FINANCIAL STATEMENTS OF THE UNESCO INSTITUTE FOR STATISTICS (UIS) FOR THE YEAR ENDED 31 DECEMBER 2021

UNESCO INSTITUTE FOR STATISTICS (UIS)

APPROVAL OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

In accordance with the Financial Regulations of the Special Account for the UNESCO Institute for Statistics (article 8.1), attached are the UNESCO Institute for Statistics financial statements and accompanying notes for the year ended 31 December 2021.

The financial statements are the responsibility of Management, and they have been prepared in accordance with the International Public Sector Accounting Standards and comply with the Financial Regulations of the Special Account for the UNESCO Institute for Statistics. They include certain amounts that are based on Management's best estimates and judgements.

Accounting procedures and related systems of internal control, developed by Management, provide reasonable assurance that assets are safeguarded, and that the books and records properly reflect all transactions.

The External Auditor, in line with Article 12 of the Financial Regulations of UNESCO provides an opinion on the financial statements.

The financial statements numbered I to IV and the accompanying notes are hereby approved and submitted to the Governing Board of the UNESCO Institute for Statistics (UIS).

(Signed)

Ms Silvia Montoya

Director

UNESCO Institute for Statistics

Signed)

Mrs Magdolna Bona

Chief Financial Officer

UNESCO

21 June 2022

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UNESCO INSTITUTE FOR STATISTICS

I. STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER

Expressed in US dollars	Note	2021	2020 Restated – Note 5 (unaudited)
ASSETS			
Current Assets			
Cash	6	3,269,958	2,417,394
Accounts receivable from non-exchange transactions	7	10,859	325,028
Advance payments	8	112,512	17,833
Receivable from UNESCO	9	7,000,000	-
Other receivables	10	8,414	6,192
Total current assets		**10,401,743**	**2,766,447**
Non-current assets			
Receivable from UNESCO	9	14,889,827	18,875,067
Property, plant and equipment	11	40,317	64,863
Total non-current assets		**14,930,144**	**18,939,930**
TOTAL ASSETS		**25,331,887**	**21,706,377**
LIABILITIES			
Current Liabilities			
Accounts payable and accruals	12	369,025	142,337
Employee benefits	13	906,343	685,951
Voluntary contributions with conditions	14	1,866,970	3,767,688
Total current liabilities		**3,142,338**	**4,595,976**
Non-current Liabilities			
Employee benefits	13	746,465	777,437
Total non-current liabilities		**746,465**	**777,437**
TOTAL LIABILITIES		**3,888,803**	**5,373,413**
NET ASSETS	15	**21,443,084**	**16,332,964**

Contingent liabilities, commitments and contingent assets (Note 18)

The accompanying notes form an integral part of these financial statements

UNESCO INSTITUTE FOR STATISTICS

II. STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 31 DECEMBER

Expressed in US dollars	Note	2021	2020 Restated – Note 5 (unaudited)
REVENUES			
Voluntary contributions – Core Funding		7,090,817	5,902,507
Voluntary contributions – Extrabudgetary		4,894,097	3,049,766
UNESCO Financial Allocation		4,211,450	4,211,450
Finance revenue		22,936	207,762
Other revenues		265,728	147,546
TOTAL REVENUES	16	**16,485,028**	**13,519,031**
EXPENSES			
Staff costs		6,081,830	6,022,166
Consultants, external experts and mission costs		619,890	470,172
External training, grants and other transfers		1,496	62,835
Supplies, consumables and other running costs		626,858	596,859
Contracted services		3,990,539	1,633,708
Depreciation		24,614	22,550
Foreign exchange losses		26,653	73,728
Finance costs		3,028	2,890
TOTAL EXPENSES	17	**11,374,908**	**8,884,908**
SURPLUS FOR THE YEAR		**5,110,120**	**4,634,123**

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

UNESCO INSTITUTE FOR STATISTICS

III. STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED 31 DECEMBER

Expressed in US dollars	Note	2021	2020 Restated – Note 5 (unaudited)
Net Assets at the beginning of the year		**16,332,964**	**11,698,841**
Surplus for the year		**5,110,120**	**4,634,123**
Net Assets at the end of the year	15	**21,443,084**	**16,332,964**

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

UNESCO INSTITUTE FOR STATISTICS

IV. STATEMENT OF CASH FLOW

FOR THE YEAR ENDED 31 DECEMBER

Expressed in US dollars	Note	2021	2020 Restated – Note 5 (unaudited)
Cash flows from operating activities			
Surplus for the year	15	**5,110,120**	**4,634,123**
Depreciation	11	24,614	22,550
Decrease /(Increase) in accounts receivable from non-exchange transactions	7	314,169	(99,158)
(Increase) in receivable from UNESCO	9	(3,014,760)	(7,619,078)
Decrease /(Increase) in other receivables	10	(2,223)	12,236
Decrease /(Increase) in advance payments	8	(94,679)	79,360
Increase /(Decrease) in voluntary contributions with conditions	14	(1,900,718)	2,459,542
Increase in accounts payable and accruals	12	226,689	2,245
(Decrease) /Increase in employee benefits	13	189,420	89,734
(Decrease)/Increase in transfers payable		-	(22,456)
Effect of foreign exchange rates on operating activities		(13,500)	(47,000)
Net cash flows used in operating activities		**839,132**	**(487,902)**
Cash flows from investing activities			
Purchase of property, plant and equipment	10	(68)	(29,153)
Net cash flows used in investing activities		**(68)**	**(29,153)**
Net increase/(decrease) in cash for the year	5	**839,064**	**(517,055)**
Cash, beginning of the year	5	**2,417,394**	**2,887,449**
Effect of foreign exchange on foreign-denominated Cash		**13,500**	**47,000**
Cash, end of the year	5	**3,269,958**	**2,417,394**

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

UNESCO INSTITUTE FOR STATISTICS

V. NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

NOTE 1: REPORTING ENTITY

The UNESCO Institute of Statistics (UIS) is an integral part of the United Nations Educational, Scientific and Cultural Organization (UNESCO or "the Organization"). UNESCO is considered to be the controlling entity of UIS, which is included within the UNESCO consolidated Financial Statements.

The UNESCO Institute for Statistics (UIS) was established within the framework of UNESCO with the mission of providing statistical information on education, science, culture and communication which helps decision-making in Member States and facilitates democratic debate in UNESCO's areas of competence, employing to that end the highest professional standards and intellectual independence in data collection and analysis.

The Statutes of the UIS were approved at the 30th session of the General Conference by resolution 44, which was adopted at the 24th plenary meeting on 16 November 1999. The Director General, in accordance with the terms of General Conference 29 C/Resolution 50, authorized the UIS to operate under its Special Account, as of 1 July 1999.

As a Category 1 Institute, the UIS enjoys functional autonomy in administrative and financial matters. The Governing Board of the UIS is composed of 12 members chosen for a term of four years and sitting in a personal capacity. Six members are elected by the General Conference, one for each electoral group of UNESCO; and six members are designated by the Director-General, after consultation with partner agencies, organizations and institutions, which are co-sponsors of the programmes of the UIS. The Board approves the UIS's annual budget and determines the nature of its activities. It also approves the yearly report of activities presented to it by the Director. The Director of UIS is appointed by the Director-General of UNESCO and is responsible for day-to-day operations.

The UIS has its Headquarters located in Montréal, Québec, Canada.

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

Basis of preparation

The financial statements have been prepared on an accrual and going concern basis in accordance with the requirements of International Public Sector Accounting Standards (IPSAS) and comply with the Financial Regulations of the Special Account for UIS.

The accounting policies set out below have been applied consistently in the preparation and presentation of these financial statements.

Financial period

The financial statements are prepared on an annual basis.

Presentation and Functional Currency

The financial statements are presented in United States dollar (USD), which is also the functional currency.

2.2 *Foreign currency transactions*

Foreign currency transactions carried out during the financial year are converted into US dollars using the United Nations Operational Rate of Exchange (UNORE) prevailing at the date of the transaction. The UNORE approximate market rates as they are set once a month, and revised mid-month if there are significant exchange rate fluctuations relating to individual currencies.

Non-monetary items that are measured in terms of historical cost or fair value in a foreign currency are translated using the UNORE prevailing at the date of the initial transaction or when the fair value was determined. Monetary assets and liabilities that are denominated in foreign currencies are translated into US dollars at the exchange rate prevailing on the date of the Statement of Financial Position.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the Statement of Financial Performance.

2.3 Financial assets

UIS's financial assets include cash, accounts receivable from non-exchange transactions, and receivable from UNESCO.

Financial assets need to be classified at initial recognition. The subsequent measurement of financial assets depends on this classification. The classification depends on the purpose for which the financial assets are acquired and is determined at initial recognition and re-evaluated at each reporting date.

All financial assets were classified as loans and receivables (L&R) and are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and subsequently measured at amortized cost.

Impairment of financial assets

UIS assesses at each reporting date whether there is objective evidence that a financial asset is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset which has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognized in surplus or deficit. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to revenue in surplus or deficit.

2.4 Financial liabilities

UIS's financial liabilities include accounts payable and accruals.

The measurement of financial liabilities depends on their classification.

(a) Financial liabilities at fair value through surplus or deficit include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through surplus or deficit.

(b) Financial liabilities classified as amortized cost are, after initial recognition, measured at amortized cost using the effective interest method. Gains and losses are recognized in surplus or deficit when the liabilities are derecognized as well as through the effective interest method amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

UIS has classified all its financial liabilities as amortized cost and are therefore, measured at amortized cost.

2.5 Cash

Cash include cash in hand. Cash held in a fiduciary capacity that can only be used for a specific purpose are considered as restricted.

2.6 Accounts receivable from non-exchange transactions, and other receivables

Receivables are initially measured at fair value and then, their carrying value adjusted for any allowance for estimated irrecoverable amounts. An allowance is established when there is objective evidence, based on a review of outstanding amounts at the reporting date, that UIS will not be able to collect all amounts due according to the original terms of the receivables. In establishing the allowance, the fair value of receivables is calculated as the estimated discounted cash flows arising from receivables to be collected in the future. The accounts receivable related to voluntary contribution does not require discounting due to their short-term nature.

Receivables are classified into current and non-current on the basis of the expected amounts to be received.

2.7 Advance payments

Advance payments

UIS advances funds to staff and third parties under non-exchange contracts for the delivery of UIS's programs and activities. An asset is recognized for funds to third parties if the conditions on the transferred assets are not fulfilled at the reporting date.

2.8 Property, plant and equipment

Property, plant and equipment (PP&E) is measured at cost less accumulated depreciation and impairment. Heritage assets are not recognized in the financial statements, but appropriate disclosure is made in the notes to the financial statements.

Additions

The cost of an item of PP&E is recognized as an asset if it is probable that future economic benefits or service potential associated with the item will flow to UIS and the cost of the item can be measured reliably. When an asset is donated, its initial cost is measured as the fair value of the asset as at the date of acquisition.

Disposals

Gains and losses on disposal are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposal are recognized in the Statement of Financial Performance.

Subsequent costs

Costs incurred subsequent to initial acquisition are capitalized only when it is probable that future economic benefits or service potential associated with the item will flow to the UIS and the cost of the item can be measured reliably.

Depreciation

Depreciation is provided on a straight-line basis on all property, plant and equipment at rates that will write off the cost of the assets to their estimated residual values over their useful lives. The useful lives of major classes of assets have been estimated as follows:

Class of property, plant and equipment	Useful life (in years)
Communication and IT equipment	4 years
Furniture and Fixtures	5 years
Other equipment	5 years

The residual values and useful lives of assets are reviewed and adjusted, if applicable, at each financial year-end.

Impairment

The carrying amounts of property, plant and equipment are reviewed for impairment if events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. If such an indication exists, the recoverable amount of the asset is estimated in order to determine the extent of impairment loss, if any. Any impairment loss is recognized in the Statement of Financial Performance. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. For this purpose, all property, plant and equipment are considered as non-cash generating assets.

2.9 Employee benefits

UIS recognizes the following categories of employee benefits:

- ***Short-term employee benefits***

Short-term employee benefits are expected to be settled within 12 months of the reporting date and are measured at their nominal values based on accrued entitlements at current rates of pay. Short-term employee benefits comprise first-time employment benefits (assignment grants); regular monthly benefits (wages, salaries, and allowances) and other benefits (education grant, home leave, etc.). An expense is recognized under staff costs, when employees render service to the UIS and a liability is recognized for any entitlement that has not been settled at the reporting date.

- ***Post-employment benefits***

Post-employment benefits are employee benefits that are payable after the completion of employment.

UNESCO participates in the United Nations Joint Staff Pension Fund (UNJSPF or Fund), which was established by the United Nations General Assembly to provide retirement, death, disability and related benefits to employees. The institutes contribute to UNJSPF through UNESCO. 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.

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. UNESCO and the UNJSPF, in line with the other participating organizations in the Fund, are not in a position to identify UNESCO's proportionate share, and thereby UIS'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, UNESCO has treated this plan as if it were a defined contribution plan in line with the requirements of IPSAS 39 Employee Benefits. UIS's contributions to the plan during the financial year are recognized as staff costs in the Statement of Financial Performance.

In addition, UIS participates in the UNESCO after service health insurance (ASHI) programme. Under this programme, staff retiring, who have reached their fifty-fifth birthday and who have completed at least ten years' of participation in the Medical Benefits Fund as at the date of their separation, may opt to remain (indefinitely) in that Fund as an associate participant with UNESCO continuing to participate in the funding of their contributions. The ASHI programme at UNESCO is a defined benefit plan for entities under common control.

UNESCO performs annually both a long-term projection and an actuarial valuation of the ASHI scheme to measure its employee benefits obligation. The plan exposes participating Institutes to actuarial risks associated with the current and former employees of other group entities, with the result that there is no consistent and reliable basis for allocating the obligation, plan assets, and costs to individual entities participating in the plan. UIS as well as other participating group entities, is not in a position to identify its share of the underlying financial position and performance of the plan on an IPSAS 39 basis with sufficient reliability for accounting purposes, and hence has recorded this plan as if it were a defined contribution plan.

The contributions of the Institute to the UNESCO ASHI programme consists of contributions to the UNESCO Special Account for ASHI. The contributions of UIS consist of 4% of salary of staff who participate to the UNESCO ASHI programme. UIS's contributions to the ASHI during the financial year are recognized as staff costs expenses in the Statement of Financial performance

- ***Other long-term employee benefits***

  Other long-term employee benefits are benefits which are expected to be settled more than 12 months after the end of the reporting period and relate to repatriation grants and compensated absences (accumulated leave). The liability recognized for these other long term benefits is the present value of the defined benefit obligations at the reporting date. The liability is calculated by an independent actuary using the Projected Unit Credit Method. Interest cost, current service costs and actuarial gains or losses arising from changes in actuarial assumptions or experience adjustments are recognized on the Statement of Financial Performance.

2.10 Provisions and contingent liabilities

Provisions are recognized for future expenditure of uncertain amount or timing when there is a present obligation (either legal or constructive) as a result of a past event, it is probable that expenditure will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not made for future operating losses. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation. The increase in the provision due to the passage of time is recognized as interest expense.

Contingent liabilities are disclosed where a possible obligation is uncertain but can be measured, or where UIS has a present obligation but cannot reliably measure the possible outflow of resources.

2.11 Revenue recognition

Revenue from non-exchange transactions

Revenue from non-exchange transactions is measured based on the increase in net assets recognized. Where the full criteria for recognition of an asset under a non-exchange agreement are not fulfilled, a contractual right may be disclosed.

The revenues from non-exchange transactions are as follows:

- ***UNESCO Financial Allocation***

Assessed contributions, made available from UNESCO and presented as UNESCO financial allocation in the Statement of Financial Performance, are approved for each financial year and are recognized as revenue at the beginning of the relevant year as soon as the amounts are communicated to the institute.

- ***Voluntary contributions***

Voluntary contributions and other transfers which are supported by enforceable agreements are recognized as revenue at the time the agreement becomes binding and when control over the underlying asset is obtained, unless the agreement establishes a condition on transferred assets that requires recognition of a liability. Conditions are imposed by donors on the use of contributions, and include both a performance obligation to use the donation in a specified manner, and an enforceable return obligation to return the donation if it is not used in the specified manner. The amount recognized as a liability is the best estimate of the amount that would be required to settle the obligation at the reporting date. As UIS satisfies the conditions on voluntary contributions through performance in the specified manner, the carrying amount of the liability is reduced and an amount of revenue equal to that reduction is recognized.

Voluntary contributions such as pledges and other promised donations which are not supported by binding agreements are recognized as revenue when received.

- ***Revenue from exchange transactions***

Other sources of revenue from exchange transactions are measured at the fair value of the consideration received or receivable and are recognized as goods and services are delivered.

- ***In-kind contributions***

In-kind contributions of goods that directly support approved operations and activities and can be reliably measured are recognized and valued at fair value. In-kind contributions of services, such as the services of volunteers, are not recognized.

2.12 Tax

The Institute enjoys privileged tax-exemption; as such, UIS's assets, income and other property are exempt from all direct taxation.

2.13 Expenses

Expenses are defined as decreases in economic benefits or service potential during the reporting year in the form of outflows or consumption of assets or incurrence of liabilities that result in decreases in net assets. Expenses are recognized when the transaction or event causing the expense occurs, and the recognition of the expense is therefore not linked to when cash or its equivalent is received or paid.

Expenses from non-exchange funding agreements are recognized when the funding is legally in force, except where the agreement establishes a condition on transferred assets. In such cases, expenses are recognized as services are performed and the condition on transferred assets fulfilled consistent with the terms of the agreement.

Advance payments are amortized based on objective evidence to reflect the risk of non-recovery.

Where revenue is recognized from in-kind contributions, a corresponding expense is also recognized in the financial statements.

2.14 Accounts payable and accrued liabilities

Accounts payable are financial liabilities for goods and services that have been received by UIS and invoiced but not yet paid by the reporting date.

Accrued liabilities are financial liabilities for goods and services that have been received by UIS and which have neither been paid for nor invoiced to UIS at the reporting date.

2.15 Leases

Lease agreements entered into for equipment or office premises are classified as operating leases as these arrangements do not transfer substantially all of the risk and reward of ownership. Lease payments under an operating lease are recognized as an expense on a straight-line basis over the lease term.

NOTE 3: ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

The preparation of financial statements in accordance with IPSAS requires the organization to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the year. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the assets or liabilities affected in the next financial year.

The areas where estimates, assumptions or judgements are significant to UIS's financial statements include, but are not limited to: employee benefits. Changes in estimates are reflected in the year in which they become known.

Furthermore, in early March 2020, the World Health Organization declared the COVID-19 coronavirus outbreak to be a pandemic. Responses to the spread of COVID-19 have resulted in a significant increase in economic uncertainty and volatility (i.e.: interest rates, foreign exchange rates, government/partner budgets, etc.). The impact on UIS estimates, assumptions and judgements is presently limited, but it is currently difficult to reliably estimate the length or severity of the pandemic, which could have future financial impacts.

Estimates and assumptions

UIS based its assumptions and estimates on parameters available when the financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of UIS. Employee benefits are determined using actuarial valuation, which involves making various assumptions on financial and non –financial elements that may differ from actual developments in the future such as determination of the discount rate, future salary increases, mortality rates and future cost increases. The employee benefit liability is highly sensitive to the variation of these assumptions and some of them are reviewed at each reporting date. Details about employee benefits are provided in Note 12.

NOTE 4: ACCOUNTING STANDARDS ISSUED

Accounting standards adopted during the year

IPSAS 2 - Cash flows – Changes in Liabilities Arising from Financing Activities: the amendment to this standard is effective for annual reporting years beginning on or after 1 January 2021. The amendment establishes the disclosure principles that enable users of the financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. The new standard has no accounting or disclosure impact on the financial statements as the UIS has no financing activities.

Accounting standards issued and to be adopted at a later date

- IPSAS 41 - Financial Instruments: the standard is effective for annual reporting year beginning on or after 1 January 2023. The standard, establishes the principles for financial reporting of financial assets and financial liabilities for the assessment of the amounts, timing and uncertainty of an entity's future cash flows. UIS has not yet assessed the impact of the adoption of the standard. UIS plans to adopt this standard as of the effective date.

- IPSAS 42 – Social Benefits: the standard is effective for annual reporting year beginning on or after 1 January 2023. The standard establishes principles and requirements on the recognition, measurement and presentation of Social Benefits in the financial statements. UIS has assessed that the adoption of the standard will not have any impact on the financial statements.

- IPSAS 43 – Leases: the standard is effective for annual reporting year beginning on or after 1 January 2025. The standard establishes the principles for the recognition, measurement, presentation and disclosure of leases in the consolidated financial statements. UIS has not yet assessed the impact of the adoption of the standard.

NOTE 5: ADJUSTMENTS TO THE PRESENTATION OF THE FINANCIAL STATEMENTS AND NOTES TO THE FINANCIAL STATEMENT FOR THE PRIOR YEAR

In order to comply with IPSAS, certain adjustments have been made in the recognition, presentation and disclosures of the 2020 financial statements. As a result, certain figures have been restated to conform to the current year's presentation.

Statement I – Statement of financial position

As at December 31, 2020		Impact of restatement		
	As previously reported	Adjustments		As restated
Current Assets				
Receivable from UNESCO (note 9)	18,875,067	(18,875,067)	(1)	-
Total current assets	21,641,514	(18,875,067)		2,766,447
Non-current assets				
Receivable from UNESCO	-	18,875,067	(1)	18,875,067
Total non-current assets	64,863	18,875,067		18,939,930

Statement II – Statement of financial performance

For the year ended December 31, 2020		Impact of restatement		
	As previously reported	Adjustments		As restated
Expenses				
Staff Costs (note 17)	5,771,839	250,327	(2)	6,022,166
Total Expenses	8,634,581	250,327		8,884,908
Surplus of the year	4,884,450	(250,327)		4,634,123

Statement III – Statement of changes in net assets

For the year ended December 31, 2020	Impact of restatement			
	As previously reported	Adjustments		As restated
Total of items recognized directly in Net Assets	(250,327)	250,327	(2)	-
Surplus for the year	4,884,450	(250,327)	(2)	4,634,123

Statement IV – Statement of cash flows

For the year ended December 31, 2020	Impact of restatement			
	As previously reported	Adjustments		As restated
Net Cash flows used in operating activities				
Surplus of the year	4,884,450	(250,327)	(2)	4,634,123
(Decrease)/Increase in employee benefits	(160,593)	250,327	(2)	89,734
Effect of foreign exchange rates on operating activities	-	(47,000)	(3)	(47,000)
Net Cash flows used in operating activities	(440,902)	(47,000)		(487,902)
Net decrease in cash for the year	(470,055)	(47,000)		(517,055)
Effect of foreign exchange on foreign–denominated cash	-	47,000	(3)	47,000

Note 15 – Net assets

December 31, 2020	Impact of restatement			
	As previously reported	Adjustments		As restated
Operating reserve	13,796,155	(504,110)	(4)	13,292,045
Actuarial losses	(504,110)	504,110	(4)	-

Note 17 – Expenses

December 31, 2020	Impact of restatement			
	As previously reported	Adjustments		As restated
Expenses				
International & National staff	5,174,149	250,327	(2)	5,424,476
Total Staff Costs	5,771,839	250,327		6,022,166

(1) IPSAS 1 requires that assets and liabilities be classified between current and non-current. At the time UIS prepared its financial statements, it had no expectations to realize the receivable from UNESCO in 2021, therefore it was restated as non-current.
(2) Certain employee benefits payments were accounted for directly through the Staff reserve/Net asset instead as a staff cost expense.
(3) IPSAS 2 requires that effect of exchange rate on operating activities and on cash denominated in foreign currency be presented separately in the statement of cash flow. The 2020 statement of cash flow was not taking into consideration this presentation.
(4) In 2018, UIS changed the classification of its employee benefits which resulted in the accumulated actuarial gains and losses on employee benefits actuarial valuation to be presented within the operating reserve and no longer be a separate item of the net assets. This change had not been reflected in the note.

NOTE 6: CASH

Expressed in US dollars	2021	2020 (unaudited)
Cash with banks	3,269,958	2,417,394
Total cash	**3,269,958**	**2,417,394**

As at 31 December 2021, USD 1,802,956 (2020 – USD 2,129,718) is considered restricted cash.

NOTE 7: ACCOUNTS RECEIVABLE FROM NON-EXCHANGE TRANSACTIONS

Expressed in US dollars	2021	2020 (unaudited)
Accounts receivable from non-exchange transactions	10,859	325,028
Total accounts receivable from non-exchange transactions	**10,859**	**325,028**

NOTE 8: ADVANCE PAYMENTS

Expressed in US dollars	2021	2020 (unaudited)
Advances to staff	-	809
Other advance payments	112,512	17,024
Total advance payments	**112,512**	**17,833**

NOTE 9: RECEIVABLE FROM UNESCO

Expressed in US dollars	2021	2020 Restated – Note 5 (unaudited)
Receivable from UNESCO (current)	7,000,000	-
Receivable from UNESCO (non-current)	14,889,827	18,875,067
Total receivable from UNESCO balances	**21,889,827**	**18,875,067**

The receivable from UNESCO is classified as current based on UIS's projected cash flow requirement. However, UIS has the right to draw on additional funds from the non-current portion of the UNESCO receivable within the year, as and when needed. Balances are agreed upon by both parties.

NOTE 10: OTHER RECEIVABLES

Expressed in US dollars	2021	2020 (unaudited)
Value-added tax receivables	8,414	6,192
Total other receivables	**8,414**	**6,192**

NOTE 11: PROPERTY, PLANT AND EQUIPMENT

Expressed in US dollars	Communications & IT Equipment	Furniture and Fixtures	Other Equipment	Total 2021
1 January 2021				
Cost	787,476	150,742	8,394	946,612
Accumulated depreciation	(722,613)	(150,742)	(8,394)	(881,749)
Carrying amount	**64,863**	**-**	**-**	**64,863**
Movements				
12 months to 31 December 2021				
Disposals	(505,281)	(150,742)	-	(656,023)
Disposals depreciation	505,281	150,742	-	656,023
Additions	68	-	-	68
Depreciation	(24,614)	-	-	(24,614)
	(24,546)	**-**	**-**	**(24,546)**
31 December 2021				
Cost	282,263	-	8,394	290,657
Accumulated depreciation	(241,946)	-	(8,394)	(250,340)
Carrying amount	**40,317**	**-**	**-**	**40,317**

Expressed in US dollars	Communications & IT Equipment	Furniture and Fixtures	Other Equipment	Total 2020 (unaudited)
1 January 2020				
Cost	758,323	150,742	8,394	917,459
Accumulated depreciation	(700,063)	(150,742)	(8,394)	(859,199)
Carrying amount	**58,260**	**-**	**-**	**58,260**
Movements				
12 months to 31 December 2020				
Additions	29,153	-	-	29,153
Depreciation	(22,550)	-	-	(22,550)
	6,603	**-**	**-**	**6,603**
31 December 2020				
Cost	787,476	150,742	8,394	946,612
Accumulated depreciation	(722,613)	(150,742)	(8,394)	(881,749)
Carrying amount	**64,863**	**-**	**-**	**64,863**

Heritage assets: the UIS has a few “Works of Art” mainly three paintings and one stained glass, which have been donated by artists and other partners and are not recognized in the Statement of Financial Position.

As at 31 December 2021, UIS holds fully depreciated property, plant and equipment which is still in use for a gross carrying amount of USD 203,391 (2020: USD 844,304).

NOTE 12: ACCOUNTS PAYABLE AND ACCRUALS

Expressed in US dollars	2021	2020 (unaudited)
Suppliers payable	102,884	6,625
Accruals	266,141	135,712
Total accounts payable and accruals	**369,025**	**142,337**

NOTE 13: EMPLOYEE BENEFITS

	2021			2020
Expressed in US dollars	**Actuarial valuation**	**UIS valuation**	**Total**	**(unaudited)**
Repatriation benefits	17,483	-	17,483	15,120
Accumulated annual leave	655,130	-	655,130	454,750
Payroll and reimbursements	-	233,730	233,730	216,081
Employee benefits (current)	**672,613**	**233,730**	**906,343**	**685,951**
Repatriation benefits	746,465	-	746,465	777,437
Employee benefits (non-current)	**746,465**	**-**	**746,465**	**777,437**
Total employee benefits	**1,419,078**	**233,730**	**1,652,808**	**1,463,388**

Employee benefits – current

Current employee benefits include payroll and allowances, education grant, home leave, accumulated annual leave (AAL), as well as well as the current term portion of repatriation benefits.

Accumulated annual leave (AAL) – UIS staff can accumulate unused annual leave up to a maximum of 60 working days as per UNESCO Staff Rules and Regulations. Due to COVID-19, it was decided that staff could carry forward up to an additional 15 days (above the existing 60 days), to be used by end of March 2022. Upon separation from UIS, staff members are entitled to receive a sum of money for AAL that they hold up to 60 days.

Notwithstanding that AAL is fully included as current as required by the standards since UIS does not have an unconditional right to defer settlement of the liability for at least 12 months, expected payments in the next year are anticipated to be USD 18,763 for AAL.

Employee benefits – non-current

Repatriation benefits (RP) -A staff member who has completed one year of continuous service outside the country of his/her recognized home is entitled upon separation from UIS to a repatriation benefit payable on the basis of completed years and months of qualifying service outside the country of his/her recognized home. For eligible staff members hired after July 1st, 2016 the benefit is payable starting on five years of expatriate service according to the current scale. Staff members are also entitled to travel and removal costs for repatriation on separation from UIS.

Actuarial valuations

An actuarial valuation was carried out to calculate the UIS's estimated liability related to AAL and repatriation benefits. The following assumptions and methods have been used to determine the value of these benefits as at 31 December:

Assumptions Used for Annual Leave and Repatriation Benefit:

Assumptions used for annual leave and repatriation benefits		**2021**	**2020 (unaudited)**
Discount rate Annual Leave, Repatriation	The rate used is based on the Mercer Yield Curve	1.15% (maturity around 11.5 years)	0.70% (maturity around 10 years)
Inflation rate	For all benefits	1.75%	1.75%
Pre-retirement mortality tables	2019 United Nations in-service mortality table for annual leave and repatriation		
Salary increase rate - Annual leave		2.00% per year	2.00%
Salary increase rate - Repatriation benefit	linear increase between 2021 and 2030 rate per year from 2030 and beyond	2.00% per year	from 1.21% to 1.75% 1.75%
Repatriation travel and removal trend	For staff members without dependent For staff members with at least one dependent	USD 5 916 USD 7 718	USD 5 916 USD 7 718
Retirement Age	For all benefits	65	65
Withdrawal tables	Based on a study of UNESCO's turnover rates from 2017 to 2021for all plans.		
Take up rate – Repatriation benefits	Staff eligible for repatriation benefits on leaving to actually claim their entitlement	75%	75%
Take up rate – Accumulated leave	Staff eligible for accumulated annual leave to actually claim their entitlement at separation	100%	100%

The following tables and text provide additional information and analysis on employee benefit liabilities calculated by the actuary:

Expressed in US dollars	Accumulated Annual Leave	Repatriation benefits	Total 2021
Defined benefit obligation beginning of the year	**454,750**	**792,557**	**1,247,307**
Movement for year ended 31 December 2021			
Service cost	20,848	28,316	49,164
Interest cost	3,150	6,238	9,388
Benefits payments	(31,305)	(49,991)	(81,296)
Actuarial losses (gains)	208,795	(13,172)	195,623
Foreign exchange difference	(1,108)	-	(1,108)
Defined benefit obligation end of year	**655,130**	**763,948**	**1,419,078**

Expressed in US dollars	Accumulated Annual Leave	Repatriation benefits	Total 2020 (unaudited)
Defined benefit obligation beginning of the year	**417,655**	**847,534**	**1,265,189**
Movement for year ended 31December 2020			
Service cost	20,071	28,203	**48,274**
Interest cost	4,123	8,400	**12,523**
Benefits payments	(11,273)	(121,300)	**(132,573)**
Actuarial losses	13,590	29,720	**43,310**
Foreign exchange difference	10,584	-	**10,584**
Defined benefit obligation end of year	**454,750**	**792,557**	**1,247,307**

The actuarial valuation of the defined benefits obligation is determined by discounting the expected future payment required to settle the obligation resulting from employee service rendered in the current and prior periods. Actuarial gains or losses arise when the actuarial assessment differs from the long-term expectation on the obligations. These result from experience adjustments (differences between the previous actuarial assumptions and what has actually occurred) and the effects of change in actuarial assumptions. The actuarial losses of USD 195,623 were recognized through the Statement of Financial Performance.

The annual expenses recognized in the Statement of Financial performance are as follows:

Expressed in US dollars	Accumulated Annual Leave	Repatriation Benefits	2021	2020 (unaudited)
Service cost	20,848	28,316	49,164	48,274
Interest cost	3,150	6,238	9,388	12,523
Actuarial losses (gains)	208,795	(13,172)	195,623	43,310
Foreign exchange losses	(1,108)	-	(1,108)	10,584
Total expenses	**231,685**	**21,382**	**253,067**	**114,691**

Service cost is the increase in the present value of the defined obligation resulting from employee service in the current year. Interest cost is the increase during the year in the present value of the defined benefit obligation which arises because the benefits are one year closer to settlement.

The expected contribution of UIS in 2022 to the accumulated annual leave and repatriation benefits is respectively USD 18,763 and USD 17,483, which represents expected benefit payments for the year.

Contributions to UNESCO ASHI programme made during the year amount to USD 186,822 (2020: USD185,422).

United Nations Joint Staff Pension Fund (UNJSPF)

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.

UIS participates in UNESCO's financial obligation to the Fund consisting 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.

The latest actuarial valuation for the Fund was completed as of 31 December 2019, and the valuation as of 31 December 2021 is currently being performed. A roll forward of the participation data as of 31 December 2019 to 31 December 2020 was used by the Fund for its 2021 financial statements.

The actuarial valuation as of 31 December 2019 resulted in a funded ratio of actuarial assets to actuarial liabilities, assuming no future pension adjustments, of 144.4%. The funded ratio was 107.1% when the current system of pension adjustments was taken into account.

After assessing the actuarial sufficiency of the Fund, the Consulting Actuary concluded that there was no requirement, as of 31 December 2019, 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.

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 (2018, 2019 and 2020) amounted to USD 7,993million, of which 2,22%% was contributed by UNESCO.

UIS's contribution made during the year 2021 amounts to USD 869,413, compared to USD 899,063 in 2020.

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.

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 UNJSPF website.

NOTE 14: VOLUNTARY CONTRIBUTIONS WITH CONDITIONS

Expressed in US dollars	**2021**	**2020 (unaudited)**
Voluntary contributions with conditions	1,866,970	3,767,688
Total voluntary contributions with conditions	**1,866,970**	**3,767,688**

NOTE 15: NET ASSETS

Expressed in US dollars	**2020 Restated – Note 5 (unaudited)**	**Surplus for the year**	**Other adjustments to reserves**	**2021**
Operating reserve	13,292,045	**5,110,120**	(91,706)	18,310,459
Staff reserves	3,040,919	-	91,706	3,132,625
Total Net Assets	**16,332,964**	**5,110,120**	**-**	**21,443,084**

Operating reserve consist of surpluses from operations accumulated from previous years. These surpluses can be carried forward from one financial period to the next.

Staff reserves have been created within the legislative authority of the UIS as is deemed to be required for the purpose of sound administration or legal obligation. In accordance with the UIS Basic Texts (156 EX/24 and 156 EX/55- June 1999), the Director of the UIS has established a Stabilization Reserve (Staff Reserve) to cover end-of-service indemnities and other related liabilities. The Staff reserve is calculated at 5% of total payroll (fixed term and project appointments) costs for the year and shall be reported annually to the Board at the time of the yearly budget approval. At 31 December 2021, USD 201,545 was transferred from the operating reserve to the Staff Reserve. This amount was offset by USD 91,706 in payments of end-of-service indemnities for the year.

NOTE 16: REVENUE

Expressed in US dollars	2021	2020 Restated – Note 5 (unaudited)
UNESCO Financial Allocation	**4,211,450**	**4,211,450**
Voluntary contributions		
Voluntary contributions - Core Funding	7,090,817	5,902,507
Voluntary contributions - Extra-budgetary – Governments and other donors	4,750,491	3,049,766
Voluntary contributions - Extra-budgetary – Other UN organization	143,606	-
Total voluntary contributions	**11,984,914**	**8,952,273**
Other revenues		
Other operating gains	-	7,502
Services rendered to UNESCO	265,728	140,044
Total other revenues	**265,728**	**147,546**
Finance revenue	**22,936**	**207,762**
Total revenue	**16,485,028**	**13,519,031**

NOTE 17: EXPENSES

Expressed in US dollars	2021	2020 Restated – Note 5 (unaudited)
Staff costs		
International & National staff	5,581,389	5,424,476
Temporary staff	361,762	313,788
Other personnel costs	138,679	283,902
Total staff costs	**6,081,830**	**6,022,166**
Consultants, external experts and mission costs		
Consultants	521,157	420,297
Staff mission costs	46,291	39,681
Delegates & external individuals missions	22,335	4,554
Other contracts	30,107	5,640
Total consultants, external experts and mission costs	**619,890**	**470,172**
External training, grants and other transfers		
Financial contributions	-	30,000
External training and seminars	1,496	32,835
Total external training, grants and other transfers	**1,496**	**62,835**
Supplies, consumables and other running costs		
Communications	101,038	94,538
Equipment	107,959	127,216
Leases	400,773	362,529
Utilities	4,285	3,686
Other supplies	12,803	8,890
Total supplies, consumables and other running costs	**626,858**	**596,859**
Contracted services	**3,990,539**	**1,633,708**
Depreciation	**24,614**	**22,550**
Total foreign exchange losses	**26,653**	**73,728**
Total finance costs	**3,028**	**2,890**
Total expenses	**11,374,908**	**8,884,988**

17.1 Staff cost

International & National staff expenses include salaries, post adjustments, entitlements and pensions and health plan contributions for Professional and General Service category staff. This line also includes movements in the actuarial liability for Accumulated Annual Leave and Repatriation Benefits. Temporary staff expenses include all costs relating to the employment of temporaries and supernumeraries. This line also includes staff travel expenses, which are not related to mission costs (home leave, family visit, education grant, interview, separation).

17.2 Consultants, external experts and mission costs

Consultants expenses represent the cost of contracting consultants, including insurance and travel expenses. Staff mission costs are the mission and training costs for UIS staff, temporaries and supernumeraries. These concern principally travel and per diem expenses. Delegates & external individuals missions are expenses for travel and per diem of representatives, delegates, individuals and others (i.e. non-staff).

17.3 External training, grants and other transfers

Expenses for external training and seminars are mainly travel and per diem costs for participants.

17.4 Supplies, consumables and other running costs

Communications expenses concern mainly telephone and postal/freight costs. Equipment expenses represent equipment purchases and costs during the year, which do not meet the criteria for capitalization as PP&E or Intangible Assets. Leases represents primarily premises rental cost. Maintenance and repairs expenses are mainly those incurred in relation to UIS premises and IT. Other supplies include office supplies.

17.5 Contracted services

Contracted services represent expenses where UIS has engaged a third party to perform work on behalf of UIS. Major categories of these types of arrangements include research, seminars and meetings and document production. Significant amounts fall within the category other contracted services. It should be noted that under certain arrangements, especially non-exchange contracts with not-for-profit organizations and government ministries for the implementation of activities under UIS's mission and mandate, contracts are established which cover several types of services and work which cannot be easily allocated to a single category of contracted services.

Expressed in US dollars	2021	2020 (unaudited)
Implementation partners agreement	2,339,416	1,399,136
Contract for services	1,404,544	221,220
Other contracted services	246,579	13,352
Total contracted services	**3,990,539**	**1,633,708**

17.6 DEPRECIATION

Depreciation is the expense resulting from the systematic allocation of the depreciable amounts of property, plant and equipment over their useful lives (see Note 11).

NOTE 18: CONTINGENT LIABILITIES, COMMITMENTS AND CONTINGENT ASSETS

18.1 Legal or Contingent Liabilities

There are no contingent liabilities arising from legal actions and claims that are likely to result in a significant liability to the UIS.

18.2 Commitments

UIS has an operating lease commitment for office premises. Future minimum lease rental payments for the following years are:

Expressed in US dollars	2021
Within one year	231,489
One to five years	1,362,646
Later than five years	6,396,827
Total operating lease commitments	**7,990,962**

UIS signed a new premises rental lease in 2021 which ends on 31 March 2042. UIS paid an advance of the first and last months' rent in 2021 and has an option to terminate the lease at 31 March 2032 with a penalty.

UIS's contractual commitments which have not yet given rise to the delivery of a service amounted to USD 3,780,275 as at 31 December 2021.

At 31 December 2021, UIS has committed to leasehold improvements valued at approximately USD 326,575

18.3 Contingent assets

In accordance with IPSAS 19 (Provisions, Contingent Liabilities and Contingent Assets), contingent assets will be disclosed for cases where an event will give rise to a probable inflow of economic benefits. As at 31 December 2021, there are no contingent assets.

NOTE 19: FINANCIAL RISK MANAGEMENT

Exposure to credit, liquidity, currency and interest rate risk arises in the normal course of UIS's operations. The following presents information about UIS's exposure to each of the above risks, policies and processes for measuring and managing risk, and UIS's management of capital.

The UIS's financial risks are managed in accordance with the risk management policies of UNESCO. UNESCO's risk management policies, along with its Investment Policy and the Financial Regulations of the Special Account of UIS, aim to minimize potential adverse effects on the resources available to UIS to fund its activities.

19.1 Fair value of financial assets and liabilities

Fair values and fair value hierarchy

The fair value of cash, receivables from non-exchange transactions, receivable from UNESCO and other receivables approximate their recorded carrying amount due to their short-term nature.

The fair value of accounts payables and voluntary contributions approximate their recorded carrying amount due to their short-term nature.

19.2 Credit risk

Credit risk is the risk of financial loss to UIS if customers or counterparties to financial instruments fail to meet their contractual obligations. It mainly arises from UIS's cash and receivables. The treasury management function is centralized at UNESCO headquarters whereas field offices and institutes are not permitted to engage in investing. UNESCO utilizes credit ratings from the three leading credit rating agencies, Moody's, Standard & Poor's and Fitch, to evaluate credit risk on its financial instruments.

Cash and receivables

Cash

UIS holds one USD and one Canadian bank account. To mitigate this risk, UIS follows UNESCO's internal guidelines such as minimizing the balances on its current accounts and operating with strong international banking groups whenever possible. UIS only held cash at 31 December 2021 and did not hold any cash equivalents nor investments at year-end. To mitigate credit risk, all banking institutions must meet the following criterial, including a minimum long-term rating of A-, a minimum short-term rating of A-1 and be established in a country with a long-term rating of at least AA-. Therefore, the credit risk exposure related to cash is not significant.

Receivables

Receivables are mainly from sovereign Member States or other Agencies. An allowance is established when there is objective evidence, based on a review on outstanding amounts at the reporting date that a State will not comply with the original terms of the receivables. The majority of the receivables is a receivable with UNESCO which can be settled when requested by UIS. The credit risk exposure related to receivables is not material.

19.3 Liquidity risk

Liquidity risk is the risk that UIS might not have adequate funds to meet its obligations as they fall due. UIS ensures on the basis of cash flow forecasts and approved budgets that it has sufficient cash on demand to meet expected operating expenses.

As at the year-end, UIS's cash and Receivable from UNESCO balances equaled USD 21.2 million with current liabilities equaling USD 3 million. Therefore, the UIS is not exposed to significant liquidity risk.

19.4 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument fluctuates due to changes in foreign exchange rates. UIS is exposed to currency risk on revenues and expenses denominated in foreign currencies. Currency risk related to extra budgetary activities is managed through individual project budget planning for foreign currency expenditure. A 1% increase/decrease in exchange rate would not have a material impact on the financial statements.

19.5 Interest rate risk

Interest rate risk arises from the effects of market interest rates fluctuations on the fair value of financial assets and liabilities and/or on future cash flows. The UIS is mainly exposed to interest rate risk on its financial interest-bearing assets. UIS did not hold any investments as at December 31, 2021. UIS is not exposed to any significant interest rate risk.

19.6 Capital Management

UIS defines the capital that it manages as the aggregate of its net assets which is comprised of accumulated balances. UIS's objectives in managing capital are to safeguard its ability to continue as a going concern to fund its asset base and to fulfil its mission and objectives. The UIS's overall strategy with respect to capital management includes the balancing of its operating and capital activities with its funding on an annual basis.
UIS's capital structure is managed in light of global economic conditions, the risk characteristics of the underlying assets and working capital requirements. UIS manages its capital by reviewing on a regular basis the actual results against the budgets approved by the Governing Board.

NOTE 20: RELATED PARTY DISCLOSURE

20.1 Governing Bodies

The UIS is administered by its Governing Board (The Board) which is composed of 12 members chosen for a term of four years. The Chairperson and the members of the Board are chosen for their competence and sit in a personal capacity and shall receive no compensation for their services. The UIS shall cover the costs of their travel and daily subsistence allowance when they are on official travel for the UIS’s business. During their terms of office, the Chairperson and the members of the Board shall not be entitled to any fee or honorarium for any work carried out on the UIS’s behalf.

20.2 Services provided by UNESCO to UIS

Transactions between UIS and UNESCO, the controlling entity, are recorded on a gross basis. The services received without charge are not recorded. The main services received without charge are the following:
- Payroll management services
- Information Technology services
- Internal audit services
- Legal services
- Employees paid by UNESCO are occasionally assigned to UIS at no charge to the Institute.

20.3 Key management personnel

Key management personnel are the Senior Management Team, which has the authority and responsibility for planning, directing and controlling the activities of the UIS. The Senior Management Team consists of the UIS Director, Director of Operations and Heads of Sections.

The aggregate remuneration paid to key management personnel includes: net salaries, post adjustment, entitlements such as allowances, grants and subsidies, and employer pension and health insurance contributions. Key management personnel are also qualified for post-employment benefits (Note 12) at the same level as other employees. Key management personnel are ordinary members of UNJSPF.

Advances are those made against entitlements in accordance with staff rules and regulations. Loans granted to key management personnel are those granted under staff rules and regulations. Advances against entitlements and loans are widely available to all UIS staff.

Expressed in US dollars	Number of Individuals	Compensation and Post Adjustment	Entitlements (Allowances, Grants and Subsidies)	Pension and Health Plans	Total Remuneration
2021	5	728,842	91,337	211,496	1,031,675
2020 **(unaudited)**	7	850,401	237,608	259,955	1,347,964

INDEPENDENT AUDITOR'S REPORT

To the Governing Board of the UNESCO Institute for Statistics

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the UNESCO Institute for Statistics (UIS), which comprise the statement of financial position as at 31 December 2021, and the statement of financial performance, statement of changes in net assets and statement of cash flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of UIS as at 31 December 2021, and its financial performance and its cash flows for the year then ended in accordance with International Public Sector Accounting Standards (IPSASs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of UIS in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, 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 Matter

The comparative information presented in the financial statements for the year ended 31 December 2020 is unaudited.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IPSASs, and for such internal control as management 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, management is responsible for assessing UIS'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 management either intends to liquidate UIS or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 ISAs 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 financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- 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.

- 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 UIS's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of 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 UIS'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 auditor's report. However, future events or conditions may cause UIS to cease to continue as a going concern.

- 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.

Report on Compliance with Specified Authorities

Opinion

In conjunction with the audit of the financial statements, we have audited transactions of the UNESCO Institute for Statistics coming to our notice for compliance with specified authorities. The specified authorities against which compliance was audited are the Financial Regulations of the Special Account for the UNESCO Institute for Statistics.

In our opinion, the transactions of the UNESCO Institute for Statistics that came to our notice during the audit of the financial statements have complied, in all material respects, with the specified authorities referred to above. Further, as required by the Financial Regulations of the Special Account for the UNESCO Institute for Statistics, we report that, in our opinion, the accounting principles in IPSASs have been applied on a basis consistent with that of the preceding year.

Responsibilities of Management for Compliance with Specified Authorities

Management is responsible for the UNESCO Institute for Statistics' compliance with the specified authorities named above, and for such internal control as management determines is necessary to enable the UNESCO Institute for Statistics to comply with the specified authorities.

Auditor's Responsibilities for the Audit of Compliance with Specified Authorities

Our audit responsibilities include planning and performing procedures to provide an audit opinion and reporting on whether the transactions coming to our notice during the audit of the financial statements are in compliance with the specified authorities referred to above.

Marise Bédard

Marise Bédard, CPA, CA
Principal
for the Auditor General of Canada

Ottawa, Canada
21 June 2022