

SIXTIETH SESSION OF THE IPCC
Istanbul, Türkiye, 16 – 19 January 2024

IPCC-LX/INF. 1
(21.XI.2023)
Agenda Item: 3.2
ENGLISH ONLY

IPCC TRUST FUND PROGRAMME AND BUDGET

**Audit of 2022 financial statements of the Intergovernmental Panel
on Climate Change**

(Submitted by the Secretary of the IPCC)

IPCC TRUST FUND PROGRAMME AND BUDGET

Audit of 2022 Financial Statements of the Intergovernmental Panel on Climate Change

The audited 2022 IPCC Financial Statements are being presented to the 60th Session of the IPCC.

The External Auditor stated that the 2022 IPCC Financial Statements “present fairly, in all material respects, the financial position of the Intergovernmental Panel on Climate Change (IPCC) as at 31 December 2022, and its financial performance, its changes in net asset/equity, its cash flows and its comparison of budget and actual amounts for the year then ended, in accordance with International Public Sector Accounting Standards (IPSAS) and the WMO Financial Regulations and Rules.”

The Panel is invited to take note of the document IPCC-LX/INF.1 on the Audit of the 2022 IPCC Financial Statements.



Corte dei conti

AUDIT CERTIFICATE

Opinion

We have audited the Financial Statements of the Intergovernmental Panel on Climate Change (IPCC), which comprise the Statement of Financial Position as at 31 December 2022, the Statement of Financial Performance, the Statement of Changes in Net Assets/Equity, the Statement of Cash Flow and the Statement of Comparison of Budget and Actual Amounts for the year then ended, and the accompanying Notes, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Intergovernmental Panel on Climate Change (IPCC) as at 31 December 2022, and its financial performance, its changes in net asset/equity, its cash flows and its comparison of budget and actual amounts for the year then ended, in accordance with International Public Sector Accounting Standards (IPSAS) and the WMO Financial Regulations and Rules.

Basis for Opinion

We conducted our audit in accordance with the International Standards of Supreme Audit Institutions (ISSAIs). In the field of financial statements audit, the ISSAIs are a direct transposition from the International Standards on Auditing (ISAs). The Corte dei conti applies the provisions of the ISAs in so far as they are consistent with the specific nature of its audits. Our responsibilities under these standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of this report. We are independent of the IPCC in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Nations system, 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.

Responsibilities of the IPCC Secretariat for the Financial Statements

The IPCC Secretariat is responsible for the preparation and fair presentation of the financial statements in accordance with International Public Sector Accounting Standards (IPSAS) and WMO's Financial Regulations, and for such internal control as the Secretariat determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, it is the Secretariat's responsibility to assess the IPCC's ability to continue operating, to disclose, where appropriate, matters related to going concern and to use the going concern basis of accounting, unless the Secretariat either intends to liquidate the IPCC or to cease its activity or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the IPCC's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Corte dei conti's objectives are to obtain reasonable assurance that the financial statements taken as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes its opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect any material misstatements that may exist. 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 financial statements.

As part of an audit in accordance with ISA standards, we exercise professional judgment and maintain professional scepticism throughout the audit.

In addition:

- We identify and assess the risks of material misstatement of the 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;
- We obtain an understanding of elements 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 IPCC's internal control;

- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Secretariat;
- We conclude on the appropriateness of the use by Secretariat of the going concern basis of accounting and, based on the audit evidence obtained, and on the existence or not of a material uncertainty related to events or conditions that may cast significant doubt on the IPCC'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 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 report. However, future events or conditions may cause the IPCC to cease its operation.
- We evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance 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.

Rome, 20 July 2023

Guido Carlino
President of the Corte dei conti



Intergovernmental Panel on Climate Change (IPCC) Trust Fund

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

The following appended financial statements, comprising Statements I, II, III, IV and V, and the Notes to the Financial Statements were properly prepared in accordance with the International Public Sector Accounting Standards. I certify that, to the best of my knowledge and information, all transactions during the year have been properly entered in the accounting records and that these transactions, together with the related financial statements and notes, fairly present the financial position of the Intergovernmental Panel on Climate Change Trust Fund at 31 December 2022.



Wenjian Zhang
Assistant Secretary-General
World Meteorological Organization
13 July 2023



Abdalah Mokssit
Secretary
Intergovernmental Panel on Climate Change
13 July 2023

Intergovernmental Panel on Climate Change

**FINANCIAL STATEMENTS FOR THE YEAR
ENDED 31 DECEMBER 2022**

17 March 2023

STATEMENT I

**INTERGOVERNMENTAL PANEL ON CLIMATE CHANGE (IPCC)
STATEMENT OF FINANCIAL POSITION**

AS AT 31 DECEMBER 2022

(in thousands of Swiss Francs)

| | Note | 2022 | 2021 |
|--------------------------------|-----------|---------------|---------------|
| ASSETS | | | |
| Current assets | | | |
| Contributions receivable | 3.1 | 2,638 | 4,569 |
| Inventory | 3.2 | 25 | 3 |
| Advances for meetings | 3.3 | 366 | 671 |
| Other receivables | 3.4 | 67 | 30 |
| Funds held by WMO | 3.5 | 20,337 | 18,078 |
| | | 23,433 | 23,351 |
| Non-current assets | | | |
| Contributions receivable | 3.1 | 195 | 260 |
| Total Assets | | 23,628 | 23,611 |
| LIABILITIES | | | |
| Current liabilities | | | |
| Deferred Revenue | 3.6 | 4,621 | 5,514 |
| Payables and accruals | 3.7 | 116 | 72 |
| Provision | 3.8 | 546 | - |
| Employee benefits | 3.9 | 179 | 176 |
| | | 5,462 | 5,762 |
| Non-current liabilities | | | |
| Deferred Revenue | 3.6 | 204 | 2,872 |
| Long-term employee benefits | 3.9 | 2,616 | 1,945 |
| | | 2,820 | 4,817 |
| Total liabilities | | 8,282 | 10,579 |
| Net assets | | 15,346 | 13,032 |
| NET ASSETS/EQUITY | | | |
| Fund balances | Sttmt III | 14,543 | 11,813 |
| Reserve for ASHI | 3.10 | 1,838 | 1,624 |
| Employee benefits reserves | 3.11 | (1,035) | (405) |
| Total net assets/equity | | 15,346 | 13,032 |

The accompanying notes form an integral part of these financial statements.

STATEMENT II

INTERGOVERNMENTAL PANEL ON CLIMATE CHANGE (IPCC)
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 31 DECEMBER 2022
(in thousands of Swiss Francs)

| | Note | 2022 | 2021 |
|---|-------------|--------------|--------------|
| Revenue | | | |
| Voluntary contributions | 5.1 | 8,084 | 6,867 |
| In-kind contributions | 5.2 | 780 | 752 |
| Other revenue | 5.3 | 10 | (22) |
| Total Revenue | | 8,874 | 7,597 |
| Expenses | | | |
| Salaries and employee benefits | 6.1 | 3,039 | 2,389 |
| Travel | 6.2 | 1,012 | 128 |
| In-kind expenditures | 6.3 | 780 | 752 |
| Grants and contributions for organization of meetings | 6.4 | 735 | 197 |
| Supplies, consumables and other running costs | 6.5 | 184 | 144 |
| Other expenditures | 6.6 | 180 | 78 |
| Total Expenses | | 5,930 | 3,688 |
| Surplus / (Deficit) for the year | | 2,944 | 3,909 |

The accompanying notes form an integral part of these financial statements.

INTERGOVERNMENTAL PANEL ON CLIMATE CHANGE (IPCC)
STATEMENT OF CHANGES IN NET ASSETS/EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022
(in thousands of Swiss Francs)

| | <u>Fund Balances</u> | <u>Reserve for ASHI</u> | <u>Employee Benefits Reserves</u> | <u>Total Net Assets</u> |
|---|--------------------------|-----------------------------|---|-----------------------------|
| Total net assets at 31 December 2021 | 11,813 | 1,624 | (405) | 13,032 |
| Movements in fund balances and reserves | | | | |
| Surplus for the year (Statement II) | 2,944 | - | - | 2,944 |
| Adjustment of Reserve for ASHI | (214) | 214 | - | - |
| Gain/(Loss) arising on actuarial valuation of employee benefits | - | - | (630) | (630) |
| Total movements during the year | 2,730 | 214 | (630) | 2,314 |
| Total net assets at 31 December 2022 | 14,543 | 1,838 | (1,035) | 15,346 |
| | | | | |
| | <u>Fund Balances</u> | <u>Reserve for ASHI</u> | <u>Employee Benefits Reserves</u> | <u>Total Net Assets</u> |
| Total net assets at 31 December 2020 | 7,690 | 1,838 | (702) | 8,826 |
| Movements in fund balances and reserves | | | | |
| Surplus for the year (Statement II) | 3,909 | - | - | 3,909 |
| Adjustment of Reserve for ASHI | 214 | (214) | - | - |
| Gain/(Loss) arising on actuarial valuation of employee benefits | - | - | 297 | 297 |
| Total movements during the year | 4,123 | (214) | 297 | 4,206 |
| Total net assets at 31 December 2021 | 11,813 | 1,624 | (405) | 13,032 |

The accompanying notes form an integral part of these financial statements.

STATEMENT IV

INTERGOVERNMENTAL PANEL ON CLIMATE CHANGE (IPCC)
STATEMENT OF CASH FLOW
FOR THE YEAR ENDED 31 DECEMBER 2022
(in thousands of Swiss Francs)

| | <u>2022</u> | <u>2021</u> |
|---|-----------------|-----------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Surplus/(Deficit) for the period | 2,944 | 3,909 |
| Interest and Service Charges on employee benefits liabilities | 124 | 141 |
| (Increase) decrease in short-term contributions receivables | 1,931 | (2,329) |
| (Increase) decrease in inventory | (22) | 7 |
| (Increase) decrease in advances to meetings | 305 | (21) |
| (Increase) decrease in other receivables | (37) | 65 |
| (Increase) decrease in funds held by WMO | (2,259) | (4,287) |
| (Increase) decrease in long-term contributions receivables | 65 | 3,914 |
| Increase (decrease) in Deferred Income | (3,561) | (1,270) |
| Increase (decrease) in payables and accruals | 44 | (15) |
| Increase (decrease) in other liabilities | 546 | (129) |
| Increase (decrease) in employee benefits | (80) | 15 |
| Net cash flows from operating activities | <u>-</u> | <u>-</u> |
| Net increase in cash and cash equivalents | - | - |
| Cash and cash equivalents at beginning of year | - | - |
| Cash and cash equivalents at end of the year | <u><u>-</u></u> | <u><u>-</u></u> |

The accompanying notes form an integral part of these financial statements.

Intergovernmental Panel on Climate Change (IPCC)
Statement of Comparison of Budget and Actual Amounts
as at 31 December 2022
(in Swiss Francs)

| Category | Budget | Expenditure | Budget Under/(Over)Spent |
|--|-------------------------|-------------------------|-----------------------------|
| A. Governing Bodies: | | | |
| 1 IPCC - 55 | 470,000 | 342,000 | 128,000 |
| 2 IPCC - 56 | 470,000 | 515,000 | (45,000) |
| 3 IPCC-57 | 760,000 | 429,000 | 331,000 |
| 4 Bureaux - 61 & 62 | 408,000 | 1,000 | 407,000 |
| 5 TFB | 42,120 | 3,000 | 39,120 |
| 6 UNFCCC/other UN meetings | 80,000 | 34,000 | 46,000 |
| 7 Prior year meetings | - | 25,000 | (25,000) |
| 8 Total Governing Bodies | <u>2,230,120</u> | <u>1,349,000</u> | <u>881,120</u> |
| B. Scoping Meetings, Expert Meetings and Workshops | | | |
| 1 SYR - AR6 CWT-3 | 164,000 | 97,000 | 67,000 |
| 2 SYR - AR6 CWT-4 | 191,880 | - | 191,880 |
| 3 TG-Data | 48,000 | 10,000 | 38,000 |
| 4 EFDB Editorial Board | 96,000 | 47,000 | 49,000 |
| 5 EFDB Data Meeting | 80,000 | - | 80,000 |
| 6 EFDB & Software Users' Feedback | 44,000 | 33,000 | 11,000 |
| 7 TFI - Expert Meeting on SLCF | 187,200 | - | 187,200 |
| 8 TFI - Expert Meeting on Atmos Obs Data in Emission Inventories | 187,200 | 50,000 | 137,200 |
| 9 Prior year meetings | - | 22,000 | (22,000) |
| 10 Total Scoping Meetings, Expert Meetings and Workshops | <u>998,280</u> | <u>259,000</u> | <u>739,280</u> |
| C. Other Expenditure | | | |
| 1 2006 GL software | 30,000 | 30,000 | - |
| 2 EFDB maintenance | 70,000 | 70,000 | - |
| 3 Translation/Publication | 300,000 | 233,000 | 67,000 |
| 4 Gender Action Team - Survey | 40,000 | - | 40,000 |
| 5 Communication I | 623,040 | 402,000 | 221,040 |
| 6 Communication II | 100,000 | - | 100,000 |
| 7 Distribution IPCC publications | 100,000 | 16,000 | 84,000 |
| 8 IT Infrastructure | 13,128 | - | 13,128 |
| 9 External Audit fee | 20,000 | - | 20,000 |
| 10 Advisory Services (Conflict of Interest) | 15,000 | - | 15,000 |
| 11 Co-chairs | 200,000 | 76,000 | 124,000 |
| 12 Prior year activities | - | (5,000) | 5,000 |
| 13 Total Other Expenditure | <u>1,511,168</u> | <u>822,000.00</u> | <u>689,168</u> |
| D. Secretariat | | | |
| 1 Secretariat | 2,553,050 | 2,082,000 | 471,050 |
| 2 Resource Mobilization | - | - | - |
| 3 Prior year activities | - | - | - |
| 4 Total Secretariat | <u>2,553,050</u> | <u>2,082,000.00</u> | <u>471,050</u> |
| E. Total all expenditure | <u>7,292,618</u> | <u>4,512,000</u> | <u>2,780,618</u> |

The accompanying notes form an integral part of these financial statements.

Notes to the Financial Statements as at 31 December 2022

NOTE 1: PURPOSES OF THE ORGANIZATION

a) The IPCC is an intergovernmental body open to all member countries of the UN and WMO. Its main purpose is to:

- (i) make assessments of available scientific information on climate change;
- (ii) make assessments of environmental and socio-economic impacts of climate change; and
- (iii) formulate response strategies to meet the challenge of climate change.

b) The IPCC works through three Working Groups (WG) and a Task Force (TFI). WG I deals with "The Physical Science Basis of Climate Change", WG II with "Climate Change Impacts, Adaptation and Vulnerability" and WG III with "Mitigation of Climate Change". The main objective of the Task Force on National Greenhouse Gas (GHG) Inventories (TFI) is to develop and refine a methodology for the calculation and reporting of national GHG emissions and removals.

c) Technical Support Units (TSUs) provide scientific, technical and organizational support to their respective IPCC WGs or TFI. The Technical Support Units are funded directly by the governments of countries in which they are located. In the case of the TFI TSU, the Government of Japan channels its funding through the IPCC Trust Fund.

d) The role of the IPCC Secretariat is to provide strategic, functional and administrative support to the implementation of the work programme of the IPCC; to provide cohesion and continuity to the organization; to ensure that the IPCC work programme is implemented consistently with the Principles Governing IPCC Work, the Decisions of the Panel and relevant UN regulations; and to liaise with Governments. The costs of the TSUs are not included in these financial statements as they are not under the direct control of the IPCC Secretariat.

NOTE 2: ACCOUNTING POLICIES

Basis of Preparation

1. Financial arrangements for the administration of IPCC are specified in the following:
 - a) Memorandum of Understanding between the United Nations Environment Programme (UNEP) and the World Meteorological Organization (WMO) on the Intergovernmental Panel on Climate Change (IPCC);
 - b) WMO Staff and Financial Rules and Regulations; and
 - c) delegation of responsibility from the Secretary-General of the WMO to the Secretary of IPCC.
2. Under the Memorandum of Understanding, WMO Staff and Financial Regulations and Rules apply to the transactions of IPCC. The accounting records of IPCC are maintained in accordance with these requirements. Management have considered that it is appropriate to prepare these financial statements on a going concern basis as there is no reason to believe that the commitments of panel members will not be sustained. In addition, the budget for 2022 has been approved by the Panel.
3. The IPCC works through the following two separate Trust Funds: (i) the IPCC Trust Fund, which receives contributions from Governments and International Organizations to support the activities of the Panel; and (ii) the Scholarship Programme Trust Fund, which contains the seed money of the Nobel Peace Prize awarded to IPCC in 2007 and contributions by private entities to support the activities of the IPCC Scholarship Programme. The financial statements refer to both Trust Funds.

4. The financial statements of the Intergovernmental Panel on Climate Change (IPCC) have been prepared on the accrual basis of accounting in accordance with the International Public Sector Accounting Standards (IPSAS) using the historic cost convention.
5. As of 31 December 2021, the date of the financial position, the following IPSAS Standards had been issued, but had not taken effect:
 - IPSAS 41 – Financial instruments and
 - IPSAS 42 – Social benefits
 - IPSAS 43 – Leases
 - IPSAS 44 – Non-current assets held for sale or discontinued operations

IPSAS 41 will come into force in periods beginning on or after 1 January 2023. IPSAS 43 has an effective date for periods beginning on or after 1 January 2025. The potential effects of these standards are being evaluated.

IPSAS 42 will come into force on 1 January 2023 and is not expected to have any impact on the financial statements of IPCC. IPSAS 44 will come into force on 1 January 2025 and is not expected to have any impact on the financial statements of IPCC.

6. In accordance with IPSAS requirements, and reflecting the nature of IPCC's business, revenue from voluntary contributions received as well as pledges of voluntary contributions confirmed in writing are recognized as non-exchange transactions as per IPSAS 23 - Revenue from Non-Exchange Transactions. IPCC considers that there are restrictions on the use of all contributions, and that some of these restrictions do meet the definition of a condition as described under IPSAS 23.
7. The Statement of Cash Flow is prepared using the indirect method.
8. The functional and reporting currency of IPCC is the Swiss Franc (CHF). Transactions in currencies other than CHF are converted into CHF at prevailing United Nations Operational Rates of Exchange (UNORE) at the time of transaction. Assets and liabilities in currencies other than CHF are translated into CHF at the UNORE in force at the end of the year. Resulting gains or losses are accounted for in the Statement of Financial Performance.

Revenue, Contributions and receivables

9. In accordance with IPSAS requirements, and reflecting the nature of IPCC's business, revenue from contributions as well as pledges of contributions confirmed in writing are recognized at their estimated realizable value as non-exchange transactions according to IPSAS 23 - Revenue from Non-Exchange Transactions.
10. Revenue from non-exchange transactions such as voluntary contributions is recognized as revenue at the time the agreement with the donor becomes binding unless the agreement includes conditions related to specific performance of services to third parties and the return of unexpended balances is the norm. Agreements containing such conditions require initial recognition of a liability and deferral of revenue recognition until such time as the liability is discharged through performance of the specific conditions included in the agreement.
11. In-kind contributions of services that directly support approved operations and activities and can be reliably measured, are recognized and valued at fair value. These contributions include use of premises and salary costs. They are treated as both revenue and expense in the Financial Statements.
12. Interest revenue is recognized as it accrues.

13. Receivables are valued at amortized cost less allowances for estimated irrecoverable amounts and discounted if cash flows are not expected within 12 months from the reporting date, if the effect of such discounting is material.

Expenses

14. In accordance with the accrual basis of accounting, expense recognition occurs at the time of delivery of goods or services by the supplier or service provider and are recorded in the accounting records and recognized in the financial statements of the periods to which they relate.

Financial Instruments

15. Financial instruments are recognized when IPCC becomes a party to the contractual provisions of the instrument until such time as when the rights to receive cash flows from those assets have expired or have been transferred and IPCC has transferred substantially all the risks and rewards of ownership.
16. Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in active markets. Receivables comprise contributions receivable in cash and other receivables. Receivables are stated at amortized cost.
17. All non-derivative financial liabilities are recognized initially at fair value, and subsequently measured at amortized cost using the effective interest method.

Funds held by WMO

18. IPCC does not maintain its own bank accounts. Its funds are administered by WMO.

Inventories

19. IPCC's publications are for free distribution. Publications in stock at the end of a financial period are recorded as inventories and are valued at the lower of cost or net replacement cost. For financial years 2022 and 2021, inventories which relate to the current seven-year Sixth Assessment Period are valued at one hundred per cent cost less any specific write-offs.

Property, Plant and Equipment

20. Property, Plant and Equipment (PPE) costing at least CHF 5,000 are stated at historical costs less accumulated depreciation and any impairment losses. Depreciation is provided for PPE for over their estimated useful lives using the straight-line method. IPCC does not have any Property, Plant and Equipment (PPE) recorded at 31 December 2022 or 2021.

Intangible Assets

21. Intangible assets are stated at historical cost less accumulated amortization and any impaired losses. IPCC does not have Intangible Assets at 31 December 2022 or 2021.

Employee Benefits

22. IPCC recognizes the following employee benefits:
 - a) short-term employee benefits which fall due wholly within twelve months after the end of the accounting period in which employees render the related service;
 - b) post-employment benefits;
 - c) other long-term employee benefits; and
 - d) termination benefits.

23. Employee benefits are recognized as expenses on an accrual basis. Similarly, terminal payments to staff members, including repatriation grant, accrued annual leave, repatriation travel and removal on repatriation are expensed on an accrual basis.
24. By virtue of IPCC's affiliation with WMO and UNEP, IPCC staff are covered under the United Nations Joint Staff Pension Fund (UNJSPF), which was established by the United Nations General Assembly to provide retirement, death, disability and related benefits to employees. The Fund is a multi-employer defined benefit plan. As specified by Article 3(b) of the Regulations of the Fund, membership in the Fund shall be open to the specialized agencies and to any other international, intergovernmental organization which participates in the common system of salaries, allowances and other conditions of service of the United Nations and the specialized agencies.
25. The Fund exposes participating organizations to actuarial risks associated with the current and former employees of other organizations participating in the Fund, with the result that there is no consistent and reliable basis for allocating the obligation, plan assets, and costs to individual organizations participating in the plan. IPCC and the UNJSPF, in line with the other participating organizations in the Fund, are not in a position to identify IPCC's proportionate share of the defined benefit obligation, the plan assets and the costs associated with the plan with sufficient reliability for accounting purposes. Hence IPCC has treated this plan as if it were a defined contribution plan in line with the requirements of IPSAS 39. IPCC's contributions to the plan during the financial period are recognized as expenses in the statement of financial performance.
26. Unrealized actuarial gains/losses are taken directly to reserves in the period in which they occur.

Provisions and Contingent Liabilities

27. Provisions are made for future liabilities and charges where IPCC has a present legal or constructive obligation as a result of past events and it is probable that IPCC will be required to settle the obligation.
28. Other commitments, which do not meet the recognition criteria for liabilities, are disclosed in the notes to the financial statements as contingent liabilities when their existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events which are not wholly within the control of IPCC.

Budget Comparison

29. The Statement of Comparison of Budget and Actual Amounts (Statement V) compares the final budget to actual amounts by activity, while the Statement of Financial Performance (Statement II) presents expenditures classified based on the nature of the expense. As the bases used to prepare the budget and financial statements differ, Note 7 provides a reconciliation between the actual amounts presented in Statement V and the actual amounts presented in the Statement of Financial Performance, Statement II.

Critical Accounting Estimates

30. Preparing financial statements in accordance with IPSAS requires IPCC to make estimates, judgments and assumptions in the selection and application of accounting policies and in the reported amounts of assets, liabilities, revenues and expenses. For this reason, actual results may differ from these estimates. Accounting estimates and underlying assumptions are reviewed on an on-going basis and revisions to estimates are recognized in the year in which the estimates are revised and in any future year affected. Significant estimates and assumptions that may result in material adjustments in future years include: actuarial

measurement of employee benefits; impairment on assets; classification of financial instruments and contingent assets and liabilities. Changes in estimates are reflected in the year in which they become known.

Segment Reporting

31. The financial statements are based on a fund accounting basis, showing at the end of the period the consolidated position of all IPCC funds. A fund is a self-balancing accounting entity established to account for the transactions of a specified purpose or objective. Funds are segregated for the purpose of conducting specific activities or attaining certain objectives. Fund balances represent the accumulated residual of revenues and expenses.
32. A segment is a distinguishable activity or group of activities for which financial information is reported separately. IPCC classifies all projects, operations and fund activities into one segment. Therefore, no additional information per segment is given in the financial statements.

NOTE 3: ASSETS AND LIABILITIES

Note 3.1: Contributions receivable

33. Contributions receivable are revalued, when applicable, from the underlying currency into Swiss francs at 31 December 2022 based upon the UNORE in effect at that date.
34. Contributions receivable are comprised of pledges for voluntary contributions that have not yet been received.
35. Although there was a significant increase in voluntary contributions in 2022, there was a decrease in contributions receivable mainly due to the improved timeliness of payment of pledges during 2022.

| | 2022 | 2021 |
|---------------------------------------|---------------------|------------------|
| | <i>Swiss Francs</i> | |
| Current | 2,638,000 | 4,569,000 |
| Non-current | 195,000 | 260,000 |
| Total contributions receivable | 2,833,000 | 4,829,000 |

Note 3.2: Inventory

| | 2022 | 2021 |
|---|---------------------|---------------|
| | <i>Swiss Francs</i> | |
| Opening Inventory | 3,000 | 10,000 |
| Increase (Purchases) | 35,000 | - |
| Total Inventory available for distribution | 38,000 | 10,000 |
| Less: Value of items distributed | 13,000 | 7,000 |
| Less: Decrease in value of publications | - | - |
| Total | 25,000 | 3,000 |

36. The cost of inventory on-hand is CHF 25,000 as at 31 December 2022.

37. For publications the valuation includes costs incurred up to the point of distribution. They include paper, CDs, editing and, where applicable, outsourcing.
38. Additions amounting to CHF 35,000 were recorded in 2022.

Note 3.3: Advances for meetings

| | <u>2022</u> | <u>2021</u> |
|---|-----------------------|-----------------------|
| | <i>Swiss Francs</i> | |
| Advances to institutions for the organization of meetings | 366,000 | 671,000 |
| Total | <u>366,000</u> | <u>671,000</u> |

39. Advances for the organization of IPCC meetings represent advances given to institutions for the organization of IPCC meetings held outside of Geneva, based on a Letter of Agreement in which the recipient organization commits, inter alia, to providing an expenditure report for the advance within three months of the conclusion of the meeting. The advances are recognized as expenditure when the meeting is held.
40. Due to the Covid-19 pandemic in 2021, IPCC meetings were either held virtually or postponed to 2022, thus causing the delay in implementation of activities by the implementing partners. The current balance of CHF 366,000 relates to advances for ongoing projects that were moved to 2023.

Note 3.4 Other receivables

| | <u>2022</u> | <u>2021</u> |
|--------------------------------|----------------------|----------------------|
| | <i>Swiss Francs</i> | |
| Education grant advance | 30,000 | 20,000 |
| Travel refundable | 27,000 | 26,000 |
| Home country taxation | 10,000 | - |
| Total other receivables | <u>67,000</u> | <u>46,000</u> |

41. Employees entitled to grants for the education of their eligible dependents may request an advance at the beginning of the school year. The amount of the advance which is accrued at 31 December 2022 is based on the number of months of attendance relative to the school year.
42. Travel refundable represent advances that were sent to travelers who were not able to attend meetings and are expected to be reimbursed to IPCC.
43. Home country taxation represents advances made for staff to pay income taxes required by their home country governments, as well as refunds due from governments.

Note 3.5: Funds held by WMO

44. IPCC does not maintain its own bank accounts. Its funds are administered by WMO. Funds held by WMO represents the amount of IPCC funds in WMO bank accounts.

Note 3.6 Deferred revenue

| | 2022 | 2021 |
|---------------------------------------|---------------------|------------------|
| | <i>Swiss Francs</i> | |
| Current | 4,621,000 | 5,514,000 |
| Non-current | 204,000 | 2,872,000 |
| Total contributions receivable | 4,825,000 | 8,386,000 |

45. Deferred revenue relates to voluntary contributions covered by agreements with conditions. Revenue will only be recognized when such conditions are met. In 2021, the deferred revenue is high as the implementation of many activities and projects were delayed due to the Covid-19 pandemic and these activities were postponed to 2022.
46. There are contingent assets amounting to CHF 613,000 as at 31 December 2022 relating to revenue from agreements which have been entered into with donors for contributions for future years but where that future year funding is still subject to some parliamentary budget approval (none in 2021).

Note 3.7 Payables and Accruals

| | 2022 | 2021 |
|------------------------------------|---------------------|---------------|
| | <i>Swiss Francs</i> | |
| Vendor payables | 85,000 | 16,000 |
| Accruals | 31,000 | 56,000 |
| Total payables and accruals | 116,000 | 72,000 |

47. Payables to vendors relate to amounts due for goods and services for which invoices have been received.
48. Accruals represent the cost of goods and services received by IPCC and for which supplier invoices had not arrived as of the reporting date.

Note 3.8 Provision

49. At 31 December 2022, there was a provision in respect to refund to donor for unspent balance for a project which ended in 2022. The refund will take place in 2023.

Note 3.9: Employee Benefits Liabilities

| | 2022 | 2021 |
|--------------------------------|---------------------|------------------|
| | <i>Swiss Francs</i> | |
| Short-term employee benefits | 179,000 | 176,000 |
| Long-term employee benefits | 2,616,000 | 1,945,000 |
| Total employee benefits | 2,795,000 | 2,121,000 |

Employee benefits comprise:

- **Post-Employment Benefits**

50. Post-employment benefits are defined benefit plans consisting of United Nations Joint Staff Pension Fund (UNJSPF), After-Service Health Insurance Plan (ASHI) and Repatriation Grant and related benefits including accrued annual leave.
51. Arrangements relating to the UNJSPF are set out in paragraphs 75 to 85.
52. ASHI is a plan that allows eligible retirees and their eligible family members to participate in the United Nations Staff Mutual Insurance Society (UNSMIS).
53. Repatriation benefits consist of a repatriation grant lump sum, travel of the staff member and eligible dependents and shipment of their personal effects upon separation from the Organization.

- **Other Long-Term Employee Benefits**

54. Other long-term employee benefits include accumulated balances of annual leave and, where applicable, compensation payments in the case of death, injury or illness attributable to performance of duties.
55. As the accumulated balance of annual leave is generally not wholly utilized in the 12 months following the balance sheet date, it is considered by IPSAS 39 as an "other long-term employee benefit".

| | 2022 | 2021 |
|--|---------------------------------|--------------|
| | <i>Swiss Francs (thousands)</i> | |
| After-service health insurance | 2,386 | 1,624 |
| Annual leave accrued | 181 | 189 |
| Repatriation grant | 228 | 308 |
| Total benefits | 2,795 | 2,121 |
| Current liabilities - Short-term benefits | 179 | 176 |
| Non-current liabilities - Long-term benefits | 2,616 | 1,945 |
| Total benefits | 2,795 | 2,121 |

Actuarial Valuations of Post – Employment and Other Separation – Related Benefits

56. Liabilities arising from post-employment benefits and other separation-related benefits are determined by a professional independent actuary. These employee benefits are established for staff members who are entitled to such benefits under WMO Staff Regulations and Staff Rules. A full actuarial valuation will be carried out as at 31 December 2022. The prior valuation performed on 31 December 2021 was also a full actuarial valuation.
57. The CHF 762,000 (35.4%) increase in the liabilities is mainly due to the following:
- An increase of 6.5% arising from one additional year of service and interest on liabilities amounting to CHF 124,000;
 - A decrease of 3.7% following payment of benefits amounting to CHF 72,000;
 - An increase of 32.6% due to a net actuarial loss on the benefits of CHF 630,000.
58. The accrued benefit obligation represents that portion of the present value of future benefits that had been accrued from the staff members' date of entry on duty until 31 December 2021, the date of valuation. Active staff members' benefits are considered fully accrued when they reach their dates of full eligibility for benefits.

Medical Claims Cost Estimate

59. During 2022, WMO and IPCC, in coordination with its actuaries, reviewed the estimate of medical claims costs. Prior to 2022, WMO and IPCC utilized a premium-based estimate in which the premiums charged by the medical service provider were deemed to be the cost of medical claims. However, as the medical plan covers both WMO/IPCC retirees and WMO/IPCC active staff, this premium-based estimate did not recognize the fact that actual medical costs for retirees are higher than those for active staff. As such, with the premium-based estimate, the active staff subsidization of retirees was not fully recognized.
60. For the actuarial valuation, an actual medical claims cost study was performed by the actuary for WMO/IPCC to identify the true cost of medical claims for WMO/IPCC retirees. The study examined all claims for WMO/IPCC retirees for the period from 2017 through 2021 and identified estimated medical claims cost for each age of retiree. The study resulted in the medical claims cost rate as described in paragraph 63 below.
61. This change in medical claims cost estimate is the primary reason for the net actuarial loss of CHF 630,000 resulting from changes in demographic assumptions referred to in paragraph 57.c) above.

Actuarial Assumptions and Methods

62. During each actuarial study, WMO in conjunction with the actuary, reviews and selects assumptions that will be used by the actuaries in the year-end valuation to determine the expense and contribution requirements for WMO's after-service benefit plans (post-employment benefits and other separation-related benefits and unused annual leave).
63. The following assumptions have been used to determine the value of post-employment and other separation-related employee liabilities for WMO at 31 December 2022:

- *Economics assumptions*

ASHI

Discount rate: 2.40% (2021: 0.50%)

The discount rate is estimated to approximate the single equivalent rate such that the present value of the plan's cash flows (i.e. expected as from 31 December 2022; for

2021 as from 31 December 2021) using the single rate that equals the present value of those cash flows using the spot rate at each maturity of the AA Corporate Bonds yield as at 31 December 2022 (2021: 31 December 2021) for the relevant currency (primarily CHF, with approximately 8% in EUR and 8% in USD). The reference spot rates are based upon the Aon yield curve and were provided by the UN Headquarters.

For sensitivity analysis purposes, an estimate of the liability for ASHI has been prepared utilizing the Swiss government bond rates as opposed to the AA Corporate bond yield. If this rate had been utilized in the estimate of the ASHI liability, the amount of the liability would have increased by 23.4%, or approximately CHF 0.6 million to CHF 3.0 million at 31 December 2022.

Pensionable Remuneration Increase Rate: 2.40% (2021: 2.50%)

Salary increase rate:

The salary increase rate as per UNJSPF salary scale has been applied, as per following sample rates:

| At 31 December 2022 | | |
|---------------------|-----------------------|--------------------|
| Age | General service staff | Professional staff |
| 20 | 6.73% | 8.97% |
| 30 | 6.37% | 6.97% |
| 40 | 5.17% | 5.17% |
| 50 | 4.77% | 4.17% |
| 60 | 4.37% | 3.87% |

| At 31 December 2021 | | |
|---------------------|-----------------------|--------------------|
| Age | General service staff | Professional staff |
| 20 | 6.83% | 9.07% |
| 30 | 6.47% | 7.07% |
| 40 | 5.27% | 5.27% |
| 50 | 4.87% | 4.27% |
| 60 | 4.47% | 3.97% |

Healthcare cost increase rate:

As at 31 December 2022, the health care cost increase rate has been set to a constant rate for the future of 2.80% which is in line with the long-term nominal medical trend rates as per the UN guidelines. As at 31 December 2021, it was set to 2.50%.

Medical Claim cost rate:

The medical claim cost rate as at 31 December 2022 based upon the full medical claims study methodology were the following:

| Sample Age | Annual per capita cost (CHF) |
|------------|------------------------------|
| 50 | 3,902 |
| 55 | 4,308 |
| 60 | 4,756 |
| 65 | 5,514 |
| 70 | 6,706 |
| 75 | 9,228 |
| 80 | 11,772 |
| 85+ | 12,127 |

The contributions rates under the premium-based approach that were applied as at 31 December 2022 were the following:

| | Payable by insured | |
|---|--------------------|----------------|
| | person | Payable by WMO |
| Retired member only | 3.4% | 6.8% |
| Retired member with one dependent | 4.4% | 8.8% |
| Retired member with more than one dependent | 4.8% | 9.6% |

Administrative Expense Rate

In connection with the revised medical claims cost rate, an administrative expense of CHF 166 per covered person per year has been incorporated in the actuarial valuation. Administrative expenses are forecast to increase at a rate of 1.20% as of 31 December 2022.

Repatriation

| | |
|---|---------------------|
| Salary increase rate: | Same as ASHI |
| Discount rate (using US dollar yield curve*): | 5.10% (2020: 2.40%) |
| Travel cost increase rate: | 1.20% (2020: 2:00%) |

**the spot rates have been provided by UN Headquarters*

For sensitivity analysis purposes, an estimate of the liability for repatriation related entitlements has been prepared utilizing the Swiss government bond rates as opposed to the AA Corporate bond yield. If this rate had been utilized in the estimate of the repatriation related entitlement liability, the amount of the liability would have increased by 32.9%, or approximately CHF 0.1 million to CHF 0.3 million at 31 December 2022.

- Demographic assumptions

The tables of the United Nations Joint Staff Pension Fund have been applied for both 2022 and 2021 with respect to mortality, disability and early retirement rate, as these are based on the demographic experience of the UN Joint Staff Pension Fund. Turnover rates are based upon WMO specific experience. The following provides the details relating to the demographic assumptions:

| | |
|-------------------|--|
| Disability: | UNJSPF tables for 2022 and 2021 |
| Mortality: | UNJSPF tables – The post retirement mortality rates utilized are headcount weighted, gender-distinct mortality rates with static longevity improvements applied for healthy retirees and beneficiaries |
| Retirement rates: | UNJSPF tables – The retirement rates are gender-distinct and vary based upon professional or general service staff and years of service. |
| Participation: | 95% of future retirees are assumed to elect post-retirement medical coverage for 2022 and 2021 |

Spousal coverage: 60% of future retirees are assumed married at retirement and elect coverage for their spouse for both 2022 and 2021. Males are assumed to be 3 years older than spouse

Turnover rates: Based upon WMO specific experience as summarized in the following table for both 2022 and 2021:

| Age | Turnover Rate |
|-----|---------------|
| 30 | 20% |
| 35 | 12% |
| 40 | 7% |
| 45 | 7% |
| 50 | 5% |
| 55 | 8% |
| 60+ | 10% |

The turnover rates for those aged over 55 are only applied if the staff member is not yet eligible for ASHI

64. Reconciliation of Defined Benefit Obligation for 2022

| | After service health insurance | Repatriation | Total |
|---|---|---------------------|--------------|
| | <i>(Swiss Francs thousands)</i> | | |
| Benefit obligation at 31 December 2021 | 1,624 | 308 | 1,932 |
| Service cost for 2022 | 73 | 36 | 109 |
| Interest cost for 2022 | 8 | 7 | 15 |
| Benefits paid in 2022 | (26) | (46) | (72) |
| Actuarial (gain)/loss | 707 | (77) | 630 |
| Benefit obligation at 31 December 2022 | 2,386 | 228 | 2,614 |

65. Reconciliation of Defined Benefit Obligation for 2021

| | After service health insurance | Repatriation | Total |
|---|---|---------------------|--------------|
| | <i>(Swiss Francs thousands)</i> | | |
| Benefit obligation at 31 December 2020 | 1,838 | 262 | 2,100 |
| Service cost for 2021 | 96 | 33 | 129 |
| Interest cost for 2021 | 7 | 5 | 12 |
| Benefits paid in 2021 | (12) | - | (12) |
| Actuarial (gain)/loss | (305) | 8 | (297) |
| Benefit obligation at 31 December 2021 | 1,624 | 308 | 1,932 |

66. Reconciliation of recognized actuarial gains / losses

| | After service health insurance | Repatriation | Total |
|---|---|---------------------|--------------|
| | <i>(Swiss Francs thousands)</i> | | |
| Actuarial gains (losses) at 31 December 2021 | (313) | (92) | (405) |
| Movement in reporting period (IPCC) | (707) | 77 | (630) |
| Actuarial gains/(losses) at 31 December 2022 | (1,020) | (15) | (1,035) |

67. In the 2022 valuation of employee benefits liabilities, the actuaries have determined gross actuarial loss under post-employment benefits and other separation-related benefits of CHF 630,000 (2021: gross actuarial gain of CHF 297,000).

68. The total actuarial loss of CHF 630,000 represents a loss of CHF 707,000 relating to After Service Health Insurance, a gain of CHF 77,000 relating to Repatriation.

69. Annual Expense

| | 2022 | 2021 |
|---------------|---------------------------------|-------------|
| | <i>(Swiss Francs thousands)</i> | |
| Service cost | 109 | 129 |
| Interest cost | 15 | 12 |
| Total | 124 | 141 |

The composition of the defined benefit obligation for ASHI between active staff members and retirees is as follows:

| | 2022 | 2021 |
|------------------------------|---------------------------------|-------------|
| | <i>(Swiss Francs thousands)</i> | |
| Active staff members | 1,961 | 1,397 |
| Retirees | 425 | 227 |
| Total ASHI obligation | 2,386 | 1624 |

After-Service Health Insurance – Sensitivity Analysis

70. Two of the principal assumptions in the valuation of the After-Service Health Insurance are: (i) the rate at which medical costs are expected to increase in the future; and (ii) the discount rate used to determine the present value of benefits that will be paid from the plan in the future.

71. A sensitivity analysis was undertaken to determine the impact of the above assumptions on the liability and service cost under IPSAS 39.

72. The effect of an increase of one percentage point and the effect of a decrease of one percentage point in the assumed discount rates are shown below:

| ASHI Benefit Obligation at 31 December 2022 | Discount rate currently reflected | Discount rate increase +1% | Discount rate increase -1% |
|--|--|-----------------------------------|-----------------------------------|
| Amount | <u>2,386</u> | <u>-19.60%</u> | <u>26.50%</u> |
| Repatriation Related Benefit Obligation at 31 December 2022 | Discount rate currently reflected | Discount rate increase +1% | Discount rate increase -1% |
| Amount | <u>228</u> | <u>-6.60%</u> | <u>7.60%</u> |

73. The effect of on the ASHI DBO of increase of one percentage point and the effect of a decrease of one percentage point in the assumed medical cost trend rates are shown below:

| ASHI Benefit Obligation at 31 December 2022 | Healthcare cost currently reflected | Healthcare cost increase +1% | Healthcare cost increase - 1% |
|--|--|-------------------------------------|--------------------------------------|
| Amount | <u>2,386</u> | <u>3,109</u> | <u>1,837</u> |
| Effect | <u>-</u> | <u>723</u> | <u>-549</u> |
| Service cost and interest cost 2022 | Healthcare cost currently reflected | Healthcare cost increase +1% | Healthcare cost increase - 1% |
| Amount | <u>81</u> | <u>127</u> | <u>49</u> |
| Effect | <u>-</u> | <u>46</u> | <u>-33</u> |

Expected Costs during 2023

74. The expected contribution of IPCC in 2023 to the employee benefit plan is CHF 73,000.

United Nations Joint Staff Pension Fund (UNJSPF)

75. WMO is a member organization participating in the United Nations Joint Staff Pension Fund (the "Fund"), which was established by the United Nations General Assembly to provide retirement, death, disability and related benefits to employees. The Fund is a funded, multi-employer defined benefit plan. As specified in Article 3(b) of the Regulations of the Fund, membership in the Fund shall be open to the specialized agencies and to any other international, intergovernmental organization which participates in the common system of salaries, allowances and other conditions of service of the United Nations and the specialized agencies.
76. The Fund exposes participating organizations to actuarial risks associated with the current and former employees of other organizations participating in the Fund, with the result that there is no consistent and reliable basis for allocating the obligation, plan assets and costs to individual organizations participating in the Fund. IPCC and the Fund, in line with the other participating organizations in the Fund, are not in a position to identify IPCC's proportionate share of the defined benefit obligation, the plan assets and the costs associated with the plan with sufficient reliability for accounting purposes. Hence, IPCC has treated this plan as if it were a defined contribution plan in line with the requirements of IPSAS 39, Employee Benefits. IPCC's contributions to the Fund during the financial period are recognized as expenses in the Statement of Financial Performance.
77. The Fund's Regulations state that the Pension Board shall have an actuarial valuation made of the Fund at least once every three years by the Consulting Actuary. The practice of the Pension Board has been to carry out an actuarial valuation every two years using the Open

Group Aggregate Method. The primary purpose of the actuarial valuation is to determine whether the current and estimated future assets of the Fund will be sufficient to meet its liabilities.

78. IPCC's financial obligation to the Fund consists of its mandated contribution, at the rate established by the United Nations General Assembly (currently at 7.9% for participants and 15.8% for member organizations) together with any share of any actuarial deficiency payments under Article 26 of the Regulations of the Pension Fund. Such deficiency payments are only payable if and when the United Nations General Assembly has invoked the provision of Article 26, following determination that there is a requirement for deficiency payments based on an assessment of the actuarial sufficiency of the Fund as of the valuation date. Each member organization shall contribute to this deficiency an amount proportionate to the total contributions which each paid during the three years preceding the valuation date.
79. The latest actuarial valuation for the Fund was completed as of 31 December 2021, and a roll forward of the participation data as of 31 December 2021 to 31 December 2022 will be used by the Fund for its 2022 financial statements.
80. The actuarial valuation as of 31 December 2021 resulted in a funded ratio of actuarial assets to actuarial liabilities of 117.0% (107.1% in the 2019 valuation). The funded ratio was 158.2% (144.4 % in the 2019 valuation) when the current system of pension adjustments was not taken into account.
81. After assessing the actuarial sufficiency of the Fund, the Consulting Actuary concluded that there was no requirement, as of 31 December 2021, for deficiency payments under Article 26 of the Regulations of the Fund as the actuarial value of assets exceeded the actuarial value of all accrued liabilities under the plan. In addition, the market value of assets also exceeded the actuarial value of all accrued liabilities as of the valuation date. At the time of this report, the General Assembly has not invoked the provision of Article 26.
82. Should Article 26 be invoked due to an actuarial deficiency, either during the ongoing operation or due to the termination of the Fund, deficiency payments required from each member organization would be based upon the proportion of that member organization's contributions to the total contributions paid to the Fund during the three years preceding the valuation date. Total contributions paid to the Fund during the preceding three years (2019, 2020 and 2021) amounted to USD 8,505.27 million, of which 0.01% was contributed by IPCC.
83. During 2022, contributions paid to the Fund by IPCC amounted to USD 0.42 million (2021 USD 0.38 million). Expected contributions due in 2023 are approximately USD 0.46 million.
84. Membership of the Fund may be terminated by decision of the United Nations General Assembly, upon the affirmative recommendation of the Pension Board. A proportionate share of the total assets of the Fund at the date of termination shall be paid to the former member organization for the exclusive benefit of its staff who were participants in the Fund at that date, pursuant to an arrangement mutually agreed between the organization and the Fund. The amount is determined by the United Nations Joint Staff Pension Board based on an actuarial valuation of the assets and liabilities of the Fund on the date of termination; no part of the assets which are in excess of the liabilities are included in the amount.
85. The United Nations Board of Auditors carries out an annual audit of the Fund and reports to the Pension Board and to the United Nations General Assembly on the audit every year. The Fund publishes quarterly reports on its investments and these can be viewed by visiting the Fund at www.unjspf.org.

Note 3.10: Reserve for ASHI

86. The Reserve for ASHI is used to set funds aside to cover the long-term employee benefits of IPCC staff after separation or retirement in accordance with Decision-LII-9, paragraph 15 taken by the IPCC Panel at its 52nd Session. In 2022, the ASHI reserve was increased by CHF 214,000 to CHF 1,838,000, which is the current amount of the ASHI liability as calculated by the actuaries.

Note 3.11: Employee benefits reserves

87. The Reserve for Employee Benefits represents the actuarial gains and losses arising from the actuarial valuation of the employee benefits liabilities which are determined by a professional actuary at the end of each financial period. The balance of this Reserve as at 31 December 2022 amounts to a net actuarial loss of CHF 1,035,000 (net actuarial loss of CHF 405,000 at 31 December 2020).

Note 4: Risk Analysis*Credit Risk*

88. Credit risk and liquidity risk associated with cash and cash equivalents is minimized substantially by WMO ensuring that these financial assets are placed with major financial institutions that have been accorded strong investment grade ratings by a primary rating agency. Financial arrangements for the administration of IPCC are specified in the Memorandum of Understanding between the United Nations Environment Programme (UNEP) and the World Meteorological Organization (WMO) on the Intergovernmental Panel on Climate Change (IPCC) and WMO Staff and Financial Rules and Regulations.
89. Contributions receivable comprise primarily amounts due from pledged voluntary contributions from sovereign nations.

Liquidity Risk

90. IPCC's funds held by WMO at 31 December 2021 amounting to CHF 20,337,000 are sufficient to meet its current liabilities of CHF 5,462,000 at that date. On an ongoing basis, it is anticipated that IPCC will have sufficient liquidity to pay all debts due.
91. Implementation of IPCC activities cannot commence until a contribution has been received. Budgets are only allotted to the level of contributions received after a withholding of ten percent is made to cover any fluctuations that may arise against legal obligations and commitments entered into. These procedures are adequate to ensure that there is sufficient cash to meet contractual liabilities.

Market Risk

92. There was no exposure to interest rate risk during 2022, except normal exposure to bank interest. During 2022, overall interest rates were positive in comparison to 2021 where interest were negative.
93. The implementation of IPCC's plan and budget is not dependent on or impacted by interest earnings.

Currency Risk

94. The IPCC budget is prepared in Swiss Francs and is funded through voluntary contributions which are pledged in various currencies. IPCC's funds are entrusted to WMO and managed through WMO's bank accounts.

NOTE 5: REVENUE

5.1 Monetary contributions

| | 2022 | 2021 |
|---------------------------------|---------------------|------------------|
| | <i>Swiss Francs</i> | |
| Voluntary contributions | 7,907,000 | 6,241,000 |
| Voluntary contributions-pledged | 177,000 | 376,000 |
| Contribution from General Fund | - | 250,000 |
| | 8,084,000 | 6,867,000 |

95. IPCC's Monetary contributions have increased from 2021 to 2022. This is mainly due to the increase in voluntary contribution received in 2022 due to the CHF 3,011,000 of deferred revenue which were implemented and recognized as 2022 revenue.
96. Voluntary contributions - pledged are signed contributions from donors for which cash has not been received yet. These contributions are recognized as revenue in the year the conditions are met.

5.2 In-kind contributions

97. IPCC receives a number of in-kind contributions, which are described in the paragraphs below. In-kind contributions are expensed in the same period as they are recognized as revenue.
- a. Remuneration costs: Contributions in-kind relate to the remuneration costs of the IPCC Secretary paid by WMO (CHF 306,000 in 2022; CHF 283,000 in 2021) and the Deputy Secretary paid by UNEP (CHF 262,000 in 2022; CHF 277,000 in 2021).
 - b. Office space: Office space is provided by WMO (CHF 201,000 in 2022; CHF 180,000 in 2021). There calculation is made using square meters at the current rental rate plus actual charges. In-kind revenue was also recorded towards the IPCC storage rental amounting to CHF 12,000 in 2022 and 2021.
 - c. Administrative support: In accordance with the Memorandum of Understanding between WMO and UNEP establishing the IPCC, WMO also provides various administrative support facilities free of charge to IPCC. As the costs are not quantifiable, these cannot be recorded as in-kind revenue and expense.
 - d. IPCC meetings: IPCC also receives contributions in-kind from members, which are not recognized in the IPCC financial statement as IPCC did not have control over those contributions in-kind and could not measure their fair value reliably. The services in-kind which are provided by members, relate to the support provided for IPCC meetings held in their countries. The estimated costs for these meetings were included in the IPCC budget for 2022 as shown in Statement V and in total amount to CHF 66,000 in 2022 (none in 2021, due to the Covid-19 Pandemic).
 - e. IPCC work: The work of the IPCC is delivered by thousands of scientists from all over the world who contribute on a voluntary basis as authors, contributors and reviewers. None of these authors are paid by the IPCC. The number of authors involved in preparing IPCC reports has steadily increased in the previous assessment cycles. However, from the Fifth Assessment Report to the Sixth Assessment Report, Lead Authors have decreased from 850 to about 737 Lead Authors due to a lesser number of chapters involved. The value of these in-kind contributions are not recognized in the IPCC financial statement as IPCC did not have control over those contributions in-kind and could not measure their fair value reliably.

5.3 Other revenue

98. Other revenue relates to the impact of non-CHF currency exchange rates, interest income and other income.

| | 2022 | 2021 |
|-----------------|---------------------|-----------------|
| | <i>Swiss Francs</i> | |
| Interest income | 9,000 | (22,000) |
| Other income | 1,000 | - |
| | 10,000 | (22,000) |

NOTE 6: EXPENSES

| | 2022 | 2021 |
|---|-------------------------|-------------------------|
| | <i>Swiss Francs</i> | |
| 6.1 Salaries and employee benefits | | |
| Staff costs (In 2021, decision was made in favour of the organization, therefore 2019 provision for CHF 82,000 and 2020 provision for CHF 42,000 were reversed) | 1,581,000 | 1,370,000 |
| Consultancy cost (3 times more interpretation in 2022 due to more Meetings) | 903,000 | 312,000 |
| Employee benefits (includes actuarial interest of CHF 59,000 less active staff subsidy of claims of CHF 14,000 in 2022 and CHF 155,000 in 2021 for actuarial interest. Increase in benefits due to increase in salaries) | 555,000 | 707,000 |
| | <u>3,039,000</u> | <u>2,389,000</u> |
| 6.2 Travel | | |
| Governing bodies (Mid-2022, meetings started again after Covid-19 pandemic) | 629,000 | 118,000 |
| Scoping meetings, expert meetings and workshops (In 2022, Physical meetings started again while there were more virtual meetings in 2021 due to Covid-19 Pandemic.) | 235,000 | (4,000) |
| Other - outreach, secretariat (reduced travel of secretariat to attend the meetings; in 2022 includes the reversal for provision for refundable due to the organization regarding advances paid to travellers for which meetings did not materialize for CHF 15,000 while in 2021 it includes CHF 12,000 for provision) | 148,000 | 14,000 |
| | <u>1,012,000</u> | <u>128,000</u> |
| 6.3 In-kind expenditure | | |
| Staff | 568,000 | 560,000 |
| Rental of office space (includes storage space for IPCC publications; change in calculation of in-kind based on square meters rented plus actual charges) | 212,000 | 192,000 |
| | <u>780,000</u> | <u>752,000</u> |
| 6.4 Grants and contributions for organization of meetings | | |
| Grants (more Financial support in 2022 than in 2021 as many meetings were cancelled and postponed in 2021 due to Covid-19 restrictions) | 692,000 | 191,000 |
| Contributions for organization of meetings (there were more meetings sponsored in 2022 than in 2021) | 43,000 | 6,000 |
| | <u>735,000</u> | <u>197,000</u> |
| 6.5 Supplies, consumables and other running costs | | |
| Information/Telecommunication (ICT charges increased due to more IT support in 2022) | 83,000 | 79,000 |
| Common services/Utilities (COS charges) | 34,000 | 34,000 |
| Supplies and other running costs (In 2022 includes CHF 14,000 of inventory distributed while in 2021 it includes CHF 7,000) | 31,000 | 12,000 |
| Building maintenance and security (Security services during IPCC-56 (WG III) in 2022 and IPCC-53 and IPCC-54 in 2021 that took place in WMO building and C/CG) | 20,000 | 2,000 |
| Information Technology (relates to software subscriptions and laptops not capitalized) | 13,000 | 10,000 |
| Postage and storage of IPCC publications | 2,000 | 9,000 |
| Data processing services | 1,000 | (2,000) |
| | <u>184,000</u> | <u>144,000</u> |
| 6.6 Other expenditures | | |
| Loss currency exchange differences: | | |
| Realized (mostly on receipt of contributions) | 200,000 | 151,000 |
| Unrealized | <u>(300,000)</u> | <u>(206,000)</u> |
| | (100,000) | (55,000) |
| Write-offs (Write-off of an uncollectible pledge amounting to CHF 100,000 and unrecoverable advance sent to travellers which meeting did not materialize and who never reimburse the advance for CHF 14,000) | 114,000 | - |
| Fellowships (No support in 2021 due to Covid-19 restrictions) | 82,000 | - |
| Specialized services (Workshop, Webinars, Working Groups, Virtual meetings, Lead trainers in 2021 and Training costs in 2022) | 51,000 | 97,000 |
| Studies, reports, brochures, reprints (Printing of IPCC Special report) | 10,000 | 6,000 |
| Loss on discounting present value (adjusting the value of the Long Term pledge receivable) | 9,000 | - |
| Public information (Design, layout and printing of IPCC reports in 2021 and 2022; Webcast live in 2021) | 7,000 | 15,000 |
| Bank charges | 7,000 | 1,000 |
| Miscellaneous services (Membership fee for International PI Director roundtable in 2022 and 2021; Plus special DSA for IPCC staff during virtual WG I-14th Session & 54th Session in 2021) | 5,000 | 19,000 |
| Audit fee (WMO will bear all IPCC audit fees in 2021 and 2022) | <u>(5,000)</u> | <u>(5,000)</u> |
| | <u>180,000</u> | <u>78,000</u> |

NOTE 7: STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

99. The revised IPCC budget for 2022 is CHF 7,292,618 and was approved in September 2022 at IPCC-57. The original IPCC budget for 2022 was CHF 9,128,828. This decrease has been made due to the restrictions resulting from the Covid-19 pandemic as most planned 2022 meetings were either held virtually or postponed to 2023.
100. IPCC's financial statements are prepared on full IPSAS accrual basis using classification based on the nature of expenses in the Statement of Financial Performance (Statement II), whereas the Statement of Comparison of Budget and Actual Amounts (Statement V) is prepared using classification by activity.
101. As required under IPSAS-24, where the financial statements and the budget are not prepared on a comparable basis, the actual amounts presented on a comparable basis to the budget shall be reconciled to the actual amounts presented in the financial statements.
102. The reconciliation between the actual amounts on a comparable basis in the Statement of Comparison of Budget and Actual Amounts (Statement V) and the actual amounts in the Statement of Financial Performance for the year ended 31 December 2022 is presented below:

| | | |
|--|-----|------------------|
| Amount of expenditure, Statement V | | 4,512,000 |
| <u>Plus:</u> | | |
| Actuarial interest | 6.1 | 59,000 |
| Active staff subsidy of claims | 6.1 | (14,000) |
| Provisions included in Travel (reversal from 2021) | 6.2 | (15,000) |
| In-kind expenditure | 6.3 | 780,000 |
| Bank charges | 6.6 | 7,000 |
| Currency exchange differences | 6.6 | (100,000) |
| Loss in discounting to present value | 6.6 | 9,000 |
| Write offs | 6.6 | 114,000 |
| Fellowships | 6.6 | 82,000 |
| Rounding difference | | 1,000 |
| <u>Plus expenses excluded from Statement V:</u> | | |
| Letter of Agreement Dev. & Management | | 494,000 |
| 58th Session of the IPCC (IPCC-58) | | 1,000 |
| Amount of expense, Statement II | | 5,930,000 |

103. The 2022 budget of IPCC was revised in September 2022 to reflect changes to the Annual Work Programme due to the Covid-19 pandemic.

NOTE 8: VARIANCES BETWEEN BUDGET AND ACTUAL AMOUNTS BY CATEGORY

104. The principal variances between budget and actual amounts by category are:

Category A: Savings were obtained as a result of two plenary sessions held earlier during the year with only one core team comprising the Secretariat and a handful of Working Group participants from developing countries who assisted the Technical Support Units. Savings were further obtained due to the under-utilization of funds set aside for meeting costs as meetings were held virtually, due to the Covid-19 pandemic. Two Bureaux meetings were also held virtually.

Category B: Meetings under this category were held as planned due to the easing of Covid-19 travel restrictions, although with a lower level of face-to-face participation than initially planned as the meetings were held in hybrid format. Savings obtained were due to three meetings being postponed to 2023 as well as the lower cost due to more virtual meetings rather than presential meetings.

Category C: Savings were obtained due to the under-utilization of funds set aside for many activities which were postponed to 2023.

Category D: There is an under-expenditure which is attributed to the creation of a new post which is expected to be filled in 2023 rather than as originally planned in 2022.

NOTE 9: LEGAL OR CONTINGENT LIABILITIES AND WRITE-OFFS

105. As at 31 December 2022, there were no contingent liabilities arising from legal actions and claims that are likely to result in a significant liability to IPCC. No cases of fraud were noted.

NOTE 10: OTHER COMMITMENTS

106. At 31 December 2021, IPCC had obligations for the acquisition of goods and services contracted but not delivered amounting to CHF 170,000 (CHF 143,000 as at 31 December 2021).

107. Under IPSAS 1 on accrual accounting and on the basis of the delivery principle, commitments for future expenses are not recognized in the financial statements. Such commitments will be settled from the unexpended portion of contributions after receipt of the related goods or services.

NOTE 11: RELATED PARTY AND OTHER SENIOR MANAGEMENT DISCLOSURE

| Key Management Personnel | Number of posts | Compensation and post adjustment | Entitlements | Pensions and health plans | Total remuneration | Outstanding advances against entitlements | Outstanding loans |
|--------------------------|-----------------|----------------------------------|--------------|---------------------------|--------------------|---|-------------------|
| 2022 | 2 | 377,000 | 54,000 | 104,000 | 535,000 | - | - |
| 2021 | 2 | 374,000 | 80,000 | 85,000 | 539,000 | - | - |

108. The Secretary and Deputy Secretary of IPCC are the only members of key management who have the authority and responsibility for planning, directing and controlling the activities of IPCC.

109. The aggregate remuneration paid to key management personnel includes: net salary, post adjustment, entitlements such as representation allowance and other allowances, assignment and other grants, rental subsidy, personal effect shipment costs, and employer pension and current health insurance contributions. These costs are paid by WMO and UNEP and are considered as in-kind income and in-kind expenditure for IPCC.

110. Key management personnel are also qualified for post-employment benefits at the same level as other employees. These benefits cannot be reliably quantified.

111. Key management personnel are ordinary members of the UNJSPF.

NOTE 12: EVENTS AFTER REPORTING DATE

112. IPCC's reporting date is 31 December 2022. On the date of signing of these accounts, other than as stated in the following paragraphs, there have been no material events, favourable or unfavourable that occurred between the Statement of Financial Position date and the date when the financial statements have been authorized for issue.