



Inter-Parliamentary Union
For democracy. For everyone.

**206th session
of the Governing Council
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Governing Council
Item 6

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8 September 2020

Financial results for 2019

**Financial report
and
audited financial statements**

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1. Introduction

The audited financial statements for 2019 are once again fully compliant with International Public Sector Accounting Standards (IPSAS). They reflect the substantial changes effected during the past six years – consolidating the IPU closed Pension Fund with the IPU's own accounts, carrying out a full actuarial review of the Pension Fund, revaluating the IPU Headquarters building in Geneva at fair value and amortizing the 50-year loan that was offered by the Swiss Confederation in 2003 for the construction and renovation of the Headquarters building.

The content of the IPU Financial Report is derived from the body of the five audited financial statements and their comprehensive notes. A comparison of budget performance by category of expenditure and by strategic direction is found in Statement V: Statement of Comparison of Budget and Actual Amounts and in note 17 on segment reporting. Details of expenditure by line item are provided in note 18. This financial report therefore provides a summary of key information and a narrative explanation of budget variances, and points out where further information can be located in the financial statements and notes.

The budget for 2019 was prepared with no increase at all in Members' assessed contributions, apart from new Member affiliations. The IPU's investments in mutual funds benefited from a very strong performance and generated a substantial gain totalling CHF 679,000 as at the end of the year. The unrealized gain reflects the market value of mutual fund units held at 31 December 2019 for accounting purposes. The value of these units subsequently continued to rise in early 2020. The IPU's net assets are therefore increased by an operating surplus of CHF 531,325. Swiss regulations required that the windows of the IPU Headquarters building be replaced, improving both energy efficiency and security, and the amortized cost of this work during 2018 and 2019 (CHF 280,537) is being charged to the IPU's reserve for major repairs. An amount of CHF 8,719 spent on climate-change-related activities has been drawn from the IPU's carbon offset reserve as provided for in the budget.

After the increase in net assets, the liquid portion of the IPU's Working Capital Fund stands at 85 per cent of its 2019 target level. The target level was set by the Executive Committee in 2006 at one half of the IPU's approved annual operating budget although the Working Capital Fund is now composed not only of available cash, cash equivalents and investments but also of IPSAS-required actuarial differences and accounting adjustments which cannot be realized in cash. The liquidity of the Fund at 31 December 2019 can be summarized as follows:

<u>Values at 31.12.2019</u>	<u>CHF</u>
Cash, cash equivalents and investments at fair value	6,856,832
Headquarters building revaluation – IPSAS adjustments	1,557,284
Closed Pension Fund liability – IPSAS adjustments	-199,369
Amortization of FIPOI building loan to 2052 – IPSAS adjustments	<u>1,074,730</u>
Accumulated balance of Working Capital Fund	<u>9,289,478</u>

The following sections provide a summary of the revenues and expenses of the IPU during 2019, in particular where these amounts have varied from the Consolidated Budget as identified in Statement V: Statement of Comparison of Budget and Actual Amounts.

2. Revenue

The principal sources of revenue for the IPU are the assessed contributions of Members and voluntary funds from donors. A small proportion of total revenue is earned from interest, investments and other sources, including meeting room rentals. In 2019, overall revenue increased by 8 per cent to CHF 14,240,503. Although Members' assessed contributions remained unchanged, the addition of one new Member and one Associate Member increased revenue by CHF 11,450. Interest and investment earnings benefited from very strong market performance, ending 2019 with an overall unrealized gain of CHF 679,128 across the combined IPU and closed Pension Fund portfolios. Staff assessment was slightly below budget with a decrease of CHF 42,591. Other income of CHF 13,110 was received compared to a budget of CHF 16,000.

2.1 Assessed contributions from Member Parliaments

In all, 179 Members and 13 Associate Members were assessed for a total of CHF 10,526,650 in 2019. By the end of 2019, all but CHF 502,873 of the current year (2019) assessments had been collected, an improvement of 15 per cent compared to the previous year, although total arrears of contributions increased year-on-year due mainly to the situation of Venezuela. There were 44 Members and Associate Members with contributions outstanding and three Members (Honduras, Mauritania and Papua New Guinea) had their membership rights suspended under Article 5.3 of the IPU Statutes. Of the Members in arrears at the year end, 5 were liable for suspension of all membership rights under Article 5.3 and 12 were liable for loss of voting rights under Article 5.2.

2.2 Voluntary contributions

The 2019 budget for voluntary contributions was set at an ambitious level of CHF 4.0 million. As a consequence of lower-than-expected programme expenditure and some grants not arriving when anticipated, actual expenditure of voluntary contributions was 25 per cent less than the budgeted amount.

At the start of 2019, the IPU had pledges from donors totalling CHF 1.5 million. During the year, donors firmly committed an additional amount of CHF 6.3 million, subject to specific conditions set forth in agreements. Meanwhile, CHF 3.0 million was spent and the end-of-year balance of pledges from donors totalled CHF 4.9 million.

The total amount of voluntary contributions earned/spent in 2019 was CHF 3,003,257, a similar level as in 2018.

2.3 Staff assessment

Seven per cent of budgeted revenue came from the internal taxation of staff salaries. The rates of staff assessment, which are set by the International Civil Service Commission, are based upon the average tax rates in Geneva, London, Montreal, New York, Paris, Rome and Vienna. In line with IPSAS requirements, the IPU no longer recognizes this staff assessment element as either income or expenditure in Statement II: Statement of Financial Performance.

The IPU is contractually obliged to reimburse certain staff members for any national income taxes which are imposed on their IPU incomes. In 2019, CHF 25,215 was reimbursed to staff members who paid taxes to France and Canada.

2.4 Investment income and other revenues

In 2006, the IPU placed a portion of its funds in a balanced mutual fund in order to increase returns on the Working Capital Fund through diversification. Markets performed extremely well in 2019 and the year-end value of the IPU and Pension Fund portfolios reflected an overall unrealized investment gain of CHF 679,128. The market value of the mutual fund units held has so far remained buoyant at the beginning of 2020. Interest rates continue to remain very low or even negative following the actions of the Swiss National Bank during the past several years, substantially limiting the opportunities for the IPU to generate low-risk income. The IPU maintains its prudent stance towards investments, and deposits cash in banks with credit ratings of A or higher.

3. Expenditure

Following the IPU Strategy for 2017–2021 and in line with the IPU's compliance with IPSAS, the IPU 2019 Consolidated Budget was organized according to the eight strategic objectives and the enabling actions.

A total of 72 per cent of the budget of the IPU is directly attributable to the activities planned to achieve the eight objectives of the Strategy. The balance of 28 per cent of expenditures comes from the enablers: effective internal governance and oversight, which covers costs relating to the President, the Executive Committee and the Executive Office; visibility, advocacy and communication for the IPU; gender mainstreaming and a rights-based approach; a properly resourced and efficient Secretariat, which include the services of finance, administration and human resources, as well as all costs relating to office accommodation, asset depreciation, equipment rental, ICT and supplies for the Secretariat; as well as other charges, including grants and all contributions to reserves.

Further financial details can be found in Statement V: Statement of Comparison of Budget and Actual Amounts and in the segment reporting in note 18.

3.1 Strategic Objective 1: Build strong, democratic parliaments

The 2019 operating costs of activities towards achieving this objective were 2 per cent above budget at CHF 2,195,939 in total. The budget included voluntary funds related to UNDP country partnerships (Myanmar in particular), the Centre for Innovation in Parliament and a new European Union-funded project in Djibouti.

3.2 Strategic Objective 2: Advance gender equality and respect for women's rights

Core expenditure on gender equality work finished the year with savings achieved in salary, travel, interpretation and consultancy costs. Extrabudgetary expenditure was lower than anticipated due mainly to expected new grants not materializing during the year. For these reasons, the gender equality objective expenditure came in under budget for the year with a total annual expenditure of CHF 963,847.

3.3 Strategic Objective 3: Protect and promote human rights

CHF 1,408,501 was spent on activities to promote and protect human rights, under budget by 9 per cent, with the Committee on the Human Rights of Parliamentarians examining the situation of a total of 533 parliamentarians from 40 countries. Voluntary income was allocated from grants from the Swedish International Development Cooperation Agency (Sida) and the Office of the UN High Commissioner for Human Rights (OCHCR).

3.4 Strategic Objective 4: Contribute to peacebuilding, conflict prevention and security

Total expenditure of IPU funds on this objective was under budget at CHF 508,004. Extrabudgetary expenditure foreseen in the area of counter-terrorism was lower than anticipated due to delays in the negotiation of two financial agreements that were expected to materialize during 2019. Under the partnership agreement between the IPU and the United Nations, the UN Office of Counter-Terrorism (UNOCT) supplemented its own funding to cover additional programme activities during 2019.

3.5 Strategic Objective 5: Promote inter-parliamentary dialogue and cooperation

Activities supporting Members accounted for expenditures of CHF 3,384,267 in 2019 and finished the year within budget by 2 per cent. Savings were made on the budget of the Standing Committees and on both the first and second Assemblies.

Comparative data on the core budget costs of each Assembly is given in the tables below. In the cases of Doha and St. Petersburg, the host parliaments provided additional financial support to supplement the IPU budget.

Comparative costs of the first Assembly (in CHF)

Item	Doha 2019	Geneva 2018	Dhaka 2017
Permanent staff overtime	37,063	32,664	29,422
Temp. staff/contractual services	480,631	518,698	593,279
Travel & related expenses	364	41,258	125,961
Freight/communication	319	4,354	18,690
Supplies/equipment/services	8,593	159,551	2,723
Publications/web	14,177	10,766	3,450
Gifts/hospitality	8,132	10,657	3,998
Total expense	549,728	777,948	777,523

Comparative costs of the second Assembly (in CHF)

Item	Belgrade 2019	Geneva 2018	St. Petersburg 2017
Permanent staff overtime	34,797	20,679	39,802
Temp. staff/contractual services	566,273	523,050	459,550
Travel & related expenses	75,724	43,830	477
Freight/communication	11,682	4,334	227
Supplies/equipment/services	6,603	147,768	1,458
Publications/web	13,301	16,799	3,440
Gifts/hospitality	4,087	7,365	7,463
Total expense	712,467	763,824	512,417

3.6 Strategic Objective 6: Promote youth empowerment

Total expenditure on the objective to promote youth empowerment came in below budget at CHF 251,659. Additional funding pledged by the Government of Equatorial Guinea had not yet materialized so expenditure was deferred pending receipt of funds.

3.7 Strategic Objective 7: Mobilize parliaments around the global development agenda

CHF 651,607 was expended on Strategic Objective 7, most of which came from voluntary sources. Expenditure against this objective was lower than anticipated, due in part to the reduced staffing costs compared to budget in 2019. For most national activities on the SDGs and climate change, host parliaments covered a number of costs, thereby reducing the IPU's costs. For the regional seminars on the SDGs, the United Nations or the host parliaments paid most of the invited experts that had originally been budgeted by the IPU. Health-related activities under existing agreements were fully funded and implemented, while additional activities were delayed by the process of finalizing a new agreement with the World Health Organization (WHO).

3.8 Strategic Objective 8: Bridge the democracy gap in international relations

This objective was primarily met through the work of the Office of the Permanent Observer of the IPU to the United Nations in New York. The costs of the Office and its activities came in at CHF 889,351, within budget by 4 per cent, helped by the relative weakness of the US dollar against the Swiss franc during most of the year.

3.9 Enablers and other charges

Effective internal governance and oversight

Results for the management and governance enabler were achieved for a total expenditure of CHF 916,532 in 2019, within budget by 2 per cent.

Visibility, advocacy and communications

A total of CHF 958,429 was spent on this enabler during a transitional year for the communications function. Further work was completed on the IPU website and open data platform redevelopment – these capital costs are reported below under Section 5. Some website work had been anticipated to be financed through the annual revenue budget, which did not prove necessary. This led to a saving on the total revenue budget of 13 per cent.

Gender mainstreaming and a rights-based approach

A small budgetary allocation was made towards training and information activities relating to the promotion of gender mainstreaming and a rights-based approach to the work of the IPU, of which CHF 271 was used in 2019.

Properly resourced and efficient Secretariat

The expenditures on Support Services (which include finance, administration and human resources services, office accommodation, asset depreciation, equipment rental, ICT and supplies) were CHF 2,497,200, which was within budget by 6 per cent. Budget savings were generated primarily in the areas of depreciation, equipment leasing, postage and stationery costs.

Other charges

An allowance for doubtful accounts is set aside to cover the write-off of outstanding debts. In 2019, the IPU membership as a whole was less prompt in paying assessed contributions than in the previous year, due mainly to the situation of Venezuela. In accordance with IPSAS, provision is required for all debts more than two years old, and the reserve was therefore increased by CHF 71,747 to CHF 321,343 (28 per cent of the total amount receivable from Members).

The annual grant to the Association of Secretaries General of Parliaments was CHF 19,457 (CHF 16,371 in 2018), which was supplemented by funds from the closure of the Global Parliamentary Foundation.

No addition to the reserve for major building repairs to IPU Headquarters was budgeted in 2019. The reserve currently stands at CHF 415,114. The Headquarters' windows were renovated in 2018 and 2019 and the depreciation cost of this is being offset against the accumulated reserve funds in 2019 and the coming 25 years, as foreseen.

In accordance with the decision of the Governing Council in Geneva in 2007, an amount of CHF 25,100 was set aside in a reserve for the purpose of offsetting CO₂ emissions and to mitigate the environmental impact of operations. CHF 8,719 of the total accumulated reserve of CHF 31,514 was used for climate-change-related activities in 2019.

The Parliamentary Solidarity Fund stood at CHF 92,744 at the end of the year, with Qatar providing an amount of CHF 67,496 to supplement the fund. One request for travel support by the Solomon Islands was approved during 2019 and will be used in 2020.

4. Gender analysis

Under the IPSAS presentation of the Financial Statements, expenditure on the objective of advancing gender equality is shown directly in Statement V: Statement of Comparison of Budget and Actual Amounts. In 2019, gender-specific expenditure totalled CHF 963,847, which represents 7 per cent of the IPU's total expenses.

Women continue to outnumber men in the Secretariat in both the professional and general service categories:

Representation in the Secretariat	2019		2018	
	No.	Per cent of total	No.	Per cent of total
Women on staff – general services	14	82%	16	89%
Women on staff – professional	13	52%	14	54%
Women on staff – total	27	64%	30	68%
Women recruited during year	1	50%	2	67%
Women promoted during year	-	-	3	75%

5. Capital expenditures

In 2019, CHF 83,256 was spent on furniture, vehicles, equipment and premises, including the routine replacement of outdated IT and communications equipment. Of this amount, CHF 49,431 was spent on completing the replacement of the IPU Headquarters windows, a legal requirement which will have the benefit of improving security and making the headquarters more energy-efficient in line with the IPU's climate change commitments.

CHF 84,900 was spent on additional development work required for the IPU website and open data platform to make the site more interactive for use by Members.

6. Staff pension fund

The closed legacy Pension Fund covers the pension commitments made to former employees of the IPU who have already retired. In compliance with IPSAS requirements, the accounts of the closed Pension Fund were consolidated into the IPU Financial Statements from 2012 onwards.

An actuarial study was carried out to calculate the valuation of the pension liabilities of the IPU as of 31 December 2019. The results of the study are set out in note 12 to the Financial Statements, along with details of all of the IPU's other employee benefit liabilities.

7. Recommendations

In accordance with Rule 13.3 of the financial regulations, it is recommended that the Governing Council approve the financial administration of the IPU and the financial results for 2019.

8. Management's responsibility for financial reporting

The management of the IPU is responsible for the reliability, integrity and objectivity of the accompanying financial statements and annual financial report. The financial statements have been prepared in accordance with IPSAS. Where necessary, the statements include amounts that are based on judgements and estimates by management. To assist management in fulfilling its responsibilities, a system of internal accounting controls has been established to provide reasonable assurance that the financial statements are accurate and reliable and that assets are safeguarded.

The Governing Council is responsible for approving the annual financial statements. The Governing Council has delegated certain responsibilities to the Internal Auditors, including the responsibility for reviewing the annual financial statements and meeting with management and the External Auditor, as necessary, on matters relating to the financial reporting process.

These financial statements have been audited by the External Auditor appointed by the Executive Committee.

A handwritten signature in blue ink, appearing to read 'Martin Chungong', with a long horizontal flourish extending to the right.

Martin Chungong
Secretary General

A handwritten signature in black ink, appearing to read 'Andrée Lorber-Willis', with a long horizontal flourish extending to the right.

Andrée Lorber-Willis
Director
Division of Support Services

9. External auditor's opinion

EXTERNAL AUDITOR'S AUDIT OPINION

To the Executive Committee of the IPU

Report on the audit of the financial statements

Opinion

The SFAO has audited the financial statements of the IPU, which comprise the statement of financial position as at 31 December 2019, and the statement of comprehensive income, statement of changes in equity, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In the opinion of the SFAO, the accompanying financial statements give a true and fair view of the financial position of the IPU as at 31 December 2019, and of its financial performance and its cash flows for the year then ended in accordance with the International Public Sector Accounting Standards (IPSAS) and the Organization's Financial Regulations.

Basis for opinion

The SFAO conducted its audit in accordance with International Standards on Auditing (ISAs). Its responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of its report. The SFAO is independent of the IPU in accordance with the ethical requirements that are relevant to its audit of the financial statements in Switzerland, and it has fulfilled its other ethical responsibilities in accordance with these requirements. The SFAO believes that the audit evidence it has obtained is sufficient and appropriate to provide a basis for its opinion.

Responsibilities of the Secretary General for the financial statements

The Secretary General is responsible for the preparation and fair presentation of the financial statements in accordance with the IPSAS and the IPU's Financial Regulations, and for such internal control as he 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, the Secretary General is responsible for assessing the IPU's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Secretary General either intends to liquidate the IPU or to cease operations, or has no realistic alternative but to do so.

The Secretary General is entrusted with the responsibility of overseeing the IPU's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Its 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 its opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect 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, the SFAO exercises professional judgment and maintains professional scepticism throughout the audit. It also:

- Identifies and assesses the risks of material misstatement of the financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence that is sufficient and appropriate to provide a basis for its 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.

- Obtains 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 IPU's internal control.
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Secretary General.
- Concludes on the appropriateness of the Secretary General'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 IPU's ability to continue as a going concern. If the SFAO concludes that a material uncertainty exists, the SFAO is required to draw attention in its auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify its opinion. Its conclusions are based on the audit evidence obtained up to the date of its auditor's report. However, future events or conditions may cause the IPU to cease to continue as a going concern.
- Evaluates 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.

The SFAO communicates with the Executive Committee through its Sub-Committee on Finance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that it identifies during its audit.

Bern, 5 March 2020

SWISS FEDERAL AUDIT OFFICE¹
(External Auditor)

Eric-Serge Jeannet
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Martin Köhli
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(original signed in French)

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10. Statement of financial position

INTER-PARLIAMENTARY UNION

Statement I:

Statement of Financial Position

at 31 December 2019

In CHF (Swiss francs)

	2019	2018
ASSETS		
Current assets		
Cash on hand	14,483	13,658
Cash in current accounts	4,746,575	4,080,445
Cash held by investment fund manager	392,773	335,638
Term deposits and savings accounts	4,738,919	4,738,877
Sub-total cash and cash equivalents (Note 3)	9,892,751	9,168,618
Accounts Receivable		
from Members (Note 4)	805,643	872,329
from Donors (Note 4)	3,923,433	403,100
from Tax Reimbursements	52,313	75,207
Others	17,704	53,046
Sub-total accounts receivable	4,799,093	1,403,682
Investments (Note 5)	6,945,168	7,243,100
Other current assets (Note 6)	85,749	180,100
Sub-total current assets	21,722,760	17,995,500
Non-current assets		
Fixed Assets (Note 7)		
Building and Grounds	8,029,536	8,237,189
Furnishings	17,510	24,298
General Equipment	43,633	59,033
IT Equipment	71,248	79,268
Vehicles	4,575	10,675
	8,166,503	8,410,464
Intangible assets (Note 8)	252,332	246,787
Sub-total non-current assets	8,418,835	8,657,251
Total Assets	30,141,595	26,652,751

	2019	2018
LIABILITIES		
Accounts Payable and Accrued Payables	343,077	217,062
Advances from Members	268,467	337,639
Deferred revenue (Note 9)	5,492,408	1,554,798
Loans (Note 10)	<u>189,600</u>	<u>189,600</u>
Sub-total current liabilities	6,293,552	2,299,099
Borrowings Long Term (Note 10)	4,992,470	5,120,998
Closed Pension Fund (Note 11)	11,958,951	12,306,973
Other Employee benefits (Note 11)	<u>1,431,981</u>	<u>1,517,019</u>
Sub-total non-current liabilities	18,383,401	18,944,990
Total Liabilities	24,676,953	21,244,089
NET ASSETS		
Restricted Funds (Note 13)	437,909	431,683
Actuarial Gain (loss) recognized in net assets	-4,262,739	-3,787,393
Accumulated fund balance (Working Capital Fund after contribution)	<u>9,289,478</u>	<u>8,764,378</u>
Net Assets	<u>5,464,647</u>	<u>5,408,668</u>

11. Statement of financial performance

INTER-PARLIAMENTARY UNION

Statement II:

Statement of Financial Performance

for the year ended 31 December 2019

In CHF (Swiss francs)

	2019	2018
Revenue (Note 18)		
Assessed Contributions	10,526,650	10,515,200
Voluntary Contributions	3,003,257	3,014,508
Investment income	679,128	-347,545
Other Income	23,439	47,601
Total Revenue	14,232,474	13,229,765
Expenses (Note 18)		
Personnel Expenditure – permanent staff	8,123,114	8,167,655
Personnel Expenditure – temporary staff	2,833,084	2,997,575
Change in closed pension fund provision	-823,368	-846,219
Travel Expenditure	1,237,460	1,017,822
Contractual Services	732,690	1,004,550
Operating Expenses	643,993	738,720
Supplies, Materials and Equipment	103,985	127,897
Allowance for Doubtful Accounts	71,747	95,895
Grants and Honoraria	92,773	116,699
Depreciation and amortization of assets (Note 7&8)	406,572	339,186
Amortization of loan (Note 10)	61,072	62,533
Statutory Write-off of Member Contributions	187,860	0
Loss on Foreign Exchange	30,167	14,191
Total Expenses	13,701,149	13,836,505
Operating Surplus/(Deficit)	531,325	-606,741

12. Statement of changes in net assets

INTER-PARLIAMENTARY UNION

Statement III:

Statement of Changes in Net Assets

for the year ended 31 December 2019

In CHF (Swiss francs)

	Accumulated Fund Balance	Actuarial Gain (loss)	Reserves	Total
Closing balance 31 December 2013	8,414,639		500,518	8,915,157
Transfer to reserves	-83,500		83,500	-
Net result 2014	<u>694,803</u>		<u>-51,508</u>	<u>643,295</u>
Closing balance 31 December 2014	9,025,942		532,510	9,558,452
Transfer to reserves	-25,700		25,700	-
Net result 2015	<u>-413,721</u>		<u>-80,875</u>	<u>-494,596</u>
Closing balance 31 December 2015	8,586,521		477,335	9,063,856
Transfer to reserves	-30,400		30,400	-
Net result 2016	<u>-216,502</u>		<u>-79,908</u>	<u>-296,409</u>
Closing balance 31 December 2016	8,339,619	-	427,828	8,767,447
Revalue repatriation grants as other long-term	116,267	-	-	116,267
Reverse Corridor	-	-2,636,187	-	-2,636,187
Reverse 2015 amortization	67,001	-67,001	-	-
Reverse 2016 amortization	<u>84,753</u>	<u>-84,753</u>	-	-
Restated closing balance 31 December 2016	8,607,640	-2,787,941	427,828	6,247,527
Recognition of actuarial gain (loss)	-	-471,306	-	-471,306
Transfer to reserves	-30,600	-	30,600	-
Net result 2017	<u>791,511</u>	<u>-</u>	<u>-24,177</u>	<u>767,334</u>
Restated Closing balance 31 December 2017	9,368,551	-3,259,247	434,251	6,543,555
Transfer to reserves (Note 13)	-28,100	-	28,100	-
Recognition of actuarial gain (loss)	-	-528,146	-	-528,146
Net result 2018	<u>-576,073</u>	<u>-</u>	<u>-30,668</u>	<u>-606,741</u>
Closing balance 31 December 2018	8,764,378	-3,787,393	431,683	5,408,668
Transfer to reserves (Note 13)	-25,100	-	25,100	-
Recognition of actuarial gain (loss)	-	-475,346	-	-475,346
Net result 2019	<u>550,199</u>	<u>-</u>	<u>-18,874</u>	<u>531,325</u>
Closing balance 31 December 2019	9,289,477	-4,262,739	437,909	5,464,647

13. Statement of cash flows

INTER-PARLIAMENTARY UNION

Statement IV:

Statement of Cash Flows

for the year ended 31 December 2019

In CHF (Swiss francs)

	2019	2018
Cash flows from Operating Activities		
Operating surplus (deficit)	531,325	-606,741
Depreciation	406,572	339,186
Amortization of loan	61,072	62,533
(Increase) decrease in receivables	-2,810,411	-233,162
(Increase) decrease in other current assets	94,352	93,687
Increase (decrease) in payables and deferred revenue	3,409,453	-1,225,264
Increase (decrease) in pension fund liability recognized on Statement II	-823,368	-846,219
Increase (decrease) in other employee benefit liabilities	-85,038	121,825
Net cash flows from Operating Activities	783,957	-2,294,155
Cash flows from Investing Activities		
(Increase) decrease in investments	297,932	1,324,797
(Increase) decrease in intangible assets	-84,900	-214,020
(Increase) decrease in property, plant and equipment	-83,256	-283,091
Net cash flows from Investing Activities	129,776	827,686
Cash flows from Financing Activities		
Loan repayment to Swiss Federal Government	-189,600	-189,600
Net cash flows from Financing Activities	-189,600	-189,600
Net increase/(decrease) in Cash and Cash Equivalents	724,132	-1,656,070
Cash and Cash Equivalents at beginning of period	9,168,623	10,824,692
Cash and Cash Equivalents at end of period	9,892,755	9,168,623

* The difference of CHF 4 between the Cash and Cash Equivalents at end of period according to Statement IV and Statement I is explained by a difference in rounding.

14. Statement of comparison of budget and actual amounts

INTER-PARLIAMENTARY UNION

Statement V:

Statement of Comparison of Budget and Actual Amounts

for the year ended 31 December 2019

In CHF (Swiss francs)

	Original Budget	Final Budget	Actual on comparable basis	Difference
Revenue				
Assessed contributions	10,515,200	10,515,200	10,526,650	11,450
Working Capital Fund	422,000	422,000	-	-422,000
Staff assessment	1,099,700	1,099,700	1,057,109	-42,591
Voluntary contributions	4,034,400	4,034,400	3,003,257	-1,031,143
Interest	100,000	100,000	194,822	94,822
Other income	16,000	16,000	13,110	-2,890
Total revenue	<u>16,187,300</u>	<u>16,187,300</u>	<u>14,794,949</u>	<u>-1,392,351</u>
Expenses				
Build strong, democratic parliaments	2,146,400	2,146,400	2,195,939	49,539
Advance gender equality and respect for women's rights	1,174,300	1,174,300	963,847	-210,453
Protect and promote human rights	1,544,100	1,544,100	1,408,501	-135,599
Contribute to peacebuilding, conflict prevention and security	1,102,700	1,102,700	508,004	-594,696
Promote inter-parliamentary dialogue and cooperation	3,437,600	3,437,600	3,384,267	-53,333
Promote youth empowerment	344,700	344,700	251,659	-93,041
Mobilize parliaments around the global development agenda	1,002,700	1,002,700	651,607	-351,093
Bridge the democracy gap in international relations	927,100	927,100	889,351	-37,749
Effective internal governance and oversight	934,300	934,300	916,532	-17,768
Visibility, advocacy and communications	1,097,200	1,097,200	958,429	-138,771
Gender mainstreaming and a rights-based approach	10,000	10,000	271	-9,729
Properly resourced and efficient Secretariat	2,658,900	2,658,900	2,497,200	-161,700
Other charges	106,000	106,000	91,204	-14,796
Eliminations	-298,700	-298,700	-201,877	96,823
Total expenses	<u>16,187,300</u>	<u>16,187,300</u>	<u>14,514,935</u>	<u>-1,672,365</u>
Operating Surplus	-	-	280,014	280,014

NOTE 1 NATURE OF THE ORGANIZATION

1. The Inter-Parliamentary Union (IPU) is the international organization of parliaments and has a unique inter-State character. It is the focal point for worldwide parliamentary dialogue. Since 1889, the IPU has worked for peace and cooperation among peoples and for the firm establishment of representative institutions. The IPU shares the objectives of, and works in close cooperation with, the United Nations, where it has official Observer status at the UN General Assembly. It also cooperates with regional inter-parliamentary organizations, as well as with international, intergovernmental and non-governmental organizations which are motivated by the same ideals.
2. The IPU is an international parliamentary political organization and possesses international legal personality. It is representative in character and structure, subject to the rule of law, and governed by its Statutes. States and international organizations dealing with the IPU have recognized its standing, authority and capacity to act in the international arena, within the area of its functional responsibilities, as the international organization of parliaments.
3. The IPU's main decision-making body is its Governing Council, established by the IPU Statutes and consisting of three delegates of all of the Members of the IPU. It normally holds two sessions per year. The Governing Council elects the President of the IPU, appoints the Secretary General, sets the policy, guides the activities of the IPU and monitors their implementation. The Council adopts the work programme and budget, establishes the scale of assessed contributions, authorizes the acceptance of donations and legacies and approves the accounts. An Executive Committee composed of the President of the IPU and 15 members elected by the Governing Council proposes the annual work programme and budget to the Governing Council, oversees the administration of the IPU Secretariat, including establishing the scales of salaries and allowances of staff members, and appoints the External Auditor.
4. The IPU is funded by assessed contributions paid by its Members and voluntary contributions from Members and donors. The IPU operates within the framework of an annual work programme and budget, which provides the appropriations that constitute the expenditure authorizations approved by the Governing Council for each financial year. The approval of the appropriations provides the Secretary General with the authority to commit and authorize expenses and to make payments for the purposes assigned within the limits of the appropriations.
5. Since 1 January 2005, the IPU has been affiliated to the United Nations Joint Staff Pension Fund (UNJSPF). The IPU has a closed Pension Fund which is governed by the Regulations of the Pension Fund for members of staff of the IPU. In accordance with these Regulations, the assets of the Pension Fund are administered separately from those of the IPU. The Pension Fund is administered by a Management Board comprising a representative of the IPU's Executive Committee, who serves as President of the Board, the Secretary General, an expert in financial administration appointed by the Executive Committee, a representative of the staff of the IPU and a representative of the current retirees who are beneficiaries of the Fund. The Regulations of the Fund provide that the IPU is fully responsible for the benefits owed to existing pensioners and their survivors.
6. The Financial Regulations of the Inter-Parliamentary Union is the overall instrument governing the IPU's financial administration.

NOTE 2 ACCOUNTING POLICIES AND BASIS OF PRESENTATION

The Financial Statements have been prepared on a full accrual and going-concern basis and the accounting policies have been applied consistently throughout the period. The Statements comply with the requirements of International Public Sector Accounting Standards (IPSAS). The IPU has adopted the provisions of IPSAS 40 which became effective 1 January 2019. IPSAS 41, related to changes in accounting for financial instruments, and IPSAS 42 related to Social Benefits will be adopted when they become effective on 1 January 2022.

The Financial Statements include the accounts of the IPU and the accounts of the closed Pension Fund. All internal transactions and balances are eliminated on consolidation.

Advances from Members

Advances from Members represent advance payment of assessed contributions for future financial periods received during the current reporting period.

Borrowing

Borrowing includes an interest-free loan from the Swiss Confederation, which is valued at amortized cost using the effective interest rate methodology.

Cash, investments and other financial assets

Cash and cash equivalents include cash in hand, deposits held at call with banks, savings deposits without term limit and term deposits held up to 90 days. Investments include shares in mutual funds valued at market value. All investments are publicly traded, readily convertible to cash and subject to limited risk of change in value.

Closed Pension Fund

Prior to becoming a participating organization in the UNJSPF, the IPU had its own pension fund, established in 1965. The Pension Fund was closed to new members on 1 January 2005 and continues for those who were pensioners (including survivors) at the time of closure under the management of a Board. The IPU's representative on the Pension Board provides a report to the Executive Committee each year on the activities and status of the Pension Fund. In accordance with the requirements of IPSAS, the assets, liabilities, revenue and expense of the Pension Fund have been consolidated into the IPU's Financial Statements. The unfunded liability of the closed Pension Fund is a liability of the IPU. In addition, active staff members with permanent contracts dated earlier than 1 May 1996 have the option of retiring at age 60 rather than at age 62 as provided in the UNJSPF regulations. Eligible staff members who chose this option contribute to a Bridge Pension, to which the IPU also contributes. The IPU is ultimately responsible for any unfunded liability resulting from this benefit.

Employee benefits

Provisions are established for the liabilities for separation benefits payable (repatriation grants and travel) as determined by an independent actuary using the projected unit credit actuarial methodology and encashment of accumulated leave calculated by the IPU at nominal value. In addition, provisions are established for home leave deferred, overtime earned but not paid at the reporting date and education grants payable at the reporting date that have not been included in current expenditure.

Active employees participate in the UNJSPF, of which the IPU is a member organization. The UNJSPF was established by the United Nations General Assembly to provide retirement, death, disability and related benefits to employees. The Pension Fund is a funded, multi-employer defined benefit plan. As specified by Article 3(b) of the Regulations of the Fund, membership in the Fund shall be open to the specialized agencies and to any other international, intergovernmental organization which participates in the common system of salaries, allowances and other conditions of service of the United Nations and its specialized agencies.

The plan 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. The IPU, in line with the other participating organizations in the Fund, is not in a position to identify its share of the underlying financial position and performance of the plan with sufficient reliability for accounting purposes, and hence has treated this plan as if it were a defined contribution plan in line with the requirements of IPSAS 39. The IPU's contributions to the plan during the financial period are recognized as expenses in the Statement of Financial Performance.

Expense recognition

Expenses are recognized as goods are received and services rendered.

Financial Instruments

Financial instruments are recognized when the IPU becomes a party to the contractual provisions of the instrument and are derecognized when the right to receive cash flow from another entity in connection with a financial asset or the obligation to deliver cash to another entity in connection with a financial liability has expired.

Investments are non-derivative financial assets designated as held for trading and are valued at fair value through surplus and deficit based on quoted active market prices at the reporting date. Cash and cash equivalents represent financial assets held for short-term periods and are valued at nominal value at the reporting date. Cash deposits held for periods longer than 12 months are valued at fair value through surplus and deficit.

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted on active markets comprising assessed contributions and other amounts receivable in cash. Short-term receivables are valued at amortized cost. Longer-term receivables covering arrears for Members are valued at amortized cost less allowances for estimated irrecoverable amounts. Voluntary contributions receivable in currencies other than Swiss francs are revalued to reflect the value in Swiss francs at the reporting date.

Accounts payable and borrowings are non-derivative financial liabilities with fixed payments not quoted on an active market that are payable in cash. Accounts payable, due to their short-term nature, are valued at nominal value, which is the equivalent of amortized cost. Borrowings (loans) are valued at amortized cost using the effective interest rate method.

Foreign currency transactions

The functional currency of the IPU is the Swiss franc (CHF) and these Financial Statements are presented in that currency. All transactions occurring in other currencies are translated into Swiss francs using the United Nations official rate of exchange on the date of the transaction. Both realized and unrealized gains and losses resulting from the settlement of such transactions and from the translation at the reporting date of assets and liabilities denominated in currencies other than Swiss francs are recognized in the Statement of Financial Performance.

Fixed assets

Equipment is valued at historic cost less accumulated depreciation and impairment. Equipment or sets of equipment and other fixed assets costing in excess of CHF 2,000 are capitalized as an asset. The IPU Headquarters building is valued at fair value as determined by an independent valuation in accordance with International Valuation Standards as at 31 December 2012. No further revaluation will be undertaken. The IPU reviews the value of its property and equipment at the end of each reporting period to determine whether carrying values are recoverable and to determine the extent of any impairment loss with any resulting impairment charged as an expense.

The fair value of buildings and the historic cost of each item of equipment in its class of equipment are depreciated on a straight-line basis so as to write off the full cost of fixed assets over their estimated useful lives, which are estimated as follows:

Category	Useful Life
Buildings – original structure	100 years
Buildings – new structure	75 years
Buildings – technical installations and equipment	30 years
Buildings – interior works	40 years
Buildings – windows	25 years
Furnishings	10 years
Vehicles	5 years
General equipment	4 years
IT hardware and software	4 years

The initial recognition of the difference between cost and fair value of the Headquarters building has been recognized directly in revaluation surplus, which forms part of the net assets. Accumulated depreciation is eliminated against the gross carrying amount of the building and the net amount restated to the revalued amount.

The land on which the Headquarters building sits has been made available to the IPU by the Canton of Geneva, which has granted, through the *Fondation des immeubles pour les organisations internationales* (FIPOI), surface rights, including the right to construct buildings for a period of 50 years with an option of an extension for an additional period. These surface rights were acquired by the IPU at no cost and no value has been recognized in the Statement of Financial Position as the IPU has only limited authority to dispose of the rights which revert to the Republic and Canton of Geneva unless renewed.

Official gifts are considered heritage items and no value has been recognized in the Statement of Financial Position.

Intangible assets

Costs associated with the development of software and the IPU's website are capitalized at historic cost and depreciated over a useful life of four years if they exceed a threshold of CHF 2,000.

Inventories

Stocks of publications for future distribution are written down to a net realizable value of zero in each reporting period.

Investments

Investments in long-term bonds held to maturity are valued at fair value at the reporting date. Investments in shares in money market funds available for trading are valued at fair value at the reporting date.

Net assets

Net assets include the unrestricted accumulated surplus and deficit of the IPU, which comprise its Working Capital Fund, revaluation surplus reflecting the difference between historic cost and current value of the Headquarters building and reserves established by the IPU Governing Council for Headquarters building maintenance and for carbon emissions offset.

Payables and accruals

Accounts payable include invoices received from suppliers not yet settled, including the revaluation of invoices payable in currencies other than Swiss francs. Accounts payable are valued at fair value through surplus and deficit. Accruals are liabilities for the cost of goods and services that have been received by or provided to the IPU during the year and which have not been invoiced by suppliers at the reporting date.

Provisions

Provisions are recognized when the IPU has a legal or constructive obligation as a result of a past event, whereby it is probable that an outflow of resources will be required to settle the obligation and where a reliable estimate of the amount of the obligation can be made.

Receivables

Receivables from assessed contributions are recognized when they become due. An allowance for doubtful receivables is recorded at the end of each fiscal period equal to the arrears of Members' contributions older than two years. For all other receivables an allowance for non-recovery is established based on a review of the outstanding amounts at the reporting date. Recoverable taxes paid in the jurisdictions in which the IPU is located are recognized as receivables when they become due in accordance with the agreements with each jurisdiction. Donor contributions receivable in currencies other than Swiss francs are revalued at the reporting date.

Revenue Recognition

Assessed contributions are recognized as revenue at the beginning of each year. Voluntary contributions supported by enforceable agreements are recognized as revenue at the time the agreement becomes binding unless the agreement includes conditions related to specific performance or the return of unexpended balances. If the agreements contain conditions, revenue recognition is deferred until the liability is discharged through performance of the specific conditions contained in the agreement.

Revenue from investments is recognized when earned. Other revenues are recognized when services are performed or when products are shipped.

Segment reporting

Segment reporting reflects the strategic directions of the Organization as established by the Governing Council.

Taxes

The IPU has been expressly recognized by the two countries in which it is physically located, Switzerland and the United States of America, as an international organization entitled to the appropriate privileges and immunities. It enjoys a special international organization tax-exempt status in both countries. In Switzerland, under the terms of a 1971 Accord, the IPU is exempted from direct and indirect federal, cantonal and community taxes and is subject to the same duties as other international organizations. In the United States, the IPU is exempted from direct federal taxes and duties under the terms of the International Organizations Immunities Act and is exempted from the payment of New York State and local sales and use taxes.

Use of Estimates

The preparation of the Financial Statements in conformity with IPSAS requires management to make estimates and assumptions that affect the amounts reported in the Financial Statements and accompanying notes. These estimates are based on management's best knowledge of current events and actions that the IPU may undertake in the future. Actual results could differ from these estimates. Estimates include, but are not limited to, separation benefit obligations, financial risk on accounts receivable, degree of impairment of fixed assets and valuation of the Headquarters building. Changes in estimates are reflected in the Statement of Financial Performance in the period in which they become known.

NOTE 3 CASH AND CASH EQUIVALENTS

Amount in CHF	31 December 2019	31 December 2018
Cash on hand	14,483	13,658
Current accounts with banks - Swiss francs	3,143,459	2,896,351
Current accounts with banks - Other currencies	<u>781,576</u>	<u>479,518</u>
Total unrestricted current accounts	3,925,035	3,375,869
Current accounts with banks - Swiss francs	415,114	425,269
Current accounts with banks - Other currencies	16,752	17,039
Current accounts with banks pension fund - Swiss francs	<u>389,675</u>	<u>262,268</u>
Total restricted current accounts	821,540	704,576
Sub total current accounts	4,746,575	4,080,445
Cash held by investment fund manager	307,726	301,050
Pension fund cash held by investment fund manager - Swiss francs	<u>85,047</u>	<u>34,588</u>
Sub total cash held by investment fund managers	392,773	335,638
Term deposit CHF (unrestricted)	534,886	534,886
Savings account CHF (unrestricted)	<u>4,204,033</u>	<u>4,203,991</u>
Sub-total term deposits and savings accounts	4,738,919	4,738,877
Total cash and cash equivalents	9,892,751	9,168,618

Cash deposits are held in instant-access bank accounts, interest-bearing accounts and short-term deposits of 90 days or fewer. The average rate of interest earned on interest-bearing accounts and investments was negative in 2019 (0.36 per cent in 2018).

Restricted funds included funds held on behalf of donors for use in carrying out specific performance required by binding agreements, funds allocated for repairs and renovation of the IPU headquarters building and cash held on behalf of the Pension Fund, which must be held separately from those of the IPU in accordance with the Pension Fund Regulations.

The Organization minimizes the credit risk involved by holding all of its funds in banks with high Fitch, Moody's or Standard and Poor's credit ratings as follows:

Cash and cash equivalents	AA	A	Not rated	Total
Amount	649,733	9,228,535	14,483	9,892,751
Per cent	6%	94%	0%	100%

The Organization has no confirmed credit lines but does maintain limited and informal overdraft arrangements with banks in which it has funds on deposit. These arrangements may be withdrawn by the banks at any time. No overdraft facilities were required in 2019 or 2018.

NOTE 4 ACCOUNTS RECEIVABLE

Amount in CHF	31 December 2019	31 December 2018
Receivables from Members	1,126,986	1,121,925
Less provision for doubtful debts	<u>-321,343</u>	<u>-249,596</u>
Net receivable from Members	805,643	872,329
Receivables from Donors	3,923,433	403,100
Withholding taxes reimbursable	-13,395	-6,719
Withholding taxes reimbursable - Pension Fund	<u>65,708</u>	<u>81,927</u>
Sub total	52,313	75,207
Other receivables	14,673	16,875
Other receivables - Pension Fund	<u>3,031</u>	<u>36,171</u>
Sub total	17,704	53,046
Total accounts receivable	4,799,093	1,403,682

At 31 December 2019, there were 44 Members and Associate Members with accounts in arrears (49 at 31 December 2018). Five Members or Associate Members were liable for suspension of membership rights under Article 5.3 of the IPU Statutes (5 at 31 December 2018) and 12 Members were liable to lose their voting rights under Article 5.2 (8 at 31 December 2018).

Member or Associate Member (amount in CHF)	2019	2018	2017	2016	2015	2014	Special Debt	Total
Albania	11,500	8,900	-	-	-	-	-	20,400
Cambodia	11,500	-	-	-	-	-	-	11,500
Central African Republic	10,400	10,400	6,200	-	-	-	-	27,000
Chad	11,500	-	-	-	-	-	-	11,500
Comoros	10,400	10,400	10,200	-	-	-	27,233	58,233
Congo (Republic of)	11,500	11,500	8,908	-	-	-	-	31,908
Côte d'Ivoire	11,500	11,500	21	-	-	-	-	23,021
Cuba	19,800	55	-	-	-	-	-	19,855
Djibouti	10,400	8,701	-	-	-	-	-	19,101
Dominican Republic	17,700	17,700	17,400	8,000	-	-	-	60,800
Egypt	28,010	-	-	-	-	-	-	28,010
Equatorial Guinea	11,500	602	-	-	-	-	-	12,102
Gambia	10,400	10,400	9,100	-	-	-	-	29,900
Guinea	10,400	86	-	-	-	-	-	10,486
Guinea-Bissau	10,400	10,400	9,200	-	-	-	-	30,000
Haiti	7,823	-	-	-	-	-	-	7,823
Iraq	1,179	-	-	-	-	-	-	1,179
Lebanon	17,700	-	-	-	-	-	-	17,700
Libya	28,200	28,200	27,600	18,320	-	-	-	102,320
Mali	10,400	10,400	9,600	-	-	-	-	30,400
Myanmar	376	-	-	-	-	-	-	376

Nepal	549	-	-	-	-	-	-	549
Niger	10,400	784	-	-	-	-	-	11,184
Pakistan	15,998	-	-	-	-	-	-	15,998
Palestine	10,400	-	-	-	-	-	-	10,400
Saint Lucia	10,400	10,400	-	-	-	-	-	20,800
Saint Vincent and the Grenadines	10,400	-	-	-	-	-	-	10,400
Sao Tome and Principe	10,400	10,400	-	-	-	-	-	20,800
Sierra Leone	10,400	10,400	222	-	-	-	-	21,022
South Sudan	10,400	10,400	1,356	-	-	-	-	22,156
Sudan	11,500	11,500	132	-	-	-	-	23,132
Tajikistan	11,500	4,456	-	-	-	-	-	15,956
Tuvalu	10,400	657	-	-	-	-	-	11,057
Uruguay	232	-	-	-	-	-	-	232
Uzbekistan	6,650	-	-	-	-	-	-	6,650
Vanuatu	10,400	10,400	-	-	-	-	-	20,800
Venezuela	81,300	81,300	79,700	84,200	-	-	-	326,500
Zimbabwe	11,500	8,729	-	-	-	-	-	20,229
Andean Parliament	2,100	2,100	1,900	-	-	-	-	6,100
Assemblée parlementaire de la Francophonie	1,050	-	-	-	-	-	-	1,050
Central American Parliament	993	-	-	-	-	-	-	993
WAEMU	1,000	1,000	1,000	150	-	-	-	3,150
CEMAC	963	-	-	-	-	-	-	963
ECOWAS	1,000	1,000	900	-	-	-	-	2,900
Minor Balances	350	-	-	-	-	-	-	350
Total	502,873	302,769	183,439	110,670	0	0	27,233	1,126,985
<i>Comparative Figures 2018</i>			176,603	12,560	12,000	21,200	27,233	
Less doubtful accounts			-183,439	-110,670	0	0	-27,233	-321,343
Net receivable from Members	502,873	302,769	0	0	0	0	0	805,643

Under Rule 10.2 of the Financial Regulations, the Secretary General may, after full investigation, write off losses of assets, provided that a statement of all such amounts written off shall be submitted to the Auditors with the annual accounts. The Secretary General has written off the arrears totalling CHF 187,860 of the Parliaments of Honduras, Mauritania and Papua New Guinea, whose membership rights were suspended by the Governing Council in 2019. The record of these amounts owing will be kept off book:

Write-off following suspension of membership rights by Governing Council

Member	Total
Honduras	90,000
Mauritania	41,060
Papua New Guinea	56,800
Total	187,860

Allowance for Doubtful Accounts (contributions)

The IPU has established an allowance for doubtful accounts. This allowance is the best estimate of accounts, including Member contributions, that have been recorded as income and set up as accounts receivable, but which may never be received.

After a net increase of the provision of CHF 71,747 (increase of CHF 95,895 in 2018), the allowance for doubtful accounts stood at CHF 321,343 representing 28.5 per cent (28.6 per cent in 2018) of the outstanding arrears.

Amount in CHF	31 December 2019	31 December 2018
Opening Balance	249,596	153,701
Change in provision	160,207	95,895
Statutory Write-Offs	-88,460	0
Closing Balance	321,343	249,596

Receivables from donors

The IPU receives funds from several donors for the implementation of various activities.

Amount in CHF	31 December 2019	31 December 2018
Equatorial Guinea	9,681	9,882
UN Development Programme	8,128	17,945
UN Women	22,935	12,094
UNODA	58,126	0
Sida	3,129,681	0
PMNCH	33,750	67,500
China	585,000	0
European Union	76,132	295,680
Total	3,923,433	403,100

Tax reimbursements

The IPU is entitled to reimbursement by the Swiss Confederation under the terms of its headquarters agreement of VAT and withholding taxes paid and taxes withheld on Pension Fund investments. The amount represents the amount receivable for taxes paid in 2019 outstanding at the reporting date.

NOTE 5 INVESTMENTS

In accordance with the financial regulations and the investment policy approved by the Executive Committee, monies not needed for immediate requirements are invested in mutual funds. Total return on investments in 2019 was a gain of CHF 679,128 (loss of CHF -347,545 in 2018).

Amount in CHF	31 December 2019	31 December 2018
Current assets		
Mutual funds	<u>2,758,752</u>	<u>2,556,576</u>
Sub total IPU Investments	2,758,752	2,556,576
Mutual funds - flexible fund CHF	<u>4,186,416</u>	<u>4,686,524</u>
Sub total Pension Fund Investments	4,186,416	4,686,524
Total Investments	6,945,168	7,243,100

Investments in mutual funds are available for trading but are generally held for investment income. The units held by the IPU and the Pension Fund are valued at fair value at the reporting date.

NOTE 6 OTHER CURRENT ASSETS

The IPU has already paid some expenses that relate to 2019 for items such as rent, subscriptions and postage meter deposits. These disbursements have been reported as current assets and include the guarantee deposit on leased facilities in New York City. Other current assets also include staff salary and travel advances and loans to former staff made from the Pension Fund.

Amount in CHF	31 December 2019	31 December 2018
Project and travel advances	42,717	32,763
Prepaid expenses	33,313	137,499
Guarantee deposit	<u>9,719</u>	<u>9,838</u>
Total other current assets	85,749	180,100

NOTE 7 PROPERTY, PLANT AND EQUIPMENT

The IPU has a Headquarters building and annex in Geneva, Switzerland. The building's original structure was completely renovated in 2002 and a new section built to extend and develop the basement area. The building is located on land owned by the Canton of Geneva, which has been set aside for the use of the IPU for a period of 50 years from 2003 to 2052, with an option to extend. The terms of a lease agreement were finalized during 2009 between the Canton of Geneva, the Federal Government of Switzerland and the IPU, and the agreement was signed at the end of 2010 (see Note 2 – Fixed assets).

At 31 December 2011, the value of the building was determined by an independent external valuation consultant as the fair value of the building at that date in accordance with International Valuation Standards. Depreciation has been computed and included in the fair value recognized as the deemed cost as of the date of implementation of IPSAS. In 2018 and 2019 the windows were replaced, and the building value adjusted and depreciation commenced.

Depreciation is recorded in accordance with the policy described in Note 2. A detailed inventory is kept for all computer-related hardware and software as this is routinely replaced and upgraded and represents a significant investment.

Amount in CHF	Information Technology, Communications											
	Buildings and grounds		Furnishings		Equipment		General Equipment		Vehicles		Total	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Historic cost at 01 January	9,968,120	9,737,014	563,289	556,872	375,277	421,603	105,026	105,026	69,981	69,981	11,081,692	10,890,495
Additions	49,431	231,106	-	6,417	33,825	45,568	-	-	-	-	83,256	283,091
Disposals	-	-	-	-	-28,436	-91,894	-	-	-	-	-28,436	-91,894
Historic cost at 31 December	10,017,551	9,968,120	563,289	563,289	380,666	375,277	105,026	105,026	69,981	69,981	11,136,512	11,081,692
Accumulated depreciation	-1,730,930	-1,481,576	-538,991	-532,090	-296,008	-347,610	-45,993	-44,709	-59,306	-53,206	-2,671,228	-2,459,191
Adjust depreciation for disposals					28,436	91,894					28,436	91,894
Depreciation current period	-257,084	-249,355	-6,788	-6,900	-41,846	-40,293	-15,400	-1,283	-6,100	-6,100	-327,218	-303,931
Total accumulated depreciation	-1,988,014	-1,730,930	-545,778	-538,991	-309,418	-296,008	-61,393	-45,993	-65,406	-59,306	-2,970,009	-2,671,228
Net carrying value at 01 January	8,237,189	8,255,438	17,510	24,298	79,268	73,993	59,033	60,317	10,675	16,775	8,166,503	8,410,464
Net carrying value at 31 December	8,029,536	8,237,189	17,510	24,298	71,248	79,268	43,633	59,033	4,575	10,675	8,166,503	8,410,464

NOTE 8 INTANGIBLE ASSETS

In 2018 the IPU completed work on an extensive revision to its public website and open data platform. The development included a complete redesign of the site and the data platform making information accessible and including a greater depth of parliamentary data. The site became live and active in 2018. Depreciation commenced when the site became fully functional. Additional work was completed in 2019 to make the site more interactive for use by Members.

Amount in CHF	Website development	
	31 December 2019	31 December 2018
Historic cost at 01 January	282,042	68,021
Additions	84,900	214,020
Disposals	-	-
Historic cost at 31 December	366,942	282,042
Accumulated amortization	-35,255	-
Amortization current period	-79,354	-35,255
Net carrying amount	-114,609	-35,255
Net carrying value at 01 January	246,787	68,021
Net carrying value at 31 December	252,332	246,787

NOTE 9 DEFERRED REVENUE

The IPU receives funds from several donors for the implementation of various activities. Total disbursements from voluntary funds in 2019 were CHF 3,003,257 (CHF 3,014,508 in 2018). At 31 December 2019 the net advance of voluntary contributions was CHF 4,907,407 (CHF 1,554,798 in 2018).

Project (Amount in CHF)	Funder	Unexpended Balance of Prior Commitments	New/Expired Commitment in 2019	Funds used in 2019	Balance of Commitment	Deferred Revenue
Equatorial Guinea	Equatorial Guinea	-174,822	6,351	-	-168,471	168,471
Gender	Irish Aid	-	-162,801	-	-162,801	162,801
Global Programme Support	Angola	-57,811	-	24,959	-32,851	32,851
Doha Assembly	Qatar	-	-262,504	262,504	-	-
UN SC Resolution 1540 *	UNODA	-	-	58,126	58,126	-
Migration	Micronesia	-54,002	-	1,561	-52,441	52,441
DR Congo	UNDP	-4,082	-	-	-4,082	4,082
Meeting	OHCHR	-	-15,135	15,135	-	-
Counter Terrorism	Benin	-	-17,074	17,074	-	-
Myanmar	UNDP	17,945	-17,945	-	-	-
Myanmar	UNDP	-	-319,810	327,938	8,128	-
Parliamentary Solidarity Fund	IPU Members	-25,249	-67,496	-	-92,744	92,744
Turkey	UN Women	12,094	-79,970	90,811	22,935	-
Handbook on Statelessness	UNHCR	-826	-	-	-826	826
Anniversary Book	Kuwait	-	-35,000	-	-35,000	35,000
Global Programme Support	WSD	-73,270	-	73,270	-	-
MNCH	WHO	-13,048	-130,000	-	-143,048	143,048
Counter Terrorism	Bangladesh	-	-99,171	99,171	-	-
Development Funding	China	-717,015	-	351,363	-365,652	365,652
MNCH	PMNCH	-130,731	-	83,487	-47,245	47,245
Counter Terrorism	China	-	-982,600	100,100	-882,500	882,500
Global Funding	Sida	-	-4,702,098	1,365,853	-3,336,245	3,336,245
Djibouti	European Union	-295,680	3,535	131,906	-160,239	160,239
Reconciliation	CIDA	-8,261	-	-	-8,261	8,261
Total	CHF	-1,524,760	-6,881,717	3,003,257	-5,403,219	5,492,407

* The balance of commitment of CHF 58,126 for project "UN SC Resolution 1540" is fully offset by an account receivable from the donor, UNODA, as reflected on the table of receivables due from donors forming part of Note 4, and does not represent a balance available for future commitment.

NOTE 10 BORROWINGS

The IPU borrowed CHF 9,480,000 from the Swiss Confederation for the construction and renovation of its Headquarters building in Geneva, Switzerland. The loan is valued at amortized cost using the effective interest rate method based on the Swiss franc Swiss Confederation Bond (fixed 30 years) in effect at 1 January 2012 of 1.15 per cent.

The loan was interest-free and currently requires reimbursement of the principal only. The value of the interest with a rate of 1.15 per cent waived in 2019 was CHF 61,072 (CHF 62,533 in 2018) and the value of interest to be waived until the final payment on the loans due in 2052 is CHF 1,071,824 (CHF 1,135,802 in 2018). The value of the waiver of interest is equal to the future value of the loan discount.

The total borrowing and amounts outstanding shown as current and non-current liabilities at the reporting date are as follows:

Amount in CHF	31 December 2019	31 December 2018
Current liabilities		
FIPOI loan payable - current	189,600	189,600
Non-current liabilities		
FIPOI loan payable - 1-5 years	948,000	948,000
FIPOI loan payable - after 5 years	<u>5,119,200</u>	<u>5,308,800</u>
Sub-total non-current liabilities	6,067,200	6,256,800
Less discounting of non-current at effective interest rate	<u>1,074,730</u>	<u>1,135,802</u>
Sub-total non-current liabilities at amortized cost	4,992,470	5,120,998
Total borrowings	5,182,070	5,310,598

NOTE 11 EMPLOYEE BENEFIT LIABILITIES

United Nations Joint Staff Pension Fund (UNJSPF)

(a) The IPU is a member organization participating in the United Nations Joint Staff Pension Fund (the "Fund"), which was established by the United Nations General Assembly to provide retirement, death, disability and related benefits to employees. The Fund is a funded, multi-employer defined benefit plan. As specified in Article 3(b) of the Regulations of the Fund, membership in the Fund shall be open to the specialized agencies and to any other international, intergovernmental organization which participates in the common system of salaries, allowances and other conditions of service of the United Nations and the specialized agencies.

The Fund exposes participating organizations to actuarial risks associated with the current and former employees of other organizations participating in the Fund, with the result that there is no consistent and reliable basis for allocating the obligation, plan assets and costs to individual organizations participating in the Fund. The IPU and the Fund, in line with the other participating organizations in the Fund, are not in a position to identify the IPU'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, the IPU has treated this plan as if it were a defined contribution plan in line with the requirements of IPSAS 39, Employee Benefits. The IPU's contributions to the Fund during the financial period are recognized as expenses in the Statement of Financial Performance.

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.

The IPU's financial obligation to the Fund consists of its mandated contribution, at the rate established by the United Nations General Assembly (currently at 7.9% for participants and 15.8% for member organizations) together with any share of any actuarial deficiency payments under Article 26 of the Regulations of the Pension Fund. Such deficiency payments are only payable if and when the United Nations General Assembly has invoked the provision of Article 26, following determination that there is a requirement for deficiency payments based on an assessment of the actuarial sufficiency of the Fund as of the valuation date. Each member organization shall contribute to this deficiency an amount proportionate to the total contributions which each paid during the three years preceding the valuation date.

The latest actuarial valuation for the Fund was completed as of 31 December 2017, and the valuation as of 31 December 2019 is currently being performed. A roll forward of the participation data as of 31 December 2017 to 31 December 2018 was used by the Fund for its 2018 financial statements.

The actuarial valuation as of 31 December 2017 resulted in a funded ratio of actuarial assets to actuarial liabilities, assuming no future pension adjustments, of 139.2%. The funded ratio was 102.7% 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 2017, 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 (2016, 2017 and 2018) amounted to USD 7,131.56 million, of which 0.01% was contributed by the IPU.

During 2019, contributions paid to the Fund amounted to USD 1.05 million (2018 USD 1.0 million). Expected contributions due in 2020 are approximately USD 1.0 million.

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 Fund at www.unjspf.org.

(b) The IPU guarantees a legacy Pension Fund that will pay pensions to former employees and some current employees of the IPU based on various factors, including the number of years of service and salary at retirement. The legacy Pension Fund was closed to new members in 2005. The Pension Fund is governed directly by the IPU and has no independent governance structure. Under the terms of the IPU's Headquarters agreement with the Swiss Federal Council the Pension Fund is not subject to any Swiss Federal or Cantonal regulatory authority. Since the Pension Fund is closed and one-half of the actuarial determined liability is funded by investments the risk of the Pension Fund having a future impact on the cash flow of the Organization is minimal. The pension liability has been calculated by an independent actuary utilizing the projected unit credit methodology. Each year, the IPU reviews and selects assumptions that will be used in the valuation. For the 2019 valuation, the assumptions utilized are as follows:

	31-Dec-19	31-Dec-18
Actuarial assumptions		
Discount rate	0.20%	0.60%
Salary increases	1.00%	1.00%
Pension increase	1.00%	1.00%

The net liability to the IPU, which is the difference between the adjusted market value of the assets of the pension fund and the present value of the accrued pension liability, is as follows:

Amount in CHF	2019	2018
Accrued Pension Liability	11,958,951	12,306,973
Pension Fund Assets	4,717,175	5,101,372
Net Liability	7,241,776	7,205,601

Amount in CHF	31-Dec-19	31-Dec-18
Change in benefit obligation		
Benefit obligation at 01 January	12,306,973	12,625,046
Current service cost	9,766	9,806
Interest cost	71,129	48,691
Employee contributions	10,329	10,257
Pension paid by plan	-914,592	-914,973
Actuarial gain/loss	<u>475,346</u>	<u>528,146</u>
Benefit obligation at 31 December	11,958,951	12,306,973

Amounts recognized in the Net Assets

Amount recognized at beginning of period	-3,787,393	-3,259,247
Actuarial gain (loss) - Financial	-108,731	-107,887
Actuarial gain (loss) - Demographic	<u>-366,615</u>	<u>-420,259</u>
Cumulative amount recognized in net assets	-4,262,739	-3,787,393

Summary of membership data

Number of retirees	10	11
Number of active participants	4	4
Total insured salaries	492 851	491,869
Average age (years) of active participants	55.3	54.3
Average expected remaining service years of active participants	4.7	5.7

The calculation of the net liability to the IPU is made as a defined benefit obligation which requires the immediate recognition of actuarial gains and losses in a separate component of net assets in accordance with IPSAS-39 which became effective on 1 January 2018.

Sensitivity analysis

- Discount rate

Increasing the discount rate by 0.5% (from 0.2% to 0.7%) would reduce the present benefit obligation for the pensions by CHF 455,126 and the liability for the active members by CHF 14,128.

- Pension increase rate

Increasing the pension increase rate by 0.5% (from 1.0% to 1.5%) would increase the present benefit obligation for the pensions by CHF 481,791.

- Salary increase rate

Increasing the salary increase rate by 0.5% (from 1.0% to 1.5%) would increase the present benefit obligation for the active members by CHF 14,221.

(c) Post-employment benefits include separation benefits consisting of grants upon repatriation, repatriation travel and shipping of personal effects for certain internationally recruited personnel which are considered other long-term benefits, and the liability has been calculated using the projected unit credit actuarial methodology.

(d) Other short-term benefits concern the policy providing that staff members earn 30 days of annual leave credit each year, which may be taken or accumulated with up to 60 days paid on separation or retirement. A liability has been established equal to the nominal value of leave accumulated at the reporting date. At 31 December, the total liability of benefits payable to staff was:

Amount in CHF	2019	2018
Post employment benefits		
Reinstallation premiums	573,648	604,188
Grants for removal expenses	162,846	158,167
Sub Total	736,495	762,355
Other short-term benefits		
Encashment of unused leave	695,486	754,664
Sub Total	695,486	754,664
TOTAL	1,431,981	1,517,019

NOTE 12 LEASES

The IPU has a five-year lease expiring in 2022 for office accommodation at 336 East 45th Street, New York, United States of America. The annual lease payment for 2019 was CHF 138,378 (CHF 112,113 in 2018). The lease is cancellable with six months' notice by the IPU.

NOTE 13 RESERVES

(a) The IPU has established a reserve to pay for major repairs to the Headquarters building at some later date. In September 2001, the Governing Council resolved to contribute CHF 55,000 per annum to this reserve beginning in 2008 until 2014. Beginning in 2018, the depreciation of the windows replaced in 2018 and 2019 has been charged to the reserve.

Amount in CHF	2019	2018
Opening Balance	425,269	427,694
Contributions		
Expenditures	10,155	2,425
Closing Balance	415,114	425,269

(b) The IPU has established a reserve for offsetting carbon emissions from IPU activities, especially those involving travel. In 2019, an amount of CHF 25,100 (CHF 28,100 in 2018) was contributed to the reserve to compensate for emissions of CO₂ from regular activities. Expenditures of CHF 8,719 (CHF 28,243 in 2018) were made on climate-change-related activities using funds from the reserve.

Amount in CHF	2019	2018
Opening Balance	6,414	6,557
Contributions	25,100	28,100
Expenditures	8,719	28,243
Closing Balance	22,795	6,414
Total reserves	437,909	431 683

NOTE 14 CONTINGENT LIABILITIES

During the course of 2019, several staff members received notices of tax assessment from the Ministry of Economy, Finance and Industry of France and the Canada Revenue Agency relating to income earned from the IPU. The IPU is contractually obligated to reimburse to staff members any national taxes paid in respect to income earned from the IPU and it believes that all amounts for prior years were settled during 2019.

**NOTE 15 RECONCILIATION OF BUDGET TO ACTUAL
COMPARISON AND STATEMENT OF FINANCIAL
PERFORMANCE**

	Operating	Financing	Investing	Total
Revenue on budgetary basis	14,802,977	-	-	14,802,977
Less staff assessment included in revenue	<u>-1,057,109</u>	<u>-</u>	<u>-</u>	<u>-1,057,109</u>
Revenue net of staff assessment	13,745,867	-	-	13,745,867
Expense on budgetary basis	14,522,963	-	-	14,522,963
Less staff assessment	<u>-1,057,109</u>	<u>-</u>	<u>-</u>	<u>-1,057,109</u>
Expense net of staff assessment	13,465,853	-	-	13,465,853
Net result on budgetary basis	280,014	-	-	280,014
Presentation differences				
Less Statutory write-off	-187,860	-	-	-187,860
Adjustment to Closed Pension Fund liability	<u>439,171</u>	<u>-</u>	<u>-</u>	<u>439,171</u>
Sub total presentation differences	251,311	-	-	251,311
Surplus per Statement of Financial Performance	531,325	-	-	531,325

In the budgetary comparison, transfers to the reserves are reported as expenses as they are charged to the revenue received from assessed contributions. On the Statement of Financial Performance, transfers from accumulated fund balance to reserves are reported as an adjustment to net assets and not included in current expense.

In the presentation of revenue and expense on a budgetary basis, staff costs are presented on a gross basis as established by the International Civil Service Commission (ICSC). The amount of the staff assessment less the amount of any reimbursement paid to staff members to cover national income taxes is presented as revenue. On the Statement of Financial Performance, staff costs are presented net of the staff assessment plus the amount of reimbursement paid to staff members. The difference in presentation has no impact on the presentation of the net result.

Amount in CHF	2019	2018
Gross Staff Assessment	1,082,324	1,056,347
Reimbursements		
- France	2,819	55,820
- Canada	22,396	46,855
Total	25,215	102,675
Net Staff Assessment	1,057,109	953,672

NOTE 16 RELATED PARTY TRANSACTIONS

The IPU's main statutory bodies are the Assembly, the Governing Council and the Executive Committee, which are composed of representatives of Member Parliaments. The representatives do not receive remuneration from the IPU.

The IPU is managed by a Secretary General, appointed by the Governing Council, and senior officers (directors) appointed by the Secretary General and considered key management personnel. All are remunerated by the IPU. The aggregate remuneration paid to key management personnel includes salaries, allowances, statutory travel, pension contributions, medical and accident insurance, education grants, home leave and other entitlements paid in accordance with the Staff Rules and Regulations and applicable to all staff. All key management personnel are members of the UNJSPF and are eligible for participation in the Staff Health Insurance plan.

Key management personnel and their aggregate remuneration were as follows:

	2019	2019	2018	2018
	Number of individuals	Aggregate remuneration cost	Number of individuals	Aggregate remuneration cost
	(as an average)	(in CHF)	(as an average)	(in CHF)
Senior officers:	5.0		4.6	
Net salary and post adjustment		983,872		902,392
Employer medical and pension contributions		239,122		204,940
Other allowances		108,444		133,053
Total		1,331,438		1,240,385

There were no loans to key management personnel or to their close family members that were not available to other categories of staff. There was no other remuneration or compensation paid to key management personnel or their close family members.

The IPU has no ownership interest in associations or joint ventures and no controlled entities. The IPU's agreement with the UNJSPF requires that its salaries be established in accordance with those of the United Nations Common System. The policies are promulgated by the International Civil Service Commission (ICSC), which is an entity established by the UN General Assembly. The methodology for determining general service staff salaries in accordance with salary surveys are determined by the ICSC. Salaries for professional staff, levels of dependency allowance and education grants are recommended by the ICSC to the UN General Assembly, which makes a decision for the entire UN Common System, and the final decision rests with the governing bodies of the IPU.

NOTE 17 SEGMENT REPORTING

Segment information is presented in a format based upon the strategic objectives and enablers approved by the Governing Council in the 2019 budget. Only revenue and expense are presented by segment. All assets and liabilities belong to the IPU as a whole and there is no reasonable basis for allocation of individual assets, liabilities and net assets to individual segments.

	Strategic Objectives	Enablers	Other charges	Pension Fund	Eliminations	Total
Revenue						
Assessed Contributions	6,412,461	4,033,520	80,668	0	0	10,526,650
Voluntary Contributions	3,003,257	0	0	0	0	3,003,257
Investment income	0	194,822	0	484,305	0	679,128
Other Income	0	214,987	0	30,988	-222,536	23,439
Total revenue	9,415,718	4,443,330	80,668	515,293	-222,536	14,232,475
Expense						
Personnel Expenditure – permanent staff	5,439,739	2,878,738	0	882,405	-1,077,768	8,123,114
Personnel Expenditure – temporary staff	2,632,844	200,240	0	0	0	2,833,084
Actuarial Gain/(Loss) on Pension Fund	0	0	-439,171	-384,197	0	-823,368
Travel Expenditure	1,080,337	157,123	0	0	0	1,237,460
Contractual Services	732,107	185,375	0	17,085	-201,877	732,690
Operating Expenses	287,719	356,275	0	0	0	643,993
Supplies, Materials and Equipment	37,114	66,871	0	0	0	103,985
Allowance for Doubtful Accounts	0	0	71,747	0	0	71,747
Grants and Honoraria	43,316	30,000	19,457	0	0	92,773
Depreciation	0	406,572	0	0	0	406,572
Amortization of loan	0	61,072	0	0	0	61,072
Statutory Write-off of Member Contributions	0	187,860	0	0	0	187,860
Loss on Foreign Exchange	0	30,167	0	0	0	30,167
Total expense	10,253,176	4,560,292	-347,967	515,293	-1,279,645	13,701,149

Personnel expenditure for permanent staff is reflected for each segment at gross value (including staff assessment). The staff assessment (revenue and expense) and the IPU contribution to the closed pension fund are eliminated prior to consolidation.

NOTE 18 REVENUE AND EXPENSE

Assessed contributions

Members and Associate Members of the Organization pay an annual contribution to the IPU to finance its activities in accordance with the work programme and budget and scale of contributions adopted by the Governing Council in accordance with Article 21 of the IPU Statutes. Assessed contributions are due at the beginning of the budget year and payable by 31 March of each year in accordance with Financial Rule 5.4.

Voluntary contributions

Members and other donors contribute funds to the Organization for the purpose of financing specific projects and activities. Funds are accepted by the Secretariat with the approval of the Governing Council.

Programme support costs

The IPU charges programme support costs for the projects it implements with funding from other agencies. The IPU collected fees in the amount of CHF 201,877 on project direct costs of CHF 3,003,257 (CHF 223,297 on project direct costs of CHF 3,014,500 in 2018).

Other income

Other income was as follows:

Amount in CHF	2019	2018
Pension Fund Prior Period Adjustment	-	6,111
Staff contributions to pension fund	10,329	10,257
Other	13,110	31,234
Total Other Income	23,439	47,601

“Other” includes sales of publications, asset disposals and extraordinary income.

Investment income

Total returns on investments were:

Amount in CHF	2019	2018
Interest	21,280	32,835
Capital Gains (Losses)	657,848	-380,381
Total Investment Income	679,128	-347,545

Expense

Expenses are reported on an accrual basis, recognizing expense when goods are received and services are rendered. All inter-fund charges for services have been eliminated prior to consolidation on the Statement of Financial Performance.

Personnel Expenditure – permanent staff includes short-term employee benefits such as base salary, post-adjustment, dependency allowance, pension contribution, health and other insurance contributions, home leave and other entitlements for permanent staff. The pension contribution from the IPU to the closed Pension Fund has been eliminated on consolidation.

Amount in CHF	2019	2018
Salaries and allowances - regular staff	5,259,101	5,209,684
Dependent allowance	286,624	287,851
Pension contribution UNJSPF	1,048,039	972,245
Health insurance	354,638	314,751
Education allowance	302,015	304,204
Other allowances	25,641	27,997
Separation benefits	-46,018	121,821
Pension and survivor benefits	882,405	890,268
Other benefits	31,327	59,348
Less eliminations	-20,658	-20,514
Total personnel expense - permanent staff	8,123,114	8,167,655

Personnel expenditure – temporary staff includes costs of short-term staff and consultants.

Amount in CHF	2019	2018
Temporary Staff	291,438	312,021
Interpreters	816,339	881,023
Translators	221,272	274,198
Consultants	1,504,034	1,530,332
Total personnel expense - temporary staff	2,833,084	2,997,575

Closed Pension Fund adjustment reflects the net impact of actuarial adjustments on the defined benefit obligation.

Amount in CHF	2019	2018
Current service cost	9,766	9,806
Interest cost	71,129	48,691
Employee contributions	10,329	10,257
Pension paid by plan	-914,592	-914,973
Net credit to employee benefits recognized on statement of Financial Performance	-823,368	-846,219

Travel expenditure includes the costs of airfare, daily subsistence allowances, terminal allowances and other travel costs for staff on official business, travel for delegates and travel for participants and experts in connection with training activities.

Amount in CHF	2019	2018
Transportation	874,101	630,572
Allowances	362,069	386,647
Incidentals	1,290	603
Total travel expenditure	1,237,460	1,017,822

Contractual services include costs of translation and editing, printing and publishing, conference services and software and database maintenance. The management fees charged for project support costs are eliminated on consolidation.

Amount in CHF	2019	2018
Translating/editing	356,818	435,540
Printing and publishing	86,411	129,051
Conference Venue Services	147,884	309,214
Computer maintenance and on-line databases	28,798	22,592
Audit costs	5,000	5,300
Pension fund investment management and banking	17,085	19,449
Management services	201,877	223,297
Other	90,694	83,405
Eliminations	-201,877	-223,297
Total contractual services	732,690	1,004,550

Operating expenses include the costs of maintenance and cleaning of the Headquarters building, communications (postage and telephone), meeting costs and bank charges

Amount in CHF	2019	2018
Rent	138,378	112,113
Heating	30,311	30,601
Electricity	23,096	25,873
Water	3,252	3,440
Premises and grounds maintenance	70,402	57,902
Cleaning	17,067	16,379
Security	8,235	112,988
Insurance	11,253	14,115
Vehicles	9,682	11,790
GE Maintenance, insurance & rental	86,741	73,502
Communications	89,196	85,148
Internet connectivity	22,076	22,041
Website	16,159	11,057
Press and publicity costs	6,984	12,476
Hospitality	81,530	127,545
Institutional gifts	20,044	8,405
Bank charges	9,586	13,348
Over/Under	-0	-1
Total Operating expenses	643,993	738,720

Supplies, materials and equipment include office equipment that does not meet the threshold in Note 2.

Amount in CHF	2019	2018
Paper	8,472	2,091
Stationery	2,128	13,668
Miscellaneous office supplies	31,556	38,777
Coffee/tea/drinking water	6,470	6,266
Sundry	1,357	1,320
IT maintenance and repair	12,991	16,927
Software and supplies	37,306	44,710
Books	97	74
Periodicals	3,608	4,065
Total supplies , materials and equipment	103,985	127,897

Expenses related to depreciation are explained in Note 8.

The expense related to the increase in the **provision for doubtful debts** is explained in Note 5 to the Financial Statements above.

Amount in CHF	2019	2018
Change in provision for assessed contributions receivable	71,747	95,895
Total change in provisions	71,747	95,895

Expenses for grants and honoraria include a grant to the Association of Secretaries General of Parliaments (ASGP) and the honoraria for the President of the IPU.

Amount in CHF	2019	2018
Grants	59,647	90,081
Honorariums	33,126	26,618
Total grants and honorariums	92,773	116,699

NOTE 19 FINANCIAL RISKS

The IPU's financial position includes the following financial instruments:

Amount in CHF	2019	2018
Cash and cash equivalents	5,153,832	4,429,741
Deposits	4,738,919	4,738,877
Accounts receivable - assessed contributions	805,643	872,329
Accounts receivable - voluntary contributions	3,923,433	403,100
Accounts receivable - other	70,017	128,253
Investments	6,945,168	7,243,100
Borrowing	-5,182,070	-5,310,598
Accounts Payable	-343,077	-217,062
Net financial assets less financial liabilities	16,111,865	12,287,739

The IPU is exposed to certain market, credit and liquidity risks as follows:

Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market prices, including currency risk, interest rate risk and other price risk. The IPU is exposed to foreign currency exchange and interest rate risk. It receives revenue from fees and voluntary contributions and incurs expenses in currencies other than its presentation currency (CHF). The IPU is exposed to foreign exchange risk arising from fluctuations of currency exchange rates. It does not use derivative financial instruments to hedge exchange risk.

A change in the currency exchange rate between the Swiss franc and other currencies (US dollar and euro) in which financial instruments are held or revenue or expense transactions recognized of +/-5 per cent would have had the following impact on the financial statements:

Amount in CHF	Impact on surplus/deficit	Impact on Net Assets
Impact +5%	105,875	46,313
Impact -5%	-117,019	-46,313

The IPU also has a limited exposure to the risk of changes in interest rates. Its operating budget is financed primarily from revenue from Members' contributions and the sale of goods and services. Though only 0.5 per cent of its operating budget is financed from revenue derived from investment income, the investments by the Pension Fund are held in a mutual fund, which is exposed to the risk of changes in market conditions. Should investment revenue decrease or increase the funds available to finance the closed Pension Fund, the contribution from the operating budget would increase or decrease accordingly. The IPU does not utilize financial instruments to hedge interest rate risk.

Liquidity risk

Liquidity risk is the risk that the IPU will encounter difficulties in meeting obligations associated with financial liabilities. The IPU has limited exposure to liquidity risk, owing to its substantial unrestricted cash reserves, which are replenished from the results of its operations. The IPU's investment policy has been developed to ensure that its investments are held primarily in liquid short-term deposits.

The IPU's total of cash and cash equivalents at 31 December 2019 of CHF 9.9 million is sufficient to meet its current liabilities at that date of CHF 2.4 million. On an ongoing basis, it is anticipated that the IPU will have sufficient liquidity to pay all of its debts due. The maturity of the financial liabilities is reflected in Statement I – Statement of Financial Position.

Credit risk

Credit risk is the risk that a counter party of the IPU's financial assets will fail to discharge its obligations. The IPU's accounts receivable derive almost exclusively from its Member Parliaments; the IPU therefore considers its credit risks to be limited to a small selection of cases. Credit risk is re-evaluated annually, and changes are reflected in the calculation of the provision for doubtful debts. Cash and cash equivalents are held in banks with sovereign risk or with credit ratings of A- or higher, based on ratings by Fitch and Standard and Poor's (S&P). The asset value of accounts receivable has been reduced through the use of a provision for doubtful debts to reflect receivables for which payment is not anticipated in the short term.