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Independent Auditor's Report

To the Council of
International Centre for the Study of the Preservation and Restoration of Cultural Property (ICCROM)

Opinion

We have audited the accompanying special purpose financial statements of ICCROM (the "Institution"), which comprise the statement of financial position as at December 31, 2023, the statement of financial performance, the statement of changes in net assets, the cash flow statement for the year then ended, and notes, including a summary of significant accounting policies.

In our opinion, the accompanying special purpose financial statements of the Institution for the year ended December 31, 2023 are prepared, in all material respects, in accordance with the basis of accounting described in the explanatory notes.

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 Special Purpose Financial Statements* section of our report. We are independent of the Institution in accordance with the ethical requirements of *Code of Ethics for Professional Accountants (IESBA Code)* issued by the *International Ethics Standards Board for Accountants* that are relevant to our audit of the special purpose financial statements, 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.

Emphasis of Matter – Basis of Accounting and Restriction on Use

We draw attention to the note 3 to the special purpose financial statements, which describes the basis of accounting. The special purpose financial statements are prepared on a voluntary basis for the purpose of complying with ICCROM's Financial Regulation. As a result, the special purpose financial statements may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

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

Management is responsible for the preparation and fair presentation of the special purpose financial statements in accordance with the basis of accounting described in the explanatory notes and for such internal control as management determines is necessary to enable the preparation of special purpose financial statements that are free from material misstatement, whether due to fraud or error.
In preparing the special purpose financial statements, management is responsible for assessing the Institution's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Institution or to cease operations or has no realistic alternative but to do so.

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

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Auditor's Responsibilities for the Audit of the Special Purpose Financial Statements

Our objectives are to obtain reasonable assurance about whether the special purpose 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 special purpose 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 special purpose financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Institution'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 the Institution'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 special purpose financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Institution to cease to continue as a going concern.

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, 28 March 2024

EY S.p.A.

Mauro Ottaviani
(Auditor)

ICCROM

International Centre for the Study of the Preservation and Restoration of Cultural Property

Financial Statements as at 31 December 2023

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ICCROM

Introduction

In 2023, ICCROM continues to gather and provide its Member States and partners with credible, measurable evidence of progress towards its goals by systematically monitoring results and measuring the impact of its activities. Contacts have been maintained with the European Union through the projects ARCHE and E-RIHS. Efforts are still in due course to strengthen the partnership with the Government of Sharjah. The partnerships with the British Council and with the Swedish PostKode Foundation have been successfully continued. We finalized the UNESCO-Iraq project for the heritage recovery of Mosul. Switzerland has continued to finance the position for the Resource Mobilization Officer. Australia Government provided ICCROM with Its contribution for Climate Action for World Heritage through Capacity Development. USA department of the State started the contribution for Ukraine.

As a result of the current difficult financial situation brought on by the economic uncertainties, ICCROM Administration has continued to undertake concrete actions to protect and safeguard, at its best, the institutional activities against potential complex and negative scenarios. ICCROM is constantly monitoring the evolution in order to evaluate any economic and financial implication on the ICCROM's operations or financial impact in terms of - among others - inflation, exchange rates and interests. In this scenario, ICCROM decided to close the position held with Credit Suisse, due to some financial constraints.

These financial statements cover the period 1 January to 31 December 2023. Starting from 2020 Financial Statements, ICCROM has been fully compliant with IPSAS principles. The financial statements will be audited on an annual rather than a biennial basis as requested by ICCROM Council.

The 2022-2023, Programme of Work and Budget was prepared based on a 5% increment on regular contributions: it reflects the support of Member States to enable ICCROM to make the necessary ICT shift to ensure a better competitivity. Since 2008, and up to 2021, ICCROM Budgets were prepared based on Zero Nominal Growth (ZNG), causing a reduction in 13 years of about 16.4%. Nevertheless, ICCROM has attempted to maintain the quality and quantity of its activities through more efficient use of its regular budget, and through obtaining funding from voluntary contributions to the organization.

The introduction and the consolidation of new administrative guidelines over 2023 has strengthened the set of rules within the Organization, enhancing and standardizing the internal procedures and processes.

Important innovations such as the invoicing on the ICCROM governing bodies portal have smoothen the relations between ICCROM and its 137 Member States. The introduction of this

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new tool has reinforced the organization's environmental sustainability footprint: 15,000 sheets of A4 letterhead, about 1,000 envelopes and EUR 5,000 in postal expenses are the concrete result of this choice.

We constantly monitored the trend of the contributions during 2023 and comparing it to the average of the last 20 years of contributions received, we are above the average.

In 2023, ICCROM continued with the work related to the evaluation of the Archives with the aim of inserting its value in future financial statements. Despite the efforts made with the valuation of the Archives with “Archivi Biblioteche”, the collaboration with Ernst & Young and the University of Roma TRE the inclusion of the value of our archives in the financial statement is awaiting regulation of the valuation criteria for public archives focused on Cultural Heritage which the IPSAS Board has not yet formulated. These figures will be considered to be representative of the value of ICCROM and will be recognized in the financial statements as soon as the regulation will allow us to consider it.

The risk management policies adopted by ICCROM are in accordance with its Financial Regulations and Rules. Those policies aim to minimize potential adverse effects on the resources available to ICCROM to fund its activities. The principal objectives of the ICCROM Financial Regulations and Rules are:

• Safety: preservation of capital, provided through investing in high quality, fixed-revenue securities emphasizing the creditworthiness of the issuers;

• Liquidity: flexibility to meet cash requirements through investments in highly marketable, fixed-income securities and through structuring maturities to align with liquidity requirements;

• Revenue: maximization of investment revenue within the foregoing safety and liquidity parameters.

In its operations, ICCROM is exposed to a variety of financial risks including:

• Credit risk: the possibility that third parties may not pay amounts due to ICCROM;

• Liquidity risk: the likelihood that ICCROM might not have adequate funds to meet its obligations as they fall due;

• Foreign currency risk: the exposure to fluctuation of foreign currency.

Credit Risk

ICCROM maintains its vigilance on credit risk towards donors through a strict doubtful Accounts policy and towards Financial Institutions by having banking relationships with well-established financial institutions only.

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ICCROM evaluates for impairment of doubtful accounts at each reporting date. Impairment results when there is objective evidence that ICCROM will not collect the full amount due.

Liquidity Risk

ICCROM manages liquidity risk through highly liquid investments in assets under management that are used only in case of liquidity emergencies (according to ICCROM policies).

Foreign exchange risk

ICCROM operates internationally and is exposed to foreign exchange risk arising when its business transactions are in currencies other than Euro. The foreign exchange risk primarily relates to foreign currency denominated payables for local and international operations. ICCROM monitors the exposure to foreign exchange risk arising from operating activities and does not use derivative financial instruments to hedge its foreign exchange exposure in relation to investments or cash flows.

Taking into consideration the financial position, we can highlight that in 2023 the free working capital ratio reached the result of 1.59: this index is calculated by dividing the total value of current assets (EUR 12,907,640) and the total current liabilities (EUR 8,138,677).

The continuous monitoring of the Cash Flow has allowed the maximization of the capital resources invested in compliance with the Investment Policy (doc. C94 6.3) approved by the Council in 2020.

All funds accrued are funded 100%. The ASHI (After Service Health Insurance) Fund and the SPS (Separation Payment Scheme) Fund have been revaluated according to the actuarial parameters provided by 'Parametrica'.

Analyzing the figures reported in the Financial Statements, it is possible to highlight the increase in cash and cash equivalent, and also in the revenue. This situation stems from the increasing of the voluntary contributions and also for the closing of the bank account at Credit Suisse, with the consequent transfer of the funds from the Investment bank account to the operational one. It is important to note also a significant increase in travel and training costs, due to the significant growth of the global inflation. Taking into consideration all the aspects outlined above, we have obtained an operational surplus of EUR 17,273 as at 31/12/2023.

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Statement I

Statement of Financial position as at 31 December 2023

	Notes	31 December 2023	31 December 2022
Assets			
Current assets			
Cash and cash equivalents	Note 6	5.746.642	3.824.277
Investments	Note 7	5.346.703	7.714.582
Receivables — non-exchange transactions	Note 8	1.438.245	1.550.619
Other current assets	Note 9	376.051	378.845
Total current assets		**12.907.640**	**13.468.322**
Non-current assets			
Library	Note 10	4.396.312	4.359.541
Property, plant and equipment	Note 11	139.162	87.099
Intangible Assets	Note 12	132.631	165.543
Total non-current assets		**4.668.105**	**4.612.183**
Total assets		**17.575.746**	**18.080.505**
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	Note 13	(546.144)	(469.358)
Deferred revenues	Note 14	(2.520.925)	(2.622.553)
Employee benefits	Note 15	(4.336.393)	(4.074.111)
Provisions	Note 16	(735.214)	(789.193)
Total current liabilities		**(8.138.677)**	**(7.955.214)**
Net assets			
Equity	Note 17	(9.437.069)	(10.125.291)
Total net assets		**(9.437.069)**	**(10.125.291)**
Total liabilities and net assets		**(17.575.746)**	**(18.080.505)**

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Statement II

Statement of Financial performance for the year ended 31 December 2023

	Notes	31 December 2023	31 December 2022
Revenue			
Member state contributions, net	Note 18	(3.690.609)	(3.929.885)
Other contributions, net	Note 19	(4.989.669)	(4.933.064)
Investment revenue	Note 20	(494.089)	1.039.457
Other revenue	Note 21	(498.661)	(565.177)
Total revenue		**(9.673.029)**	**(8.388.670)**
Expenses			
Personnel Costs	Note 22	4.548.193	4.462.309
Travel	Note 23	786.232	610.786
Training	Note 23	345.955	190.860
Administrative Services	Note 23	185.218	154.833
Maintenance and Repairs	Note 23	353.151	329.640
Consulting and Other Services	Note 23	2.945.250	2.365.352
Equipment	Note 23	381.761	282.142
Depreciation and amortization	Note 11,12	71.624	64.063
Finance costs	Note 24	35.341	(102.650)
Other Expenses	Note 23	3.031	-
Total expenses		**9.655.756**	**8.357.334**
Deficit/(Surplus) for the year		**(17.273)**	**(31.335)**

Statement III

Statement of Changes in net assets for the year ended 31 December 2023

	Reserves	Accumulated Surplus	Total net assets/equity
Balance at 1 January 2023	**10.172.706**	**-**	**10.125.293**
Changes in net assets			
Previous period surplus	31.335	(31.335)	-
Actuarial Gain/(Loss)	(291.518)	-	(291.518)
Other movements in reserves	17.445	-	17.445
Africa Fund	(431.423)	-	(431.423)
Reserve of Revaluation	-	-	-
Surplus for the year	-	17.273	17.273
Balance at 31 December 2023	**9.498.545**	**(14.062)**	**9.437.070**

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Statement IV

Cash Flow Statement 2023

	31 December 2023	31 December 2022
Cash flows from operating activities		
Surplus of the year	17.273	31.335
Depreciation and amortization	71.624	64.063
Provisions	-	-
Increase in employee benefits	208.304	(1.133.576)
Allowance for bad debt	-	-
Transfers from reserves	(705.496)	-
(Gain) on Investment Funds not realized	-	-
Interest received on bank accounts	-	(33.423)
Interest paid	(458.748)	936.806
Cash Flow before changes in TWC	**(867.043)**	**(134.795)**
Increase in receivables — non-exchange transactions	112.374	(129.610)
Increase in other current assets	2.794	1.732.651
Decrease in Inventories	-	-
Increase in Accounts payable and accrued liabilities	76.787	(174.322)
Increase in payables — Deferred revenues	(101.628)	(906.198)
Net cash flows from operating activities	**(776.717)**	**387.726**
Cash flows from investing activities		
Purchases from Investments	-	542.159
Proceeds from investments	2.367.879	-
Purchases of property, plant and equipment	(127.546)	(85.681)
Net cash flows from investing activities	**2.240.333**	**456.478**
Cash flows from financing activities		
Finance Cost	-	(903.383)
Finance Gain	458.748	
Change in capital	**-**	**659.254**
Net cash flows from financing activities	**458.748**	**(244.129)**
Effect of exchange rate changes on cash and cash equivalents	**-**	**-**
Net increase in cash and cash equivalents	**1.922.364**	**600.075**
Cash and cash equivalents including deferred revenues — beginning of year	**3.824.277**	**3.224.202**
Cash and cash equivalents including deferred revenues — end of year	**5.746.642**	**3.824.277**
Increase (Decrease) in cash and cash equivalent	**1.922.365**	**600.075**

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Notes to the financial statements for the year ended December 31, 2023

Introduction

ICCROM (hereinafter also the "Entity") has prepared its Financial Statements as at 31 December 2023 in accordance with International Public Sector Accounting Standards issued by the International Federation of Accountants (IFAC). The Financial Statements is presented in Euro which also represents the functional currency of the Entity. The accounting policies below described have been consistently applied to all the years presented.
According to IPSAS 1 the Financial Statements is composed by:

a) A statement of financial position;
b) A statement of financial performance;
c) A statement of changes in Net assets;
d) A cash flow statement;
e) A comparison of budget and actual amounts either as a separate additional financial statement or as a budget column in the financial statements;
f) Notes, comprising a summary of significant accounting policies and other explanatory notes; and
g) Comparative information in respect of the preceding period as specified in paragraphs 53 and 53A of IPSAS 1.

The Financial Statements have been prepared on the basis of historical cost, unless stated otherwise. The cash flow statement is prepared using the indirect method. The financial statements are prepared on an accrual basis.

The Financial Statements are audited by Ernst & Young S.p.A.

(1) Reporting entity

ICCROM was established as an intergovernmental organization headquartered in Rome following an agreement signed between UNESCO and the government of Italy in 1957 and ratified in 1960. The mission of ICCROM is to contribute to the conservation and restoration of cultural property worldwide by initiating, developing, promoting and facilitating conditions for such conservation and restoration.

ICCROM's host country is Italy. Following to Italian adhesion to the Convention on the Privileges and Immunities of the Specialized Agencies of the United Nations in 1985, the government of Italy listed ICCROM as an organization to which the provisions of the Convention were applicable. In particular, under Art. VI, sect. 19 of the Convention, all employees should benefit from tax exemption on their income tax due on their salary and emoluments. In November 2019, the Italian Parliament approved the law n. 145/2019 in which all ICCROM staff are exempted to pay taxes in Italy.

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(2) Adoption of accounting policies

ICCROM is fully IPSAS adopter starting from the 2020 Financial Statements.

(3) Basis for preparation and authorization for issue

Basis of measurement

The special purpose financial statements are prepared on a voluntary basis and for the purpose of complying with ICCROM's Financial Regulation as revised and approved by the General Assembly in April 2000 based on the version adopted by the Provisional Council in its second session on 16-18 April 1959.

These financial statements are prepared on an accrual basis of accounting. ICCROM applies the historical cost principle except as described in note 4. Accounting policies have been applied consistently throughout the year. The financial year is from January 1 to December 31.

Going concern

The financial statements are prepared on a going concern basis. No material uncertainties related to events or conditions that may cast significant doubt upon the entity's ability to continue as a going concern exists at the date of the financial statements nor for the foreseeable future. This is also a consequence of the structure of the Programme of Activities and Budget (PAB) that grants the continuity of ICCROM activities also for 2024.

According to the IPSAS principle 14, regarding financial matters, the situation as at the closure of the Financial Statements 2023 is:

a) *Increase of countries in default*: it is not possible to provide an accurate estimation. In case of one or more countries in default, during 2023, due to the economic uncertainties, there could be negative effects on ICCROM incomes.

b) *Exchange rate fluctuation*: based on the last three months of observation of the financial market, it is possible to state that at the moment the average exchange rate between EUR and USD seems to be stable. The only way to prevent eventual significant variations in the financial markets, especially with reference to the exchange rate fluctuation, is to grant to our bank accounts a substantial liquidity.

Foreign currency

Commencing on 1 January 2004, in accordance with a decision of the General Assembly dated 20 November 2003, the functional and presentation currency of ICCROM is the Euro. For the preparation of the special-purpose financial statements, the following criteria have been applied:

(i) Extra-budgetary funds denominated in US$ have been converted into Euro at the United Nations monthly rate of exchange. Extra-budgetary contributions receivable and funds in trust are converted into Euro at the same exchange rate used when the transactions were initially recorded. Differences in the statement of income and expenditure between the initial exchange rate and the actual exchange rate are recorded when ICCROM receives payment and is included in Member Contributions.

(ii) Prior to 1 January 2004, ICCROM's functional currency was the US$. All assets, liabilities and reserves balances at that date were converted into Euro at a rate of US$ 1.248 = Euro 1, which was the official United Nations rate prevailing on 1 January 2004.

(iii) Other income and expenditure denominated in currencies other than the Euro have been converted into Euro at the United Nations monthly rate of exchange.

(iv) Gains or losses arising on the translation into Euro of US$ denominated bank and deposit balances at the financial statements date are recorded in the statement of financial performance.

Critical accounting estimates

Preparing financial statements requires ICCROM to make estimates, judgements and assumptions in the selection and application of accounting policies and in the reported amounts of assets, liabilities, revenues and expenses. Accounting estimates and underlying assumptions are reviewed on an ongoing 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; selection of useful lives and the depreciation/amortization method for property, plant and equipment/intangible assets; impairment on assets, including the library; classification of financial instruments; and contingent assets and liabilities.

The Entity based its assumptions and estimates on parameters available when the financial statements were prepared.

(4) Significant accounting policies

4.1 Financial assets classification

As required by IPSAS 29 *Financial Instruments*, ICCROM classifies financial assets into the following categories: loans and receivables, fair value through surplus or deficit in the statement of financial performance, held-to-maturity investments or available for sale. 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 are initially measured at fair value. ICCROM initially recognizes loans and receivables on the date that they originated. All other financial assets are recognized initially on the trade date, which is the date ICCROM becomes party to the contractual provisions of the instrument.

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Financial assets denominated in foreign currency are translated into Euro at the United Nations operational rates of exchange prevailing at the reporting date with gains and losses recognized in surplus or deficit in the statement of financial performance.

The Entity's financial assets include the following:

Financial assets classification	Type of ICCROM financial assets
Cash and cash equivalents	Cash and short term deposit
Loans and receivables	Receivables from non-exchange transactions, advances issued and prepayments

Cash and cash equivalents

Cash and cash equivalents includes cash, and short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value, net of impairment for restricted use currencies. Financial instruments classified as cash equivalents include investments with a maturity of three months or less from the date of acquisition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables comprise contributions receivable in cash and other receivables. After their initial recognition loans and receivables are subsequently measured at amortized cost.

Receivables from non-exchange transactions comprises contributions. Contributions' receivables represent uncollected revenues committed to ICCROM by donors based on enforceable commitments which are recognized as revenue. These non-exchange receivables are stated at nominal value less impairment for estimated irrecoverable amounts.

Advances issued represents cash paid to suppliers for project expenditures expected to be reimbursed by donors.

Impairment of financial assets

The Entity assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets 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 (an incurred "loss event") and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include the following indicators:

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- Debtors or a group of debtors are experiencing significant financial difficulty;
- Default or delinquency in interest or principal payments;
- The probability that debtors will enter bankruptcy or other financial reorganization;
- Observable data indicates a measurable decrease in estimated future cash flows (e.g., changes in arrears or economic conditions that correlate with defaults).

All categories of financial assets are assessed at each reporting date to determine whether there is objective evidence that an investment or group of investments is impaired.

For financial assets carried at amortized cost, the Entity first assesses whether objective evidence of impairment exists for financial assets that are individually significant or collectively for financial assets that are not individually significant. If the Entity determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognized are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

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. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realized or transferred to the group. 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 other income in surplus or deficit.

4.2 Property, plant and equipment

Property, plant and equipment is stated at historical cost, less accumulated depreciation and accumulated impairment losses. This includes costs that are directly attributable to the acquisition of the asset and the initial estimate of dismantling and site restoration costs. Where an asset is acquired for nil or nominal consideration, the fair value at the date of acquisition is

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deemed to be its cost. The threshold for recognition of property, plant and equipment as an asset is € 1,000 per unit.

ICCROM elected to apply the cost model as measurement after recognition instead of the revaluation model. Subsequent costs are included in the asset's carrying amount or are recognized as a separate asset only when it is probable that future economic benefits associated with the item will flow to ICCROM and the cost of the item can be measured reliably. Repairs and maintenance are charged to surplus or deficit in the statement of financial performance in the year in which they are incurred. Project assets that are not controlled by ICCROM are expensed as incurred. ICCROM is deemed to control an asset if it can use or otherwise benefit from the asset in pursuit of its objectives and if it can exclude or regulate the access of third parties to that asset. ICCROM has control over assets when it is implementing the project directly.

Depreciation of property, plant and equipment is calculated using the straight-line basis over the estimated useful lives. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items, i.e., major components of property, plant and equipment.

The estimated useful lives are as follows:

Class	**Estimated Useful Life (years)**
Vehicles	4
Furniture and fixtures	5

Given the expected pattern of usage of property, plant and equipment, there are no residual values following full depreciation. A gain or loss resulting from the disposal of property, plant and equipment arises where proceeds from disposal differ from its carrying amount. Those gains or losses are recognized in surplus or deficit in the statement of financial performance.

4.3 Intangible assets

Intangible assets are carried at cost, less accumulated amortization and accumulated impairment loss.

Acquired computer software licenses are capitalized based on costs incurred to acquire and bring to use the specific software. The threshold for recognition of externally developed software is € 1,000.

Amortization is recognized in surplus or deficit in the statement of financial performance provided on a straight-line basis on all intangible assets of finite life, at rates that will write off the cost or value of the assets to their estimated residual values.

The estimated useful lives are as follows:

Class	**Estimated Useful Life (years)**
Licenses and Softwares	10

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4.4 Impairment of non-cash generating assets

Property, plant and equipment, intangible and other non-cash generating assets are reviewed for impairment at each reporting date. For property, plant and equipment, ICCROM reviews for impairment during the annual physical verification process. An impairment loss is recognized in surplus or deficit in the statement of financial performance when the carrying amount of an asset exceeds its recoverable amount. The recoverable amount of an asset is the higher of an asset's fair value, less costs to sell, and its value in use.

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the impairment of value has decreased or no longer exists. An impairment deficit is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment deficit had been recognized.

Library

The ICCROM Library, established in 1959 with a grant from the Gulbenkian Foundation, contains the world's most extensive collection of resources on every aspect of heritage conservation in a wide variety of languages. It offers support to ICCROM staff, governmental agencies, and conservation students and professionals both in Rome and throughout the world. During 2019, the Library has been recognized at its fair value in accordance with IPSAS 17 and is considered a non-cash generating asset as indicated in IPSAS 21. It is subject to an annual impairment test and any impairment loss is recognized as a deficit in the statement of financial performance.

4.5 Financial liabilities

Financial liabilities are initially recognized at fair value, less transaction costs, and subsequently measured at amortized cost using the effective interest method. Financial liabilities entered into with a duration of less than 12 months are recognized at their nominal value.

Payables and accruals arising from the purchase of goods and services are recognized initially at fair value and subsequently measured at amortized cost when goods/services are delivered/rendered and accepted by ICCROM. Liabilities are stated at invoice amounts, less payment discounts at the reporting date. The liability is estimated where invoices are not available at the reporting date.

Other liabilities include deferred revenue and other payables. Deferred revenue represents funds received from donors which will be recognized as revenue in future accounting years.

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4.6 Employee benefits

Short-term employee benefits

Short-term employee benefits are those that are expected to be settled within 12 months after the end of the year in which employees render the related service. Those benefits include assignment benefits, regular monthly benefits (e.g. wages salaries), compensated absences (e.g. paid leave, such as annual leave), other short-term and non-monetary benefits, and the current portion of long-term benefits provided to current employees. An expense is recognized when a staff member provides services in exchange for employee benefits. A liability is reported for any entitlement that has not been settled at the reporting date and represents the amount paid or expected to be paid to settle the liability. Owing to the short-term nature of those entitlements, the liabilities are not discounted for the time value of money and are presented as current liabilities.

Post-employment benefits

Post-employment benefits are those payable after completion of employment but exclude termination payments.

Post-employment benefits include pension plans, post-employment medical care, repatriation grants and other lump sums payable after the completion of employment. Post-employment benefit plans are classified as either defined contribution or defined benefit plans.

For defined contribution post-employment plans, the obligation for each year is determined by the amounts to be contributed for that year, and no actuarial assumptions are required to measure the obligation or the expense. Postemployment benefits under defined benefit plans are measured at the present value of the defined benefit obligation adjusted for unrecognized actuarial gains and losses and unrecognized past service cost, reduced by the fair value of plan assets, if any, at the reporting date.

Post-employment benefits include GS Separation payments, repatriation grant and after service health coverage.

ICCROM no longer indemnifies general service employees in respect of taxation arising in the normal course of events that would be due upon tax reimbursement on the separation payment scheme for General Service staff, since this is part of the law 145/2019 promulgated by the Italian Parliament in November 2019.

Defined benefit plans

The defined benefit plans of ICCROM include After-Service Health Insurance (ASHI fund) and the General Service (GS) Separation Payments. The obligation of ICCROM in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; in particular,

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the after-service health insurance is discounted to determine its present value and stated at the end of the reporting year less the fair value of plan assets, together with adjustments for unrecognized past service costs. The calculation is performed annually by a qualified independent actuary using the projected unit credit method.

The discount rate is the yield at the reporting date on high quality credit rated corporate bonds that have maturity dates approximating the terms of the payment obligations. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized directly to a reserve in Net assets in the year in which they arise. All other changes in the liability for those obligations are recognized in surplus or deficit in the statement of financial performance in the year in which they arise.

In accordance with ICCROM Staff Rules Regulations (Article 24), GS Service employees are entitled to a "separation payment" which is due to them upon termination of employment for any reason. The amount payable is based on the length of service of the employee and the current rate of remuneration. Employees hired before 1 January 1991 receive one month of net base salary for each twelve months spent working in ICCROM. Employees hired after 1 January 1991 receive one month of net base salary for every thirteen and one-half months of employment. As of 31 December, of each year, the liability accrued in previous years is revalued at an annual rate of 1,5 per cent plus 75% of the annual inflation rate of the consumer price index for families of workers and employees (FOI) published by the Italian National Institute of Statistics (ISTAT).

Staff members may request an advance against the accrued separation payment, which is recorded as a deduction of the liability. Effective 1 November 2014, the option to repay advances was discontinued.

After service medical benefits accrual

ICCROM records as a liability an amount determined to fund the actuarially defined benefit obligation in respect of the after service medical benefit plan. Increases in the liability are recorded as an expense in the statement of income and expenditure. The liability is projected forward to calculate the probable amount payable and is then discounted using the projected unit credit method, taking into consideration the time before the actual payment of the benefit. The measurement of the liability recognized in the statement of assets, liabilities and reserves balances is carried out by third party actuaries, based on actuarial assumptions specifically applicable to ICCROM, primarily the discount rate, future expected inflation, mortality rates and employee turnover.

Defined contribution plans: United Nation Joint Staff Pension Fund

ICCROM is a member organization of the United Nations Joint Staff Pension Fund (UNJSPF), which was established to provide retirement, death, disability and related benefits to the relevant

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staff. The UNJSPF is a funded defined benefit plan, providing benefits based on retirement age, pensionable remuneration and length of contributory service. The financial obligation of the organization to the UNJSPF consists of its mandated contribution at the rate established by the United Nations General Assembly, together with any share of any actuarial deficiency payments under Article 26 of the Regulations of the Fund. Such deficiency payments are only payable if and when the United Nations General Assembly has invoked the provisions 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. At the time of this report the United Nations General Assembly has not invoked this provision.

ICCROM makes contributions on behalf of its staff (currently payable by the participant and ICCROM at 7.9 per cent and 15.8 per cent, respectively, of the staff member's pensionable remuneration) and would be liable for its share of the unfunded liability, if any. The total retirement contributions made during the year amount to € 686,278 (UNJSPF), which are included in total retirement compensation of € 842,352. ICCROM is not able to identify its share of the underlying financial position and performance of the plan with sufficient reliability for accounting purposes and hence has not recorded any assets in its accounts in this regard, nor included other related information such as the return on plan assets.

4.7 Leases

Operating lease

Leases are classified as operating leases where ICCROM is the lessee, and the lessor retains a significant portion of the risks and rewards inherent to ownership.

Payments under operating leases, net of incentives received from the lessor, are recognized on a straight-line basis in the statement of financial performance over the lease term.

4.8 Revenue recognition

Revenue from non-exchange transactions - Member State Contributions

ICCROM's operating budget is funded primarily by contributions from its 137 Member States. Member State contributions for the 2022/2023 biennium are calculated on the basis of the scale of assessment adopted by the United Nations General Assembly for the years 2019, 2020 and 2021. The ICCROM scale is established with the same minimum and maximum rates, all the other rates being adjusted to take into account the difference in membership between the two organizations in order to derive an ICCROM scale of 100%. Contributions are determined on the basis of the rate of assessment assigned to each Member State, taken in proportion to the total of these rates.

Revenue from non-exchange transactions with government entities is measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property), if the transfer is free from conditions, and it is probable that the economic benefits or service potential related to

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the asset will flow to the group and can be measured reliably. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, a grant liability is recognized instead of revenue.

Member State contributions are recognized as income and receivables at the beginning of the calendar year to which they refer, as they are defined in the biennium budget and the Member States cannot fail to pay after the decision.

When a Member State neglects to pay its annual contribution for three consecutive years, its entire outstanding balance is included in the Provision for Member States in Arrears - Doubtful Contributions. Such countries are, however, excluded from this provision if any monetary contributions have been remitted during the period, or if they have a repayment plan with ICCROM which is being respected by them.

In accordance with the amendment to Article 9 of ICCROM Statutes, approved by the General Assembly in November 2003, a Member State shall be deemed to have suspended its membership if it has omitted to pay its contributions during six consecutive calendar years. When this occurs, all contributions outstanding are written off in the financial statements.

In the event of readmission of the Member State, which requires payment of all contributions in arrears, the written off contributions are recorded as an extraordinary addition to the operational reserve.

Revenue from exchange transactions - External Funding

In addition to its Member State contributions, ICCROM receives certain funds defined as being extra-budgetary. These funds are in effect contributions received for specified projects (exchange transactions), and are deemed to be earned and reported as revenues when ICCROM from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. The stage of completion is measured by reference to the incurrence of expenditures in compliance with the specific restrictions and conditions. Such amounts committed to ICCROM but not yet earned are reported as Deferred revenues. See further details in Note 14.

ICCROM does not render any service which outcome cannot be measured reliably.

Interest income

Interest income is accrued using the effective yield method. The effective yield discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. The method applies this yield to the principal outstanding to determine interest income for each period.

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4.9 Expense recognition

Expenses are recognized when goods/services are delivered/rendered and accepted by ICCROM or as specified below.

Advances transferred to executing entities/implementing partners are recognized as expenses when goods are delivered or services rendered by the executing entities/ implementing partners and confirmed by receipt by ICCROM of certified expense reports as applicable, i.e., financial reports, Funding Authorization and Certificate of Expenditures forms or project delivery reports. Once those expense reports are received, ICCROM recognizes expenses in its statement of financial performance.

4.10 Commitments, provisions and contingencies

Commitments

Commitments are future expenses and liabilities to be incurred on contracts entered into at the reporting date for which ICCROM has minimal discretion, if any, to avoid in the ordinary course of operations. Commitments relating to employment contracts are excluded. Commitments include:

• Contracts for the supply of goods or services which ICCROM is expecting to be delivered in the ordinary course of operations;

• Non-cancellable minimum lease payments;

• Other non-cancellable commitments.

Provisions

A provision is recognized if, as a result of a past event, ICCROM has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are measured at the present value of the expenses expected to be required to settle the obligation. The increase in a provision due to the passage of time is recognized as a finance cost.

Contingencies

Contingent assets

A contingent asset is disclosed when an inflow of economic benefits or service potential is probable. If it has become virtually certain that an asset is no longer contingent and that its value can be measured reliably, the asset and the related revenue are recognized in the year in which the change occurs.

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Contingent liabilities

A contingent liability is disclosed unless the possibility that it will be realized is remote. If it becomes probable that a contingent liability will be realized, a provision is recognized in the year in which the change of probability occurs.

(5) Change in accounting policies and estimates

ICCROM recognizes the effects of changes in accounting policy retrospectively. The effects of changes in accounting policy are applied prospectively, if retrospective application is impractical. There are no changes to accounting policies or estimates during 2023.

(6) Cash and Cash Equivalents

	31 December 2023	31 December 2022
Petty cash	3.992	2.647
Cash at bank accounts	5.742.650	3.821.629
Total cash and cash equivalents, net	**5.746.642**	**3.824.277**

ICCROM has improved the management of the liquidity, through the monthly monitoring of the cash flow. ICCROM decided to close the position held with Credit Suisse, due to some financial constraints, transferring the funds to the operational bank account.

(7) Investments

	31 December 2022	Purchases	Change in fair value	Not Renewal	31 December 2023
Investments					
Reserve deposits					
BPS - Investment deposit time					
BPS - portfolio management	4.552.003	420.000	341.233	-	5.313.236
Credit Suisse	3.133.228	-	-	(3.133.228)	-
UNFCU Reserves ($)	29.351	4.116	-	-	33.467
Total current investments	**7.714.582**	**424.116**	**341.233**	**(3.133.228)**	**5.346.703**

During 2023 ICCROM oriented its investment decisions according to the market trends. The results are listed below:

- The increase related to the portfolio management held in BPS, mainly due to the financial market results and also to the investment plan which foresees, as well, a monthly transfer from the current bank account to the portfolio management.
- The closure of the portfolio held in Credit Suisse.

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(8) Receivables

	31 December 2023	31 December 2022
Receivables from contributions	608.447	809.302
Receivables from contracts (external funds)	1.241.821	1.079.395
Total receivables — gross	**1.850.269**	**1.888.696**
Impairment	(412.023)	(338.077)
Total receivables — net	**1.438.245**	**1.550.619**

The composition of the Receivables from Contributions is detailed in Schedule 1.

During the year, ICCROM, according to its accounting policies has increased the allowance for doubtful contributions which as at 31 December 2023 is EUR 412,023 (EUR 338,077 as at 31 December 2022) as at. The provision is based on the estimation on recoverability of receivables based on known information and assumptions. This process led to recognize doubtful contributions from Iran for additional EUR 15,810, from Nigeria for additional EUR 9,939, from Cuba for EUR 9,405 and from Pakistan for EUR 15,523. In addition, ICCROM has reduced doubtful contributions from Guyana for EUR 1,124.

The table below shows the ageing of receivables:

	Trade receivables - gross 2023	Trade receivables – gross 2022
Biennium 2022-2023	1.091.213	932.894
Biennium 2020-2021	513.931	710.309
Previous biennia (from 2004 to 2019)	207.608	207.977
Before 2004	37.516	37.516
Total receivables — gross	**1.850.269**	**1.888.696**

(9) Other Assets

Other Assets as at 31 December 2019 were mainly related to the EPA fund. Starting from July 2020, as per Council decision, the 'EPA Fund' has been migrated to 'Africa Fund' and, consequently, it was reclassified in the other assets. The fund is no longer an endowment fund, but it has to be considered as an ICCROM fund. As at 31 December 2023 the value of the fund, considering only the part managed through Ecobank, amounts to € 405,819.

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(10) Library

	Library	*Total*
Balance at 1 January 2023		
Cost	4.359.541	4.359.541
Accumulated depreciation	-	-
Carrying amount at 1 January 2023	**4.359.541**	**4.359.541**
Year ended 31 December 2023		
Additions	36.771	36.771
Disposals	-	-
Depreciation	-	-
Carrying amount at 31 December 2023	**36.771**	**36.771**
Balance at 31 December 2023		
Cost	4.396.312	4.396.312
Accumulated depreciation	-	-
Carrying amount at 31 December 2023	**4.396.312**	**4.396.312**

The Library has been evaluated by Prof. Andrea De Pasquale, then Director of 'Biblioteca Nazionale Centrale' of Rome and has been recognized in 2019 and is not subject to depreciation. The basis for the evaluation made are summarized below:

l) the library also includes assets with unique cultural, environmental, educational and historical value without a market value;

2) some goods included are subject to specific laws that prohibit their sale;

3) the above-mentioned expert estimated the value for those goods without a measurable market value using some assumptions such as:

i) preservation status;

ii) historical period;

iii) relevance to research;

iv) rarity and quality.

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(11) Property, plant and equipment

	Furniture and fixtures	*Vehicles*	*Total*
Balance at 1 January 2023			
Cost	121.219	77.419	198.638
Accumulated depreciation	(50.251)	(61.288)	(111.539)
Carrying amount at 1 January 2023	**70.968**	**16.131**	**87.099**
Year ended 31 December 2023			
Additions	90.775	-	90.775
Disposals	-	-	-
Depreciation	(33.739)	(4.973)	(38.712)
Carrying amount at 31 December 2023	**57.036**	**(4.973)**	**52.063**
Balance at 31 December 2023			
Cost	211.994	77.419	289.413
Accumulated depreciation	(83.990)	(66.261)	(150.251)
Carrying amount at 31 December 2023	**128.004**	**11.158**	**139.162**

(12) Intangible assets

	Software	*Total*
Balance at 1 January 2023		
Cost	329.117	329.117
Accumulated amortization	(163.573)	(163.573)
Carrying amount at 1 January 2023	**165.543**	**165.543**
Year ended 31 December 2023		
Additions	-	-
Disposals	-	-
Depreciation	(32.912)	(32.912)
	(32.912)	**(32.912)**
Balance at 31 December 2023		
Cost	329.117	329.117
Accumulated amortization	(196.485)	(196.485)
Carrying amount at 31 December 2023	**132.632**	**132.632**

(13) Accounts payable and accrued liabilities

Accounts payable (€ 407,479) are mainly related to the end of year 2023 expenditures, including the expected liabilities for services. Accruals as at 31 December 2023 are € 138,665 and are primarily related to the payment of Member States contributions in advance.

(14) Deferred revenues

Funds received but not yet earned because service is not rendered yet in compliance with the specific restrictions set forth for the project are recorded in "Deferred revenues".

Funds earned, but yet to be received from donors, are recorded in "Receivable from contracts".

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The table below shows the movement of Deferred revenues for the year ended 31 December 2023.

Deferred revenues as at 1 January 2023	**(2.695.861)**
Ita Gvt Extraord. Contr. For Maintenance	(343.947)
Japan Gvt - Secondment	(67.109)
Provisions from Ita Gvt Extraord. Contr.	-
New contracts	(4.403.676)
Closure old contracts	56.367
External Funds Expenses	4.933.302
Deferred revenues as at 31 December 2023	**(2.520.925)**

In the 'External Funds Expenses' are also included EUR 34,271 related to asset acquisition (using External budget) that are not recorded in the Income Statement, because they are incorporated in 'Non-current assets'.

Following the instructions provided by our auditors, some expired contracts have been removed from the deferred revenues and have been recorded as ICCROM revenues in 2023, for a total amount of EUR 56,367.

(15) Employee benefits

Employee benefits are mainly related to the following:

(a) Accrued Separation Payment Expenses, € 818,946 - in accordance with ICCROM Staff Rules Regulations (Article 24), general service employees are entitled to a "separation payment" which is due to them upon termination of employment for any reason. The amount payable is based on the length of service of the employee and the current rate of remuneration. Employees hired before 1 January 1991 receive one month of net base salary for each twelve months spent working in ICCROM. Employees hired after 1 January 1991 receive one month of net base salary for every thirteen and one-half months of employment. The total amount includes also the revaluation of the fund due to the actuarial evaluation performed in 2023 according to the IPSAS criteria and it is 100% fully funded.

Staff members may request an advance against the accrued separation payment, which is recorded as a deduction of the liability.

(b) Accrued Repatriation Grant, € 214,530 - For those employees recruited outside Italy, ICCROM has an obligation at the termination of their respective contracts of employment to pay a repatriation grant. In order to qualify, the individuals must be employed by ICCROM for a minimum period of two years. The amount of the benefit is dependent on factors such as years of service and salary and can only be claimed when the individuals return to their country of home leave. This fund is 100% fully funded.

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(c) Accrued After Service Health Insurance, € 3,148,542, 100% fully funded - ICCROM participates in a multi-employer after service health insurance coverage plan administered by the FAO for staff receiving a pension from the United Nations Joint Staff Pension Funds and eligible to participate in the plan on a shared-cost basis. The After Service Health Insurance coverage plan (ASHI) operates on a pay-as-you-go basis, meeting annual costs out of annual budgets and staff contributions. The actuarial valuation of the plan requires the Organization to make certain assumptions in order to best estimate the cost of providing these benefits to its staff members in the future. It is based on an approach developed by the actuarial profession and endorsed by accounting standard setters as being the most accurate method for projecting the amount of the Organization's future obligation. The ASHI liability valuation is highly sensitive and year-to-year variances can be very significant. The principal factors which cause the change in the annual value of the liability, collectively referred to as actuarial financial assumptions include demographic (e.g. mortality rates/estimates, rates of staff member turnover, claim rates under medical plans, etc.) and financial factors (e.g. discount rate, future salaries and benefits, future medical costs, etc.). Starting from the biennium ended 31 December 2015, ICCROM commissioned an actuarial valuation of the ASHI liability determined by an independent actuarial firm (Parametrica) using assumptions specifically applicable to ICCROM staff as at each period end.

Actuarial assumptions

	2023
Discount rate	3,77%
Salary scale (varying by age and staff category)	2,25%
Rate of inflation	2,00%
Per capita claim cost (varies by age)	2,00%

Funds destined to be used to satisfy the ASHI liability are included in the overall assets of ICCROM (current bank accounts, short-term deposit accounts and long-term deposit accounts).

(d) Unpaid Vacation Accrual, € 123,518 – Booked in the opening balance in accordance with ICCROM's new accounting policies. This fund is 100% fully funded.

(e) Payables to tax office, € 28,971 - As of 15 November 2019, ICCROM staff members are no longer subject to taxation on their salary and emoluments. However, this amount of EUR 28,971 represents the installment foreseen for an ICCROM staff member for which the obligation to refund his taxes is still present and it is 100% fully funded.

Schedule 2 provides details about movements in employee benefit liabilities.

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(16) Provisions

Provisions represents the potential liability of uncertain timing or amount, which will impact on ICCROM financial statements as probable future obligations, for a total amount of EUR 735,214, made of:

- EUR 200,000 for administrative and operational support;
- EUR 250,000 for programmatic support (i.e. consultants);
- EUR 100,000 for training activities;
- EUR 185,214 for potential staff related costs.

The use occurred during 2023 is related to the costs needed for the scouting of the new Director-General for a total amount of EUR 53,978.

	31 December 2023	31 December 2022
Usage of Provisions	53.978	-
Total consumption	**53.978**	**-**

(17) Net assets

The table below shows the composition of net assets:

	Operational Reserve	Extraordinary Reserve	Reserve of Actuarial Evaluation	Reserve of Revaluation	Africa Fund	Accumulated Surplus	Total net assets/equity
Balance at 1 January 2023	**3.278.241**	**457.650**	**643.211**	**4.309.889**	**1.404.967**	**31.335**	**10.125.292**
Changes in net assets/equity							
Previous period surplus	31.335					(31.335)	-
Actuarial Gain/(Loss)			(291.518)				(291.518)
Other movements in reserves		17.445			(431.423)		(413.978)
Reserve of Revaluation/change							-
Surplus for the year						17.273	17.273
Balance at 31 December 2023	**3.309.576**	**475.095**	**351.693**	**4.309.889**	**973.544**	**17.273**	**9.437.069**

(a) Operational Reserve

The movement in the Fund comes from an increase of € 31,335 related to the surplus in the previous year;

(b) Africa Fund

Starting from July 2020, as per Council decision, the 'EPA Fund' has been migrated to 'Africa Fund' and, consequently, any interests earned in time deposits held in the Ecobank have been credited in the corporate interest accounts. The fund is no longer an endowment fund, but it has to be considered as an ICCROM fund: this allowed ICCROM to remove this amount from the liabilities and to add it to the equity account. In 2023, there was a usage of the fund of € 431,423 in order to cover the activities performed in Africa and the related staff costs.

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(c) Reserve of Actuarial Evaluation

According to the IPSAS principles, in 2020 ICCROM created the Reserve of Actuarial Evaluation to summarize all movements recorded in its official accountancy related to the actuarial revaluations performed on ASHI and SPS funds.

(d) Reserve of Revaluation

According to the IPSAS principles, in 2020, ICCROM created the Reserve of Revaluation to segregate the Library value from the equity.

(e) Extraordinary Reserve (EUR 475,095)

This reserve, created in 2020 with the aim to identify precise scopes – such as building and scholarship - and, in case of need, to perform some specific activities related to them, is composed by:

- San Michele Reserve (EUR 282,604):

In 1982, it was foreseen that the Italian Government would ultimately place additional premises at ICCROM's disposal. A proposal to create a reserve for the expenditure to be incurred in preparing these additional premises for use was approved by the members of the Finance Committee of ICCROM's Council in 1982.

During the biennium 1990-1991 the Italian Government informed ICCROM that the Organization would remain in its current premises for the foreseeable future. The San Michele Fund is retained for capital expenditures to be incurred in the future when ICCROM moves to new premises.

- Scholarship Fund (EUR 172,941):

The movement in the Fund in the current year comes from a decrease of € 8,000 related to Interns Programme that was recorded as other sources of funds in the statement of financial performances and due to an increase of € 25,445 representing the participant fees for courses held in Rome.

- H.J. Plenderleith Reserve (EUR 19,550)

The H.J. Plenderleith Reserve has been maintained for expenditures relating to the ICCROM laboratory. No activity occurred in the current year.

(18) Member states contributions

Member contributions refer to the contributions received from Member States. Schedule 1 includes a detailed analysis of them.

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(19) Other contributions, net

Other contributions refer to external funding from donors or member countries for projects.

	1 January 2023 31 December 2023
Japan GVT - secondments	(67.109)
Italian government – contribution for maintenance under Headquarters Agreement	(343.947)
Other external funding	(4.374.249)
Recovered administrative expenses	(204.363)
Total other contributions	**(4.989.669)**

The Council, at its meeting in November 2003, approved a minimum rate of 10 per cent to be applied for administrative cost recovery for all projects financed from external funds. For reasons of expediency, it is in the absolute discretion of the Director-General to waive in part or all such overheads on an exceptional basis.

(20) Investment result

	31 December 2023	31 December 2022
Interest income	(128.700)	(33.423)
Gain on Investment Fund	(365.390)	1.072.880
Total investment result	**(494.089)**	**1.039.457**

It is a fact that 2022 was a challenging year in terms of investment performance. However, ICCROM has partly avoided the extreme volatility in the global markets due to the effective strategic diversification and moderate risk approach launched more than three years ago thanks to the ICCROM Investment policy (doc. C94 6.3). In 2023, the positive performance of the financial markets made it possible to recover part of the losses incurred in 2022.

(21) Other revenue

	1 January 2023 31 December 2023	1 January 2022 31 December 2022
Course fees	(9.619)	(2.928)
Honoraria	(1.677)	(6.007)
Sales of publications	(137)	(10)
Sales of photocopies	-	-
Miscellaneous Income	(306)	-
Refund Previous Biennia Exps.	(6.395)	(8.373)
Coming from Reserves & Funds	(48.000)	(29.000)
Coming from Africa Fund	(431.423)	(508.229)
Gain/Loss on Sale of Asset	(1.104)	(10.630)
Online Contribution	-	-
Other revenues	**(498.661)**	**(565.177)**

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(22) Personnel costs

	1 January 2023 31 December 2023	1 January 2022 31 December 2022
Personnel costs		
Basic pay	3.118.256	2.953.381
Overtime	41.941	8.043
Allowances/benefits (tax ref. & pay annual leave)	(6.616)	14.988
Termination benefits (G.S. separation fund)	92.627	167.551
Benefit plans (pension & medical ins. plan)	842.352	845.291
After service health insurance coverage plan	73.615	59.967
After service health insurance coverage plan (fund)	132.380	174.349
Relocation benefits (educational & repatriation grant)	152.405	168.434
Other non-salary benefits	2.601	6.225
Temporary help	98.631	64.080
Service Contracts	-	-
Total personnel costs	**4.548.193**	**4.462.309**

The total retirement accrued for the year 2023 related to UNJSPF (€ 686,278 - please refer to Note 4.7) is included in the line item "Benefit Plans".

The line item "After service health insurance coverage plan" represents the total cost sustained by ICCROM for retired staff, while the line item "After service health insurance coverage plan (fund)" represents the service cost of the year. In 2023 the personnel costs are in line with the previous year amount. ICCROM got this result towards an increase of the turnover.

(23) Other expenses

The table below includes details about other expenses:

	1 January 2023 31 December 2023	1 January 2022 31 December 2022
Other expenditure		
Travel	786.232	610.786
Training	345.955	190.860
Administrative Services	185.218	154.833
Maintenance and Repairs	353.151	329.640
Consulting and Other Services	2.945.250	2.365.352
Equipment	381.761	282.142
Other Expenses	3.031	-
Total other expenditure	**5.000.598**	**3.933.612**

The increase in travel and training costs, compared with the previous year, is mainly due to the restoring of activities in person and to the significant growth of the global inflation.

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(24) Finance costs

	1 January 2023 31 December 2023	1 January 2022 31 December 2022
Finance costs		
Interest cost on ASHI fund	6.589	(73.636)
Exchange rate (gain) loss	16.859	(36.152)
Bank Charges	11.893	7.137
Total finance costs	**35.341**	**(102.650)**

(25) Commitments and contingencies

ICCROM has extra-territorial status in Italy and consequently claims to have exemptions from a number of obligations arising under Italian law. In the past, at various times certain questions were raised as to whether such exemptions applied to areas such as taxation, social security costs and other related liabilities. The experience of many years, the absence of significant claims against ICCROM in this respect and the present legislation all indicate that contingent liabilities in this respect, if any, are remote.

As specified in the "Statutes of ICCROM", should ICCROM close, each employee will receive as a redundancy indemnity one month of salary for each eight months spent working in the organization. No amounts have been recorded in the special-purpose financial statements because ICCROM's management considers the event to be remote. Had ICCROM closed its office as of 31 December 2023, the potential liability would have been for € 1,069,612.

DocuSigned by:

Aruna Francesca Maria Gujral

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Rome, 29th March 2024

The Director General

Aruna Francesca Maria Gujral

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Schedule 1

Member States contributions

Country	2023 Yearly contribution	Contribution receivable as at 31/12/2023
AFGHANISTAN	384	1.426
ALBANIA	384	1.138
ALGERIA	5.487	-
ANDORRA	384	-
ANGOLA	384	768
ARGENTINA	36.379	72.488
ARMENIA	384	-
AUSTRALIA	87.838	-
AUSTRIA	26.900	-
AZERBAIJAN	1.957	2.002
BAHRAIN	1.995	-
BANGLADESH	384	384
BARBADOS	384	384
BELGIUM	32.618	-
BENIN	384	384
BOLIVIA (PLURINATIONAL STATE OF)	652	2.488
BOSNIA HERZEGOVINA	460	460
BOTSWANA	537	1.592
BRAZIL	117.156	51
BRUNEI DARUSSALAM	998	-
BULGARIA	1.842	-
BURKINA FASO	384	768
CAMBODIA	384	-
CAMEROON	499	-
CANADA	108.637	-
CHAD	384	1.508
CHILE	16.155	-
CHINA	477.066	-
COLOMBIA	11.435	-
CONGO (REPUBLIC OF THE)	-	3.208
COSTA RICA	2.456	-
COTE D'IVOIRE	499	499
CROATIA	3.070	3.070
CUBA	3.185	9.405
CYPRUS	1.420	-
CZECH REPUBLIC	12.356	-
DOMINICAN REPUBLIC	2.111	4.912
ECUADOR	3.185	3.185
EGYPT	7.406	-
ESTONIA	1.535	-
ESWATINI (KINGDOM OF)	384	-

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ETHIOPIA	384	2.246
FINLAND	16.731	-
FRANCE	175.945	-
GABON	614	-
GAMBIA	384	768
GEORGIA	384	-
GERMANY	242.025	-
GHANA	614	1.808
GREECE	14.544	-
GUATEMALA	1.420	-
GUYANA	384	-
HAITI	384	768
HONDURAS	384	3.038
HUNGARY	8.174	-
INDIA	33.155	113
IRAN	15.810	79.405
IRAQ	5.142	10.284
IRELAND	14.736	-
ISRAEL	19.456	37.923
ITALY	131.421	-
JAPAN	340.339	-
JORDAN	844	-
KENYA	959	2.806
KOREA	90.102	-
KUWAIT	10.016	20.032
LAO PEOPLE' S DEMOCRATIC REPUBLIC	384	384
LATVIA	1.880	-
LEBANON	1.880	9.049
LESOTHO	384	1.877
LIBYA	1.190	-
LITHUANIA	2.840	-
LUXEMBOURG	2.648	-
MADAGASCAR	384	384
MALAWI	384	1.508
MALAYSIA	13.546	-
MALDIVES	384	-
MALI	384	1.507
MALTA	691	-
MAURITANIA	384	768
MAURITIUS	422	-
MEXICO	51.344	-
MONACO	422	-
MONGOLIA	384	422
MONTENEGRO	384	-
MOROCCO	2.187	6.446
MOZAMBIQUE	384	1.877

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MYANMAR	384	384
NAMIBIA	384	754
NEPAL	384	-
NETHERLANDS	53.877	-
NEW ZEALAND	11.551	-
NICARAGUA	-	3.208
NIGERIA	9.939	53.414
NORTH MACEDONIA (REPUBLIC OF)	384	-
NORWAY	29.970	-
OMAN	4.567	4.567
PAKISTAN	4.567	15.523
PARAGUAY	652	2.488
PERU	6.025	2.846
PHILIPPINES	8.135	-
POLAND	31.889	-
PORTUGAL	13.891	-
QATAR	11.205	-
ROMANIA	7.867	15.734
RUSSIAN FEDERATION	95.590	-
RWANDA	384	768
SAUDI ARABIA	46.586	-
SENEGAL	384	1.508
SERBIA	1.113	-
SEYCHELLES	384	430
SLOVAKIA	6.063	-
SLOVENIA	3.032	3.032
SOUTH AFRICA	10.821	36
SPAIN	85.267	-
SRI LANKA	1.765	-
SUDAN	384	1.008
SWEDEN	35.995	-
SWITZERLAND	45.742	-
SYRIAN ARAB REPUBLIC	422	2.545
TAJIKISTAN	272	656
THAILAND	12.203	-
TOGO	384	356
TRINIDAD AND TOBAGO	1.573	1.573
TUNISIA	998	998
TURKEY	54.491	-
UKRAINE	2.264	2.264
UNITED ARAB EMIRATES	24.483	-
UNITED KINGDOM OF G.BRITAIN AND N.IRELAND	181.509	-
UNITED REPUBLIC OF TANZANIA	384	828
URUGUAY	3.454	-
USA	844.228	-

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VENEZUELA	0	158.356
VIETNAM	3.070	-
YEMEN	384	2.615
ZAMBIA	384	1.508
ZIMBABWE	384	-
TOTAL	**3.837.863**	**570.931(*)**
Doubtful accounts	73.946	2.976
TOTAL CONTRIBUTION RECEIVABLE, NET	**3.911.809**	**573.907**

(*) The total amount does not include the amount of € 37,516.44 related to the FYROM (Federal Yugoslav Republic of Macedonia) due to before the biennium 2004/2005.

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Schedule 2

Movements of the year in employee benefits

	After-service health insurance	*Repatriation*	*Accrued Separation Payment Exps*	*Unpaid Vacation Accrual*	*Tax reimbursement to employees*	*Tax reimbursement to employees - Sep*	*Prepaid insurance special leave without*	***Total***
Net defined benefit obligation as at 1 January 2023	2.808.994	153.934	905.797	153.832	49.668	0	1.886	**4.074.111**
Increase of the obligation								
Current service cost	98.477		63.102		19.303	0	0	**180.882**
Interest cost	106.595		34.856					**141.451**
Actuarial losses from change in assumptions	(72.692)							**(72.692)**
Decrease of the obligation								
Actual benefits paid		60.596	(269.159)	(30.313)	-40.000	0	0	**(278.877)**
Actuarial (gains) through net asset	207.168		84.350					**291.518**
Net recognized liability at 31 December 2023	**3.148.542**	**214.530**	**818.946**	**123.519**	**28.971**	**0**	**1.886**	**4.336.394**

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Schedule 3

Comparison of budget and actual amounts for the year ended 31 December 2023

The table below refers to budgeted inflows for the year 2023 (which is the second year of the biennium 2022/2023 to which the approved budget relates to) compared with the actual income.

	ANNUAL BUDGET	BUDGET ADJUSTMENT	INCOME	SURPLUS/DEFICIT
Member State Contributions	3.837.479	93.000	3.764.555	(165.923)
Expense - Doubtful Contributions	-		(73.946)	(73.946)
Contribution Italy - Maintenance	348.316		343.947	(4.369)
Salaries Seconded Employees	67.109		67.109	-
Interests on Bank Account	2.500		128.700	126.200
Gain/Loss on Investment Fund	50.000		365.390	315.390
Sales of Publication	1.000		137	(863)
Sales of Photocopies	750		-	(750)
Course Participation Fees	52.150		9.619	(42.531)
Program Support	175.000		204.363	29.363
Honoraria	-		1.677	1.677
Miscellaneous Income	-		306	306
Refund Previous Biennia Exps.	-		6.395	6.395
Coming from Reserves & Funds	-		48.000	48.000
Coming from Africa Fund	-		431.423	431.423
External Funds	4.186.656		4.578.612	391.957
TOTAL	**8.720.959**	**93.000**	**9.876.288**	**1.062.329**

The following table refers to expenditure budget for 2023 compared with actual amounts

	Regular budget		External Funds		
	Budget	Actuals	Budget	Actuals	Surplus / (Deficit)
General operating expenses	1.516.643	1.325.780	1.327.688	965.770	552.781
Programme costs					
SD1. Focusing on World Concern for CH	693.259	505.050	564.525	413.399	339.335
SD1.1 FAR for Cultural Heritage	37.272	33.275	696.526	339.711	360.812
SD1.2 Regional Prog. for Youth in Afri	534.098	485.298	4.783	4.762	48.821
SD1.3 World Heritage Leadership	-	-	680.916	325.728	355.188
SD1.4 Sustainability and Built Heritag	22.352	22.352	174.021	127.655	46.366
SD1.5 Sustaining Digital Heritage	13.000	10.000	39.186	24.228	17.958
SD1.6 Our Collections Matter	25.750	25.750	137.675	80.795	56.880
SD2.Creating Diverse/Inclus. Glob.Net	869.754	712.604	1.152.000	851.996	457.154
ATHAR	-	-	793.446	533.369	260.077
Heritage Management in Latin America	6.721	6.642	118.435	53.082	65.432
Training Partnerships	35.677	26.240	261.189	190.231	80.395
Research and Fellowships	4.659	4.659	56.802	46.067	10.736
Library	48.641	49.468	69.287	33.653	34.807
Records and Archives	24.854	21.928	131.725	65.539	69.112
Publications	-	-	59.657	24.043	35.615
World Heritage Convention	-	-	60.389	45.258	15.130
Projects upon Request	2.656	2.656	701.529	698.067	3.462
SD3.Strengthening-transforming ICCROM	1.493.738	963.980	509.665	362.367	677.056
Institutional development	-	-	45.000	-	45.000
Communications	82.636	78.291	237.510	160.956	80.899
Resource mobilization	24.842	22.536	56.602	23.300	35.608
Scholarships and internships	9.000	9.000	221.420	116.455	104.965
SAP UNiversePath Implementation	93.130	65.216	16.370	16.370	27.914
TOTAL	**5.538.681**	**4.370.725**	**8.116.347**	**5.502.801**	**3.781.502**

The budget surplus is mainly due to the projects for which the activities have been deferred to the subsequent years: several operations started in 2022-2023 and will be completed in the next biennia.

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Schedule 4

Details about expenditures related to 2021 Regular Budget carried forward

	Budget	Actual Amount	Avail. Budget
CFWD Regular Budget	93.000	89.718	3.282
Sustainability and Built Herit.	16.000	16.000	-
Heritage manag. in Latin America	10.000	9.921	79
JPN -JPC- Conservation of Jap.	5.000	5.000	-
MEX - Paper Conserv in Latin	5.000	2.299	2.701
NOR – Int. Course on Wood Cons.	5.000	5.000	-
RUS - Wooden Architecture	5.000	4.499	501
Heritage Samples Archives	5.000	5.000	-
Annual report	5.000	5.000	-
Promotional material	5.000	4.999	1
Resource mobilization	10.000	10.000	-
Identify potential resource	10.000	10.000	-
Implement/evaluate/monitor	12.000	12.000	-
TOTAL	**93.000**	**89.718**	**3.282**

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