REPURCHASE	BANCO NAC.	DOLLARS	26/09/2016	115	19/01/2017		\$187,037.37	€102,530,145.49	\$0.00	-
REPURCHASE	BANCO NAC.	DOLLARS	26/09/2016	115	19/01/2017		\$97,126.31	€53,242,700.62	\$0.00	-
REPURCHASE	BANCO NAC.	DOLLARS	23/09/2016	118	19/01/2017		\$514,644.93	€282,118,057.73	\$0.00	-
REPURCHASE	BANCO NAC.	DOLLARS	23/09/2016	118	19/01/2017		\$201,294.08	€110,345,388.77	\$0.00	-
<b>SUBTOTAL REC.</b>							<b>\$1,000,102.69</b>	<b>€548,236,292.61</b>	<b>\$0.00</b>	
<b>TERM DEPOSIT</b>										
<b>CERTIFICATE</b>	CTA 12-40-01-01									
CDP	BCR	COLONES	18/01/2016	720	18/01/2018	€977,000.00		€977,000.00		3.76%
CDP	BCR	COLONES	16/03/2016	290	10/01/2017	€7,500,000.00		€7,500,000.00		3.76%
CDP	BCR	COLONES	19/05/2016	360	19/05/2017	€1,500,000.00		€1,500,000.00		2.55%
CDP	BCR	COLONES	19/05/2016	360	19/05/2017	€30,000,000.00		€30,000,000.00		2.55%
CDP	BCR	COLONES	16/09/2015	653	09/07/2017	€6,900,000.00		€6,900,000.00		6.04%
CDP	BCR	COLONES	15/11/2016	360	15/11/2017	€3,750,000.00		€3,750,000.00		5.61%
CDP	BCR	COLONES	20/10/2015	650	10/08/2017	€3,650,000.00		€3,650,000.00		5.61%
CDP	BCR	COLONES	06/04/2016	446	01/07/2017	€18,994,500.00		€18,994,500.00		2.60%
CDP	BCR	COLONES	06/04/2016	356	01/04/2017	€13,000,000.00		€13,000,000.00		2.45%
CDP	BCR	COLONES	08/08/2016	180	04/02/2017	€6,000,000,000.00		€6,000,000,000.00		6.25%
CDP	BCR	COLONES	16/12/2016	356	16/03/2017	€8,000,000,000.00		€8,000,000,000.00		4.56%
CDP	BCR	COLONES	06/04/2016	356	01/04/2017	€5,000,000,000.00		€5,000,000,000.00		5.95%
CDP	BCR	COLONES	06/04/2016	356	01/04/2017	€5,000,000,000.00		€5,000,000,000.00		4.00%
<b>SUBTOTAL CDP</b>						<b>€24,086,271,500.00</b>		<b>€24,086,271,500.00</b>		
<b>PROPERTY TITLES</b>	CTA 12-40-01-06									
PROPERTY TITLES	BCR VALORES	COLONES	26/10/2011	2248	26/01/2018	€298,746,968.00		€300,000,000.00		8.74%
PROPERTY TITLES	BCR VALORES	COLONES	09/10/2015	971	20/06/2018	€347,600,000.00		€347,600,000.00		8.74%
<b>SUBTOTAL TP</b>						<b>€646,346,968.00</b>		<b>€647,600,000.00</b>		

INSTRUMENT	INTERMEDIARY	CURRENCY	SETTLEMENT DATE	TERM	EXPIRATION	INVESTMENT €	INVESTMENT \$	BALANCE IN €	FACIAL	RATE
DEVELOPMENT UNIT										
TITLES	CTA 12-40-01-08								Monetary Units	
TUDES	BCR VALORES	COLONES	26/11/2007	5086	12/01/2022	€58,086,201.48		100,000.00		1.00%
TUDES	BCR VALORES	COLONES	26/11/2007	5086	12/01/2022	€240,848,697.36		415,000.00		1.00%
TUDES	BCR VALORES	COLONES	26/11/2007	5086	12/01/2022	€140,311,272.92		242,000.00		1.00%
TUDES	BCR VALORES	COLONES	28/11/2007	5084	12/01/2022	€57,945,777.43		100,000.00		1.00%
SUBTOTAL TUDES						€497,191,949.19				
PROPERTY TTILES										
PROPERTY TTILES	POPULAR VALORES	COLONES	03/09/2013	1375	28/06/2017	€449,000,000.00		€449,000,000.00		9.89%
PROPERTY TTILES	POPULAR VALORES	COLONES	17/09/2014	1001	28/06/2017	€137,000,000.00		€137,000,000.00		9.89%
PROPERTY TTILES	POPULAR VALORES	COLONES	09/10/2015	971	20/06/2018	€171,650,000.00		€171,650,000.00		8.74%
SUBTOTAL TP						€757,650,000.00		€757,650,000.00		
ESTABILIZIND										
MONETARY BONDS										
ESTABILIZIND	POPULAR VALORES	COLONES	09/02/2007	3579	18/01/2017	€97,871,156.42		€100,000,000.00		10.12%
ESTABILIZIND	POPULAR VALORES	COLONES	14/03/2007	3544	18/01/2017	€14,000,000.00		€14,000,000.00		10.12%
ESTABILIZIND	POPULAR VALORES	COLONES	18/06/2007	3450	18/01/2017	€19,632,395.56		€20,000,000.00		10.12%
SUBTOTAL BEM						€131,503,551.98		€134,000,000.00		
TERM DEPOSIT CERTIFICATE										
CDP	POPULAR VALORES	COLONES	29/07/2016	271	26/04/2017	7,000,000,000.00		€7,000,000,000.00		4.88%
SUBTOTAL CDP						7,000,000,000.00		€7,000,000,000.00		

INSTRUMENT	INTERMEDIARY	CURRENCY	SETTLEMENT DATE	TERM	EXPIRATION	INVESTMENT €	INVESTMENT \$	BALANCE IN €	FACIAL	RATE
<b>DEVELOPMENT UNIT</b>										
TITLES	12-50-01-10									Monetary
										Units
TUDES	POPULAR VALORES	COLONES	26/03/2008	4966	12/01/2022	€131,475,633.93			200,000.00	1.00%
TUDES	POPULAR VALORES	COLONES	26/03/2008	4966	12/01/2022	€164,709,499.27			250,000.00	1.00%
TUDES	POPULAR VALORES	COLONES	12/06/2008	4890	12/01/2022	€218,411,497.65			323,000.00	1.00%
TUDES	POPULAR VALORES	COLONES	13/06/2008	4889	12/01/2022	€135,348,422.07			200,000.00	1.00%
TUDES	POPULAR VALORES	COLONES	14/07/2008	4858	12/01/2022	€9,521,429.09			250,000.00	1.00%
TUDES	POPULAR VALORES	COLONES	14/07/2008	4858	12/01/2022	€9,512,940.12			14,000.00	1.00%
TUDES	POPULAR VALORES	COLONES	10/09/2008	4802	12/01/2022	€61,925,634.59			100,000.00	1.00%
<b>SUBTOTAL TUDES</b>						<b>€730,905,056.72</b>				
<b>PROPERTY TITLES</b>										
PROPERTY TITLES	CTA 12-50-02-06									
PROPERTY TITLES	POPULAR VALORES	DOLARES	20/05/2015	3786	26/11/2025		\$75.83	€41,568.49	\$78.00	5.06%
PROPERTY TITLES	POPULAR VALORES	DOLARES	26/11/2015	4050	26/11/2025		\$6,412.57	€3,521,920.84	\$7,000.00	5.06%
<b>SUBTOTAL TP</b>							<b>\$6,488.40</b>	<b>€3,563,489.33</b>	<b>\$7,078.00</b>	
<b>REPURCHASE</b>										
REPURCHASE	CTA 12-50-02-12									
REPURCHASE	POPULAR VALORES	DOLARES	20/10/2016	117	14/02/2017		\$406,609.70	€222,895,305.35	\$406,609.70	-
REPURCHASE	POPULAR VALORES	DOLARES	20/10/2016	117	14/02/2017		\$539,817.53	€295,917,173.60	\$539,817.53	-
<b>SUBTOTAL REC.</b>							<b>\$946,427.23</b>	<b>€518,812,478.95</b>	<b>\$946,427.23</b>	
<b>PROPERTY TITLES</b>										
		<b>BECA LOUISE</b>								
		<b>CTA 12-02</b>								
		<b>BERGER</b>								
PROPERTY	TITLE *.*	POPULAR VALORES	26/08/2014	4050	26/11/2025		\$9,728.24	€5,332,826.60	\$10,000.00	5.06%
PROPERTY	TITLE *.*	POPULAR VALORES	20/05/2015	3786	26/11/2025		\$337.99	€185,279.36	\$341.34	5.06%
<b>SUBTOTAL TP</b>							<b>\$10,066.23</b>	<b>€5,518,105.96</b>	<b>\$10,341.34</b>	
<b>PROPERTY TITLES</b>										
		<b>BECA FAMILIA</b>								
		<b>CTA 12-03</b>								
		<b>GIROLAMI</b>								
BCR SAFI	SAFI *.*	COLONES	17/05/2016	***	***		€5,461,622.22		€5,461,622.22	-
<b>SUBTOTAL SAFI</b>							<b>€5,461,622.22</b>	<b>€5,461,622.22</b>	<b>€5,461,622.22</b>	

INSTRUMENT	INTERMEDIARY	CURRENCY	SETTLEMENT DATE	TERM	EXPIRATION	VESTMENT €	INVESTMENT \$	BALANCE IN €	FACIAL	RATE
<b>PROPERTY</b>										
<b>TITLE</b>	<b>CTA 12-07</b>	<b>BECA CLYDE SURGI</b>								
PROPERTY										
<b>TITLE **</b>	POPULAR VALORES	DOLARES	26/11/2013	4581	26/11/2025		\$22,968.52	€12,590,883.29	\$22,000.00	5.06%
PROPERTY										
<b>TITLE **</b>	POPULAR VALORES	DOLARES	05/03/2013	4581	26/11/2025		\$177,627.55	€97,371,870.36	\$170,000.00	5.06%
PROPERTY										
<b>TITLE **</b>	POPULAR VALORES	DOLARES	26/08/2014	4050	26/11/2025		\$1,945.65	€1,066,566.42	\$2,000.00	5.06%
PROPERTY										
<b>TITLE **</b>	POPULAR VALORES	DOLARES	20/05/2015	3786	26/11/2025		\$929.59	€509,582.64	\$938.80	5.06%
<b>SUBTOTAL TP</b>							<b>\$203,471.31</b>	<b>€111,538,902.71</b>	<b>\$194,938.80</b>	
<b>TERM DEPOSIT</b>										
<b>CERTIFICATE</b>	<b>CTA 12-15</b>	<b>CA VICTORIA SALAS</b>								
PROPERTY										
<b>TITLE **</b>	POPULAR VALORES	DOLARES	26/11/2013	4581	26/11/2025		\$124,344.89	€68,163,381.80	\$119,000.00	5.06%
PROPERTY										
<b>TITLE **</b>	POPULAR VALORES	DOLARES	26/08/2014	4050	26/11/2025		\$32,103.18	€17,598,321.21	\$33,000.00	5.06%
PROPERTY										
<b>TITLE **</b>	POPULAR VALORES	DOLARES	20/05/2015	3786	26/11/2025		\$656.23	€359,732.16	\$662.73	5.06%
<b>SUBTOTAL TP</b>							<b>\$157,104.30</b>	<b>€86,121,435.17</b>	<b>\$152,662.73</b>	
<b>PROPERTY</b>										
<b>TITLE</b>	<b>CTA 12-17</b>	<b>ANTERESSES BEGA GOLCHER</b>								
PROPERTY										
<b>TITLE **</b>	POPULAR VALORES	DOLARES	26/11/2013	4581	26/11/2025		\$2,088.05	€1,144,627.25	\$2,000.00	5.06%
PROPERTY										
<b>TITLE **</b>	POPULAR VALORES	DOLARES	20/05/2015	3786	26/11/2025		\$970.92	€532,238.93	\$980.54	5.06%
PROPERTY										
<b>TITLE **</b>	POPULAR VALORES	DOLARES	26/11/2015	4050	26/11/2025		\$2,748.24	€1,499,851.98	\$3,000.00	5.06%
<b>SUBTOTAL TP</b>							<b>\$5,807.21</b>	<b>€3,176,718.16</b>	<b>\$5,980.54</b>	
<b>TERM DEPOSIT</b>										
<b>CERTIFICATE</b>	<b>CTA 12-18</b>	<b>D SISMOLOGICA NACIONAL</b>								
PROPERTY										
<b>TITLE **</b>	BANCRÉDITO	DOLARES	31/07/2014	2314	04/01/2021		\$2,000,000.00	€1,096,360,000.00	2,000,000.00	4.80%
<b>SUBTOTAL TP</b>							<b>\$2,000,000.00</b>	<b>€1,096,360,000.00</b>	<b>2,000,000.00</b>	

INSTRUMENT	INTERMEDIARY	CURRENCY	SETTLEMENT DATE	TERM	EXPIRATION	INVESTMENT ¢	INVESTMENT \$	BALANCE IN ¢	FACIAL	RATE
<b>FONDO RESERVA RED</b>										
<b>BCR SAFI</b>	<b>CTA 12-20</b>	<b>LABORATORIO</b>								
SAFI **	BCR	DOLARES	24/02/2016	***	***	\$383,525.15	€210,240,812.78	\$377,950.37	2.22%	
<b>SUBTOTAL SAFI</b>						<b>\$383,525.15</b>	<b>€210,240,812.78</b>			
<b>PROYECTO PRESTACION SERV.</b>										
<b>BCR SAFI</b>	<b>CTA 12-22</b>	<b>ODONTOLOGICOS</b>								
SAFI **	BCR	DOLARES	24/02/2016	***	***	\$488,122.92	€267,577,226.22	\$481,269.21	2.22%	
<b>SUBTOTAL SAFI</b>						<b>\$488,122.92</b>	<b>€267,577,226.22</b>			
<b>SUBTOTALS</b>						<b>€54,412,909,333.39</b>	<b>\$4,366,143.21</b>	<b>€2,912,242,863.79</b>		
<b>GENERAL TOTAL IN COLONES</b>										<b>€57,325,152,197</b>

* Bank interest rate at cancellation time
** Exchange rate as of 31-12-2016 ¢ 548,18
*** Investment on going up to otherwise notice.
*_*Investment related to course and restricted funds.

## Note 5- Accounts receivables and other debtors

Up to December 2016, account and notes receivables is as follows:

	<u>2016</u>	<u>2015</u>
Salary Advances, Monthly Payroll	500,000	1,766,262
Salary transferred in excess active employees	44,385,450	53,089,070
Accounts receivables Banks and others	701,338	1,622,603
Accounts receivables- policies	166,283	166,283
Accounts receivables- vendors	240,165	240,165
Deductibles receivables to students	330,339	---
Payment arrangement -student tuition without note	2,485,641	---
External Bond -Temporary Funding (a)	4,123,832,111	4,196,931,585
Accounts receivables to students	8,022,174	5,292,999
Tuition payment arrangement	654,065	456,720
Salary transferred in excess active officers	21,915,306	33,866,049
Debit notes non-identified	5,662,245	16,964,695
Extrajudicial payment arrangement note	402,441	---
Legal debt collection-various notes	5,865,658	5,865,658
Fee recovery- Social Security Employment Payment	37,412,640	37,073,525
Deductible receivables- Drivers	79,964	645,217
Debit Charges due to returned checks	3,599,831	3,386,226
Sales of goods and services Editorial Coordination Unit	4,967,064	2,410,887
Semanario Universidad Sales of goods	2,895,295	3,295,994
Semanario Universidad Sales of services	13,224,162	---
UCR Radio stations sales of services	8,574,000	---
Canal 15 Sales of Services	25,650,000	---
Accounts receivables -Various	85,820,792	11,416,218
Assistant and student hours- Scholarships	5,747,592	4,417,917
Restricted Funds – Sales of goods and services	13,551,971	19,647,555
Sales of goods and services Ancillary Enterprises	552,256,894	450,611,308
Sales of goods and services Special courses	11,389,760	---
Supplement benefits- Payment Arrangement- W/out note	1,164,869	---
Graduate Stud.- Tuition Payment Arrangement-W/out note	2,122,415	---
Student Debt Recovery	126,605	126,604
Duet Tuition (b)	2,026,686,570	2,039,478,110
<b>Subtotal</b>	<u>7,010,433,640</u>	<u>6,888,771,650</u>
Estimate for uncollectible on Accounts receivables	3,572,539,640	1,070,707,941
<b>Total, net</b>	<u><u>3,437,894,000</u></u>	<u><u>5,818,063,709</u></u>

- a) Account relates to funding of External Bond projects authorized based on “General Standards for Formulation and Execution of UCR Budget”, G-3.35, where it reads that in qualified

situations, these activities may request temporary funding to Vice-dean while cash flow adjusts. Temporary funding refers to Account PAIS Program (013-036-0001-032) in the amount of ¢4,037,8 million which represents 98% of total amount authorized to External Bond. Due to previous information and considering reasonability and conservatism, it is decided to update 50% of account receivables balance as of December 31<sup>st</sup>, 2016. Then, in a year term, with legal process advance, authorities will be able to determine reasonability of estimate to decide to increase it or reduce it according to any term agreed with External Audit of Institution in term 2015.

- b) Account receivables to Tuition account balance is included in Financial Statements as of 31712/2014, per provision of General Comptrollership of the Republic of Costa Rica through DFOE Memorandum – SOC-0684 and DFOE Report -SOC-IF-11-2014 mentioned in Document R- 6255-2014.

The Tuition net account receivables account due December 31, 2016 registered a net amount of ¢2,026,686,570.00 regarding net invoicing due by students, which includes (tuition surcharge) minus discount due to scholarship tuition and minus discount due to tuition credit limit. This item has a contra account in accounts payable as deferred liabilities in same amount. Item is detailed as follows:

It is essential to point out that total invoicing due to tuition, between January 1<sup>st</sup>, to December 31<sup>st</sup>, 2016 is as follows:

+ Tuition	2,698,012,665.00
+ Other	117,950,045.00
(-) Discount due to scholarship	(591,875,520.00)
(-) Discount due to credit limit	<u>(197,400,620.00)</u>
<b>Total amount pending to be recovered</b>	<b>¢2,026,686,570.00</b>
Breakdowns of total amount to be recovered by term:	
2016 (1)	605,147,780.00
2015	245,792,790.00
Previous terms	<u>1,175,746,000.00</u>
<b>Total amount to be recovered</b>	<b>2,026,686,570.00</b>

1. Of total amount invoiced for term 2016 (¢7,349,991,000,00), ¢605,147,780.00 relate to total amount to be recovered for same year.

University will continue with Equity Accounting method and on cash basis up to change based on accrual accounting method is effective and which is under ongoing study.

<b>Account Name</b>	<b>Balance Up to 31 de Dec. 2016</b>	<b>0 to 3 months</b>	<b>3 to 6 months</b>	<b>6 months to 1 year</b>	<b>1 year forward</b>
Salary Advances -Monthly payroll	500,000	500,000	---	---	---
Salary in excess	44,385,450	38,152,031	---	---	6,233,419
Accounts receivables -at banks and others	701,338	668,465	---	---	32,873
Policy receivables	166,283	---	---	---	166,283
Accounts receivables - vendors	240,165	---	---	---	240,165
Deductible receivables- students	330,339	---	330,339	---	---
Student Tuition Payment arrangements – without notes	2,485,641	2,485,641	---	---	---
External bond -Temporary Funding (a)	4,123,832,111	41,494,540	---	---	4,082,337,571
Student activities	8,022,174	2,311,610	1,539,930	677,570	3,493,064
Salaries in excess -inactive employees	21,915,306	7,256,974	2,807,444	3,338,859	8,512,029
Non-identified debit charges	5,662,245	5,011,745	---	650,500	---
CCSS recovery fees	37,412,640	6,370,456	6,114,323	5,200,877	19,726,984
Deductible receivables -drivers	79,964	79,964	---	---	---
Debit charges due to returned checks	3,599,831	---	213,605	---	3,386,226
Editorial Unit Coordination – Sale of Goods and Services	4,967,064	891,030	2,119,759	1,450,247	506,028
Semanario Universidad -Sale of goods and services	2,895,295	133,623	443,557	1,445,152	872,963
Semanario Universidad -Sale of goods and services	13,224,163	7,260,538	1,906,750	4,056,875	---
UCR Radio Stations- Sale of Goods and Services	8,574,000	7,168,500	1,405,500	---	---
Canal 15 Sale of goods and Services	25,650,000	15,450,000	4,040,000	6,160,000	---
Accounts receivables – various	85,820,792	2,212,170	80,043,922	---	3,564,700
Student and Assistant Hour Scholarships Restricted Funds – Sale of goods and services	5,747,592	1,405,095	---	402,305	3,940,192
Ancillary Enterprises- Sale of goods and services	13,551,971	4,284,280	790,540	3,827,166	4,649,985
Special Courses- Sale of goods and services	552,256,894	426,650,294	62,694,267	100,000	62,812,333
Supplemental Student Benefits Tuition payment arrangement	11,389,760	11,389,760	---	---	---
Tuition payment arrangement -supp. Funding without notes	1,164,869	1,164,869	---	---	---
Student debt recovery	2,122,415	2,122,415	---	---	---
Tuition due	126,605	---	---	---	126,605
	2,026,686,570	---	---	605,147,780	1,421,538,790
<b>Total Account Receivables- Various</b>	<b>7,003,511,477</b>	<b>584,463,999</b>	<b>164,449,936</b>	<b>632,457,331</b>	<b>5,622,140,210</b>

Account Name	Balance Up to 31 de Dec. 2016	0 to 3 months	3 to 6 months	6 months to 1 year	1 year forward
Estimate percentage		0%	1%	1%	100%
<i>Total Estimate 31-12-16</i>	<i>5,630,109,282</i>	<i>---</i>	<i>1,644,499</i>	<i>6,324,573</i>	<i>5,622,140,210</i>
Plus:					
Accounts receivables – Various- Legal debt collection 13-47 (100%)	5,865,658				
Minus:					
External Bond Temporary Funding 13-36 (100%)	4,082,337,571				
PAIS-External Bond Temporary Funding (50% account total)	2,018,902,270				
Total estimate amount for uncollectible up to 31-12-2016	3,572,539,639				
Accounting amount to be adjusted for 206 term:					
Accounting Estimate Account for CxC uncollectible – Various 37-01	2,554,491,240				
Accounting adjustment for 2016 term (it is equal to estimate uncollectible amount up to 31-12- 2016 minus estimate account for uncollectible CxC -various 37-01)					
	1,018,048,399				

- a) In the past, current account was shown separately since itself is a separate account; as of 2011 it is included in aging balance report. On the other hand, as of January 2012, to **comply** with University Comptrollership Office, name of account changed from “External Bond Overdraft” to “Temporary Funding of External Bond”.

## Note 6- Professor and student loans

Up to December 31<sup>st</sup>, 2016 detail for professor and student loans is as follows:

	<u>2016</u>	<u>2015</u>
Short term student loans	77,775	179,961
Long term student loans	1,667,868	3,563,539
20% scholarship repayment	357,134,127	323,723,982
Professor loans	49,945,980	44,493,497
Loan Legal debt collection	33,466,118	33,466,117
Transferred in excess – Abroad scholarship	17,987,045	21,247,411
Agreement default	121,241,471	111,679,477
<b>Subtotal</b>	<u>581,520,384</u>	<u>538,353,984</u>
Estimate for uncollectible of accounts receivables	53,523,044	41,892,869
<b>Total, net</b>	<u>527,997,340</u>	<u>496,461,115</u>

### Aging Report on Notes Receivables Balance

Account Name	Balance Up to 31 de Dec. 2016	0 to 3 months	3 to 6 months	6 months to 1 year	1 year forward
Student Tuition Payment Arrangement	654,065	111,825	472,240	60,000	10,000
Extra judicial payment arrangement - Graduate Student Tuition with funding	402,441	402,441	0	0	0
Short term student loans	77,775	77,775	0	0	0
Long term student loans	1,667,868	517,103	920,474	0	230,291
20% Scholarship Repayment	357,134,127	330,339,840	9,662,307	0	17,131,980
Professor loans	49,945,980	45,125,640	2,269,530	0	2,550,810
Transferred in excess – abroad scholarships	17,987,045	17,987,045	0	0	0
Agreement default	121,241,471	121,241,471	0	0	0
<b>Total notes receivables</b>	<u>549,110,772</u>	<u>515,803,140</u>	<u>13,324,551</u>	<u>60,000</u>	<u>19,923,081</u>
<i>Estimate percentage</i>		<i>0%</i>	<i>1%</i>	<i>1%</i>	<i>100%</i>
<b>Total estimate 31-12-16</b>	<u>20,056,926</u>	<u>0</u>	<u>133,245</u>	<u>600</u>	<u>19,923,081</u>
<i>Plus:</i> Notes receivables- legal debt collection (100%)	33,466,118				
<b>Total estimate 31-12-16</b>	<u>53,523,044</u>				

## Note 7 – Inventories

Up to December 2016, inventory detail is as follows:

	<u>2016</u>	<u>2015</u>
Main supply warehouse	62,787,031	80,135,885
Central Reagent warehouse	1,381,506	19,471,084
Odontology warehouse	77,483,179	75,973,243
Editorial warehouse	352,204,563	372,946,198
Publication warehouse	163,958,431	171,301,947
<b>Subtotal</b>	<b><u>657,814,710</u></b>	<b><u>719,828,357</u></b>
<b>Loss estimate due to obsolescence (a)</b>		
Main supply warehouse	(3,800,000)	(7,300,000)
Odontology warehouse	---	(19,000,000)
Central reagent warehouse	(3,500,000)	(6,700,000)
Editorial warehouse	(35,000)	(37,000)
Raw material warehouse	(164,000)	(171,000)
<b>Total estimate</b>	<b><u>(7,499,000)</u></b>	<b><u>(33,208,000)</u></b>
<b>Total, net</b>	<b><u>650,315,710</u></b>	<b><u>686,620,357</u></b>

a) Obsolescence note:

In May 2016, damaged and obsolete materials were excluded from Reagent warehouse through daily entry 170716 leaving only the alcohol line in the ancillary. Then, considering that warehouse only manages a product which has constant movement, Supply Office did not indicate any amount to estimate due to obsolescence for such warehouse in memorandum OS- 33-2017.

## Note 8- Accrued Products

Up to December 31, 2016 detail is as follows:

	<u>2016</u>	<u>2015</u>
Banco Nacional	169,622,015	148,622,396
Banco de Costa Rica	60,972,223	46,187,372
Banco Popular	78,295,216	84,782,781
External Bond Investment	17,599,147	26,012,936
<b>Total</b>	<b><u>326,488,601</u></b>	<b><u>305,605,485</u></b>

## Note 9- Prepaid Expenses

Up to December 31<sup>st</sup>, 2016 the detail is as follows:

	<u>2016</u>	<u>2015</u>
2-week advance	1,694,565	2,791,983
Banco de Costa Rica Trust	237,500,000	237,500,000
<b>Total</b>	<b><u>239,194,565</u></b>	<b><u>240,291,983</u></b>

## Note -10 Property, plant and furniture

Up to December 31<sup>st</sup>, 2016 the property, plant and furniture detail is as follows:

	<b>2016</b>	<b>2015</b>
Land <i>(d)</i>	8,663,706,166	8,341,539,070
Buildings <i>(b, c)</i>	48,731,353,800	48,569,417,607
Facilities <i>(a)</i>	3,105,859,646	2,983,448,608
Furniture and equipment	94,528,443,474	83,682,583,508
Vehicles	5,186,272,241	4,711,395,580
Construction in process <i>(f)</i>	6,692,487,334	1,940,356,701
<b>Subtotal</b>	<b>166,908,122,661</b>	<b>150,228,741,074</b>
Accrued depreciation <i>(e)</i>	(59,491,986,494)	(52,562,940,626)
<b>Total, net</b>	<b>107,416,136,167</b>	<b>97,665,800,448</b>

(f) Construction in process detail up to December 31, 2016 is as follows:

<b>Detail</b>	<b>2016</b>	<b>2015</b>
West University Campus Sidewalk	43,098,600	43,098,600
Caribbean Site Access Sidewalks	---	26,614,000
CINISA Module Office Extension	843,080,921	627,730,306
Atlantic Site Library Extension and Renovation	241,322,704	---
Cafeteria and pedestrian Access for Regional Pacific site	64,790,770	---
Public health School Building World Bank	791,955,213	538,452,614
Research Center BM. Neurosciences Building, Laboratory and Offices	720,721	720,721
BM CICA Building, Laboratories, Offices and Administration	1,022,160	1,022,160
BM Building– Human Movement Research Center	60,456,949	---
Food Technology BM School, offices, classrooms and laboratories.	2,956,420	---
BM Health Technology school, offices and laboratories.	2,833,380	2,833,380
BM Occident Site Building and other supplement spaces	---	32,731
BM Reg. Atlánt. Site building, classrooms, and laboratory for Industrial Engineering	89,538,926	703,713
BM Caribbean Regional Site building, classrooms, laboratories and supplement services	396,903,429	83,503,846
BM Occident Regional Site, building, classrooms, Industrial Engineering School	145,016,475	---
BM Pacific Regional Site (Esparza) Technology information building, classrooms and laboratory	311,988,057	33,586
BM Guanacaste Regional Site, building, laboratory, offices and supplemental services	548,381,722	57,544,435
BM Rodrigo Facio Site. Building next to Biology School	1,698,000	---
Central Site Children’s house and Laboratory of Children’s house	2,160,000	2,160,000
Wellbeing and Health Office – Multifunction course construction	10,282,450	---
Guápiles Site – Synthetic Field Construction	31,012,390	---
CIBCM Greenhouse construction	29,621,940	---

<b>Detail</b>	<b>2016</b>	<b>2015</b>
Various construction works – Finca 2	44,058,744	---
POP Room at Esparza Pacífico Site	---	18,757,511
Engineering School elevator and pipe	169,851,372	55,576,686
Odontology School elevator and pipe	109,462,347	33,922,315
Psychology Research elevator and pipe	43,076,129	43,076,129
Annex Building - Medicine School	756,628,907	1,665,000
Conference room Building – Trust	6,260,532	---
Parking Building - Trust	4,827,720	---
Continuous Education Building (CIL Renovation)	15,134,583	---
Law school building – Trust	11,678,134	---
LANAMME building Guanacaste Site	634,345,583	---
Jardín Lankester- Research building	326,847,074	1,243,770
Elevator –University Comptrollership	22,148,429	---
Elevator Architecture School	---	71,807,745
Chemistry School Elevator	43,925,000	6,000,000
Computer Science and Information Technology School – Trust	2,818,607	---
Soil Study – Musical Arts and Major	442,462	442,462
C.I.T.A. soil study Guanacaste Regional Site	847,875	847,875
Soil Study Finca 2 - Memorial Autonomía Plaza	---	947,025
Engineering School – Trust	28,242,863	28,242,863
Odontology School Trust	9,466,125	---
Social Studies School – Entomology Greenhouse	---	16,950,000
Biology School José María Orozco Reserve. Greenhouse	23,416,544	-
Occident Site – Community Work Module	12,568,000	12,568,000
World Bank Urbanization Works	213,176,370	---
Aisle Roof 1, 2, 3 Caribbean Site	27,534,750	---
Autonomy Plaza –Trust	4,530,846	---
CIMOHU Project	---	590,520
Marcial Fallas y Rodolfo Céspedes. H.S.J.D auditorium renovation	212,622,594	---
Agronomy School 107 Admin Classroom Renovation	67,192,851	---
Dean Office Renovation	---	170,511,678
Library Power renovation Guanacaste Site	517,425	---
CEA Office renovation	26,795,112	---
Occident Site Library Repairs	92,757,030	92,757,030
Resting Rooms -Guanacaste Site	15,000	---
Annex Building and classrooms- Caribbean site	310,185	---
Resting room of Butterfly House – Biology	12,222,683	---
Drainage and irrigation system – Ecology Stadium field	75,969,966	---
Vehicle Section – Mechanics Workshop	73,954,265	---
<b>Total Works in Process (Constructions)</b>	<b>6,692,487,334</b>	<b>1,940,356,701</b>

Following please find movement of account Property, plant and equipment and its depreciation: (in thousands of colones)

Concept	Balance up to 31/12/2015	Additions	Donations	Other	Total Additions	Withdrawals	Balance up to 31/12/2016
Land (d)	8,341,539	618,621			618,621	(296,454)	8,663,706
Buildings (b,c)	48,569,418	161,936			161,936		48,731,354
Facilities (a)	2,983,449	122,479	6,185		128,664	(6,253)	3,105,860
Furniture, Equipment and Vehicles	88,393,979	11,593,940	921,612	1,086,570	13,602,122	(2,281,386)	99,714,715
General Subtotal	148,288,385	12,496,976	927,797	1,086,570	14,511,343	(2,584,093)	160,215,635
Accr. Depreciation (e)	(52,562,941)	(9,319,025)			(9,319,025)	2,389,979	(59,491,987)
General Total	95,725,444	3,177,951	927,797	1,086,570	5,192,318	(194,114)	100,723,648
Construction Works in process	1,940,357			5,162,225	5,162,225	(410,094)	6,692,488
Total, net	97,665,801	3,177,951	927,797	6,248,795	10,354,543	(604,208)	107,416,136 u

- a) Increase registered in Facilities account is due to transfer of finished construction works: Entomology Greenhouse, POP Room Esparza, Access sidewalks at Caribbean Site and Emergency Exit of Insect Museum.
- b) In 2016 Building item was increased due to elevator in Architecture School was finished as well as Dean Office renovation.
- c) In # 26655- C of No. 5 Decree, published in La Gaceta #30 of February 12<sup>th</sup>, 1998, it is stated that Ancient Center Club and Management Office of Compañía Bananera de Costa Rica, owned by Universidad de Costa Rica located in first district of seventh county of Puntarenas Province are of historical -architecture interest.

- a) Land account increased due to property donation 198829, located in San Pedro de Montes de Oca on west side of Asociación de Educación Popular María Auxiliary known as FUNDEVI parking lot. Properties No 258751, 258753 and 165327 named “Cátedras Internacionales”, No. 47756-00 names “Sistemas de Estudio de Posgrado”, No. 323544 (located in Research City) next to properties No. 134710 and 210870 (located in Ciudad Universitaria Rodrigo Facio) are registered with 0 amount since they were reunited as one only property (671682-00). This new property lodges Agrofood Sciences School.
- b) Accrued depreciation: depreciation is not considered as expense. Charges are directly applied to Equity account “Fixed Assets”.

<b>DESCRIPTION</b>	<b>ACCRUED DEPRECIATION DECEMBER 2015</b>	<b>TERM DEPRECIATION</b>	<b>ACCRUED DEPRECIATION DECEMBER 2016</b>
Furniture, Equipment, Machinery and Vehicles	44,969,906,777	5,699,707,097	50,669,613,874
Facilities	1,673,507,881	215,101,585	1,888,609,466
Buildings	5,919,525,968	1,014,237,186	6,933,763,154
<b>Total</b>	<b>52,562,940,626</b>	<b>6,929,045,868</b>	<b>59,491,986,494</b>

#### **DONATED FIXED ASSETS**

In year 2016, Universidad de Costa Rica received fixed asset donations subject to be register in the ancillary entry in the amount of ¢914,5 million which are registered within equity structure of Balance Sheet.

Following please find donation detail by accounting sub-account, subject to be registered in fixed asset ancillary entry where Laboratory Equipment stands out in the amount of ¢653,8 million and Computer Equipment in the amount of ¢102,4 million.

**Acquired Assets by donation**  
**Classified by account**  
**January 1st, up to December 31st, 2016**

ACCOUNT NAME	AMOUNT	PERCENTAGE
Laboratory equipment	653,863,213,87	71.49%
Computer equipment	102,423,516,84	11.20%
Industrial and Agriculture		
Machinery	34,856,789,94	3.81%
Furniture	32,532,289,77	3.56%
Miscellaneous	27,640,491,05	3.02%
Teaching material	14,152,075,52	1.55%
Chairs	10,796,727,68	1.18%
Communication equipment	10,142,209,15	1.11%
Facilities	6,185,297,12	0.68%
Musical Equipment	5,832,726,21	0.64%
Safety Equipment	5,366,568,82	0.59%
Domestic chore equipment	2,740,670,51	0.30%
Licenses and software	2,142,062,65	0.23%
Works of Art	1,952,876,00	0.21%
Books	1,414,542,91	0.15%
Telephone Equipment	1,003,722,16	0.11%
Student desks	723,750,00	0.08%
Mobile equipment	350,000,00	0.04%
Tools	273,064,51	0.03%
Office tools	186,450,00	0.02%
<b>TOTAL</b>	<b>914.579.044.71</b>	<b>100.00%</b>

Source: Financial Management Information Technology, up to December 31<sup>st</sup>, 2016.

Following please find donations subject to be registered in fixed asset ancillary register classified by country of origin where our country stands out with 91.47% of total registered donations.

**Fixed Assets acquired by donation**  
**Received by country**  
**January 1st, up to December 31st, 2016**

Country	Amount	Percentage
Costa Rica	831.673.242.21	90.94%
United States	74.675.211.50	8.16%
Austria	6.740.659.20	0.74%
Netherlands	1.218.706.80	0.13%
Panama	271.225.00	0.03%
<b>TOTAL</b>	<b>914,579,044,.71</b>	<b>100.00%</b>

Source: Financial Management Information Technology, up to December 31<sup>st</sup>, 2016

**Amount per donor of property, furniture received  
January 1st, up to 31 December 2016**

<b>Donor name</b>	<b>Amount</b>	<b>Percentage</b>
Fundación UCR	771.243.727,77	84,33%
International Organisms	79.708.095,70	8,72%
National Private Corporations	37.295.163,10	4,08%
National Foundations, Associations, Committees	16.191.238,68	1,77%
Central Government and offices	3.541.869,18	0,39%
Universities and Foreign Institutions	1.979.000,00	0,22%
National Citizens	1.952.876,00	0,21%
Higher Education Institutions	1.448.367,48	0,16%
Foreign Private Corporations	1.218.706,80	0,13%
<b>TOTAL</b>	<b>914.579.044,71</b>	<b>100,00%</b>

Source: Financial Management Information Technology, up to December 31<sup>st</sup>, 2016

**Note 11- Trust Agreement**

On July 15th, 2011, General Comptrollership of the Republic executed the UCR/BCR Trust Agreement 2011 and on November 11th, 2011, Right of Usage Assignment Agreement was executed, temporary transferring (in 20-year term) 50% of right of usage for land (detailed in assignment) where future leasing and movement, design and construction works of Universidad de Costa Rica will take place.

Project consists of funding, construction and leasing of works that Universidad de Costa Rica requires for fulfillment of main activities for teaching, research and social actions.

Trust agreement term will be twenty years as of execution date by Comptrollership Office.

Project funding by Trust will be done through:

- Bank credits made by trustee
- Through amounts directly generated by financial scheme of bond issuance by Trust.

Any other financial instrument agreed by parties so that Trust goal is reached.

Trust Agreement is defined as:

Trustee: Universidad de Costa Rica as direct interested party in projects under Trust and creditors in case there is debt.

Trustor: Universidad de Costa Rica

Fiduciary: Banco de Costa Rica

### Note 12- Other Investment

Up to December 31st, 2016, this account detail is as follows:

	<u>2016</u>	<u>2015</u>
Cooperativa de productores de Leche Dos Pinos	124,658,240	118,070,750
<b>Total</b>	<b><u>124,658,240</u></b>	<b><u>118,070,750</u></b>

### Note 13- Other Assets

Up to December 31st, 2016, this account detail is as follows:

	<u>2016</u>	<u>2015</u>
Telephone rights	15,089,040	15,089,040
Security Deposits	71,995,476	69,793,484
Software and rights (licenses)	2,808,624,400	2,585,969,802
Software amortization	(2,609,669,202)	(2,339,031,454)
Shares and compliance rights	36,092,915	353,463
<b>Total, net</b>	<b><u>322,132,629</u></b>	<b><u>332,174,335</u></b>

### Note 14- Accounts payable

Up to December 31st, 2016, accounts payables account detail is as follows:

	<u>2016</u>	<u>2015</u>
Void checks payable in reserve	363,118,249	315,467,806
Various deposits - Students	4,356	370,228
Deposit payables -to others	6,598,331	6,830,031
Tax stamp fund	1,909,746	1,639,901
Salary check deposits to banking accounts	4,075,252	15,152,891
Accounts payable – for in excess charges	---	111,272
Compliance Warranty Deposit	184,550,146	157,842,547
Accounts payable – Vendors	11,000,287	39,493,630
UCR access card deposit	66,550,256	62,449,156
INS Insurance payable	40,639,327	39,209,349
Civil Liability Odontology	3,770,648	4,424,768
Negative difference – cashiers	192,737	286,526
Void check replacement	---	303,702
Legal fees	5,620,172	5,620,172
Accounts payables for in -excess payments	61,058	389,807
Participation Warranty Deposits	19,222,134	13,603,389
Supplement Funding Graduate Studies – Accounts payable	2,625,416	668,675
Accounts payable Banks	1,635,252	1,642,812
Non-identified deposits	509,783,518	255,563,194

	<u>2016</u>	<u>2015</u>
Accounts payable – Students-	3,106,404	---
<b>Total</b>	<b><u>1,224,463,289</u></b>	<b><u>921,069,856</u></b>

#### Note 15- Withheld Deductions payable

Up to December 31st, 2016, this account detail is as follows:

	<u>2016</u>	<u>2015</u>
Tax payment withholding	760,113,036	707,154,496
Instituto Nacional de Seguros (Insurance Institution)	29,346,841	140,701,923
Sociedad de Seguros de Vida Magisterio Nacional	212,853,221	199,603,372
Banco Popular y de Desarrollo Comunal	123,548,042	116,639,676
Caja Costarricense de Seguro Social	621,159,554	640,790,802
Junta Administrativa Fondo de Ahorro y Préstamo	2,730,349,436	2,591,836,750
Union and Associations	15,806,170	15,390,266
Professional Colleges	14,017,332	9,457,527
Savings, Credit and Consumption Cooperatives	322,152,912	285,379,327
Withholding payable – Banco de Costa Rica	10,046,896	1,918,881
Other Withholdings Payable	153,213,906	154,053,026
Fondo de Pensiones y Jubilac. Magisterio Nacional	524,162,981	481,697,221
Withholdings Payable BAC San José Bank	200,000	-
<b>Total</b>	<b><u>5,516,970,327</u></b>	<b><u>5,344,623,267</u></b>

#### Note 16- Accrued Expenses payable

Up to December 31st, 2016, this account detail is as follows:

	<u>2016</u>	<u>2015</u>
External Bond School Salary (a)	428,627,188	401,999,986
Social Security Employment Fees (Disease fees)	1,018,573,936	760,394,641
Banco Popular Employment Fees	55,168,783	52,897,088
Savings and Loan Board	277,923,973	278,043,983
Junta de Pensiones y Jubilaciones del Magisterio	284,293,497	468,161,910
Cuota Patronal CCSS - IVM (4,75%) (Death, Disability Fees)	365,261,292	301,893,103
L.P.T. CCSS-REG.OBLIG. 1.50%	165,505,596	158,690,842
Restricted Funds – Labor Rights	1,370,437,989	1,231,198,430
Ancillary Enterprises – Labor Rights	280,817,104	252,588,757
Self-funded Courses – Labor Rights	596,323,337	533,190,069

	<u>2016</u>	<u>2015</u>
LPT CCSS-FDO CAP LAB. 3%	331,010,944	317,381,693
<b>Total</b>	<b><u>5,173,943,639</u></b>	<b><u>4,756,440,502</u></b>

- a) This account was created to show accrued expenses regarding school salary of External Bond Projects during cycle.

#### Note 17- Deferred Liabilities

Up to December 31st, 2016, this account detail is as follows:

	<u>2016</u>	<u>2015</u>
Income received in advance	89,033	58,372
Tuition due (a)	2,026,686,570	2,039,478,110
<b>Total</b>	<b><u>2,026,775,603</u></b>	<b><u>2,039,536,482</u></b>

- b) This is transferred and included in Financial Statements, Accounts payable -Tuition as of 12/31/2014 per instructions of General Comptrollership of the Republic of Costa Rica in DFOE memorandum - SOC- 0684 and DFOE report SOC-IF- 11-2014 in Document R- 6255-2014. See Note -6.

#### Note 18- Long Term Documents Payable

Up to December 31st, 2016, this account detail is as follows:

	<u>2016</u>	<u>2015</u>
Banco Nacional de Costa Rica (a)	264,482,349	385,967,352
<b>2011 UCR-BCR TRUST:</b>		
Social Sciences Building (b)	17,097,659,093	17,238,800,422
Agriculture Food Sciences Building (UCAGRO Library) (c)	1,772,617,285	1,808,341,761
University Student Residence Building (d)	2,336,200,788	2,383,283,455
<b>Total</b>	<b><u>21,470,959,515</u></b>	<b><u>21,816,392,990</u></b>

- a) Long term loan payable with constitution date December 13, 2006 and expiration date December 13, 2018 (12- year term). Principal amount was ₡1,100,000,000.00, with 1% applied interest rate. Security was budget item assigned by General Comptrollership of the Republic and Mercantile Agreement. Loan granted to repay

- debt with Banco Popular y de Desarrollo Comunal regarding Electric Engineering School Building.
- b) Long term debt payable according to 2011UCR-BCR Trust regarding Social Sciences School Building. Principal amount was ₡17,365,466,090.15 (26-year term), with applied 10.87% interest rate.
- c) Long term debt payable according to 2011 UCR-BCR about Agriculture Food Sciences School Building (UCAGRO Library). Principal amount ₡1,840,361,007.31 (18,58 year-term), applied interest rate: 11.00%
- d) Long term debt payable according to UCR-BCR Trust regarding University Residence Building. Principal amount ₡2,425,482,855.65 (18,58 year-term), applied interest rate: 11.00%.

### Note 19- Fixed Assets

It represents net value of capital fixed assets which through donation, purchase or confection are owned by Institution and are used by Custody Units. Following please find detail of its composition:

	<u>2016</u>	<u>2015</u>
Non-current total assets (according to Financial Balance sheet)	107,416,136,167	97,665,800,448
Telephone rights (Other Assets in Balance Sheet)	15,089,040	15,089,040
Net Computer rights (Other Assets in Balance Sheet)	198,955,198	246,938,347
<b>Minus:</b>		
Long Term Liabilities Banco Nacional de Costa Rica (Electric Engineering School Building)	(264,482,349)	(385,967,352)
2011 UCR-BCR Trust -Long Term Debt (Social Sciences School Building)	(17,097,659,094)	(17,238,800,422)
2011 UCR-BCR Trust – Long Term Debt – (Agriculture Food Science School Building- UCAAGRO- Library)	(1,772,617,285)	(1,808,341,761)
2011 UCR-BCR TRUST Long Term Debt (University Student Residence Building)	(2,336,200,788)	(2,383,283,455)
<b>Plus:</b>		
Contribution Certificate of Cooperativa Dos Pinos	11,326,400	11,326,400
<b>Total</b>	<u>86,170,547,289</u>	<u>76,122,761,245</u>

### Note 20- Goods and Services Tax

Account detail balance up to December 31<sup>st</sup>, 2016 is as follows:

Description	2016	2015
-------------	------	------

6267 Tuna Fishing Rights Act	162,142,143	108.370.632
6883CINA Foods Quality Control Act	323,432,653	309.839.705
<b>Total</b>	<b>485,574,796</b>	<b>418.210.337</b>

### Note 21- Sale of Services

Account detail balance up to December 31st, 2016 is as follows:

Description	2016	2015
Cafeteria and Photocopy machine leasing	148,073,009	135,210,108
Dental Services	2,318,625	3,050,157
Administrative Services	596,871,832	522,283,351
Photocopy Services	6,569,055	9,360,660
Various Services	9,527,409	7,734,877
Ancillary Enterprises- Sale of Services	2,065,204,722	1,715,915,085
UCR Institution Development Fund	228,898,673	214,909,776
Interproject Services	675,994,236	706,739,965
Other	171,512,679	---
<b>Total</b>	<b>3,904,970,240</b>	<b>3,315,203,979</b>

### Note 22- Administrative Rights

Account detail balance up to December 31st, 2016 is as follows:

Description	2016	2015
UCR ID rights and confection	7,075,000	9.396.406
Exam rights (Proficiency and extraordinary)	21,423,760	20.653.350
Admission exam rights	275,998,710	320.355.967
Incorporation and diploma rights	89,566,827	90.789.085
Regular tuition rights	3,844,629,430	3.852.154.728
Transportation rights	23,631,000	25.595.000
Special course rights	463,113,376	427.800.025
Laboratory rights	50,733,890	49.685.155
Graduate study tuition rights	191,528,830	176.263.625
Certificate rights	65,426,255	67.408.855
Tuition rights -Suppl. Graduate Program Funding	2,285,391,230	2.214.288.877
Student Wellbeing Fees	249,428,802	242.511.094
Solidary Student Fund	49,775,223	48.496.560
UCR Employee ID card	67,500	122.500
<b>Total</b>	<b>7,617,789,833</b>	<b>7,545,521,227</b>

### Note 23- Property rights

Account detail balance up to December 31st, 2016 is as follows:

<b>Description</b>	<b>2016</b>	<b>2015</b>
Public Financial Inst. Securities Title Interests	3,342,577,503	3,849,755,592
Commissions and interests on Private Sector Loans	10,323,077	10,549,279
State Banks- Banking accounts and other deposit interests	355,955,078	125,613,390
Exchange rate differences	383,155,432	197,389,146
<b>Total</b>	<b>4,092,011,090</b>	<b>4,183,307,407</b>

### Note 24- Central Government -Current Transfers

Central Government transfers for year ended on December 31st, 2016 are as follows:

<b>Description</b>	<b>2016</b>	<b>2015</b>
Higher Education Special Fund (FEES)	242,329,411,633	225,928,138,161
8114Fuel tax Act (LANAME)	4,516,053,779	3,415,492,602
7386 Government Subsidy Act	1,939,677,400	1,809,029,604
7386 Recinto UNV de Paraíso Cartago Act	356,388,339	330,500,564
C.I.T.A National Center Strengthening	106,624,585	118,822,754
Supreme Court of Justice Contribution	8,408,136	7,650,000
7277 Act UCR-MAG Cooperative Program	32,089,884	24,570,837
Defensoría de los Habitants [Citizen Defense Board]	10,792,037	9,204,596
7277 Act Regional Site in Limón Province	---	5,033,332
Ministry of Public Education /World Bank Transfer	3,037,437,408	---
<b>Total</b>	<b>252,336,883,201</b>	<b>231,648,442,450</b>

### Note 25- De-Centralized Organism Current Transfers

For year ended on December 31st, 2016, Decentralized Organism transfers are:

<b>Description</b>	<b>2016</b>	<b>2015</b>
National Seismology Network Strengthening and Equipment	375,373,548	190.438.775
Seismic Engineering Laboratory Network Renovation	375,373,548	190.438.775
<b>Total</b>	<b>750,747,096</b>	<b>380.877.550</b>

## Note 26- De-Centralized Institutions- Current Transfers

For year ended on December 31st, 2016, current transfers are as follows:

Description	2016	2015
CONARE (CNR-125-03) Transfers	20,637,294	22,495,915
World Bank CONARE Transfers	79,283,569	27,629,175
Universidad Nacional Transfers	68,927,500	---
<b>Total</b>	<b>168,848,363</b>	<b>50,125,090</b>

## Note 27- Private Sector Current Transfers

For year ended on December 31st, 2016, Private Sector current transfers are:

Description	2016	2015
Dean Investment Projects	---	29,090,615
FUNDEVI Institution Development Funds	1,008,634,018	1,071,725,519
IV Internat. Congress: Management, Innovation	---	45,555,151
Biodeg Plag and Otr Contaminant Impl. Design	12,735,440	12,825,303
National Science and Technology Fair	14,472,000	10,500,000
Hac Socied de La Inf y Conon Annual Report	10,798,480	13,004,000
Produc Nuev Variant Cafe Med Ind Mut Age	---	10,000,000
Tact Innov Basad Microorg Antag Assessment	---	15,350,000
Agrochem. Poscos Cuat Fru Usage Reduction Alternative	---	13,150,000
Tall Prim Madur Sex Six Spec Int Estimate	33,000,000	15,773,460
Cibcm Research Activity Support	---	11,290,721
SMEs: Research Activity	17,409,473	32,567,804
Subprod Proc Indust Pineapple Aplic H Assessment	---	10,650,000
Cicap Technical Consultancy	58,000,000	34,081,615
Resarch Project Student Economical Support	28,063,698	29,100,000
Remaining Fundevi Finished Products	---	13,673,503
Trans Elect Biomac through Nan Student Proposal	35,003,489	---
Conapam-UCR Covenant- 7972 Act	25,000,000	---
Central America Hydroclimat Dry Corred Process	20,142,660	---
UCR75 Aniversar Medals	17,070,000	---
University Children Solidarity Fund Fondo (CIUS)	14,765,732	---
University Banking Agency	11,209,668	---
Social Security Feed IVM for Student (Death, disability)	11,125,000	---
Character Resp Inmun Bird Corr Inmun Ant	10,750,000	---
Other minor to 10 million colones	118,129,497	117,149,194
<b>Total</b>	<b>1,446,309,155</b>	<b>1,485,486,885</b>

**Note 28- External Sector Current Transfers**

For year ended on December 31st, 2016, transfers are as follows:

Description	2016	2015
Prem Found. Emir. Obtained Fund Management	---	70,000
Dinam. Act. DOS. Comp. BVRRS and SIST S. System	---	4,437,720
General Frut Biotransf. Subp. Indust. Processing	9,059,116	---
Germin. Estrat Integ De Adapt Basis	7,600,460	10,102,144
Mecanism. Toxicid. de Fosfolip A2 Ofidícas	---	7,125,081
Anxit. Trait. Quantit Behav. Mark Bipol. Dis.	---	15,330,830
VI Simpo. Inter. Helicaob Pylori (TWAS)	---	1,913,218
Impact Biogeoq in ATTA ant in BO tier	---	4,850,967
Academic exchange activities	(31,558)	75,924
Caract Inestabil Mutac Dm1 Gen Dmpk Espr	---	17,622,003
Macro University network scholarship Foundation	12,665,782	---
CROWLEY Scholarships	1,636,470	3,972,425
Fernando Soto Harrison Award	---	1,819,668
Continuity Fund of CR Innova	---	986,812
Corridor of Ant Diversity Mesoamerica	---	15,007,479
Interdisc Implement Plataf Desc Biom Network	1,633,989	---
Investig Expert Virus Arn Human Meeting	13,034,340	---
Ident Nuev Efect Bacil Thurin Activ Cont	34,449,282	---
<b>Total</b>	<b>80,047,881</b>	<b>83,314,271</b>

**Note 29 Financing Income**

For year ended on December 31, 2016 account balance is as follows:

Description	2016	2015
Accrued Surplus (deficit) previous cycle	4,274,392,012	12,306,437
Acts, covenants, other- Committed surplus	8,684,652,234	8,793,728,566
Intra-project Funds- Committed surplus	5,933,811,148	4,971,429,480
CONARE System Fund Committed Surplus	4,055,793,225	3,219,184,649
	3,177,272,507	2,869,961,010
Ancillary Enterprises Committed Surplus		
Teaching Ext. Courses -Committed Surplus	462,556,967	456,644,799
Supplemental Fund. Graduate Program -Committed Surplus	410,007,386	436,140,831
Scientif. /Techn. Renovation -Committed Surplus	1,966,213,887	647,300,591
Loan Fund Surplus-Committed Surplus	212,835,747	183,930,420
Cultural Group -O.B.E. Cafeteria Photocopy Surplus	198,127,106	161,729,817
Investment project Surplus	12,612,883,190	6,257,050,776
Current Funds Commitment Surplus	12,440,038,498	11,503,166,302
Investment Project Commitment Surplus	3,595,401,345	4,003,555,867
CONARE Diploma Acknowledgement	39,217,410	39,217,410
Current transfers to individual (Scholarship system)	2,025,380,407	1,782,308,299
Institution improvement plan	287,663,810	1,411,092,421
<b>Total</b>	<b>60,376,246,879</b>	<b>46,748,747,675</b>

**Note 30- Compensations**

For year ended on December 31st, 2016 account detail is as follows:

	<u><u>2016</u></u>	<u><u>2015</u></u>
Basic Salary	42,157,053,428	40,594,034,070
Acquired rights	1,167,926,559	1,052,081,516
Re-assignment adjustment	(131,364)	153,640
Daily wages	107,277,539	32,412,883
Special services	9,009,600,720	8,229,523,668
Over compensation	425,126,627	443,884,253
Graduate contracting salary	44,637,660	65,603,437
Commission basic salaries	12,436,776	10,458,980
Substitution	356,681,473	276,583,205
Over time	686,774,479	699,354,987
Overwork	1,669,343,569	1,622,090,048
Meeting attendance	11,846,591	11,615,701
Years-of-service compensation	55,599,659,462	51,074,811,689
Liberal Professor Compensation	221,223,047	211,208,187
Thirteenth month	11,665,613,104	10,918,248,099
School Salary	10,115,238,433	9,241,129,827
Other salary incentives	17,316,943,642	16,592,538,116
Employment contribution to development	13,553,064,276	12,720,806,005
Pension Fund Employment Contributions	17,214,358,306	16,008,114,885
Various compensations	1,565,013,968	1,395,766,625
<b>Total</b>	<b><u><u>182,899,688,295</u></u></b>	<b><u><u>171,200,419,821</u></u></b>

**Note 31 Services**

For year ended on December 31st, 2016, account detail is as follows:

	<u><u>2016</u></u>	<u><u>2015</u></u>
Leasing	478,613,072	531,631,523
Basic Services (utilities)	3,501,512,104	3,409,451,252
Business and Financial Services	2,147,312,828	2,187,187,259
Management and Support Services	2,655,558,773	2,559,334,391
Trip and transportation expenses	898,126,348	891,346,357
Reinsurance and other obligations	1,023,526,970	1,044,692,873
Training and Protocol	1,252,013,657	1,208,158,000
Repair and maintenance	2,705,960,498	2,420,763,649
Diverse services	1,439,716,359	1,265,512,282
<b>Total</b>	<b><u><u>16,102,340,609</u></u></b>	<b><u><u>15,518,077,586</u></u></b>

### Note 32- Hard goods

For year ended on December 31, 2006, detail is as follows:

	<u>2016</u>	<u>2015</u>
Machinery, Equipment and Furniture	13,241,683,766	11,464,664,629
Constructions, additions and improvements	5,349,983,611	2,514,491,341
Diverse hard goods	18,461,531	8,109,752
<b>Total</b>	<b><u>18,610,128,908</u></b>	<b><u>13,987,265,722</u></b>

### Note 33- Current Transfers

For year ended on December 31, 2006, detail is as follows:

	<u>2016</u>	<u>2015</u>
Current Transfers to Public Sector	125,836,843	56,284,806
Current transfers to Individuals	27,122,696,492	24,719,492,856
Legal Compensation	4,413,790,959	3,016,407,759
Current Transfers Non-profit Private Entities	989,067,529	740,203,586
Other Current Transfers – Private Sector	366,068,326	68,889,724
External Sector Current Transfers	66,677,226	50,688,948
<b>Total</b>	<b><u>33,084,137,375</u></b>	<b><u>28,651,967,679</u></b>

### Note 34- Contingencies

Legal office through memorandum OJ- 119-2017, dated February 3rd, 2017 provides a judicial process situation report overseen in such office up to December 31st, 2016.

Report includes: 81 labor active cases, out of which 63 are unrated and 18 with ¢440,67 million estimate. There are 18 criminal active cases and 29 complaints based on violation of constitutional rights unrated. Finally, those cases regarding knowledge and safeguarding procedures in high percentage are considered “unrated” (67 cases); however, those adequately considered are in the amount of ¢6,300, 51 million (37 cases) as following detail shows:

**Active Judicial Case Summary**  
**Up to December 31<sup>st</sup>, 2016**  
(In colones)

<b>PROCESS TYPE</b>	<b>ESTIMATE CASES</b>	<b>UNRATED CASES</b>	<b>TOTAL CASES</b>	<b>ESTIMATE AMOUNTS</b>
Labor Cases	18	63	81	440,677,412
Criminal Cases	0	18	18	---
Constitution Based Complaints	0	29	29	---
Knowledge	37	67	104	6,330,511,204
<b>TOTAL</b>			<b>232</b>	<b>6,771,188,616</b>

Source: OJ- Memorandum 119-2017 – UCR Legal Office

On the other hand; and regarding contingent liabilities, specifically about endorsement by FUNDEVI as result of Loan Operation with Banco Nacional de Costa Rica Policromía Building purchase, twelfth clause reads: Institution Authorization of specific agreement between Universidad de Costa Rica and Research Foundation (FUNDEVI), states that: “The Universidad de Costa Rica grants institution authorization so that mentioned programs continue through cancellation of indicated amounts in eleventh clause; clarifying that in the event of financial, technical or institution problems which block such obligation, the Universidad will assume financial commitment that FUNDEVI keeps with banking institution”.

**Note 35- Memorandum Accounts**

Up to December 31st, 2016 memorandum account detail is as follows:

	<u><b>2016</b></u>	<u><b>2015</b></u>
Payment for Assets in acquisition process	66,687,129	46,980,021
Bid Warranties	1,057,360,488	831,240,381
Local in advance payments	25,920,048	35,510,592
Previous year odontology service treatments	7,944,441	8,074,279
In-tenure building and facilities under UCR covenant	---	80,679,924
	9,885,150	10,382,548
Photocopy machine shop leasing		
Cafeteria facilities leasing	50,644,458	63,417,869
<b>Total</b>	<u><b>1,218,441,714</b></u>	<u><b>1,076,285,614</b></u>

**Note 36- Financial Statement Approval**

Financial Statements of Universidad de Costa Rica were formally sent to University Council by Dean through memorandum R- 840-207 dated February 14th, 2017.

## Supplemental Financial Information

**Universidad de Costa Rica**  
**(San José, Costa Rica)**

**Income and Expenses by Section**  
**In colones**  
**For Term ended on December 31<sup>st</sup>, 2016**

	<u>Annex</u>	<u>2016</u>	<u>2015</u>
<b>Current Funds for operations</b>			
Income	1	287,973,179,685	258,370,271,959
Expenses	2	(235,106,149,696)	(216,931,078,979)
Surplus		<u>52,867,029,989</u>	<u>41,439,192,980</u>
<b>Ancillary Enterprises</b>			
Income	1	5,859,559,126	5,357,169,189
Expenses	2	(2,338,806,136)	(2,143,831,525)
Surplus		<u>3,520,752,990</u>	<u>3,213,337,664</u>
<b>Loan Fund</b>			
Income	1	212,396,225	224,674,460
Expenses	2	(12,463,676)	(11,838,713)
Surplus		<u>199,932,549</u>	<u>212,835,747</u>
<b>Restricted Funds</b>			
Income	1	15,648,187,326	14,099,827,405
Expenses	2	(6,880,164,809)	(5,554,453,493)
Surplus		<u>8,768,022,517</u>	<u>8,545,373,912</u>
<b>Special Courses</b>			
Income	1	925,670,343	884,444,824
Expenses	2	(449,521,974)	(418,834,933)
Surplus		<u>476,148,369</u>	<u>465,609,891</u>
<b>Graduate Supplemental Funding Program</b>			
Income	1	2,695,398,616	2,650,429,708
Expenses	2	(2,333,809,208)	(2,226,235,013)
Surplus		<u>361,589,408</u>	<u>424,194,695</u>
<b>Interproject Funds</b>			
Income	1	7,911,056,829	7,030,598,697
Expenses	2	(971,722,662)	(980,302,818)
Surplus		<u>6,939,334,167</u>	<u>6,050,295,879</u>

**(It Continues...)**

Universidad de Costa Rica

(San José, Costa Rica)

**Income and Expenses by Section**  
**In colones**  
**For Term ended on December 31st, 2016**

		<u>2016</u>	<u>2015</u>
<i>(CONARE)System Funds</i>			
Income	1	8,449,925,860	7,999,021,864
Expenses	2	(3,426,981,739)	(3,944,464,279)
<b>Surplus</b>		<b><u>5,022,944,121</u></b>	<b><u>4,054,557,585</u></b>
<i>Institution Improvement Plan</i>			
Income	1	3,404,384,804	1,438,721,597
Expenses	2	(2,642,933,594)	(1,151,057,788)
<b>Surplus</b>		<b><u>761,451,210</u></b>	<b><u>287,663,809</u></b>
<i>Physical Structure</i>			
Infrastructure investment	2	<b><u>(5,133,295,191)</u></b>	<b><u>(4,287,539,126)</u></b>
<b>Surplus before transfers</b>		<b><u>73,783,910,129</u></b>	<b><u>60,405,523,036</u></b>
Expense transfers to Surplus committed and Loan Fund		(70,114,032,161)	(56,131,131,025)
<b>Term Surplus</b>		<b><u>3,669,877,968</u></b>	<b><u>4,274,392,011</u></b>

**Universidad de Costa Rica**  
**(San Jose, Costa Rica)**

**INCOME SUMMARY BY SECTION**  
**For year ended on December 31st, 2016**  
**(In colones)**

Account	Current Funds	Ancillary Enterprises	Loan Fund	Restricted Funds	Special Courses	Suppl. Graduate Funding Prog.	Inter Project Funds	(CONARE) System Fund	Institution Improvement Plan	Total
Tax on goods and services	---	---	---	485,574,797	---	---	---	---	---	485,574,797
Other Tax Income	98,314,469	---	---	---	---	---	---	---	---	98,314,469
Indemnification	456,306	---	---	---	---	---	---	---	---	456,306
Sale of Goods and Services	1,018,098,465	2,678,543,730	---	49,759,485	---	---	904,892,909	---	---	4,651,294,589
Rights and Administrative Rates	4,819,510,003	---	---	49,775,223	463,113,376	2,285,391,230	---	---	---	7,617,789,832
Income to property	3,943,013,163	3,742,889	10,323,077	71,511,688	---	---	63,420,255	---	18	4,092,011,090
Fines and auctions	376,319,977	---	---	---	---	---	---	---	---	376,319,977
Other no-tax income	388,456,507	---	---	8,385,525	---	---	---	---	---	396,842,032
Current Transfer Central Gov.	239,874,956,399	---	---	5,781,103,856	---	---	---	4,394,132,635	3,037,437,407	253,087,630,297
Current Transfer Decentralized Inst.	89,564,795	---	---	---	---	---	---	---	79,283,569	168,848,364
Current Transfer-External Sector	---	---	---	80,047,881	---	---	---	---	---	80,047,881
Current Transfer – Private Sector	---	---	---	437,376,637	---	---	1,008,932,517	---	---	1,446,309,154
Capital income	---	---	202,073,147	---	---	---	---	---	---	202,073,147
Funding income	37,364,489,601	3,177,272,507	---	8,684,652,234	462,556,967	410,007,386	5,933,811,149	4,055,793,225	287,663,810	60,376,246,879
<b>Total Income</b>	<b>287,973,179,685</b>	<b>5,859,559,126</b>	<b>212,396,224</b>	<b>15,648,187,326</b>	<b>925,670,343</b>	<b>2,695,398,616</b>	<b>7,911,056,830</b>	<b>8,449,925,860</b>	<b>3,404,384,804</b>	<b>333,079,758,814</b>
<b>Percentage</b>	<b>86%</b>	<b>2%</b>	<b>0%</b>	<b>5%</b>	<b>0%</b>	<b>1%</b>	<b>2%</b>	<b>3%</b>	<b>1%</b>	<b>100%</b>

**Universidad de Costa Rica  
(San Jose, Costa Rica)**

**INCOME SUMMARY BY SECTION  
For year ended on December 31st, 2015  
(In colones)**

Account	Current Funds	Ancillary Enterprises	Loan Fund	Restricted Funds	Special Courses	Suppl. Graduate Funding Prog.	Inter Project Funds	(CONARE) System Fund	Institution Improvement Plan	Total
Tax on goods and services	---	---	---	418,210,338	---	---	---	---	---	418,210,338
Other Tax Income	178,305,070	---	---	---	---	---	---	---	---	178,305,070
Sale of Goods and Services	795,490,068	2,487,208,179	---	---	---	---	921,649,741	---	---	4,204,347,988
Rights and Administrative Rates	4,854,935,766	---	---	48,496,560	427,800,025	2,214,288,877	---	---	---	4,183,307,407
Income to property	4,062,193,556	---	10,549,278	45,303,187	---	---	65,261,386	---	---	7,545,521,228
Fines and auctions	442,293,314	---	---	---	---	---	---	---	---	442,293,314
Other no-tax income	466,661,803	---	---	5,393,452	---	---	---	---	---	472,055,255
Current Transfer Central Gov.	222,957,330,549	---	---	4,292,152,234	---	---	---	4,779,837,215	27,629,175	232,056,949,173
Current Transfer Decentralized Inst.	22,495,915	---	---	---	---	---	---	---	---	22,495,915
Current Transfer-External Sector	---	---	---	83,314,271	---	---	---	---	---	83,314,271
Current Transfer – Private Sector	---	---	---	413,228,797	---	---	1,072,258,089	---	---	1,485,486,886
Capital income	---	---	214,125,182	---	---	---	---	---	---	214,125,182
Funding income	24,590,565,918	2,869,961,010	---	8,793,728,566	456,644,799	436,140,831	4,971,429,481	3,219,184,649	1,411,092,422	46,748,747,676
<b>Total Income</b>	<b>258,370,271,959</b>	<b>5,357,169,189</b>	<b>224,674,460</b>	<b>14,099,827,405</b>	<b>884,444,824</b>	<b>2,650,429,708</b>	<b>7,030,598,697</b>	<b>7,999,021,864</b>	<b>1,438,721,597</b>	<b>298,055,159,703</b>
<b>Percentage</b>	<b>87%</b>	<b>2%</b>	<b>0%</b>	<b>5%</b>	<b>0%</b>	<b>1%</b>	<b>2%</b>	<b>3%</b>	<b>0%</b>	<b>100%</b>

**UNIVERSIDAD DE COSTA RICA**  
(San José, Costa Rica)

**INCOME SUMMARY BY SECTION**

For year ended don December 31 2016  
(In colones)

Account	Current Funds	Ancillary Enterprises	Physical Structure	Loan Fund	Restricted Funds	Special Courses	Gradt. Supplement Funding Program	Interproject Funds	CONARE System Fund	Institution Improvement Plant	Total
Teaching	86,631,312,329	435,978,879	---	---	188,916,336	229,189,644	2,333,809,208	65,005,451	1,945,328,818	110,765,845	91,940,306,510
Research	30,887,217,576	1,264,921,383	---	---	5,916,927,309	---	---	712,334,965	434,365,878	545,864,043	39,761,631,154
Social Action	6,370,580,702	223,953,681	---	---	405,504,114	220,332,330	---	153,805,443	90,744,925	---	7,464,921,195
Student Life	19,481,533,374	147,626,073	---	---	41,908,751	---	---	---	119,079,393	---	19,790,147,591
Management	24,738,851,268	---	---	---	5,998,488	---	---	---	107,622,493	---	24,852,472,249
Sup.Direct.	32,104,103,383	---	---	12,463,676	9,799,241	---	---	33,212,996	522,110,835	32,374,075	32,714,064,206
Reg. Devl.	34,892,551,064	266,326,120	---	---	311,110,570	---	---	7,363,807	166,183,897	70,622,000	35,714,157,458
Investement	---	---	5,133,295,191	---	---	---	---	---	41,545,500	1,883,307,631	7,058,148,322
<i>Total Expenses</i>	235,106,149,696	2,338,806,136	5,133,295,191	12,463,676	6,880,164,809	449,521,974	2,333,809,208	971,722,662	3,426,981,739	2,642,933,594	259,295,848,685
<i>Percentage</i>	91%	1%	2%	0%	3%	0%	1%	0%	1%	1%	100%

**UNIVERSIDAD DE COSTA RICA  
(San José, Costa Rica)**

**INCOME SUMMARY BY SECTION**

**For year ended don December 31 2015  
(In colones)**

Account	Current Funds	Ancillary Enterprises	Physical Structure	Loan Fund	Restricted Funds	Special Courses	Grad. Supplement Funding Program	Interproject Funds	CONARE System Fund	Institution Improvement Plant	Total
Teaching	80,244,859,655	424,986,476	---	---	454,010,130	181,014,603	2,226,235,013	34,572,707	1,726,314,081	---	85,291,992,665
Research	28,159,744,115	1,120,906,579	---	---	4,223,255,928	---	---	591,752,316	384,610,410	454,309,324	34,934,578,672
Social Action	6,141,661,728	225,675,552	---	---	457,901,521	237,820,330	---	304,032,307	77,265,731	---	7,444,357,169
Student Life	25,853,014,937	74,391,741	---	1,300,000	35,818,170	---	---	---	242,654,613	---	26,207,179,461
Management	22,125,990,305	---	---	---	3,144,073	---	---	---	136,265,043	---	22,265,399,421
Sup.Direct.	30,326,950,421	---	---	10,538,714	17,993,100	---	---	41,090,806	1,279,831,602	15,307,899	31,691,712,542
Reg. Devl.	24,078,857,818	297,871,177	---	---	362,330,571	---	---	8,854,681	41,826,122	---	24,789,740,369
Investement	---	---	4,287,539,126	---	---	---	---	---	55,696,677	681,440,565	5,024,676,368
<b>Total Expenses</b>	<b>216,931,078,979</b>	<b>2,143,831,525</b>	<b>4,287,539,126</b>	<b>11,838,714</b>	<b>5,554,453,493</b>	<b>418,834,933</b>	<b>2,226,235,013</b>	<b>980,302,817</b>	<b>3,944,464,279</b>	<b>1,151,057,788</b>	<b>237,649,636,667</b>
<b>Percentage</b>	<b>91%</b>	<b>1%</b>	<b>2%</b>	<b>0%</b>	<b>2%</b>	<b>0%</b>	<b>1%</b>	<b>0%</b>	<b>2%</b>	<b>0%</b>	<b>100%</b>

# **INTERNAL CONTROL REPORT**

## ***INDEPENDENT AUDITOR REPORT***

**To University Council  
University of Costa Rica**

We have audited the Universidad de Costa Rica basic financial statements for year ended on December 2016 and we have issued our report with clear opinion on April 4<sup>th</sup>, 2017.

Our audit was performed per International Standards of Audit which require we plan and exercise audit to obtain reasonable security that financial statements are free from significant errors.

Upon planning and audit implementation of Universidad de Costa Rica, we considered internal control actions to determine our audit procedures to express our opinion on financial statements and not to express an opinion on internal control performance altogether.

Universidad de Costa Rica management is liable for establishing and keeping operation internal control. To fulfill such responsibility, management must proceed with estimates and judgement to assess benefits and related costs for procedures and policies of internal control structure. Internal control goal is providing a reasonable yet not absolute security that assets are protected against loss coming from unauthorized usage or provision and that transactions are executed according to management authorizations and timely and properly registered to allow for financial statement preparation according to established accounting basis.

Due to inherent limitations regarding any internal control, errors and irregularities may occur and may not be detected. Also, any internal control assessment for future cycles is subject to risk that procedures turn inadequate due to change in conditions or that design and operations effectiveness of such policies and procedures may get deteriorated

Our appreciation of internal control is not made to specifically refer to prevailing internal control and not necessarily must to reveal all weaknesses which may exist.

For current report purposes, we have classified internal control policies and procedures in following categories:

- a) Income control
- b) Investment control on accounts receivable, on fixed assets, on payroll
- c) Expense and accounts payable cycle
- d) Budget controls
- e) Internal control applicable to cash

For such mentioned categories; we obtained a clear comprehension of policy and procedure design and if they were currently in operation so we assessed internal control. We observed that following topics related to internal control and its operation are important conditions which must be informed according to international audit standards.

Internal control structure does not necessarily reveal all issues of internal control structure which may contribute to important deficiencies according to international audit standards. A relevant deficiency is that one in which internal control structure elements do not reduce to a relatively low level, the risk that errors or irregularities in amounts which may be significant regarding audited financial statements may occur and not being timely detected by employees in normal performance of duties.

We did not observe but anything just mentioned, any issue related to internal control structure or its functioning which we consider as relevant deficiency according to previous definition.

We observe other issues related to internal control and its functioning that we have reported to Universidad de Costa Rica management in management letter number CG-1- 2016- dated April 4<sup>th</sup>, 2017.

This report is for knowledge of University Council of Universidad de Costa Rica and the General Comptrollership of the Republic.

Current limitation does not pretend to limit distribution of current report since it is public interest matter.

**Consortio EMD**  
**Certified Public**  
**Accountants**



**Lic. Esteban Murillo Delgado**  
**Certified Public Accountant No. 3736**

**Fidelity Policy No. 0116 FIG 7, Expires on September 30th, 2017**

**San José, Costa Rica, April 4<sup>th</sup>, 2017 “Exempt from Law stamp number 6663 of Public Accountant College of Costa Rica due to Article 8.**