



Audited Financial Statements for the period 2016–2019

The IUCN Members, by electronic vote taking place from 27 January to 10 February 2021:

Approved the audited Financial Statements for the years 2016 to 2019 *submitted by* the Director General (Annex hereafter).

***IUCN, International Union for
Conservation of Nature and
Natural Resources***

Gland

***Report of the
statutory auditor to the
Council on the consolidated
financial statements 2016***





Report of the statutory auditor to the Council of IUCN, International Union for Conservation of Nature and Natural Resources Gland

Report of the statutory auditor on the consolidated financial statements

As statutory auditor, we have audited the accompanying consolidated financial statements of IUCN, International Union for Conservation of Nature and Natural Resources (“IUCN”), which comprise the balance sheet, income and expenditure statement, funds and reserve statement, cash flow statement and notes, for the year ended 31 December 2016.

Management’s responsibility

Management is responsible for the preparation of the consolidated financial statements in accordance with the requirements of Swiss law, IUCN Statutes as well as the consolidation and valuation principles described in the notes. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. Management is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor’s responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards as well as International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity’s preparation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control system. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements for the year ended 31 December 2016 comply with Swiss law, IUCN Statutes, as well as with the consolidation and valuation principles described in the notes.



Report on other legal requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 69b paragraph 3 CC in connection with article 728 CO) and that there are no circumstances incompatible with our independence.

In accordance with article 69b paragraph 3 CC in connection with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists which has been designed for the preparation of consolidated financial statements according to the instructions of Management.

We recommend that the consolidated financial statements submitted to you be approved.

PricewaterhouseCoopers SA

Yves Cerutti
Audit expert
Auditor in charge

Fanny Chapuis
Audit expert

Geneva, 13 June 2017

Enclosure:

- Consolidated financial statements (balance sheet, income and expenditure statement, funds and reserve statement, cash flow statement and notes)
- Annex A –Core Funds under Framework Agreements

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IUCN – International Union for Conservation of Nature and Natural

RESOURCES CONSOLIDATED BALANCE SHEET AS OF 31 DECEMBER 2016

Report Currency: CHF ('000)

	Notes	31.12.2016	31.12.2015
ASSETS			
Current assets			
Cash and short term bank deposits	III	37,777	33,859
Financial assets	IV	14,005	14,492
Membership dues receivables (net)	VI	1,592	2,022
Staff receivables	VII	649	519
Receivables from partner organisations	VIII	277	773
Advances to implementing partners	IX	7,722	7,900
Prepayments		756	1,736
Donor funds receivable		2,793	2,649
Project agreements receivables	X	16,300	12,258
Framework agreements receivables	XI	-	623
Other account receivables		966	821
Total Current assets		82,837	77,652
Non-current assets			
Fixed assets (net)	XII	31,864	33,234
Intangible assets (net)	XIII	975	1,565
Total Non-current assets		32,839	34,799
TOTAL ASSETS		115,676	112,451
LIABILITIES AND FUND BALANCES			
Current liabilities			
Membership dues paid in advance		1,977	2,011
Accounts payable and accrued liabilities	XIV	7,593	6,431
Social charges payable		608	331
Project agreements advances	X	50,179	47,976
Deferred income framework agreements	XVIII	103	-
Deferred income buildings	XVIII	511	645
New building loan	XIX	171	167
Hosted organisation advances	XVI	589	729
Miscellaneous current liabilities		225	82
Total Current liabilities		61,956	58,372
Provisions			
Projects in deficit	XVII	1,495	1,064
Staff leave and repatriation		2,042	1,331
Staff termination	XVII	1,450	1,495
Other provisions		39	207
Total Provisions		5,026	4,097
Non-current liabilities			
Deferred income buildings	XVIII	17,085	17,708
New building loan	XIX	11,298	11,469
Total Non-current liabilities		28,383	29,177
Funds and Unrestricted Reserves			
Designated reserves	XX	849	6,770
Unrestricted reserves	XX	19,462	14,035
Total Funds and Unrestricted Reserves		20,311	20,805
TOTAL LIABILITIES AND FUND BALANCES		115,676	112,451

See notes to the consolidated financial statements as indicated

IUCN – International Union for Conservation of Nature and Natural Resources

CONSOLIDATED INCOME AND EXPENDITURE STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2016

Report Currency: CHF ('000)

	Notes	2016			2015		
		Secretariat Unrestricted	Project Agreements	Total	Secretariat Unrestricted	Project Agreements	Total
EXTERNAL OPERATING INCOME							
Membership dues		12,932	-	12,932	12,495	-	12,495
Retention of staff income tax	XXI	1,319	-	1,319	1,375	-	1,375
Agreements income		90	94,453	94,543	450	95,343	95,793
Framework income	XXII	13,877	-	13,877	15,958	-	15,958
Other operating income	XXIII	3,514	3,670	7,184	3,772	761	4,533
TOTAL EXTERNAL OPERATING INCOME		31,732	98,123	129,855	34,050	96,104	130,154
INTERNAL ALLOCATIONS							
Cross charges from projects		36,722	(36,722)	-	34,110	(34,107)	3
Other internal allocations		250	(250)	-	314	(317)	(3)
TOTAL INTERNAL ALLOCATIONS		36,972	(36,972)	-	34,424	(34,424)	-
OPERATING EXPENDITURE							
Staff costs		53,003	6,771	59,774	51,562	4,994	56,556
Consultants		1,802	18,272	20,074	1,747	18,540	20,287
Grants to partners		627	5,595	6,222	812	4,161	4,973
Travel		3,017	15,226	18,243	3,522	14,904	18,426
Workshops and conferences		523	2,675	3,198	606	1,482	2,088
Publications and printing costs		296	2,660	2,956	427	1,968	2,395
Office and general administrative costs		3,995	3,159	7,154	3,730	3,142	6,872
Vehicles & equipment - costs & maintenance		927	4,722	5,649	1,041	3,083	4,124
Professional fees or costs		661	632	1,293	496	552	1,048
Depreciation and amortization		3,206	5	3,211	2,938	8	2,945
TOTAL OPERATING EXPENDITURE		68,057	59,717	127,774	66,880	52,834	119,714
NET OPERATING SURPLUS/(DEFICIT)		647	1,434	2,081	1,594	8,846	10,441
OTHER INCOME/(EXPENDITURE)							
Interest income	XIX	553	30	583	625	10	635
Financial charges	XIX	(557)	(245)	(802)	(596)	(180)	(776)
Capital gains/(losses)	IV	86	-	86	(278)	-	(278)
Net gains/(losses) on foreign exchange		(396)	(89)	(485)	(211)	(40)	(251)
Exchange differences on revaluation of project balances	XXIV	-	324	324	-	(876)	(876)
Net movements in provision and write-offs		(2,163)	189	(1,974)	(1,108)	325	(783)
2016 Congress project surplus	XXVI	1,643	(1,643)	-	-	-	-
TOTAL OTHER INCOME/(EXPENDITURE)		(834)	(1,434)	(2,268)	(1,568)	(761)	(2,329)
NET SURPLUS/(DEFICIT) FOR THE YEAR		(187)	-	(187)	26	8,085	8,111

IUCN – International Union for Conservation of Nature and Natural Resources

CONSOLIDATED FUNDS AND RESERVE STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2016

Report Currency: CHF ('000)

	Designated Reserves					Unrestricted Reserves			Total	
	Reserve for Statutory Meetings	Other Designated Reserves	Programme Reserves	Renovation Fund	Total Designated Reserves	Currency Translation Reserve	IUCN Fund	Retained Surpluses		Total Unrestricted Reserves
Balance as at 1 January 2015	946	458	5,301	768	7,473	1,195	8,621	3,049	12,865	20,337
Net surplus/(deficit) for the year	-	-	-	-	-	-	-	26	26	26
Foreign exchange gain/(loss)	-	-	-	-	-	441	-	-	441	441
Allocation to renovation fund	-	-	-	57	57	-	-	(57)	(57)	-
Allocation to other designated reserves for WCEL	-	138	-	-	138	-	-	(138)	(138)	-
Release from other designated reserves for External review	-	(55)	-	-	(55)	-	-	55	55	-
Release from reserve for statutory meetings for Congress	(367)	-	-	-	(367)	-	-	367	367	-
Release from Reserve for statutory meetings for Regional Conservation Forums	(476)	-	-	-	(476)	-	-	476	476	-
Balance as at 31 December 2015	103	541	5,301	825	6,770	1,636	8,621	3,778	14,035	20,805
Balance as at 1 January 2016	103	541	5,301	825	6,770	1,636	8,621	3,778	14,035	20,805
Net surplus/(deficit) for the year	-	-	-	-	-	-	-	(187)	(187)	(187)
Foreign exchange gain/(loss)	-	-	-	-	-	(307)	-	-	(307)	(307)
Allocation to renovation fund	-	-	-	24	24	-	-	(24)	(24)	-
Release from other designated reserves	-	(541)	-	-	(541)	-	-	541	541	-
Release from reserve for statutory meetings	(103)	-	-	-	(103)	-	-	103	103	-
Release from Programme reserves	-	-	(5,301)	-	(5,301)	-	-	5,301	5,301	-
Balance as at 31 December 2016	-	-	-	849	849	1,329	8,621	9,512	19,462	20,311

IUCN – International Union for Conservation of Nature and Natural Resources

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2016

Report Currency: CHF ('000)

	Notes	2016	2015
Cash flow from operations			
Surplus/Deficit from operations		(187)	26
Effect of exchange rate	XXIV	(307)	441
Net balance from operations		(494)	1,170
Depreciation of fixed assets	XII	2,602	2,318
Amortisation and write-down of intangible assets	XIII	671	768
Increase / (decrease) in provisions for projects in deficit	XVII	431	137
Increase / (decrease) in the provision for staff termination	XVII	(45)	(343)
Increase / (decrease) in staff leave and repatriation liabilities		711	(160)
Increase / (decrease) in other provisions		(168)	99
(Increase) / decrease in membership dues receivables (net)	VI	430	634
(Increase) / decrease in staff receivables	VII	(130)	(197)
(Increase) / decrease in receivables from partner organisations	VIII	496	(259)
(Increase) / decrease in advances to implementing partners	IX	178	(1,685)
(Increase) / decrease in project agreement receivables	X	(4,042)	(1,314)
(Increase) / decrease in framework agreements receivable	XI	623	(623)
(Increase) / decrease in other accounts receivable		(145)	321
(Increase) / decrease in prepayments		980	-
(Increase) / decrease in donor funds receivable		(144)	29
Increase / (decrease) in membership dues paid in advance		(34)	560
Increase / (decrease) in accounts payable and accrued liabilities	XIV	1,162	1,449
Increase / (decrease) in social charges payable		277	(232)
Increase / (decrease) in project agreement advances	X	2,203	9,399
Increase / (decrease) in miscellaneous current liabilities		143	(81)
Increase / (decrease) in hosted organisations advances	XVI	(140)	(159)
(Gain)/loss on disposal of fixed assets	XII	43	70
Total cash flow from operations		5,608	11,198
Cash flow from investing activities			
Purchase of fixed assets	XII	(1,275)	(2,588)
Net movement in financial assets	IV	487	(1,360)
Purchase of intangible assets	XIII	(81)	-
Total cash flow from investing activities		(869)	(3,948)
Cash flow from financing activities			
Increase / (decrease) in loan	XIX	(167)	1,826
Increase / (decrease) in current deferred income	XVIII	(31)	(125)
Increase / (decrease) in long-term deferred income	XVIII	(623)	(2,915)
Total cash flow from financing activities		(821)	(1,214)
Net cash inflow for the year		3,918	6,036
Cash and short term deposits at the beginning of the year	III	33,859	27,823
Cash and short term deposits at the end of the year	III	37,777	33,859

IUCN – International Union for Conservation of Nature and Natural Resources

Notes to the financial Statements for the Year ended 31 December 2016

All amount in CHF ('000) unless otherwise stated

I. ACTIVITY

IUCN, International Union for Conservation of Nature and Natural Resources was constituted by statutes adopted in 1948 at a conference convened by the Republic of France, with membership comprised of states, governmental agencies, and international and national non-governmental organizations. IUCN has been registered in Gland, Switzerland as an association under article 60 of the Swiss Civil Code. The mission of IUCN is to influence, encourage and assist societies throughout the world to conserve the integrity and diversity of nature and to ensure that any use of natural resources is equitable and ecologically sustainable.

II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND DEFINITIONS

All amounts are expressed in thousands of Swiss francs (CHF) unless otherwise indicated.

1. Accounting convention

The financial statements are prepared under the historical cost convention except for financial assets and loans that are measured at revalued amounts or at fair values. The financial statements are prepared for the first time in accordance with the provisions of the Swiss Code of Obligations changes introduced on 1 January 2013. The law requires adoption for consolidated financial statements on 1 January 2016 at the latest. The financial figures of previous year in the balance sheet and income statement have been prepared according to the new structure. There were no changes in valuation, however reclassifications were made in the comparative balance sheet to be consistent with the current year's presentation and in compliance with the new Swiss accounting law (Note II 14).

2. Basis of consolidation

The consolidated financial statements include all offices of IUCN and those entities over which IUCN has the power to govern the financial and operating policies so as to obtain benefits from their activities.

Branches:

- Asia Regional Office
 - Asia Regional Office (Thailand)
 - Bangladesh Country Office
 - Cambodia Country Office
 - China Country Office
 - India Country Office
 - Indonesia Project Office
 - Lao PDR Country Office
 - Maldives Project Office
 - Myanmar Project Office
 - Nepal Country Office
 - Pakistan Country Office
 - Sri Lanka Country Office
 - Thailand Country Office
 - Vietnam Country Office
- Eastern and Southern Africa Regional Office
 - Eastern and Southern Africa Regional Office (Kenya)
 - Djibouti Project Office
 - Mozambique Country Office
 - Rwanda Project Office
 - South Africa Country Office
 - Tanzania Country Office
 - Uganda Country Office
 - Zimbabwe Country Office

IUCN – International Union for Conservation of Nature and Natural Resources

Notes to the financial Statements for the Year ended 31 December 2016

All amount in CHF ('000) unless otherwise stated

- Eastern Europe and Central Asia Regional Office (Serbia)
- Environmental Law Centre (Germany)
- Mediterranean Office (Spain)
- Oceania Regional Office (Fiji)
- Mexico, Central America and the Caribbean Regional Office
 - Mexico, Central America and the Caribbean Regional Office (Costa Rica)
 - El Salvador Project Office
 - Guatemala Project Office
 - Honduras Project Office
 - Mexico Project Office
- South America Regional Office
 - South America Regional Office (Ecuador)
 - Brazil Country Office
- UK Species Programme (United Kingdom)
- Western and Central Africa Regional Office
 - Western and Central Africa Regional Office (Burkina Faso)
 - Burkina Faso Country Office
 - Cameroon Country Office
 - Democratic Republic of Congo Country Office
 - Ghana Project Office
 - Guinea Project Office
 - Guinea Bissau Country Office
 - Mali Country Office
 - Mauritania Country Office
 - Niger Project Office
- West Asia Regional Office (Jordan)
- Washington, DC Office

Other entities:

- The International Union for the Conservation of Nature and Natural Resources, Registered Trustees (WASAA Trust Fund, Nairobi)
- UICN, Bureau de Représentation auprès de l'Union Européenne aisbl
- Associação UICN
- IUCN UK (A Company Limited by Guarantee)
- IUCN Maldives
- IUCN PNG Mangrove Rehabilitation and Management Project Association

3. Currency of accounts

a) Reporting currency

In accordance with IUCN's Regulations, the reporting currency for the consolidated financial statements is Swiss francs (CHF).

IUCN – International Union for Conservation of Nature and Natural Resources

Notes to the financial Statements for the Year ended 31 December 2016
All amount in CHF ('000) unless otherwise stated

b) Functional currency

A separate set of accounts is maintained for each country where IUCN has a presence. The functional currency for each country is the national currency of the country with the exception of Fiji (USD), Costa Rica (USD) and Serbia (EUR) where the currency chosen better reflects the economic environment in which the office operates.

4. Foreign exchange

The following accounting policies are applied when converting transactions and balances to the reporting currency:

- Transactions denominated in currencies other than the office ledger currency are converted to the ledger currency and recorded on the basis of the exchange rate prevailing at the date of the transaction. At the end of the year all balances maintained in transaction currencies are translated to the currency of the office ledger at the year-end rate. The gains and losses incurred are recognised in the income statement of each office ledger.
- Except for fixed assets which are stated at historical values, non-Swiss franc balances in the consolidated balance sheet are translated to CHF at the year-end exchange rate and the resulting net unrealised gain or loss included in the balance sheet as a currency translation adjustment reserve.
- Project balances are expressed in the currency of the ledger in which they reside. Project balances in currencies other than CHF are translated to CHF at the year-end exchange rate. The resulting net unrealised gain or loss is recognized in the currency translation adjustment reserve.
- If, as a result of the application of the above translation policies, a net deficit would occur on the currency translation adjustment reserve the deficit would be recognized in the income and expenditure statement.

5. Income

Income comprises membership dues from members, contributions from donors, investment income, Swiss government tax rebates, rental of office space, and sundry income from the sale of other goods and services.

a) Membership dues

Membership dues are fixed by the World Conservation Congress, the supreme governing body of IUCN, and are recognised as unrestricted income in the year they fall due.

b) Voluntary donations

Voluntary donations comprise framework agreements with donors for the core activities of IUCN and project agreements for project activities.

Framework agreements income

Framework agreements are normally for periods of more than one year and may be subject to general restrictions in their use in terms of geography or thematic area.

Framework agreements income is recognized in the income statement as unrestricted income once the agreement has been signed and in accordance with the amounts specified in the agreement for each calendar year. Framework agreements income received in advance of the period to which it relates is recorded as deferred unrestricted income.

IUCN – International Union for Conservation of Nature and Natural Resources

Notes to the financial Statements for the Year ended 31 December 2016
All amount in CHF ('000) unless otherwise stated

Framework in-kind contributions

In-kind contributions of staff are recognised at fair value over the period of the employment contract as both income and expenditure in the Consolidated Income and Expenditure Statement. The fair value of in-kind staff is taken as the average cost that would be incurred by IUCN, if it were to directly employ a person in a similar position.

Project agreements income

Project agreements income is restricted for specific project activities detailed in project agreements and subject to specific conditions imposed by the donor. Income is recognised as expenditure is incurred. At year end, the balance of projects are recorded as “Project agreement receivables” (current assets) where expenditure incurred on projects exceeded amounts advanced by donors, and under “Project agreement advances” (current liabilities) where advances from donor exceeded expenditure incurred.

c) Retention of staff income tax

Non-Swiss staff resident in Switzerland are exempt from paying taxes on their IUCN earnings on the basis of a fiscal agreement between IUCN and the Swiss Government, which entered into effect on 1st January 1987. In order to ensure equitable treatment of both Swiss and non-Swiss staff at Headquarters, an internal tax is levied on non-Swiss staff resident in Switzerland. This is shown as Retention of staff income tax in the Consolidated Income and Expenditure Statement and is classified as unrestricted income.

6. Expenditure

All unrestricted expenditure and project expenditure is accounted for on an accruals basis.

7. Cross charges from projects

Cross charges from projects represent transfers between Project agreements and Secretariat unrestricted funds and comprise staff time charged to projects and indirect costs funded from projects.

Staff time charges

IUCN staff costs are recorded as unrestricted costs. Staff working on projects charge their time spent on projects through a time recording system. Project agreements are charged the cost of staff time and the Secretariat unrestricted fund receives the income.

Indirect cost recoveries

Indirect costs are recorded as unrestricted costs. Indirect costs funded from project agreements are cross charged to projects and the Secretariat unrestricted fund receives the income.

8. Financial assets

Financial assets are recorded at fair value. Gains or losses arising from changes in fair values of financial assets are recognized in the income statement in the year that they occur as are foreign exchange gains or losses resulting from the revaluation of financial assets denominated in currencies other than the CHF.

9. Fixed assets

a) Purchased assets

Purchased fixed assets are capitalised when the purchase price is one thousand CHF or above, or the equivalent in other currencies, and when ownership resides with IUCN.

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Notes to the financial Statements for the Year ended 31 December 2016
All amount in CHF ('000) unless otherwise stated

b) In-kind assets

In-kind contributions of fixed assets are capitalised at fair value and the donations recorded as deferred income which is then recognised in the income statement over the estimated useful life of the assets in line with the depreciation charges.

c) Depreciation

Fixed assets are depreciated over their estimated useful lives on the following basis:

Computer hardware	3 years
Vehicles	4 - 7 years
Office furniture and equipment	4 - 7 years
Building renovations	10 - 20 years
Building installations	20 years
Building infrastructures	50 years

d) Donations for the purchase of fixed assets

Cash donations received for the purchase of fixed assets are recorded as deferred income and recognised in the income statement over the estimated useful life of the corresponding asset in line with the depreciation charge.

10. Intangible assets

Purchased computer software is capitalized on the basis of the costs incurred to acquire the software and bring it to its point of use.

Software is depreciated over its estimated useful life on a straight line basis over 5 to 7 years.

The cost of developing in-house software is expensed in the year that the costs are incurred.

11. Provisions

a) Provision for membership dues receivable

A general provision for outstanding membership dues is made to recognise the probability that not all dues will be received. The increase or decrease in the total provision is recognised in the income and expenditure statement. Provision for membership dues in arrears is calculated on the following basis, based on the outstanding balance at the close of the year.

Membership dues outstanding for:

Four years or more	100%
Three years	60%
Two years	40%
One year	20%

The provision against the arrears of some state members and state agencies is calculated on an individual basis after a review of their own special situations.

b) Provision for projects in deficit

A provision for projects in deficit is made in respect of those projects where expenditure has exceeded income and where the receipt of future additional funds to cover the excess expenditure is uncertain.

IUCN – International Union for Conservation of Nature and Natural Resources

Notes to the financial Statements for the Year ended 31 December 2016

All amount in CHF ('000) unless otherwise stated

c) Staff terminations

Provision is made for the estimated cost of known redundancies. A redundancy is considered to be known when a management decision has been taken and communicated to the staff concerned.

Additional provision is made when there is a local legal obligation.

d) Staff leave and repatriation

Provision is made for holiday entitlement which had not been used by staff at the year-end. Staff members are not allowed to carry forward from one year to another a cumulative leave balance of more than 10 days and any outstanding leave days are normally covered as part of the normal staff notice period. The balance at the year-end also includes the estimated cost of repatriation of international staff.

12. Loans at below market rate of interest

Loans are initially measured at fair value. The benefit of the below-market rate of interest is measured as the difference between the initial carrying value of the loan and the proceeds received. The benefit is recorded as deferred income and recognised over the period of the loan. The market rate of interest is reviewed annually and the carrying value adjusted for significant movements in the market rate.

An amount equivalent to the interest that would have been incurred had the loan been acquired at a market rate is recognised as both an income and an expense in the income and expenditure statement on an annual basis.

13. Hosted organisations

IUCN hosts certain organisations. A hosted organisation has no legal status in the country of operation and therefore operates under the legal umbrella of IUCN. A hosted organisation is operationally autonomous and is accountable to its own management and governance structures and not to IUCN.

Income received and expenditure incurred on behalf of a hosted organisation is accounted for in separate project accounts and excluded from consolidation. Funds held by IUCN on behalf of hosted organisations are recorded on the balance sheet as hosted organisation advances.

14. Reserves

IUCN maintains the following reserves:

a) Unrestricted reserves

IUCN Fund

The IUCN Fund is maintained in order to preserve IUCN's capital base. The use of the fund is governed by the IUCN Council and is maintained as a reserve of last resort.

Currency translation reserves

The Currency translation reserve represents changes in the value of the net assets of IUCN at the consolidation level as a result of movements of functional currencies against the Swiss franc.

Retained surpluses

The Retained surpluses represent other unrestricted reserves.

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b) Designated reserves

Designated reserves represent funds set aside from unrestricted reserves to cover the cost of future events or activities. The designation may be reversed at any time by the IUCN Council.

Reserve for statutory meetings

The Reserve for statutory meetings represents amounts allocated from unrestricted funds to cover costs of future meetings of the World Conservation Congress and related preparatory meetings.

Programme reserves

Programme reserves are funds set aside for specific future programme activities or for when unrestricted income is received in one financial year but the associated expenditure is planned in a future financial year.

Renovation fund

The Renovation fund represents funds allocated from unrestricted funds for future renovations of the Headquarters building.

Other Designated reserves

Other Designated reserves represent amounts allocated from unrestricted funds to cover the cost of other future costs or activities.

15. New Swiss accounting law

The most significant impact of adoption of the new Swiss accounting law (see Note II. 1. Accounting convention) is the change to full accrual accounting for project agreements. Project expenditure, including expenditure incurred by implementing partners, is recognised in the year the expenditures occur. Project agreement income is recognised to match related project expenditure for the year.

The following prior year balance comparatives have been reclassified on the balance sheet to be consistent with the current year's presentation and to be in compliance with the new Swiss accounting law:

	2015	2015
	Revised	Published
Assets:		
Prepayments	1,736	-
Other accounts receivable	821	2,557
Project agreement receivables	12,258	-
Liabilities:		
Project agreement advances	(47,976)	-
Restricted reserves:		
Restricted reserves	-	(35,718)
	<hr/>	<hr/>
	(33,161)	(33,161)

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III. CASH AND SHORT TERM BANK DEPOSITS

Cash and short-term bank deposits include all bank accounts and short-term deposit accounts operated by IUCN worldwide. The analysis by region or office is shown below.

REGION OR OFFICE	2016	2015
Asia	2,975	3,203
Eastern and Southern Africa	2,191	973
Eastern Europe and Central Asia	65	20
Europe	664	1,584
Environmental Law Centre, Bonn	270	426
Headquarters	22,466	20,334
Mediterranean	726	1,545
Mexico, Central America and the Caribbean	2,632	1,680
Oceania	785	509
South America	395	28
United Kingdom	692	532
United States	1,332	590
Western and Central Africa	2,566	2,264
West Asia	18	171
Balance at 31 December	37,777	33,859

IV. FINANCIAL ASSETS

	2016	2015
Bonds	8,366	8,763
Microfinance	2,793	3,480
Equities	1,457	1,491
Convertibles	626	631
Other Investments	763	127
Balance at 31 December	14,005	14,492

At 31 December 2016, an unrealized foreign exchange gain of CHF 14 (2015 – CHF 59 loss) was recognised on the investment portfolio.

During the 2016 year, CHF 86 of capital gains (2015 - CHF 278 loss) was realised on the sale of investments.

The Government of Zimbabwe appropriated USD bank accounts of IUCN in 2008. In 2015, treasury bills were issued to IUCN as compensation for the appropriation. The treasury bills have maturity dates from 2017 to 2019. The treasury bills are recorded at estimated fair value.

V. DERIVATIVE FINANCIAL INSTRUMENTS

There were no forward currency contract commitments held at 31 December 2016 (2015 – CHF 7,388).

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VI. MEMBERSHIP DUES RECEIVABLE AND PROVISION

	2016	2015
Gross membership dues receivable	4,285	3,649
Provision for dues in arrears	(2,693)	(1,627)
Net membership dues receivable at 31 December	1,592	2,022

The provision for membership dues in arrears has been calculated in accordance with the policy described in Note II.10 (a).

	2013 and prior	2014	2015	2016	Total
State member	300	453	593	1,669	3,015
Government agencies	95	96	144	330	665
International NGOs	10	8	8	19	45
National NGOs	95	65	82	210	452
Affiliates	31	17	22	38	108
Total membership dues receivable	531	639	849	2,266	4,285
Provision for membership dues	(531)	(562)	(646)	(954)	(2,693)
Net membership dues receivable	-	77	203	1,312	1,592

Movement in provision for membership dues

	2016	2015
Balance at 1 January	1,627	1,121
Addition to provision	1,269	511
Write off of deficits against provision	(203)	(5)
Balance at 31 December	2,693	1,627

VII. STAFF RECEIVABLES

Staff receivables comprise travel advances, payroll advances and loans to staff outstanding as at 31 December. Amounts due to staff are netted off against amounts due from staff.

	2016	2015
Net travel advances	533	449
Payroll advances and staff loans	116	70
Balance at 31 December	649	519

VIII. RECEIVABLES FROM PARTNER ORGANISATIONS

Receivables from partner organisations represent balances due from organisations associated with IUCN that are outstanding as at 31 December.

	2016	2015
RAMSAR Convention Secretariat	277	773

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IX. ADVANCES TO IMPLEMENTING PARTNERS

Advances to implementing partners represent amounts advanced to IUCN partners for the implementation of project agreements that were not spent as at 31 December.

	2016	2015
Asia	450	739
Eastern and Southern Africa	396	940
Eastern Europe and Central Asia	-	12
Environmental Law Centre, Bonn	-	166
Headquarters	4,924	3,874
Mediterranean	61	140
Mexico, Central America and the Caribbean	239	627
South America	69	601
United Kingdom	251	25
United States	299	70
West Asia	127	103
Western and Central Africa	906	603
Balance at 31 December	7,722	7,900

X. PROJECT AGREEMENTS RECEIVABLES AND ADVANCES

Receivables and advances on project agreements represent respectively the total of projects with a negative cash balance and the total of projects with a positive cash balance at year end.

	2016	2015
Project agreement receivables	(16,300)	(12,258)
Project agreement advances	50,179	47,976
Balance at 31 December	33,879	35,718

XI. FRAMEWORK AGREEMENTS RECEIVABLES

Framework agreements receivables represent framework agreements income due but not received as at the end of the year. As at 31 December 2016 there was CHF nil receivable compared to CHF 623 receivable at 31 December 2015.

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Notes to the financial Statements for the Year ended 31 December 2016
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XII. FIXED ASSETS

1. Movement in fixed assets

	Building Infrastructures	Building Installations	Other Land and Buildings	Vehicles, Equipment, Furniture & Fixtures	Total
Purchase value:					
Balance as at 31 December, 2014	27,178	13,775	3,703	9,624	54,280
Additions	-	-	1,208	1,380	2,588
Disposals	-	-	-	(175)	(175)
Change in functional currency adjustment	-	-	-	(297)	(297)
Balance as at 31 December, 2015	27,178	13,775	4,911	10,532	56,396
Additions	-	-	157	1,118	1,275
Disposals	-	-	(15)	(1,794)	(1,809)
Balance as at 31 December, 2016	27,178	13,775	5,053	9,856	55,862
Depreciation:					
Balance as at 31 December 2014	(7,922)	(5,010)	(628)	(7,685)	(21,245)
Charge for the year 2015	(544)	(575)	(227)	(972)	(2,318)
Disposals	-	-	-	163	163
Change in functional currency adjustment	-	-	(6)	244	238
Balance as at 31 December 2015	(8,466)	(5,585)	(861)	(8,250)	(23,162)
Charge for the year 2016	(544)	(575)	(281)	(1,202)	(2,602)
Disposals	-	-	15	1,751	1,766
Balance as at 31 December 2016	(9,010)	(6,160)	(1,127)	(7,701)	(23,998)
Net book value:					
Balance as at 31 December 2015	18,712	8,190	4,050	2,282	33,234
Balance as at 31 December 2016	18,168	7,615	3,926	2,155	31,864

Fixed assets purchased using unrestricted funds are depreciated over their estimated useful lives as per Note II.8.

2. Land

In 1990, the commune of Gland gave IUCN the right to use a plot of land for the purpose of building the IUCN Secretariat Headquarters. The right was granted at no cost for a period of 50 years, i.e. until August 2040. In 2008 the commune of Gland gave IUCN the right of use of an adjacent piece of land to the original plot for a period of 50 years, with the permission to construct an extension to the existing IUCN Headquarters building.

3. IUCN Headquarters building

Included in Building Infrastructures and Building Installations is the Headquarters building of IUCN. This consists of an original building and an extension.

a) Original building

The original building was financed by donations received from the Swiss Confederation, the Canton of Vaud and the Commune of Gland. Although IUCN formally owns the Headquarters building, it enjoys a restricted use and cannot dispose of it or use it as collateral without the approval of the Swiss Government. If disposed of, the Swiss Government has the right to recuperate its initial outlay plus a percentage of the value added, if applicable. The cost of the building is included in fixed assets and the net book value is matched by a corresponding value of deferred income to recognise the restricted nature of the building. The deferred income is released over the estimated useful life of the building in line with the depreciation of the building.

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In 2014, the Canton of Vaud provided a grant of CHF 600 towards the renovation of the original building. The grant will be released over the estimated useful life of the building renovation (20 years).

b) Building extension

The building extension was financed by an interest free loan from the Swiss Government of CHF 20,000 payable in 50 equal yearly instalments of CHF 400, the first of which was paid in December 2010. In addition to the loan from the Swiss Government, IUCN received cash donations of CHF 4,092 and in-kind donations of CHF 1,787.

XIII. INTANGIBLE ASSETS

As at 31 December 2016 expenditure of CHF 4,698 (2015 - CHF 4,605) had been incurred on the development and implementation of an ERP system and portal applications. The ERP system went “live” at the IUCN Headquarters in July 2011 and has been depreciated from this point. In 2016, there was no write off of integration tools and code no longer in use (2015 - CHF 290).

Movement in Intangible assets

	2016	2015
Purchase value:		
Balance at 1 January	4,327	4,605
Additions	81	12
Write-down	-	(290)
Balance at 31 December	4,408	4,327
Amortisation:		
Balance as of 1 January	(2,762)	(2,272)
Charge for the year	(671)	(678)
Write-down	-	188
Balance at 31 December	(3,433)	(2,762)
Net Book Value at 31 December	975	1,565

XIV. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities represent amounts owed to creditors and suppliers as at the end of the year. Of the total outstanding balance of CHF 7,593 as at 31 December 2016 (2015 – CHF 6,431), CHF 3,342 (2015 - CHF 2,169) is related to Headquarters and the balance to regional and country offices.

XV. PENSION FUND OBLIGATIONS

IUCN operates different pension plans, which conform to the legal regulations in the respective countries. On 31 December 2016, the liability to the pension schemes amounted to CHF 60 (2015 CHF 26).

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XVI. HOSTED ORGANISATIONS ADVANCES

Hosted organisation advances represent funds held by IUCN on behalf of hosted organisations.

	2016	2015
Balance at 1 January	729	888
Income	5,204	4,597
Expenditure	(4,950)	(4,547)
	983	938
Movement on funds held	(394)	(209)
Balance at 31 December	589	729

XVII. PROVISIONS

1. Projects in deficit

The provision for projects in deficit is funded by unrestricted income and covers projects where negotiations are still ongoing but where IUCN considers that it may not be able to obtain additional funds from donors to cover expenditures already incurred.

Movement in project deficit provision

	2016	2015
Balance at 1 January	1,064	927
Additions to provision	835	499
Utilization of provision	(404)	(362)
Balance at 31 December	1,495	1,064
Region	2016	2015
Asia	108	-
Eastern and Southern Africa Region	10	160
Eastern Europe and Central Asia	16	16
Headquarters	938	737
Oceania	277	39
Western and Central Africa	73	112
West Asia	73	-
Balance at 31 December	1,495	1,064

2. Staff termination

The provision for staff termination is calculated separately for each office to comply with local labour laws. Irrespective of local labour law, provision is made for the estimated cost of staff termination when a decision has been made to terminate a member of staff and the decision has been communicated to the individual concerned.

Movement in provision for staff termination

	2016	2015
Balance at 1 January	1,495	1,838
Additions to provision	1,016	1,017
Utilization of provision	(1,061)	(1,360)
Balance at 31 December	1,450	1,495

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XVIII. DEFERRED INCOME

Deferred unrestricted income represents income received in advance of the period to which it relates.

	2016	2015
Deferred unrestricted income	103	-
US deferred rent	31	80
Donations for construction of HQ building extension		
Donations in cash	2,956	3,058
Donations in kind	344	558
Donation in cash for renovation of original building	527	375
	3,827	3,991
Headquarters original building	8,017	8,325
Interest free government loan	5,721	5,957
Total	17,699	18,353
Current		
Deferred unrestricted income	103	-
Buildings:		
Original building	339	329
Building extension	172	316
Total buildings	511	645
Total current deferred income	614	645
Non-current		
US deferred rent	31	80
Original building	7,709	8,017
Building extension	9,345	9,611
Total long term deferred income	17,085	17,708
Total deferred income	17,699	18,353

IUCN Washington DC Office entered into a long term rental contract and benefits from lower rental costs at the beginning of the ten year contract. In 2014, the lease was extended and will expire in 2025. The office is paying an annual increase in rent of 4%, which is higher than annual inflation estimated at 1.75%. The difference of the low initial rental costs and the higher annual rental increases is recorded as deferred income to straight line the cost over the rental period to 2025.

Donations received for the headquarters buildings (original and extension) are recorded as deferred income and recognised over the useful life of the corresponding purchased or donated assets (see Note XII 3).

The deferred income on the government loan represents the difference between the fair value of the loan CHF 11,469 (2015 - CHF 11,636) and the outstanding cash value of the loan CHF 17,190 (2015 - CHF 17,593) (see Note XIX). This difference represents the fair value of the interest saved on the interest free loan granted by the Swiss Government and is recognised over the period of the loan.

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XIX. NEW BUILDING LOAN

Headquarters building extension loan

	2016	2015
Current	171	167
Non-current	11,298	11,469
Balance at 31 December	11,469	11,636

The Swiss Government provided an interest free loan of CHF 20,000 to finance the headquarters building extension.

The loan is repayable in 50 annual instalments of CHF 400. The first instalment was paid in December 2010.

The fair value of the loan is estimated at CHF 11,469 (2015 - CHF 11,636). The outstanding cash value of the loan has been discounted at a rate of 2% (2015 - 2%) which represents the market interest rate for a 10-year loan based on current market conditions. The difference of CHF 5,721 (2015 - CHF 5,957) between the outstanding cash value and the fair value of the loan is the benefit derived from the interest-free loan and is recorded as deferred income (see Note XVIII).

The value of the interest that would have been paid on an equivalent commercial loan of 2% is estimated at CHF 344 (2015 - 2%, CHF 352). This has been recorded in the income and expenditure statement under Interest income to recognize the benefit of the interest free loan and under financial charges to recognize the interest that would have been paid.

XX. FUNDS AND UNRESTRICTED RESERVES

1. Unrestricted reserves

Currency translation adjustments & foreign exchange gains and losses

Exchange gains and losses at the individual ledger levels are dealt with in the income statement. The net unrestricted loss on exchange for the year amounted to CHF 396 (2015 - loss of CHF 211).

Exchange gains and losses on consolidation and translation of ledgers maintained in other currencies to CHF are taken to the currency translation adjustment reserve. The net movement during 2016 was a loss of CHF 307 (2015 - gain of CHF 441).

2. Designated reserves

a) Reserve for statutory meetings

In 2016, CHF 103 (2015 – CHF 843) was released from the Reserve for statutory meetings to Retained surpluses to cover costs for the 2016 Congress.

b) Other designated reserves

CHF 541 (2015 – allocation to reserve CHF 83) was released from Other designated reserves to the Retained surpluses in respect of the World Commission on Environmental Law CHF 445 (2015 - allocation to reserve CHF 138) and External review CHF 96 (2015 – CHF 55).

c) Programme Reserves

The balance of Programme Reserves were transferred into Retained surpluses in line with the IUCN Reserve policy.

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d) Renovation fund

A net allocation of CHF 24 (2015 - CHF 57) was made from Retained surpluses to the Renovation fund to cover future renovation costs of the IUCN Headquarters building.

XXI. RETENTION OF STAFF INCOME TAX

Swiss Government tax rebates amounted to CHF 1,319 (2015 – CHF 1,375) and represents the value of taxes that would have been paid by non-Swiss staff in the absence of the Fiscal Agreement between IUCN and the Swiss Government which exempts non-Swiss staff from payroll taxes and which entered into effect on 1 January 1987.

XXII. FRAMEWORK INCOME

Annex A lists Framework Agreements income by donor and details income allocations to the IUCN programme and operational units.

Framework income includes in-kind contributions of CHF 307 (2015 - CHF 310).

XXIII. OTHER OPERATING INCOME

Other operating income of CHF 3,514 (2015 - CHF 3,772) shown under Secretariat unrestricted funds includes overhead and management fees from Ramsar of CHF 536 (2015 - CHF 546), rental income of CHF 866 (2015 - CHF 793) and recognition of deferred income of donations for the headquarters original building and building extension CHF 645 (2015 - CHF 670). The balance of other operating income is made up of miscellaneous external income received by IUCN both at Headquarters and other offices around the world.

XXIV. EXCHANGE DIFFERENCES ON REVALUATION OF PROJECT BALANCES

Project balances are expressed in the currency of the country ledger. At the end of the year, project balances expressed in non CHF ledgers are revalued to CHF using the year-end exchange rates. The resulting unrealised gain or loss is recorded as an adjustment to project balances on the balance sheet (Restricted operating reserves) and the Currency translation adjustment reserve. The net adjustment is passed through the income and expenditure statement for project agreements to reflect the net movement on the project portfolio.

XXV. AUDIT FEE

The following fees were paid to the auditors of IUCN's financial statements.

	2016	2015
Consolidated financial statement audit	189	208
Other audits	126	19

XXVI. 2016 WORLD CONSERVATION CONGRESS

The IUCN World Congress is IUCN's highest governing body. It comprises the duly accredited delegates of the Members of IUCN and takes place every four years. The 2016 Congress held in Hawai'i, USA resulted in a surplus of CHF 1,643. The surplus has been allocated to unrestricted reserves.

XXVII. RELATED PARTIES

1. Identity of related parties

a) The Commissions

The Commissions of IUCN are networks of expert volunteers entrusted to develop and advance the institutional knowledge and experience and objectives of IUCN. The Commissions are established by Congress which determines their mandate.

b) The National and Regional Committees

National and Regional Committees are groupings of Members of IUCN from specific states or regions. Their role is to facilitate cooperation among Members and to coordinate the participation of Members in the programme and governance of IUCN.

c) The Convention on Wetlands of International Importance (Ramsar)

Ramsar is hosted by the IUCN Secretariat and operates under its legal personality. It is headed by a Secretary General with sole responsibility for the administration of the convention funds and for all administrative matters, with the exception of those requiring the exercise of legal personality. IUCN provides services to the Ramsar Secretariat in terms of financial and budgetary management, office facilities, human resources management and information technology.

d) TRAFFIC International

TRAFFIC International is a charity registered in the United Kingdom and is a joint venture between WWF International and IUCN. The IUCN Secretariat hosts TRAFFIC operations in its offices in Ecuador, Cameroon, Thailand and South Africa where they operate under the legal personality of IUCN.

e) International Union for Conservation of Nature and Natural Resources - US

The International Union for Conservation of Nature and Natural Resources - US is a US registered charity whose main purpose is to raise funds for conservation to be spent in partnership with IUCN and its members.

2. Transactions with related parties

During the course of the year IUCN made contributions of CHF 1,443 to the Commissions (2015 - CHF 1,443). The amount is distributed across the expenditure headings that reflect the nature of the expenses incurred by the Commissions.

During the year and as part of the services IUCN provides to Ramsar, IUCN received funds of CHF 5,729 (2015 – CHF 6,285) and incurred payments of CHF 5,650 (2015 - CHF 7,448) on behalf of Ramsar. At year-end the balance held in trust for Ramsar amounted to CHF 4,599 (2015 - CHF 4,652). These transactions are recorded in Ramsar accounts and financial statements and are therefore not presented in the financial statements of IUCN. During the year, IUCN received fees of CHF 536 (2015 - CHF 546) for the services provided to Ramsar and which are included in Other operating income.

During the year IUCN made contributions of CHF 275 to TRAFFIC International (2015 - CHF 275).

During the year IUCN received funds from the International Union for the Conservation of Nature and Natural Resources - US of USD 1,259 (CHF 1,254) and in 2015, USD 1,328 (CHF 1,319) was received.

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Summary of legally controlled entities:

Company	Year-end closing	Currency	Capital	Share of capital	
				2016	2015
The International Union for the Conservation of Nature and Natural Resources, Registered Trustees, (WASAA Trust Fund, Nairobi)	31.12	KES	243,563	100%	100%
IUCN, Bureau de Représentation auprès de l'Union Européenne aisbl	31.12	EUR	77	100%	100%
Associação IUCN	31.12	BLR	247	20%	20%
IUCN UK (A Company Limited by Guarantee)	31.12	GBP	34	NA	NA
IUCN Maldives		registered			
IUCN PNG "Mangrove Rehabilitation and Management Project Association		dormant			

XXVIII. OPERATING LEASES

At 31 December 2016, IUCN has future minimum office rental commitments amounting to CHF 5,973 relating to expected rental fees until the end of the lease contract expiring from March 2017 to December 2025.

IUCN has leasing contracts for office equipment and vehicles amounting to CHF 136 expiring June 2017 to October 2019.

XXIX. BANK GUARANTEE

At 31 December 2016, IUCN had bank guarantees totalling EUR 2,071 (CHF 2,220) (2015 - EUR 2,071 – CHF 2,242) in favour of an IUCN donor. Cash for an equivalent amount is pledged at the corresponding bank.

ANNEX A - CORE FUNDS UNDER FRAMEWORK AGREEMENTS

	2016	2016	2015	2015
	Secretariat Unrestricted expenditure	Framework income allocation	Secretariat Unrestricted expenditure	Framework income allocation
Amounts in CHF ('000)				
Central and West Africa Region	4,272	882	4,409	969
Eastern and Southern Africa Region	4,355	827	3,745	890
Asia Region	7,798	1,115	8,228	1,284
Meso America and Caribbean	3,979	545	3,784	572
South America and Brazil	1,190	481	1,182	504
European Regional Office, Brussels	820		894	
Eastern Europe and Central Asia Regional Office	396		316	
West Asia Region	1,218	439	1,216	436
Mediterranean Cooperation Centre	1,035		1,217	
Oceania	1,910	442	1,718	463
Washington DC Office	1,125		961	
Sub Total Regional Components	28,097	4,731	27,670	5,118
Director's Office, Biodiversity Conservation Group	466	493	494	529
Species Programme	3,243	803	3,459	884
Protected Areas Programme	1,347	541	1,230	580
World Heritage Programme	1,038	407	1,011	437
Traffic International	573	275	530	275
Sub Total Biodiversity Conservation Group	6,667	2,518	6,724	2,705
Director's Office, Nature-based Solutions Group	523	441	542	473
Ecosystem Management Programme	1,418	260	1,410	280
Forest & Climate Change Programme	2,908	382	2,519	411
Marine & Polar Programme	1,521	445	1,857	477
Water & Food Security Programme	1,114	356	1,125	383
Business & Biodiversity Programme	1,344	401	1,474	481
Economics and Social Science Programme	1,585	818	1,574	876
Sub Total Nature-based Solutions Group	10,411	3,103	10,501	3,381
Director's Office, Programme & Policy Group	427	480	406	490
Science and Knowledge Unit	842	795	761	824
Global Policy Unit	609	574	686	693
Environmental Law Programme	1,153	504	1,146	533
GEF Coordination Unit	669	684	747	773
Sub Total PPG - Programme & Policy Group	3,700	3,037	3,746	3,313
Commission on Education and Communication	229	232	239	232
Commission on Ecosystem Management	244	232	194	232
World Commission on Environmental Law	175	244	106	244
World Commission on Protected Areas	231	242	241	242
Species Survival Commission	277	261	282	261
Commission on Environment, Economics and Social Policy	224	232	191	232
Sub Total Commissions	1,378	1,443	1,253	1,443
Director's office, Union Development Group	1,638	-	1,575	215
Governance	652		604	
Sub Total Union Development	2,291	-	2,179	215
Directorate	1,558	159	1,663	161
Office of the Legal Adviser	511		475	
Oversight Unit	246		216	
Planning, Monitoring & Evaluation Unit	539	654	513	633
Global Communications Unit	1,252	167	1,058	176
Finance Group	2,159		2,250	
Human Resources Management Group	1,252		1,152	
Strategic Partnerships Unit	638		746	
General Services Unit	3,066		3,096	
Information Systems Group	4,249		3,970	
Sub Total Corporate Support Units	15,471	981	15,140	970
OVERALL TOTAL	68,015	15,811	67,212	17,145
Non-operating expenditure	42		(332)	
Operating expenses as per the Income & Expenditure Statement	68,057	15,811	66,880	17,145

Reconciliation of Framework Income to the Financial Statements	2016	2015
Overall Total allocations as above	15,811	17,145
Realised foreign exchange on cash contributions	6	-
Surplus/(Deficit) at year-end transferred to reserve	(1,941)	(1,187)
Total Funding Framework Agreements	13,877	15,958

ANNEX A - INCOME UNDER FRAMEWORK AGREEMENTS

Amounts in CHF ('000)

Framework Agreement Partners	2016	2015
Ministry of Foreign Affairs (DANIDA) - Denmark	3,527	3,464
Environment Agency – Abu Dhabi (EAD) – United Arab Emirates	-	1,000
Agence Française de Développement (AFD), Ministry of Foreign Affairs and International Development (MAEDI), Ministry of Environment, Energy and the Sea (MEEM), Ministry of Overseas Territories (MOM) – France	924	933
MAVA Fondation pour la Nature - Switzerland	1,000	1,000
Ministry of Environment, Republic of Korea (MOE) - Korea	600	600
Ministry of Foreign Affairs - Finland	375	757
Norwegian Agency for Development Cooperation (NORAD) - Norway	2,507	2,514
Swedish International Development Agency (Sida) - Sweden	2,893	3,489
Swiss Agency for Development and Cooperation (SDC) - Switzerland	2,050	2,200
Total Income under Framework Agreements	13,877	15,958

Note:

Framework income allocations are made on the basis of budgeted income at the start of the year. The difference between allocations made and actual income received is taken to unrestricted reserves. This is compensated by balances on other funding sources to arrive at the overall result for the year.

***IUCN, International Union for
Conservation of Nature and
Natural Resources***

Gland

***Report of the
statutory auditor to the
Council on the consolidated
financial statements 2017***





Report of the statutory auditor to the Council of IUCN, International Union for Conservation of Nature and Natural Resources Gland

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of IUCN, International Union for Conservation of Nature and Natural Resources, which comprise the consolidated balance sheet as at 31 December 2017, consolidated income and expenditure statement, consolidated funds and reserve statement, consolidated cash flow statement and notes for the year then ended, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements as at 31 December 2017 comply with Swiss law, IUCN Statutes, as well as with the consolidation and valuation principles described in the notes.

Basis for opinion

We conducted our audit in accordance with Swiss law, International Standards on Auditing (ISAs) and Swiss Auditing Standards. Our responsibilities under those provisions and standards are further described in the “Auditor’s responsibilities for the audit of the consolidated financial statements” section of our report.

We are independent of the Group in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information in the annual report

The Management is responsible for the other information in the annual report. The other information comprises all information included in the annual report, but does not include the consolidated financial statements, the stand-alone financial statements of IUCN, International Union for Conservation of Nature and Natural Resources and our auditor’s reports thereon.

Our opinion on the consolidated financial statements does not cover the other information in the annual report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information in the annual report and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



Responsibilities of the Management for the consolidated financial statements

The Management is responsible for the preparation of the consolidated financial statements in accordance with the provisions of Swiss law, and for such internal control as the Management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law, ISAs and Swiss Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Swiss law, ISAs and Swiss Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- Conclude on the appropriateness of the Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Management or its relevant committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Report on other legal and regulatory requirements

In accordance with article 818 paragraph 1 CO in connection with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists which has been designed for the preparation of consolidated financial statements according to the instructions of the Management.

We recommend that the consolidated financial statements submitted to you be approved.

PricewaterhouseCoopers SA

Yves Cerutti
Audit expert
Auditor in charge

Fanny Chapuis
Audit expert

Geneva, 2 May 2018

Enclosure:

- Consolidated financial statements (consolidated balance sheet, consolidated income and expenditure statement, consolidated funds and reserve statement, consolidated cash flow statement and notes)
- Annex A –Core Funds under Framework Agreements

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IUCN – International Union for Conservation of Nature and Natural Resources

CONSOLIDATED BALANCE SHEET AS OF 31 DECEMBER 2017

Report Currency: CHF ('000)

	Notes	31.12.2017	31.12.2016
ASSETS			
Current assets			
Cash and short term bank deposits	III	48,935	37,777
Financial assets	IV	16,482	14,005
Membership dues receivables (net)	V	1,646	1,592
Staff receivables	VI	453	649
Receivables from partner organisations	VII	475	277
Advances to implementing partners and grantees	VIII	12,512	7,722
Prepayments		1,020	756
Donor funds receivable		3,318	2,793
Project agreement receivables	IX	14,073	16,300
Framework agreements receivables	X	510	-
Other account receivables		1,222	966
Total Current assets		100,646	82,837
Non-current assets			
Fixed assets (net)	XI	30,358	31,864
Intangible assets (net)	XII	369	975
Total Non-current assets		30,727	32,839
TOTAL ASSETS		131,373	115,676
LIABILITIES AND FUND BALANCES			
Current liabilities			
Membership dues paid in advance		1,409	1,977
Accounts payable and accrued liabilities	XIII	13,907	7,593
Social charges payable		354	608
Project agreement advances	IX	57,885	50,179
Deferred income framework agreements	XVII	1,196	103
Deferred income buildings	XVII	463	511
New building loan	XVIII	174	171
Advances from hosted organisations	XV	511	589
Miscellaneous current liabilities		635	225
Total Current liabilities		76,534	61,956
Provisions			
Projects in deficit	XVI	2,171	1,495
Staff leave and repatriation		2,135	2,042
Staff termination	XVI	1,576	1,450
Other provisions		-	39
Total Provisions		5,882	5,026
Non-current liabilities			
Long term deferred income	XVII	16,360	17,085
New building loan	XVIII	11,124	11,298
Total Non-current liabilities		27,484	28,383
Funds and Unrestricted Reserves			
Designated reserves	XIX	2,025	849
Unrestricted reserves	XIX	19,448	19,462
Total Funds and Unrestricted Reserves		21,473	20,311
TOTAL LIABILITIES AND FUND BALANCES		131,373	115,676

IUCN – International Union for Conservation of Nature and Natural Resources

CONSOLIDATED INCOME AND EXPENDITURE STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2017

Report Currency: CHF ('000)

	2017			2016			
	Notes	Secretariat Unrestricted	Project Agreements	Total	Secretariat Unrestricted	Project Agreements	Total
EXTERNAL OPERATING INCOME							
Membership dues		11,735	-	11,735	12,932	-	12,932
Retention of staff income tax	XX	1,292	-	1,292	1,319	-	1,319
Agreements income		5	95,123	95,128	90	94,453	94,543
Framework income	XXI	12,578	-	12,578	13,877	-	13,877
Other operating income	XXII	4,450	278	4,728	3,514	3,670	7,184
TOTAL EXTERNAL OPERATING INCOME		30,060	95,401	125,461	31,732	98,123	129,855
INTERNAL ALLOCATIONS							
Framework allocations to projects		-	-	-	-	-	-
Cross charges from projects		36,402	(36,402)	-	36,722	(36,722)	-
Other internal allocations		961	(961)	-	250	(250)	-
TOTAL INTERNAL ALLOCATIONS		37,363	(37,363)	-	36,972	(36,972)	-
OPERATING EXPENDITURE							
Staff costs		52,077	6,576	58,653	53,003	6,771	59,774
Consultants		1,579	18,992	20,571	1,802	18,272	20,074
Grants to partners		481	4,920	5,401	627	5,595	6,222
Travel		2,365	12,085	14,450	3,017	15,226	18,243
Workshops and conferences		290	1,897	2,187	523	2,675	3,198
Publications and printing costs		299	2,303	2,602	296	2,660	2,956
Office and general administrative costs		3,894	4,835	8,729	3,995	3,159	7,154
Vehicles & equipment - costs & maintenance		955	6,911	7,866	927	4,722	5,649
Professional fees or costs		590	637	1,227	661	632	1,293
Depreciation and amortization		2,959	8	2,967	3,206	5	3,211
TOTAL OPERATING EXPENDITURE		65,489	59,164	124,653	68,057	59,717	127,774
NET OPERATING SURPLUS/(DEFICIT)		1,934	(1,126)	808	647	1,434	2,081
OTHER INCOME - EXPENDITURE							
Interest income	XVIII	501	6	507	553	30	583
Financial charges	XVIII	(538)	(186)	(724)	(557)	(245)	(802)
Capital gains (losses)	IV	274	-	274	86	-	86
Net gains/(losses) on foreign exchange		292	718	1,010	(396)	(89)	(485)
Exchange differences on revaluation of project balances	XXIII	-	573	573	-	324	324
Net movements in provision and write-offs		(1,331)	15	(1,316)	(2,163)	189	(1,974)
2016 Congress project surplus	XXV	-	-	-	1,643	(1,643)	-
TOTAL OTHER INCOME - EXPENDITURE		(802)	1,126	324	(834)	(1,434)	(2,268)
NET SURPLUS/(DEFICIT) FOR THE YEAR		1,132	-	1,132	(187)	-	(187)

IUCN – International Union for Conservation of Nature and Natural Resources

CONSOLIDATED FUNDS AND RESERVE STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2017

Report Currency: CHF ('000)

	Designated Reserves					Unrestricted Reserves			Total	
	Reserve for Statutory Meetings	Other Designated Reserves	Programme Reserves	Renovation Fund	Total Designated Reserves	Currency Translation Reserve	IUCN Fund	Retained Surpluses		Total Unrestricted Reserves
Balance as at 1 January 2016	103	541	5,301	825	6,770	1,636	8,621	3,778	14,035	20,805
Net surplus/(deficit) for the year	-	-	-	-	-	-	-	(187)	(187)	(187)
Foreign exchange adjustment	-	-	-	-	-	(307)	-	-	(307)	(307)
Allocation to renovation fund	-	-	-	24	24	-	-	(24)	(24)	-
Release from other designated reserves	-	(541)	-	-	(541)	-	-	541	541	-
Release from reserve for statutory meetings	(103)	-	-	-	(103)	-	-	103	103	-
Release from Programme reserves	-	-	(5,301)	-	(5,301)	-	-	5,301	5,301	-
Balance as at 31 December 2016	-	-	-	849	849	1,329	8,621	9,512	19,462	20,311
Balance as at 1 January 2017	-	-	-	849	849	1,329	8,621	9,512	19,462	20,311
Net surplus/(deficit) for the year	-	-	-	-	-	-	-	1,132	1,132	1,132
Foreign exchange adjustment	-	-	-	-	-	30	-	-	30	30
Allocation to renovation fund	-	-	-	16	16	-	-	(16)	(16)	-
Allocation to other designated reserves	-	671	-	-	671	-	-	(671)	(671)	-
Allocation to reserve for statutory meetings	489	-	-	-	489	-	-	(489)	(489)	-
Balance as at 31 December 2017	489	671	-	865	2,025	1,359	8,621	9,468	19,448	21,473

IUCN – International Union for Conservation of Nature and Natural Resources

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2017

Report Currency: CHF ('000)

	Notes	2017	2016
Cash flow from operations			
Surplus/(deficit) from operations		1,132	(187)
Effect of exchange rate	XIX	30	(307)
Net balance from operations		1,162	(494)
Depreciation of fixed assets	XI	2,329	2,602
Amortisation and write-down of intangible assets	XII	636	671
Increase / (decrease) in provisions for projects in deficit	XVI	676	431
Increase / (decrease) in staff leave and repatriation liabilities		93	711
Increase / (decrease) in the provision for staff termination	XVI	126	(45)
Increase / (decrease) in other provisions		(39)	(168)
(Increase) / decrease in membership dues receivables (net)	V	(54)	430
(Increase) / decrease in staff receivables	VI	196	(130)
(Increase) / decrease in receivables from partner organisations	VII	(198)	496
(Increase) / decrease in advances to implementing partners	VIII	(4,790)	178
(Increase) / decrease in prepayments		(264)	980
(Increase) / decrease in donor funds receivable		(525)	(144)
(Increase) / decrease in project agreement receivables	IX	2,227	(4,042)
(Increase) / decrease in framework agreements receivable	X	(510)	623
(Increase) / decrease in other accounts receivable		(256)	(145)
Increase / (decrease) in membership dues paid in advance		(568)	(34)
Increase / (decrease) in accounts payable and accrued liabilities	XIII	6,314	1,162
Increase / (decrease) in social charges payable		(254)	277
Increase / (decrease) in project agreement advances	IX	7,706	2,203
Increase / (decrease) in miscellaneous current liabilities		409	143
Increase / (decrease) in hosted organisations advances	XV	(80)	(140)
(Gain)/loss on disposal of fixed assets	XI	25	43
Total cash flow from operations		14,361	5,608
Cash flow from investing activities			
Purchase of fixed assets	XI	(845)	(1,275)
Net movement in financial assets	IV	(2,477)	487
Purchase of intangible assets	XII	(30)	(81)
Total cash flow from investing activities		(3,352)	(869)
Cash flow from financing activities			
Increase / (decrease) in loan	XVIII	(171)	(167)
Increase / (decrease) in current deferred income	XVII	1,045	(31)
Increase / (decrease) in long-term deferred income	XVII	(725)	(623)
Total cash flow from financing activities		149	(821)
Net cash inflow for the year		11,158	3,918
Cash and short term deposits at the beginning of the year	III	37,777	33,859
Cash and short term deposits at the end of the year	III	48,935	37,777

IUCN – International Union for Conservation of Nature and Natural Resources

Notes to the financial Statements for the Year ended 31 December 2017

All amounts in CHF ('000) unless otherwise stated

I. ORGANISATION AND ACTIVITY

IUCN, International Union for Conservation of Nature and Natural Resources is a membership organisation constituted by statutes adopted in 1948 at a conference convened by the Republic of France. The membership is comprised of states, governmental agencies, international and national non-governmental organizations, and indigenous peoples organisations. IUCN is registered in Gland, Switzerland as an association under article 60 of the Swiss Civil Code and is solely responsible, to the exclusion of its members, for all its transactions and commitments.

The highest governing body of IUCN is the World Conservation Congress which is composed of the membership of IUCN. The World Conservation Congress elects the Council which has authority to govern IUCN between meetings.

In 1986, IUCN concluded a fiscal agreement with the Swiss government which granted IUCN exemption from all Swiss taxes. IUCN has been granted observer status at the United Nations.

The mission of IUCN is to influence, encourage and assist societies throughout the world to conserve the integrity and diversity of nature and to ensure that any use of natural resources is equitable and ecologically sustainable.

II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND DEFINITIONS

All amounts are expressed in thousands of Swiss francs (CHF) unless otherwise indicated.

1. Accounting convention

The financial statements are prepared under the historical cost convention except for financial assets and loans that are measured at revalued amount or at fair value. The financial statements are prepared in accordance with the provisions of the Swiss Code of Obligations.

2. Basis of consolidation

The consolidated financial statements include all offices of IUCN and those entities over which IUCN has the power to govern the financial and operating policies so as to obtain benefits from their activities.

Branches:

- Asia Region
 - Asia Regional Office (Thailand)
 - Bangladesh Country Office
 - Cambodia Country Office
 - China Country Office
 - India Country Office
 - Indonesia Project Office
 - Lao PDR Country Office
 - Maldives Project Office
 - Myanmar Project Office
 - Nepal Country Office
 - Pakistan Country Office
 - Sri Lanka Country Office
 - Thailand Country Office
 - Vietnam Country Office

IUCN – International Union for Conservation of Nature and Natural Resources

Notes to the financial Statements for the Year ended 31 December 2017

All amounts in CHF ('000) unless otherwise stated

Eastern and Southern Africa Region

- Eastern and Southern Africa Regional Office (Kenya)
- Djibouti Project Office
- Mozambique Country Office
- Rwanda Project Office
- South Africa Country Office
- Tanzania Country Office
- Uganda Country Office
- Zimbabwe Country Office

- Eastern Europe and Central Asia Regional Office (Serbia)

- Environmental Law Centre (Germany)

- Mediterranean Office (Spain)

- Oceania Regional Office (Fiji)

- Mexico, Central America and the Caribbean Region
 - Mexico, Central America and the Caribbean Regional Office (Costa Rica)
 - El Salvador Project Office
 - Guatemala Project Office
 - Honduras Project Office
 - Mexico Project Office

- South America Region
 - South America Regional Office (Ecuador)
 - Brazil Country Office

- UK Species Programme (United Kingdom)

- Western and Central Africa Region
 - Western and Central Africa Regional Office (Burkina Faso)
 - Burkina Faso Country Office
 - Cameroon Country Office
 - Democratic Republic of Congo Country Office
 - Ghana Project Office
 - Guinea Project Office
 - Guinea Bissau Country Office
 - Mali Country Office
 - Mauritania Country Office
 - Niger Project Office

- West Asia Regional Office (Jordan)

- Washington, DC Office

Other entities:

- The International Union for the Conservation of Nature and Natural Resources, Registered Trustees (WASAA Trust Fund, Nairobi)
- IUCN, Bureau de Représentation auprès de l'Union Européenne aisbl
- Associação IUCN
- IUCN UK (A Company Limited by Guarantee)
- IUCN Maldives
- IUCN PNG Mangrove Rehabilitation and Management Project Association

IUCN – International Union for Conservation of Nature and Natural Resources

Notes to the financial Statements for the Year ended 31 December 2017

All amounts in CHF ('000) unless otherwise stated

3. Currency of accounts

a) Reporting currency

In accordance with IUCN's Regulations, the reporting currency for the consolidated financial statements is Swiss francs (CHF).

b) Functional currency

A separate set of accounts is maintained for each country where IUCN has a presence. The functional currency for each country is the national currency of the country with the exception of Fiji (USD), Costa Rica (USD) and Serbia (EUR) where the currency chosen better reflects the economic environment in which the office operates.

4. Foreign exchange

The following accounting policies are applied when converting transactions and balances to the reporting currency:

- Transactions denominated in currencies other than the office ledger currency are converted to the ledger currency and recorded on the basis of the exchange rate prevailing at the date of the transaction. At the end of the year all balances maintained in transaction currencies are translated to the currency of the office ledger at the year-end rate. The gains and losses incurred are recognised in the income statement of each office ledger.
- Except for fixed assets which are stated at historical values, non-Swiss franc balances in the consolidated balance sheet are translated to CHF at the year-end exchange rate and the resulting net unrealised gain or loss included in the balance sheet as a currency translation adjustment reserve.
- Project balances are expressed in the currency of the ledger in which they reside. Project balances in currencies other than CHF are translated to CHF at the year-end exchange rate. The resulting net unrealised gain or loss is recognized in the currency translation adjustment reserve.
- If, as a result of the application of the above translation policies, a net deficit would occur on the currency translation adjustment reserve the deficit would be recognized in the income and expenditure statement.

5. Income

Income comprises membership dues from members, contributions from donors, investment income, Swiss government tax rebates, rental of office space, and sundry income from the sale of other goods and services.

a) Membership dues

Membership dues are fixed by the World Conservation Congress, the supreme governing body of IUCN, and are recognised as unrestricted income in the year they fall due.

b) Voluntary donations

Voluntary donations comprise framework agreements with donors for the core activities of IUCN and project agreements for project activities.

Framework agreements income

Framework agreements are normally for periods of more than one year and may be subject to general restrictions in their use in terms of geography or thematic area.

IUCN – International Union for Conservation of Nature and Natural Resources

Notes to the financial Statements for the Year ended 31 December 2017

All amounts in CHF ('000) unless otherwise stated

Framework agreements income is recognized in the income statement as unrestricted income once the agreement has been signed and in accordance with the amounts specified in the agreement for each calendar year. Framework agreements income received in advance of the period to which it relates is recorded as deferred unrestricted income.

Framework in-kind contributions

In-kind contributions of staff are recognised at fair value over the period of the employment contract as both income and expenditure in the Consolidated Income and Expenditure Statement. The fair value of in-kind staff is taken as the average cost that would be incurred by IUCN, if it were to directly employ a person in a similar position.

Project agreements income

Project agreements income is restricted for specific project activities detailed in project agreements and subject to specific conditions imposed by the donor. Income is recognised as expenditure is incurred. At year end, the balance of projects are recorded as "Project agreement receivables" (current assets) where expenditure incurred on projects exceeded amounts advanced by donors, and under "Project agreement advances" (current liabilities) where advances from donors exceeded expenditure incurred.

c) Retention of staff income tax

Non-Swiss staff resident in Switzerland are exempt from paying taxes on their IUCN earnings on the basis of a fiscal agreement between IUCN and the Swiss Government, which entered into effect on 1st January 1987. In order to ensure equitable treatment of both Swiss and non-Swiss staff at Headquarters, an internal tax is levied on non-Swiss staff resident in Switzerland. This is shown as Retention of staff income tax in the Consolidated Income and Expenditure Statement and is classified as unrestricted income.

6. Expenditure

All unrestricted expenditure and project expenditure is accounted for on an accruals basis.

7. Cross charges from projects

Cross charges from projects represent transfers between Project agreements and Secretariat unrestricted funds and comprise staff time charged to projects and indirect costs funded from projects.

Staff time charges

IUCN staff costs are recorded as unrestricted costs. Staff working on projects charge their time spent on projects through a time recording system. Project agreements are charged the cost of staff time and the Secretariat unrestricted fund receives the income.

Indirect cost recoveries

Indirect costs are recorded as unrestricted costs. Indirect costs funded from project agreements are cross charged to projects and the Secretariat unrestricted fund receives the income.

8. Financial assets

Financial assets are recorded at fair value. Gains or losses arising from changes in fair values of financial assets are recognized in the income statement in the year that they occur as are foreign exchange gains or losses resulting from the revaluation of financial assets denominated in currencies other than the CHF.

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9. Fixed assets

a) Purchased assets

Purchased fixed assets are capitalised when the purchase price is one thousand CHF or above, or the equivalent in other currencies, and when ownership resides with IUCN.

b) In-kind assets

In-kind contributions of fixed assets are capitalised at fair value and the donations recorded as deferred income which is then recognised in the income statement over the estimated useful life of the assets in line with the depreciation charges.

c) Depreciation

Fixed assets are depreciated over their estimated useful lives on the following basis:

Computer hardware	3 years
Vehicles	4 - 7 years
Office furniture and equipment	4 - 7 years
Building renovations	10 - 20 years
Building installations	20 years
Building infrastructures	50 years

d) Donations for the purchase of fixed assets

Cash donations received for the purchase of fixed assets are recorded as deferred income and recognised in the income statement over the estimated useful life of the corresponding asset in line with the depreciation charge.

10. Intangible assets

Purchased computer software is capitalized on the basis of the costs incurred to acquire the software and bring it to its point of use.

Software is depreciated over its estimated useful life on a straight line basis over 5 to 7 years.

The cost of developing in-house software is expensed in the year that the costs are incurred.

11. Provisions

a) Provision for membership dues receivable

A general provision for outstanding membership dues is made to recognise the probability that not all dues will be received. The increase or decrease in the total provision is recognised in the income and expenditure statement. Provision for membership dues in arrears is calculated on the following basis, based on the outstanding balance at the close of the year.

Membership dues outstanding for:

	<u>2017</u>	<u>2016</u>
Four years or more	100%	100%
Three years	100%	60%
Two years	67%	40%
One year	33%	20%

The change in the level of provisions from 2016 to 2017 reflects a change in the rescission procedures. As of 2018, the IUCN membership will take decisions on a biannual basis to rescind members having arrears of dues of 2 years or more. Previously, such decisions were taken every four years.

The provision against the arrears of some state members and state agencies is calculated on an individual basis after a review of their own special situations.

Full provision is made against the dues owed by Members whose rights have been rescinded by the IUCN World Conservation Congress.

b) Provision for projects in deficit

A provision for projects in deficit is made in respect of those projects where expenditure has exceeded income and where the receipt of future additional funds to cover the excess expenditure is uncertain.

c) Staff terminations

Provision is made for the estimated cost of known redundancies. A redundancy is considered to be known when a management decision has been taken and communicated to the staff concerned.

Additional provision is made when there is a local legal obligation.

d) Staff leave and repatriation

Provision is made for holiday entitlement which has not been used by staff at the year-end. The balance at the year-end also includes the estimated cost of repatriation of international staff.

12. Loans at below market rate of interest

Loans are initially measured at fair value. The benefit of the below-market rate of interest is measured as the difference between the initial carrying value of the loan and the proceeds received. The benefit is recorded as deferred income and recognised over the period of the loan. The market rate of interest is reviewed annually and the carrying value adjusted for significant movements in the market rate.

An amount equivalent to the interest that would have been incurred had the loan been acquired at a market rate is recognised as both an income and an expense in the income and expenditure statement on an annual basis.

13. Hosted organisations

IUCN hosts certain organisations. A hosted organisation has no legal status in the country of operation and therefore operates under the legal umbrella of IUCN. A hosted organisation is operationally autonomous and is accountable to its own management and governance structures and not to IUCN.

Income received and expenditure incurred on behalf of a hosted organisation is accounted for in separate project accounts and excluded from consolidation. Funds held by IUCN on behalf of hosted organisations are recorded on the balance sheet as hosted organisation advances.

14. Reserves

IUCN maintains the following reserves:

a) Unrestricted reserves

IUCN Fund

The IUCN Fund is maintained in order to preserve IUCN's capital base. The use of the fund is governed by the IUCN Council and is maintained as a reserve of last resort.

Currency translation reserves

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The Currency translation reserve represents changes in the value of the net assets of IUCN at the consolidation level as a result of movements of functional currencies against the Swiss franc.

Retained surpluses

The Retained surpluses represent other unrestricted reserves.

b) Designated reserves

Designated reserves represent funds set aside from unrestricted reserves to cover the cost of future events or activities. The designation may be reversed at any time by the IUCN Council.

Reserve for statutory meetings

The Reserve for statutory meetings represents amounts allocated from unrestricted funds to cover costs of future meetings of the World Conservation Congress and related preparatory meetings.

Programme reserves

Programme reserves are funds set aside for specific future programme activities or for when unrestricted income is received in one financial year but the associated expenditure is planned in a future financial year.

Renovation fund

The Renovation fund represents funds allocated from unrestricted funds for future renovations of the Headquarters building.

Other Designated reserves

Other Designated reserves represent amounts allocated from unrestricted funds to cover the cost of other future costs or activities.

III. CASH AND SHORT TERM BANK DEPOSITS

Cash and short-term bank deposits include all bank accounts and short-term deposit accounts operated by IUCN worldwide. The analysis by region or office is shown below.

REGION OR OFFICE	2017	2016
Asia	2,294	2,975
Eastern and Southern Africa	2,633	2,191
Eastern Europe and Central Asia	341	65
Europe	1,495	664
Environmental Law Centre, Bonn	378	270
Headquarters	32,722	22,466
Mediterranean	388	726
Mexico, Central America and the Caribbean	2,210	2,632
Oceania	327	785
South America	272	395
United Kingdom	440	692
United States	1,896	1,332
Western and Central Africa	3,241	2,566
West Asia	298	18
Balance at 31 December	48,935	37,777

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IV. FINANCIAL ASSETS

	2017	2016
Bonds	10,834	8,366
Microfinance	2,987	2,793
Equities	1,183	1,457
Convertibles	886	626
Other Investments	592	763
Balance at 31 December	16,482	14,005

At 31 December 2017, an unrealized foreign exchange gain of CHF 3 (2016 – CHF 14 gain) was recognised on the investment portfolio.

During the year, CHF 274 of capital gains (2016 - CHF 86 gain) were realised on the sale of investments.

The Government of Zimbabwe appropriated USD bank accounts of IUCN in 2008. In 2015, treasury bills were issued to IUCN as compensation for the appropriation. The treasury bills have maturity dates to 2019. The treasury bills are recorded at estimated fair value of CHF nil and are included under Bonds.

V. MEMBERSHIP DUES RECEIVABLE AND PROVISION

	2017	2016
Gross membership dues receivable	3,885	4,285
Provision for dues in arrears	(2,239)	(2,693)
Net membership dues receivable at 31 December	1,646	1,592

The provision for membership dues in arrears has been calculated in accordance with the policy described in Note II.11 (a) and as adjusted in 2017. The change in the membership dues in arrears provision calculation in 2017 compared to 2016 resulted in an increased provision of CHF474.

	2014 and prior	2015	2016	2017	Total
State member	333	244	699	1,710	2,986
Government agencies	48	73	165	284	570
Indigenous peoples organisations	1	0	0	7	8
International NGOs	1	2	6	8	17
National NGOs	21	22	79	120	242
Affiliates	5	8	15	34	62
Total membership dues receivable	409	349	964	2,163	3,885
Provision for membership dues	(409)	(349)	(744)	(737)	(2,239)
Net membership dues receivable	0	0	220	1,426	1,646

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Movement in provision for membership dues

	2017	2016
Balance at 1 January	2,693	1,627
Addition to /(release from) provision	(26)	1,269
Write off of deficits against provision	(428)	(203)
Balance at 31 December	2,239	2,693

VI. STAFF RECEIVABLES

Staff receivables comprise travel advances, payroll advances and loans to staff outstanding as at 31 December.

	2017	2016
Travel advances	434	533
Payroll advances and staff loans	19	116
Balance at 31 December	453	649

VII. RECEIVABLES FROM PARTNER ORGANISATIONS

Receivables from partner organisations represent balances due from organisations associated with IUCN that are outstanding as at 31 December.

	2017	2016
RAMSAR Convention Secretariat	475	277

VIII. ADVANCES TO IMPLEMENTING PARTNERS

Advances to implementing partners represent amounts advanced to IUCN partners for the implementation of project agreements that were not spent as at 31 December.

	2017	2016
Asia	517	450
Eastern and Southern Africa	408	396
Headquarters	9,477	4,924
Mediterranean	15	61
Mexico, Central America and the Caribbean	274	239
South America	252	69
United Kingdom	220	251
United States	22	299
West Asia	172	127
Western and Central Africa	1,155	906
Balance at 31 December	12,512	7,722

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IX. PROJECT AGREEMENTS RECEIVABLES AND ADVANCES

Receivables and advances on project agreements represent respectively the total of projects with a negative cash balance and the total of projects with a positive cash balance at year end.

	2017	2016
Project agreement receivables	(14,073)	(16,300)
Project agreement advances	57,885	50,179
Balance at 31 December	43,812	33,879

X. FRAMEWORK AGREEMENTS RECEIVABLES

Framework agreements receivables represent framework agreements income due but not received as at the end of the year. As at 31 December 2017 there was CHF 510 receivable compared to CHF nil receivable at 31 December 2016.

XI. FIXED ASSETS

1. Movement in fixed assets

	Building Infrastructures	Building Installations	Other Land and Buildings	Vehicles, Equipment, Furniture & Fixtures	Total
Purchase value:					
Balance as at 31 December, 2015	27,178	13,775	4,911	10,532	56,396
Additions	-	-	157	1,118	1,275
Disposals	-	-	(15)	(1,794)	(1,809)
Balance as at 31 December, 2016	27,178	13,775	5,053	9,856	55,862
Additions	-	-	228	617	845
Disposals	-	-	-	(1,707)	(1,707)
Balance as at 31 December, 2017	27,178	13,775	5,281	8,766	55,000
Depreciation:					
Balance as at 31 December 2015	(8,466)	(5,585)	(861)	(8,250)	(23,162)
Charge for the year 2016	(544)	(575)	(281)	(1,202)	(2,602)
Disposals	-	-	15	1,751	1,766
Balance as at 31 December 2016	(9,010)	(6,160)	(1,127)	(7,701)	(23,998)
Charge for the year 2017	(544)	(575)	(278)	(932)	(2,329)
Disposals	-	-	-	1,685	1,685
Balance as at 31 December 2017	(9,554)	(6,735)	(1,405)	(6,948)	(24,642)
Net book value:					
Balance as at 31 December 2016	18,168	7,615	3,926	2,155	31,864
Balance as at 31 December 2017	17,624	7,040	3,876	1,818	30,358

Fixed assets purchased using unrestricted funds are depreciated over their estimated useful lives as per Note II.9.

2. Land

In 1990, the commune of Gland gave IUCN the right to use a plot of land for the purpose of building the IUCN Secretariat Headquarters. The right was granted at no cost for a period of 50 years, i.e. until August 2040. In 2008, the commune of Gland gave IUCN the right of use of an adjacent piece of land to the original plot for a period of 50 years, with the permission to construct an extension to the existing IUCN Headquarters building.

3. IUCN Headquarters building

Included in Building Infrastructures and Building Installations is the Headquarters building of IUCN. This consists of an original building and an extension.

a) Original building

The original building was financed by donations received from the Swiss Confederation, the Canton of Vaud and the Commune of Gland. Although IUCN formally owns the Headquarters building, it enjoys a restricted use and cannot dispose of it or use it as collateral without the approval of the Swiss Government. If disposed of, the Swiss Government has the right to recuperate its initial outlay plus a percentage of the value added, if applicable. The cost of the building is included in fixed assets and the net book value is matched by a corresponding value of deferred income to recognise the restricted nature of the building. The deferred income is released over the estimated useful life of the building in line with the depreciation of the building.

In 2014, the Canton of Vaud provided a grant of CHF 600 towards the renovation of the original building. The grant will be released over the estimated useful life of the building renovation (20 years).

b) Building extension

The building extension was financed by an interest free loan from the Swiss Government of CHF 20,000 payable in 50 equal yearly instalments of CHF 400, the first of which was paid in December 2010. In addition to the loan from the Swiss Government, IUCN received cash donations of CHF 4,092 and in-kind donations of CHF 1,787.

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XII. INTANGIBLE ASSETS

As at 31 December 2017 expenditure of CHF 4,728 (2016 - CHF 4,698) had been incurred on the development and implementation of an ERP system and portal applications. The ERP system went “live” at the IUCN Headquarters in July 2011 and has been depreciated from this point.

Movement in Intangible assets

	2017	2016
Purchase value:		
Balance at 1 January	4,408	4,327
Additions	30	81
Balance at 31 December	4,438	4,408
Amortisation:		
Balance as of 1 January	(3,433)	(2,762)
Charge for the year	(636)	(671)
Balance at 31 December	(4,069)	(3,433)
Net Book Value at 31 December	369	975

XIII. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities represent amounts owed to creditors and suppliers as at the end of the year. Of the total outstanding balance of CHF 13,907 as at 31 December 2017 (2016 – CHF 7,593), CHF 10,025 (2016 - CHF 3,342) is related to Headquarters and the balance to regional and country offices.

	2017	2016
Accounts payable and supplier accruals	6,082	5,532
Accruals for implementing partners	7,825	2,061
Balance at 31 December	13,907	7,593

XIV. PENSION FUND OBLIGATIONS

IUCN operates different pension plans in different countries, each conforming to the legal regulations in the respective country. On 31 December 2017, the liability to the pension schemes amounted to CHF 0 (2016 CHF 60).

XV. HOSTED ORGANISATIONS ADVANCES

Hosted organisation advances represent funds held by IUCN on behalf of hosted organisations.

	2017	2016
Balance at 1 January	589	729
Income	3,736	5,204
Expenditure	(3,848)	(4,950)
	477	983
Movement on funds held	34	(394)
Balance at 31 December	511	589

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XVI. PROVISIONS

1. Projects in deficit

The provision for projects in deficit is funded by unrestricted income and covers projects where negotiations are still ongoing but where IUCN considers that it may not be able to obtain additional funds from donors to cover expenditures already incurred.

Movement in project deficit provision

	2017	2016
Balance at 1 January	1,495	1,064
Additions to provision	1,351	835
Utilization of provision	(675)	(404)
Balance at 31 December	2,171	1,495
Region	2017	2016
Asia	497	108
Eastern and Southern Africa Region	302	10
Eastern Europe and Central Asia	17	16
Headquarters	457	938
Mediterranean	79	-
Oceania	426	277
Western and Central Africa	106	73
West Asia	287	73
Balance at 31 December	2,171	1,495

2. Staff termination

The provision for staff termination is calculated separately for each office to comply with local labour laws. Irrespective of local labour law, provision is made for the estimated cost of staff termination when a decision has been made to terminate a member of staff and the decision has been communicated to the individual concerned.

Movement in provision for staff termination

	2017	2016
Balance at 1 January	1,450	1,495
Additions to provision	913	1,016
Utilization of provision	(787)	(1,061)
Balance at 31 December	1,576	1,450

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XVII. DEFERRED INCOME

Deferred unrestricted income represents income received in advance of the period to which it relates.

	2017	2016
Deferred unrestricted income	1,196	103
US deferred rent	-	31
Donations for construction of HQ building extension		
Donations in cash	2,855	2,956
Donations in kind	273	344
Donation in cash for renovation of original building	496	527
	3,624	3,827
Headquarters original building	7,708	8,017
Interest free government loan	5,491	5,721
Total	18,019	17,699
Current		
Deferred unrestricted income	1,196	103
Buildings:		
Original building	339	339
Building extension	124	172
Total buildings	463	511
Total current deferred income	1,659	614
Non-current		
US deferred rent	-	31
Original building	7,400	7,709
Building extension	8,960	9,345
Total long term deferred income	16,360	17,085
Total deferred income	18,019	17,699

IUCN Washington DC Office entered into a long term rental contract and benefits from lower rental costs at the beginning of the ten year contract. In 2014, the lease was extended and will expire in 2025. With the original lease, the office is paying an annual increase in rent of 4%, which is higher than annual inflation estimated at 1.75%. The difference of the low initial rental costs and the higher annual rental increases is recorded as deferred income to straight line the cost over the relevant rental period. The low initial rental cost benefits were gradually eliminated in the lease extension.

Donations received for the headquarters buildings (original and extension) are recorded as deferred income and recognised over the useful life of the corresponding purchased or donated assets (see Note XI 3).

The deferred income on the government loan represents the difference between the fair value of the loan CHF 11,298 (2016 - CHF 11,469) and the outstanding cash value of the loan CHF 16,789 (2016 - CHF 17,190) (see Note XVIII). This difference represents the fair value of the interest saved on the interest free loan granted by the Swiss Government and is recognised over the period of the loan.

XVIII. NEW BUILDING LOAN**Headquarters building extension loan**

	2017	2016
Current	174	171
Non-current	11,124	11,298
Balance at 31 December	11,298	11,469

The Swiss Government provided an interest free loan of CHF 20,000 to finance the headquarters building extension.

The loan is repayable in 50 annual instalments of CHF 400. The first instalment was paid in December 2010.

The fair value of the loan is estimated at CHF 11,298 (2016 - CHF 11,469). The outstanding cash value of the loan has been discounted at a rate of 2% (2016 - 2%) which represents the market interest rate for a 10-year loan based on current market conditions. The difference of CHF 5,491 (2016 - CHF 5,721) between the outstanding cash value and the fair value of the loan is the benefit derived from the interest-free loan and is recorded as deferred income (see Note XVII).

The value of the interest that would have been paid on an equivalent commercial loan of 2% is estimated at CHF 336 (2016 - 2%, CHF 344). This has been recorded in the income and expenditure statement under Interest income to recognize the benefit of the interest free loan and under financial charges to recognize the interest that would have been paid.

XIX. FUNDS AND UNRESTRICTED RESERVES**1. Unrestricted reserves****Currency translation adjustments & foreign exchange gains and losses**

Exchange gains and losses at the individual ledger levels are dealt with in the income statement. The net unrestricted loss on exchange for the year amounted to CHF 292 gain (2016 - loss of CHF 396).

Exchange gains and losses on consolidation and translation of ledgers maintained in other currencies to CHF are taken to the currency translation adjustment reserve. The net movement during 2017 was a gain of CHF 30 (2016 - loss of CHF 307).

2. Designated reserves**a) Reserve for statutory meetings**

In 2017, CHF 489 (2016 – CHF 103) was allocated to the Reserve for statutory meetings from Retained surpluses to cover future costs for the 2020 Congress (CHF 239) and the Regional Conservation Fora (CHF 250).

b) Other designated reserves

In 2017, CHF 671 (2016 – release from reserve CHF 541) was allocated to Other designated reserves in respect of: the IUCN Commissions - CHF 214 (2016 - release from reserve - CHF 445), External review - CHF 75 (2016 – release from reserve - CHF 96) and systems investments - CHF 382 (2016 – nil).

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c) Programme Reserves

No transfers were made to Programme Reserves during 2017 (2016 – release from reserves – CHF 5,301).

d) Renovation fund

A net allocation of CHF 16 (2016 - CHF 24) was made from Retained surpluses to the Renovation fund to cover future renovation costs of the IUCN Headquarters building.

XX. RETENTION OF STAFF INCOME TAX

Swiss Government tax rebates amounted to CHF 1,292 (2016 – CHF 1,319) and represents the value of taxes that would have been paid by non-Swiss staff in the absence of the Fiscal Agreement between IUCN and the Swiss Government which exempts non-Swiss staff from payroll taxes and which entered into effect on 1 January 1987.

XXI. FRAMEWORK INCOME

Annex A lists Framework Agreements income by donor and details income allocations to the IUCN programme and operational units.

Framework income includes in-kind contributions of CHF 481 (2016 - CHF 307).

XXII. OTHER OPERATING INCOME

Other operating income of CHF 4,450 (2016 - CHF 3,514) shown under Secretariat unrestricted funds includes overhead and management fees from Ramsar Convention Secretariat of CHF 515 (2016 - CHF 536), rental income of CHF 960 (2016 - CHF 866) and recognition of deferred income of donations for the headquarters original building and building extension CHF 511 (2016 - CHF 645). The balance of other operating income is made up of miscellaneous external income received by IUCN both at Headquarters and other offices around the world.

XXIII. EXCHANGE DIFFERENCES ON REVALUATION OF PROJECT BALANCES

Project balances are expressed in the currency of the country ledger. At the end of the year, project balances expressed in non-CHF ledgers are revalued to CHF using the year-end exchange rates. The resulting unrealised gain or loss is recorded as an adjustment to project balances on the balance sheet and the Currency translation adjustment reserve. The net adjustment is passed through the income and expenditure statement for project agreements to reflect the net movement on the project portfolio.

XXIV. AUDIT FEE

The following fees were paid to the auditors of IUCN's financial statements.

	2017	2016
Consolidated financial statement audit	165	189
Other audits	48	126

XXV. RELATED PARTIES

1. Identity of related parties

a) The Commissions

The Commissions of IUCN are networks of expert volunteers entrusted to develop and advance the institutional knowledge and experience and objectives of IUCN. The Commissions are established by Congress which determines their mandate.

b) The National and Regional Committees

National and Regional Committees are groupings of Members of IUCN from specific states or regions. Their role is to facilitate cooperation among Members and to coordinate the participation of Members in the programme and governance of IUCN.

c) The Convention on Wetlands of International Importance (Ramsar)

Ramsar is hosted by the IUCN Secretariat and operates under its legal personality. It is headed by a Secretary General with sole responsibility for the administration of the convention funds and for all administrative matters, with the exception of those requiring the exercise of legal personality. IUCN provides services to the Ramsar Secretariat in terms of financial and budgetary management, office facilities, human resources management and information technology.

d) TRAFFIC International

TRAFFIC International is a charity registered in the United Kingdom and is a strategic alliance between WWF International and IUCN. The IUCN Secretariat hosts TRAFFIC operations in its offices in Cameroon, Thailand and South Africa where they operate under the legal personality of IUCN.

e) International Union for Conservation of Nature and Natural Resources – US

The International Union for Conservation of Nature and Natural Resources – US is a US registered charity whose main purpose is to raise funds for conservation to be spent in partnership with IUCN and its members.

2. Transactions with related parties

During the course of the year IUCN made contributions of CHF 1,300 to the Commissions (2016 – CHF 1,443). The amount is distributed across the expenditure headings that reflect the nature of the expenses incurred by the Commissions.

During the year and as part of the services IUCN provides to Ramsar, IUCN received funds of CHF 5,488 (2016 – CHF 5,729) and incurred payments of CHF 5,237 (2016 – CHF 5,650) on behalf of Ramsar. At year-end the balance held in trust for Ramsar amounted to CHF 4,466 (2016 – CHF 4,599). These transactions are recorded in Ramsar accounts and financial statements and are therefore not presented in the financial statements of IUCN. During the year, IUCN received fees of CHF 515 (2016 – CHF 536) for the services provided to Ramsar and which are included in Other operating income.

During the year IUCN made contributions of CHF 446 to TRAFFIC International (2016 – CHF 275).

During the year IUCN received funds from the International Union for the Conservation of Nature and Natural Resources – US of USD 791 (CHF 743) and in 2016, USD 1,259 (CHF 1,254) was received.

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Summary of legally controlled entities:

Company	Year-end closing	Currency	Capital	Share of capital	
				2017	2016
The International Union for the Conservation of Nature and Natural Resources, Registered Trustees, (WASAA Trust Fund, Nairobi)	31.12	KES	220,840	100%	100%
IUCN, Bureau de Représentation auprès de l'Union Européenne asbl	31.12	EUR	77	100%	100%
Associação IUCN	31.12	BLR	223	20%	20%
IUCN UK (A Company Limited by Guarantee)	31.12	GBP	115	NA	NA
IUCN Maldives	31.12	MVR	540	100%	100%
IUCN PNG "Mangrove Rehabilitation and Management Project Association	dormant				

XXVI. OPERATING LEASES

At 31 December 2017, IUCN has future minimum office rental commitments amounting to CHF 6,007 (2016 – CHF 5,973) relating to expected rental fees until the end of the lease contract expiring from March 2018 to December 2025.

IUCN has leasing contracts for office equipment and vehicles amounting to CHF 205 (2016 – CHF 136) expiring June 2017 to July 2022.

XXVII. BANK GUARANTEE

At 31 December 2017, IUCN had bank guarantees totalling Mozambique Metical 2,862 (CHF 47) (2016 – EUR 2,071 – CHF 2,220) in favour of an IUCN donor. Cash for an equivalent amount is pledged at the corresponding bank.

ANNEX A – CORE FUNDS UNDER FRAMEWORK AGREEMENTS

All amounts in CHF ('000)

	2017	2017	2016	2016
	Secretariat expenditure	Framework core allocation	Secretariat expenditure	Framework core allocation
Central and West Africa Region	3,738	789	4,272	882
Eastern and Southern Africa Region	4,095	739	4,355	827
Asia Region	7,420	998	7,798	1,115
Meso America and Caribbean	4,274	480	3,979	545
South America and Brazil	1,469	383	1,190	481
European Regional Office, Brussels	844	-	820	-
Eastern Europe and Central Asia Regional Office	396	-	396	-
West Asia Region	1,030	386	1,218	439
Mediterranean Cooperation Centre	1,353	-	1,035	-
Oceania	1,623	389	1,910	442
Washington DC Office	1,085	-	1,125	-
Sub Total Regional Components	27,327	4,164	28,097	4,731
Director's Office, Biodiversity Conservation Group	377	493	466	493
Species Programme	3,056	676	3,243	803
Protected Areas Programme	1,570	529	1,347	541
World Heritage Programme	1,003	385	1,038	407
Traffic International	446	446	573	275
Sub Total Biodiversity Conservation Group	6,452	2,529	6,667	2,518
Director's Office, Nature-based Solutions Group	508	440	523	441
Ecosystem Management Programme	1,321	324	1,418	260
Forest & Climate Change Programme	2,597	321	2,908	382
Marine & Polar Programme	1,783	424	1,521	445
Water & Food Security Programme	1,049	298	1,114	356
Business & Biodiversity Programme	1,185	338	1,344	401
Governance and Rights Programme	1,134	532	1,585	818
Sub Total Nature-based Solutions Group	9,577	2,677	10,411	3,103
Director's Office, Programme & Policy Group	414	455	427	480
Economic Knowledge	504	291	-	-
Science and Knowledge Unit	894	762	842	795
Global Policy Unit	641	600	609	574
Environmental Law Programme	1,100	413	1,153	504
GEF Coordination Unit	681	607	669	684
Sub Total PPG - Programme & Policy Group	4,234	3,128	3,700	3,037
Commission on Education and Communication	124	209	229	232
Commission on Ecosystem Management	179	209	244	232
World Commission on Environmental Law	138	220	175	244
World Commission on Protected Areas	184	218	231	242
Species Survival Commission	246	235	277	261
Commission on Environment, Economics and Social Policy	175	209	224	232
Sub Total Commissions	1,046	1,300	1,378	1,443
Director's office, Union Development Group	851	-	1,638	-
Governance	636	-	652	-
Sub Total Union Development	1,487	-	2,291	-
Directorate	1,471	145	1,558	159
Office of the Legal Adviser	461	-	511	-
Oversight Unit	209	-	246	-
Planning, Monitoring & Evaluation Unit	531	595	539	654
Global Communications Unit	1,130	-	1,252	167
Finance Group	1,862	-	2,159	-
Global Programme Operations Unit	844	-	-	-
Human Resources Management Group	1,202	-	1,252	-
Strategic Partnerships Unit	569	-	638	-
General Services Unit	2,997	-	3,066	-
Information Systems Group	4,067	-	4,249	-
Sub Total Corporate Support Units	15,343	740	15,471	981
OVERALL TOTAL	65,466	14,538	68,015	15,811
Non-operating expenditure	23	-	42	-
Operating expenses as per the Income & Expenditure Statement	65,489	14,538	68,057	15,811
Reconciliation of Framework Income to the Financial Statements		2017		2016
Overall Total allocations as above		14,538		15,811
Realised foreign exchange on cash contributions		-		6
Surplus/(Deficit) at year-end transferred to unrestricted reserve		(1,960)		(1,941)
Total Funding Framework Agreements		12,578		13,877

ANNEX A – CORE FUNDS UNDER FRAMEWORK AGREEMENTS

All amounts in CHF ('000)

	2017	2016
Framework Agreement Partners	TOTAL	TOTAL
Ministry of Foreign Affairs (DANIDA) - Denmark	-	3,527
Agence Française de Développement (AFD), Ministry for Europe and Foreign Affairs (MEAE), Ministry of Ecological and Inclusive Transition (MTES), Ministry of Agriculture and Food (MAA); Ministry of Overseas Territories (MOM) – France	481	924
MAVA Fondation pour la Nature – Switzerland	1,000	1,000
Ministry of Environment, Republic of Korea (MOE) – Korea	500	600
Ministry of Foreign Affairs – Finland	410	375
Norwegian Agency for Development Cooperation (NORAD) – Norway	2,524	2,507
Swedish International Development Agency (Sida) – Sweden	4,627	2,893
Swiss Agency for Development and Cooperation (SDC) – Switzerland	2,200	2,050
U.S. Department of State	836	-
Total Funding Framework Agreements	12,578	13,877

Framework income allocations are made on the basis of budgeted income at the start of the year. The difference between allocations made and actual income received is taken to unrestricted reserves. This is compensated by balances on other funding sources to arrive at the overall result for the year.

***IUCN, International Union for
Conservation of Nature and
Natural Resources***

Gland

***Report of the
statutory auditor to the
Council on the consolidated
financial statements 2018***





Report of the statutory auditor to the Council of IUCN, International Union for Conservation of Nature and Natural Resources Gland

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of IUCN, International Union for Conservation of Nature and Natural Resources, which comprise the consolidated balance sheet as at 31 December 2018, consolidated income and expenditure statement, consolidated funds and reserve statement, consolidated cash flow statement and notes for the year then ended, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements as at 31 December 2018 comply with Swiss law, IUCN Statutes, as well as with the consolidation and valuation principles described in the notes.

Basis for opinion

We conducted our audit in accordance with Swiss law, International Standards on Auditing (ISAs) and Swiss Auditing Standards. Our responsibilities under those provisions and standards are further described in the “Auditor’s responsibilities for the audit of the consolidated financial statements” section of our report.

We are independent of the Group in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information in the annual report

The Management is responsible for the other information in the annual report. The other information comprises all information included in the annual report, but does not include the consolidated financial statements, the stand-alone financial statements of IUCN, International Union for Conservation of Nature and Natural Resources and our auditor’s reports thereon.

Our opinion on the consolidated financial statements does not cover the other information in the annual report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information in the annual report and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



Responsibilities of the Management for the consolidated financial statements

The Management is responsible for the preparation of the consolidated financial statements in accordance with the provisions of Swiss law, and for such internal control as the Management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law, ISAs and Swiss Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Swiss law, ISAs and Swiss Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- Conclude on the appropriateness of the Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Management or its relevant committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Report on other legal and regulatory requirements

In accordance with article 818 paragraph 1 CO in connection with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists which has been designed for the preparation of consolidated financial statements according to the instructions of the Management.

We recommend that the consolidated financial statements submitted to you be approved.

PricewaterhouseCoopers SA

Yves Cerutti
Audit expert
Auditor in charge

Marcello Stimato
Audit expert

Geneva, 3 June 2019

Enclosure:

- Consolidated financial statements (consolidated balance sheet, consolidated income and expenditure statement, consolidated funds and reserve statement, consolidated cash flow statement and notes)
- Annex A –Core Funds under Framework Agreements

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IUCN – International Union for Conservation of Nature and Natural Resources

CONSOLIDATED BALANCE SHEET AS OF 31 DECEMBER 2018

Report Currency: CHF ('000)

	Notes	31.12.2018	31.12.2017
ASSETS			
Current assets			
Cash and short term bank deposits	III	47,656	48,935
Financial assets	IV	16,148	16,482
Membership dues receivables (net)	V	1,972	1,646
Staff receivables	VI	393	453
Receivables from partner organisations	VII	338	475
Advances to implementing partners and grantees	VIII	14,465	12,512
Prepayments		1,160	1,020
Donor funds receivable		4,307	3,318
Project agreement receivables	IX	14,686	14,073
Framework agreements receivables	X	712	510
Other account receivables		1,607	1,222
Total Current assets		103,444	100,646
Non-current assets			
Fixed assets (net)	XI	28,817	30,358
Intangible assets (net)	XII	127	369
Total Non-current assets		28,944	30,727
TOTAL ASSETS		132,388	131,373
LIABILITIES AND FUND BALANCES			
Current liabilities			
Membership dues paid in advance		1,534	1,409
Accounts payable and accrued liabilities	XIII	13,841	13,907
Social charges payable		69	354
Project agreement advances	IX	62,369	57,885
Deferred unrestricted income	XVII	709	1,196
Deferred income buildings	XVII	467	463
New building loan	XVIII	177	174
Advances from hosted organisations	XV	496	511
Miscellaneous current liabilities		598	635
Total Current liabilities		80,260	76,534
Provisions			
Projects in deficit	XVI	1,928	2,171
Staff leave and repatriation		1,975	2,135
Staff termination	XVI	1,726	1,576
Total Provisions		5,629	5,882
Non-current liabilities			
Long term deferred income	XVII	15,685	16,360
New building loan	XVIII	10,947	11,124
Total Non-current liabilities		26,632	27,484
Funds and Unrestricted Reserves			
Designated reserves	XIX	2,648	2,025
Unrestricted reserves	XIX	17,219	19,448
Total Funds and Unrestricted Reserves		19,867	21,473
TOTAL LIABILITIES AND FUND BALANCES		132,388	131,373

IUCN – International Union for Conservation of Nature and Natural Resources

CONSOLIDATED INCOME AND EXPENDITURE STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2018

Report Currency: CHF ('000)

	2018			2017			
	Notes	Secretariat Unrestricted	Project Agreements	Total	Secretariat Unrestricted	Project Agreements	Total
EXTERNAL OPERATING INCOME							
Membership dues		12,768	-	12,768	11,735	-	11,735
Retention of staff income tax	XX	1,487	-	1,487	1,292	-	1,292
Agreements income		33	93,129	93,162	5	95,123	95,128
Framework income	XXI	11,229	-	11,229	12,578	-	12,578
Other operating income	XXII	6,041	324	6,365	4,450	278	4,728
TOTAL EXTERNAL OPERATING INCOME		31,558	93,453	125,011	30,060	95,401	125,461
INTERNAL ALLOCATIONS							
Cross charges from projects		36,078	(36,078)	-	36,402	(36,402)	-
Other internal allocations		78	(78)	-	961	(961)	-
TOTAL INTERNAL ALLOCATIONS		36,156	(36,156)	-	37,363	(37,363)	-
OPERATING EXPENDITURE							
Staff costs		53,187	6,736	59,923	52,077	6,576	58,653
Consultants		1,687	16,586	18,273	1,579	18,992	20,571
Grants to partners		484	3,271	3,755	481	4,920	5,401
Travel		2,860	12,201	15,061	2,365	12,085	14,450
Workshops and conferences		269	2,099	2,368	290	1,897	2,187
Publications and printing costs		249	2,791	3,040	299	2,303	2,602
Office and general administrative costs		3,923	3,850	7,773	3,894	4,835	8,729
Vehicles & equipment - costs & maintenance		909	9,170	10,079	955	6,911	7,866
Professional fees or costs		593	955	1,548	590	637	1,227
Depreciation and amortization		2,459	6	2,465	2,959	8	2,967
TOTAL OPERATING EXPENDITURE		66,620	57,665	124,285	65,489	59,164	124,653
NET OPERATING SURPLUS/(DEFICIT)		1,094	(368)	726	1,934	(1,126)	808
OTHER INCOME - EXPENDITURE							
Interest income	XVIII	515	8	523	501	6	507
Financial charges	XVIII	(542)	(157)	(699)	(538)	(186)	(724)
Capital gains (losses)	IV	(408)	-	(408)	274	-	274
Net gains/(losses) on foreign exchange		(504)	(552)	(1,056)	292	718	1,010
Exchange differences on revaluation of project balances	XXIII	-	(106)	(106)	-	573	573
Net movements in provision and write-offs		(1,186)	1,175	(11)	(1,331)	15	(1,316)
TOTAL OTHER INCOME - EXPENDITURE		(2,125)	368	(1,757)	(802)	1,126	324
NET SURPLUS/(DEFICIT) FOR THE YEAR		(1,031)	-	(1,031)	1,132	-	1,132

IUCN – International Union for Conservation of Nature and Natural Resources

Consolidated Funds and Reserve Statement for the Year ended 31 December 2018

Report Currency: CHF ('000)

	Designated Reserves				Unrestricted Reserves			Total	
	Reserve for Statutory Meetings	Other Designated Reserves	Renovation Fund	Total Designated Reserves	Currency Translation Reserve	IUCN Fund	Retained Surpluses		Total Unrestricted Reserves
Balance as at 1 January 2017	-	-	849	849	1,329	8,621	9,512	19,462	20,311
Net surplus/(deficit) for the year	-	-	-	-	-	-	1,132	1,132	1,132
Foreign exchange adjustment	-	-	-	-	30	-	-	30	30
Allocation to renovation fund	-	-	16	16	-	-	(16)	(16)	-
Allocation to other designated reserves	-	671	-	671	-	-	(671)	(671)	-
Allocation to reserve for statutory meetings	489	-	-	489	-	-	(489)	(489)	-
Balance as at 31 December 2017	489	671	865	2,025	1,359	8,621	9,468	19,448	21,473
Balance as at 1 January 2018	489	671	865	2,025	1,359	8,621	9,468	19,448	21,473
Net surplus/(deficit) for the year	-	-	-	-	-	-	(1,031)	(1,031)	(1,031)
Foreign exchange adjustment	-	-	-	-	(575)	-	-	(575)	(575)
Allocation to renovation fund	-	-	11	11	-	-	(11)	(11)	-
Allocation to other designated reserves	-	269	-	269	-	-	(269)	(269)	-
Allocation to reserve for statutory meetings	343	-	-	343	-	-	(343)	(343)	-
Balance as at 31 December 2018	832	940	876	2,648	784	8,621	7,814	17,219	19,867

IUCN – International Union for Conservation of Nature and Natural Resources

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2018

Report Currency: CHF ('000)

	Notes	2018	2017
Cash flow from operations			
Surplus/(deficit) from operations		(1,031)	1,132
Effect of exchange rate	XIX	(575)	30
Net balance from operations		(1,606)	1,162
Depreciation of fixed assets	XI	2,139	2,329
Amortisation and write-down of intangible assets	XII	354	636
Increase / (decrease) in provisions for projects in deficit	XVI	(243)	676
Increase / (decrease) in staff leave and repatriation liabilities		(160)	93
Increase / (decrease) in the provision for staff termination	XVI	150	126
Increase / (decrease) in other provisions		-	(39)
(Increase) / decrease in membership dues receivables (net)	V	(326)	(54)
(Increase) / decrease in staff receivables	VI	59	196
(Increase) / decrease in receivables from partner organisations	VII	137	(198)
(Increase) / decrease in advances to implementing partners	VIII	(1,953)	(4,790)
(Increase) / decrease in prepayments		(140)	(264)
(Increase) / decrease in donor funds receivable		(989)	(525)
(Increase) / decrease in project agreement receivables	IX	(613)	2,227
(Increase) / decrease in framework agreements receivable	X	(202)	(510)
(Increase) / decrease in other accounts receivable		(383)	(256)
Increase / (decrease) in membership dues paid in advance		125	(568)
Increase / (decrease) in accounts payable and accrued liabilities	XIII	(66)	6,314
Increase / (decrease) in social charges payable		(285)	(254)
Increase / (decrease) in project agreement advances	IX	4,484	7,706
Increase / (decrease) in miscellaneous current liabilities		(34)	409
Increase / (decrease) in hosted organisations advances	XV	(15)	(80)
(Gain)/loss on disposal of fixed assets	XI	33	25
Total cash flow from operations		466	14,361
Cash flow from investing activities			
Purchase of fixed assets	XI	(634)	(845)
Net movement in financial assets	IV	334	(2,477)
Purchase of intangible assets	XII	(112)	(30)
Total cash flow from investing activities		(412)	(3,352)
Cash flow from financing activities			
Increase / (decrease) in loan	XVIII	(174)	(171)
Increase / (decrease) in current deferred income	XVII	(483)	1,045
Increase / (decrease) in long-term deferred income	XVII	(676)	(725)
Total cash flow from financing activities		(1,333)	149
Net cash inflow for the year		(1,279)	11,158
Cash and short term deposits at the beginning of the year	III	48,935	37,777
Cash and short term deposits at the end of the year	III	47,656	48,935

IUCN – International Union for Conservation of Nature and Natural Resources

Notes to the Consolidated Financial Statements for the Year ended 31 December 2018

All amounts in CHF ('000) unless otherwise stated

I. ORGANISATION AND ACTIVITY

IUCN, International Union for Conservation of Nature and Natural Resources is a membership organisation constituted by statutes adopted in 1948 at a conference convened by the Republic of France. The membership is comprised of states, governmental agencies, international and national non-governmental organizations, and indigenous peoples organisations. IUCN is registered in Gland, Switzerland as an association under article 60 of the Swiss Civil Code and is solely responsible, to the exclusion of its members, for all its transactions and commitments.

The highest governing body of IUCN is the World Conservation Congress which is composed of the membership of IUCN. The World Conservation Congress elects the Council which has authority to govern IUCN between meetings.

In 1986, IUCN concluded a fiscal agreement with the Swiss government which granted IUCN exemption from all Swiss taxes. IUCN has been granted observer status at the United Nations.

The mission of IUCN is to influence, encourage and assist societies throughout the world to conserve the integrity and diversity of nature and to ensure that any use of natural resources is equitable and ecologically sustainable.

II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND DEFINITIONS

All amounts are expressed in thousands of Swiss francs (CHF) unless otherwise indicated.

1. Accounting convention

The financial statements are prepared under the historical cost convention except for certain financial assets and loans that are measured at revalued amount or at fair value. The financial statements are prepared in accordance with the provisions of the Swiss Code of Obligations.

2. Basis of consolidation

The consolidated financial statements include all offices of IUCN and those entities over which IUCN has the power to govern the financial and operating policies so as to obtain benefits from their activities.

Branches:

- Asia Region
 - Asia Regional Office (Thailand)
 - Bangladesh Country Office
 - Cambodia Country Office
 - China Country Office
 - India Country Office
 - Indonesia Project Office
 - Lao PDR Country Office
 - Maldives Project Office
 - Myanmar Project Office
 - Nepal Country Office
 - Pakistan Country Office
 - Sri Lanka Country Office
 - Thailand Country Office
 - Vietnam Country Office

IUCN – International Union for Conservation of Nature and Natural Resources

Notes to the Consolidated Financial Statements for the Year ended 31 December 2018

All amounts in CHF ('000) unless otherwise stated

- Eastern and Southern Africa Region
 - Eastern and Southern Africa Regional Office (Kenya)
 - Mozambique Country Office
 - Rwanda Project Office
 - South Africa Country Office
 - Tanzania Country Office
 - Uganda Country Office
 - Zimbabwe Country Office
- Eastern Europe and Central Asia Regional Office (Serbia)
- Environmental Law Centre (Germany)
- Mediterranean Office (Spain)
- Oceania Regional Office (Fiji)
- Mexico, Central America and the Caribbean Region
 - Mexico, Central America and the Caribbean Regional Office (Costa Rica)
 - El Salvador Project Office
 - Guatemala Project Office
 - Honduras Project Office
 - Mexico Project Office
- South America Region
 - South America Regional Office (Ecuador)
 - Brazil Country Office
- UK Species Programme (United Kingdom)
- Western and Central Africa Region
 - Western and Central Africa Regional Office (Burkina Faso)
 - Burkina Faso Country Office
 - Cameroon Country Office
 - Democratic Republic of Congo Country Office
 - Ghana Project Office
 - Guinea Bissau Country Office
 - Mali Country Office
 - Mauritania Country Office
 - Niger Project Office
 - Senegal Country Office
- West Asia Regional Office (Jordan)
- Washington, DC Office

Other entities:

- The International Union for the Conservation of Nature and Natural Resources, Registered Trustees (WASAA Trust Fund, Nairobi)
- IUCN, Bureau de Représentation auprès de l'Union Européenne aisbl
- Associação IUCN
- IUCN UK (A Company Limited by Guarantee)
- IUCN Maldives
- IUCN PNG Mangrove Rehabilitation and Management Project Association

IUCN – International Union for Conservation of Nature and Natural Resources

Notes to the Consolidated Financial Statements for the Year ended 31 December 2018

All amounts in CHF ('000) unless otherwise stated

3. Currency of accounts

a) Reporting currency

In accordance with IUCN's Regulations, the reporting currency for the consolidated financial statements is Swiss francs (CHF).

b) Functional currency

A separate set of accounts is maintained for each country where IUCN has a presence. The functional currency for each country is the national currency of the country with the exception of Fiji (USD), Costa Rica (USD) and Serbia (EUR) where the currency chosen better reflects the economic environment in which the office operates.

4. Foreign exchange

The following accounting policies are applied when converting transactions and balances to the reporting currency:

- Transactions denominated in currencies other than the office ledger currency are converted to the ledger currency and recorded on the basis of the exchange rate prevailing at the date of the transaction. At the end of the year all balances maintained in transaction currencies are translated to the currency of the office ledger at the year-end rate. The gains and losses incurred are recognised in the income statement of each office ledger.
- Except for fixed assets which are stated at historical values, non-Swiss franc balances in the consolidated balance sheet are translated to CHF at the year-end exchange rate and the resulting net unrealised gain or loss included in the balance sheet as a currency translation adjustment reserve.
- Project balances are expressed in the currency of the underlying donor contract. At the end of the year, project balances are translated to the currency of the office ledger in which they reside at the year-end rate. The gains and losses incurred are recognised in the income statement of each office ledger. Project balances are further revalued from the ledger currency to CHF at the year-end exchange rate. The resulting net unrealised gain or loss is recognized in the currency translation adjustment reserve.
- If, as a result of the application of the above translation policies, a net deficit would occur on the currency translation adjustment reserve the deficit would be recognized in the income and expenditure statement.

5. Income

Income comprises membership dues from members, contributions from donors, investment income, Swiss government tax rebates, rental of office space, and sundry income from the sale of other goods and services.

a) Membership dues

Membership dues are fixed by the World Conservation Congress, the supreme governing body of IUCN, and are recognised as unrestricted income in the year they fall due.

b) Voluntary donations

Voluntary donations comprise framework agreements with donors for the core activities of IUCN and project agreements for project activities.

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Framework agreements income

Framework agreements are normally for periods of more than one year and may be subject to general restrictions in their use in terms of geography or thematic area.

Framework agreements income is recognized in the income statement as unrestricted income once the agreement has been signed and in accordance with the amounts specified in the agreement for each calendar year. Framework agreements income received in advance of the period to which it relates is recorded as deferred unrestricted income.

Staff in-kind contributions

In-kind contributions of staff are recognised at fair value over the period of the employment contract as both income and expenditure in the Consolidated Income and Expenditure Statement. The fair value of in-kind staff is taken as the average cost that would be incurred by IUCN, if it were to directly employ a person in a similar position.

Project agreements income

Project agreements income is restricted for specific project activities detailed in project agreements and subject to specific conditions imposed by the donor. Income is recognised as expenditure is incurred. At year end, the balance of projects are recorded as “Project agreement receivables” (current assets) where expenditure incurred on projects exceeded amounts advanced by donors, and under “Project agreement advances” (current liabilities) where advances from donors exceeded expenditure incurred.

c) Retention of staff income tax

Non-Swiss staff resident in Switzerland are exempt from paying taxes on their IUCN earnings on the basis of a fiscal agreement between IUCN and the Swiss Government, which entered into effect on 1st January 1987. In order to ensure equitable treatment of both Swiss and non-Swiss staff at Headquarters, an internal tax is levied on non-Swiss staff resident in Switzerland. This is shown as Retention of staff income tax in the Consolidated Income and Expenditure Statement and is classified as unrestricted income.

6. Expenditure

All unrestricted expenditure and project expenditure is accounted for on an accruals basis.

7. Cross charges from projects

Cross charges from projects represent transfers between Project agreements and Secretariat unrestricted funds and comprise staff time charged to projects and indirect costs funded from projects.

Staff time charges

IUCN staff costs are recorded as unrestricted costs. Staff working on projects charge their time spent on projects through a time recording system. Project agreements are charged the cost of staff time and the Secretariat unrestricted fund receives the income.

Indirect cost recoveries

Indirect costs are recorded as unrestricted costs. Indirect costs funded from project agreements are cross charged to projects and the Secretariat unrestricted fund receives the income.

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8. Financial assets

Financial assets are recorded at fair value except for bonds, which are recorded at their acquisition cost, less impairment, plus accrued interest as the intention is to hold them to maturity.

Gains or losses arising from changes in fair values of financial assets, with the exception of bonds, are recognized in the income statement in the year that they occur as are foreign exchange gains or losses resulting from the revaluation of financial assets denominated in currencies other than the CHF. Gains related to Bonds are recognised in the income statements when they are disposed of and are accounted under financial income.

9. Fixed assets

a) Purchased assets

Purchased fixed assets are capitalised when the purchase price is one thousand CHF or above, or the equivalent in other currencies, and when ownership resides with IUCN.

b) In-kind assets

In-kind contributions of fixed assets are capitalised at fair value and the donations recorded as deferred income which is then recognised in the income statement over the estimated useful life of the assets in line with the depreciation charges.

c) Depreciation

Fixed assets are depreciated over their estimated useful lives on the following basis:

Computer hardware	3 - 5 years
Vehicles	4 - 7 years
Office furniture and equipment	4 - 7 years
Building renovations	10 - 20 years
Building installations	20 years
Building infrastructures	50 years

d) Donations for the purchase of fixed assets

Cash donations received for the purchase of fixed assets are recorded as deferred income and recognised in the income statement over the estimated useful life of the corresponding asset in line with the depreciation charge.

10. Intangible assets

Purchased computer software is capitalized on the basis of the costs incurred to acquire the software and bring it to its point of use.

Software is depreciated over its estimated useful life on a straight line basis over 5 to 7 years.

The cost of developing in-house software is expensed in the year that the costs are incurred.

11. Provisions

a) Provision for membership dues receivable

A general provision for outstanding membership dues is made to recognise the probability that not all dues will be received. The increase or decrease in the total provision is recognised in the income and expenditure statement. Provision for membership dues in arrears is calculated on the following basis, based on the outstanding balance at the close of the year.

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Membership dues outstanding for:

Three years or more	100%
Two years	67%
One year	33%

The provision against the arrears of some state members and state agencies is calculated on an individual basis after a review of their own special situations.

Full provision is made against the dues owed by Members whose rights have been rescinded by the IUCN World Conservation Congress or vote of the membership.

b) Provision for projects in deficit

A provision for projects in deficit is made in respect of those projects where expenditure has exceeded income and where the receipt of future additional funds to cover the excess expenditure is uncertain.

c) Staff terminations

Provision is made for the estimated cost of known redundancies. A redundancy is considered to be known when a management decision has been taken and communicated to the staff concerned.

Additional provision is made when there is a local legal obligation.

d) Staff leave and repatriation

Provision is made for holiday entitlement which has not been used by staff at the year-end. The balance at the year-end also includes the estimated cost of repatriation of international staff.

12. Loans at below market rate of interest

Loans are initially measured at fair value. The benefit of the below-market rate of interest is measured as the difference between the initial carrying value of the loan and the proceeds received. The benefit is recorded as deferred income and recognised over the period of the loan. The market rate of interest is reviewed annually and the carrying value adjusted for significant movements in the market rate.

An amount equivalent to the interest that would have been incurred had the loan been acquired at a market rate is recognised as both an income and an expense in the income and expenditure statement on an annual basis.

13. Hosted organisations

IUCN hosts certain organisations. A hosted organisation has no legal status in the country of operation and therefore operates under the legal umbrella of IUCN. A hosted organisation is operationally autonomous and is accountable to its own management and governance structures and not to IUCN.

Income received and expenditure incurred on behalf of a hosted organisation is accounted for in separate project accounts and excluded from consolidation. Funds held by IUCN on behalf of hosted organisations are recorded on the balance sheet as hosted organisation advances.

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14. Reserves

IUCN maintains the following reserves:

a) Unrestricted reserves

IUCN Fund

The IUCN Fund is maintained in order to preserve IUCN's capital base. The use of the fund is governed by the IUCN Council and is maintained as a reserve of last resort.

Currency translation reserves

The Currency translation reserve represents changes in the value of the net assets of IUCN at the consolidation level as a result of movements of functional currencies against the Swiss franc.

Retained surpluses

The Retained surpluses represent other unrestricted reserves.

b) Designated reserves

Designated reserves represent funds set aside from unrestricted reserves to cover the cost of future events or activities. The designation may be reversed at any time by the IUCN Council.

Reserve for statutory meetings

The Reserve for statutory meetings represents amounts allocated from unrestricted funds to cover costs of future meetings of the World Conservation Congress and related preparatory meetings.

Renovation fund

The Renovation fund represents funds allocated from unrestricted funds for future renovations of the Headquarters building.

Other Designated reserves

Other Designated reserves represent amounts allocated from unrestricted funds to cover the cost of other future costs or activities.

III. CASH AND SHORT TERM BANK DEPOSITS

Cash and short-term bank deposits include all bank accounts and short-term deposit accounts operated by IUCN worldwide. The analysis by region or office is shown below.

REGION OR OFFICE	2018	2017
Asia	2,022	2,294
Eastern and Southern Africa	1,677	2,633
Eastern Europe and Central Asia	226	341
Europe	1,804	1,495
Environmental Law Centre, Bonn	470	378
Headquarters	34,864	32,722
Mediterranean	760	388
Mexico, Central America and the Caribbean	1,396	2,210
Oceania	(17)	327
South America	147	272
United Kingdom	440	440
United States	1,203	1,896
Western and Central Africa	1,911	3,241
West Asia	753	298
Balance at 31 December	47,656	48,935

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IV. FINANCIAL ASSETS

	2018	2017
Bonds	11,192	10,834
Microfinance	1,599	2,987
Equities	1,824	1,183
Convertibles	790	886
Other Investments	743	592
Balance at 31 December	16,148	16,482

At 31 December 2018, an unrealized foreign exchange loss of CHF 29 (2017 – CHF 3 gain) was recognised on the investment portfolio.

During the year, the investment portfolio recorded a capital loss of CHF 408 (2017 - CHF 274 gain).

The Government of Zimbabwe appropriated USD bank accounts of IUCN in 2008. In 2015, treasury bills were issued to IUCN as compensation for the appropriation. The treasury bills have maturity dates to 2019. The treasury bills are recorded at estimated fair value of CHF nil and are included under Bonds.

V. MEMBERSHIP DUES RECEIVABLE AND PROVISION

	2018	2017
Gross membership dues receivable	3,861	3,885
Provision for dues in arrears	(1,889)	(2,239)
Net membership dues receivable at 31 December	1,972	1,646

The provision for membership dues in arrears has been calculated in accordance with the policy described in Note II.11 (a).

2017

	2015 and prior	2016	2017	Total
Total membership dues receivable	758	964	2,163	3,885
Provision for membership dues	(758)	(744)	(737)	(2,239)
Net membership dues receivable	0	220	1,426	1,646

2018

	2016 and prior	2017	2018	Total
State member	406	695	1,811	2,912
Government agencies	140	205	321	666
Indigenous peoples	0	1	1	2
International NGOs	1	4	18	23
National NGOs	41	57	104	202
Affiliates	10	27	19	56
Total membership dues receivable	598	989	2,274	3,861
Provision for membership dues	(419)	(573)	(897)	(1,889)
Net membership dues receivable	179	416	1,377	1,972

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Movement in provision for membership dues

	2018	2017
Balance at 1 January	2,239	2,693
Addition to /(release from) provision	129	(26)
Write off of deficits against provision	(479)	(428)
Balance at 31 December	1,889	2,239

VI. STAFF RECEIVABLES

Staff receivables comprise travel advances, payroll advances and loans to staff outstanding as at 31 December.

	2018	2017
Travel advances	375	434
Payroll advances and staff loans	18	19
Balance at 31 December	393	453

VII. RECEIVABLES FROM PARTNER ORGANISATIONS

Receivables from partner organisations represent balances due from organisations associated with IUCN that are outstanding as at 31 December.

	2018	2017
RAMSAR Convention Secretariat	338	475

VIII. ADVANCES TO IMPLEMENTING PARTNERS

Advances to implementing partners represent amounts advanced to IUCN partners for the implementation of project agreements that were not spent as at 31 December.

	2018	2017
Asia	156	517
Eastern and Southern Africa	493	408
Europe	96	-
Headquarters	10,124	9,477
Mediterranean	31	15
Mexico, Central America and the Caribbean	244	274
Oceania	155	-
South America	683	252
United Kingdom	172	220
United States	165	22
West Asia	109	172
Western and Central Africa	2,037	1,155
Balance at 31 December	14,465	12,512

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IX. PROJECT AGREEMENTS RECEIVABLES AND ADVANCES

Receivables and advances on project agreements represent respectively the total of projects with a negative cash balance and the total of projects with a positive cash balance at year end.

	2018	2017
Project agreement receivables	(14,686)	(14,073)
Project agreement advances	62,369	57,885
Balance at 31 December	47,683	43,812

X. FRAMEWORK AGREEMENTS RECEIVABLES

Framework agreements receivables represent framework agreements income due but not received as at the end of the year. As at 31 December 2018 there was CHF 712 receivable compared to CHF 510 receivable at 31 December 2017.

XI. FIXED ASSETS

1. Movement in fixed assets

	Building Infrastructures	Building Installations	Other Land and Buildings	Vehicles, Equipment, Furniture & Fixtures	Total
Purchase value:					
Balance as at 31 December, 2016	27,178	13,775	5,053	9,856	55,862
Additions	-	-	228	617	845
Disposals	-	-	-	(1,707)	(1,707)
Balance as at 31 December, 2017	27,178	13,775	5,281	8,766	55,000
Additions	-	-	53	581	634
Disposals	-	-	-	(701)	(701)
Balance as at 31 December, 2018	27,178	13,775	5,334	8,646	54,933
Depreciation:					
Balance as at 31 December, 2016	(9,010)	(6,160)	(1,127)	(7,701)	(23,998)
Charge for the year 2017	(544)	(575)	(278)	(932)	(2,329)
Disposals	-	-	-	1,685	1,685
Balance as at 31 December, 2017	(9,554)	(6,735)	(1,405)	(6,948)	(24,642)
Charge for the year 2018	(544)	(575)	(302)	(718)	(2,139)
Disposals	-	-	-	665	665
Balance as at 31 December, 2018	(10,098)	(7,310)	(1,707)	(7,001)	(26,116)
Net book value:					
Balance as at 31 December 2017	17,624	7,040	3,876	1,818	30,358
Balance as at 31 December 2018	17,080	6,465	3,627	1,645	28,817

Fixed assets purchased using unrestricted funds are depreciated over their estimated useful lives as per Note II.9.

2. Land

In 1990, the commune of Gland gave IUCN the right to use a plot of land for the purpose of building the IUCN Secretariat Headquarters. The right was granted at no cost for a period of 50 years, i.e. until August 2040. In 2008, the commune of Gland gave IUCN the right of use of an adjacent piece of land to the original plot for a period of 50 years, with the permission to construct an extension to the existing IUCN Headquarters building.

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3. IUCN Headquarters building

Included in Building Infrastructures and Building Installations is the Headquarters building of IUCN. This consists of an original building and an extension.

a) Original building

The original building was financed by donations received from the Swiss Confederation, the Canton of Vaud and the Commune of Gland. Although IUCN formally owns the Headquarters building, it enjoys a restricted use and cannot dispose of it or use it as collateral without the approval of the Swiss Government. If disposed of, the Swiss Government has the right to recuperate its initial outlay plus a percentage of the value added, if applicable. The cost of the building is included in fixed assets and the net book value is matched by a corresponding value of deferred income to recognise the restricted nature of the building. The deferred income is released over the estimated useful life of the building in line with the depreciation of the building.

In 2014, the Canton of Vaud provided a grant of CHF 600 towards the renovation of the original building. The grant will be released over the estimated useful life of the building renovation (20 years).

b) Building extension

The building extension was financed by an interest free loan from the Swiss Government of CHF 20,000 payable in 50 equal yearly instalments of CHF 400, the first of which was paid in December 2010. In addition to the loan from the Swiss Government, IUCN received cash donations of CHF 4,692 and in-kind donations of CHF 1,815.

XII. INTANGIBLE ASSETS

The intangible assets consist of an ERP system and portal applications.

Movement in Intangible assets

	2018	2017
Purchase value:		
Balance at 1 January	4,438	4,408
Additions	112	30
Balance at 31 December	4,550	4,438
Amortisation:		
Balance as of 1 January	(4,069)	(3,433)
Charge for the year	(354)	(636)
Balance at 31 December	(4,423)	(4,069)
Net Book Value at 31 December	127	369

XIII. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities represent amounts owed to creditors and suppliers as at the end of the year. Of the total outstanding balance of CHF 13,841 as at 31 December 2018 (2017 – CHF 13,907), CHF 9,472 (2017 - CHF 10,025) is related to Headquarters and the balance to regional and country offices.

	2018	2017
Accounts payable and supplier accruals	5,301	6,082
Accruals for implementing partners	8,540	7,825
Balance at 31 December	13,841	13,907

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XIV. PENSION FUND OBLIGATIONS

IUCN operates different pension plans in different countries, each conforming to the legal regulations in the respective country. On 31 December 2018, the liability to the pension schemes amounted to CHF nil (2017 CHF nil).

XV. HOSTED ORGANISATIONS ADVANCES

Hosted organisation advances represent funds held by IUCN on behalf of hosted organisations.

	2018	2017
Balance at 1 January	511	589
Income	4,168	3,736
Expenditure	(4,223)	(3,848)
	456	477
Movement on funds held	40	34
Balance at 31 December	496	511

XVI. PROVISIONS

1. Projects in deficit

The provision for projects in deficit is funded by unrestricted income and covers projects where negotiations are still ongoing but where IUCN considers that it may not be able to obtain additional funds from donors to cover expenditures already incurred.

Movement in project deficit provision

	2018	2017
Balance at 1 January	2,171	1,495
Additions to provision	1,337	1,351
Utilization of provision	(1,580)	(675)
Balance at 31 December	1,928	2,171
Region	2018	2017
Asia	323	497
Eastern and Southern Africa Region	289	302
Eastern Europe and Central Asia	16	17
Headquarters	490	457
Mediterranean	49	79
Oceania	243	426
Western and Central Africa	152	106
West Asia	366	287
Balance at 31 December	1,928	2,171

Provisions totalling CHF 641k were made by the West Asia Regional Office following a review of closed projects, of which CHF 562 was utilised to write off project balances.

2. Staff termination

The provision for staff termination is calculated separately for each office to comply with local labour laws. Irrespective of local labour law, provision is made for the estimated cost of staff termination when a decision has been made to terminate a member of staff and the decision has been communicated to the individual concerned.

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Movement in provision for staff termination

	2018	2017
Balance at 1 January	1,576	1,450
Additions to provision	962	913
Utilization of provision	(812)	(787)
Balance at 31 December	1,726	1,576

XVII. DEFERRED INCOME

Deferred unrestricted income represents income received in advance of the period to which it relates.

	2018	2017
Deferred unrestricted income	709	1,196
Donations for construction of HQ building extension		
Donations in cash	2,753	2,855
Donations in kind	243	273
Donation in cash for renovation of original building	465	496
	3,461	3,624
Headquarters original building	7,431	7,708
Interest free government loan	5,260	5,491
Total	16,861	18,019
Current		
Deferred unrestricted income	709	1,196
Buildings:		
Original building	339	339
Building extension	128	124
Total buildings	467	463
Total current deferred income	1,176	1,659
Non-current		
Original building	7,092	7,400
Building extension	8,593	8,960
Total long term deferred income	15,685	16,360
Total deferred income	16,861	18,019

Donations received for the headquarters buildings (original and extension) are recorded as deferred income and recognised over the useful life of the corresponding purchased or donated assets (see Note XI 3).

The deferred income on the government loan represents the difference between the fair value of the loan CHF 11,124 (2017 - CHF 11,298) and the outstanding cash value of the loan CHF 16,384 (2017 - CHF 16,789) (see Note XVIII). This difference represents the fair value of the interest saved on the interest free loan granted by the Swiss Government and is recognised over the period of the loan.

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XVIII. NEW BUILDING LOAN

Headquarters building extension loan

	2018	2017
Current	177	174
Non-current	10,947	11,124
Balance at 31 December	11,124	11,298

The Swiss Government provided an interest free loan of CHF 20,000 to finance the headquarters building extension.

The loan is repayable in 50 annual instalments of CHF 400. The first instalment was paid in December 2010.

The fair value of the loan is estimated at CHF 11,124 (2017 - CHF 11,298). The outstanding cash value of the loan has been discounted at a rate of 2% (2017 - 2%) which represents the market interest rate for a 10-year loan based on current market conditions. The difference of CHF 5,260 (2017 - CHF 5,491) between the outstanding cash value and the fair value of the loan is the benefit derived from the interest-free loan and is recorded as deferred income (see Note XVII).

The value of the interest that would have been paid on an equivalent commercial loan of 2% is estimated at CHF 328 (2017 - 2%, CHF 336). This has been recorded in the income and expenditure statement under Interest income to recognize the benefit of the interest free loan and under financial charges to recognize the interest that would have been paid.

XIX. FUNDS AND UNRESTRICTED RESERVES

1. Unrestricted reserves

Currency translation adjustments & foreign exchange gains and losses

Exchange gains and losses at the individual ledger levels are dealt with in the income statement. The net unrestricted loss on exchange for the year amounted to CHF 504 loss (2017 - gain of CHF 292).

Exchange gains and losses on consolidation and translation of ledgers maintained in other currencies to CHF are taken to the currency translation adjustment reserve. The net movement during 2018 was a gain of CHF 575 loss (2017 - gain of CHF 30).

2. Designated reserves

a) Reserve for statutory meetings

In 2018 CHF 343 (2017 – CHF 489) was allocated to the Reserve for statutory meetings from Retained surpluses to cover future costs for the 2020 Congress (CHF 93) and the Regional Conservation Fora (CHF 250).

b) Other designated reserves

In 2018, CHF 269 (2017 – CHF 671) was allocated to Other designated reserves in respect of: the IUCN Commissions - CHF 224 (2017 - CHF 214), External review - CHF 45 (2017 - CHF 75) and systems investments - CHF nil (2017 – CHF 382).

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c) Renovation fund

A net allocation of CHF 11 (2017 - CHF 16) was made from Retained surpluses to the Renovation fund to cover future renovation costs of the IUCN Headquarters building.

XX. RETENTION OF STAFF INCOME TAX

Swiss Government tax rebates amounted to CHF 1,487 (2017 – CHF 1,292) and represents the value of taxes that would have been paid by non-Swiss staff in the absence of the Fiscal Agreement between IUCN and the Swiss Government which exempts non-Swiss staff from payroll taxes and which entered into effect on 1 January 1987.

XXI. FRAMEWORK INCOME

Annex A lists Framework Agreements income by donor and details income allocations to the IUCN programme and operational units.

Framework income includes in-kind contributions of CHF 430 (2017 - CHF 481).

XXII. OTHER OPERATING INCOME

Other operating income of CHF 6,041 (2017 - CHF 4,450) shown under Secretariat unrestricted funds includes overhead and management fees from Ramsar Convention Secretariat of CHF 574 (2017 - CHF 515), rental income of CHF 1,174 (2017 - CHF 960), recognition of deferred income of donations for the headquarters original building and building extension CHF 468 (2017 - CHF 511) and in-kind contributions of staff other than Framework staff in-kind of CHF 979 (2017 – nil). The balance of other operating income is made up of miscellaneous external income received by IUCN both at Headquarters and other offices around the world.

XXIII. EXCHANGE DIFFERENCES ON REVALUATION OF PROJECT BALANCES

Project balances are expressed in the currency of the underlying donor contract. At the end of the year, project balances are translated to the currency of the office ledger in which they reside at the year-end rate. Project balances expressed in non-CHF ledgers are further revalued to CHF using the year-end exchange rates. The resulting unrealised gain or loss is recorded as an adjustment to project balances on the balance sheet and the Currency translation adjustment reserve. The net adjustment is passed through the income and expenditure statement for project agreements to reflect the net movement on the project portfolio.

XXIV. AUDIT FEE

The following fees were paid to the auditors of IUCN's financial statements.

	2018	2017
Consolidated financial statement audit	171	165
Other audits	37	48

XXV. RELATED PARTIES

1. Identity of related parties

a) The Commissions

The Commissions of IUCN are networks of expert volunteers entrusted to develop and advance the institutional knowledge and experience and objectives of IUCN. The Commissions are established by Congress which determines their mandate.

b) The National and Regional Committees

National and Regional Committees are groupings of Members of IUCN from specific states or regions. Their role is to facilitate cooperation among Members and to coordinate the participation of Members in the programme and governance of IUCN.

c) The Convention on Wetlands of International Importance (Ramsar)

Ramsar is hosted by the IUCN Secretariat and operates under its legal personality. It is headed by a Secretary General with sole responsibility for the administration of the convention funds and for all administrative matters, with the exception of those requiring the exercise of legal personality. IUCN provides services to the Ramsar Secretariat in terms of financial and budgetary management, office facilities, human resources management and information technology.

d) TRAFFIC International

TRAFFIC International is a charity registered in the United Kingdom. IUCN is a founder member and sits on the Board. The IUCN Secretariat hosts TRAFFIC operations in its offices in Cameroon, Thailand and South Africa where they operate under the legal personality of IUCN.

e) International Union for Conservation of Nature and Natural Resources – US

The International Union for Conservation of Nature and Natural Resources – US is a US registered charity whose main purpose is to raise funds for conservation to be spent in partnership with IUCN and its members.

2. Transactions with related parties

During the course of the year IUCN made contributions of CHF 1,300 to the Commissions (2017 – CHF 1,300). The amount is distributed across the expenditure headings that reflect the nature of the expenses incurred by the Commissions.

During the year and as part of the services IUCN provides to Ramsar, IUCN received funds of CHF 6,730 (2017 – CHF 5,488) and incurred payments of CHF 6,498 (2017 – CHF 5,237) on behalf of Ramsar. At year-end the balance held in trust for Ramsar amounted to CHF 5,196 (2017 – CHF 4,466). These transactions are recorded in Ramsar accounts and financial statements and are therefore not presented in the financial statements of IUCN. During the year, IUCN received fees of CHF 574 (2017 – CHF 515) for the services provided to Ramsar and which are included in Other operating income.

During the year IUCN made contributions of CHF 449 to TRAFFIC International (2017 – CHF 446).

During the year IUCN received funds from the International Union for the Conservation of Nature and Natural Resources – US of USD 437 (CHF 430) and in 2017, USD 791 (CHF 743) was received.

Summary of legally controlled entities:

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Company	Year-end closing	Currency	Capital	Share of capital	
				2018	2017
The International Union for the Conservation of Nature and Natural Resources, Registered Trustees, (WASAA Trust Fund, Nairobi)	31.12	KES	235,156	100%	100%
IUCN, Bureau de Représentation auprès de l'Union Européenne aisbl	31.12	EUR	103	100%	100%
Associação IUCN	31.12	BLR	-	20%	20%
IUCN UK (A Company Limited by Guarantee)	31.12	GBP	209	NA	NA
IUCN Maldives	31.12	USD	-	100%	100%
IUCN PNG "Mangrove Rehabilitation and Management Project Association	dormant				

XXVI. STAFF HEADCOUNT

IUCN's headcount including staff in-kind is as follows:

	2018	2017
Average employees during the year	891	910

XXVII. OPERATING LEASES

At 31 December 2018, IUCN has future minimum office rental commitments amounting to CHF 4,648 (2017 – CHF 6,007) relating to expected rental fees until the end of the lease contract of which CHF 3,900 (2017 – CHF 4,737) expires in 1 to 5 years and CHF 748 (2017 – CHF 1,269) expires in 6 to 8 years.

IUCN has leasing contracts for office equipment and vehicles amounting to CHF 160 (2017 – CHF 205) expiring in 1 to 5 years.

XXVIII. BANK GUARANTEES

At 31 December 2018, IUCN had bank guarantees in Mozambique Metical 2,862 (2017- MZN 2,862) and Kuwaiti Dinar 19 (2017 – KWD nil), for a total value CHF 108 (2017 – CHF 47) in favour of IUCN donors. Cash for an equivalent amount is pledged at corresponding banks.

ANNEX A – CORE FUNDS UNDER FRAMEWORK AGREEMENTS

All amounts in CHF ('000)

	2018	2018	2017	2017
	Secretariat expenditure	Framework core allocation	Secretariat expenditure	Framework core allocation
Central and West Africa Region	3,314	775	3,738	789
Eastern and Southern Africa Region	4,575	736	4,095	739
Asia Region	7,417	1,029	7,420	998
Meso America and Caribbean	4,577	506	4,274	480
South America and Brazil	1,458	378	1,469	383
European Regional Office, Brussels	986	-	844	-
Eastern Europe and Central Asia Regional Office	378	-	396	-
West Asia Region	1,147	384	1,030	386
Mediterranean Cooperation Centre	1,430	-	1,353	-
Oceania	1,494	347	1,623	389
Washington DC Office	998	-	1,085	-
Sub Total Regional Components	27,774	4,155	27,327	4,164
Director's Office, Biodiversity Conservation Group	388	400	377	493
Species Programme	3,342	450	3,056	676
Protected Areas Programme	1,336	350	1,570	529
World Heritage Programme	1,159	350	1,003	385
Traffic International	449	249	446	446
Sub Total Biodiversity Conservation Group	6,674	1,799	6,452	2,529
Director's Office, Nature-based Solutions Group	466	350	508	440
Ecosystem Management Programme	1,542	348	1,321	324
Forest & Climate Change Programme	1,966	197	2,597	321
Marine & Polar Programme	1,876	247	1,783	424
Water & Food Security Programme	1,019	200	1,049	298
Business & Biodiversity Programme	1,260	331	1,185	338
Governance and Rights Programme	1,327	619	1,134	532
Sub Total Nature-based Solutions Group	9,456	2,292	9,577	2,677
Director's Office, Programme & Policy Group	401	400	414	455
Economic Knowledge	730	620	504	291
Science and Knowledge Unit	753	618	894	762
Global Policy Unit	716	567	641	600
Environmental Law Programme	1,230	348	1,100	413
GEF Coordination Unit	580	-	681	607
Sub Total PPG - Programme & Policy Group	4,410	2,553	4,234	3,128
Commission on Education and Communication	204	-	124	209
Commission on Ecosystem Management	145	-	179	209
World Commission on Environmental Law	118	-	138	220
World Commission on Protected Areas	182	-	184	218
Species Survival Commission	221	-	246	235
Commission on Environment, Economics and Social Policy	185	-	175	209
Sub Total Commissions	1,055	-	1,046	1,300
Director's office, Union Development Group	1,406	-	851	-
Governance	631	-	636	-
Sub Total Union Development	2,037	-	1,487	-
Directorate	1,284	217	1,471	145
Office of the Legal Adviser	626	-	461	-
Oversight Unit	214	-	209	-
Planning, Monitoring & Evaluation Unit	525	284	531	595
Global Communications Unit	958	-	1,130	-
Finance Group	1,659	-	1,862	-
Global Programme Operations Unit	1,866	235	844	-
Human Resources Management Group	1,094	-	1,202	-
Strategic Partnerships Unit	622	134	569	-
General Services Unit	2,947	-	2,997	-
Information Systems Group	3,736	-	4,067	-
Sub Total Corporate Support Units	15,531	870	15,343	740
OVERALL TOTAL	66,937	11,669	65,466	14,538
Non-operating expenditure	(317)	-	23	-
Operating expenses as per the Income & Expenditure Statement	66,620	11,669	65,490	14,538
Reconciliation of Framework Income to the Financial Statements		2018		2017
Overall Total allocations as above		11,669		14,538
Surplus/(Deficit) at year-end transferred to unrestricted reserve		(440)		(1,960)
Total Funding Framework Agreements		11,229		12,578

ANNEX A – CORE FUNDS UNDER FRAMEWORK AGREEMENTS

All amounts in CHF ('000)

	2018	2017
Framework Agreement Partners	TOTAL	TOTAL
Agence Française de Développement (AFD), Ministry for Europe and Foreign Affairs (MEAE), Ministry of Ecological and Inclusive Transition (MTES), Ministry of Agriculture and Food (MAA); Ministry of Overseas Territories (MOM) – France	1,178	481
MAVA Fondation pour la Nature – Switzerland	-	1,000
Ministry of Environment, Republic of Korea (MOE) – Korea	634	500
Ministry of Foreign Affairs – Finland	419	410
Norwegian Agency for Development Cooperation (NORAD) – Norway	2,432	2,524
Swedish International Development Agency (Sida) – Sweden	4,319	4,627
Swiss Agency for Development and Cooperation (SDC) – Switzerland	1,500	2,200
U.S. Department of State	747	836
Total Funding Framework Agreements	11,229	12,578

Framework income allocations are made on the basis of budgeted income at the start of the year. The difference between allocations made and actual income received is taken to unrestricted reserves. This is compensated by balances on other funding sources to arrive at the overall result for the year.

IUCN, International Union for
Conservation of Nature and
Natural Resources
Gland

Report of the statutory auditor
to the Council

on the consolidated financial statements 2019

Report of the statutory auditor

to the Council of IUCN, International Union for Conservation of Nature and Natural Resources

Gland

Report of the statutory auditor on the consolidated financial statements

As statutory auditor, we have audited the accompanying consolidated financial statements of IUCN, International Union for Conservation of Nature and Natural Resources, which comprise the consolidated balance sheet, consolidated income and expenditure statement, consolidated funds and reserve statement, consolidated cash flow statement and notes, for the year ended 31 December 2019.

Management's responsibility

Management is responsible for the preparation of the consolidated financial statements in accordance with the requirements of Swiss law and the consolidation and valuation principles described in the notes. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. Management is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements for the year ended 31 December 2019 comply with Swiss law, IUCN Statutes, as well as with the consolidation and valuation principles described in the notes.

Report on other legal requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 69b paragraph 3 CC in connection with article 728 CO) and that there are no circumstances incompatible with our independence.

*PricewaterhouseCoopers SA, avenue Giuseppe-Motta 50, case postale, CH-1211 Genève 2, Switzerland
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PricewaterhouseCoopers SA is a member of the global PricewaterhouseCoopers network of firms, each of which is a separate and independent legal entity.

In accordance with article 69b paragraph 3 CC in connection with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists which has been designed for the preparation of consolidated financial statements according to the instructions of the Association Management.

We recommend that the consolidated financial statements submitted to you be approved.

PricewaterhouseCoopers SA

Yves Cerutti
Audit expert
Auditor in charge

Marcello Stimato
Audit expert

Geneva, 25 May 2020

Enclosure:

- Consolidated financial statements (consolidated balance sheet, consolidated income and expenditure statement, consolidated funds and reserve statement, consolidated cash flow statement and notes)
- Annex A –Core Funds under Framework Agreements

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IUCN – International Union for Conservation of Nature and Natural Resources

CONSOLIDATED BALANCE SHEET AS OF 31 DECEMBER 2019

Report Currency: CHF ('000)

	Notes	31.12.2019	31.12.2018
ASSETS			
Current assets			
Cash and short term bank deposits	III	58,229	47,656
Financial assets	IV	16,020	16,148
Membership dues receivables (net)	VI	1,011	1,972
Staff receivables	VII	276	393
Receivables from partner organisations	VIII	367	338
Advances to implementing partners and grantees	IX	9,825	14,465
Prepayments		1,406	1,160
Donor funds receivable		4,497	4,307
Project agreement receivables	X	18,108	14,686
Framework agreements receivables	XI	1,417	712
Advances to hosted organisations	XVI	307	-
Other account receivables		1,669	1,607
Total Current assets		113,132	103,444
Non-current assets			
Fixed assets (net)	XII	27,302	28,817
Intangible assets (net)	XIII	246	127
Total Non-current assets		27,548	28,944
TOTAL ASSETS		140,680	132,388
LIABILITIES AND FUND BALANCES			
Current liabilities			
Membership dues paid in advance		2,683	1,534
Accounts payable and accrued liabilities	XIV	10,782	13,841
Social charges payable		395	69
Project agreement advances	X	73,313	62,369
Deferred unrestricted income	XVIII	1,454	709
Deferred income buildings	XVIII	467	467
New building loan	XIX	243	177
Advances from hosted organisations	XVI	-	496
Miscellaneous current liabilities		328	598
Total Current liabilities		89,665	80,260
Provisions			
Projects in deficit	XVII	2,375	1,928
Staff leave and repatriation		1,930	1,975
Staff termination	XVII	1,577	1,726
Other provisions		30	-
Total Provisions		5,912	5,629
Non-current liabilities			
Long term deferred income	XVIII	13,402	15,685
New building loan	XIX	12,294	10,947
Total Non-current liabilities		25,696	26,632
Funds and Unrestricted Reserves			
Designated reserves	XX	1,812	2,648
Unrestricted reserves	XX	17,595	17,219
Total Funds and Unrestricted Reserves		19,407	19,867
TOTAL LIABILITIES AND FUND BALANCES		140,680	132,388

IUCN – International Union for Conservation of Nature and Natural Resources

CONSOLIDATED INCOME AND EXPENDITURE STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2019

Report Currency: CHF ('000)

	Notes	2019			2018		
		Secretariat Unrestricted	Project Agreements	Total	Secretariat Unrestricted	Project Agreements	Total
EXTERNAL OPERATING INCOME							
Membership dues		12,765	-	12,765	12,768	-	12,768
Retention of staff income tax	XXI	1,426	-	1,426	1,487	-	1,487
Agreements income		88	88,849	88,937	33	93,129	93,162
Framework income	XXII	11,632	-	11,632	11,229	-	11,229
Other operating income	XXIII	5,880	280	6,160	6,041	324	6,365
TOTAL EXTERNAL OPERATING INCOME		31,791	89,129	120,920	31,558	93,453	125,011
INTERNAL ALLOCATIONS							
Cross charges from projects		35,035	(35,035)	-	36,078	(36,078)	-
Other internal allocations		561	(561)	-	78	(78)	-
TOTAL INTERNAL ALLOCATIONS		35,596	(35,596)	-	36,156	(36,156)	-
OPERATING EXPENDITURE							
Staff costs		53,955	4,898	58,853	53,187	6,736	59,923
Consultants		1,193	17,523	18,716	1,687	16,586	18,273
Grants to partners		466	3,234	3,700	484	3,271	3,755
Travel		3,099	12,124	15,223	2,860	12,201	15,061
Workshops and conferences		417	1,367	1,784	269	2,099	2,368
Publications and printing costs		344	1,363	1,707	249	2,791	3,040
Office and general administrative costs		3,866	1,576	5,442	3,923	3,850	7,773
Vehicles & equipment – costs & maintenance		830	9,523	10,353	909	9,170	10,079
Professional fees or costs		567	646	1,213	593	955	1,548
Depreciation and amortization		2,160	15	2,175	2,459	6	2,465
TOTAL OPERATING EXPENDITURE		66,897	52,269	119,166	66,620	57,665	124,285
NET OPERATING SURPLUS/(DEFICIT)		489	1,264	1,753	1,094	(368)	726
OTHER INCOME – EXPENDITURE							
Interest income	XIX	457	16	473	515	8	523
Financial charges	XIX	(397)	(99)	(495)	(542)	(157)	(699)
Capital gains (losses)	IV	441	-	441	(408)	-	(408)
Net gains/(losses) on foreign exchange		(628)	(803)	(1,431)	(504)	(552)	(1,056)
Exchange differences on revaluation of project balances	XXIV	-	(351)	(351)	-	(106)	(106)
Net movements in provision and write-offs		(538)	(28)	(566)	(1,186)	1,175	(11)
TOTAL OTHER INCOME – EXPENDITURE		(665)	(1,264)	(1,929)	(2,125)	368	(1,757)
NET SURPLUS/(DEFICIT) FOR THE YEAR		(176)	-	(176)	(1,031)	-	(1,031)

IUCN – International Union for Conservation of Nature and Natural Resources

Consolidated Funds and Reserve Statement for the Year ended 31 December 2019

Report Currency: CHF ('000)

	Designated Reserves				Unrestricted Reserves			Total	
	Reserve for Statutory Meetings	Other Designated Reserves	Renovation Fund	Total Designated Reserves	Currency Translation Reserve	IUCN Fund	Retained Surpluses		Total Unrestricted Reserves
Balance as at 1 January 2018	489	671	865	2,025	1,359	8,621	9,468	19,448	21,473
Net surplus/(deficit) for the year	-	-	-	-	-	-	(1,031)	(1,031)	(1,031)
Foreign exchange adjustment	-	-	-	-	(575)	-	-	(575)	(575)
Allocation to renovation fund	-	-	11	11	-	-	(11)	(11)	-
Allocation to other designated reserves	-	269	-	269	-	-	(269)	(269)	-
Allocation to reserve for statutory meetings	343	-	-	343	-	-	(343)	(343)	-
Balance as at 31 December 2018	832	940	876	2,648	784	8,621	7,814	17,219	19,867
Balance as at 1 January 2019	832	940	876	2,648	784	8,621	7,814	17,219	19,867
Net surplus/(deficit) for the year	-	-	-	-	-	-	(176)	(176)	(176)
Foreign exchange adjustment	-	-	-	-	(284)	-	-	(284)	(284)
Allocation to renovation fund	-	-	10	10	-	-	(10)	(10)	-
Release from other designated reserves	-	(14)	-	(14)	-	-	14	14	-
Release to reserve for statutory meetings	(832)	-	-	(832)	-	-	832	832	-
Balance as at 31 December 2019	-	926	886	1,812	500	8,621	8,474	17,595	19,407

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2019

Report Currency: CHF ('000)

	Notes	2019	2018
Cash flow from operations			
Surplus/(deficit) from operations		(176)	(1,031)
Effect of exchange rate	XX	(284)	(575)
Net balance from operations		(460)	(1,606)
Depreciation of fixed assets	XII	2,102	2,139
Amortisation and write-down of intangible assets	XIII	72	354
Increase / (decrease) in provisions for projects in deficit	XVII	447	(243)
Increase / (decrease) in staff leave and repatriation liabilities		(45)	(160)
Increase / (decrease) in the provision for staff termination	XVII	(149)	150
Increase / (decrease) in other provisions		30	-
(Increase) / decrease in membership dues receivables (net)	VI	961	(326)
(Increase) / decrease in staff receivables	VII	117	59
(Increase) / decrease in receivables from partner organisations	VIII	(29)	137
(Increase) / decrease in advances to implementing partners	IX	4,640	(1,953)
(Increase) / decrease in prepayments		(246)	(140)
(Increase) / decrease in donor funds receivable		(190)	(989)
(Increase) / decrease in project agreement receivables	X	(3,422)	(613)
(Increase) / decrease in framework agreements receivable	XI	(705)	(202)
(Increase) / decrease in other accounts receivable		(60)	(383)
Increase / (decrease) in membership dues paid in advance		1,149	125
Increase / (decrease) in accounts payable and accrued liabilities	XIV	(3,059)	(66)
Increase / (decrease) in social charges payable		326	(285)
Increase / (decrease) in project agreement advances	X	10,944	4,484
Increase / (decrease) in miscellaneous current liabilities		(271)	(34)
Increase / (decrease) in hosted organisations advances	XVI	(803)	(15)
(Gain) / loss on disposal of fixed assets	XII	19	33
Total cash flow from operations		11,368	466
Cash flow from investing activities			
Purchase of fixed assets	XII	(608)	(634)
Net movement in financial assets	IV	128	334
Purchase of intangible assets	XIII	(191)	(112)
Total cash flow from investing activities		(671)	(412)
Cash flow from financing activities			
Increase / (decrease) in loan	XIX	(177)	(174)
Increase / (decrease) in current deferred income	XVIII	745	(483)
Increase / (decrease) in long-term deferred income	XVIII	(692)	(676)
Total cash flow from financing activities		(124)	(1,333)
Net cash inflow for the year		10,573	(1,279)
Cash and short term deposits at the beginning of the year	III	47,656	48,935
Cash and short term deposits at the end of the year	III	58,229	47,656

IUCN – International Union for Conservation of Nature and Natural Resources

Notes to the Consolidated Financial Statements for the Year ended 31 December 2019

All amounts in CHF ('000) unless otherwise stated

I. ORGANISATION AND ACTIVITY

IUCN, International Union for Conservation of Nature and Natural Resources is a membership organisation constituted by statutes adopted in 1948 at a conference convened by the Republic of France. The membership is comprised of states, governmental agencies, international and national non-governmental organisations, and indigenous peoples organisations. IUCN is registered in Gland, Switzerland as an association under article 60 of the Swiss Civil Code and is solely responsible, to the exclusion of its Members, for all its transactions and commitments.

The highest governing body of IUCN is the World Conservation Congress, which is composed of the membership of IUCN. The World Conservation Congress elects the Council, which has authority to govern IUCN between meetings.

In 1986, IUCN concluded a fiscal agreement with the Swiss government, which granted IUCN exemption from all Swiss taxes. IUCN has been granted observer status at the United Nations.

The mission of IUCN is to influence, encourage and assist societies throughout the world to conserve the integrity and diversity of nature and to ensure that any use of natural resources is equitable and ecologically sustainable.

II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND DEFINITIONS

All amounts are expressed in thousands of Swiss francs (CHF) unless otherwise indicated.

1. Accounting convention

The financial statements are prepared under the historical cost convention except for certain financial assets and loans that are measured at revalued amount or at fair value. The financial statements are prepared in accordance with the provisions of the Swiss Code of Obligations.

2. Basis of consolidation

The consolidated financial statements include all offices of IUCN and those entities over which IUCN has the power to govern the financial and operating policies so as to obtain benefits from their activities.

Branches:

- Asia Region
 - Asia Regional Office (Thailand)
 - Bangladesh Country Office
 - Cambodia Country Office
 - China Country Office
 - India Country Office
 - Lao PDR Country Office
 - Maldives Project Office
 - Myanmar Project Office
 - Nepal Country Office
 - Pakistan Country Office
 - Sri Lanka Country Office
 - Thailand Country Office
 - Vietnam Country Office
- Eastern and Southern Africa Region
 - Eastern and Southern Africa Regional Office (Kenya)
 - Mozambique Country Office
 - Rwanda Project Office
 - South Africa Country Office

IUCN – International Union for Conservation of Nature and Natural Resources

Notes to the Consolidated Financial Statements for the Year ended 31 December 2019

All amounts in CHF ('000) unless otherwise stated

- Tanzania Country Office
- Uganda Country Office
- Zimbabwe Country Office

- Eastern Europe and Central Asia Regional Office (Serbia)

- Environmental Law Centre (Germany)

- Mediterranean Office (Spain)

- Oceania Regional Office (Fiji)

- Mexico, Central America and the Caribbean Region
 - Mexico, Central America and the Caribbean Regional Office (Costa Rica)
 - El Salvador Project Office
 - Guatemala Project Office
 - Honduras Project Office
 - Mexico Project Office

- South America Region
 - South America Regional Office (Ecuador)
 - Brazil Country Office

- UK Species Programme (United Kingdom)

- Western and Central Africa Region
 - Western and Central Africa Regional Office (Senegal)
 - Burkina Faso Country Office
 - Cameroon Country Office
 - Democratic Republic of Congo Project Office
 - Ghana Project Office
 - Guinea Bissau Country Office
 - Mali Country Office
 - Mauritania Country Office
 - Niger Project Office
 - Senegal Country Office

- West Asia Regional Office (Jordan)

- Washington, DC Office

Other entities:

- The International Union for the Conservation of Nature and Natural Resources, Registered Trustees (WASAA Trust Fund, Nairobi)
- UICN, Bureau de Représentation auprès de l'Union Européenne aisbl
- Associação UICN
- IUCN UK (A Company Limited by Guarantee)
- IUCN Maldives
- IUCN PNG Mangrove Rehabilitation and Management Project Association

3. Currency of accounts

a) Reporting currency

In accordance with IUCN's Regulations, the reporting currency for the consolidated financial statements is Swiss francs (CHF).

IUCN – International Union for Conservation of Nature and Natural Resources

Notes to the Consolidated Financial Statements for the Year ended 31 December 2019

All amounts in CHF ('000) unless otherwise stated

b) Functional currency

A separate set of accounts is maintained for each country where IUCN has a presence. The functional currency for each country is the national currency of the country with the exception of Fiji (USD), Costa Rica (USD) and Serbia (EUR) where the currency chosen better reflects the economic environment in which the office operates.

4. Foreign exchange

The following accounting policies are applied when converting transactions and balances to the reporting currency:

- Transactions denominated in currencies other than the office ledger currency are converted to the ledger currency and recorded on the basis of the exchange rate prevailing at the date of the transaction. At the end of the year all balances maintained in transaction currencies are translated to the currency of the office ledger at the year-end rate. The gains and losses incurred are recognised in the income statement of each office ledger.
- Except for fixed assets which are stated at historical values, non-Swiss franc balances in the consolidated balance sheet are translated to CHF at the year-end exchange rate and the resulting net unrealised gain or loss included in the balance sheet as a currency translation adjustment reserve.
- Project balances are expressed in the currency of the underlying donor contract. At the end of the year, project balances are translated to the currency of the office ledger in which they reside at the year-end rate. The gains and losses incurred are recognised in the income statement of each office ledger. Project balances are further revalued from the ledger currency to CHF at the year-end exchange rate. The resulting net unrealised gain or loss is recognised in the currency translation adjustment reserve.
- If, as a result of the application of the above translation policies, a net deficit would occur on the currency translation adjustment reserve the deficit would be recognised in the income and expenditure statement.

5. Income

Income comprises membership dues from Members, contributions from donors, investment income, Swiss government tax rebates, rental of office space, and sundry income from the sale of other goods and services.

a) Membership dues

Membership dues are fixed by the World Conservation Congress, the supreme governing body of IUCN, and are recognised as unrestricted income in the year they fall due.

b) Voluntary donations

Voluntary donations comprise framework agreements with donors for the core activities of IUCN and project agreements for project activities.

Framework agreements income

Framework agreements are normally for periods of more than one year and may be subject to general restrictions in their use in terms of geography or thematic area.

Framework agreements income is recognised in the income statement as unrestricted income once the agreement has been signed and in accordance with the amounts specified in the agreement for each calendar year. Framework agreements income received in advance of the period to which it relates is recorded as deferred unrestricted income.

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Staff in-kind contributions

In-kind contributions of staff are recognised at fair value over the period of the employment contract as both income and expenditure in the Consolidated Income and Expenditure Statement. The fair value of in-kind staff is taken as the average cost that would be incurred by IUCN, if it were to directly employ a person in a similar position.

Project agreements income

Project agreements income is restricted for specific project activities detailed in project agreements and subject to specific conditions imposed by the donor. Income is recognised as expenditure is incurred. At the year end, the balance of projects are recorded as "Project agreement receivables" (current assets) where expenditure incurred on projects exceeded amounts advanced by donors, and under "Project agreement advances" (current liabilities) where advances from donors exceeded expenditure incurred.

c) Retention of staff income tax

Non-Swiss staff resident in Switzerland are exempt from paying taxes on their IUCN earnings on the basis of a fiscal agreement between IUCN and the Swiss Government, which entered into effect on 1st January 1987. In order to ensure equitable treatment of both Swiss and non-Swiss staff at Headquarters, an internal tax is levied on non-Swiss staff resident in Switzerland. This is shown as Retention of staff income tax in the Consolidated Income and Expenditure Statement and is classified as unrestricted income.

6. Expenditure

All unrestricted expenditure and project expenditure is accounted for on an accruals basis.

7. Cross charges from projects

Cross charges from projects represent transfers between Project agreements and Secretariat unrestricted funds and comprise staff time charged to projects and indirect costs funded from projects.

Staff time charges

IUCN staff costs are recorded as unrestricted costs. Staff working on projects charge their time spent on projects through a time recording system. Project agreements are charged the cost of staff time and the Secretariat unrestricted fund receives the income.

Indirect cost recoveries

Indirect costs are recorded as unrestricted costs. Indirect costs funded from project agreements are cross charged to projects and the Secretariat unrestricted fund receives the income.

8. Financial assets

Financial assets are recorded at fair value. Gains or losses arising from changes in fair values of financial assets are recognised in the income statement in the year that they occur as are foreign exchange gains or losses resulting from the revaluation of financial assets denominated in currencies other than the CHF.

9. Fixed assets

a) Purchased assets

Purchased fixed assets are capitalised when the purchase price is one thousand CHF or above, or the equivalent in other currencies, and when ownership resides with IUCN.

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b) In-kind assets

In-kind contributions of fixed assets are capitalised at fair value and the donations recorded as deferred income which is then recognised in the income statement over the estimated useful life of the assets in line with the depreciation charges.

c) Depreciation

Fixed assets are depreciated over their estimated useful lives on the following basis:

Computer hardware	3–5 years
Vehicles	4–7 years
Office furniture and equipment	4–7 years
Building renovations	10–20 years
Building installations	20 years
Building infrastructures	50 years

d) Donations for the purchase of fixed assets

Cash donations received for the purchase of fixed assets are recorded as deferred income and recognised in the income statement over the estimated useful life of the corresponding asset in line with the depreciation charge.

10. Intangible assets

Purchased computer software is capitalized on the basis of the costs incurred to acquire the software and bring it to its point of use.

Software is depreciated over its estimated useful life on a straight line basis over 5 to 7 years.

The cost of developing in-house software is expensed in the year that the costs are incurred.

11. Provisions

a) Provision for membership dues receivable

A general provision for outstanding membership dues is made to recognise the probability that not all dues will be received. The increase or decrease in the total provision is recognised in the income and expenditure statement. Provision for membership dues in arrears is calculated on the following basis, based on the outstanding balance at the close of the year.

Membership dues outstanding for:

Three years or more	100%
Two years	67%
One year	33%

The provision against the arrears of some state members and state agencies is calculated on an individual basis after a review of their own special situations.

Full provision is made against the dues owed by Members whose rights have been rescinded by the IUCN World Conservation Congress or vote of the membership.

b) Provision for projects in deficit

A provision for projects in deficit is made in respect of those projects where expenditure has exceeded income and where the receipt of future additional funds to cover the excess expenditure is uncertain.

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c) Staff terminations

Provision is made for the estimated cost of known redundancies. A redundancy is considered to be known when a management decision has been taken and communicated to the staff concerned.

Additional provision is made when there is a local legal obligation.

d) Staff leave and repatriation

Provision is made for holiday entitlement which has not been used by staff at the year-end. The balance at the year-end also includes the estimated cost of repatriation of international staff.

12. Loans at below market rate of interest

Loans are initially measured at fair value. The benefit of the below-market rate of interest is measured as the difference between the initial carrying value of the loan and the proceeds received. The benefit is recorded as deferred income and recognised over the period of the loan. The market rate of interest is reviewed annually and the carrying value adjusted for significant movements in the market rate.

An amount equivalent to the interest that would have been incurred had the loan been acquired at a market rate is recognised as both an income and an expense in the income and expenditure statement on an annual basis.

13. Hosted organisations

IUCN hosts certain organisations. A hosted organisation has no legal status in the country of operation and therefore operates under the legal umbrella of IUCN. A hosted organisation is operationally autonomous and is accountable to its own management and governance structures and not to IUCN.

Income received and expenditure incurred on behalf of a hosted organisation is accounted for in separate project accounts and excluded from consolidation. Funds held by, or advanced by, IUCN on behalf of hosted organisations are recorded on the balance sheet as advances from/to hosted organisations.

14. Reserves

IUCN maintains the following reserves:

a) Unrestricted reserves

IUCN Fund

The IUCN Fund is maintained in order to preserve IUCN's capital base. The use of the fund is governed by the IUCN Council and is maintained as a reserve of last resort.

Currency translation reserves

The Currency translation reserve represents changes in the value of the net assets of IUCN at the consolidation level as a result of movements of functional currencies against the Swiss franc.

Retained surpluses

The Retained surpluses represent other unrestricted reserves.

b) Designated reserves

Designated reserves represent funds set aside from unrestricted reserves to cover the cost of future events or activities. The designation may be reversed at any time by the IUCN Council.

Reserve for statutory meetings

The Reserve for statutory meetings represents amounts allocated from unrestricted funds to cover costs of future meetings of the World Conservation Congress and related preparatory meetings.

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Renovation fund

The Renovation fund represents funds allocated from unrestricted funds for future renovations of the Headquarters building.

Other Designated reserves

Other Designated reserves represent amounts allocated from unrestricted funds to cover the cost of other future costs or activities.

III. CASH AND SHORT TERM BANK DEPOSITS

Cash and short-term bank deposits include all bank accounts and short-term deposit accounts operated by IUCN worldwide. The analysis by region or office is shown below.

REGION OR OFFICE	2019	2018
Asia	2,670	2,022
Eastern and Southern Africa	2,653	1,677
Eastern Europe and Central Asia	35	226
Europe	2,539	1,804
Environmental Law Centre, Bonn	856	470
Headquarters	41,858	34,864
Mediterranean	243	760
Mexico, Central America and the Caribbean	1,430	1,396
Oceania	766	(17)
South America	341	147
United Kingdom	542	440
United States	705	1,203
Western and Central Africa	2,822	1,911
West Asia	769	753
Balance at 31 December	58,229	47,656

IV. FINANCIAL ASSETS

	2019	2018
Bonds	12,023	11,192
Microfinance	1,616	1,599
Equities	914	1,824
Convertibles	753	790
Other Investments	714	743
Balance at 31 December	16,020	16,148

At 31 December 2019, an unrealized foreign exchange loss of CHF 68 (2018 – CHF 29 loss) was recognised on the investment portfolio.

During the year, the investment portfolio recorded a capital gain of CHF 411 (2018 – CHF 408 loss).

At 31 December 2019, the investment portfolio included bank balances of CHF 605 (2018 – CHF 67). These are included under cash and short-term bank deposits.

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V. DERIVATIVE FINANCIAL INSTRUMENTS

The following forward currency contract commitments existed at 31 December 2019:

	Other currency	CHF	Maturity date
Conversion of SEK to CHF	20,000	2,033	18.05.2020
Conversion of SEK to CHF	19,375	2,014	31.08.2020
Conversion of NOK to CHF	10,500	1,128	29.04.2020

The contracts for the conversions of SEK and NOK to CHF are all forward currency contracts.

At 31 December 2019, the market value of forward currency contracts was a loss of CHF 30 (2018 – nil). A provision for the full value of the loss is included under net movement in provision and write-offs in the Consolidated Income and Expenditure statement.

VI. MEMBERSHIP DUES RECEIVABLE AND PROVISION

	2019	2018
Gross membership dues receivable	2,260	3,861
Provision for dues in arrears	(1,249)	(1,889)
Net membership dues receivable at 31 December	1,011	1,972

The provision for membership dues in arrears has been calculated in accordance with the policy described in Note II.11 (a).

2018

	2016 and prior	2017	2018	Total
Total membership dues receivable	598	989	2,274	3,861
Provision for membership dues	(419)	(573)	(897)	(1,889)
Net membership dues receivable	179	416	1,377	1,972

2019

	2017 and prior	2018	2019	Total
State member	174	367	1,045	1,586
Government agencies	74	111	294	479
Indigenous peoples	0	0	1	1
International NGOs	3	6	12	21
National NGOs	15	40	87	142
Affiliates	14	6	11	31
Total membership dues receivable	280	530	1,450	2,260
Provision for membership dues	(280)	(429)	(540)	1,249
Net membership dues receivable	-	101	910	1,011

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Movement in provision for membership dues

	2019	2018
Balance at 1 January	1,889	2,239
Addition to /(release from) provision	-	129
Write off of deficits against provision	(640)	(479)
Balance at 31 December	1,249	1,889

VII. STAFF RECEIVABLES

Staff receivables comprise travel advances, payroll advances and loans to staff outstanding as at 31 December.

	2019	2018
Travel advances	268	375
Payroll advances and staff loans	8	18
Balance at 31 December	276	393

VIII. RECEIVABLES FROM PARTNER ORGANISATIONS

Receivables from partner organisations represent balances due from organisations associated with IUCN that are outstanding as at 31 December.

	2019	2018
RAMSAR Convention Secretariat	367	338

IX. ADVANCES TO IMPLEMENTING PARTNERS

Advances to implementing partners represent amounts advanced to IUCN partners for the implementation of project agreements that were not spent as at 31 December.

	2019	2018
Asia	483	156
Eastern and Southern Africa	594	493
Europe	93	96
Headquarters	5,614	10,124
Mediterranean	17	31
Mexico, Central America and the Caribbean	190	244
Oceania	(14)	155
South America	583	683
United Kingdom	104	172
United States	345	165
West Asia	258	109
Western and Central Africa	1,558	2,037
Balance at 31 December	9,825	14,465

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X. PROJECT AGREEMENTS RECEIVABLES AND ADVANCES

Receivables and advances on project agreements represent respectively the total of projects with a negative cash balance and the total of projects with a positive cash balance at year end.

	2019	2018
Project agreement receivables	(18,108)	(14,686)
Project agreement advances	73,313	62,369
Balance at 31 December	55,205	47,683

XI. FRAMEWORK AGREEMENTS RECEIVABLES

Framework agreements receivables represent framework agreements income due but not received as at the end of the year. As at 31 December 2019 there was CHF 1,417 receivable compared to CHF 712 receivable at 31 December 2018.

XII. FIXED ASSETS

1. Movement in fixed assets

	Building Infrastructures	Building Installations	Other Land and Buildings	Vehicles, Equipment, Furniture & Fixtures	Total
Purchase value:					
Balance as at 31 December, 2017	27,178	13,775	5,281	9,714	55,948
Additions	-	-	53	581	634
Disposals	-	-	-	(701)	(701)
Balance as at 31 December, 2018	27,178	13,775	5,334	9,594	55,881
Additions	-	-	10	598	608
Disposals	-	-	(6)	(258)	(264)
Balance as at 31 December, 2019	27,178	13,775	5,338	9,934	56,225
Depreciation:					
Balance as at 31 December, 2017	(9,554)	(6,735)	(1,405)	(7,896)	(25,590)
Charge for the year	(544)	(575)	(302)	(718)	(2,139)
Disposals	-	-	-	665	665
Balance as at 31 December, 2018	(10,098)	(7,310)	(1,707)	(7,949)	(27,064)
Charge for the year	(544)	(575)	(284)	(699)	(2,102)
Disposals	-	-	3	240	243
Balance as at 31 December, 2019	(10,642)	(7,885)	(1,988)	(8,408)	(28,923)
Net book value:					
Balance as at 31 December 2018	17,080	6,465	3,627	1,645	28,817
Balance as at 31 December 2019	16,536	5,890	3,350	1,526	27,302

Fixed assets purchased using unrestricted funds are depreciated over their estimated useful lives as per Note II.9.

December 2017 opening Fixed Asset balances were changed to correctly reflect disposal of fully depreciated equipment of CHF 948.

2. Land

In 1990, the commune of Gland gave IUCN the right to use a plot of land for the purpose of building the IUCN Secretariat Headquarters. The right was granted at no cost for a period of 50 years, i.e. until August 2040. In

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2008, the commune of Gland gave IUCN the right of use of an adjacent piece of land to the original plot for a period of 50 years, with the permission to construct an extension to the existing IUCN Headquarters building.

3. IUCN Headquarters building

Included in Building Infrastructures and Building Installations is the Headquarters building of IUCN. This consists of an original building and an extension.

a) Original building

The original building was financed by donations received from the Swiss Confederation, the Canton of Vaud and the Commune of Gland. Although IUCN formally owns the Headquarters building, it enjoys a restricted use and cannot dispose of it or use it as collateral without the approval of the Swiss Government. If disposed of, the Swiss Government has the right to recuperate its initial outlay plus a percentage of the value added, if applicable. The cost of the building is included in fixed assets and the net book value is matched by a corresponding value of deferred income to recognise the restricted nature of the building. The deferred income is released over the estimated useful life of the building in line with the depreciation of the building.

In 2014, the Canton of Vaud provided a grant of CHF 600 towards the renovation of the original building. The grant will be released over the estimated useful life of the building renovation (20 years).

b) Building extension

The building extension was financed by an interest free loan from the Swiss Government of CHF 20,000 payable in 50 equal yearly instalments of CHF 400, the first of which was paid in December 2010. In addition to the loan from the Swiss Government, IUCN received cash donations of CHF 4,692 and in-kind donations of CHF 1,815.

XIII. INTANGIBLE ASSETS

The intangible assets consist of an ERP system and portal applications.

Movement in Intangible assets

	2019	2018
Purchase value:		
Balance at 1 January	4,550	4,438
Additions	191	112
Balance at 31 December	4,741	4,550
Amortisation:		
Balance as of 1 January	(4,423)	(4,069)
Charge for the year	(72)	(354)
Balance at 31 December	(4,495)	(4,423)
Net Book Value at 31 December	246	127

XIV. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities represent amounts owed to creditors and suppliers as at the end of the year. Of the total outstanding balance of CHF 10,782 as at 31 December 2019 (2018 – CHF 13,841), CHF 6,973 (2018 – CHF 9,472) is related to Headquarters and the balance to regional and country offices.

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	2019	2018
Accounts payable and supplier accruals	5,067	5,301
Accruals for implementing partners	5,715	8,540
Balance at 31 December	10,782	13,841

XV. PENSION FUND OBLIGATIONS

IUCN operates different pension plans in different countries, each conforming to the legal regulations in the respective country. On 31 December 2019, the liability to the pension schemes amounted to CHF nil (2018 – CHF nil).

XVI. HOSTED ORGANISATIONS ADVANCES

Hosted organisation advances represent funds held by IUCN on behalf of hosted organisations. At 31 December 2019, the balances are due from organisations associated with IUCN resulting from outstanding funds from donors on hosted organisation projects.

	2019	2018
Balance at 1 January	496	511
Income	1,798	4,168
Expenditure	(2,566)	(4,223)
	(272)	456
Movement on funds held	(35)	40
Balance at 31 December	(307)	496

XVII. PROVISIONS

1. Projects in deficit

The provision for projects in deficit is funded by unrestricted income and covers projects where negotiations are still ongoing but where IUCN considers that it may not be able to obtain additional funds from donors to cover expenditures already incurred.

Movement in project deficit provision

	2019	2018
Balance at 1 January	1,928	2,171
Additions to provision	610	1,337
Utilisation of provision	(163)	(1,580)
Balance at 31 December	2,375	1,928
Region	2019	2018
Asia	568	323
Eastern and Southern Africa Region	433	289
Europe	16	16
Headquarters	423	490
Mediterranean	47	49
Oceania	152	243
Western and Central Africa	272	152
West Asia	464	366
Balance at 31 December	2,375	1,928

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2. Staff termination

The provision for staff termination is calculated separately for each office to comply with local labour laws. Irrespective of local labour law, provision is made for the estimated cost of staff termination when a decision has been made to terminate a member of staff and the decision has been communicated to the individual concerned.

Movement in provision for staff termination

	2019	2018
Balance at 1 January	1,726	1,576
Additions to provision	777	962
Utilization of provision	(926)	(812)
Balance at 31 December	1,577	1,726

XVIII. DEFERRED INCOME

Deferred unrestricted income represents income received in advance of the period to which it relates.

	2019	2018
Deferred unrestricted income	1,454	709
Donations for construction of HQ building extension		
Donations in cash	2,652	2,753
Donations in kind	216	243
Donation in cash for renovation of original building	434	465
	3,302	3,461
Headquarters original building	7,123	7,431
Interest free government loan	3,444	5,260
Total	15,323	16,861
Current		
Deferred unrestricted income	1,454	709
Buildings:		
Original building	339	339
Building extension	128	128
Total buildings	467	467
Total current deferred income	1,921	1,176
Non-current		
Original building	6,784	7,092
Building extension	6,618	8,593
Total long term deferred income	13,402	15,685
Total deferred income	15,323	16,861

Donations received for the headquarters buildings (original and extension) are recorded as deferred income and recognised over the useful life of the corresponding purchased or donated assets (see Note XI 3).

The deferred income on the government loan represents the difference between the fair value of the loan CHF 12,537 (2018 – CHF 11,124) and the outstanding cash value of the loan CHF 15,981 (2018 – CHF 16,384) (see Note XIX). This difference represents the fair value of the interest saved on the interest free loan granted by the Swiss Government and is recognised over the period of the loan.

XIX. NEW BUILDING LOAN

Headquarters building extension loan

	2019	2018
Current	243	177
Non-current	12,294	10,947
Balance at 31 December	12,537	11,124

The Swiss Government provided an interest free loan of CHF 20,000 to finance the headquarters building extension.

The loan is repayable in 50 annual instalments of CHF 400. The first instalment was paid in December 2010.

The fair value of the loan is estimated at CHF 12,537 (2018 – CHF 11,124). The outstanding cash value of the loan has been discounted at a rate of 1.25% (2018 – 2%) which represents the market interest rate for a 10-year loan based on current market conditions. The difference of CHF 3,444 (2018 – CHF 5,260) between the outstanding cash value and the fair value of the loan is the benefit derived from the interest-free loan and is recorded as deferred income (see Note XVIII).

The impact of changing the discount rate from 2% to 1.25% was an increase in the fair value of the loan of CHF 1,591 and a corresponding decrease in deferred income. This adjustment has not been passed through the income and expenditure statement as it has no impact on the result for the year

The value of the interest that would have been paid on an equivalent commercial loan of 1.25% is estimated at CHF 200 (2018 – 2%, CHF 328). This has been recorded in the income and expenditure statement under Interest income to recognise the benefit of the interest free loan and under financial charges to recognise the interest that would have been paid.

XX. FUNDS AND UNRESTRICTED RESERVES

1. Unrestricted reserves

Currency translation adjustments & foreign exchange gains and losses

Exchange gains and losses at the individual ledger levels are dealt with in the income statement. The net unrestricted loss on exchange for the year amounted to CHF 628 loss (2018 – loss of CHF 504).

Exchange gains and losses on consolidation and translation of ledgers maintained in other currencies to CHF are taken to the currency translation adjustment reserve. The net movement during 2019 was a loss of CHF 284 (2018 – loss of CHF 575).

2. Designated reserves

a) Reserve for statutory meetings

In 2019, CHF 832 (2018 – CHF 343 allocation) was released from the Reserve for statutory meetings from Retained surpluses to cover costs for the 2020 Congress (CHF 425) and the Regional Conservation Fora (CHF 407).

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b) Other designated reserves

In 2019, CHF 14 (2018 – CHF 269 allocation) was released from Other designated reserves in respect of: the IUCN Commissions – CHF 117 allocation (2018 – CHF 224 allocation), External review – CHF 55 allocation (2018 – CHF 45 allocation) and systems investments – CHF 186 release (2018 – CHF nil).

c) Renovation fund

A net allocation of CHF 10 (2018 – CHF 11) was made from Retained surpluses to the Renovation fund to cover future renovation costs of the IUCN Headquarters building.

XXI. RETENTION OF STAFF INCOME TAX

Swiss Government tax rebates amounted to CHF 1,426 (2018 – CHF 1,487) and represents the value of taxes that would have been paid by non-Swiss staff in the absence of the Fiscal Agreement between IUCN and the Swiss Government which exempts non-Swiss staff from payroll taxes and which entered into effect on 1 January 1987.

XXII. FRAMEWORK INCOME

Annex A lists Framework Agreements income by donor and details income allocations to the IUCN Programme and operational units.

Framework income includes in-kind contributions of CHF 526 (2018 – CHF 430).

XXIII. OTHER OPERATING INCOME

Other operating income of CHF 5,880 (2018 – CHF 6,041) shown under Secretariat unrestricted funds includes overhead and management fees from Ramsar Convention Secretariat of CHF 561 (2018 – CHF 574), rental income of CHF 1,231 (2018 – CHF 1,174), recognition of deferred income of donations for the headquarters original building and building extension CHF 467 (2018 – CHF 468), and in-kind contributions of staff other than Framework staff in-kind of CHF 1,017 (2018 – CHF 979). The balance of other operating income is made up of miscellaneous external income received by IUCN at both Headquarters and other offices around the world.

XXIV. EXCHANGE DIFFERENCES ON REVALUATION OF PROJECT BALANCES

Project balances are expressed in the currency of the underlying donor contract. At the end of the year, project balances are translated to the currency of the office ledger in which they reside at the year-end rate. Project balances expressed in non-CHF ledgers are further revalued to CHF using the year-end exchange rates. The resulting unrealised gain or loss is recorded as an adjustment to project balances on the balance sheet and the Currency translation adjustment reserve. The net adjustment is passed through the income and expenditure statement for project agreements to reflect the net movement on the project portfolio.

XXV. AUDIT FEE

The following fees were paid to the auditors of IUCN's financial statements.

	2019	2018
Consolidated financial statement audit	194	171
Other audits	49	37

XXVI. RELATED PARTIES

1. Identity of related parties

a) The Commissions

The Commissions of IUCN are networks of expert volunteers entrusted to develop and advance the institutional knowledge and experience and objectives of IUCN. The Commissions are established by Congress which determines their mandate.

b) The National and Regional Committees

National and Regional Committees are groupings of Members of IUCN from specific states or regions. Their role is to facilitate cooperation among Members and to coordinate the participation of Members in the programme and governance of IUCN.

c) The Convention on Wetlands of International Importance (Ramsar)

Ramsar is hosted by the IUCN Secretariat and operates under its legal personality. It is headed by a Secretary General with sole responsibility for the administration of the convention funds and for all administrative matters, with the exception of those requiring the exercise of legal personality. IUCN provides services to the Ramsar Secretariat in terms of financial and budgetary management, office facilities, human resources management and information technology.

d) TRAFFIC International

TRAFFIC International is a charity registered in the United Kingdom. IUCN is a founder member and sits on the Board. The IUCN Secretariat hosts TRAFFIC operations in its offices in Cameroon, Thailand and South Africa where they operate under the legal personality of IUCN.

e) International Union for Conservation of Nature and Natural Resources – US

The International Union for Conservation of Nature and Natural Resources – US is a US registered charity whose main purpose is to raise funds for conservation to be spent in partnership with IUCN and its Members.

2. Transactions with related parties

During the course of the year IUCN made contributions of CHF 1,300 to the Commissions (2018 – CHF 1,300). The amount is distributed across the expenditure headings that reflect the nature of the expenses incurred by the Commissions. Unspent allocations are included under Other Designated Reserves

During the year and as part of the services IUCN provides to Ramsar, IUCN received funds of CHF 4,932 (2018 – CHF 6,730) and incurred payments of CHF 4,559 (2018 – CHF 6,498) on behalf of Ramsar. At year-end the balance held in trust for Ramsar amounted to CHF 3,827 (2018 – CHF 5,196). These transactions are recorded in Ramsar accounts and financial statements and are therefore not presented in the financial statements of IUCN. During the year, IUCN received fees of CHF 561 (2018 – CHF 574) for the services provided to Ramsar and which are included in Other operating income.

During the year IUCN made contributions of CHF 418 to TRAFFIC International (2018 – CHF 449).

During the year, IUCN received funds from the International Union for the Conservation of Nature and Natural Resources – US of USD 531 (CHF 515) and in 2018, USD 437 (CHF 430) was received.

IUCN – International Union for Conservation of Nature and Natural Resources

Notes to the Consolidated Financial Statements for the Year ended 31 December 2019

All amounts in CHF ('000) unless otherwise stated

Summary of legally controlled entities:

Company	Year-end closing	Currency	Capital	Share of capital	
				2019	2018
The International Union for the Conservation of Nature and Natural Resources, Registered Trustees, (WASAA Trust Fund, Nairobi)	31.12	KES	234,857	100%	100%
IUCN, Bureau de Représentation auprès de l'Union Européenne aisbl	31.12	EUR	104	100%	100%
Associação IUCN	31.12	BLR	292	20%	20%
IUCN UK (A Company Limited by Guarantee)	31.12	GBP	130	NA	NA
IUCN Maldives	31.12	USD	-	100%	100%
IUCN PNG "Mangrove Rehabilitation and Management Project Association	dormant				

XXVII. STAFF HEADCOUNT

IUCN's headcount including staff in-kind is as follows:

	2019	2018
Average employees during the year	833	891

XXVIII. OPERATING LEASES

At 31 December 2019, IUCN has future minimum office rental commitments amounting to CHF 4,757 (2018 – CHF 4,648) relating to expected rental fees until the end of the lease contract of which CHF 4,325 (2018 – CHF 3,900) expires in 1 to 5 years and CHF 432 (2018 – CHF 748) expires in 6 to 7 years.

IUCN has leasing contracts for office equipment and vehicles amounting to CHF 141 (2018 – CHF 160) expiring in 1 to 5 years.

XXIX. BANK GUARANTEES

At 31 December 2019, IUCN had bank guarantees in Mozambique Metical 151 (2018 – MZN 2,862) and Kuwaiti Dinar 19 (2018 – KWD 19), for a total value CHF 63 (2018 – CHF 108) in favour of IUCN donors. Cash for an equivalent amount is pledged at corresponding banks.

XXX. SUBSEQUENT EVENTS

The COVID-19 outbreak has developed rapidly in 2020, with a significant number of infections across many geographies. Government restrictions on the free movement and association of staff and project participants are expected to have some impact on programme delivery during the course of 2020.

IUCN – International Union for Conservation of Nature and Natural Resources

Notes to the Consolidated Financial Statements for the Year ended 31 December 2019

All amounts in CHF ('000) unless otherwise stated

IUCN has assessed the impact that COVID-19 will have on its operations in 2020 by reviewing both unrestricted and restricted income streams. The impact on unrestricted income is expected to be minimal. There is a risk that some Members may delay, or, in extreme cases, be unable to pay their membership dues, leading to the requirement for additional provisions for unpaid dues in 2020, but this is not expected to be material. Framework income is not expected to be impacted as 2020 budgeted income is supported by contracts with government agencies.

A review of all project plans has been performed. Although a decline in activity expenditure is forecasted, the decline is not expected to be material. Project plans are being revised where necessary, and in collaboration with IUCN donors, to minimise the impact by prioritising project activities that are not impacted by COVID-19. In addition, alternative project modalities are being used where appropriate, e.g. virtual technology to conduct workshops and other collaborative events. As a result, we expect the financial impact of COVID-19 on project implementation to be limited in 2020.

Due to the COVID-19 emergency, the IUCN World Conservation Congress, scheduled to be held in June 2020 in Marseille, France, has been postponed to January 2021. The postponement decision has no impact on the 2019 financial statements. Any additional costs related to the postponement of the Congress will be recognised in 2020.

Overall, IUCN considers that these subsequent events have no impact on the 2019 financial statements. Furthermore, Management concluded that there is no material uncertainty that may cast significant doubt upon the organisation's ability to continue as a going concern. We will continue to monitor the situation throughout 2020 and take steps to maintain operations to the extent possible without jeopardizing the health of our staff or our partners.

ANNEX A – CORE FUNDS UNDER FRAMEWORK AGREEMENTS

All amounts in CHF ('000)

	2019	2019	2018	2018
	Secretariat expenditure	Framework core allocation	Secretariat expenditure	Framework core allocation
Central and West Africa Region	2,903	754	3,314	775
Eastern and Southern Africa Region	4,800	625	4,575	736
Asia Region	6,905	886	7,417	1,029
Meso America and Caribbean	3,627	440	4,577	506
South America and Brazil	1,252	326	1,458	378
European Regional Office, Brussels	1,017	-	986	-
Eastern Europe and Central Asia Regional Office	454	-	378	-
West Asia Region	909	330	1,147	384
Mediterranean Cooperation Centre	1,492	-	1,430	-
Oceania	1,514	296	1,494	347
Washington DC Office	900	-	998	-
Sub Total Regional Components	25,773	3,657	27,774	4,155
Director's Office, Biodiversity Conservation Group	357	356	388	400
Species Programme	3,452	449	3,342	450
Protected Areas Programme	1,557	374	1,336	350
World Heritage Programme	1,032	333	1,159	350
Traffic International	418	218	449	249
Sub Total Biodiversity Conservation Group	6,816	1,730	6,674	1,799
Director's Office, Nature-based Solutions Group	456	356	466	350
Ecosystem Management Programme	1,824	408	1,542	348
Forest & Climate Change Programme	1,880	236	1,966	197
Marine & Polar Programme	1,658	233	1,876	247
Water & Food Security Programme	812	237	1,019	200
Business & Biodiversity Programme	1,194	238	1,260	331
Governance and Rights Programme	1,202	593	1,327	619
Sub Total Nature-based Solutions Group	9,026	2,301	9,456	2,292
Director's Office, Programme & Policy Group	404	356	401	400
Economic Knowledge	889	575	730	620
Science and Knowledge Unit	805	634	753	618
Global Policy Unit	725	541	716	567
Environmental Law Programme	1,164	333	1,230	348
GEF Coordination Unit	605	-	580	-
Sub Total PPG - Programme & Policy Group	4,592	2,439	4,410	2,553
Commission on Education and Communication	273	-	204	-
Commission on Ecosystem Management	210	-	145	-
World Commission on Environmental Law	141	-	118	-
World Commission on Protected Areas	227	-	182	-
Species Survival Commission	143	-	221	-
Commission on Environment, Economics and Social Policy	177	-	185	-
Sub Total Commissions	1,171	-	1,055	-
Director's office, Union Development Group	3,131	-	1,406	-
Governance	685	-	631	-
Sub Total Union Development	3,816	-	2,037	-
Directorate	1,099	-	1,284	217
Office of the Legal Adviser	589	-	626	-
Oversight Unit	219	-	214	-
Planning, Monitoring & Evaluation Unit	595	417	525	284
Global Communications Unit	1,091	-	958	-
Finance Group	1,682	-	1,659	-
Global Programme Operations Unit	1,797	245	1,866	235
Human Resources Management Group	1,205	-	1,094	-
Strategic Partnerships Unit	753	544	622	134
General Services Unit	3,060	-	2,947	-
Information Systems Group	3,634	-	3,736	-
Sub Total Corporate Support Units	15,724	1,206	15,531	870
OVERALL TOTAL	66,918	11,333	66,937	11,669
Non-operating expenditure	(21)	-	(317)	-
Operating expenses as per the Income & Expenditure Statement	66,897	11,333	66,620	11,669
Reconciliation of Framework Income to the Financial Statements		2019		2018
Overall Total allocations as above		11,333		11,669
Realised foreign exchange losses on cash contributions		132		-
Framework funding allocated to projects		233		-
Surplus/(Deficit) at year-end transferred to unrestricted reserve		(66)		(440)
Total Funding Framework Agreements		11,632		11,229

ANNEX A – CORE FUNDS UNDER FRAMEWORK AGREEMENTS

All amounts in CHF ('000)

	2019	2018
Framework Agreement Partners	TOTAL	TOTAL
Agence Française de Développement (AFD), Ministry for Europe and Foreign Affairs (MEAE), Ministry of Ecological and Inclusive Transition (MTES), Ministry of Agriculture and Food (MAA); Ministry of Overseas Territories (MOM) – France	1,214	1,178
Ministry of Environment, Republic of Korea (MOE) – Korea	789	634
Ministry of Foreign Affairs – Finland	397	419
Norwegian Agency for Development Cooperation (NORAD) – Norway	2,415	2,432
Swedish International Development Agency (Sida) – Sweden	4,589	4,319
Swiss Agency for Development and Cooperation (SDC) – Switzerland	1,500	1,500
U.S. Department of State	728	747
Total Funding Framework Agreements	11,632	11,229

Framework income allocations are made on the basis of budgeted income at the start of the year. The difference between allocations made and actual income received is taken to unrestricted reserves. This is compensated by balances on other funding sources to arrive at the overall result for the year.