



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

***Report of the statutory auditor
to the Council on the consolidated
financial statements 2014***



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

Report of the statutory auditor on the consolidated financial statements

As statutory auditor, we have audited the accompanying consolidated financial statements of IUCN, International Union for Conservation of Nature and Natural Resources (“IUCN”), which comprise the balance sheet, income and expenditure statement, cash flow statement and notes, for the year ended 31 December 2014.

Management’s responsibility

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

Auditor’s responsibility

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

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

Opinion

In our opinion, the consolidated financial statements for the year ended 31 December 2014 comply with Swiss law, IUCN Statutes as well as with the consolidation and valuation principles described in the notes.



Report on other legal requirements

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

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

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

PricewaterhouseCoopers SA

Yves Cerutti
Audit expert
Auditor in charge

Julien Ménoret
Audit expert

Geneva, 13 May 2015

Enclosure:

- Consolidated financial statements (balance sheet, income statement, cash flow statement and notes)
- Annex A – 2014 Core Funds under Framework Agreements

IUCN – International Union for Conservation of Nature and Natural Resources

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

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CONSOLIDATED BALANCE SHEET AS OF 31 DECEMBER 2014

Report Currency: CHF ('000)

	Notes	2014	2013
ASSETS			
Current assets			
Cash and short term bank deposits	III	27,823	46,498
Financial assets	IV	13,132	0
Membership dues receivable (net)	VI	2,656	2,318
Staff receivables	VII	322	258
Receivables from partner organisations	VIII	514	77
Advances to implementing partners	IX	6,215	3,333
Other accounts receivable		2,878	2,551
Donor funds receivable		2,678	1,287
Subtotal		56,218	56,322
Framework agreements receivable	X	0	705
Project agreements receivable	XIV	10,944	9,745
Total current assets		67,162	66,772
Non-current assets			
Fixed assets (net)	XIII	33,035	34,485
Intangible assets (net)	XIV	2,333	3,009
Total non-current assets		35,368	37,494
TOTAL ASSETS		102,530	104,266
LIABILITIES AND FUND BALANCES			
Current liabilities			
Membership dues paid in advance		1,451	1,250
Accounts payable and accrued liabilities	XV	4,982	4,057
Social charges payable		563	411
Project agreements advances	XI	38,577	43,297
Deferred unrestricted income	XVII	100	989
Deferred income buildings	XVII	670	711
New building loan	XVIII	106	103
Miscellaneous current liabilities		272	253
Hosted organisations advances	XII	888	1,642
Total current liabilities		47,609	52,713
Provisions			
Projects in deficit	XVI	927	897
Staff leave and repatriation	XVI	1,491	867
Staff termination	XVI	1,838	1,852
Total provisions		4,256	3,616
Non-current liabilities			
Long term deferred income	XVII	20,623	21,217
New building loan	XVIII	9,704	9,809
Total non-current liabilities		30,327	31,026
Fund and Reserves			
IUCN fund	XIX	8,621	6,128
Secretariat contingency fund		3,049	2,618
Currency translation adjustment		1,195	1,496
Reserve for statutory meetings		946	499
Other reserves		458	225
Cost centre reserves		5,301	5,272
Renovation fund		768	673
		20,338	16,911
TOTAL LIABILITIES AND FUND BALANCES		102,530	104,266

See notes to the consolidated financial statements as indicated

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CONSOLIDATED INCOME AND EXPENDITURE STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2014

Report Currency: CHF ('000)

	Notes	2014 Secretariat Unrestricted	Project Agreements	Total	2013 Secretariat Unrestricted	Project Agreements	Total
EXTERNAL OPERATING INCOME							
Membership dues		12,147	0	12,147	12,374	0	12,374
Retention of staff income tax	XX	1,197	0	1,197	1,214	0	1,214
Agreements income		222	75,853	76,075	341	78,793	79,133
Framework income	XXI	16,822	0	16,822	16,935	0	16,935
Other operating income	XXII	3,941	1,373	5,314	3,519	423	3,942
TOTAL EXTERNAL OPERATING INCOME		34,329	77,226	111,555	34,383	79,216	113,599
INTERNAL ALLOCATIONS							
Framework allocated to projects		(630)	630	0	(640)	640	0
Cross charges from projects		32,404	(32,607)	(203)	27,890	(27,738)	153
Other internal allocations		263	(60)	203	110	(263)	(153)
NET ALLOCATION		32,037	(32,037)	0	27,360	(27,360)	0
OPERATING EXPENDITURE							
Personnel costs and consultancies		50,582	22,250	72,832	46,328	21,084	67,413
Travel and communications		2,959	15,929	18,888	2,217	13,671	15,888
Vehicles & equipment - costs & maintenance		2,630	3,135	5,765	2,802	2,823	5,624
Office and general administrative costs		5,146	2,712	7,858	4,799	2,221	7,020
Publications and printing costs		375	2,094	2,469	373	1,776	2,149
Workshops and grants to partners		1,019	5,155	6,174	769	5,050	5,819
Other operating expenditure		698	1,153	1,851	710	575	1,285
TOTAL OPERATING EXPENDITURE		63,409	52,428	115,837	57,998	47,200	105,197
NET OPERATING SURPLUS/ (DEFICIT)		2,957	(7,239)	(4,282)	3,745	4,655	8,401
OTHER INCOME (EXPENDITURE)							
Interest income	XVIII	705	9	714	577	33	609
Financial charges	XVIII	(791)	(188)	(979)	(722)	(227)	(949)
Capital gains/(losses)	IV	111	0	111	1,003	0	1,003
Net gains/(losses) on foreign exchange	XVIII	(313)	27	(286)	134	(92)	42
Exchange differences on revaluation of project balances	XXIII	(0)	1,204	1,204	0	(362)	(362)
Net movements in provision and write-offs		(997)	268	(729)	(1,197)	121	(1,076)
TOTAL OTHER INCOME (EXPENDITURE)		(1,285)	1,320	35	(205)	(528)	(733)
Net Surplus (Deficit) for the year before extraordinary item		1,672	(5,919)	(4,247)	3,540	4,127	7,668
Gain on sale of land in WASAA	XXV	2,701		2,701	0	0	0
NET SURPLUS (DEFICIT) FOR THE YEAR		4,373	(5,919)	(1,546)	3,540	4,127	7,668

See notes to the consolidated financial statements as indicated

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CONSOLIDATED FUNDS AND RESERVE STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2014

Report Currency: CHF ('000)

	Reserve for Statutory Meetings	Designated reserves			Unrestricted Reserve			Total
		Other reserves	Cost Centre Reserves	Renovation Fund	Currency Translation Adjustment	IUCN Fund	Secretariat Contingency Fund (SCF)	
Balance as at 1 January 2013	0	0	4,070	496	1,359	6,227	1,082	13,234
Net surplus/deficit for the year			2,434			(99)	1,205	3,540
Foreign exchange adjustment					137			137
Allocation from core-funded cost centers to SCF			(1,232)				1,232	0
Allocation to Renovation fund				177			(177)	0
Allocation to Other Reserves		225					(225)	0
Allocation to Reserve for Statutory Meetings	499						(499)	0
Balance as at 31 December 2013	499	225	5,272	673	1,496	6,128	2,618	16,911
Balance as at 1 January 2014	499	225	5,272	673	1,496	6,128	2,618	16,911
Net surplus/deficit for the year			930			2,493	950	4,373
Foreign exchange adjustment					(946)			(946)
Allocation from core-funded cost centers to SCF			(901)				901	0
Allocation to Renovation fund				95			(95)	0
Allocation to Other Reserves		233					(233)	0
Allocation to Reserve for Statutory Meetings	447						(447)	0
Legacy system reclassification					645		(645)	0
Balance as at 31 December 2014	946	458	5,301	768	1,195	8,621	3,049	20,338

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CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2014

Report Currency: CHF ('000)

	Notes	2014	2013
Cash flow from operations			
Surplus/Deficit from Operations		4,373	3,540
Release from /(allocation to) reserves		(3,237)	(799)
Effect of exchange rate	XIX	(946)	137
Net Balance from Operations		190	2,878
Depreciation of fixed assets	XIII	2,310	2,229
Amortisation and impairment of Intangible assets	XIV	676	656
Increase / (decrease) in provisions for projects in deficit	XVI	30	169
Increase / (decrease) in the provision for staff termination	XVI	(14)	358
Increase / (decrease) in staff leave and repatriation liabilities	XVI	624	(185)
(Increase) / decrease in membership dues receivables (net)	VI	(338)	(965)
(Increase) / decrease in staff receivables	VII	(64)	102
(Increase) / decrease in receivables from partner organisations	VIII	(437)	1,206
(Increase) / decrease in advances to implementing partners	XI	(2,882)	(1,350)
(Increase) / decrease in other accounts receivable		(327)	213
(Increase) / decrease in donor funds receivable		(1,391)	0
Increase / (decrease) in membership dues paid in advance		201	329
Increase / (decrease) in accounts payable and accrued liabilities	XV	926	28
Increase / (decrease) in social charges payable		152	(97)
Increase / (decrease) in miscellaneous current liabilities		19	(35)
Increase / (decrease) in hosted organisations advances		(755)	0
(Increase) / decrease in framework agreements receivable	X	705	527
(Increase) / decrease in project agreements receivable	XI	(1,199)	3,118
Increase / (decrease) in project agreements advances	XI	(4,720)	746
(Gain) / loss on disposal of fixed assets	XIII	(2,588)	686
Increase / (decrease) in Reserve for statutory meetings	XIX	447	499
Increase / (decrease) in Other reserves	XIX	233	225
Increase / (decrease) in Renovation fund reserve	XIX	95	177
Increase / (decrease) in IUCN fund reserve	XIX	2,493	(99)
Total Cash flow from operations		(5,614)	11,415
Cash flow from investing activities			
Purchase of fixed assets	XIII	(1,185)	(2,907)
Net movement in financial assets	IV	(13,132)	9,326
Purchase of intangible assets	XIV	0	(116)
Total Cash flow from investing activities		(14,317)	6,303
Cash flow from financing activities			
Increase/(decrease) in loan	XVIII	(102)	(101)
Increase/(decrease) in current deferred income	XVII	(930)	(13)
Increase/(decrease) in long-term deferred income	XVII	(594)	(1,028)
Proceeds from sale of land in WASAA	XXV	2,882	0
Total Cash flow from financing activities		1,256	(1,142)
Net Cash inflow for the year		(18,675)	16,576
Cash and short term deposits at the beginning of the year	III	46,498	29,922
Cash and short term deposits at the end of the year	III	27,823	46,498

See notes to the consolidated financial statements as indicated

IUCN – International Union for Conservation of Nature and Natural Resources

Notes to the financial Statements for the Year ended 31 December 2014

All amount in CHF ('000) unless otherwise stated

I. ACTIVITY

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

II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND DEFINITIONS

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

1. Accounting convention

The financial statements are prepared under the historical cost convention except for financial assets and loans that are measured at revalued amounts or at fair values. The financial statements are in accordance with the provisions of the Code of Obligations applicable prior to the changes introduced on 1 January 2013, in accordance with the transitional provisions of the new accounting law.

2. Basis of consolidation

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

- The International Union for the Conservation of Nature and Natural Resources, Registered Trustees, (WASAA Trust Fund, Nairobi)
- UICN, Bureau de Représentation auprès de l'Union Européenne aisbl
- Iucn Europees Regionaal Office Stichting (Stichting Iucn-Ero)
- Associação UICN
- IUCN UK (A Company Limited by Guarantee)

3. Migration to the Enterprise Resource Planning (ERP) System

IUCN commenced implementation of an ERP system in 2011. The Headquarters office and Mediterranean office were migrated to the new system in 2011. Other offices followed in 2013 and 2014. As at the end of 2014 all offices were using the ERP system with the exception of those in West and Central Africa and the Environmental Law Centre in Bonn which use the legacy SUN system.

For each office, data was migrated from the start of the year for the year of implementation, irrespective of the “go-live” date. Opening balances were migrated at the 31st December rate of the previous year. Transactions from the start of the year to the “go-live” date were migrated at

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the monthly rate. Exchange differences arising from migration have been recorded as foreign exchange gains/losses on the income and expenditure statement in the year of migration.

Prior to the implementation of the ERP system, offices maintained their books in either EUR or USD, except for Headquarters which maintained its books in CHF. The choice of functional currency was reassessed at the time of moving to the ERP and changed to reflect the economic environment in which each office operated and the predominant currency used for payments. Consequently, the functional currency was changed to the national currency of the country with the exceptions of Fiji (USD), Costa Rica (USD), and Serbia (EUR) where the currency chosen better reflects the economic environment in which the office operates.

4. Currency of accounts

a) Reporting currency

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

b) Functional currency

A separate set of accounts is maintained for each country where IUCN has a presence. The functional currency for each country is the national currency of the country with the exception of Fiji (USD), Costa Rica (USD) and Serbia (EUR).

For those offices in West and Central Africa and Environmental Law Centre, Bonn which use the SUN system the currency of the accounts is EUR.

5. Foreign exchange

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

- Transactions denominated in currencies other than the office ledger currency are converted to the ledger currency and recorded on the basis of the exchange rate prevailing at the date of the transaction. At the end of the year all balances maintained in transaction currencies are translated to the currency of the office ledger at the year-end rate. The gains and losses incurred are recognised in the income statement of each office ledger.
- At consolidation, all transactions in non-CHF ledgers are translated at the daily rate of exchange to CHF, except for those offices using the SUN system where transactions are translated at the monthly rate of exchange. The resulting exchange gain and loss is accounted for in the income statement.
- Except for fixed assets which are stated at historical values, non-Swiss franc balances in the consolidated balance sheet are translated at the year-end exchange rate and the resulting net unrealised gain or loss included in the balance sheet as a currency translation adjustment reserve.
- Project balances are expressed in the currency of the ledger in which they reside. Project balances in currencies other than CHF are re-valued to CHF using the year-end exchange rates. The resulting net unrealised gain or loss is recognized in the currency translation adjustment reserve.

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- If, as a result of the application of the above revaluation policies, a net deficit would occur on the currency translation adjustment reserve the deficit would be recognized in the income and expenditure statement.

6. Income

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

a) Membership dues

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

b) Voluntary donations

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

Framework agreements income

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

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

Framework in-kind contributions

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

Project agreements income

Project agreements income is restricted for specific project activities detailed in project agreements. For those offices using the Enterprise Resource Planning (ERP) system (28 offices), income is either recognised at the point an invoice is raised and sent to the donor or on the basis of cash received if no invoice has been raised. For those offices using the SUN system (11 offices), income is recognised in the income statement on a cash basis. At the end of the year, projects may have a positive or negative balance. The sum of the balances on project agreements where income exceeds expenditure is recorded in the balance sheet as Project agreements advances, while the sum of the balances where expenditure exceeds income received is recorded as Project agreements receivable.

c) Retention of staff income tax

Non-Swiss staff resident in Switzerland are exempt from paying taxes on their IUCN earnings on the basis of a Fiscal Agreement between IUCN and the Swiss Government, which entered

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into effect on 1st January 1987. In order to ensure equitable treatment of both Swiss and non-Swiss staff at Headquarters, an internal tax is levied on non-Swiss staff resident in Switzerland. This is shown as Retention of staff income tax in the Income and Expenditure Statement and is classified as unrestricted income.

7. Expenditure

All unrestricted expenditure is accounted for on an accrual basis. For those offices using the ERP system project expenditure is recognised on an accrual basis except for expenditure incurred by implementing partners which is recognised at the point an expenditure report is received from the partner. For those offices using the SUN system expenditure is recognised on a cash basis. At the end of a project, expenditure is recognised on an accrual basis irrespective of the system used.

8. Financial assets

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

9. Fixed assets

a) Purchased assets

Purchased fixed assets are capitalised when the purchase price is CHF 1,000 or above or the equivalent in other currencies and when ownership resides with IUCN.

b) In-kind assets

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

c) Depreciation

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

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

d) Donations for the purchase of fixed assets

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

10. Intangible assets

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

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All amount in CHF ('000) unless otherwise stated

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

11. Provisions

a) Provision for membership dues receivable

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

Membership dues outstanding for:

four years or more	100%
three years	60%
two years	40%
one year	20%

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

b) Provision for projects in deficit

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

c) Staff terminations

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

Additional provision is made when there is a local legal obligation

d) Staff leave and repatriation

Staff leave refers to the holiday entitlement which had not been used by staff at the year-end. Staff leave is accrued for Headquarters staff starting 2014 and when there is a legal obligation to do so in other countries. Staff members are not allowed to carry forward from one year to another a cumulative leave balance of more than 10 days and any outstanding leave days are normally covered as part of the normal staff notice period. The balance at the year-end also includes the estimated cost of repatriation of international staff.

12. Loans at below market rate of interest

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

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All amount in CHF ('000) unless otherwise stated

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

13. Hosted organisations

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

Income received and expenditure incurred on behalf of a hosted organisation is accounted for in separate project accounts and, with effect from 1 January 2014, excluded from consolidation. Funds held by IUCN on behalf of hosted organisations are recorded on the balance sheet as hosted organisation advances.

14. Reserves

IUCN maintains the following reserves:

a) Unrestricted reserves

IUCN Fund

The IUCN Fund is maintained in order to preserve the Union's capital base. All income earned and losses incurred on the fund during the year are added or subtracted to its capital value. The use of the fund is governed by the IUCN Council and is maintained as a reserve of last resort.

Currency translation adjustment

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

Secretariat contingency fund

The Secretariat contingency fund represents other unrestricted reserves.

b) Designated reserves

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

Reserve for statutory meetings

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

Cost centre reserves

Cost centre reserves represent surpluses on individual cost centres that are funded by unrestricted funds. Surpluses on those cost centres funded entirely by unrestricted funds are transferred to the Secretariat Contingency Fund. Surpluses on cost centres that are funded by both unrestricted and restricted funds (those relating to regional and global thematic programmes) are retained as cost centre reserves with the exception of 10% which is

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transferred to the Secretariat Contingency Fund. The balance may be used in future accounting periods by cost centre managers with the explicit approval of the Director General and provided their expected use is included in a budget approved by the IUCN Council.

Renovation fund

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

Other reserves

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

15. Prior Year Comparatives

The following prior year comparatives have been reclassified on the balance sheet to be consistent with the current year's presentation:

	2013	2013
	Revised	Published
Membership dues receivable	2,318	4,261
Provision for membership dues in arrears	-	(1,943)
	2,318	2,318
Other accounts receivable	2,551	3,838
Donor funds receivable	1,287	-
	3,838	3,838
Project agreement advances	43,297	44,939
Hosted organisation advances	1,642	-
	44,939	44,939

III. CASH AND SHORT TERM BANK DEPOSITS

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

REGION OR OFFICE	2014	2013
Asia	2,680	2,709
Central America	1,582	821
Eastern and Southern Africa	1,676	2,040
Europe	217	1,475
Environmental Law Centre, Bonn	183	194
Headquarters	16,424	36,062
Mediterranean	406	415
Oceania	212	101
South America	249	55
United Kingdom	125	107
United States	764	220
Western and Central Africa	3,233	1,819
West Asia	73	480
Total	27,823	46,498

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IV. FINANCIAL ASSETS

	2014	2013
Bonds	8,579	0
Microfinance	3,018	0
Equities	1,535	0
Treasury Bills (Government of Zimbabwe)	0	0
Total	13,132	0

In January 2014 IUCN invested in portfolio of bonds, equities and microfinance assets to be managed by an external investment company.

At 31 December 2014, an unrealized foreign exchange loss of CHF108 was recognised on the investment portfolio.

During the 2014 year, CHF 111 of capital gains was realised on the sale of investments and reinvested in the portfolio.

The government of Zimbabwe appropriated USD bank accounts of IUCN in 2008. In 2014, treasury bills were issued to IUCN as compensation for the appropriation. The treasury bills have maturity dates from 2017 to 2019. The treasury bills are recorded at estimated fair value.

V. DERIVATIVE FINANCIAL INSTRUMENTS

Forward currency contract commitments:

	Other currency	USD	CHF	Maturity date
Conversion of SEK to USD	15,000	2,060		31.03.2015
Conversion of NOK to USD	10,500	1,589		28.04.2015
Conversion of DKK to USD	5,000	857		31.08.2015
Conversion of DKK to CHF	5,000		810	27.05.2015
Conversion of SEK to CHF	7,500		970	30.09.2015

The contracts for the conversions of SEK to USD maturing 31 March 2015, DKK to USD maturing 31 August 2015 and SEK to CHF maturing 30 September 2015 are forward currency contracts.

The contracts for the conversions of DKK to CHF maturing 27 May 2015 and NOK to USD maturing 28 April 2015 are forward currency contracts which, if the spot rate is above the strike rate, oblige IUCN to sell double of the other currency at the strike rate.

At 31 December 2014, the market value of forward currency contracts was CHF 388 (2013-CHF 0).

VI. MEMBERSHIP DUES RECEIVABLE AND PROVISION

	2014	2013
Gross Membership dues receivables	3,777	4,261
Provision for dues in arrears	(1,121)	(1,943)
Net Membership Dues Receivable	2,656	2,318

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The provision for Membership dues in arrears has been calculated in accordance with the policy described in note II.11.

	2011 and prior	2012	2013	2014	Total
State Members	8	193	714	1,961	2,876
Government Agencies	12	66	140	253	471
International NGOs	1	5	26	35	67
National NGOs	7	54	86	144	291
Affiliates	5	13	24	30	72
Total membership dues receivable	33	331	990	2,423	3,777
Provision for membership dues	(33)	(199)	(396)	(493)	(1,121)
Net membership dues receivables	0	132	594	1,930	2,656

Movement in provision for membership dues

	2014	2013
Balance at 1 January	1,943	2,210
Addition to provision	309	1,033
Write off of deficits against provision	(1,131)	(1,300)
Balance at 31 December	1,121	1,943

VII. STAFF RECEIVABLES

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

	2014	2013
Net travel advances	265	184
Payroll advances and staff loans	57	73
Total	322	258

VIII. RECEIVABLES FROM PARTNER ORGANISATIONS

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

	2014	2013
RAMSAR Convention Secretariat	514	71
Other	0	6
Total	514	77

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IX. ADVANCES TO IMPLEMENTING PARTNERS

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

	2014	2013
Asia and Oceania	687	739
Eastern and Southern Africa	790	659
Europe	15	115
Headquarters	2,712	500
North America	161	0
South and Central America	828	951
West Asia	270	0
Western and Central Africa	752	369
Total	6,215	3,333

X. FRAMEWORK AGREEMENTS RECEIVABLE

Framework agreements receivable represent framework agreements income due but not received as at the end of the year. As at 31 December 2014 there was no receivable compared to CHF 705 outstanding at 31 December 2013.

XI. PROJECT AGREEMENTS RECEIVABLE AND ADVANCES

Project agreements receivable represent the total of project balances where expenditure incurred exceeds amounts advanced by donors, while project agreement advances represent the total of project balances where advances from donors exceeds expenditure incurred.

	2014	2013
Project agreements receivables	10,944	9,745
Project agreements advances	(38,577)	(43,297)
Net balance at year end	(27,633)	(33,552)

XII. HOSTED ORGANISATIONS ADVANCES

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

	2014	2013
Balance at 1 January	1,642	0
Income	3,048	0
Expenditure	(4,135)	0
	556	0
Other funds held	332	1,642
Balance at 31 December	888	1,642

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XIII. FIXED ASSETS

1. Movement in fixed assets

	Building Infrastructures	Building Installations	Other Land and Buildings	Vehicles, Equipment, Furniture & Fixtures	Total
Purchase value:					
Balance as at 31 December, 2012	27,178	13,775	1,460	12,090	54,503
Additions	0	0	2,020	887	2,907
Disposals	0	0	0	(2,471)	(2,471)
Balance as at 31 December, 2013	27,178	13,775	3,480	10,506	54,939
Additions	0	0	267	918	1,185
Disposals	0	0	(39)	(475)	(514)
Change in functional currency adjustment	0	0	(5)	(1,325)	(1,330)
Balance as at 31 December, 2014	27,178	13,775	3,703	9,624	54,280
Depreciation:					
Balance as at 31 December 2012	(4,583)	(6,086)	(303)	(9,038)	(20,010)
Charge for the year 2013	(541)	(574)	(100)	(1,014)	(2,229)
Disposals	0	0	0	1,786	1,786
Reclassification	(2,254)	2,225	29	0	0
Balance as at 31 December 2013	(7,378)	(4,435)	(374)	(8,266)	(20,453)
Charge for the year 2014	(544)	(575)	(228)	(963)	(2,310)
Disposals	0	0	0	413	413
Change in functional currency adjustment	0	0	(26)	1,131	1,105
Balance as at 31 December 2014	(7,922)	(5,010)	(628)	(7,685)	(21,244)
Net Book Value:					
Balance as at 31 December 2013	19,800	9,340	3,105	2,240	34,485
Balance as at 31 December 2014	19,256	8,765	3,075	1,939	33,035

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

2. Insurance value of fixed assets

As at 31 December 2014, the fixed assets at Headquarters were insured for CHF 43,701 (2013 – CHF 43,701). The WASAA building and fixed assets in Kenya were insured for Kenya shillings 30 million, equivalent to CHF 322 (2013 – CHF 272), which is the estimated replacement value.

3. Land

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

4. Headquarters building

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

a) Original building

The original building was financed by donations received from the Swiss Confederation, the Canton of Vaud and the Commune of Gland. Although IUCN formally owns the Headquarters

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building, it enjoys a restricted use and cannot dispose of it or use it as collateral without the approval of the Swiss Government. If disposed of, the Swiss Government has the right to recuperate its initial outlay plus a percentage of the value added, if applicable. The cost of the building is included in fixed assets and the net book value is matched by a corresponding value of deferred income to recognise the restricted nature of the building. The deferred income is released over the estimated useful life of the building in line with the depreciation of the building.

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

b) Building extension

The building extension was financed by an interest free loan from the Swiss Government of CHF 20,000 payable in 50 equal yearly instalments of CHF 400, the first of which was paid in December 2010. In addition to the loan from the Swiss Government, IUCN received cash donations of CHF 4,226 and in-kind donations of CHF 1,787.

XIV. INTANGIBLE ASSETS

As at 31 December 2014 expenditure of CHF 4,605 (2013 – CHF 4,605) had been incurred on the development and implementation of an ERP system and portal applications. The ERP system went “live” at Headquarters in July 2011 and has been depreciated from this point.

Movement in Intangible assets

	2014	2013
Purchase value:		
Balance at 1 January	4,605	4,489
Additions	0	116
Balance at 31 December	4,605	4,605
Amortisation:		
Balance as of 1 January	(1,596)	(940)
Charge for the year	(676)	(656)
Balance at 31 December	(2,272)	(1,596)
Net Book Value:		
Balance at 31 December	2,333	3,009

XV. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities represent amounts owed to creditors and suppliers as at the end of the year. Of the total outstanding balance of CHF 4,982 as at 31 December 2014 (2013 – CHF 4,057), CHF 2,412 (2013 – CHF 1,700) is related to Headquarters and the balance to regional and country offices.

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XVI. PROVISIONS

1. Projects in deficit

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

Movement in project deficit provision

	2014	2013
Balance at 1 January	897	728
Additions to provision	549	498
Utilization of provision	(519)	(328)
Balance at 31 December	927	897
Region	2014	2013
Asia	48	89
Eastern and Southern Africa Region	4	213
Europe	17	61
Headquarters	636	383
Western and Central Africa	184	116
Other Offices	38	35
TOTAL	927	897

2. Staff termination

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

Movement in provision for staff termination

	2014	2013
Balance at 1 January	1,852	2,037
Additions to provision	999	2,171
Utilization of provision	(1,013)	(2,357)
Balance at 31 December	1,838	1,852

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XVII. DEFERRED INCOME

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

	2014	2013
Deferred unrestricted income	100	989
US deferred rent	122	141
Donations for construction of HQ building extension		
Donations in cash	3,185	3,374
Donations in kind	772	986
Donation in cash for renovation of original building	396	0
	4,353	4,360
Headquarters original building	8,633	8,941
Interest free government loan	8,185	8,486
Total	21,393	22,917
Current		
Deferred unrestricted income	100	989
Buildings:		
Original building	329	308
Building extension	341	403
Total buildings	670	711
Total current deferred income	770	1,700
Non-current		
US deferred rent	122	141
Original building	8,700	8,634
Building extension	11,801	12,443
Total long term deferred income	20,623	21,217
Total deferred income	21,393	22,917

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

Donations received for the headquarters buildings (original and extension) are recorded as deferred income and recognised over the useful life of the corresponding purchased or donated assets (see note XIII 4).

The deferred income on the government loan represents the difference between the fair value of the loan (CHF 9,810 and the outstanding cash value of the loan (CHF17,995) (see note XV). This difference represents the fair value of the interest saved on the interest free loan granted by the Swiss Government and is recognised over the period of the loan.

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XVIII. LOAN

Headquarters building extension loan

	2014	2013
Current	106	103
Non-current	9,704	9,809
Total	9,810	9,912

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

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

The fair value of the loan is estimated at CHF 9,810. The outstanding cash value of the loan has been discounted at a rate of 3% which represents the market interest rate for a 10-year loan at the point of inception of the loan. The difference of CHF 8,185 between the outstanding cash value and the fair value of the loan is the benefit derived from the interest-free loan and is recorded as deferred income (see note XVII).

The value of the interest that would have been paid on an equivalent commercial loan of 3% is estimated at CHF 540 (2013- CHF 552). This has been recorded in the Consolidated Income and Expenditure statement under Interest income to recognize the benefit of the interest free loan and under financial charges to recognize the interest that would have been paid.

XIX. FUNDS AND RESERVES

1. Unrestricted reserves

a) Currency translation adjustments & foreign exchange gains and losses

Exchange gains and losses at the individual ledger levels are dealt with in the income statement. The net unrestricted loss on exchange for the year amounted to CHF 313 (2013 – gain of CHF 134).

Exchange gains and losses on consolidation and translation of ledgers maintained in other currencies to Swiss francs are taken to the Currency translation adjustment reserve. The net movement during 2014 was a loss of CHF 946 (2013 – gain of CHF 137).

2. Designated reserves

a) Reserve for statutory meetings

An allocation of CHF 447 (2013 - 499) was made from the Secretariat contingency fund to the Reserve for statutory meetings to cover future costs for the 2016 Congress (CHF 197), and Regional Conservation Fora (CHF 250).

b) Other reserves

An allocation of CHF 233 (2013 – 225) was made from the Secretariat contingency fund to Other reserves to cover future costs of the External Review to be performed in 2015 (CHF 75)

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and a Congress for the World Commission on Environmental Law to be held in 2016 (CHF 158).

c) Cost centre reserves

An allocation of CHF 901 (2013 – CHF 1,232) was made from Cost centre reserves to the Secretariat contingency fund in accordance with accounting policy 14 b).

d) Renovation fund

A net allocation of CHF 95 (2013 – CHF 177) was made from the Secretariat contingency fund to the Renovation fund to cover future renovation costs of the Headquarters building.

XX. RETENTION OF STAFF INCOME TAX

Swiss Government tax rebates amounted to CHF 1,197 (2013 – CHF1,214) and represents the value of taxes that would have been paid by non-Swiss staff in the absence of the Fiscal Agreement between IUCN and the Swiss Government which exempts non-Swiss staff from payroll taxes and which entered into effect on 1st January 1987.

XXI. FRAMEWORK INCOME

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

Framework income includes in-kind contributions of CHF 244 (2013 – nil).

XXII. OTHER OPERATING INCOME

Other operating income of CHF 3,941 (2013 – CHF 3,519) shown under Secretariat unrestricted funds includes overhead and management fees from Ramsar of CHF 515 (2013 - CHF 515), rental income of CHF 855 (2013 - CHF 733) and recognition of deferred income of donations for the headquarters original building and building extension CHF 711 (2013 - CHF 711). The balance of other operating income is made up of miscellaneous external income received by IUCN both at Headquarters and other offices around the world.

XXIII. EXCHANGE DIFFERENCES ON REVALUATION OF PROJECT BALANCES

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

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XXIV. RELATED PARTIES

1. Identity of related parties

a) The Commissions

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

b) The National and Regional Committees

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

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

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

d) TRAFFIC International

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

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

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

2. Transactions with related parties

During the course of the year IUCN made contributions of CHF 1,443 to the Commissions (2013 – CHF 1,211). The amount is distributed across the expenditure headings that reflect the nature of the expenses incurred by the Commissions.

During the year and as part of the services IUCN provides to Ramsar, IUCN received funds of CHF 7,179 (2013 – CHF 5,753) and incurred payments of CHF 6,025 (2013 - CHF 5,600) on behalf of Ramsar. At year-end the balance held in trust for Ramsar amounted to CHF 6,443 (2013 - CHF 4,811). These transactions are recorded in Ramsar accounts and financial statements and are therefore not presented in the financial statements of IUCN. During the year, IUCN received fees of CHF 515 (2013-CHF 515) for the services provided to Ramsar and which are included in Other operating income.

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During the year IUCN made contributions of CHF 275 to TRAFFIC International (2013 – CHF 275).

During the year IUCN received funds from the International Union for the Conservation of Nature and Natural Resources – US of USD 1,047 (2013 – USD 504).

XXV. SALE OF LAND

In 2014, WASAA Trust Fund, Nairobi sold 2.78 hectares of land for KES 268,840 (CHF 2,882). The land sold was originally purchased for KES 3,642 (CHF 39). The sale realised a gain on sale of KES 251,939 (CHF 2,701) after taking into consideration costs of KES 13,259 (CHF 142).

ANNEX A - CORE FUNDS UNDER FRAMEWORK AGREEMENTS

Amounts in thousands Swiss francs	2014	2014	2013	2013
	Secretariat expenditure	Framework core allocation	Secretariat expenditure	Framework core allocation
Central and West Africa Region	4,443	1,095	4,780	948
Eastern and Southern Africa Region	3,434	842	3,670	791
Asia Region	7,802	1,137	7,353	1,000
Meso America and Caribbean	3,022	541	2,138	493
South America and Brazil	1,215	477	1,019	499
European Union Representative Office	765	-	686	200
European Programme	499	215	298	-
West Asia Region	934	342	711	322
Mediterranean Cooperation Centre	1,260	-	1,112	-
Oceania	1,751	439	1,700	334
Washington DC Office	968	-	844	200
Sub Total Regional Components	26,093	5,088	24,311	4,787
Director's Office, Biodiversity Conservation Group	507	534	528	514
Species Programme	3,348	816	3,002	633
Invasive Species Initiative	143	53	148	50
Protected Areas Programme	1,370	585	1,091	521
World Heritage Programme	717	282	793	228
Traffic International	519	275	453	275
Sub Total Biodiversity Conservation Group	6,604	2,545	6,015	2,221
Director's Office, Nature-based Solutions Group	523	482	423	442
Ecosystem Based Adaptation Programme	1,487	280	1,299	246
Forest & Climate Change Programme	2,158	419	1,480	334
Marine & Polar Programme	1,831	487	1,657	384
Social Policy Advisor	348	346	338	300
Gender Advisor	565	166	289	160
Water & Food Security Programme	1,102	383	1,133	311
Business & Biodiversity Programme	1,495	446	1,286	373
Economics Programme	426	285	277	204
Sub Total Nature-based Solutions Group	9,935	3,294	8,182	2,754
Director's Office, Policy, Programme & Capacity Development Group	406	438	372	398
Planning, Monitoring & Evaluation Unit	466	574	419	395
Science and Knowledge Unit	716	763	811	796
Global Policy Unit	628	643	517	543
Environmental Law	1,406	602	1,320	568
GEF Coordination Unit	558	572	482	400
Sub Total PPG - Programme Policy Group	4,180	3,592	3,921	3,100
Commission on Education and Communication	229	232	213	207
Commission on Ecosystem Management	226	232	160	167
Commission on Environmental Law	92	244	73	224
World Commission on Protected Areas	264	242	182	205
Species Survival Commission	314	261	260	241
Commission on Environment, Economics and Social Policy	195	232	184	167
Sub Total Commissions	1,320	1,443	1,072	1,211
Director's office, Union Development Group	806	-	694	-
Governance	619	-	579	-
Sub Total Union Development	1,425	-	1,273	-
Directorate	1,421	161	1,267	404
Legal Counsel	469	-	446	-
Oversight Unit	245	-	246	249
Global Communications	809	158	517	514
Finance Group	2,089	-	2,025	-
Human Resources Management Group	1,283	-	1,097	-
Strategic Partnerships Unit	709	-	567	480
General Services Unit	3,068	-	3,142	-
Information Systems	3,371	-	3,320	507
Sub Total Corporate Support Units	13,464	319	12,627	2,154
OVERALL TOTAL	63,021	16,281	57,402	16,227
Non operating expenditure	388	-	595	-
Operating expenses as per the Income & Expenditure	63,409	-	57,997	-

	2014	2013
Overall Total allocations as above	16,281	16,227
Realised foreign exchange on cash contributions	2	(8)
Framework funding allocated to projects (Norad)	630	641
Surplus/(Deficit) at year-end transferred to designated	(91)	75
Total Funding Framework Agreements	16,822	16,935

ANNEX A - CORE FUNDS UNDER FRAMEWORK AGREEMENTS

	2014	2013
Donors under Joint Framework Agreements	TOTAL	TOTAL
Danish International Development Agency (DANIDA) - Denmark	3,131	3,276
Environment Agency – Abu Dhabi (EAD) – United Arab Emirates	1,000	1,000
French Development Agency (AFD), Ministry of Foreign Affairs (MAEDI), Ministry of Environment (MEDDE) - France	946	705
MAVA Foundation for the Protection of Nature (MAVA) - Switzerland	1,000	1,000
Ministry of Environment, Republic of Korea (MOE) - Korea	600	600
Ministry of Foreign Affairs - Finland	850	857
Norwegian Agency for Development Cooperation (NORAD) - Norway	3,028	3,167
Swedish International Development Agency (SIDA) - Sweden	4,067	4,130
Swiss Agency for Development and Cooperation (SDC) - Switzerland	2,200	2,200
Total Funding Framework Agreements	16,822	16,935