United Nations

Financial report and audited financial statements

for the year ended 31 December 2018

and

Report of the Board of Auditors

Volume IV
United Nations University

General Assembly
Official Records
Seventy-fourth Session
Supplement No. 5

General Assembly
Official Records
Seventy-fourth Session
Supplement No. 5

A/74/5 (Vol. IV)

Financial report and audited financial statements

for the year ended 31 December 2018

and

Report of the Board of Auditors

Volume IV
United Nations University

United Nations • New York, 2019

Note

Symbols of United Nations documents are composed of letters combined with figures. Mention of such a symbol indicates a reference to a United Nations document.

ISSN 0257-0815

[24 July 2019]

Contents

Letters of transmittal

Letter dated 28 March 2019 from the Secretary-General addressed to the Chair of the Board of Auditors

In accordance with financial regulation 6.2, I have the honour to transmit herewith the financial statements of the United Nations University for the year ended 31 December 2018, which I hereby approve. The financial statements have been completed and certified by the Controller as correct in all material respects.

Copies of these financial statements are also being transmitted to the Advisory Committee on Administrative and Budgetary Questions.

(*Signed*) António **Guterres**

Letter dated 24 July 2019 from the Chair of the Board of Auditors addressed to the President of the General Assembly

I have the honour to transmit to you the report of the Board of Auditors on the financial statements of the United Nations University for the year ended 31 December 2018.

(*Signed*) Kay **Scheller**
President of the German Federal Court of Auditors
Chair of the Board of Auditors

Chapter I

Report of the Board of Auditors on the financial statements: audit opinion

Opinion

We have audited the financial statements of the United Nations University, which comprise the statement of financial position (statement I) as at 31 December 2018 and the statement of financial performance (statement II), the statement of changes in net assets (statement III), the statement of cash flows (statement IV) and the statement of comparison of budget and actual amounts (statement V) for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.

In the Board's opinion, the financial statements present fairly, in all material respects, the financial position of the United Nations University as at 31 December 2018 and its financial performance and cash flows for the year then ended, in accordance with the International Public Sector Accounting Standards (IPSAS).

Basis for opinion

We conducted our audit in accordance with the International Standards on Auditing. Our responsibilities under those standards are described in the section below entitled "Auditor's responsibilities for the audit of the financial statements". We are independent of the United Nations University in accordance with the ethical requirements relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with those requirements. We believe that the audit evidence that we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information other than the financial statements and the auditor's report thereon

The Secretary-General is responsible for the other information, which comprises the financial report for the year ended 31 December 2018, contained in chapter IV below, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information, and we do not express any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether it is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, on the basis of the work that we have performed, we conclude that there is a material misstatement in the other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the financial statements

The Secretary-General is responsible for the preparation and fair presentation of the financial statements in accordance with IPSAS and for such internal control as the Secretary-General determines to be 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 ability of the United Nations University to continue as a going concern, disclosing, as applicable, matters related to the going concern and using the going-concern basis of accounting unless the Secretary-General intends either to liquidate the United Nations University or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the financial reporting process of the United Nations University.

Auditor’s responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatements, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the International Standards on Auditing 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 the International Standards on Auditing, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

(a) Identify and assess the risks of material misstatement in the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting one resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentation or the overriding of internal control;

(b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the United Nations University;

(c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Secretary-General;

(d) Draw conclusions as to the appropriateness of the Secretary-General’s use of the going-concern basis of accounting and, on the basis of the audit evidence obtained, whether a material uncertainty exists in relation to events or conditions that may cast significant doubt on the ability of the United Nations University to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the United Nations University to cease to continue as a going concern;

(e) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on other legal and regulatory requirements

In our opinion, the transactions of the United Nations University that have come to our notice or that we have tested as part of our audit have, in all significant respects, been in accordance with the Financial Regulations and Rules of the United Nations and legislative authority.

In accordance with article VII of the Financial Regulations and Rules of the United Nations, we have also issued a long-form report on our audit of the United Nations University.

(*Signed*) Kay **Scheller**
President of the German Federal Court of Auditors
Chair of the Board of Auditors

(*Signed*) Jorge **Bermúdez**
Comptroller General of the Republic of Chile
(Lead Auditor)

(*Signed*) Rajiv **Mehrishi**
Comptroller and Auditor General of India

24 July 2019

Chapter II
Long-form report of the Board of Auditors

Summary

The United Nations University (UNU) is a solutions-focused think tank and research arm for the United Nations system. The UNU Centre serves as the administrative, coordination and services unit of the global UNU system. The main research and academic work of the University is carried out by a global network of research and training institutes. This network is supplemented by research programmes.

The Board of Auditors audited the financial statements and reviewed the operations of UNU for the year ended 31 December 2018. The audit was carried out through visits to the UNU Centre in Tokyo and in Putrajaya, Malaysia, for a review of their financial transactions and operations.

Scope of the report

The report covers matters that, in the opinion of the Board, should be brought to the attention of the General Assembly and have been discussed with UNU management, whose views have been appropriately reflected.

The audit was conducted primarily to enable the Board to form an opinion as to whether the financial statements presented fairly the financial position of UNU as at 31 December 2018 and its financial performance and cash flows for the year then ended, in accordance with the International Public Sector Accounting Standards (IPSAS). The audit included a general review of financial systems and internal controls and a test examination of the accounting records and other supporting evidence to the extent that the Board considered necessary to form an opinion on the financial statements.

The Board also reviewed UNU operations in accordance with financial regulation 7.5 of the Financial Regulations and Rules of the United Nations, which allows the Board to make observations on the efficiency of the financial procedures, the accounting system, the internal financial controls and, in general, the administration and management of operations. The Board examined five main areas (voluntary contributions, investments, endowment fund, financial statements closure process and information and communications technology), as well as following up in detail actions taken in response to recommendations made in previous years.

Audit opinion

In the Board’s opinion, the financial statements present fairly, in all material respects, the financial position of UNU as at 31 December 2018 and its financial performance and cash flows for the year then ended, in accordance with IPSAS.

Overall conclusion

The Board did not identify significant errors, omissions or misstatements from the review of the financial records of UNU for the year ended 31 December 2018. However, the Board identified scope for improvements in the areas of asset management and information and communications technology.

With total revenue of $58.43 million and expenses of $90.54 million during 2018, the financial statements reflected a net deficit of $32.11 million. However, the overall financial position of UNU remained sound, with current assets of almost seven times the current liabilities and total assets of more than six times the total liabilities.

Key findings

Our key findings are as follows:

Missing books in the library collection of the UNU Institute for the Advanced Study of Sustainability

As a result of a physical verification exercise, the Board reviewed the missing items list of July 2018, in which 691 books were listed as missing. It was not possible to determine the monetary value of those books, since the UNU Institute for the Advanced Study of Sustainability did not have the data. In accordance with the standard operating procedure for property, plant and equipment and intangible assets, books do not have to be capitalized but should be inventoried.

Roles of users separated from UNU remaining active in the Atlas system

Six Atlas users had terminated their contracts and had roles in the Atlas system that remained active. These users had mainly been employed under personnel service agreements and consultant contracts with the UNU Centre and UNU institutes and programmes. The roles of these users in Atlas were buyer, finance, project manager and asset manager.

Main recommendations

On the basis of the audit findings, the Board recommends that UNU:

(a) **Periodically verify the inventory of its library books, with the purpose of detecting missing books;**

(b) **Periodically review the Atlas users of the UNU Centre and UNU institutes and programmes, and remove those users who have been separated from the organization.**

Key facts

\$58.43 million:	Revenue
\$90.54 million:	Expenses
\$32.11 million:	Deficit for the year[a]
\$487.78 million:	Assets
\$72.59 million:	Liabilities
\$415.19 million:	Net assets

[a] The deficit is primarily the result of the change in fair value of the UNU Endowment Fund, which is governed by market forces, and the inclusion of an unrealized exchange loss of \$12 million.

A. Mandate, scope and methodology

1. On 6 December 1973, the General Assembly formally adopted the Charter of the United Nations University (UNU), which states that UNU shall be an international community of scholars, engaged in research, postgraduate training and dissemination of knowledge in furtherance of the purposes and principles of the Charter of the United Nations. It also states that the University shall devote its work to research into the pressing global problems of human survival, development and welfare that are the concern of the United Nations and its agencies, with due attention to the social sciences and the humanities as well as natural sciences, pure and applied.

2. UNU operates as an autonomous organ of the General Assembly. UNU conducts its research through a global network of academic institutes and programmes, which are coordinated by the UNU Centre. The Centre serves as the administrative, coordination and services unit of the global UNU system. Although it is located primarily in Tokyo, the Centre has a number of adjunct offices, including an administrative and financial services office in Putrajaya, Malaysia (formerly located in Kuala Lumpur). The main research and academic work of the University is carried out by a global network of 11 research and training institutes. This network is supplemented by research programmes.

3. UNU receives no funds from the regular United Nations budget. It is financed solely through voluntary contributions from host Governments of the University's institutes, foundations, agencies, international organizations and other sources, and through investment income derived from the UNU Endowment Fund.

4. The Board conducted the audit in accordance with General Assembly resolution 74 (I) of 7 December 1946 and article VII of the Financial Regulations and Rules of the United Nations and the annex thereto, as well as the International Standards on Auditing.

5. The audit was conducted primarily to form an opinion as to whether the financial statements presented fairly the financial position of UNU as at 31 December 2018 and the results of its operations and cash flows for the financial period then ended, in accordance with the International Public Sector Accounting Standards (IPSAS). This included an assessment as to whether the expenses recorded in the financial statements had been incurred for the purposes approved by the governing bodies and whether the revenue and expenses had been properly classified and recorded in accordance with the Financial Regulations and Rules of the United Nations. The audit included a general review of financial systems and internal controls and a test examination of the accounting records and other supporting evidence to the extent that it was considered necessary to form an opinion on the financial statements.

6. The audit findings presented below were discussed with the UNU administration, whose views have been appropriately reflected in the report.

B. Findings and recommendations

1. Follow-up of previous recommendations

7. The Board noted that out of the total of 55 recommendations that remained outstanding as at 31 December 2017, 4 (7 per cent) were considered to have been overtaken by events, 22 (40 per cent) had been implemented and 29 (53 per cent) were under implementation. Details of the status of implementation of the recommendations are provided in the annex to chapter II.

2. Financial statements and financial reporting

8. Total assets as at 31 December 2018 were $487.78 million, compared with $512.30 million as at 31 December 2017 (restated), reflecting a decrease of 4.79 per cent, owing mostly to a decrease in investments of $20.95 million. Assets consist mainly of investments, which amounted to $369.28 million, representing 75.71 per cent of total assets. Total liabilities as at 31 December 2018 were $72.59 million, compared with $66.86 million as at 31 December 2017 (restated). The increase in total liabilities of $5.73 million, or 8.6 per cent, was attributable mainly to the timing of significant investment purchases at the end of 2018, which were settled in early January 2019.

9. UNU made a retroactive adjustment of voluntary contributions, since it mentioned that it had changed the application of its accounting policy related to non-conditional agreements to recognize the maximum monetary contributions for non-conditional financing agreements supported by enforceable agreements. As a result, the financial statements as at 31 December 2017 were modified in response to a recommendation of the Board in its previous report (A/73/5 (Vol. IV), chap. II) that established that, in accordance with the United Nations Policy Framework for International Public Sector Accounting Standards, income from voluntary contributions is recognized on the basis of an assessment of whether an asset and a liability have been created. Donor agreements often include a note that the contribution will be paid "up to" the amount awarded. The Board determined that the UNU did not recognize a voluntary contribution receivable and, consequently, did not recognize income or liabilities in those cases when signing the agreement. UNU recognized the revenue only in the amount of payments received in the respective year. Essentially, UNU practised cash-based accounting in that regard. For the above reason, UNU had to make a retroactive adjustment to reflect an increase of $24.67 million in voluntary contributions receivable and $9.89 million in revenue.

10. Although UNU retroactively adjusted contributions, the information required in paragraph 34 (a) and (b) of IPSAS 3: Accounting policies, changes in accounting estimates and errors, was not disclosed in note 3, significant accounting policies, to the financial statements for the year ended 31 December 2018 (see chap. V below), nor is there an official document that details the new accounting policy or a document in which the new accounting criteria have been established.

11. The University's revenue amounted to $58.43 million, compared with the $116.73 million reported in 2017 (restated), representing a decrease of 50.00 per cent. This is due mainly to a decrease in investment revenue from $38.72 million in 2017 to zero as at 31 December 2018. During 2018, investment expenses amounting to $16.71 million were incurred as a result of unrealized investment losses. The main source of revenue was voluntary contributions, which decreased slightly to $54.72 million (93.66 per cent of total revenue). Total expenses amounted to $90.54 million, compared with the $107.84 million recorded in 2017, representing a decrease of 16.04 per cent. The main expense categories were employee salaries, allowances and benefits of $26.71 million (29.50 per cent), attributable mainly to the onboarding of new directors, rent, leases and utilities in the amount of $18.62 million (20.57 per cent), investment expense of $16.71 million (18.45 per cent) and other operating expenses of $15.47 million (17.09 per cent). During 2018, other operating expenses decreased by $38.18 million (71.16 per cent), owing mainly to a significantly lower allowance for doubtful voluntary contributions receivable in 2018. The University recorded a deficit of $32.11 million in 2018 compared with a surplus of $8.89 million in 2017 (restated). The deficit is mainly the result of lower revenue, in particular the realized gain/(loss) on sale and maturities of securities, which was a loss of $0.29 million as at 31 December 2018, compared with a gain of $49.41 million

as at 31 December 2017 (see note 24 in chap. V. below). Accumulated surpluses and endowment fund balances amounted to $75.05 million (2017: $77.10 million (restated)) and $340.14 million (2017: $368.34 million (restated)), respectively.

Financial ratios

12. The ratios set out in table II.1 indicate that the overall financial position of UNU is stable, with current assets of almost four times the current liabilities and total assets of more than six times the total liabilities. The quick ratio and the cash ratio also indicate appropriate liquidity. In general, the financial situation of an entity is not regarded as unsound as long as the financial ratios exceed 1. The decline in the financial ratios in the financial year 2018 was caused mainly by investments, since the timing of significant investment purchases at the end of 2018 meant that those investments were registered as current liabilities. Owing to a restatement of the figures for the previous year, the ratios shown for the financial year 2017 in table II.1 do not match the ratios set out in the previous report of the Board (A/73/5 (Vol. IV) chap. II; see note 4 in chap. V. below).

Table II.1
Ratio analysis

Ratio	*31 December 2018*	*31 December 2017*[a]
Total assets: total liabilities[b]		
Assets: liabilities	6.72	7.66
Current ratio[c]		
Current assets: current liabilities	3.96	7.05
Quick ratio[d]		
(Cash + short-term investments + accounts receivable): current liabilities	3.92	7.01
Cash ratio[e]		
(Cash + short-term investments): current liabilities	2.13	4.69

Source: UNU financial statements.

[a] Restated owing to prior-period adjustments (see note 4 in chap. V. below).

[b] A high ratio indicates an entity's ability to meet its overall obligations.

[c] A high ratio indicates an entity's ability to pay off its current liabilities.

[d] The quick ratio is more conservative than the current ratio because it excludes inventory and other current assets, which are more difficult to turn into cash. A higher ratio means a more liquid current position.

[e] The cash ratio is an indicator of an entity's liquidity. It serves to measure the amount of cash, cash equivalents or invested funds available in current assets to cover current liabilities.

3. Asset management

Missing books in the library collection of the UNU Institute for the Advanced Study of Sustainability

13. In accordance with an information circular dated 19 May 2016 related to changes to the policy on non-capital assets, the asset register for all such assets, with the exception of the library reference materials, including books, shall be registered and maintained in Atlas, which is the enterprise resource planning system used in the University.

14. Furthermore, annex II to the information circular sets out guidelines on the management of library collections at the United Nations University, according to which the physical verification of library materials shall be conducted once every two

years at the discretion of the head of the library. Moreover, the head of the library shall sign off on the discrepancy report, which includes remedial action taken and kept on file for audit purposes.

15. In addition, it is mentioned in the information circular that the head of the library shall ensure that the following precautionary measures are in place: implementation of check-out procedures; policies on borrowing of library books that are clearly understood and strictly adhered to; and securitization of library materials to prevent easy removal or digitization for access online.

16. Likewise, it is indicated in annex II to the information circular that the librarian shall maintain the list of books in the library system identified as disposed of together with supporting documents, if any (for example, donation acknowledgement letters, sales receipts and collection orders) for a period of at least two years.

17. The United Nations University Institute for the Advanced Study of Sustainability (UNU-IAS) conducted a physical verification in July 2018 and updated its library's database in the Koha system in October 2018.

18. As a result of the verification exercise, the Board reviewed the missing items list of July 2018, in which 691 books were listed as missing. It was not possible to determine the monetary value of the missing books, since UNU-IAS did not have the data. In accordance with the standard operating procedure for property, plant and equipment and intangible assets, books do not have to be capitalized but should be inventoried.

19. For its explanation of those lost items, management indicated that there were several possible causes, such as items withdrawn, stolen or misplaced, or human error (items mislabelled or unlabelled), among others; however, this explanation did not have supporting evidence to account for the missing books.

20. The Board considers that physical verification is an effective internal control measure that allows management to monitor the existence of its assets. The periodic conduct of the exercise would allow for the opportune detection of missing material (books).

21. The Board considers that the UNU-IAS library should take additional measures to safeguard and guarantee the return of library books, and that it is essential that UNU have a tracking mechanism for those books.

22. **The Board recommends that UNU periodically verify the inventory of its library books, with the purpose of detecting missing books.**

23. **In addition, the Board recommends that UNU maintain an updated valuation of the inventory of its library books in its accounting reports.**

24. UNU agreed with the recommendations. In this regard, UNU added that the valuation had been recorded in the library's database in the Koha system since 2016.

25. However, as was mentioned previously, there were no data on the monetary value of the missing books.

4. Access rights in the Atlas system

Roles of users separated from UNU remaining active in the Atlas system

26. For the process for the removal of users in Atlas, the supervisor of the user or the human resources focal point are responsible for generating a request related to access rights, such as changes and removals, in the Atlas system. This request is made through the UNU Atlas request form and sent to the Atlas help desk. The status of the access rights is then modified through the Argus module.

27. The Atlas help desk is managed by UNU administration staff and is in charge of reviewing the requested privileges before approving them in the system.

28. Moreover, it is indicated in section 5 of the UNU access control guidelines, issued in February 2019 by the Campus Computing Centre and published on the Intranet, that the access rights of all users to information and information processing facilities shall be removed upon termination of their employment, contract or association with the University, or adjusted upon change.

29. Additionally, in section 4 of the guidelines, it is indicated that UNU information asset and information technology asset owners must review user access rights on a regular basis to ensure that role changes, such as promotions, demotions, transfers and terminations, are correctly reflected in all information systems under their management.

30. In the information on Atlas users provided by UNU, the Board found that personnel whose contract had terminated still appeared as active users of Atlas.

31. In the production environment, 6 of 155 Atlas users had separated from UNU. Those users had mainly been employed under personnel service agreements and consultant contracts with the UNU Centre and UNU institutes and programmes. The roles of those users in Atlas were buyer, finance, project manager and asset manager. In that regard, as at the date of the visit, there was no request for removal in the Argus module.

32. The Board estimates that maintaining users who are not UNU personnel or who are not formally associated with UNU could represent a risk, considering that those users maintain roles as buyer, finance and project manager, which allow access to and modification of financial information.

33. **The Board recommends that UNU periodically review the Atlas users of the UNU Centre and UNU institutes and programmes, and remove those users who have been separated from the organization.**

34. UNU agreed with the recommendations.

C. Disclosures by management

1. Write-off of cash, receivables and property

35. UNU reported that there were no write-offs of cash, receivables or dysfunctional, non-expendable property in 2018.

2. Ex gratia payments

36. UNU reported to the Board that there were no ex gratia payments in 2018.

3. Cases of fraud and presumptive fraud

37. In accordance with the International Standards on Auditing (ISA 240), the Board plans its audits of the financial statements so that it has a reasonable expectation of identifying material misstatements and irregularities (including those resulting from fraud). The audit, however, should not be relied upon to identify all misstatements or irregularities. The primary responsibility for preventing and detecting fraud rests with management.

38. During the audit, the Board made enquiries of management regarding its oversight responsibility for assessing the risks of material misstatements due to fraud and the processes in place for identifying and responding to the risks of fraud, including any specific risks of fraud that management had identified or that had been

brought to its attention. The Board also enquired as to whether management had knowledge of any actual, suspected or alleged fraud. No cases of fraud were brought to the Board's attention.

D. Acknowledgement

39. The Board wishes to express its appreciation for the cooperation and assistance extended to its staff by the officials and staff of UNU during the conduct of the audit.

(*Signed*) Kay **Scheller**
President of the German Federal Court of Auditors
Chair of the Board of Auditors

(*Signed*) Jorge **Bermúdez**
Comptroller General of the Republic of Chile
(Lead Auditor)

(*Signed*) Rajiv **Mehrishi**
Comptroller and Auditor General of India

24 July 2019

Annex

Status of implementation of recommendations up to the year ended 31 December 2017

						Status after verification			
No.	*Audit report year*	*Report reference*	*Recommendation of the Board*	*UNU response*	*Board's assessment*	*Implemented*	*Under implementation*	*Overtaken by events*	*Not implemented*
1.	2014	A/70/5 (Vol. IV), chap. II, para. 35	As agreed, the Board recommends that UNU: (a) Improve the documentation practices to enhance transparency in the selection process; (b) Conduct formal evaluation of the work performed before renewal of the contract; (c) Make payment of fees on a lump-sum basis after certification by the authorized official of satisfactory completion of the work; and (d) Take measures to ensure that the total duration of services does not exceed the administrative instructions issued in this regard.	UNU considered that this recommendation had been implemented, explaining that the current administrative instruction (UNU/ADM/2019/01), effective since 1 March 2019, had been issued to address this. Previously, the administrative instruction in this regard was UNU/ADM/2004/01, which was superseded by the current administrative instruction.	In its report for 2014 (A/70/5 (Vol. IV), chap. II), the Board mentioned issues related to the engagement of consultants and individual contractors of the UNU Centre and UNU-IAS. Considering the above, the Board, during its audit, analysed a random sample of six contracts of the UNU Centre and two of UNU-IAS in force during 2018. With regard to recommendation (a), in relation to the statement of good health, the Board analysed the selection process for two consultants contracted to the UNU Centre. Both contained the signed certification of good health. With regard to the academic and professional credentials, however, the current administrative instruction (UNU/ADM/2019/01) indicated that if specific credentials were identified as prerequisites for the assignment, UNU shall keep on record all relevant documentation, including the consultant's resumé. In relation to recommendation (b), the Board verified two contracts of the UNU Centre that had been renewed. Both	X			

No.	Audit report year	Report reference	Recommendation of the Board	UNU response	Board's assessment	Status after verification: Implemented	Under implementation	Overtaken by events	Not implemented
					considered the evaluation of services previous to the renewal of the contract. With regard to recommendation (c), the Board reviewed two contracts of the UNU Centre that provided for the payment of fees on a lump-sum basis. Both contracts contained the certification by the authorized official of satisfactory completion of the work, through the evaluation of services form, dated previous to the payment. In relation to recommendation (d), the Board noted that the current administrative instruction simplified this issue by considering consultants only. In the previous administrative instruction, in force during 2018, it was indicated that no consultant shall provide services for more than 24 months in a 36-month period. Also, the services of an individual contractor shall be limited to 6 or, in special circumstances, 9 months, in any period of 12 consecutive months. Moreover, the Board reviewed six contracts of the UNU Centre and two contracts of UNU-IAS. The seven consultant contracts reviewed were for a period of less than 10 months. The individual contractor contract analysed was for less than three months				

No.	*Audit report year*	*Report reference*	*Recommendation of the Board*	*UNU response*	*Board's assessment*	*Status after verification* Implemented	Under implementation	Overtaken by events	Not implemented
					in a period of 12 consecutive months. Considering the above, the Board concludes that this recommendation has been implemented.				
2.	2015	A/71/5 (Vol. IV), chap. II, para. 14	The Board recommends that UNU create deferred revenue liability for the amount of future instalments which depend on fulfilment of performance obligations.	UNU considers that this recommendation has been overtaken by events. UNU reviewed its agreements and checked them against provision 3.3.2.3 on conditions on transferred assets of the United Nations Corporate Guidance for International Public Sector Accounting Standards: Funding Arrangements, dated 30 December 2016. UNU objected to the current assessment of the Board and requested to discuss the matter with the Director of the Accounts Division of the Office of Programme Planning, Finance and Budget of the Secretariat.	The Board considers that this recommendation has not been overtaken by events, since the nature of United Nations entities, including UNU, is to receive transfers from different entities. In addition, it is important to mention that in paragraph 82 of IPSAS 23: Revenue from non-exchange transactions it is stated that an entity analyses all the stipulations contained in transfer agreements to determine if it incurs a liability when it accepts the transferred resources. The Board reviewed a sample of 25 firm agreements in the 2013–2018 period and noted that the one signed with the Macao Foundation (contract No. 96403) stipulates several conditions. Therefore, the Board considers that this recommendation is under implementation.		X		

No.	Audit report year	Report reference	Recommendation of the Board	UNU response	Board's assessment	Status after verification: Implemented	Under implementation	Overtaken by events	Not implemented
3.	2015	A/71/5 (Vol. IV), chap. II, para. 18	The Board recommends that UNU review the useful lives of all assets, revalue the fully depreciated assets which are still in use and estimate their useful lives.	UNU requested that this recommendation be considered as overtaken by events. The review and change in useful lives of assets is a United Nations accounting policy matter, for which the final decision lies with the Secretariat. In fact, a similar recommendation on the useful lives and residual value of fully depreciated assets was made for the United Nations volume I financial statements (see A/72/5 (Vol. I) and A/72/5 (Vol. I)/Corr.1, chap. II, para. 46). UNU is not in a position to take any immediate action to implement the recommendation owing to the dependency on the final decision by the United Nations.	The Board noted the response of management and considers that the recommendation has been overtaken by events.			X	
4.	2015	A/71/5 (Vol. IV), chap. II, para. 87	The Board recommends that UNU put in place a business continuity plan to ensure that it can continue in operation in the event of major disruptions to its normal business environment, in the interest of the organization.	The final version of the business continuity plan, which includes both the disaster recovery plan and the emergency response plan, was approved by the management group in 2018.	UNU has issued the business continuity plan, including the disaster recovery plan and the emergency response plan, which ensure the continuity of operations in the event of disruption. Those documents were approved by the management group, which is composed of the Rector, the Senior Vice-Rector, the Vice-Rector in Europe, the Director	X			

No.	Audit report year	Report reference	Recommendation of the Board	UNU response	Board's assessment	Status after verification: Implemented	Under implementation	Overtaken by events	Not implemented
					of Administration and the Executive Officer. Therefore, the Board considers that this recommendation has been implemented.				
5.	2016	A/72/5 (Vol. IV), chap. II, para. 30	The Board recommends that UNU consider multi-year donor agreements to be conditional if the receipt of future instalments depends on the fulfilment of enforceable performance obligations, specifically if UNU has no experience with the donor or has not previously breached stipulations and therefore has no evidence that enforcement is unlikely.	UNU considers that this recommendation has been overtaken by events. UNU has reviewed its agreements and checked them against provision 3.3.2.3 on conditions on transferred assets of the United Nations Corporate Guidance for International Public Sector Accounting Standards: Funding Arrangements, dated 30 December 2016. UNU objected to the current assessment of the Board and requested to discuss the matter with the Director of the Accounts Division of the Office of Programme Planning, Finance and Budget of the Secretariat.	In accordance with the evaluation made by the Board, this recommendation is linked to the evaluation of the recommendation contained in A/71/5 (Vol. IV), chapter II, paragraph 14. For this reason, the recommendation is under implementation.		X		
6.	2016	A/72/5 (Vol. IV), chap. II, para. 45	The Board recommends that UNU review its internal process for creating accruals and implement internal controls to ensure that expenses are identified and accrued in appropriate periods.	Management considered that this recommendation had been implemented, indicating that UNU had issued a standard operating procedure on exchange revenue, which addressed the audit recommendation.	The analysis of the standard operating procedure on exchange revenue addresses the recommendation of the audit.	X			

No.	Audit report year	Report reference	Recommendation of the Board	UNU response	Board's assessment	Status after verification			
						Implemented	Under implementation	Overtaken by events	Not implemented
7.	2016	A/72/5 (Vol. IV), chap. II, para. 75	The Board recommends that UNU-EHS and UNU-ViE perform a physical verification exercise for all capital and non-capital assets as soon as possible and update the actual locations of all assets and the information about the custodian.	UNU indicated that UNU-EHS and UNU-ViE had implemented the recommendation for all capital and non-capital assets. Moreover, UNU indicated that an additional round of verification of capital assets had been conducted in December 2018 and the records in Atlas had been updated. In addition, with regard to the current conclusion of the Board related to the conduct of a physical verification exercise, management admitted that forms used were not in line with the instructions on the physical verification of non-capital assets of UNU; however, the required information was clearly provided. The asset management team will be mindful of using the correct form when conducting any future physical verification exercise.	In accordance with the analysis of the Board, although UNU-EHS and UNU-ViE had performed a physical verification exercise for capital assets, the records for the non-capital assets had not been updated in the Atlas system as at 31 December 2018. Additionally, it was not possible to validate whether UNU-EHS and UNU-ViE had performed a physical verification exercise for all non-capital assets or whether the information of the locations and the custodian had been updated in the Atlas system, since the formal information was not provided in line with the instructions on the physical verification of non-capital assets of UNU. Therefore, the Board considers that this recommendation is under implementation.		X		

No.	*Audit report year*	*Report reference*	*Recommendation of the Board*	*UNU response*	*Board's assessment*	*Status after verification*			
						Implemented	*Under implementation*	*Overtaken by events*	*Not implemented*
8.	2016	A/72/5 (Vol. IV), chap. II, para. 76	The Board recommends that UNU update the information on capital and non-capital assets in the Atlas enterprise resource planning system on the basis of the physical verification exercise as at April 2017. Atlas should display only assets with the status "in use" that are actually in service. Assets that are obsolete or not in use should be deleted in Atlas, or at least their asset status should be changed from "in use" to "disposed of".	UNU considered that this recommendation had been implemented, indicating that the UNU headquarters in Tokyo had conducted 19 reviews between the date of the most recent physical verification exercise, in November 2018, and February 2019, of all tangible assets.	The Board has reviewed the Atlas asset management reports as at 31 December 2018 to validate the status "in use" of the capital and non-capital assets, considering tangible and intangible assets. It identified 37 expired software and licences that in the Atlas report were indicated as "in use". Additionally, the Board compared the Atlas asset management reports as at 31 December 2018 with the physical verification counting sheets related to the capital assets completed in December 2018, and detected an asset (tag No. 7630) whose status was listed as "disposed of" in November 2018 but that was registered as "in use" in the Atlas report. In this regard, management mentioned that item No. 7630 was appropriately identified as "disposed of" in Atlas, but did not provide evidence for it. Therefore, the Board considers that this recommendation is under implementation.		X		
9.	2016	A/72/5 (Vol. IV), chap. II, para. 77	Furthermore, the Board recommends that UNU tag all capital and non-capital assets in use with a valid tag label in reference to the information recorded in Atlas.	UNU indicated that 19 reviews had been conducted between the date of the most recent physical verification exercise, in November 2018, and February 2019.	The UNU Centre provided an asset management report from Atlas. The report displays all UNU information related to capital and non-capital assets that were in use at UNU headquarters in Tokyo as at 10 April 2019.	X			

No.	Audit report year	Report reference	Recommendation of the Board	UNU response	Board's assessment	Status after verification: Implemented	Under implementation	Overtaken by events	Not implemented
					On the basis of the list, the Board, in the presence of UNU personnel, performed a physical verification exercise on 11 April 2019 on a sample of capital and non-capital assets. It confirmed that the assets in use had a valid tag label with regard to the information recorded in Atlas. Therefore, the Board considers that this recommendation has been implemented.				
10.	2016	A/72/5 (Vol. IV), chap. II, para. 97	Additionally, the Board recommends that UNU-EHS and UNU-ViE plan, formalize and carry out all activities for business continuity and disaster recovery for any event of disruption. This plan is to be reviewed periodically.	Management indicated that UNU-EHS was in the process of re-recruiting staff to facilitate those objectives and would continue efforts to develop a business continuity and disaster recovery plan. The target date indicated is the second quarter of 2019.	In accordance with the Board's review, a consultant was hired by UNU-EHS from October to December 2018 to establish and provide the basis for the business continuity plan and disaster recovery plan. The recommendation is under implementation.		X		
11.	2016	A/72/5 (Vol. IV), chap. II, para. 107	The Board recommends that UNU-EHS and UNU-ViE not implement Office 365 until the efficiency of implementing Office 365 in comparison with adequate services provided by the institutes themselves has been verified. Aspects of information technology security also need to be considered in this verification process.	Management indicated that the objective had been postponed, but would be addressed and completed prior to any consideration of the Office 365 service.	The Board verified that discussions on the operational and security aspects of the service had been initiated between ICT sections at UNU headquarters and UNU-EHS and would proceed when sufficient resources became available. Therefore, the Board considers that this recommendation is under implementation.		X		

No.	Audit report year	Report reference	Recommendation of the Board	UNU response	Board's assessment	Status after verification: Implemented	Under implementation	Overtaken by events	Not implemented
12.	2016	A/72/5 (Vol. IV), chap. II, para. 124	The Board recommends that UNU restrict access to the personal data contained in personnel service agreements and consultant and individual contractor contracts to the approving officer responsible.	UNU considers that this recommendation has been overtaken by events. UNU requested the restriction of access to PeopleSoft support, which is part of UNDP and manages the change requests in the Atlas system, but was advised that this could not be done owing to the limitations of the Atlas system's finance module.	The Board verified that action had been taken to restrict access to the approving officer responsible; however, owing to the technical limitations of the system, which is managed by UNDP, this was not possible. The Board considers that this recommendation has been overtaken by events.			X	
13.	2017	A/73/5 (Vol. IV), chap. II, para. 18	The Board recommends that UNU develop a risk-control matrix.	UNU contacted the Accounts Division of the Office of Programme Planning, Finance and Budget of the Secretariat for available templates and training in order to develop the UNU-specific matrix.	The Board verified that UNU had tried to obtain resources from the Accounts Division; however, at the time of the audit visit, no progress had been made in the development of the matrix nor was there anyone in charge of the engagement. The Board considers that the recommendation is under implementation.		X		
14.	2017	A/73/5 (Vol. IV), chap. II, para. 27	The Board recommends that UNU increase the funding set aside for after-service health insurance and adhere to the accrual policy set out by the Controller in her memorandum dated 29 November 2016.	UNU indicated that an internal memorandum had been issued, on 30 August 2018, to notify the increase of the funding rate to 3 per cent with effect from 1 January 2019.	The Board verified the increase of the funding rate to 3 per cent in the journal entries from January to March 2019. The "Salary and wages" account has been debited in the amount of $22,663.21 and the "End of service" account has been credited in the amount of $679.89, or 3 per cent of the above-mentioned $22,663.21.	X			

No.	Audit report year	Report reference	Recommendation of the Board	UNU response	Board's assessment	Status after verification: Implemented	Under implementation	Overtaken by events	Not implemented
					Therefore, the Board concludes that this recommendation has been implemented.				
15.	2017	A/73/5 (Vol. IV), chap. II, para. 28	The Board recommends that UNU collaborate in the efforts of the Working Group on Common Treasury Services to pursue opportunities for collaboration with respect to the investment of funds earmarked for the coverage of after-service health insurance liabilities.	UNU requested that this recommendation be considered as overtaken by events, on the basis of the response dated 7 August 2018 from the United Nations Treasury, which is leading the work on the common, long-term investment solution for funds earmarked for covering after-service health insurance, on behalf of United Nations entities. UNU will have the opportunity to collaborate and participate in the investment scheme, along with other United Nations entities, once it becomes available.	The strategic lines must come from the United Nations Treasury, so UNU must abide by what, in turn, the Treasury requests.			X	
16.	2017	A/73/5 (Vol. IV), chap. II, para. 36	The Board recommends that UNU change its accounting policy for enforceable donor agreements that refer to a maximum contribution in cash so as to reflect that in such cases the fair value can usually be measured reliably and an asset should be recognized.	UNU, in consultation with the Accounts Division of the Office of Programme Planning, Finance and Budget of the Secretariat, has reviewed its agreements and recorded the contributions receivable and contributions (revenue) up front appropriately in the 2018 financial statements.	Despite evidence that UNU had changed the application of its accounting policy for enforceable donor agreements through the retroactive adjustment, this modification has not been reflected in the policy. Therefore, the Board considers that the recommendation is under implementation.		X		

No.	Audit report year	Report reference	Recommendation of the Board	UNU response	Board's assessment	Status after verification			
						Implemented	Under implementation	Overtaken by events	Not implemented
				UNU objected to the current assessment of the Board and requested to discuss the matter with the Director of the Accounts Division.					
17.	2017	A/73/5 (Vol. IV), chap. II, para. 41	The Board recommends that UNU assess whether it could benefit from an enterprise resource planning system that permits the automated preparation of the financial statements.	UNU indicated that it had engaged a consultant to review and provide recommendations on the preparation process of its financial statements and reports.	UNU consolidates the financial statements in an Excel working file; however, at the same time, it uses a reporting tool to generate the statement of financial performance and statement of financial position for 2018. Furthermore, UNU contracted an external company to provide it with analytics, training on the financial reporting software and automation of the preparation of the financial statements. Therefore, the Board concludes that this recommendation has been implemented.	X			
18.	2017	A/73/5 (Vol. IV), chap. II, para. 52	The Board recommends that UNU establish additional standardized cross-cutting benchmarks and performance indicators on fundraising that address the funding structure of the institutes.	Cross-cutting benchmarks and performance indicators on fundraising have been established following a discussion at the Conference of Directors in December 2018. They will be adopted at institute board meetings in 2019.	The Board verified that UNU had taken steps to conduct a standardized review of the indicators, despite the inherent complexity of establishing standardized benchmarks and performance indicators for the UNU system. UNU has taken formal measures to disseminate the information and the standardized ratios. Therefore, the Board concludes that the recommendation has been implemented.	X			

No.	Audit report year	Report reference	Recommendation of the Board	UNU response	Board's assessment	Status after verification: Implemented	Under implementation	Overtaken by events	Not implemented
19.	2017	A/73/5 (Vol. IV), chap. II, para. 60	The Board recommends that UNU ensure that all UNU institutes undergo an external review every four to five years, and that it therefore redefine and issue the evaluation plan.	UNU considered that this recommendation had been implemented, explaining that various factors required the rescheduling of several evaluations. UNU-GCM ceased operations at the end of 2018; for UNU-EGOV, the evaluation had been put on hold and made dependent on a new funding agreement; for UNU-INRA, an evaluation was initially planned to coincide with the starting phase of the new director; and for UNU-CS, after a leadership vacuum in 2018, several attempts to recruit a director were unsuccessful. Moreover, UNU mentioned that the evaluation schedule could only be indicative and would evolve.	The Board recognizes that actions have been executed for the accomplishment of this audit recommendation and therefore considers that this recommendation has been implemented.	X			
20.	2017	A/73/5 (Vol. IV), chap. II, para. 61	The Board recommends that UNU determine minimum requirements in the terms of reference on the scope of the financial analysis and recommendations that need to be covered by the evaluation.	The organizational performance policy was adopted by the UNU Council and the organizational performance handbook was presented to the Conference of Directors in December 2018. The handbook also included sample terms of reference on the scope	UNU elaborated a template for the terms of reference. In accordance with the Board's assessment, this guide illustrates the minimum fields required to carry out the external evaluation of the institutes. Therefore, the Board concludes that this recommendation has been implemented.	X			

						Status after verification			
No.	*Audit report year*	*Report reference*	*Recommendation of the Board*	*UNU response*	*Board's assessment*	*Implemented*	*Under implementation*	*Overtaken by events*	*Not implemented*
				of the financial analysis and recommendations that needed to be covered by the institute's evaluation.					
21.	2017	A/73/5 (Vol. IV), chap. II, para. 68	The Board recommends that UNU clearly operationalize its goal to sign fewer but larger specific programme contribution agreements.	Management indicated that fundraising remained an important topic for UNU management and the directors of institutes across the UNU system, but was now more often discussed in the context of financial sustainability. Moreover, the next strategic plan, for the period 2020–2024, moves away from a comparatively narrow conception of fundraising (larger grants over many smaller grants).	At the fiftieth session of the Conference of Directors and the meeting of the UNU Academic Committee, held on 8 December 2018, the Rector reiterated the concerns of the UNU Council regarding the long-term financial sustainability of institutes that did not benefit from endowment income. Additionally, it was indicated that directors were strongly encouraged to develop robust, but realistic, fundraising strategies through formal communication channels. Therefore, the Board concludes that this recommendation has been implemented.	X			
22.	2017	A/73/5 (Vol. IV), chap. II, para. 73	The Board recommends that UNU establish new institutes only if the agreements comply with the stipulations set out to ensure financial sustainability for the medium and long term.	The UNU Council adopted a revision of the policy and criteria for the establishment of UNU research and training centres, programmes and operating units, which stipulates funding thresholds for new UNU entities.	In June 2018, the revision of the policy and criteria for the establishment of UNU research and training centres, programmes and operating units was submitted. In section IV of the policy, with regard to the guiding principles, it is indicated that the institutes, programmes and operating units will be established with sustainable and secure financing; this will include capital contributions to the UNU Endowment Fund and operational contributions	X			

No.	Audit report year	Report reference	Recommendation of the Board	UNU response	Board's assessment	Status after verification			
						Implemented	Under implementation	Overtaken by events	Not implemented
					provided annually by the host country. Therefore, the Board concludes that this recommendation has been implemented.				
23.	2017	A/73/5 (Vol. IV), chap. II, para. 79	The Board recommends that UNU conduct a comprehensive analysis of the financial situation of all UNU institutes.	UNU analysed the financial situation of all UNU institutes. UNU headquarters will conduct a financial analysis of different institutes over a period of 12 months (July 2018–June 2019).	The Board was provided with 10 financial analyses, which were carried out from September 2018 to March 2019. In accordance with the "Assessment (financial) report schedule 2018/19", there are still four financial analyses to carry out until July 2019, which is the new deadline. Consequently, the Board considers that this recommendation is under implementation.		X		
24.	2017	A/73/5 (Vol. IV), chap. II, para. 80	Furthermore, the Board recommends that UNU determine specific steps to strengthen the financial sustainability of the UNU system.	The Office of the Rector introduced a new process to systematically review the financial situation of all UNU institutes. Reports are prepared by the Office in consultation with institute directors and the UNU administration (finance). These reports are tabled for review and discussion at the meetings of the UNU management group. Feedback is then provided to the directors in follow-up videoconference calls.	During the thirty-second meeting of the UNU management group, held on 2 October 2018, two thresholds that the management group could consider were defined: specific programme contribution projects over $50,000 and specific programme contribution projects over $100,000. With regard to metrics, the management group proposed an analysis of all new specific programme contributions over $50,000 signed in any given year, as well as specific programme contribution projects over $100,000.	X			

No.	Audit report year	Report reference	Recommendation of the Board	UNU response	Board's assessment	Status after verification: Implemented	Under implementation	Overtaken by events	Not implemented
					Additionally, the Rector was in favour of monitoring annual grant agreements concluded for amounts over both $50,000 and $100,000. He added that UNU was not against the receipt of specific programme contributions of less than $50,000; however, efforts should be focused on obtaining larger grants. Therefore, the Board concludes that this recommendation has been implemented.				
25.	2017	A/73/5 (Vol. IV), chap. II, para. 89	The Board recommends that UNU fully implement the Anti-Fraud and Anti-Corruption Framework of the United Nations Secretariat.	UNU explained that it would be rolling out the "Preventing fraud and corruption at the United Nations" online training course to all staff.	In accordance with the information analysed by the Board, the implementation of the Anti-Fraud and Anti-Corruption Framework of the United Nations Secretariat was in process. The frequently asked questions in this regard have been published on the UNU Intranet. UNU should still make sufficient efforts to identify and mitigate risks in its risk register; plan and complete the programme sessions for the staff; develop a mechanism that describes how to report, respond to and treat alleged cases of misconduct; and establish the channels to report misconduct. Consequently, the Board considers that this recommendation is under implementation.		X		

No.	Audit report year	Report reference	Recommendation of the Board	UNU response	Board's assessment	Status after verification: Implemented	Under implementation	Overtaken by events	Not implemented
26.	2017	A/73/5 (Vol. IV), chap. II, para. 100	The Board recommends that UNU establish an ICT governance framework adjusted to its needs and objectives as soon as possible. The ICT governance framework should not seek to restrict the academic programme of the UNU institutes, but should allow for far-reaching and effective coordination and standardization across UNU in ICT matters.	Management provided the ICT governance framework approved in a memorandum dated 30 April 2018, and explained that following an ICT workshop held in Maastricht, Netherlands, in June 2018, working groups were established to focus on ICT coordination and standardization across UNU.	The Board reviewed the ICT governance framework, which established the roles and responsibilities of the Rector, ICT units in institutes and the Campus Computing Centre regarding ICT matters and highlighted standardization, efficiency and coordination as principles that ICT units have to promote. Moreover, meetings were held in June 2018. Therefore, the Board concludes that this recommendation has been implemented.	X			
27.	2017	A/73/5 (Vol. IV), chap. II, para. 112	The Board recommends that UNU make sure that all UNU ICT users, in particular new personnel, complete the information security awareness training course of the Department of Safety and Security of the Secretariat as soon as possible.	UNU circulated an announcement on the training course. The original deadline was 31 October 2018; the deadline was later extended to 31 December 2018.	The Board verified that UNU had requested the completion of the information security awareness training course in October and November 2018 and reiterated the request in February 2019. In this regard, the Board also verified that progress had been made in the completion of the training course by ICT users, which is still in process, as follows: (a) 188 of 333 personnel had completed the training; (b) 7 of 23 new personnel had completed the training; (c) 4 of 14 institutes had not progressed in the completion of the training. Consequently, the Board considers that this recommendation is under implementation.		X		

No.	Audit report year	Report reference	Recommendation of the Board	UNU response	Board's assessment	Status after verification: Implemented	Under implementation	Overtaken by events	Not implemented
28.	2017	A/73/5 (Vol. IV), chap. II, para. 113	The Board recommends that UNU request all UNU ICT users to submit their information security awareness – foundational certificates after completion of the course to the UNU human resources services.	UNU considered this recommendation implemented since the human resources services had been collecting completion certificates. The Campus Computing Centre and the UNU human resources services are coordinating to verify the compliance rate, and then will take action to ensure full compliance.	The Board verified that four institutes had not progressed in the completion of the training. Moreover, 188 of 333 personnel had completed the training and 7 of 23 new personnel had completed the training. Therefore, the Board concludes that this is an ongoing process and the requests made by UNU for the accomplishment of the training should be strengthened. Consequently, the Board considers that this recommendation is under implementation.		X		
29.	2017	A/73/5 (Vol. IV), chap. II, para. 118	The Board recommends that UNU assess the sensitivity of data it receives from and sends to third parties in accordance with the classification principles stipulated in ST/SGB/2007/6 and make sure that sensitive information is appropriately protected.	A working group completed and shared the first draft of the UNU data classification guidelines with the UNU ICT network for comments in November 2018. A second draft was circulated in February 2019 for final review. Subsequent implementation will involve the inventory and classification of existing data and the introduction of security control mechanisms. Owing to the complexity of the task, the deadline was extended. The matter	The Board verified that assurance and assessment of the protection of sensitive information are the first stage in formalizing data classification guidelines. In this regard, a draft of the guidelines was made by UNU; it defined the classification of the information, mechanisms for the protection of data and storage services according to the category of the information, among other things. This is an ongoing process; it is expected that the final guidelines will be issued by the end of 2019. Therefore, the Board considers that the recommendation is under implementation.		X		

No.	Audit report year	Report reference	Recommendation of the Board	UNU response	Board's assessment	Status after verification: Implemented	Under implementation	Overtaken by events	Not implemented
				will be discussed at the upcoming UNU ICT workshop in June 2019.					
30.	2017	A/73/5 (Vol. IV), chap. II, para. 129	The Board recommends that UNU check randomly, preferably in advance of the planned travel, whether a security clearance was obtained.	UNU explained that checks had been conducted by the UNU-wide travel focal point. A total of six travels to and from the UNU Centre located in Putrajaya, Malaysia, were reviewed and in all instances the security clearance was obtained. Finally, management clarified that, in accordance with the travel request considered in the new version of the administrative instruction (in the draft stage), travellers certify that they have obtained security clearance with the Department of Safety and Security of the Secretariat before commencing travel.	With regard to the tests conducted, there was no information provided about how often the checks were made and how many of the total were reviewed. Considering the above, the Board examined a sample of 20 security clearances, corresponding to travels made during 2018, and observed that: (a) 3 of 5 security clearances related to travellers belonging to the UNU Centre were not submitted; (b) 5 of 15 security clearances related to travellers belonging to UNU-IAS were not submitted. 1 of 15 security clearances was not attached. Therefore, the Board considers that the recommendation is under implementation.		X		
31.	2017	A/73/5 (Vol. IV), chap. II, para. 130	Additionally, the Board recommends that UNU determine how travellers other than UNU staff and personnel service agreement holders should announce the necessary security clearances.	The new version of the administrative instruction, which is in draft stage, includes the requirements for travellers other than UNU staff and personnel service agreement holders to announce the necessary security clearances.	The travel request contains fields required to be completed, such as date, location, purpose and departure and arrival of the official travel itinerary, which is similar to the security clearance of the Department of Safety and Security of the Secretariat. In this regard, the Board estimated that UNU had been making efforts by developing a		X		

No.	Audit report year	Report reference	Recommendation of the Board	UNU response	Board's assessment	Status after verification: Implemented	Under implementation	Overtaken by events	Not implemented
				Furthermore, UNU pointed out that the draft version of the administrative instruction establishes that non-staff members are required to complete the travel request and submit it for authorization before commencing travel, and then send it to the travel unit or travel arranger.	new version of the administrative instruction (in draft stage), determining that non-staff members are required to complete the travel request, which is understood as a security clearance announced internally in UNU. Therefore, the Board considers that the recommendation is under implementation.				
32.	2017	A/73/5 (Vol. IV), chap. II, para. 136	The Board recommends that the UNU Centre activate, test and update the emergency response plan and the business continuity plan as soon as possible.	UNU explained that the emergency response plan and the business continuity plan had been activated, tested and updated. Management indicated that both plans had been subject to a drafting process and were approved on 3 June 2018 by the management group. In addition, Management mentioned that during the drill conducted on 4 March 2019 to test the disaster recovery plan, the email functionality was intact and users were able to sign in to Office 365 and access all the services by means of the authentication service running in the data centre in Dresden, Germany.	The Board was provided with the emergency response plan and the business continuity plan, with its disaster recovery plan. The documents were approved by the management group, which comprises the Rector, the Senior Vice-Rector, the Vice-Rector in Europe, the Director of Administration and the Executive Officer. The Board was aware that two emergency drills had been conducted at the UNU headquarters building (UNU Centre) on 28 February and 4 March 2019. The plans were tested during those drills and the key actors identified in the plans participated in them. In conclusion, the emergency response plan and the business continuity plan were both activated and tested during the drills and were updated and approved.	X			

No.	Audit report year	Report reference	Recommendation of the Board	UNU response	Board's assessment	Status after verification: Implemented	Under implementation	Overtaken by events	Not implemented
					Therefore, the Board concludes that this recommendation has been implemented.				
33.	2017	A/73/5 (Vol. IV), chap. II, para. 137	Furthermore, the Board recommends that the UNU Centre include a disaster recovery plan in the business continuity plan.	UNU provided the business continuity plan, which includes the disaster recovery plan as an annex.	According to the information analysed by the Board, UNU presents an approved disaster recovery plan, which considers information related to procedures for and timing and costs of the recovery of the ICT services interrupted. Therefore, the Board concludes that this recommendation has been implemented.	X			
34.	2017	A/73/5 (Vol. IV), chap. II, para. 146	The Board recommends that UNU plan mandatory safety and security training sessions and perform mandatory emergency drills for all United Nations personnel inside the UNU headquarters building to ensure the preparedness of UNU and the effectiveness of its systems and procedures to deal with emergency situations. Emergency drills should not be pre-announced.	UNU explained that it conducts mandatory evacuation drills and safety and security training sessions once each year. For the current year, these sessions were developed as follows: On 28 February 2019, an unannounced emergency drill was conducted after the implementation of the safety confirmation web-based application; On 4 March 2019, a mandatory evacuation drill and a safety and security training session were conducted.	In this regard, UNU provided images related to the sessions conducted, including the evacuation drill and safety confirmation, the safety and security briefing by the fire department official and the safety and security training sessions on the use of fire extinguishers, in a virtual reality simulation vehicle and in an earthquake simulation vehicle. Both drills were conducted in the UNU headquarters building, participating UNU Centre buildings and UNU-IAS. In addition, during the audit visit conducted in Putrajaya, the Board participated in an emergency drill, verifying that all UNU personnel had participated.	X			

No.	Audit report year	Report reference	Recommendation of the Board	UNU response	Board's assessment	Status after verification: Implemented	Under implementation	Overtaken by events	Not implemented
					Therefore, the Board concludes that this recommendation has been implemented.				
35.	2017	A/73/5 (Vol. IV), chap. II, para. 148	Additionally, the Board recommends that the UNU Centre strengthen its efforts to enhance the quantity of stock of emergency supplies. The minimum stock should be in line with recommendations given by the Tokyo Metropolitan Government.	Management explained that the emergency supplies are maintained in the UNU headquarters building, in accordance with the recommendation by the Tokyo Metropolitan Government, which establishes that these supplies should last for three days. Moreover, UNU indicated that it considered a total of 200 people, specifying that, as at April 2019, there were 95 personnel and 35 students belonging to UNU-IAS in the UNU headquarters building.	The Board conducted an inventory of the emergency supplies, verifying that UNU maintained, at least, the quantities recommended for 200 people for three days, as follows: (a) Nine litres of water per person for three days, resulting in a total of 1,800 litres of water; (b) Nine rations of meals per person for 3 days, resulting in a total of 1,800 rations. These rations were not expired; (c) One blanket per person, resulting in a total of 200 blankets; (d) Fifteen emergency toilet kits per person for three days, resulting in a total of 3,000 kits. Therefore, the Board concludes that this recommendation has been implemented.	X			
36.	2017	A/73/5 (Vol. IV), chap. II, para. 150	Furthermore, the Board recommends that UNU provide all UNU personnel (including consultants and students) in Japan with the country-specific security orientation package for Japan.	UNU explained that the relevant documents were posted on the UNU Intranet.	In accordance with the verification conducted by the Board, on the one hand, UNU personnel and consultants have access to the UNU Intranet, where the relevant documents are published. On the other hand, for the students belonging to UNU-IAS, located in Japan, this information is uploaded to the online platform for them.	X			

No.	Audit report year	Report reference	Recommendation of the Board	UNU response	Board's assessment	Status after verification: Implemented	Under implementation	Overtaken by events	Not implemented
					Therefore, the Board concludes that this recommendation has been implemented.				
37.	2017	A/73/5 (Vol. IV), chap. II, para. 159	The Board recommends that repair and maintenance measures at the UNU headquarters building that are needed to ensure the safety and security of personnel and other people using the facilities be prioritized.	Management provided the UNU long-term renovation plan for the next 15 years, covering the period from 2018 to 2033. The document was formulated by the Government of Japan, specifically the Ministry of Education, Culture, Sports, Science and Technology. UNU explained with regard to the current constructions managed by the Ministry that: (a) The anti-seismic construction work on the ceiling of the main entrance building had been under way since the beginning of January 2019, with the end date by the end of March 2019; (b) The replacement of the fire detection system was scheduled to begin by the end of March 2019; (c) The reinforcement repairs of the ceiling in the two conference rooms were scheduled for October 2019.	In accordance with the information analysed, the Board concluded that UNU had been working closely with the Ministry of Education, Culture, Sports, Science and Technology of Japan to ensure the safety and security of the UNU headquarters building, through the proper construction works. Moreover, during the audit visit, the Board verified visually the completion of the construction process of the anti-seismic construction on the ceiling of the main entrance building. Finally, considering the explanation of UNU, the Board estimated that since the constructions mentioned and the UNU long-term renovation plan would be managed by the Ministry during the period from 2018 to 2033, this recommendation should be considered as overtaken by events.			X	

No.	Audit report year	Report reference	Recommendation of the Board	UNU response	Board's assessment	Status after verification: Implemented	Under implementation	Overtaken by events	Not implemented
				In addition, UNU explained that the above-mentioned plan was composed of a multitude of projects directly financed and implemented by the Ministry, which were negotiated and agreed between UNU and the Ministry. However, management indicated that it would not be appropriate to consider the recommendation implemented only when the final renovation project was completed, in 2033.					
38.	2017	A/73/5 (Vol. IV), chap. II, para. 175	The Board recommends that UNU-IAS ensure that travellers report their travel completion within one month after the travel end date.	UNU-IAS has reviewed the workflow. The submission of travel completion certification has been monitored by a travel focal point. Management also indicated that UNU had started using the travel confirmation and checklist form.	The Board verified that UNU-IAS had taken measures to improve on the submission of travel completion certification. However, in accordance with the sample analysed by the Board, not all travels during 2018 were reported within one month after the completion of travel. Therefore, the Board considers that the recommendation is under implementation.		X		

No.	Audit report year	Report reference	Recommendation of the Board	UNU response	Board's assessment	Status after verification: Implemented	Under implementation	Overtaken by events	Not implemented
39.	2017	A/73/5 (Vol. IV), chap. II, para. 176	The Board recommends that UNU update its administrative instruction for travel on the basis of the relevant United Nations rules and administrative instructions and taking into account lessons learned since the administrative instruction has been implemented. The updated administrative instruction should cover travel issues that turned out to be general cases for enhancing transparency and giving staff clear guidance. The updated administrative instruction should also include the current version of the duty travel plan.	The revised travel policy (in draft stage) will include provisions on who is required to announce their security clearance and how they should do it. The travel policy has been finalized and is now pending approval.	The Board analysed the draft administrative instruction, which adds the definition for the duty travel plan for announcing UNU travel made by travellers other than staff members and personnel service agreement holders. Moreover, examples regarding mode of transport, dates, route and standard travel and miscellaneous expenses were provided in the draft. However, some of the examples were not completely harmonized with the rules and administrative instruction of the United Nations. Therefore, the Board considers that the recommendation is under implementation.		X		
40.	2017	A/73/5 (Vol. IV), chap. II, para. 178	Additionally, the Board recommends that UNU use the most economical route available as the standard route for all official travel pursuant to staff rule 7.6 (f).	The revised travel policy (in draft stage) will include examples and detailed guidelines for the most economical route for official travel.	The Board reviewed the modification in the draft administrative instruction and its examples regarding mode of transport, dates, route and standard travel expenses, which were not harmonized with current staff rule 7.6 (f). In accordance with the draft, the normal route is the most economical route that does not exceed the most direct route by four hours or more and does not add a connection. In this regard, the most direct route		X		

No.	Audit report year	Report reference	Recommendation of the Board	UNU response	Board's assessment	Status after verification: Implemented	Under implementation	Overtaken by events	Not implemented
					can be chosen over the most economical route. Therefore, the Board considers that the recommendation is under implementation.				
41.	2017	A/73/5 (Vol. IV), chap. II, para. 179	Furthermore, the Board recommends that UNU randomly review the requirement on reporting for duty in paragraph 5.4 of the UNU administrative instruction.	The revised travel policy (in draft stage) will include the requirement for travellers to report for duty after returning from mission. Moreover, UNU will look into the possibility of establishing a procedure to randomly review the reporting.	The Board reviewed the draft administrative instruction and noticed that the document established the responsibility of reporting of the travellers. However, it is necessary to ensure accomplishment in this regard through a random review of the requirement on reporting, which should be conducted by travel management. Therefore, the Board considers that the recommendation is under implementation.		X		
42.	2017	A/73/5 (Vol. IV), chap. II, para. 180	In addition, the Board recommends that UNU determine that travellers other than staff and personnel service agreement holders can announce all their travel using a formal duty travel plan to facilitate the administrative work process.	The revised travel policy (in draft stage) will include the requirements for travellers other than staff members and personnel service agreement holders to use the duty travel plan and travel request functions. Moreover, UNU is gradually implementing the travel request function in the Atlas travel and expense module to ensure that it is used for all UNU travellers.	In its review, the Board noted that section 12 of the draft administrative instruction established that non-staff members are required to complete a travel request, submit it for authorization and send it to the travel unit or travel arranger before commencing travel. Since the modification is in a draft stage, this recommendation is considered under implementation.		X		

No.	Audit report year	Report reference	Recommendation of the Board	UNU response	Board's assessment	Status after verification: Implemented	Under implementation	Overtaken by events	Not implemented
43.	2017	A/73/5 (Vol. IV), chap. II, para. 193	The Board recommends that UNU develop its own institutional memory instead of continuously hiring former staff members as consultants for this purpose.	UNU considered that this recommendation had been implemented, explaining that the regulatory framework database accessible through the UNU Intranet was up and running. In addition, UNU indicated that it had hired a legal and policy specialist to lead the ongoing development of institutional memory, beginning on 17 April 2019. In addition, the specialist would lead the restructuring of the electronic legal database, which would be a multi-year project. Moreover, UNU mentioned that it was working on a UNU legal handbook to enhance the institutional memory of UNU, which was provided to the Board of Auditors. Finally, UNU indicated that since this ongoing process did not have a specific end date, there was no way to indicate when the process of archiving institutional memory would be completed.	The Board recognized the efforts of UNU in hiring a legal and policy specialist, as well as in preparing a legal handbook, both of which support the objective of strengthening the institutional memory of UNU. However, at the time of the audit process, the contract of the legal and policy specialist was not provided. Management explained that the terms of reference would be developed in consultation with the newly recruited specialist during the onboarding session. Moreover, the vacancy announcement in this regard established as responsibilities for the role to review and interpret legal documents, instruments or other material with the aim of: (a) identifying salient issues and inconsistencies; and (b) improving internal knowledge management systems (systematizing and archiving institutional memory). In this regard, even though the development of institutional memory is a permanent ongoing process that, as UNU explained, does not have a specific end date of completion, the Board estimated that the completion of the specific legal handbook and the articulation of specific tasks of the legal and policy		X		

No.	Audit report year	Report reference	Recommendation of the Board	UNU response	Board's assessment	Status after verification: Implemented	Under implementation	Overtaken by events	Not implemented
					specialist could be understood as the implementation and accomplishment of this recommendation. Therefore, the Board considers that the recommendation is under implementation.				
44.	2017	A/73/5 (Vol. IV), chap. II, para. 194	Additionally, the Board recommends that UNU describe specific, results-oriented functions to be accomplished within a prescribed time frame in the terms of reference or work assignment contained in its consultant contracts.	UNU considered that this recommendation had been implemented. Management explained that recently issued consultant contracts adhered to guidance provided by the Board of Auditors and that, going forward, all contracts would be issued in accordance with the guidance in line with the current administrative instruction (UNU/ADM/2019/01), in effect since 1 March 2019. UNU provided three recent consultant contracts issued during 2019, which included a description of the performance of specific tasks. Finally, with regard to the two contracts observed by the Board during its audit, management mentioned that the contracts were issued prior to the issuance of the	In this regard, the Board examined a sample of consultants contracted during 2018. Two contracts did not specify the terms of reference of the work assignment in a prescribed time frame. For these two contracts, the terms of reference were not sufficiently specific in the description related to results-oriented functions to be accomplished. Both contracts commenced on 1 January and expired no later than 31 December 2018. Considering the above and the explanations given by UNU, this recommendation will be reviewed in the next audit process. Therefore, the Board considers that the recommendation is under implementation.		X		

No.	Audit report year	Report reference	Recommendation of the Board	UNU response	Board's assessment	Status after verification: Implemented	Under implementation	Overtaken by events	Not implemented
				recommendation and neither were in force.					
45.	2017	A/73/5 (Vol. IV), chap. II, para. 195	The Board further recommends that UNU document the performance of its consultants in a comprehensible and fully justifiable form.	UNU considered that this recommendation had been implemented, explaining that that newly issued consultant contracts would include specific reporting requirements to document performance.	In the report of the Board for 2017 (A/73/5 (Vol. IV), chap. II), it was mentioned that two retired staff members did not receive their fees upon certification by the authorized official of satisfactory completion of the work. The current administrative instruction (UNU/ADM/2019/01), in effect since 1 March 2019, indicates that payment to be made on a lump-sum basis shall take place upon certification by an authorized official of UNU of satisfactory completion of the work, and that supervisors of consultants shall evaluate their performance using the evaluation of services form. During its audit, the Board reviewed the certifications of the two retired staff members contracted as consultants during 2018. Both presented their certification by the authorized official of satisfactory completion of the work through their respective evaluation of services forms, dated previous to the payment made. Therefore, the Board concludes that this recommendation has been implemented.	X			

No.	Audit report year	Report reference	Recommendation of the Board	UNU response	Board's assessment	Status after verification: Implemented	Under implementation	Overtaken by events	Not implemented
46.	2017	A/73/5 (Vol. IV), chap. II, para. 197	Finally, the Board recommends that UNU limit the duration of consultant contracts for retired staff members in receipt of a benefit from the United Nations Joint Staff Pension Fund to six months per calendar year. UNU should consider calculating fees on the basis of the nature and complexity of the assignment performed by former or retired staff members.	UNU considered that this recommendation had been implemented, explaining that the current administrative instruction (UNU/ADM/2019/01), in effect since 1 March 2019, had been issued to address the matter. With regard to the contracts observed by the Board during its audit, management mentioned that they had been issued prior to the issuance of the recommendation.	In the report of the Board for 2017 (A/73/5 (Vol. IV), chap. II), it was mentioned that the restrictions on the employment of former staff members in receipt of a pension from the United Nations Joint Staff Pension Fund were stated in administrative instruction ST/AI/2013/4. They derived from resolutions of the General Assembly. During its audit, the Board reviewed the four contracts of former staff members who were in receipt of a benefit from the Pension Fund and were contracted as consultants during 2018, and made the following findings: (a) Three contracts were for more than six months per calendar year, which is more than established in administrative instruction ST/AI/2013/4; (b) Two contracts were for the maximum of emoluments allowed; however, owing to the general description, it was not possible to determine whether the fees were based on the nature and complexity of the assignment performed, as established in administrative instruction ST/AI/2013/4. The current administrative instruction (UNU/ADM/2019/01) establishes that consultant contracts for former UNU staff members who are in		X		

No.	Audit report year	Report reference	Recommendation of the Board	UNU response	Board's assessment	Status after verification: Implemented	Under implementation	Overtaken by events	Not implemented
					receipt of a pension from the Pension Fund are subject to restrictions, pursuant to the applicable administrative issuances of the United Nations Secretariat. The fees payable to a former UNU staff member shall be based on the nature and complexity of the assignment performed. Such individuals may not be hired for more than six months per calendar year and may not receive more than $22,000 per calendar year in emoluments. Considering the above and the explanations given by UNU, this recommendation will be reviewed in the next audit process. Consequently, the Board considers that the recommendation is under implementation.				
47.	2017	A/73/5 (Vol. IV), chap. II, para. 205	The Board recommends that UNU use an electronic system, preferably the human capital management module of the enterprise resource planning system, for managing personnel service agreements and consultant and individual contractor contracts.	The human resources service has successfully moved a substantial group of personnel service agreement holders over to the human capital management module in Atlas and is working towards moving over the remainder by the second quarter of 2019. The migration of personnel service agreement contracts to the Atlas human capital management module is in process.	The Board verified that at least 97 of 212 personnel service agreement contracts had been migrated to the human capital management module. UNU will review in the future the migration of consultant and individual contractor contracts, owing to differences presented. The migration is in process. Consequently, the Board considers that this recommendation is under implementation.		X		

No.	Audit report year	Report reference	Recommendation of the Board	UNU response	Board's assessment	Status after verification: Implemented	Under implementation	Overtaken by events	Not implemented
48.	2017	A/73/5 (Vol. IV), chap. II, para. 216	The Board recommends that UNU plan procurement processes diligently and in time. In doing so, UNU should monitor the financial threshold for procurements with the utmost accuracy and prevent requesting units and procurement officers from dividing purchases in many parts, with the result of a waiver of competitive bidding.	UNU procurement has reminded all procurement focal points on the guidelines and threshold.	In its review, the Board detected two purchases made in 2018, for office services, with the same vendor and paid the same month, for which the sum of both amounts surpassed the financial threshold established in the United Nations Procurement Manual. In this regard, UNU provided the supporting documents of the competitive process for selecting the service required, in which the lowest bid was selected. Moreover, it was verified that UNU procurement had made improvements to the process in this regard. Consequently, the Board considers that this recommendation has been implemented.	X			
49.	2017	A/73/5 (Vol. IV), chap. II, para. 224	The Board recommends that UNU-IAS change the operating unit for all assets in use to 611 (UNU-IAS) at the earliest possible time.	UNU indicated that UNU-IAS had reviewed and updated the operating unit for all assets in use.	The Board reviewed the subsidiary ledger of capital assets and non-capital assets as at 31 December 2018, extracted from Atlas, and verified that all assets of UNU-IAS considered code 611 as the operating unit. Therefore, the Board concludes that this recommendation has been implemented.	X			

No.	Audit report year	Report reference	Recommendation of the Board	UNU response	Board's assessment	Status after verification: Implemented	Under implementation	Overtaken by events	Not implemented
50.	2017	A/73/5 (Vol. IV), chap. II, para. 225	The Board recommends that UNU-IAS add all necessary information (serial number, model description and custodian) to the assets in Atlas.	UNU requested that the status of this recommendation be changed to implemented, since UNU-IAS had conducted a physical verification exercise and updated all necessary information in Atlas.	The Board analysed the subsidiary ledger of capital assets and non-capital assets extracted from Atlas as at 31 December 2018, and observed that: (a) Three types of software were not linked to a serial number in Atlas; (b) Five types of software had no model description in Atlas. The Board concluded that UNU-IAS had maintained assets not linked to a serial number and without a model description in the system. Consequently, the Board considers that this recommendation is under implementation.		X		
51.	2017	A/73/5 (Vol. IV), chap. II, para. 226	Additionally, the Board recommends that UNU-IAS not use software products or licences with an expired licence period to prevent legal action being taken by the licensor.	UNU requested that the status of this recommendation be changed to implemented. In response to the review conducted by the Board during its audit, management explained, on the one hand, that, owing to a technical limitation in the Atlas system, the status of the 25 expired licences could not be changed to "disposed of". This was because when a licence was renewed or extended, the renewed	The Board reviewed the subsidiary ledger of intangible assets as at 31 December 2018 extracted from Atlas. As a result, it was observed that: (a) 25 licences and software had expired as at 31 December 2018 but had the category "in use" in Atlas; (b) 15 intangible assets (software and licences) did not have an expiration date. In this regard, the information maintained in the Atlas system was not up to date. The Board considers that if technical limitations exist in the system, UNU should request UNDP to resolve them.		X		

No.	Audit report year	Report reference	Recommendation of the Board	UNU response	Board's assessment	Status after verification: Implemented	Under implementation	Overtaken by events	Not implemented
				licence had the same asset identification number as the expired licence. On the other hand, regarding the 15 software and licences with no expiration date, management explained that this was because they were perpetual licences, which would not expire.	Consequently, the Board considers that this recommendation is under implementation.				
52.	2017	A/73/5 (Vol. IV), chap. II, para. 227	Furthermore, the Board recommends that UNU-IAS perform a physical verification exercise for the library collection and update the information in the library management system at the earliest possible time.	A physical verification exercise is being conducted. The information in the library management system will be updated in due course.	The Board verified that UNU-IAS had performed the physical verification exercise for the entire library collection, except the ILO collection, corresponding to a donation from the ILO Tokyo office, which had been moved to the library in 2015. The cataloguing into the UNU library system was completed in 2017 and, since it is archival collection, items have not circulated much in the past few years. The formal information was not provided as established in the instructions on the physical verification of the non-capital assets of UNU. Consequently, the Board considers that this recommendation is under implementation.		X		

No.	Audit report year	Report reference	Recommendation of the Board	UNU response	Board's assessment	Status after verification: Implemented	Under implementation	Overtaken by events	Not implemented
53.	2017	A/73/5 (Vol. IV), chap. II, para. 234	The Board recommends that UNU-IAS perform a thorough physical verification exercise to ensure the completeness of data of assets.	UNU requested that the status of this recommendation be changed to implemented. In response to the review conducted by the Board during its audit, management explained that, owing to a technical limitation in the Atlas system, the status of the 25 expired licences could not be changed to "disposed of". This was because when a licence was renewed or extended, the renewed licence had the same asset identification number as the expired licence.	UNU-IAS conducted a physical verification of the inventory in July 2018, which considered the elimination of the assets disposed of and the expired software. Nevertheless, the dates of the expired licences were not up to date as at December 2018. In this regard, the information maintained in the Atlas system is not up to date. The Board considers that if technical limitations exist in the system, UNU should request UNDP to resolve them. Consequently, the Board considers that this recommendation is under implementation.		X		
54.	2017	A/73/5 (Vol. IV), chap. II, para. 235	Additionally, the Board recommends that UNU-IAS update the location of all assets and their profile ID. Atlas should display all assets that are actually in service with status "I" (in use). Assets that are obsolete or not in use should be deleted in Atlas or their asset status should at least be changed from "in use" to "D" (disposed of).	UNU requested that the status of this recommendation be changed to implemented. Owing to a technical limitation in Atlas, the status of the 25 expired licences could not be changed to "disposed of". This was because when a licence was renewed or extended, the renewed licence had the same asset identification number as the expired license. The Epson printer was currently in the process of disposal.	In 2018, during its assessment, the Board observed that: (a) 25 intangible assets with the status "in use" in the Atlas system had expired as at 31 December 2018; and (b) the Epson printer with the asset identification number 11767 was still displayed as furniture, with the profile ID "NC_FURN1". Therefore, the Board considers that this recommendation is under implementation.		X		

No.	*Audit report year*	*Report reference*	*Recommendation of the Board*	*UNU response*	*Board's assessment*	*Status after verification*			
						Implemented	*Under implementation*	*Overtaken by events*	*Not implemented*
55.	2017	A/73/5 (Vol. IV), chap. II, para. 236	The Board recommends that UNU-IAS tag all capital and non-capital assets in use with a valid tag label in line with the information recorded in Atlas and remove or black all tags of items that do not have to be registered in Atlas as an asset (for example, ICT parts, and furniture with a value lower than $1,500).	A valid tag label was placed on all items in use in line with the information recorded in Atlas. All tags of items that are not registered in Atlas have been removed or blacked.	The Board examined those items with a value lower than $1,500 and their description, detecting only assets that must be inventoried regardless of the amount. In addition, it is important to mention that during the inventory conducted, the Board verified that the assets had a tag label and a tag number in line with the information contained in Atlas. In accordance with the examination conducted and the findings previously observed, there are no situations to note, and therefore the recommendation is considered to have been implemented.	X			
Total					**55**	**22**	**29**	**4**	**–**
Percentage					**100**	**40**	**53**	**7**	**–**

Abbreviations: ICT, information and communications technology; ILO, International Labour Organization; UNDP, United Nations Development Programme; UNU-CS, UNU Institute on Computing and Society; UNU-EGOV, UNU Operating Unit on Policy-Driven Electronic Governance; UNU-EHS, UNU Institute for Environment and Human Security; UNU-GCM, UNU Institute on Globalization, Culture and Mobility; UNU-IAS, UNU Institute for the Advanced Study of Sustainability; UNU-INRA, UNU Institute for Natural Resources in Africa; UNU-ViE, UNU Vice-Rectorate in Europe.

Chapter III
Certification of the financial statements

Letter dated 20 March 2019 from the Assistant Secretary-General, Controller, addressed to the Chair of the Board of Auditors

The financial statements of the United Nations University for the year ended 31 December 2018 have been prepared in accordance with rule 106.1 of the Financial Regulations and Rules of the United Nations.

The summary of significant accounting policies applied in the preparation of these statements is included as notes to the financial statements. These notes provide additional information on and clarification of the financial activities undertaken by the University during the period covered by these statements for which the Secretary-General has administrative responsibility.

I certify that the appended financial statements of the United Nations University, numbered I to V, are correct in all material respects.

(*Signed*) Chandramouli **Ramanathan**
Assistant Secretary-General, Controller

Chapter IV
Financial report for the year ended 31 December 2018

A. Introduction

1. The Rector has the honour to submit herewith the financial report on the accounts of the United Nations University (UNU) for the year ended 31 December 2018.

2. The present report is designed to be read in conjunction with the financial statements. Attached hereto is an annex, which includes supplementary information that is required to be reported to the Board of Auditors under the Financial Regulations and Rules of the United Nations.

3. UNU is a think tank and one of several research entities in the United Nations system. The University's mandate is to assist in finding solutions to the pressing global problems of human survival, development and welfare that are the concern of the United Nations and its agencies, with a particular focus on the needs of developing countries. The 600 highly skilled researchers and support personnel of UNU, who work in more than a dozen institutes and programmes on five continents, collaborate to develop evidence-based solutions to pressing global challenges and advocate realistic policies that will enable the United Nations system and States Members of the United Nations to reach the targets encapsulated in the Sustainable Development Goals.

4. The research findings of UNU are disseminated primarily through academic and policy publications (most of which are freely available online) and public events. The University also promotes interaction among scientific and policy communities worldwide and members of the general public, building connections between communities on emerging public policy issues. UNU offers a range of specialized training opportunities, including accredited postgraduate degree programmes, that help to equip tomorrow's leaders with the academic foundations they will need to solve the global challenges of today and tomorrow.

5. In 2018, UNU faced significant changes in the composition of its directing personnel. A total of nine new directors joined UNU between mid-2017 and late 2018. The Rectorate organized four-day onboarding sessions that enabled the new directors to become acquainted with the UNU governance system and administrative structure, as well as UNU Centre personnel and one another. These sessions also provided an opportunity for the new directors to ask questions, establish relationships and exchange ideas on management issues. Most importantly, these sessions fostered a sense of collegiality and partnership. Notably, UNU reached 33 per cent representation of women at the director level and 48 per cent representation of women at UNU overall. As a result of the strategic hiring over the course of 2018, UNU is approaching its target of 50 per cent representation of women at the P-3 level and higher (combined).

6. Additionally, UNU completed the process of renewing members of the governing UNU Council in 2018. Six new members were appointed to join the Council from 3 May 2019.

7. Over the course of 2018, UNU continued its efforts to strengthen and streamline its policies on addressing sexual harassment and other forms of harassment in the workplace. In January 2018, completion of the "Prevention of workplace harassment, sexual harassment and abuse of authority in the workplace" course became mandatory for all personnel. Over the course of the year, the University also supported a number of United Nations system-wide initiatives to address sexual harassment, including

participation in the system-wide survey entitled "Safe space: survey on sexual harassment in our workplace", which was conducted by an independent consulting firm. The survey was the first of its kind for the United Nations and was initiated by the Secretary-General as a proactive measure to combat sexual harassment in the workplace. Another step recently taken by UNU was to participate in a system-wide screening database for new recruits, which is intended to help to prevent the hiring of individuals whose working relationship with a United Nations system entity had ended because they had perpetrated acts of sexual harassment. UNU also participated in the Leadership Dialogue sessions on the theme "Speaking up: when does it become whistle-blowing?", covering topics on respectful disagreement, harassment in the workplace and whistle-blowing.

8. Several communications campaigns in 2018, including for the promotion of the Sustainable Development Explorer, which highlights the work of UNU relating to the Sustainable Development Goals, led to an increase in the number of visits to the UNU website. Since its launch, the Sustainable Development Explorer has become the third most visited section of the UNU website, behind the recruitment and admission sections.

9. UNU made several notable contributions to policy processes at the United Nations. UNU is part of a reference group on new technologies supporting the Secretary-General in drafting a strategy on new technologies. The Secretary-General's strategy is aimed at preparing the United Nations internally and encouraging greater engagement between United Nations stakeholders and external technology stakeholders, including industry, civil society and researchers, among others. The project was led by the UNU Centre for Policy Research in New York, an entity resulting from the merger of the UNU Centre for Policy Research in Tokyo and the UNU Office in New York on 1 July 2018. The Global Partnership for Gender Equality in the Digital Age (EQUALS initiative) was co-founded in 2017 by UNU, the International Telecommunication Union, the Global System for Mobile Communications Association, the International Trade Centre and the United Nations Entity for Gender Equality and the Empowerment of Women (UN-Women) to address the gender digital divide and ensure that women benefit from the opportunities provided by the digital revolution. The aim of the partnership is to bring together strategic stakeholders on a global platform of action focused on three areas: access (ensuring that women and girls have full access to information and communications technology (ICT)); skills (empowering women and girls to acquire skills to become ICT users and creators); and leadership (promoting leadership opportunities for women in ICT and women's entrepreneurship). UNU is leading the EQUALS Research Group to facilitate interactions and provide overall guidance on strategy, data and analytics required to advance research in this field. The preliminary findings of the EQUALS review, which show that despite gains in some areas, gender-related digital inequalities still remain, were presented by the Rector at the EQUALS partners meeting held in New York on 22 September 2018. In 2017, UNU oversaw the production of a baseline study addressing xenophobia and the role of the media in shaping perceptions of migrants. The report filled a key gap identified by the Global Migration Group in 2016 in a priority area that must be better understood to ensure inclusivity for migrants and refugees. The academic report, together with a summary of proceedings of a workshop held in Bellagio, Italy, in October 2017 and policy recommendations, were formally launched in Brussels on 12 September 2018. The launch event was organized with the assistance of the United Nations Regional Information Centre for Western Europe and was attended by representatives of Member States, the European Commission, United Nations entities, civil society, academia and the media.

10. There were several additional developments with respect to institutional development in 2018. The UNU Institute on Globalization, Culture and Mobility was closed in December 2018 owing to inconclusive negotiations with its host authorities on future funding. Carrying a delegation of authority from the Rector, the Director of the UNU-Maastricht Economic and Social Research Institute on Innovation and Technology met with the Minister for Foreign Affairs of Senegal in Dakar on 7 February 2018 and signed a bilateral funding agreement establishing the United Nations University Institute for Economic and Social Research in Dakar.

B. Overview of the financial statements for the year ended 31 December 2018

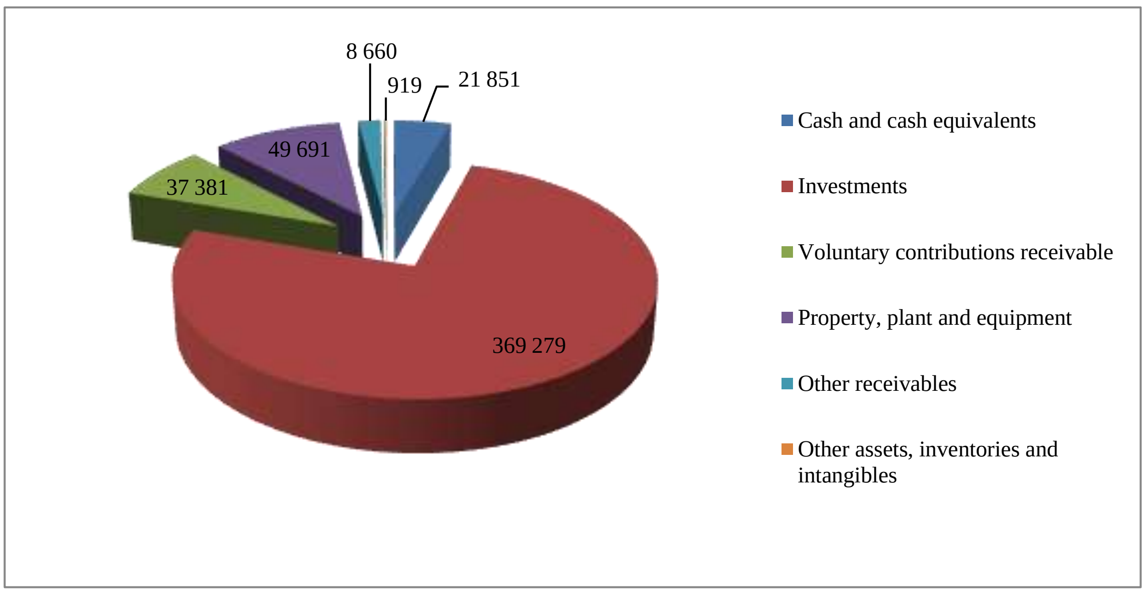
11. Financial statements I, II, III, IV and V show the financial results of UNU activities and its financial position as at 31 December 2018. The notes to the financial statements explain UNU accounting and financial reporting policies and provide additional information on the individual amounts contained in the statements.

Financial position

Assets

12. Assets as at 31 December 2018 totalled $487.78 million, compared with the balance as at 31 December 2017 (restated) of $512.30 million. Figure IV.I presents the structure of assets as at 31 December 2018.

Figure IV.I
Total assets as at 31 December 2018
(Thousands of United States dollars)



13. The main assets as at 31 December 2018 are investments and property, plant and equipment totalling $418.97 million, representing 85.9 per cent of the total assets; voluntary contributions receivable of $37.38 million, or 7.7 per cent; and cash and cash equivalents of $21.85 million, or 4.5 per cent. The remaining 1.9 per cent of the assets consist mainly of other receivables and other assets, inventories and intangibles.

14. Of the total cash, cash equivalents and investments of $391.13 million, $354.22 million, or 90.6 per cent, is held with the United Nations University Endowment Fund, while $19.21 million, or 4.9 per cent, is held in the United Nations Treasury main cash pool.

15. Under the International Public Sector Accounting Standards (IPSAS), accounts receivable from voluntary contributions are recognized in full upon signature of agreement, including amounts due in future financial periods. An exception applies to agreements with performance obligations, such as those with the European Union containing conditions requiring the return of the contribution if the funds are not spent in accordance with the terms and conditions specified by the donor.

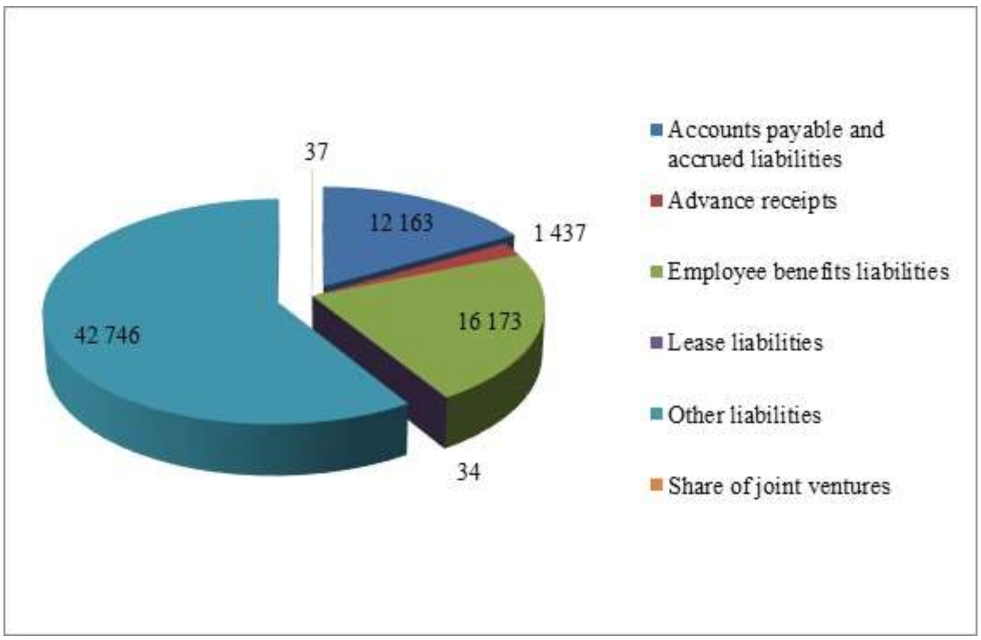
16. Overall, assets decreased by $24.52 million, or 4.8 per cent, over the prior year. The change is attributable mainly to the unrealized losses of the investments held with the Endowment Fund.

Liabilities

17. Liabilities as at 31 December 2018 totalled $72.59 million, compared with the balance as at 31 December 2017 of $66.86 million. Figure IV.II presents the structure of UNU liabilities as at 31 December 2018.

18. The increase in total liabilities of $5.73 million, or 8.6 per cent, is attributable mainly to the timing of significant investment purchases at the end of 2018, which were settled in early January 2019.

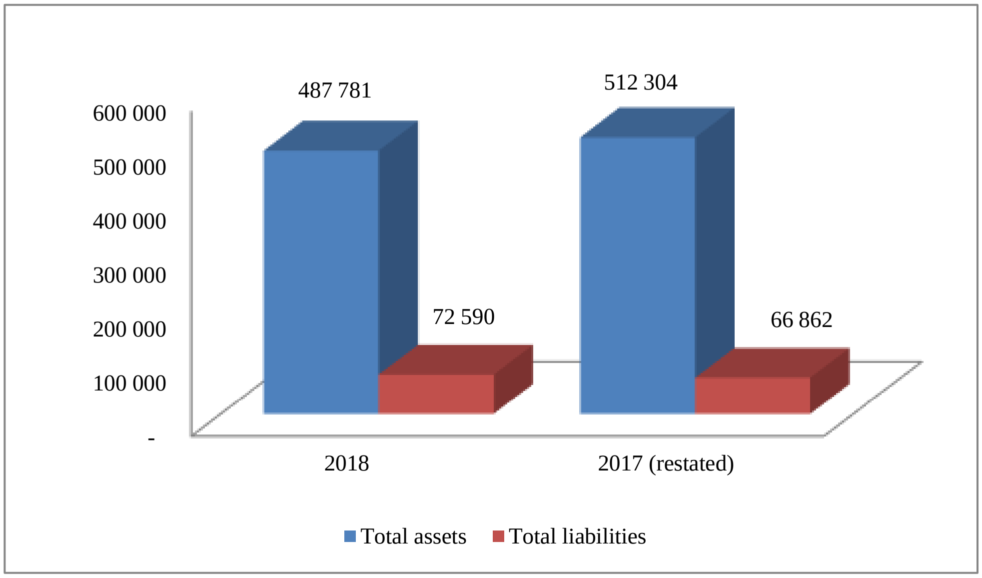
Figure IV.II
Total liabilities as at 31 December 2018
(Thousands of United States dollars)



19. Donated rights-to-use buildings occupied by the University's offices, reported as other liabilities, were the largest liabilities held by UNU. These liabilities amounted to $42.75 million, representing 58.9 per cent of total liabilities. The other major component of liabilities was employee benefits earned by staff members, retirees and individual contractors. These accounted for $16.17 million, representing 22.3 per cent

of total liabilities. The remaining liabilities consisted mainly of accounts payable and accrued liabilities, and advance receipts.

Figure IV.III
Movement in total assets and total liabilities as at 31 December 2018
(Thousands of United States dollars)



20. Figure IV.III illustrates a slight decrease of 4.8 per cent in the total assets during the year, from $512.30 million in 2017 (restated) to $487.78 million in 2018. On the other hand, total liabilities increased by 8.6 per cent, from $66.86 million in 2017 to $72.59 million in 2018. The liability-to-asset ratio remained steady in 2018, at 15 per cent (2017: 13 per cent).

Net assets

21. The movement in net assets during the year reflects a decrease of $30.25 million, from $445.44 million as at 31 December 2017 (restated) to $415.19 million as at 31 December 2018. This decrease is attributable primarily to the net deficit movement in the Endowment Fund of $28.20 million as a result of unrealized investment losses.

Table IV.1
Summary of financial position as at 31 December 2018
(Thousands of United States dollars)

	2018	*2017 (restated)*	*Change (amount)*	*Change (percentage)*
Current assets	70 568	74 226	(3 658)	(4.9)
Non-current assets	417 213	438 078	(20 865)	(4.8)
Total assets	**487 781**	**512 304**	**(24 523)**	**(4.8)**
Current liabilities	17 823	10 522	7 301	69.4
Non-current liabilities	54 767	56 340	(1 573)	(2.8)
Total liabilities	**72 590**	**66 862**	**5 728**	**8.6**
Net assets	**415 191**	**445 442**	**(30 251)**	**(6.8)**

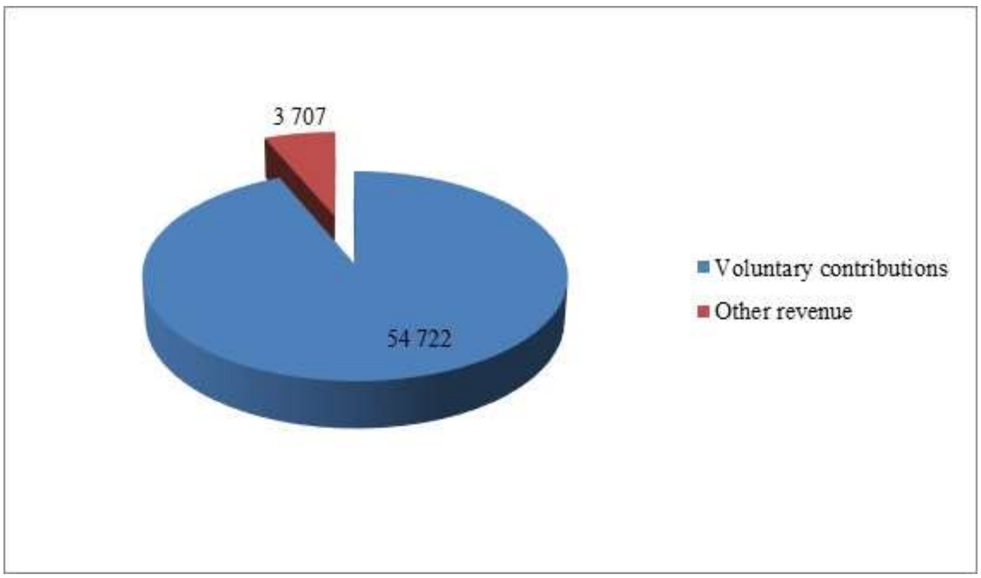
Financial performance

Revenue

22. In 2018, the University's revenue totalled $58.43 million, a decrease of $58.30 million compared with 2017 (restated), or 49.9 per cent. The main source of revenue was voluntary contributions of $54.72 million, which included net monetary contributions of $29.64 million from Member States and $5.57 million from other donors. Voluntary contributions revenue also comprised contributions in kind as a rental subsidy of $19.51 million for the year, which represented the difference between the market value and the actual amount paid for the rental of the buildings occupied by UNU. The other revenue, amounting to $3.71 million, consisted mainly of rental received by the University's headquarters building and fees from consulting services. The reduction of $17.45 million in other revenue was due to significant foreign exchange gains from investments recorded in 2017 but not in 2018.

23. Figure IV.IV presents the structure of UNU revenue as at 31 December 2018.

Figure IV.IV
Total revenue as at 31 December 2018
(Thousands of United States dollars)



24. UNU is heavily reliant on a small number of donors; the top six donors on an IPSAS basis contributed about 81.5 per cent of the total net monetary donor contributions for the year. Figure IV.V highlights the major voluntary contributors, showing Japan as the major contributor for 2018, while figure IV.VI provides the breakdown of voluntary contributions by current year and future years from 2015 to 2018.

Figure IV.V
Voluntary contributions from donors exceeding $1.0 million per donor, 2018 (IPSAS basis)
(Thousands of United States dollars)

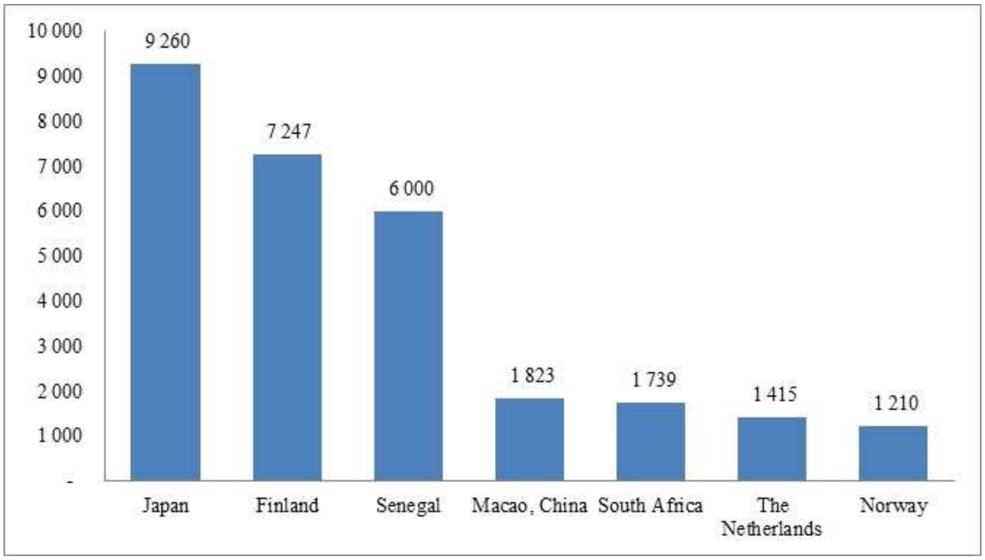


Figure IV.VI
Voluntary contributions by current year and future years, 2015–2018
(Thousands of United States dollars)

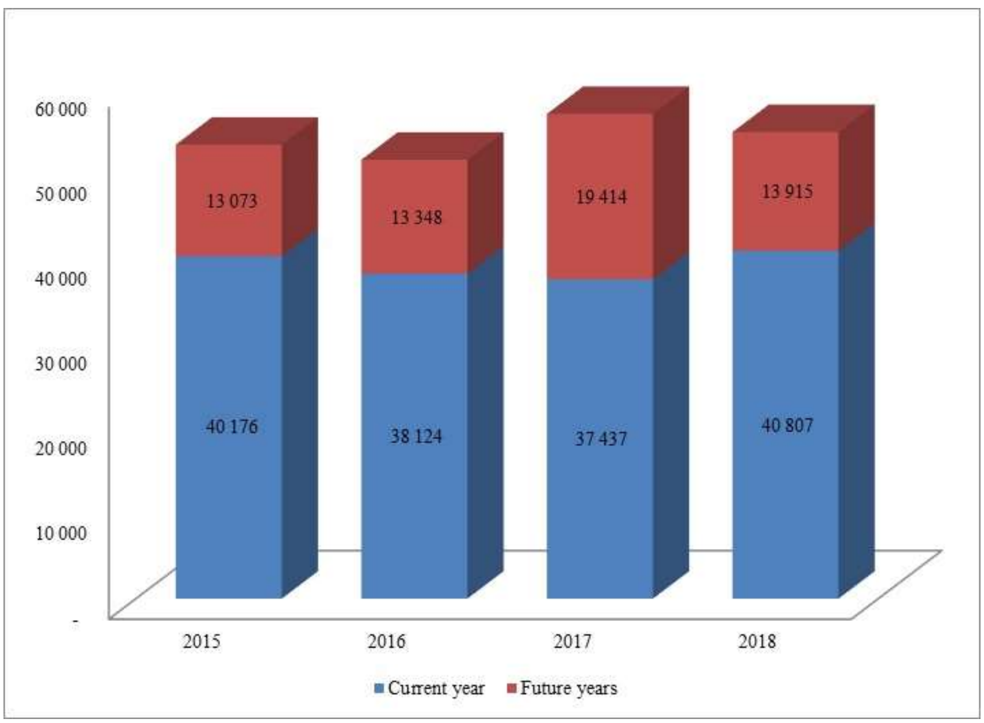


Table IV.2
Comparative revenue analysis
(Thousands of United States dollars)

	2018	*2017 (restated)*	*Change (amount)*	*Change (percentage)*
Voluntary contributions	54 722	56 851	(2 129)	(3.7)
Investment revenue (net)	–	38 721	(38 721)	(100.0)
Other revenue	3 707	21 157	(17 450)	(82.5)
Total revenue	**58 429**	**116 729**	**(58 300)**	**(49.9)**

Expenses

25. For the year ended 31 December 2018, expenses totalled $90.54 million, a decrease of $17.30 million compared with 2017 (restated), or 16.04 per cent. The main expense categories comprised employee salaries, allowances and benefits of $26.71 million, or 29.50 per cent; rent, leases and utilities of $18.62 million, or 20.57 per cent; and investment expense of $16.71 million, or 18.45 per cent. Figure IV.VII presents the structure of UNU expenses as at 31 December 2018.

Figure IV.VII
Total expenses as at 31 December 2018
(Thousands of United States dollars)

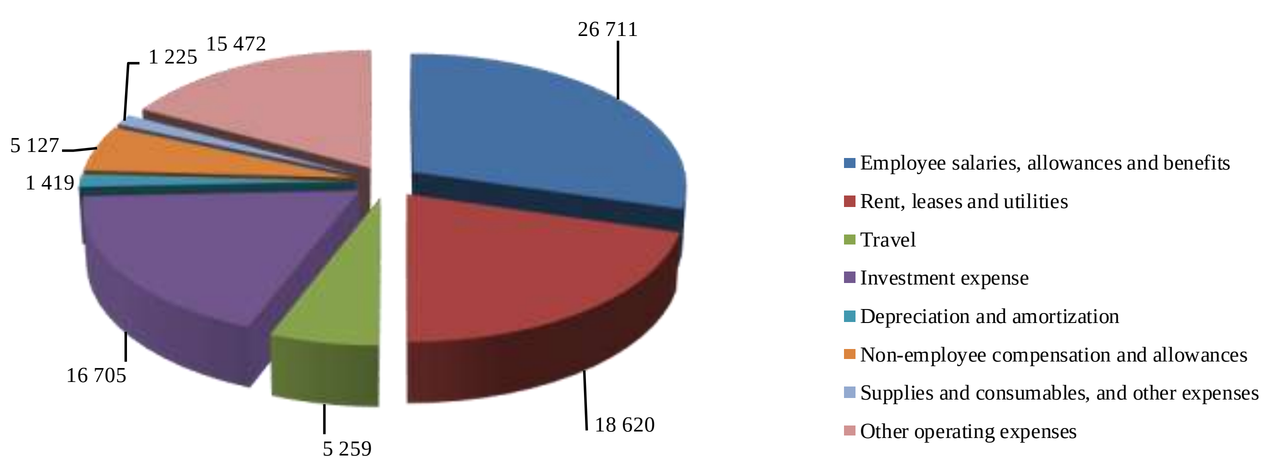


Table IV.3
Comparative expense analysis
(Thousands of United States dollars)

	2018	*2017 (restated)*	*Change (amount)*	*Change (percentage)*
Employee salaries, allowances and benefits	26 711	23 849	2 862	12.00
Rent, leases and utilities	18 620	18 524	96	0.52
Travel	5 259	4 744	515	10.86
Investment expense	16 705	–	16 705	100.00
Depreciation and amortization	1 419	1 503	(84)	(5.59)

	2018	2017 (restated)	Change (amount)	Change (percentage)
Non-employee compensation and allowances	5 127	4 443	684	15.40
Supplies and consumables, and other expenses	1 225	1 120	105	9.38
Other operating expenses	15 472	53 655	(38 183)	(71.16)
Total expenses	**90 538**	**107 838**	**(17 300)**	**(16.04)**

26. During 2018, employee salaries, allowances and benefits increased by $2.86 million (12.0 per cent), owing mainly to the onboarding of new directors.

27. On the other hand, there was a notable reduction in expenses, primarily from other operating expenses. The decrease of $38.18 million (71.16 per cent) under other operating expenses was due mainly to a significantly lower allowance for doubtful voluntary contributions receivable in 2018.

28. During 2018, the University incurred unrealized losses on investments, as reflected in the investment expense line.

Operating results

29. The University recorded a deficit of $32.11 million in 2018, compared with a surplus of $8.89 million in 2017 (restated). The deficit is mainly the result of lower revenue.

Liquidity position

30. As at 31 December 2018, the liquidity position of UNU was healthy; the entity had sufficient liquid assets to settle its obligations. Liquid funds totalled $69.93 million (cash and cash equivalents of $21.85 million, short-term investments of $16.08 million and accounts receivable of $32.00 million), whereas total current liabilities amounted to $17.82 million and total liabilities amounted to $72.59 million.

31. Table IV.4 summarizes four key liquidity indicators for the financial year ended 31 December 2018 with comparatives for the year ended 31 December 2017 (restated).

Table IV.4
Liquidity indicators

Indicators	*2018*	*2017 (restated)*
Ratio of liquid assets to current liabilities	3.9:1	7.0:1
Ratio of liquid assets less accounts receivable to current liabilities	2.1:1	4.7:1
Ratio of liquid assets to total assets	0.1:1	0.1:1
Average months of liquid assets less accounts receivable on hand	5.1	5.6

32. The ratio of liquid assets to current liabilities indicates the ability of UNU to pay its short-term obligations from its liquid resources. The ratio of 3.9:1 indicated that current liabilities are covered in excess of three times by liquid assets, and therefore UNU is in a comfortable position to meet short-term commitments at the end of 2018. When accounts receivable balances were excluded from the analysis, the coverage of current obligations was at 2.1:1 for 2018 and 4.7:1 for 2017 (restated).

33. As at 31 December 2018, the University's total liquid assets amounted to about 14 per cent of its total assets and UNU held sufficient cash and cash equivalents and short-term investments to cover its estimated average monthly expenses of $7.43 million for 5.1 months.

C. Looking ahead

34. UNU made good progress in developing the next five-year strategic plan (2020–2024) over the course of 2018. The main "building blocks" of the next strategic plan will likely include a focus on financial sustainability; policy-oriented research programming; collaboration and innovation within UNU; improving visibility, communications and branding; and facilitating a gender-sensitive work culture. The plan aims to consolidate the progress made during the period 2015–2019.

35. Following the notable developments in the area of institutional development, the UNU Council agreed in December 2018 that the University's strategy for institutional development over the coming years should be guided by three objectives: strengthening the quality of outputs and policy support activities at existing institutes; focusing on sustainable funding for both existing and new institutes; and carefully monitoring the carrying capacity of UNU headquarters vis-à-vis the UNU system of institutes, programmes and operating units.

Annex

Supplementary information

1. The present annex includes the information the Rector is required to report.

Write-off of losses of cash and receivables

2. Pursuant to financial rule 106.7 (a), there were no cases of write-off of receivables in 2018.

Write-off of losses of property

3. Pursuant to financial rule 106.7, there were no cases of write-off of losses of property, plant and equipment, inventories or intangibles for UNU during 2018 arising from accident, theft, damage or destruction; this does not include factors such as obsolescence and wear and tear.

Ex gratia payments

4. There were no ex gratia payments during 2018.

Chapter V

Financial statements for the year ended 31 December 2018

United Nations University

I. Statement of financial position as at 31 December 2018

(Thousands of United States dollars)

	Reference	*31 December 2018*	*31 December 2017 (restated)*[a]
Assets			
Current assets			
Cash and cash equivalents	Note 7	21 851	27 493
Investments	Note 8	16 086	21 848
Voluntary contributions receivable[a]	Note 9	23 337	23 157
Other receivables	Note 10	8 660	1 233
Inventories	Note 11	4	4
Other assets	Note 12	630	491
Total current assets		**70 568**	**74 226**
Non-current assets			
Investments	Note 8	353 193	368 380
Voluntary contributions receivable[a]	Note 9	14 044	18 825
Property, plant and equipment	Note 14	49 691	50 726
Intangibles	Note 15	78	120
Other assets	Note 12	207	27
Total non-current assets		**417 213**	**438 078**
Total assets		**487 781**	**512 304**
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	Note 16	12 163	2 297
Advance receipts	Note 17	1 312	1 726
Employee benefits liabilities	Note 18	2 428	2 390
Lease liabilities	Note 19	13	25
Other liabilities	Note 20	1 907	4 084
Total current liabilities		**17 823**	**10 522**

United Nations University

I. Statement of financial position as at 31 December 2018 (continued)

(Thousands of United States dollars)

	Reference	*31 December 2018*	*31 December 2017 (restated)*[a]
Non-current liabilities			
Advance receipts	Note 17	125	440
Employee benefits liabilities	Note 18	13 745	14 545
Lease liabilities	Note 19	21	23
Other liabilities	Note 20	40 839	41 255
Share of joint ventures: equity method	Note 29	37	77
Total non-current liabilities		**54 767**	**56 340**
Total liabilities		**72 590**	**66 862**
Net of total assets and total liabilities		**415 191**	**445 442**
Net assets			
Accumulated surpluses[a]	Note 21	75 051	77 102
Endowment Fund[a]	Note 22	340 140	368 340
Total net assets		**415 191**	**445 442**

[a] Restated owing to prior-period adjustments (see note 4).

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

United Nations University

II. Statement of financial performance for the year ended 31 December 2018

(Thousands of United States dollars)

	Reference	*2018*	*2017 (restated)*[a]
Revenue			
Voluntary contributions[a]	Note 23	54 722	56 851
Investment revenue (net)	Note 24	–	38 721
Other revenue[a]	Note 25	3 707	21 157
Total revenue		**58 429**	**116 729**
Expenses			
Employee salaries, allowances and benefits	Note 26	26 711	23 849
Rent, leases and utilities	Note 26	18 620	18 524
Travel	Note 26	5 259	4 744
Investment expense (net)	Note 24	16 705	–
Depreciation and amortization	Notes 14, 15, 26	1 419	1 503
Non-employee compensation and allowances	Note 26	5 127	4 443
Supplies and consumables	Note 26	1 198	1 101
Other operating expenses	Note 26	15 472	53 655
Other expenses	Note 26	27	19
Total expenses		**90 538**	**107 838**
(Deficit)/surplus for the year		**(32 109)**	**8 891**

[a] Restated owing to prior-period adjustments (see note 4).

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

United Nations University

III. Statement of changes in net assets for the year ended 31 December 2018

(Thousands of United States dollars)

	Accumulated surpluses	*Endowment Fund*	*Total*
IPSAS net assets as at 1 January 2017	**55 747**	**367 644**	**423 391**
Shares of changes recognized in the net assets of joint ventures: equity method (note 29)	(19)	–	(19)
Actuarial losses on employee benefits liabilities (note 18)	(1 597)	–	(1 597)
Deficit for the year	(696)	(304)	(1 000)
Net assets as at 31 December 2017	**53 435**	**367 340**	**420 775**
Prior-period adjustments[a]	23 667	1 000	24 667
Net assets as at 31 December 2017 (restated)	**77 102**	**368 340**	**445 442**
Shares of changes recognized in the net assets of joint ventures: equity method (note 29)	(5)	–	(5)
Actuarial gains on employee benefits liabilities (note 18)	1 863	–	1 863
Deficit for the year	(3 909)	(28 200)	(32 109)
Total recognized changes in net assets	**(2 051)**	**(28 200)**	**(30 251)**
Net assets as at 31 December 2018	**75 051**	**340 140**	**415 191**

[a] Restated owing to prior-period adjustments (see note 4).

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

United Nations University

IV. Statement of cash flows for the year ended 31 December 2018

(Thousands of United States dollars)

	Reference	*2018*	*2017 (restated)*[a]
Cash flows from operating activities			
Surplus/(deficit) for the year		**(32 109)**	**8 891**
Non-cash movements			
Depreciation and amortization	Notes 14, 15, 26	1 419	1 503
Unrealized losses/(gains) on Endowment Fund investments from changes in fair value	Note 24	26 126	19 144
Realized losses/(gains) on sale of Endowment Fund investments	Note 24	286	(49 405)
Unrealized losses/(gains) on Endowment Fund owing to revaluation		220	(13 821)
Actuarial losses/(gains) on employee benefits liabilities	Note 18	1 863	(1 597)
Losses/(gains) on share of joint ventures	Note 29	(5)	(19)
Losses/(gains) on disposal of property, plant and equipment	Note 14	2	(8)
Investment revenue from Endowment Fund presented as investing activities	Note 24	(9 176)	(8 086)
Investment revenue from cash pool presented as investing activities	Note 24	(531)	(374)
Additions of property, plant and equipment from in-kind contributions	Note 14	(249)	–
Additions of property, plant and equipment from lease financing	Note 14	(9)	–
Changes in assets			
Decrease/(increase) in voluntary contributions receivable	Note 9	4 601	32 689
Decrease/(increase) in other receivables	Note 10	(7 427)	16 268
Decrease/(increase) in other assets	Note 12	(319)	1 367
Changes in liabilities			
Increase/(decrease) in accounts payable and accrued liabilities	Note 16	9 866	(16 052)
Increase/(decrease) in advance receipts	Note 17	(729)	504
Increase/(decrease) in employee benefits liabilities	Note 18	(762)	2 618
Increase/(decrease) in other liabilities	Note 20	(2 593)	(4 084)
Increase/(decrease) in share of joint ventures: equity method	Note 29	(40)	23
Net cash flows used in operating activities		**(9 566)**	**(10 439)**

United Nations University

IV. Statement of cash flows for the year ended 31 December 2018 (continued)

(Thousands of United States dollars)

	Reference	*2018*	*2017 (restated)*[a]
Cash flows from investing activities			
Net investment revenue from cash pool presented as investing activities	Note 24	531	374
Net movement in cash pool		11 374	(8 872)
Dividends received		4 168	5 258
Interest received		5 008	2 828
Purchases of investments		(41 593)	(775 310)
Proceeds from sales and maturities of investments		24 536	766 884
Purchases of property, plant and equipment	Note 14	(86)	(107)
Proceeds from sales of property, plant and equipment		–	8
Net cash flows from/(used in) investing activities		**3 938**	**(8 937)**
Cash flows from financing activities			
Lease repayments	Note 19	(23)	(31)
Net additions of property, plant and equipment from lease financing	Note 14	9	–
Net cash flows from/(used in) financing activities		**(14)**	**(31)**
Net decrease in cash and cash equivalents		**(5 642)**	**(19 407)**
Cash and cash equivalents – beginning of year		**27 493**	**46 900**
Cash and cash equivalents – end of year	**Note 7**	**21 851**	**27 493**

[a] Restated owing to prior-period adjustments (see note 4).

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

United Nations University

V. Statement of comparison of budget and actual amounts for the year ended 31 December 2018

(Thousands of United States dollars)

Budget cost categories	*Approved budget[a]* Original biennial	Final biennial	Original annual	Final annual	*Actual on a comparable basis*	*Difference: final budget and actual*	*Difference (percentage)[b]*
Research, training networks and dissemination	50 285	51 255	31 912	27 102	25 284	(1 818)	(7)
Staff and other personnel costs	38 727	38 465	19 144	19 410	18 647	(763)	(4)
General operating expenses	19 449	19 643	9 816	9 824	8 907	(917)	(10)
Total	**108 461**	**109 363**	**60 872**	**56 336**	**52 838**	**(3 498)**	**(6)**

[a] The UNU work programme and budget estimates for the biennium 2018–2019 were approved by the UNU Council in December 2017. The original budget was prepared on an annual basis related to each year of the biennium. The annual budget amounts relate to the current year portion of the budget approved by the UNU Council for a two-year budget period.

[b] Represents actual expenditure (budget basis) less final budget as a percentage of the final budget; differences greater than 10 per cent are considered in note 6.

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

United Nations University

Notes to the financial statements

Note 1
United Nations University and its activities

1. These financial statements relate to the operations of the United Nations University (UNU), a separate financial reporting entity of the United Nations.

2. In 1969, at its twenty-fourth session, the General Assembly considered the question of establishing an international university to be devoted to the objectives of peace and progress of the Charter of the United Nations. At that session, the Assembly invited the Secretary-General to undertake, in cooperation with the United Nations Institute for Training and Research, an expert study on the feasibility of such a university (resolution 2573 (XXIV)). The question was further considered at the following two sessions (resolutions 2691 (XXV) and 2822 (XXVI)).

3. On 11 December 1972, at its twenty-seventh session, the General Assembly approved the establishment of an international university under the auspices of the United Nations, to be known as the United Nations University (resolution 2951 (XXVII)).

4. On 6 December 1973, at its twenty-eighth session, the General Assembly formally adopted the Charter of the United Nations University (A/9149/Add.2; resolution 3081 (XXVIII)).

5. On 21 December 2009, at its sixty-fourth session, the General Assembly approved two amendments (additions) to the Charter of the University: article I, paragraph 8, and article IX, paragraph 2 bis (resolution 64/225), explicitly authorizing the University to grant and confer master's degrees and doctorates.

6. On 20 December 2013, at its sixty-eighth session, the General Assembly approved amendments to paragraphs 1 and 3 of article IV of the Charter of the University (resolution 68/236), reducing the number of appointed members of the UNU Council from 24 to 12.

7. The University is a global think tank and postgraduate teaching university headquartered in Japan, with the mission to contribute, through collaborative research and education, to efforts to resolve the pressing global problems of human survival, development and welfare that are the concern of the United Nations, its peoples and Member States.

8. In carrying out this mission, the University works with leading universities and research institutes in States Members of the United Nations, functioning as a bridge between the international academic community and the United Nations system.

9. Through postgraduate teaching activities, the University contributes to capacity-building, particularly in developing countries.

10. The UNU Centre in Tokyo serves as the programming, planning and administrative headquarters unit of the University. It comprises the Office of the Rector, the administrative unit in Putrajaya, Malaysia, and academic services units that support the work of the global UNU system.

11. The UNU Centre also includes the Centre for Policy Research (New York), which was established in 2014 as part of a broader effort by the Rector to respond to the Secretary-General's request to enhance the University's policy relevance in the fields of peace and security and global development. The core mission of the unit is to generate policy research that speaks to major debates in the wider United Nations community as well as the Secretary-General's priorities in those areas.

12. The University encompasses 14 research and training institutes and programmes located in 13 countries around the world, as follows, with the global UNU system coordinated by the UNU Centre:

(a) UNU Programme for Biotechnology in Latin America and the Caribbean (UNU-BIOLAC), Caracas;

(b) UNU Institute on Comparative Regional Integration Studies (UNU-CRIS), Bruges, Belgium;

(c) UNU Computing and Society (UNU-CS), Macao, China;

(d) UNU Institute for Environment and Human Security (UNU-EHS), Bonn, Germany;

(e) UNU Institute for Integrated Management of Material Fluxes and of Resources (UNU-FLORES), Dresden, Germany;

(f) UNU Institute on Globalization, Culture and Mobility (UNU-GCM), Barcelona, Spain;

(g) UNU Institute for the Advanced Study of Sustainability (UNU-IAS), Tokyo;

(h) UNU International Institute for Global Health (UNU-IIGH), Kuala Lumpur;

(i) UNU Institute for Natural Resources in Africa (UNU-INRA), Accra;

(j) UNU Institute for Water, Environment and Health (UNU-INWEH), Hamilton, Ontario, Canada;

(k) UNU Institute for Sustainable Development (UNU-IRADDA), Algiers;

(l) UNU Maastricht Economic and Social Research Institute on Innovation and Technology (UNU-MERIT), Maastricht, the Netherlands;

(m) UNU World Institute for Development Economics Research (UNU-WIDER), Helsinki;

(n) UNU Institute for Economic and Social Research (UNU-IESR), Dakar.

13. Other activities of the University are carried out through the University headquarters in Tokyo.

14. The University is regarded as an autonomous financial reporting entity which neither controls nor is controlled by any other United Nations reporting entity. Owing to the uniqueness of the governance and budgetary process of each of the United Nations reporting entities, the entities are not deemed to be subject to common control. These statements relate only to the operations of the University.

Note 2
Basis of preparation and authorization for issue

Basis of preparation

15. In accordance with the Financial Regulations and Rules of the United Nations, these financial statements have been prepared on an accrual basis in accordance with the International Public Sector Accounting Standards (IPSAS). They have been prepared on a going-concern basis and the accounting policies have been applied consistently in their preparation and presentation. In accordance with the requirements of IPSAS, these financial statements, which present fairly the assets, liabilities, revenue and expenses of the University, consist of the following:

(a) Statement of financial position (statement I);

(b) Statement of financial performance (statement II);

(c) Statement of changes in net assets (statement III);

(d) Statement of cash flows (using the indirect method) (statement IV);

(e) Statement of comparison of budget and actual amounts (statement V);

(f) Notes to the financial statements comprising a summary of significant accounting policies and other explanatory notes;

(g) Comparative information in respect of all amounts presented in the financial statements indicated in (a) to (e) above and, where relevant, comparative information for narrative and descriptive information presented in the notes to these financial statements.

Going concern

16. The going-concern assertion is based on the approval by the UNU Council of the work programme and budget estimates for the biennium 2018–2019, its net assets position, the stable historical trend of voluntary contributions collection and the fact that the General Assembly has made no decision to cease the operations of the University.

Authorization for issue

17. These financial statements are certified by the Controller and approved by the Secretary-General of the United Nations. In accordance with regulation 6.2 of the Financial Regulations and Rules, the Secretary-General transmitted the financial statements as at 31 December 2018 to the Board of Auditors by 31 March 2019. In accordance with regulation 7.12, the reports of the Board of Auditors are to be transmitted to the General Assembly through the Advisory Committee on Administrative and Budgetary Questions, together with the audited financial statements authorized for issue on 30 July 2019.

Measurement basis

18. The financial statements are prepared using the historic-cost convention except for real estate assets (other than prefabricated buildings), which are recorded at depreciated replacement cost, and financial assets recorded at fair value through surplus or deficit.

Functional and presentation currency

19. The functional currency and presentation currency of the University is the United States dollar. The financial statements are expressed in thousands of United States dollars unless otherwise stated.

20. Transactions in currencies other than the functional currency (foreign currencies) are translated into United States dollars at United Nations operational rates of exchange at the date of the transaction. The United Nations operational rates of exchange approximate the spot rates prevailing at the dates of the transactions. At year-end, monetary assets and liabilities denominated in foreign currencies are translated at the United Nations operational rates of exchange. Non-monetary foreign currency denominated items that are measured at fair value are translated at the United Nations operational rate of exchange at the date on which the fair value was determined. Non-monetary items measured at historical cost in a foreign currency are not translated.

21. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation of monetary assets and liabilities

denominated in foreign currencies at year-end exchange rates are recognized in the statement of financial performance on a net basis.

Materiality and use of judgment and estimation

22. Materiality is central to the preparation and presentation of the University's financial statements and its materiality framework provides a systematic method in guiding accounting decisions relating to presentation, disclosure, aggregation, offsetting and retrospective versus prospective application of changes in accounting policies. In general, an item is considered material if its omission or its aggregation would have an impact on the conclusions or decisions of the users of the financial statements.

23. Preparing financial statements in accordance with IPSAS requires the use of estimates, judgments and assumptions in the selection and application of accounting policies and in the reported amounts of certain assets, liabilities, revenues and expenses.

24. Accounting estimates and underlying assumptions are reviewed on an ongoing basis and revisions to estimates are recognized in the year in which the estimates are revised and in any future year affected. Significant estimates and assumptions that may result in material adjustments in future years include: actuarial measurement of employee benefits; selection of useful lives and the depreciation/amortization methods for property, plant and equipment/intangible assets; impairment of assets; classification of financial instruments; valuation of inventory; inflation and discount rates used in the calculation of the present value of provisions; and classification of contingent assets/liabilities.

Future accounting pronouncements

25. The progress and impact of the following significant future IPSAS Board accounting pronouncements on the University's financial statements continues to be monitored:

(a) Heritage assets: the objective of the project is to develop accounting requirements for heritage assets;

(b) Non-exchange expenses: the aim of the project is to develop a standard (or standards) that provide recognition and measurement requirements applicable to providers of non-exchange transactions, except for social benefits;

(c) Revenue: the scope of the project is to develop new standard-level requirements and guidance on revenue to amend or supersede that currently located in IPSAS 9: Revenue from exchange transactions; IPSAS 11: Construction contracts; and IPSAS 23: Revenue from non-exchange transactions (taxes and transfers);

(d) Leases: the objective of the project is to develop revised requirements for lease accounting covering both lessees and lessors in order to maintain alignment with the underlying International Financial Reporting Standard. The project will result in a new IPSAS that will replace IPSAS 13. Approval of a new IPSAS on leases is projected for June 2019;

(e) Public sector measurement: the objectives of this project include (a) to issue amended standards with revised requirements for measurement at initial recognition, subsequent measurement and measurement-related disclosures; (b) to provide more detailed guidance on the implementation of replacement cost and cost of fulfilment and the circumstances under which these measurement bases will be used; and (c) to address transaction costs, including the specific issue of the capitalizing or expensing of borrowing costs;

(f) Infrastructure assets: the objective of the project is to research and identify issues that preparers may have when applying IPSAS 17 to infrastructure assets. Informed by this research, the aim is to provide additional guidance on accounting for infrastructure assets.

Recent and future requirements of the International Public Sector Accounting Standards

26. The IPSAS Board has issued the following standards: IPSAS 39 in 2016 effective 1 January 2018, IPSAS 40 in 2017 effective 1 January 2019 and IPSAS 41 in August 2018 effective 1 January 2022. The impact of these standards on the University's financial statements and the comparative period therein has been evaluated to be as follows:

Standard	*Anticipated impact in the year of adoption*
IPSAS 39	Currently, IPSAS 39: Employee benefits, will have no impact on the University since the "corridor method" on actuarial gains or losses, which is being eliminated, has never been applied since the adoption of IPSAS in 2014. The University does not have any plan assets and there is therefore no impact from application of the net interest approach prescribed by the standard. IPSAS 39 was effective from 1 January 2018. Further analysis will be carried out in the future should the University procure plan assets.
IPSAS 40	There is no impact on the University from the application of IPSAS 40: Public sector combinations, as to date there are no public sector combinations that fall under volume IV. Any such impact of IPSAS 40 on the University's financial statements will be evaluated for application by the University effective 1 January 2019, the date for application of the standard, should such combinations occur.
IPSAS 41	IPSAS 41: Financial instruments, substantially improves the relevance of information for financial assets and financial liabilities. It will replace IPSAS 29: Financial instruments: recognition and measurement, and improves that standard's requirements by introducing: (a) Simplified classification and measurement requirements for financial assets; (b) A forward-looking impairment model; (c) A flexible hedge accounting model. IPSAS 41 will be effective from 1 January 2022. Its impact on the financial statements will be assessed prior to that date and the University will be ready for its implementation by the time it becomes effective.

Note 3
Significant accounting policies

Financial assets classification

27. The classification of financial assets depends primarily on the purpose for which the financial assets are acquired. The University classifies its financial assets in one of the categories shown below at initial recognition and re-evaluates the classification at each reporting date.

Classification	*Financial assets*
Fair value through surplus or deficit	Investments in cash pools and the Endowment Fund
Loans and receivables	Cash and cash equivalents and receivables

28. All financial assets are initially measured at fair value. The University initially recognizes financial assets classified as loans and receivables on the date on which they originated. All other financial assets are recognized initially on the trade date, which is the date the University becomes party to the contractual provisions of the instrument.

29. Financial assets with maturities in excess of 12 months at the reporting date are categorized as non-current assets in the financial statements. Assets denominated in foreign currencies are translated into United States dollars at the United Nations operational rates of exchange prevailing at the reporting date, with net gains or losses recognized in surplus or deficit in the statement of financial performance.

30. Financial assets at fair value through surplus or deficit are those that have been designated in this category at initial recognition, are held for trading or are acquired principally for the purpose of selling in the short term. These assets are measured at fair value at each reporting date, and any gains or losses arising from changes in the fair value are presented in the statement of financial performance in the year in which they arise.

31. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are initially recorded at fair value, plus transaction costs, and are subsequently reported at amortized cost calculated using the effective interest method. Interest revenue is recognized on a time proportion basis using the effective interest rate method on the respective financial asset.

32. Financial assets are assessed at each reporting date to determine whether there is objective evidence of impairment. Evidence of impairment includes default or delinquency of the counterparty or permanent reduction in the value of the asset. Impairment losses are recognized in the statement of financial performance in the year in which they arise.

33. Financial assets are derecognized when the rights to receive cash flows have expired or have been transferred and the University has transferred substantially all risks and rewards of the financial asset. Financial assets and liabilities are offset, and the net amount is reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

Investment in cash pools

34. The United Nations Treasury invests funds pooled from the Secretariat and other participating entities. These pooled funds are combined in two internally managed cash pools. Participation in a cash pool implies sharing the risk and returns on investments with the other participants. Given that the funds are commingled and invested on a pool basis, each participant is exposed to the overall risk of the investment portfolio to the extent of the amount of cash invested.

35. The University's investment in the cash pools is included as part of cash and cash equivalents, short-term investments and long-term investments in the statement of financial position depending on the maturity period of the investment.

Endowment Fund investment

36. The Endowment Fund represents the donor contributions retained for the benefit of the University as specified by the donor. The fund is permanently invested to generate a revenue stream to be applied to meet the programme and operational needs of the University.

37. The University's Endowment Fund investments are included as part of cash and cash equivalents, short-term investments and long-term investments in the statement of financial position, depending on the maturity period of the investments.

Cash and cash equivalents

38. Cash and cash equivalents comprise cash at bank and on hand, and short-term, highly liquid investments with a maturity of three months or less from the date of acquisition.

Receivables from non-exchange transactions: contributions receivable

39. Contributions receivable represent uncollected revenue from voluntary contributions committed to the University by Member States, non-member States and other donors based on enforceable agreements. These non-exchange receivables are stated at nominal value, except for voluntary contributions receivable that will mature in more than 12 months, less impairment for estimated irrecoverable amounts, that is, the allowance for doubtful receivables. If deemed material, these long-term voluntary contribution receivables are reported at a discounted value calculated using the effective interest method. Voluntary contribution receivables, trade receivables and other receivables are subject to general allowance provisions in addition to provisioning based on specific identification and review of accounts receivable. The general allowance provisions are 25 per cent for receivables outstanding longer than 12 months, 60 per cent for receivables outstanding longer than 24 months and 100 per cent for receivables outstanding longer than 36 months.

Receivables from exchange transactions: other receivables

40. Other receivables include primarily amounts receivable for goods or services provided to other entities, amounts receivable for leased-out assets and receivables from staff. Receivables from other United Nations reporting entities are also included in this category. Material balances of other receivables are subject to specific review and an allowance for doubtful receivables is assessed on the basis of recoverability and ageing following the general allowance provisions applied to voluntary contributions receivable.

Other assets

41. Other assets include education grant advances and prepayments that are recorded as an asset until goods are delivered or services are rendered by the other party, at which point the expense is recognized.

Inventories

42. Inventory balances are recognized as current assets and include the following category:

Category	*Subcategories*
Held for sale or external distribution	Books and publications

43. The cost of inventory in stock is determined using the average price cost basis. The cost of inventories includes the cost of purchase, plus other costs incurred in bringing the items to the destination and condition for use. Inventory acquired through non-exchange transactions, that is, donated goods, is measured at fair value at the date of acquisition. Inventories held for sale are valued at the lower of cost and net realizable value. Inventories held for distribution at no or nominal charge or for consumption in the production of goods or services are valued at the lower of cost and current replacement cost.

44. The carrying amount of inventories is expensed when inventories are sold, exchanged, distributed externally or consumed by the University. Net realizable value is the net amount that is expected to be realized from the sale of inventories in the ordinary course of operations. Current replacement cost is the estimated cost that would be incurred to acquire the asset.

45. Inventories are subject to physical verification based on value and risk as assessed by management. Valuations are net of write-downs from cost to current replacement cost/net realizable value, which are recognized in the statement of financial performance.

Heritage assets

46. Heritage assets are not recognized in the financial statements, but significant heritage asset transactions are disclosed in the notes thereto.

Property, plant and equipment

47. Property, plant and equipment are classified into different groups, based on their nature, functions, useful lives and valuation methodologies, such as vehicles; communications and information technology equipment; machinery and equipment; furniture and fixtures; and real estate assets (land, buildings, leasehold improvements, infrastructure and assets under construction). Recognition of property, plant and equipment is as follows:

(a) Property, plant and equipment are capitalized when their cost per unit is greater than or equal to the threshold of $5,000, or $100,000 for leasehold improvements and self-constructed assets;

(b) All property, plant and equipment, other than real estate assets, are stated at historical cost, less accumulated depreciation and accumulated impairment losses. Historical cost comprises the purchase price, any costs directly attributable to bringing the asset to its location and condition and the initial estimate of dismantling and site restoration costs;

(c) Owing to the absence of historical cost information, buildings and infrastructure real estate assets were initially recognized at fair value using a depreciated replacement cost methodology for initial IPSAS implementation. The method involves calculating the cost per unit of measurement, for example cost per square metre, by collecting construction cost data, utilizing in-house cost data (where available) or using external cost estimators for each catalogue of real estate assets and multiplying that unit cost by the external area of the asset to obtain the gross replacement cost. Depreciation allowance deductions from the gross replacement cost to account for physical, functional and economic use of the assets have been made to determine the depreciated replacement cost of the assets. Any subsequent real estate additions are recognized at historical cost;

(d) With regard to property, plant and equipment acquired at nil or nominal cost, including donated assets, the fair value at the date of acquisition is deemed to be the cost to acquire equivalent assets.

48. Property, plant and equipment are depreciated over their estimated useful lives using the straight-line method up to their residual value, except for land and assets under construction, which are not subject to depreciation. Given that not all components of a building have the same useful lives or the same maintenance, upgrade or replacement schedules, significant components of owned buildings are depreciated using the component approach. Depreciation begins in the month in which the University gains control over an asset in accordance with international commercial terms and no depreciation is charged in the month of retirement or disposal. Given the expected pattern of usage of property, plant and equipment, the residual value is nil unless residual value is likely to be significant. The estimated useful lives of property, plant and equipment classes are as follows:

Class	*Subclass*	*Estimated useful life*
Communications and information technology equipment	Information technology equipment	4 years
	Communications and audiovisual equipment	7 years
Vehicles	Light-wheeled vehicles	6 years
	Heavy-wheeled and engineering support vehicles	12 years
	Specialized vehicles, trailers and attachments	6 to 12 years
	Marine vessels	10 years
Machinery and equipment	Light engineering and construction equipment	5 years
	Medical equipment	5 years
	Security and safety equipment	5 years
	Mine detection and clearing equipment	5 years
	Accommodation and refrigeration equipment	6 years
	Water treatment and fuel distribution equipment	7 years
	Transportation equipment	7 years
	Heavy engineering and construction equipment	12 years
	Printing and publishing equipment	20 years
Furniture and fixtures	Library reference material	3 years
	Office equipment	4 years
	Fixtures and fittings	7 years
	Furniture	10 years
Buildings	Temporary and mobile buildings	7 years
	Fixed buildings, depending on type	25, 40 or 50 years
	Major exterior, roofing, interior and services/utilities components, where component approach is utilized	20 to 50 years

Class	*Subclass*	*Estimated useful life*
	Finance lease or donated right-to-use buildings	Shorter of term of arrangement or life of building
Infrastructure assets	Telecommunications, energy, protection, transport, waste and water management, recreation, landscaping	Up to 50 years
Leasehold improvements	Fixtures, fittings and minor construction work	Shorter of lease term or 5 years

49. In exceptional cases, the recorded useful lives for some assets may be different from the useful lives prescribed at the asset subclass level as set out above (although it would remain within the range at asset class level), because when preparing the 2014 IPSAS opening balance a thorough review of the remaining economic useful lives for these assets was made and the result was entered in the master record of the asset.

50. Where there is a material cost value of fully depreciated assets that are still in use, adjustments to accumulated depreciation are incorporated into the financial statements to reflect a residual value of 10 per cent of historical cost based on an analysis of the classes and useful lives of the fully depreciated assets.

51. The University chose the cost model for measurement of property, plant and equipment after initial recognition instead of the revaluation model. Costs incurred subsequent to initial acquisition are capitalized only when it is probable that future economic benefits or service potential associated with the item will flow to the University and the subsequent cost exceeds the threshold for initial recognition. Repairs and maintenance are expensed in the statement of financial performance in the year in which they are incurred.

52. A gain or loss resulting from the disposal or transfer of property, plant and equipment arises when proceeds from disposal or transfer differ from its carrying amount. Those gains or losses are recognized in the statement of financial performance within other revenue or other expenses.

53. Impairment assessments are conducted during annual physical verification procedures and when events or changes in circumstance indicate that carrying amounts may not be recoverable. Land, buildings and infrastructure assets with a year-end net book value greater than $100,000 per unit are reviewed for impairment at each reporting date. The equivalent threshold for other property, plant and equipment items (excluding assets under construction and leasehold improvements) is $5,000 per unit.

Intangible assets

54. Intangible assets are carried at cost, less accumulated amortization and accumulated impairment loss. For intangible assets acquired at nil or nominal cost, including donated assets, the fair value at the date of acquisition is deemed to be the cost to acquire the assets. The thresholds for recognition are $100,000 per unit for internally generated intangible assets and $5,000 per unit for externally acquired intangible assets.

55. Acquired computer software licences are capitalized on the basis of costs incurred to acquire and bring into use the specific software. Development costs that are directly associated with the development of software for use by the University are

capitalized as an intangible asset. Directly associated costs include software development employee costs, costs for consultants and other applicable overhead costs. Intangible assets with finite useful lives are amortized on a straight-line method, starting from the month of acquisition or when they become operational. The useful lives of major classes of intangible assets have been estimated as shown below.

Class	*Range of estimated useful life*
Licences and rights	2 to 6 years (period of licence/right)
Software acquired externally	3 to 10 years
Software developed internally	3 to 10 years
Copyrights	3 to 10 years
Assets under development	Not amortized

56. Annual impairment reviews of intangible assets are conducted where assets are under development or have an indefinite useful life. Other intangible assets are subject to impairment review only when indicators of impairment are identified.

Financial liabilities classification

57. Financial liabilities are classified as other financial liabilities. They include accounts payable, transfers payable, unspent funds held for future refunds and other liabilities such as balances payable to other United Nations system reporting entities. Financial liabilities classified as other financial liabilities are initially recognized at fair value and subsequently measured at amortized cost. Financial liabilities with a duration of less than 12 months are recognized at their nominal value. The University re-evaluates the classification of financial liabilities at each reporting date and derecognizes financial liabilities when its contractual obligations are discharged, waived, cancelled or expired.

Financial liabilities: accounts payable and accrued liabilities

58. Accounts payable and accrued liabilities arise from the purchase of goods and services that have been received but not paid for at the reporting date. Payables are recognized and subsequently measured at their nominal value because they are generally due within 12 months.

Advance receipts and other liabilities

59. Advance receipts and other liabilities consist of payments received in advance relating to exchange transactions, liabilities for conditional funding arrangements and other deferred revenue.

Leases

The University as "lessee"

60. Leases of property, plant and equipment where the University has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalized at the start of the lease at the lower of fair value or the present value of the minimum lease payments. The rental obligation, net of finance charges, is reported as a liability in the statement of financial position. Assets acquired under finance leases are depreciated in accordance with property, plant and equipment policies. The interest element of the lease payment is charged to the statement of

financial performance as an expense over the lease term on the basis of the effective interest rate method.

61. Leases where all of the risks and rewards of ownership are not substantially transferred to the University are classified as operating leases. Payments made under operating leases are charged to the statement of financial performance as an expense on a straight-line basis over the term of the lease.

Donated right to use

62. Land, buildings, infrastructure assets, machinery and equipment are frequently granted to the University, primarily by host Governments at nil or nominal cost, through donated right-to-use arrangements. These arrangements are accounted for as operating leases or finance leases depending on whether an assessment of the agreement indicates that control over the underlying asset is transferred to the University.

63. Where a donated right-to-use arrangement is treated as an operating lease, an expense and corresponding revenue equal to the annual rental value of the asset or similar property are recognized in the financial statements. Where a donated right-to-use arrangement is treated as a finance lease (principally with a lease term of over 35 years for premises), the fair market value of the property is capitalized and depreciated over the shorter of the useful life of the property and the term of the arrangement. In addition, a liability for the same amount is recognized, which is progressively recognized as revenue over the lease term. Donated right-to-use land arrangements are accounted for as operating leases where the University does not have exclusive control over the land and/or title to the land is transferred under restricted deeds.

64. Where title to land is transferred to the University without restrictions, the land is accounted for as donated property, plant and equipment and recognized at fair value at the acquisition date.

65. The threshold for the recognition of revenue and expense is the yearly rental value equivalent of $5,000 per unit for donated right-to-use premises and $5,000 per unit for machinery and equipment.

Employee benefits

66. Employees comprise staff members, as described under Article 97 of the Charter of the United Nations, whose employment and contractual relationship with the University are defined by a letter of appointment subject to regulations promulgated by the General Assembly pursuant to Article 101, paragraph 1, of the Charter. Employees also include certain individual contractors and United Nations Volunteers employed by the University. Employee benefits are classified into short-term benefits, long-term benefits, post-employment benefits and termination benefits.

Short-term employee benefits

67. Short-term employee benefits are employee benefits (other than termination benefits) that are payable within 12 months after the end of the year in which the employee renders the related services. Short-term employee benefits comprise first-time employee benefits (assignment grants), regular daily/weekly/monthly benefits (wages, salaries and allowances), compensated absences (paid sick leave, maternity/paternity leave) and other short-term benefits (death grant, education grant, reimbursement of taxes and home leave travel) provided to current employees on the basis of services rendered. All such benefits that are accrued but not paid at the

reporting date are recognized as current liabilities within the statement of financial position.

Post-employment benefits

68. Post-employment benefits comprise after-service health insurance, end-of-service repatriation benefits and a pension through the United Nations Joint Staff Pension Fund.

Defined-benefit plans

69. The following benefits are accounted for as defined-benefit plans: after-service health insurance, repatriation benefits (post-employment benefits) and accumulated annual leave that is commuted to cash upon separation from the University (other long-term benefits). Defined-benefit plans are those where the University's obligation is to provide agreed benefits and therefore the University bears the actuarial risks. The liability for defined-benefit plans is measured at the present value of the defined-benefit obligation. Changes in the liability for defined-benefit plans, excluding actuarial gains and losses, are recognized in the statement of financial performance in the year in which they occur. The University has chosen to recognize changes in the liability for defined-benefit plans from actuarial gains and losses directly through the statement of changes in net assets. At the end of the reporting year, the University held no plan assets as defined by IPSAS 25: Employee benefits.

70. The defined-benefit obligations are calculated by independent actuaries using the projected unit credit method. The present value of the defined-benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds with maturity dates approximating those of the individual plans.

71. **After-service health insurance**. Worldwide coverage for medical expenses of eligible former staff members and their dependants is provided through after-service health insurance. Upon end of service, staff members and their dependants may elect to participate in a defined-benefit health insurance plan of the United Nations, provided they have met certain eligibility requirements, including 10 years of participation in a United Nations health plan for those who were recruited after 1 July 2007 and five years for those recruited before that date. The after-service health insurance liability represents the present value of the share of the University's medical insurance costs for retirees and the post-retirement benefit accrued to date by active staff. A factor in the after-service health insurance valuation is to consider contributions from all plan participants in determining the University's residual liability. Contributions from retirees are deducted from the gross liability together with a portion of the contributions from active staff to arrive at the University's residual liability in accordance with cost-sharing ratios authorized by the General Assembly.

72. **Repatriation benefits**. Upon end of service, staff who meet certain eligibility requirements, including residency outside their country of nationality at the time of separation, are entitled to a repatriation grant, which is based upon length of service, and travel and removal expenses. A liability is recognized from when the staff member joins the University and is measured at the present value of the estimated liability for settling these entitlements.

73. **Annual leave**. The liabilities for annual leave represent unused accumulated leave days that are projected to be settled by means of a monetary payment to employees upon their separation from the University. The United Nations recognizes as a liability the actuarial value of the total accumulated unused leave days of all staff members, up to a maximum of 60 days (18 days for temporary staff) as at the date of

the statement of financial position. The methodology applies a last-in-first-out assumption in the determination of the annual leave liabilities, whereby staff members access current period leave entitlements before they access accumulated annual leave balances relating to prior periods. Effectively, the accumulated annual leave benefit is accessed more than 12 months after the end of the reporting period in which the benefit arose and, overall, there is an increase in the level of accumulated annual leave days, pointing to the commutation of accumulated annual leave to a cash settlement at end of service as the true liability of the University. The accumulated annual leave benefit reflecting the outflow of economic resources from the University at end of service is therefore classified under the category of other long-term benefits, while noting that the portion of the accumulated annual leave benefit that is expected to be settled by means of monetary payment within 12 months after the reporting date is classified as a current liability. In line with IPSAS 25: Employee benefits, other long-term benefits must be valued similarly to post-employment benefits; therefore, the University values its accumulated annual leave benefit liability as a defined, post-employment benefit that is actuarially valued.

Pension plan: United Nations Joint Staff Pension Fund

74. The University is a member organization participating in the United Nations Joint Staff Pension Fund, which was established by the 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 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.

75. 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 University and the Fund, as with the other participating organizations in the Fund, are not in a position to identify the University'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 University has treated this plan as if it were a defined contribution plan in line with the requirements of IPSAS 39: Employee benefits. The University's contributions to the plan during the financial period are recognized as expenses in the statement of financial performance.

Termination benefits

76. Termination benefits are recognized as an expense only when the University is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate the employment of a staff member before the normal retirement date or provide termination benefits as a result of an offer made in order to encourage voluntary redundancy. Termination benefits to be settled within 12 months are reported at the amount expected to be paid. Where termination benefits fall due more than 12 months after the reporting date, they are discounted if the impact of discounting is material.

Other long-term employee benefits

77. Other long-term employee benefits obligations are benefits, or portions of benefits, that are not due to be settled within 12 months after the end of the year in which employees provide the related service. Accumulated annual leave is an example of long-term employee benefits.

Provisions

78. Provisions are liabilities recognized for future expenditure of uncertain amount or timing. A provision is recognized if, as a result of a past event, the University has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. The amount of the provision is the best estimate of the expenditures expected to be required to settle the present obligation at the reporting date. Where the effect of the time value of money is material, the provision is the present value of the amount expected to be required to settle the obligation.

Contingent liabilities

79. Any possible obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the University are disclosed as contingent liabilities. Contingent liabilities are also disclosed where present obligations that arise from past events cannot be recognized because it is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligations, or the amount of the obligations cannot be reliably measured.

80. Provisions and contingent liabilities are assessed continually to determine whether an outflow of resources embodying economic benefits or service potential has become more or less probable. If it becomes more probable that such an outflow will be required, a provision is recognized in the financial statements of the year in which the change of probability occurs. Similarly, where it becomes less probable that such an outflow will be required, a contingent liability is disclosed in the notes to the financial statements.

81. An indicative threshold of $10,000 applies in recognizing provisions and/or disclosing contingent liabilities in the notes to the financial statements.

Contingent assets

82. Contingent assets are possible assets that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the effective control of the University. Contingent assets are disclosed in the notes when it is more likely than not that economic benefits will flow to the University.

Commitments

83. Commitments are future expenses to be incurred by the University with respect to open contracts which the University has minimal, if any, discretion to avoid in the ordinary course of operations. Commitments include capital commitments (the amount of contracts for capital expenses that are not paid or accrued by the reporting date), contracts for the supply of goods and services that are not delivered at the end of the reporting period, non-cancellable minimum lease payments and other non-cancellable commitments.

Non-exchange revenue

Voluntary contributions

84. Voluntary contributions and other transfers that are supported by legally enforceable agreements are recognized as revenue at the time when the agreement becomes binding, which is the point when the University is deemed to acquire control

of the asset. However, where cash is received subject to specific conditions, recognition of revenue is deferred until those conditions have been satisfied. Revenue will be recognized up front for all conditional arrangements up to the threshold of $50,000.

85. The full amounts relating to unconditional multi-year voluntary contribution agreements, pledges and other promised donations are recognized as revenue when the arrangement becomes binding. Unused funds returned to the donor are netted against voluntary contributions revenue.

86. Revenue received under inter-organizational arrangements represents allocations of funding from agencies to enable the University to administer projects or other programmes on their behalf.

87. In-kind contributions of goods above the recognition threshold of $5,000 (per discrete contribution) are recognized as assets and revenue once it is probable that future economic benefits or service potential will flow to the University and the fair value of those assets can be measured reliably. Contributions in kind are initially measured at their fair value at the date of receipt determined by reference to observable market values or by independent appraisals. The University has elected not to recognize in-kind contributions of services, but to disclose in-kind contributions of services above the threshold of $5,000 per discrete contribution in the notes to the financial statements.

Exchange revenue

88. Exchange transactions are those in which the University sells goods or services in exchange for compensation. Revenue comprises the fair value of consideration received or receivable for the sale of goods and services. Revenue is recognized when it can be reliably measured, when the inflow of future economic benefits is probable and when specific criteria have been met, as follows:

(a) Revenue from sales of publications and books and from royalties is recognized when the sale occurs and risks and rewards have been transferred;

(b) Revenue from commissions and fees for technical, procurement, training, administrative and other services rendered to Governments, United Nations entities and other partners is recognized when the service is performed;

(c) Revenue includes tuition fees received from students pursuing postgraduate courses at the University;

(d) Exchange revenue also includes revenue from the rental of premises and the sale of used or surplus property, membership subscriptions and net currency exchange gains.

Investment revenue

89. Investment revenue includes the University's share of net cash pool revenue and revenue arising from the Endowment Fund's investment in securities. The net cash pool and Endowment Fund revenue includes any gains and losses on the sale of investments, which are calculated as the difference between the sale proceeds and book value. Transaction costs that are directly attributable to the investment activities are netted against revenue. The net revenue for the cash pool is distributed proportionately to all cash pool participants on the basis of their average daily balances. The cash pool revenue also includes unrealized market gains and losses on securities, which are distributed proportionately to all participants on the basis of year-end balances.

Expenses

90. Expenses are decreases in economic benefits or service potential during the reporting year in the form of outflows or consumption of assets or incurrence of liabilities that result in decreases in net assets, and are recognized on an accrual basis when goods are delivered and services are rendered, regardless of the terms of payment.

91. Employee salaries include international, national and general temporary staff salaries, post adjustment and staff assessment. The allowances and benefits include other staff entitlements, such as pension and insurance subsidies and staff assignment, repatriation, hardship and other allowances. The non-employee compensation and allowances consist of consultant and contractor fees and ad hoc experts.

92. Supplies and consumables relates to the cost of inventory used and expenses for supplies and consumables.

93. Other operating expenses include the acquisition of goods and intangible assets under capitalization thresholds, maintenance, utilities, contracted services, training, security services, shared services, rent, insurance, allowance for bad debt and foreign exchange losses. Other expenses relate to contributions in kind, hospitality and official functions, donations and transfers of assets.

Joint arrangements

94. A joint arrangement is an arrangement in which two or more parties have joint control through a binding agreement that gives those parties joint control of the arrangement. This is a contractual arrangement whereby the University and one or more parties undertake an economic activity that is subject to joint control and can be classified under IPSAS 37: Joint arrangements, as either:

(a) A joint operation whereby the parties to the arrangement have rights to assets and obligations for liabilities. The University will account for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the IPSAS standard applicable to the particular assets, liabilities, revenues and expenses;

(b) A joint venture whereby the parties to the arrangement have rights to the net assets. The University will account for its interest using the equity method. The equity method initially records the interest at cost and is adjusted thereafter for the post-acquisition changes in the University's share of the net assets. The University's share of the surplus or deficit of the investee is recognized in the statement of financial performance. The interest is recorded as a non-current asset unless there is a net liability position, in which case it is recorded as a non-current liability.

95. The University has also entered into joint-venture arrangements for jointly financed operations that give the University significant influence, that is, the power to participate in financial and operating policy decisions but not to control or jointly control those activities. Under IPSAS 37, the interests in those activities are accounted for using the equity method.

Note 4
Prior-period adjustments

96. UNU has changed the application of its accounting policy relating to non-conditional agreements to recognize the maximum monetary contributions for non-conditional funding arrangements supported by enforceable agreements. Where there is an impact relating to 2017, the 2017 comparative figures at the individual line

item were retrospectively restated; where there is an impact for periods prior to 2017, net assets were restated.

Net impact of prior-period adjustments

(Thousands of United States dollars)

	As reported 31 December 2017	*Prior-period adjustments*	*As restated 31 December 2017*
Statement of financial position extract			
Assets			
Voluntary contributions receivable (current)	11 849	11 308	23 157
Voluntary contributions receivable (non-current)	5 466	13 359	18 825
Net assets			
Accumulated surpluses	53 435	23 667	77 102
Endowment Fund	367 340	1 000	368 340
Statement of financial performance extract			
Revenue			
Voluntary contributions	48 748	8 103	56 851
Other revenue	19 369	1 788[a]	21 157

[a] Prior-period adjustment in relation to net foreign exchange gains.

Note 5
Segment reporting

97. A segment is a distinguishable activity or group of activities for which financial information is reported separately in order to evaluate an entity’s past performance in achieving its objectives and for making decisions about the future allocation of resources.

98. Segment reporting information is provided on the basis of the two distinguishable components of the University that are engaged in achieving the operating objectives consistent with its overall mission:

(a) The UNU Centre serves as the central programming, planning and administrative headquarters unit of the University;

(b) Institutes and programmes undertake research and academic work towards achieving the goals of the University.

99. Inter-segment transactions are priced at cost-recovery under normal operating policies and are eliminated for the purposes of segment reporting preparation.

Statement of financial position as at 31 December 2018

(Thousands of United States dollars)

	Reference	*Centre*	*Institutes*	*Elimination*[a]	*31 December 2018*
Assets					
Current assets					
Cash and cash equivalents	Note 7	6 570	15 281	–	21 851
Investments	Note 8	434	15 652	–	16 086
Voluntary contributions receivable	Note 9	4 726	18 611	–	23 337
Other receivables	Note 10	4 005	4 655	–	8 660
Inventories	Note 11	–	4	–	4
Other assets	Note 12	330	300	–	630
Inter-fund balances receivable		896	27 766	(28 662)	–
Total current assets		**16 961**	**82 269**	**(28 662)**	**70 568**
Non-current assets					
Investments	Note 8	167 912	185 281	–	353 193
Voluntary contributions receivable	Note 9	617	13 427	–	14 044
Property, plant and equipment	Note 14	36 824	12 867	–	49 691
Intangibles	Note 15	3	75	–	78
Other assets	Note 12	168	39	–	207
Total non-current assets		**205 524**	**211 689**	**–**	**417 213**
Total assets		**222 485**	**293 958**	**(28 662)**	**487 781**
Liabilities					
Current liabilities					
Accounts payable and accrued liabilities	Note 16	6 054	6 109	–	12 163
Advance receipts	Note 17	972	340	–	1 312
Employee benefits liabilities	Note 18	890	1 538	–	2 428
Lease liabilities	Note 19	5	8	–	13
Other liabilities	Note 20	1 365	542	–	1 907
Inter-fund balances payable		11 394	17 268	(28 662)	–
Total current liabilities		**20 680**	**25 805**	**(28 662)**	**17 823**

Statement of financial position as at 31 December 2018 (continued)

(Thousands of United States dollars)

	Reference	*Centre*	*Institutes*	*Elimination*[a]	*31 December 2018*
Non-current liabilities					
Advance receipts	Note 17	–	125	–	125
Employee benefits liabilities	Note 18	4 316	9 429	–	13 745
Lease liabilities	Note 19	4	17	–	21
Other liabilities	Note 20	29 172	11 667	–	40 839
Share of joint ventures: equity method	Note 29	(16)	53	–	37
Total non-current liabilities		**33 476**	**21 291**	**–**	**54 767**
Total liabilities		**54 156**	**47 096**	**(28 662)**	**72 590**
Net of total assets and total liabilities		**168 329**	**246 862**	**–**	**415 191**
Net assets					
Accumulated surpluses	Note 21	11 065	63 986	–	75 051
Endowment Fund	Note 22	157 264	182 876	–	340 140
Total net assets		**168 329**	**246 862**	**–**	**415 191**

[a] Eliminations comprise $28.66 million relating to inter-fund transactions between the UNU Centre and its institutes and programmes.

Statement of financial performance as at 31 December 2018

(Thousands of United States dollars)

	Reference	*Centre*	*Institutes*	*Elimination*[a]	*Total*
Revenue					
Voluntary contributions	Note 23	23 613	31 109	–	54 722
Other revenue	Note 25	2 322	1 795	(410)	3 707
Total revenue		**25 935**	**32 904**	**(410)**	**58 429**
Expenses					
Employee salaries, allowances and benefits	Note 26	9 556	17 415	(260)	26 711
Rent, leases and utilities	Note 26	16 105	2 539	(24)	18 620
Travel	Note 26	1 165	4 094	–	5 259
Investment expense	Note 24	8 079	8 626	–	16 705
Depreciation and amortization	Notes 14, 15, 26	580	839	–	1 419
Non-employee compensation and allowances	Note 26	886	4 241	–	5 127
Supplies and consumables	Note 26	646	552	–	1 198
Other operating expenses	Note 26	3 461	12 137	(126)	15 472
Other expenses	Note 26	8	19	–	27
Total expenses		**40 486**	**50 462**	**(410)**	**90 538**
Deficit for the year		**(14 551)**	**(17 558)**	**–**	**(32 109)**

[a] Eliminations comprise $0.41 million relating to revenue from services rendered and transactions between the UNU Centre and its institutes and programmes.

Note 6
Comparison to budget

100. The statement of comparison of budget and actual amounts presents the difference between budget amounts which are prepared on a modified cash basis and actual expenditure on a comparable basis.

101. Approved budgets are those that permit expenses to be incurred and are approved by the UNU Council. For IPSAS reporting purposes, approved budgets are the appropriations authorized for each budget area under the Council proceedings. The presentation of activities and associated expenditures in the statement of comparison of budget and actual amounts reflects the cost classification categories approved by the Council:

(a) Research, training networks and dissemination: academic activities;

(b) Staff and other personnel costs: staffing table and other personnel costs;

(c) General operating expenses: general expenses.

102. The original budget amounts are the 2018 portions of the appropriations approved by the UNU Council for the biennium 2018–2019 on 4 December 2017. Differences between original and final budget amounts are due to revised appropriations as approved by the Council and increased authorized spending for specific programme activities that the Rector has been authorized by the Council to accept and utilize.

103. There was no material difference between the final budget appropriation for 2018 and actual expenditure on a modified cash basis.

Reconciliation between actual amounts on a comparable basis and the statement of cash flows

104. Reconciliation between the actual amounts on a comparable basis in the comparison of budget and actual amounts and the actual amounts in the statement of cash flows are as follows:

Reconciliation between actual amounts on a comparable basis and the statement of cash flows for the year ended 31 December 2018

(Thousands of United States dollars)

	Operating	*Investing*	*Financing*	*Total*
Actual amounts on comparable basis (statement V)	**(52 738)**	**(86)**	**(14)**	**(52 838)**
Basis differences	60 847	–	–	60 847
Entity differences	(17 675)	–	–	(17 675)
Presentation differences	–	4 024	–	4 024
Actual amounts in statement of cash flows (statement IV)	**(9 566)**	**3 938**	**(14)**	**(5 642)**

105. Basis differences capture the differences resulting from preparing the budget on a modified cash basis. In order to reconcile the budgetary results to the statement of cash flows, the non-cash elements such as unliquidated obligations, property, plant and equipment and voluntary contributions receivable are included as basis differences.

106. Entity differences represent cash flows (to)/from fund groups other than the University that are reported in the financial statements. The financial statements include results for all fund groups.

107. Timing differences occur when the budget period differs from the reporting period reflected in the financial statements.

108. Presentation differences are differences in the format and classification schemes in the statement of cash flows and the statement of comparison of budget and actual amounts, which is primarily related to the latter not recording revenue and the changes in the investment balance.

Reconciliation of amounts on a budget basis to the statement of financial performance

109. The following table reconciles the expenditure on a budget basis as reported in the statement of comparison of budget and actual amounts to the total IPSAS expenses reported in the statement of financial performance:

Reconciliation of amounts on a budget basis to the statement of financial performance for the year ended 31 December 2018

(Thousands of United States dollars)

	Total
Actual amounts on comparable basis (statement V)	**52 838**
Additional assets and intangibles	(86)
Depreciation and amortization	1 419
Donated right-to-use arrangements	16 666
Endowment Fund expenses	17 143
Foreign exchange differences	1 428
Payroll-related accruals and education grant prepayments	727
Change in obligations/effect of accruals versus obligations	(679)
Lease payments	(23)
Prepayments and other receivables	(168)
Other accruals	549
Inter-office eliminations	(150)
Losses on disposal of property, plant and equipment	2
Allowance for doubtful receivables	872
Actual amounts in statement of financial performance (statement II)	**90 538**

Note 7
Cash and cash equivalents

(Thousands of United States dollars)

	31 December 2018	*31 December 2017*
Cash pools (note 27)	1 876	2 453
Cash at Endowment Fund (note 27)	2 276	1 872
Other cash (note 27)	17 699	23 168
Total cash and cash equivalents	**21 851**	**27 493**

Note 8
Investments

(Thousands of United States dollars)

	31 December 2018	*31 December 2017*
Current investments		
Cash pools (note 27)	16 086	21 848
Total current investments	**16 086**	**21 848**
Non-current investments		
Cash pools (note 27)	1 246	6 858
Endowment Fund (note 27)	351 947	361 522
Total non-current investments	**353 193**	**368 380**
Total investments	**369 279**	**390 228**

Note 9
Voluntary contributions receivable: receivables from non-exchange transactions

(Thousands of United States dollars)

	31 December 2018	*31 December 2017 (restated)*
Current voluntary contributions receivable		
Voluntary contributions receivable	56 686	49 643
Allowance for doubtful voluntary contributions receivable	(33 349)	(26 486)
Total current voluntary contributions receivable	**23 337**	**23 157**
Non-current voluntary contributions receivable		
Voluntary contributions receivable	35 544	46 325
Allowance for doubtful voluntary contributions receivable	(21 500)	(27 500)
Total non-current voluntary contributions receivable	**14 044**	**18 825**
Total voluntary contributions receivable	**37 381**	**41 982**

110. The voluntary contributions receivable are reviewed annually to determine whether there is any indication of impairment in value. During 2018, the allowance for doubtful receivables includes an impairment for payment instalments that are in arrears.

Note 10
Other receivables: receivables from exchange transactions

(Thousands of United States dollars)

	31 December 2018	*31 December 2017*
Investment receivables	8 143	548
Member States	205	190
Receivables from other United Nations entities	9	26
Staff	22	16

	31 December 2018	*31 December 2017*
Other exchange revenue receivables	286	453
Allowance for doubtful other receivables	(5)	–
Total other receivables	**8 660**	**1 233**

111. The increase in investment receivables is attributable mainly to the sale of the fixed income exchange traded fund, which was traded on 31 December 2018 and for which settlement was received on 3 January 2019. As at 31 December 2018, the sale of the investment pending settlement amounted to $7.74 million.

Note 11
Inventories

(Thousands of United States dollars)

	2018	*2017*
Opening inventory as at 1 January	**4**	**4**
Purchased in period	–	–
Total inventory available	**4**	**4**
Consumption	–	–
Impairment and write-offs	–	–
Total inventory as at 31 December	**4**	**4**

Note 12
Other assets

(Thousands of United States dollars)

	31 December 2018	*31 December 2017*
Current other assets		
Advances to other United Nations entities	–	207
Advances to non-staff	400	122
Advances to staff	230	162
Total current other assets	**630**	**491**
Non-current other assets		
Advances to non-staff	207	27
Total non-current other assets	**207**	**27**
Total other assets	**837**	**518**

Note 13
Heritage assets

112. Certain assets are categorized as heritage assets because of their cultural, educational or historical significance. The University's heritage assets comprise works of art, books and a statue. They were acquired over many years by various means, including purchase, donation and bequest. The heritage assets are not used in the delivery of services relating to the University's institutes or programmes; in

accordance with the University's accounting policy, heritage assets are not recognized on the statement of financial position. There were some heritage assets in the form of photographs disposed of during 2018.

Note 14
Property, plant and equipment

113. During the year, there was no write down of property, plant and equipment. As at the reporting date, the University did not identify any additional impairment. The depreciation charge of $1.37 million includes an adjustment of $1.87 million for fully depreciated assets that are still in use.

114. In 2018, additions to property, plant and equipment included a hot/cold water generator replacement for the University headquarters building contributed by the host Government, which amounted to $0.25 million.

115. The net book value includes $48.92 million relating to right-to-use arrangements.

Property, plant and equipment: 2018

(Thousands of United States dollars)

	Buildings	*Leasehold improvements*	*Assets under construction*	*Machinery and equipment*	*Vehicles*	*Communications and information technology equipment*	*Furniture and fixtures*	*Total*
Cost as at 31 December 2017	**137 042**	**638**	**–**	**166**	**216**	**2 192**	401	140 655
Additions	249	–	9	24	–	54	8	344
Disposals	(254)	–	–	–	–	(48)	(47)	(349)
Cost as at 31 December 2018	**137 037**	**638**	**9**	**190**	**216**	**2 198**	**362**	**140 650**
Accumulated depreciation as at 31 December 2017	**87 302**	**224**	**–**	**107**	**123**	**1 865**	**308**	**89 929**
Depreciation charge for the period	1 066	127	–	32	23	98	31	1 377
Depreciation on disposals	(254)	–	–	–	–	(46)	(47)	(347)
Impairment losses (assets still not retired)	–	–	–	–	–	–	–	–
Accumulated depreciation as at 31 December 2018	**88 114**	**351**	**–**	**139**	**146**	**1 917**	**292**	**90 959**
Net carrying amount								
31 December 2017	49 740	414	–	59	93	327	93	50 726
31 December 2018	**48 923**	**287**	**9**	**51**	**70**	**281**	**70**	**49 691**

Note 15
Intangible assets

(Thousands of United States dollars)

	Software developed internally	*Software externally acquired*	*Total 2018*	*Total 2017*
Cost as at 1 January	**195**	**11**	**206**	**206**
Additions	–	–	–	–
Disposals	–	–	–	–
Completed assets under development	–	–	–	–
Cost as at 31 December	**195**	**11**	**206**	**206**
Accumulated amortization as at 1 January	81	5	86	44
Amortization	39	3	42	42
Impairment losses (assets still not retired)	–	–	–	–
Accumulated amortization as at 31 December	**120**	**8**	**128**	**86**
Net carrying amount	**75**	**3**	**78**	**120**

Note 16
Accounts payable and accrued liabilities

(Thousands of United States dollars)

	31 December 2018	*31 December 2017*
Vendor payables	324	602
Accruals for goods and services	1 364	1 470
Payable to other United Nations entities	406	120
Investment payable	9 869	15
Other	200	90
Total accounts payable and accrued liabilities	**12 163**	**2 297**

116. The increase in investment payable is attributable mainly to the purchase of the equities exchange-traded fund, which was traded on 31 December 2018 and for which settlement was made on 3 January 2019. As at 31 December 2018, the purchase of the investment pending settlement amounted to $9.83 million.

Note 17
Advance receipts

(Thousands of United States dollars)

	31 December 2018	*31 December 2017*
Current advance receipts		
Contributions received in advance	1 122	1 532
Other advance receipts	190	194
Total current advance receipts	**1 312**	**1 726**

	31 December 2018	*31 December 2017*
Non-current advance receipts		
Contributions received in advance	125	440
Total non-current advance receipts	**125**	**440**
Total advance receipts	**1 437**	**2 166**

Note 18
Employee benefits liabilities

(Thousands of United States dollars)

	Current	*Non-current*	*Total 31 December 2018*
After-service health insurance	203	10 988	11 191
Annual leave	416	1 610	2 026
Repatriation benefits	992	1 147	2 139
Defined end-of-service/post-employment benefits liabilities	**1 611**	**13 745**	**15 356**
Accrued salaries and other staff costs	817	–	817
Total employee benefits liabilities	**2 428**	**13 745**	**16 173**

(Thousands of United States dollars)

	Current	*Non-current*	*Total 31 December 2017*
After-service health insurance	173	11 645	11 818
Annual leave	960	1 171	2 131
Repatriation benefits	536	1 729	2 265
Defined end-of-service/post-employment benefits liabilities	**1 669**	**14 545**	**16 214**
Accrued salaries and other staff costs	721	–	721
Total employee benefits liabilities	**2 390**	**14 545**	**16 935**

117. The liabilities arising from end-of-service/post-employment benefits are determined by independent actuaries and are established in accordance with the Staff Regulations and Rules of the United Nations. Actuarial valuation is usually undertaken every two years. The most recent full actuarial valuation was conducted as at 31 December 2017.

Actuarial valuation: assumptions

118. The University reviews and selects assumptions and methods used by the actuaries in the year-end valuation to determine the expense and contribution requirements for employee benefits. The principal actuarial assumptions used to determine the employee benefits obligations as at 31 December 2018 and 31 December 2017 are as follows:

Actuarial assumptions

(Percentage)

Actuarial assumptions	*After-service health insurance*	*Repatriation benefits*	*Annual leave*
Discount rates 31 December 2017	3.92	3.53	3.46
Discount rates 31 December 2018	4.64	4.23	4.15
Inflation 31 December 2017	4.00–5.70	2.20	–
Inflation 31 December 2018	3.89–5.57	2.20	–

119. The yield curves used in the calculation of the discount rates in respect of the United States dollar, the euro and the Swiss franc are those developed by Aon Hewitt and detailed in the actuarial report. This is consistent with the decision of the Task Force on Accounting Standards, established under the auspices of the Finance and Budget Network of the High-level Committee on Management of the United Nations System Chief Executives Board for Coordination, taken in the context of the harmonization of actuarial assumptions across the United Nations system and the recommendation of the Advisory Committee on Administrative and Budgetary Questions (A/71/815, para. 26), which were endorsed by the General Assembly in section IV of its resolution 71/272 B.

120. As at 31 December 2018, the assumptions relating to salary increases for staff in the Professional category were 8.5 per cent for the age of 23, grading down to 4.0 per cent for the age of 70. Salaries of staff in the General Service category were assumed to increase by 6.8 per cent for the age of 19, grading down to 4.0 per cent at the age of 65.

121. The per capita claim costs for the after-service health insurance plans are updated to reflect recent claims and enrolment experience. The health-care cost trend rate assumption is revised to reflect the current short-term expectations of the after-service health insurance plan cost increases and the economic environment. Medical cost trend assumptions used for the valuation as at 31 December 2018 were updated to include escalation rates for future years. As at 31 December 2018, these escalation rates were at 3.89 per cent (2017: 4.00 per cent) for non-United States medical plans in Switzerland and 3.91 per cent (2017: 4.00 per cent) for non-United States medical plans in the eurozone. The escalation rate was at 5.57 per cent (2017: 5.70 per cent) for all other medical plans, except 5.38 per cent (2017: 5.50 per cent) for the United States Medicare plan and 4.73 per cent (2017: 4.80 per cent) for the United States dental plan, grading down to 3.85 per cent (2017: 3.85 per cent) over 4 to 9 years (2017: 5 to 10 years) for non-United States and 14 years (2017: 15 years) for United States health-care costs.

122. With regard to the valuation of repatriation benefits as at 31 December 2018, inflation in travel costs remained unchanged at 2.20 per cent, on the basis of the projected United States inflation rate over the next 20 years.

123. Annual leave balances were assumed to increase at the following annual rates during the staff member's projected years of service: 0–3 years, 9.1 per cent; 4−8 years, 1.0 per cent; and more than 8 years, 0.1 per cent, up to the maximum of 60 days. The attribution method is used for annual leave actuarial valuation.

124. For defined-benefit plans, assumptions regarding future mortality are based on published statistics and mortality tables. Salary increases, retirement, withdrawal and mortality assumptions are consistent with those used by the United Nations Joint Staff Pension Fund in making its actuarial valuation.

Movement in post-employment benefits liabilities accounted for as defined-benefit plans

Reconciliation of opening to closing total defined-benefits liability

(Thousands of United States dollars)

	2018	*2017*
Net defined-benefit liability as at 1 January	**15 155**	**12 691**
Current service cost	1 081	986
Interest cost	569	492
Total costs recognized in the statement of financial performance	**1 650**	**1 478**
Benefits paid	(633)	(611)
Actuarial gains recognized directly in the statement of changes in net assets[a]	(1 863)	1 597
Net defined-benefits liability as at 31 December	**14 309**	**15 155**

[a] The net cumulative amount of actuarial gains recognized in the statement of changes in net assets is $1.9 million (2017: actuarial losses of $1.6 million).

Discount rate sensitivity analysis

125. The changes in discount rates are driven by the discount curve, which is calculated on the basis of corporate bonds. The bond markets varied over the reporting period, and volatility has an impact on the discount rate assumption. Should the assumption vary by 1 per cent, its impact on the obligations would be as follows:

Discount rate sensitivity analysis: year-end employee benefits liabilities

(Thousands of United States dollars)

31 December 2018	*After-service health insurance*	*Repatriation benefits*	*Annual leave*
Increase of discount rate by 1 per cent	(1 970)	(152)	(99)
As a percentage of year-end liability	(18)	(8)	(8)
Decrease of discount rate by 1 per cent	2 601	178	115
As a percentage of year-end liability	23	10	9

31 December 2017	*After-service health insurance*	*Repatriation benefits*	*Annual leave*
Increase of discount rate by 1 per cent	(2 080)	(166)	(103)
As a percentage of year-end liability	(18)	(8)	(8)
Decrease of discount rate by 1 per cent	2 747	194	119
As a percentage of year-end liability	23	10	9

Medical costs sensitivity analysis

126. The principal assumption in the valuation of the after-service health insurance is the rate at which medical costs are expected to increase in the future. The sensitivity analysis looks at the change in liability resulting from changes in the medical cost rates while holding other assumptions, such as the discount rate, constant. Should the medical cost trend assumption vary by 1 per cent, this would have an impact on the measurement of the defined-benefits obligations, as follows:

Medical costs sensitivity analysis: 1 per cent movement in the assumed medical cost trend rates

(Thousands of United States dollars and percentage)

2018	*Increase*		*Decrease*	
Effect on the defined-benefits obligation	23.47%	2 626	(18.06%)	(2 021)
Effect on the aggregate of the current service cost and interest cost	3.05%	341	(2.27%)	(254)
Total effect		**2 967**		**(2 275)**

2017	*Increase*		*Decrease*	
Effect on the defined-benefits obligation	23.46%	2 773	(18.06%)	(2 134)
Effect on the aggregate of the current service cost and interest cost	3.05%	360	(2.27%)	(268)
Total effect		**3 133**		**(2 402)**

Other defined-benefits plan information

127. Benefits paid for 2018 are estimates of what would have been paid to separating staff and/or retirees during the year based on the pattern of rights acquisition under each scheme: after-service health insurance, repatriation and commutation of accrued annual leave. The estimated defined-benefits payments (net of participants' contributions in these schemes) are shown in the following table.

Estimated defined-benefits payments, net of participants' contributions

(Thousands of United States dollars)

	After-service health insurance	*Repatriation benefits*	*Annual leave*	*Total*
2020	223	192	155	570
2019	211	231	143	585

Historical information: total liability for after-service health insurance, repatriation benefits and annual leave as at 31 December

(Thousands of United States dollars)

	2017	*2016*	*2015*	*2014*	*2013*
Present value of the defined-benefit obligations	15 155	12 691	11 698	16 579	12 063

Accrued salaries and other staff costs

128. Accrued salaries and other staff costs comprise $0.59 million (2017: $0.45 million) in United Nations tax reimbursements, home leave of $0.19 million (2017: $0.21 million), $0.02 million (2017: $0.06 million) relating to termination indemnity and $0.02 million (2017: nil) for mobility allowance and reassignment cost.

United Nations Joint Staff Pension Fund

129. The Regulations of the Pension Fund 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 Pension Fund will be sufficient to meet its liabilities.

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

131. During 2017, the Fund identified that there were anomalies in the census data utilized in the actuarial valuation performed as at 31 December 2015. As such, as an exception to the normal biennial cycle, a roll-forward of the participation data as at 31 December 2013 to 31 December 2016 was used by the Fund for its 2016 financial statements.

132. The actuarial valuation as at 31 December 2017 resulted in a funded ratio of actuarial assets to actuarial liabilities, assuming no future pension adjustments, of 139.2 per cent (150.1 per cent in the 2016 roll-forward). The funded ratio was 102.7 per cent (101.4 per cent in the 2016 roll-forward) when the current system of pension adjustments was taken into account.

133. 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 at the valuation date. At the time of reporting, the General Assembly had not invoked the provision of article 26.

134. Should article 26 be invoked because of an actuarial deficiency, either during the ongoing operation or owing to the termination of the Fund pension plan, 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 Pension Fund during the preceding three years (2015, 2016 and 2017) amounted to $6,931.39 million, of which 0.09 per cent was contributed by the University.

135. During 2018, contributions paid to the Pension Fund amounted to $2.33 million (2017: $2.11 million). Contributions due in 2019 are expected to amount to approximately $2.42 million.

136. Membership in the Fund may be terminated by decision of the 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 Pension Board on the basis of an actuarial valuation of the assets and liabilities of the Fund on the date of termination; no part of the assets that are in excess of the liabilities is included in the amount.

137. The Board of Auditors carries out an annual audit of the Pension Fund and reports to the Pension Board and to the General Assembly on the audit every year.

The Fund publishes quarterly reports on its investments, which can be viewed on the Fund website (www.unjspf.org).

Impact of General Assembly resolutions on staff benefits

138. On 23 December 2015, the General Assembly adopted resolution 70/244, by which it approved certain changes to the conditions of service and entitlements for all staff serving in the organizations of the United Nations common system, as recommended by the International Civil Service Commission. Some of the changes affect the calculation of other long-term and end-of-service employee benefits liabilities. In addition, a revised education grant scheme has been implemented that affects the computation of this short-term benefit. The impact of these changes is explained as follows:

Change	*Details*
Increase in mandatory age of separation	The mandatory age of retirement for staff who joined the Organization on or after 1 January 2014 is 65. For those who joined before 1 January 2014, the mandatory age of separation was raised from 60 or 62 years to 65 years as from 1 January 2018. This change is expected to affect future calculations of employee benefits liabilities.
Unified salary structure	A unified salary scale for internationally recruited staff (Professional and Field Service categories) went into effect on 1 January 2017. Previously, the salary scales were based on single or dependency rates. Those rates affected staff assessment and post adjustment amounts. The unified salary scale resulted in the elimination of single and dependency rates and the dependency rate was replaced by allowances for staff members who have recognized dependants in accordance with the Staff Regulations and Rules of the United Nations. A revised staff assessment scale and pensionable remuneration scale was implemented along with the unified salary structure. The change in salary scale did not result in reduced payments for staff members. However, it is expected to affect future valuation of the repatriation benefit and the commuted annual leave benefit.
Repatriation benefit	Staff members have been eligible to receive a repatriation grant upon separation from service provided they have served for at least one year in a duty station outside their country of nationality. The General Assembly revised eligibility for the repatriation grant to five years of service for prospective employees. This change in eligibility criteria was implemented effective 1 January 2017 in September 2017 and is expected to affect future calculations of employee benefits liabilities.
Education grant	With effect from the school year in progress on 1 January 2018, the computation of education grant given to eligible staff members utilizes a global sliding scale that is set in one single currency (United States dollars), with the same maximum amount of the grant for all countries. This revised education grant scheme also changes boarding assistance and education grant travel provided by the Organization. The effects can be seen at the end of the 2017/18 school year and at the time of settlements.

139. The impacts of these changes, other than the education grant, were fully reflected in the actuarial valuation conducted in 2017.

Note 19
Lease liabilities

(Thousands of United States dollars)

	31 December 2018	*31 December 2017*
Current		
Finance leases (note 30)	13	25
Operating lease straight lining liability	–	–
Total current lease liabilities	**13**	**25**
Non-current		
Finance leases (note 30)	21	23
Operating lease straight lining liability	–	–
Total non-current lease liabilities	**21**	**23**
Total lease liabilities	**34**	**48**

Note 20
Other liabilities

(Thousands of United States dollars)

	31 December 2018	*31 December 2017*
Donated right-to-use buildings (note 30)		
Current	1 907	4 084
Non-current	40 839	41 255
Total other liabilities	**42 746**	**45 339**

Note 21
Net assets: accumulated surpluses/(deficits)

(Thousands of United States dollars)

	Operating funds	*End-of-service liabilities fund*	*Total 2018*	*Total 2017 (restated)*
Balance as at 1 January	**94 080**	**(16 978)**	**77 102**	**55 747**
Actuarial gains/(losses) recognized in net assets	–	1 863	1 863	(1 597)
Share of changes recognized on the net assets of joint ventures: equity method	(5)	–	(5)	(19)
Surplus/(deficit) for the year	1 848	(757)	1 091	9 194
Transfers to Endowment Fund	(5 000)	–	(5 000)	–
Prior-period adjustments[a]	–	–	–	13 777
Balance as at 31 December	**90 923**	**(15 872)**	**75 051**	**77 102**

[a] Restated owing to prior-period adjustments (see note 4).

Note 22
Net assets: Endowment Fund

(Thousands of United States dollars)

	31 December 2018	*31 December 2017 (restated)*
Contributed capital (restricted)	279 416	273 506
Accumulated surpluses (restricted)	60 724	93 834
Prior-period adjustments[a]	–	1 000
Total Endowment Fund net assets	**340 140**	**368 340**

[a] Restated owing to prior-period adjustments (see note 4).

Movement in Endowment Fund
Contributed capital (restricted)

(Thousands of United States dollars)

	2018	*2017*
Balance as at 1 January	**273 506**	**273 506**
Endowment Fund received	5 910	–
Balance as at 31 December	**279 416**	**273 506**

Accumulated surpluses/(deficits): restricted

(Thousands of United States dollars)

	2018	*2017*
Balance as at 1 January	**94 834**	**94 138**
Distribution to operating funds	(16 216)	(16 058)
Surplus/(deficit) for the year	(17 410)	51 358
Allowance for doubtful receivables	(484)	(35 604)
Balance as at 31 December	**60 724**	**93 834**

Note 23
Voluntary contributions: revenue from non-exchange transactions

(Thousands of United States dollars)

	31 December 2018	*31 December 2017 (restated)*
Voluntary monetary contributions	35 453	36 220
Voluntary in-kind contributions	19 507	20 707
Total voluntary contributions received	**54 960**	**56 927**
Refunds	(238)	(76)
Net voluntary contributions received	**54 722**	**56 851**

140. A case-by-case analysis of all non-exchange revenue agreements has been undertaken against the criteria laid down in IPSAS 23. The non-exchange revenue comprises cash and cash equivalents of $18.7 million and voluntary contributions receivable of $16.7 million that are subject to general stipulations in the agreements that do not qualify as conditions. UNU has had a positive experience with donors that pay the instalments due regularly. Historically, UNU has never breached stipulations and donors have not been prompted to demand refunds or reimbursements.

141. The net voluntary contributions, amounting to $54.7 million, consist of contributions in the amount of $40.8 million for the current year (2018) and $13.9 million for future years, as follows: 2019: $6.8 million; 2020: $4.6 million; 2021: $1.3 million; and 2022: $1.2 million.

142. In-kind contributions revenue represents donated right-to-use facilities and premises based on fair rental value. In-kind contributions of services received of $0.76 million during the period are not recognized as revenue and therefore are not included in the above in-kind contributions revenue.

Note 24
Net investments revenue/(expense)

(Thousands of United States dollars)

	31 December 2018	*31 December 2017*
Summary of revenue and expense from cash pool		
Investment revenue	484	365
Change in fair value	44	(18)
Unrealized gains	3	27
Net cash pool revenue/(expense)	**531**	**374**
Summary of revenue/(expense) from Endowment Fund		
Investment revenue	9 176	8 086
Realized gain/(loss) on sale and maturities of securities	(286)	49 405
Change in fair value	(26 126)	(19 144)
Net Endowment Fund revenue/(expense)	**(17 236)**	**38 347**
Total net investment revenue/(expense)	**(16 705)**	**38 721**

Note 25
Other revenue: revenue from exchange transactions

(Thousands of United States dollars)

	31 December 2018	*31 December 2017 (restated)*
Publications sales and royalties	13	14
Services rendered	1 367	997
Rental revenue	1 696	1 591
Tuition revenue	246	217
Membership fees	57	87
Foreign exchange gains[a]	–	18 098
Other	328	153
Total other revenue	**3 707**	**21 157**

[a] Restated owing to prior-period adjustments (see note 4).

Note 26
Expenses

(Thousands of United States dollars)

	31 December 2018	*31 December 2017*
Employee salaries, allowances and benefits		
Salary and wages	19 934	18 161
Pension benefits	2 326	2 109
Termination and post-employment benefits	1 420	1 137
Appointment and assignment	740	436
Leave benefits	165	275
Other staff benefits	2 126	1 731
Total employee salaries, allowances and benefits	**26 711**	**23 849**
Rent, leases and utilities		
Rent, leases and utilities	18 620	18 524
Total rent, leases and utilities	**18 620**	**18 524**
Travel		
Travel	5 259	4 744
Total travel	**5 259**	**4 744**
Net investment expense		
Net investment expense	16 705	–
Total net investment expense	**16 705**	**–**
Depreciation and amortization[a]		
Depreciation	1 377	1 461
Amortization	42	42
Total depreciation and amortization	**1 419**	**1 503**

	31 December 2018	31 December 2017
Non-employee compensation and allowances		
Contract services with individuals	5 127	4 443
Total non-employee compensation and allowances	**5 127**	**4 443**
Supplies and consumables		
Information technology and communications equipment	335	586
Equipment	143	83
Information technology supplies and software maintenance	543	261
Office supplies	139	141
Other consumables	38	30
Total supplies and consumables	**1 198**	**1 101**
Other operating expenses		
Contractual services with companies	5 286	5 612
Learning costs	2 436	2 311
Maintenance costs	1 572	1 574
Professional services	1 398	1 664
Communications	1 638	1 209
Insurance/warranties	82	89
Recruitment costs	81	87
Security	45	70
Freight costs	20	6
Allowance for doubtful receivables	872	40 854
Share of deficit/(surplus) joint ventures: equity method	(45)	4
Sundries	135	175
Foreign exchange losses	1 952	–
Total other operating expenses	**15 472**	**53 655**
Other expenses		
Hospitality	27	19
Total other expenses	**27**	**19**
Total expenses	**90 538**	**107 838**

[a] Comparative figures for the analysis of depreciation and amortization have been restated for presentation purposes.

Note 27
Financial instruments, financial risk management and the cash pools

143. The following table shows the classes of financial instruments at UNU.

Financial assets

(Thousands of United States dollars)

	31 December 2018	*31 December 2017 (restated)*
Designated at fair value through surplus or deficit		
Short-term investments: main cash pool	16 086	21 848
Total short-term investments	**16 086**	**21 848**
Long-term investments: main cash pool	1 246	6 858
Long-term investments: Endowment Fund	351 947	361 522
Total long-term investments	**353 193**	**368 380**
Total designated at fair value through surplus or deficit investments	**369 279**	**390 228**
Cash and cash equivalents		
Cash and cash equivalents: main cash pool	1 876	2 453
Cash and cash equivalents: Endowment Fund	2 276	1 872
Cash and cash equivalents: other	17 699	23 168
Total cash and cash equivalents	**21 851**	**27 493**
Loans and receivables		
Short-term receivables: voluntary contributions receivable	23 337	23 157
Short-term receivables: other receivables	8 660	1 233
Long-term receivables: voluntary contributions receivable	14 044	18 825
Total cash and cash equivalents, loans and receivables	**67 892**	**70 708**
Total carrying amount of financial assets	**437 171**	**460 936**
Of which relates to financial assets held in main cash pool	19 208	31 159
Of which relates to financial assets held in Endowment Fund	354 223	363 394
Financial liabilities at amortized cost		
Accounts payable and accrued liabilities	12 163	2 297
Total carrying amount of financial liabilities	**12 163**	**2 297**
Summary of net revenue from financial assets		
Net cash pool revenue	531	374
Net Endowment Fund revenue/(expense)	(17 236)	38 347
Total net revenue/(expense) from financial assets	**(16 705)**	**38 721**

144. The University has exposure to the following financial risks, arising mainly from investments in cash pools and the Endowment Fund:

(a) Credit risk;

(b) Liquidity risk;

(c) Market risk, including interest rate risk, foreign exchange risk and price risk.

145. The present note and note 28, Financial instruments: Endowment Fund, present information on the University's exposure to these risks; the objectives, policies and processes for measuring and managing risk; and the management of capital.

Financial risk management: risk management framework

146. The investment management function is centralized at United Nations Headquarters, and the University is not permitted in normal circumstances to engage in investing. The risk management practices of UNU are in accordance with the Financial Regulations and Rules of the United Nations and the United Nations Investment Management Guidelines. The University may receive exceptional approval when conditions warrant investing locally under specified parameters that comply with the Guidelines.

147. The United Nations Treasury is responsible for investment and risk management for the cash pools, including conducting investment activities in accordance with the Guidelines.

148. The objectives of investment management are to preserve capital and ensure sufficient liquidity to meet operating cash requirements while attaining a competitive market rate of return on each investment pool. Investment quality, safety and liquidity are emphasized over the market-rate-of-return component of the objectives.

149. An investment committee periodically evaluates investment performance, assesses compliance with the Guidelines and makes recommendations for updates thereto.

Financial risk management: credit risk

150. Credit risk is the risk of financial loss if a counterparty to a financial instrument fails to meet its contractual obligations. Credit risk arises from cash and cash equivalents, investments and deposits with financial institutions, as well as credit exposures to outstanding receivables.

Maximum exposure to credit risk

151. The maximum exposure to credit risk of financial assets equals their carrying amount at the end of the financial reporting period. The following table represents the entity's maximum exposure to credit risk of financial instruments, before taking into account any collateral held or other credit enhancements and after allowance for impairment, where appropriate.

(Thousands of United States dollars)

	31 December 2018	*31 December 2017 (restated)*
Credit risk exposure		
Cash and cash equivalents	21 851	27 493
Short-term investments	16 086	21 848
Long-term investments (excludes equity investments)	176 969	186 859
Voluntary contributions receivable	37 381	41 981
Other receivables, excluding advances and deferred charges	8 660	1 233
Total	**260 947**	**279 414**

152. There is no collateral held as security or other credit enhancement.

Credit risk: contributions receivable and other receivables

153. A large portion of the contributions receivable is due from sovereign Governments and supranational agencies, including other United Nations entities, which do not have significant credit risk.

Ageing of voluntary contributions and other receivables as at 31 December 2018

(Thousands of United States dollars)

	Gross receivable	*Allowance*
Neither past due nor impaired	66 011	(27 500)
Less than 1 year	11 568	(6 250)
1 to 3 years	16 529	(14 404)
More than 3 years	6 787	(6 700)
Total	**100 895**	**(54 854)**

154. The allowance for doubtful receivables includes an impairment estimate of $54.8 million, which represents payment instalments in arrears as well as the future funding instalments from a multi-year agreement with a major donor that is facing financial difficulty.

Credit risk: cash and cash equivalents

155. The University had cash and cash equivalents of $21.85 million as at 31 December 2018, which is the maximum credit exposure on these assets.

Credit risk: main pool

156. In addition to directly held cash and cash equivalents and investments, UNU participates in the United Nations Treasury main pool. The main pool comprises operational bank account balances in a number of currencies and investments in United States dollars.

157. Pooling funds has a positive effect on overall investment performance and risk because of economies of scale and the ability to spread yield curve exposures across a range of maturities. The allocation of cash pool assets (cash and cash equivalents, short-term investments and long-term investments) and revenue is based on each participating entity's principal balance.

158. As at 31 December 2018, UNU participated in the main pool, which held total assets of $7,504.8 million (2017: $8,086.5 million), of which $19.2 million was due to the Organization (2017: $31.2 million), and its share of revenue from the main pool was $0.5 million (2017: $0.4 million).

Summary of assets and liabilities of the main pool as at 31 December 2018

(Thousands of United States dollars)

	Main pool
Fair value through the surplus or deficit	
Short-term investments	6 255 379
Long-term investments	486 813
Total fair value through the surplus or deficit investments	**6 742 192**

	Main pool
Loans and receivables	
Cash and cash equivalents	732 926
Accrued investment revenue	29 696
Total loans and receivables	**762 622**
Total carrying amount of financial assets	**7 504 814**
Cash pool liabilities	
Payable to UNU	19 208
Payable to other cash pool participants	7 485 606
Total liabilities	**7 504 814**
Net assets	–

Summary of revenue and expenses of the main pool for the year ended 31 December 2018

(Thousands of United States dollars)

	Main pool
Investment revenue	152 805
Unrealized gains	3 852
Investment revenue from main pool	**156 657**
Foreign exchange gains	854
Bank fees	(805)
Operating gains from main pool	**49**
Revenue and expenses from main pool	**156 706**

Summary of assets and liabilities of the main pool as at 31 December 2017

(Thousands of United States dollars)

	Main pool
Fair value through the surplus or deficit	
Short-term investments	5 645 952
Long-term investments	1 779 739
Total fair value through the surplus or deficit investments	**7 425 691**
Loans and receivables	
Cash and cash equivalents	636 711
Accrued investment revenue	24 098
Total loans and receivables	**660 809**
Total carrying amount of financial assets	**8 086 500**
Cash pool liabilities	
Payable to UNU	31 159

	Main pool
Payable to other cash pool participants	8 055 341
Total liabilities	**8 086 500**
Net assets	–

Summary of revenue and expenses of the main pool for the year ended 31 December 2017

(Thousands of United States dollars)

	Main pool
Investment revenue	104 576
Unrealized gains	874
Investment revenue from main pool	**105 450**
Foreign exchange gains	7 824
Bank fees	(853)
Operating gains from main pool	**6 971**
Revenue and expenses from main pool	**112 421**

Financial risk management

159. The United Nations Treasury is responsible for investment and risk management for the main pool, including conducting investment activities in accordance with the Guidelines.

160. The objective of investment management is to preserve capital and ensure sufficient liquidity to meet operating cash requirements while attaining a competitive market rate of return on each investment pool. Investment quality, safety and liquidity are emphasized over the market-rate-of-return component of the objectives.

161. An investment committee periodically evaluates investment performance and assesses compliance with the Guidelines and makes recommendations for updates thereto.

Financial risk management: credit risk

162. The Guidelines require ongoing monitoring of issuer and counterparty credit ratings. Permissible main pool investments may include, but are not restricted to, bank deposits, commercial paper, supranational securities, government agency securities and government securities with maturities of five years or less. The main pool does not invest in derivative instruments such as asset-backed or mortgage-backed securities or equity products.

163. The Guidelines require that investments are not to be made in issuers whose credit ratings are below specifications, and also provide for maximum concentrations with given issuers. These requirements were met at the time the investments were made.

164. The credit ratings used for the main pool are those determined by major credit-rating agencies; S&P Global Ratings, Moody's and Fitch are used to rate bonds and discounted instruments, and the Fitch viability rating is used to rate bank term deposits. At year-end, the credit ratings were as shown below.

Investments of the cash pools by credit ratings as at 31 December 2018

(Percentage)

Main pool	*Ratings as at 31 December 2018*				*Ratings as at 31 December 2017*			
Bonds (long-term ratings)								
	AAA	*AA+/AA/AA-*	*A+*	*Not rated*	*AAA*	*AA+/AA/AA-*	*A+*	*Not rated*
S&P Global Ratings	15.4	79.0	5.6	–	30.5	65.5	4.0	–
Fitch	55.1	39.3	–	5.6	61.3	30.6	–	8.1
	Aaa	*Aa1/Aa2/Aa3*	*A1*		*Aaa*	*Aa1/Aa2/Aa3*		
Moody’s	49.7	50.0	0.3		55.3	44.7		
Commercial papers (short-term ratings)								
	A-1+				*A-1+/A-1*			
S&P Global Ratings	100.0				100.0			
	F1+				*F1*			
Fitch	100.0				100.0			
	P-1				*P-1*			
Moody’s	100.0				100.0			
Reverse repurchase agreement (short-term ratings)								
	A-1+				*A-1+*			
S&P Global Ratings	100.0				100.0			
	F1+				*F1+*			
Fitch	100.0				100.0			
	P-1				*P-1*			
Moody’s	100.0				100.0			
Term deposits (Fitch viability ratings)								
	aaa	*aa/aa-*	*a+/a/a-*		*aaa*	*aa/aa-*	*a+/a*	
Fitch	–	53.5	46.5		–	44.2	55.8	

165. The United Nations Treasury actively monitors credit ratings and, because the Organization has invested only in securities with high credit ratings, management does not expect any counterparty to fail to meet its obligations, except for impaired investments.

Financial risk management: liquidity risk – main pool

166. The main pool is exposed to liquidity risk associated with the requirement of participants to make withdrawals on short notice. It maintains sufficient cash and marketable securities to meet participants’ commitments as and when they fall due. The major portion of cash and cash equivalents and investments are available within a day’s notice to support operational requirements. The main pool liquidity risk is therefore considered to be low.

Financial risk management: liquidity risk – financial assets and financial liabilities

167. The University’s existing cash resources, investments and contributions receivable significantly exceeded the current cash outflow requirements. The table below provides an analysis of the University’s total assets into relevant maturity terms based on remaining contractual maturities:

Maturities for financial assets as at 31 December 2018

(Thousands of United States dollars)

	Less than 1 year	*1 to 5 years*	*Longer than 5 years*	*Total*
Assets				
Cash and cash equivalents	21 851	–	–	21 851
Short-term investments	16 086	–	–	16 086
Long-term investments	–	1 246	351 947	353 193
Voluntary contributions receivable	23 337	14 044	–	37 381
Other receivables	8 660	–	–	8 660
Total financial assets	**69 934**	**15 290**	**351 947**	**437 171**

Maturities for financial liabilities as at 31 December 2018

(Undiscounted thousands of United States dollars)

	<3 months	*3 to 12 months*	*>1 year*	*Total*
Accounts payable and accrued liabilities	12 163	–	–	12 163
Total	**12 163**	**–**	**–**	**12 163**

Financial risk management: interest rate risk – main pool

168. The main pool comprises the Organization’s main exposure to interest rate risk with fixed-rate cash and cash equivalents and investments being interest-bearing financial instruments. As at the reporting date, the main pool had invested primarily in securities with shorter terms to maturity, with the maximum being less than three years (2017: four years). The average duration of the main pool was 0.33 years (2017: 0.61 years), which is considered to be an indicator of low risk.

Main pool interest rate risk sensitivity analysis

169. The main pool interest rate risk sensitivity analysis shows how the fair value of the main pool as at the reporting date would increase or decrease should the overall yield curve shift in response to changes in interest rates. Given that the investments are accounted for at fair value through surplus or deficit, the change in fair value represents the increase or decrease in the surplus or deficit and net assets. The impact of a shift up or down of up to 200 basis points in the yield curve is shown (100 basis points equals 1 per cent). The basis point shifts are illustrative.

Main pool interest rate risk sensitivity analysis as at 31 December 2018

Shift in yield curve (basis points)	*-200*	*-150*	*-100*	*-50*	*0*	*+50*	*+100*	*+150*	*+200*
(Millions of United States dollars)									
Increase/(decrease) in fair value									
Main pool total	48.46	36.34	24.23	12.11	–	(14.89)	(24.22)	(36.33)	(48.44)

Main pool interest rate risk sensitivity analysis as at 31 December 2017

Shift in yield curve (basis points)	*-200*	*-150*	*-100*	*-50*	*0*	*+50*	*+100*	*+150*	*+200*
(Millions of United States dollars)									
Increase/(decrease) in fair value									
Main pool total	95.47	71.60	47.73	23.86	–	(23.86)	(47.72)	(71.57)	(95.42)

Other market price risk

170. The main pool is not exposed to significant other price risks because it does not sell short, borrow securities or purchase securities on margin, which limits the potential loss of capital.

Accounting classifications and fair value hierarchy

171. All investments are reported at fair value through surplus and deficit. Cash and cash equivalents carried at nominal value are deemed to be an approximation of fair value.

172. The levels are defined as:

(a) Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

(b) Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices);

(c) Level 3: inputs for the assets or liabilities that are not based on observable market data (that is, unobservable inputs).

173. The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date and is determined by the independent custodian based on valuation of securities sourced from third parties. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's-length basis. The quoted market price used for financial assets held in the main pool is the current bid price.

174. The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques that maximize the use of observable market data. If all significant inputs required to determine the fair value of an instrument are observable, the instrument is included in level 2.

175. The following fair value hierarchy presents the main pool assets that are measured at fair value at the reporting date. There were no level 3 financial assets nor any liabilities carried at fair value or any significant transfers of financial assets between fair value hierarchy classifications.

Fair value hierarchy for investments as at 31 December: main pool

(Thousands of United States dollars)

	31 December 2018			*31 December 2017*		
	Level 1	*Level 2*	*Total*	*Level 1*	*Level 2*	*Total*
Financial assets at fair value through surplus or deficit						
Bonds: corporate	205 566	–	205 566	355 262	–	355 262
Bonds: non-United States agencies	791 922	–	791 922	1 190 050	–	1 190 050
Bonds: non-United States sovereigns	–	–	–	124 892	–	124 892
Bonds: supranational	174 592	–	174 592	173 275	–	173 275
Bonds: United States treasuries	610 746	–	610 746	610 267	–	610 267
Main pool: commercial papers	219 366	–	219 366	671 945	–	671 945
Main pool: term deposits	–	4 740 000	4 740 000	–	4 300 000	4 300 000
Main pool total	**2 002 192**	**4 740 000**	**6 742 192**	**3 125 691**	**4 300 000**	**7 425 691**

Note 28
Financial instruments: Endowment Fund

176. The fiduciary responsibility for the investment of the assets of the UNU Endowment Fund resides with the Secretary-General of the United Nations. The Secretary-General has delegated such responsibilities to the Representative of the Secretary-General for the investment of the assets of the United Nations Joint Staff Pension Fund, and, in turn, the Representative of the Secretary-General is assisted by the Office of Investment Management of the Pension Fund in connection with the fulfilment of these responsibilities.

177. The Representative of the Secretary-General, with the assistance of the Office of Investment Management of the Pension Fund, reviews the UNU Endowment Fund portfolio and monitors the performance of the investment manager of the Endowment Fund on an ongoing basis. The Investments Committee of the Pension Fund provides oversight and advice for the investment of the assets of the Endowment Fund.

178. The investments of the Endowment Fund are managed by a global investment management firm and overseen by the Office of Investment Management and the Representative of the Secretary-General. In the fourth quarter of 2017, UNU changed its investment portfolio management strategy from active investing to passive investing through the appointment of a new investment management firm, after a thorough selection process, to deliver on the mandate for global balanced indexation. The investment portfolio is invested in exchange-traded funds with the aim of achieving a return on investment that reflects the return of its benchmark indexes, which are the Morgan Stanley Capital International All Country World Investible Market Index for equities and the Bloomberg Barclays United States Aggregate Bond Index for bonds.

179. The investment management objectives as set by the General Assembly for the Office of Investment Management of the Pension Fund are as follows:

(a) **Safety**, which is achieved by ensuring adequate asset class, geographic, currency, sector and industry diversification, by carefully researching and documenting investment recommendations and constantly reviewing the portfolio in order to take advantage of the unsynchronized economic cycles, market and currency movements. Asset classes are all subject to market risk; security is a relative term;

(b) **Liquidity**, which requires ready marketability of the assets in recognized sound, stable and competitive exchanges or markets. Liquidity is required to ensure that the portfolio can be restructured in the shortest possible time in order to enhance total return and/or to minimize potential losses;

(c) **Profitability**, which requires that each investment at the time of purchase should be expected to earn a positive total return, taking into account potential risk, particularly market risk, which is common to all securities of the same general class and commonly can be mitigated but not eliminated by diversification;

(d) **Convertibility**, which is the ability to readily convert investments into liquid currencies. Convertibility facilitates payments in local currencies. The fiduciary responsibility to the Fund's participants mandates that because of the United States dollar-based market valuation of the Fund, and the United States dollar-based appraisal of its actuarial soundness, all investments should be readily and fully convertible into United States dollars.

180. The approved strategic asset allocation and policy benchmark for the UNU Endowment Fund is as follows:

Asset class	*Benchmark index*	*Strategic benchmark allocation weight (percentage)*
Equities	Morgan Stanley Capital International All Country World Investible Market Index	50
Bonds	Bloomberg Barclays United States Aggregate Bond Index	50
Total		**100**

181. In accordance with a decision of the UNU Council at its forty-sixth session, cash withdrawal from the Endowment Fund to finance the biennial budget is limited to 5 per cent annually of the five-year average market value.

Financial risk management

182. The Representative of the Secretary-General for the investment of the assets of the Pension Fund, with the assistance of the Office of Investment Management, approves the strategic asset allocation, investment performance targets and investment guidelines and policies. In addition, the performance of the Endowment Fund portfolio is monitored on an ongoing basis.

183. The Investments Committee of the Pension Fund periodically evaluates investment performance and assesses compliance with the Investment Management Guidelines and makes recommendations for updates thereto.

184. The following table provides a summary of the Endowment Fund investments by asset class:

	31 December 2018	*31 December 2017*
Equities	176 224	181 520
Bonds	175 723	180 002
Cash	2 276	1 872
Financial assets held in the Endowment Fund	**354 223**	**363 394**

Financial risk management: credit risk

185. UNU aims to minimize its credit risk through the application of risk management policies overseen by the Office of Investment Management and the Representative of the Secretary-General for the investment of the assets of the Pension Fund.

186. For management of credit risk arising from financial transactions with counterparties, which encompasses issuer risk on marketable securities and settlement risk on derivative and money market contracts, counterparties are limited to major banks and financial institutions and the policy restricts the exposure to any one counterparty by setting credit limits taking into account the credit quality of the counterparty. The exposure to credit risk primarily arises from the University's bond investments. It manages this risk through appropriate investment policies whereby the University is allowed to invest only in bonds with an investment grade assigned by at least one well-known rating agency: S&P Global Ratings, Moody's or Fitch.

187. The University annually reviews the credit limits applied and regularly monitors the counterparties' credit quality reflecting market credit conditions. At year-end, the credit ratings were:

Endowment Fund credit ratings

31 December 2018	*Total*	*Ratings*
Cash and cash equivalents	2 276	Fitch: 100% F1+
Bonds	175 723	Long-term S&P Global Ratings: 72.8% AAA; 2.8% AA; 0.5% A+; 9.8% A; 14.1% BBB
Total	**177 999**	

31 December 2017	*Total*	*Ratings*
Cash and cash equivalents	1 872	Fitch: 100% F1+
Bonds	180 002	Long-term S&P Global Ratings: 71.9% AAA; 3% AA; 0.2% A+; 11.3% A; 13.6% BBB
Total	**181 874**	

188. A concentration of credit risk exists when a number of counterparties are engaged in similar activities and have similar economic characteristics that cause their ability to meet contractual obligations to be similarly affected by changes in economic and other conditions. The analysis of credit risk concentration presented below relates only to financial assets subject to credit risk. For bond investments, the credit risk concentration is monitored based on sector.

Endowment Fund credit risk concentration for bonds

(Thousands of United States dollars)

	31 December 2018	*31 December 2017*
Sector		
Treasury	68 715	68 023
Government-related	10 289	11 520
Corporate	43 111	46 404
Securitized	53 608	54 055
Total bonds	**175 723**	**180 002**

Endowment Fund risk concentration for equities

(Thousands of United States dollars)

	31 December 2018	*31 December 2017*
Region		
North America	95 254	94 341
Emerging markets	20 439	21 062
Developed markets	60 531	66 117
Total equities	**176 224**	**181 520**

Financial risk management: liquidity risk

189. The University's objective is to maintain cash and marketable securities to meet its liquidity requirements for 30-day periods at a minimum. Funding for long-term liquidity needs is additionally secured by an adequate amount of committed contributions and the ability to sell investments.

190. The University considers expected cash flows from financial assets in assessing and managing liquidity risk, in particular its cash resources and contributions receivable. The entity's existing cash resources and contributions receivable significantly exceed the current cash outflow requirements.

Financial risk management: interest rate risk

191. As at 31 December 2018, the effective duration of bonds held by UNU was 5.67 years (2017: 5.77 years).

Endowment Fund interest rate risk sensitivity analysis

192. A change of 200 basis points in interest rates at the reporting date (assuming that all other variables, particularly currency exchange rates, remain constant) would have increased/(decreased) net assets and surplus or deficit as follows:

Endowment Fund interest rate risk sensitivity analysis

Shift in yield curve (basis points)	*-200*	*-150*	*-100*	*-50*	*0*	*50*	*100*	*150*	*200*
(Millions of United States dollars)									
Increase/(decrease) in fair value									
Sensitivity analysis									
31 December 2018	**19.9**	**14.9**	**10.0**	**5.0**	**–**	**(5.0)**	**(10.0)**	**(14.9)**	**(19.9)**
31 December 2017	**20.8**	**15.6**	**10.4**	**5.2**	**–**	**(5.2)**	**(10.4)**	**(15.6)**	**(20.8)**

Market risk: currency risk

193. The following table summarizes the net open position by currency at the end of the financial reporting period, mainly euros, British pounds and Japanese yen.

Currency exposure for the Endowment Fund

(Undiscounted thousands of United States dollars)

	United States dollars	*Euros*	*British pounds*	*Japanese yen*	*Other*	*Total*
31 December 2018	274 455	16 615	9 610	13 432	38 384	352 496
31 December 2017	278 563	19 090	10 918	15 017	40 339	363 927

Currency risk: sensitivity analysis

194. The following table indicates the currencies to which UNU had significant exposure as at 31 December 2018. The analysis calculates the effect of a reasonably possible movement of United States dollars against the respective currency rate on net assets and on surplus and deficits with all other variables held constant.

Endowment Fund currency exposure sensitivity analysis

(Thousands of United States dollars)

	31 December 2018		*31 December 2017*	
	Net assets and surplus or deficit		*Net assets and surplus or deficit*	
	Strengthening	*Weakening*	*Strengthening*	*Weakening*
Euro (10 per cent movement)	(1 510)	1 846	(1 735)	2 121
British pound (10 per cent movement)	(874)	1 068	(993)	1 213
Japanese yen (10 per cent movement)	(1 221)	1 492	(1 365)	1 669
Other (10 per cent movement)	(7 095)	8 671	(3 667)	4 482

Other market price risk

195. The University's exposure to other price risk arises mainly from investments in equities of the Endowment Fund. Had the market price of equities increased/decreased by 5 per cent, the surplus or deficit would have increased/decreased by $8.8 million with an equal change in net assets (2017: $9.1 million).

196. The University is not exposed to significant other price risk, as it does not sell short, borrow securities or purchase securities on margin, all of which limits the potential loss of capital.

Fair value hierarchy

197. All Endowment Fund investment assets have quoted prices in active markets and are classified as level 1 within the fair value hierarchy. There were no level 2 or level 3 financial assets, any liabilities carried at fair value or any significant transfers of financial assets between fair value hierarchy classifications.

Fair value hierarchy

(Thousands of United States dollars)

	31 December 2018	*31 December 2017*
	Level 1	*Level 1*
Financial assets at fair value through surplus or deficit		
Equities	176 224	181 520
Bonds	175 723	180 002
Total	351 947	361 522

Note 29
Related parties

Key management personnel

198. Key management personnel are those with the ability to exercise significant influence over the financial and operating decisions of the University. For the University, the key management personnel group comprises the Rector, the Senior Vice-Rector, the Vice-Rector, the Director of Administration and the Executive Officer. They have the relevant authority and responsibility for planning, directing and controlling the University's activities.

199. The aggregate remuneration paid to key management personnel includes net salaries, post adjustment and other entitlements such as grants, subsidies and employer pension and health insurance contributions.

Key management personnel as at 31 December 2018

	Total
Number of positions (full-time equivalents)	6

(Thousands of United States dollars)

	Total
Salary and post adjustment	971
Other compensation/entitlements	426
Non-monetary compensation	357
Total remuneration for the year ended 31 December 2018	**1 754**
Outstanding loans and advances at 31 December 2018	–

200. An official residence, provided free of charge by the Ministry of Education, Culture, Sports, Science and Technology of Japan, is made available to the Rector in the UNU headquarters building. A monthly fixed amount is charged to the Rector for utilities and maintenance of the official residence.

201. No close family member of key management personnel was employed by the University at the management level. Advances made to key management personnel are those made against entitlements in accordance with staff rules and regulations; any such advances against entitlements are widely available to all staff of the University.

Related entity transactions: Japan Foundation for the United Nations University

202. In accordance with its articles of incorporation, the purpose of the Japan Foundation for the United Nations University is, in accordance with the spirit of the UNU Charter, to contribute to the development of UNU by providing it with necessary assistance and cooperation for the solution of urgent and global problems relating to the survival, welfare and development of humankind and to promote the spreading of knowledge for the solution of global problems, thereby contributing to the advancement of science and technology, the promotion of international mutual understanding and technological cooperation with developing countries.

203. Established in 1985, the Japan Foundation is an autonomous organization subject to Japanese laws and regulations and its articles of incorporation. It is

governed by a board that provides oversight on all operations and activities. The University has a memorandum of understanding with the Foundation that sets out the cooperative relationship between UNU and the Foundation and regulates the use of the University's name and logo.

204. The Japan Foundation provides UNU with annual revenue and expense reports. The reports show the total contributions received by the Foundation and the amount withheld to cover the costs of its activities (which are fully funded by the Foundation's investment revenue and reserves).

205. During 2018, the unaudited total net cash contribution of $0.33 million, which includes the rental of office space at the UNU headquarters building in Tokyo ($0.05 million), was transferred by the Japan Foundation to the University. Of that amount, $0.22 million was received by the Foundation and $0.12 million came from its reserves. The reserves balance of the Foundation amounted to $5.93 million (unaudited) as at 31 December 2018.

Related entity transactions: joint venture operations over which the University has significant influence accounted for using the equity method

206. Jointly financed operations relating to safety and security, and to the United Nations System Chief Executives Board for Coordination salary survey, are established under binding agreements. The University has significant influence over these activities which, under IPSAS 8: Interests in joint ventures, is the power to participate in the financial and operating policy decisions of the activities but without control or joint control over these activities. The University's interest in these activities is its share of these activities' net liabilities, which is based on the funding apportionment percentage. These cost-sharing ratios vary to reflect key factors such as the number of employees and the total space occupied. Since all of these activities are in a net liability position, this is recognized as a non-current liability in the statement of financial position. The University's share of these activities' operating surplus for the year ended 31 December 2018 was $0.045 million, which was recognized in the statement of financial performance. Where activities also have transactions that are recorded directly in net assets, the University's share of these transactions is accounted for through the statement of changes in net assets; the balance related to the actuarial gains or losses relating to the employee benefits liability valuation is recognized in the statement of financial performance. Movements in the jointly controlled operations for the year are reflected in the following table.

(Thousands of United States dollars)

	31 December 2018	*31 December 2017*
Cost as at 1 January	**77**	**54**
Movement for the year:		
Changes in net assets of jointly controlled operations recognized through statement of changes in net assets	5	19
Share of deficit/(surplus) for the year in operations of jointly controlled operations recognized through statement of financial performance	(45)	4
Total changes in jointly controlled operations for the year	**(40)**	**23**
Net liability reported in statement of financial position	**37**	**77**

207. No contingent liabilities arise from the University's interest in jointly controlled entities or joint venture operations over which the University has significant influence.

Note 30
Leases and commitments

Finance leases

208. The University enters into finance leases for the use of buildings, machinery and equipment and furniture and fixtures. The net year-end carrying value for each class of asset is as follows:

Net finance lease asset carrying value

(Thousands of United States dollars)

	31 December 2018	*31 December 2017*
Buildings	48 922	49 739
Machinery and equipment	1	2
Furniture and fixtures	30	45
Total net finance lease asset carrying value	**48 953**	**49 786**

209. Other liabilities include $42.75 million for assets under long-term donated right-to-use arrangements classified as finance leases in the statement of financial position. Premises categorized as finance leases are the University headquarters building in Tokyo; Casa Silva Mendes in Macao, China; the UNU-IIGH building in Kuala Lumpur; and the Director's residence in Accra.

210. Future minimum finance lease payments under non-cancellable finance lease arrangements for machinery and equipment and furniture and fixtures are:

Obligations for finance leases

(Thousands of United States dollars)

Minimum lease payments as at	*31 December 2018*	*31 December 2017*
Due in less than 1 year	13	32
Due 1 to 5 years	21	16
Due later than 5 years	–	–
Total minimum finance lease obligations	**34**	**48**
Future finance charges	**–**	**–**
Future minimum finance lease obligations	**34**	**48**

Operating leases

211. The University enters into operating lease arrangements for the use of buildings and photocopiers. The total operating lease payments recognized in expenses for the year were $20.43 million. This total includes $19.51 million towards donated right-to-use arrangements, for which corresponding revenue is recognized in the statement of financial performance and presented within voluntary contributions revenue. Future minimum operating lease payments under non-cancellable arrangements are as follows:

Obligations for operating leases

(Thousands of United States dollars)

Minimum lease payments as at	*31 December 2018*	*31 December 2017*
Due in less than 1 year	982	664
Due 1 to 5 years	2 764	1 338
Due later than 5 years	3 359	4 238
Total minimum operating lease obligations	**7 105**	**6 240**

212. These contractual leases are typically between one and seven years, with some leases allowing extension clauses and/or permitting early termination within 30, 60 or 90 days. The amounts present future obligations for the minimum contractual term taking into consideration contract annual lease payment increases in accordance with lease agreements.

Contractual commitments

213. At the reporting date, the commitments for property, plant and equipment and goods and services contracted but not delivered were:

(Thousands of United States dollars)

	31 December 2018	*31 December 2017*
Property, plant and equipment	–	–
Goods and services	13 141	12 536
Total	**13 141**	**12 536**

214. Goods and services disclosed include contracts issued to individual contractors amounting to $7.06 million and contracts on building maintenance, cleaning and security services for the University headquarters building in Tokyo amounting to $3.25 million.

Note 31
Provisions, contingent liabilities and contingent assets

Provisions and contingent liabilities

215. Provisions are recognized as liabilities when the University has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle that obligation and the amount can be reliably estimated. The amount of the provision is the best estimate of the expenses required to settle the present obligation at the reporting date. The estimate is discounted where the effect of the time value of money is material. Contingent liabilities are disclosed for pending claims when the probability of outcome cannot be determined and the amount of loss cannot be reasonably estimated. As at 31 December 2018, there were no material provisions recognized or contingent liabilities to disclose.

Contingent assets

216. In accordance with IPSAS 19: Provisions, contingent liabilities and contingent assets, contingent assets are disclosed where an event will give rise to a probable

inflow of economic benefits to the University. As at 31 December 2018, the University had no contingent assets.

Note 32
Events after the reporting date

217. There have been no material events, favourable or unfavourable, that occurred between the date of the financial statements and the date when the financial statements were authorized for issue that would have had a material impact on these statements.

Annex I

Statement of financial position as at 31 December 2018, by operating fund

(Thousands of United States dollars)

	Operating funds						
	UNU Centre	*UNU headquarters building*	*UNU-WIDER*	*UNU-MERIT*	*UNU-CS*	*UNU-INRA*	*UNU-BIOLAC*
Assets							
Current assets							
Cash and cash equivalents	12 871	–	1 587	1 779	1 303	–	–
Investments	213	–	8 383	5 856	–	–	–
Voluntary contributions receivable	3 715	11	5 734	1 218	232	130	–
Other receivables	90	31	82	221	–	–	–
Inventories	–	–	–	–	–	–	–
Other assets	312	20	103	55	4	2	3
Inter-fund balances receivable	–	814	–	19	3 660	640	857
Total current assets	**17 201**	**876**	**15 889**	**9 148**	**5 199**	**772**	**860**
Non-current assets							
Investments	16	–	649	454	–	–	–
Voluntary contributions receivable	617	–	3 153	–	–	31	–
Property, plant and equipment	212	36 612	58	302	11 315	145	–
Intangible assets	3	–	75	–	–	–	–
Other assets	168	–	10	–	29	–	–
Total non-current assets	**1 016**	**36 612**	**3 945**	**756**	**11 344**	**176**	–
Total assets	**18 217**	**37 488**	**19 834**	**9 904**	**16 543**	**948**	**860**
Liabilities							
Current liabilities							
Accounts payable and accrued liabilities	1 144	203	116	83	54	9	19
Advance receipts	937	35	–	4	–	–	–
Employee benefits liabilities	698	15	275	23	104	82	10
Lease liabilities	3	3	–	–	3	–	–
Other liabilities	–	1 365	–	–	489	6	–
Inter-fund balances payable	6 931	–	1 561	–	–	–	–
Total current liabilities	**9 713**	**1 621**	**1 952**	**110**	**650**	**97**	**29**

Statement of financial position as at 31 December 2018 (continued)

(Thousands of United States dollars)

	Operating funds						
	UNU Centre	*UNU headquarters building*	*UNU-WIDER*	*UNU-MERIT*	*UNU-CS*	*UNU-INRA*	*UNU-BIOLAC*
Non-current liabilities							
Advance receipts	–	–	–	–	–	–	–
Employee benefits liabilities	–	–	–	–	–	–	–
Lease liabilities	4	–	–	–	6	–	–
Other liabilities	–	29 172	–	–	10 657	114	–
Share of joint ventures: equity method	(17)	–	9	6	4	2	–
Total non-current liabilities	**(13)**	**29 172**	**9**	**6**	**10 667**	**116**	–
Total liabilities	**9 700**	**30 793**	**1 961**	**116**	**11 317**	**213**	**29**
Net of total assets and total liabilities	**8 517**	**6 695**	**17 873**	**9 788**	**5 226**	**735**	**831**
Net assets							
Accumulated surpluses	8 517	6 695	17 873	9 788	5 226	735	831
Endowment Fund	–	–	–	–	–	–	–
Total net assets	**8 517**	**6 695**	**17 873**	**9 788**	**5 226**	**735**	**831**

Statement of financial position as at 31 December 2018 (continued)

(Thousands of United States dollars)

	Operating funds						
	UNU-IAS	*UNU-INWEH*	*UNU-CRIS*	*UNU-EHS*	*UNU-IIGH*	*UNU-GCM*	*UNU-FLORES*
Assets							
Current assets							
Cash and cash equivalents	–	350	–	1 603	–	–	–
Investments	–	929	–	–	–	–	–
Voluntary contributions receivable	307	1 619	1 254	2 515	76	–	1 266
Other receivables	1	11	–	73	5	–	3
Inventories	4	–	–	–	–	–	–
Other assets	53	–	5	56	4	3	10
Inter-fund balances receivable	9 585	–	411	81	4 869	753	1 570
Total current assets	**9 950**	**2 909**	**1 670**	**4 328**	**4 954**	**756**	**2 849**
Non-current assets							
Investments	–	72	–	–	–	–	–
Voluntary contributions receivable	72	73	2 812	1 873	50	–	1 763
Property, plant and equipment	13	4	12	–	959	–	59
Intangible assets	–	–	–	–	–	–	–
Other assets	–	–	–	–	–	–	–
Total non-current assets	**85**	**149**	**2 824**	**1 873**	**1 009**	**–**	**1 822**
Total assets	**10 035**	**3 058**	**4 494**	**6 201**	**5 963**	**756**	**4 671**
Liabilities							
Current liabilities							
Accounts payable and accrued liabilities	186	10	193	98	34	135	9
Advance receipts	266	–	–	70	–	–	–
Employee benefits liabilities	275	76	3	80	83	64	76
Lease liabilities	–	–	2	–	2	–	–
Other liabilities	–	–	–	–	47	–	–
Inter-fund balances payable	–	182	–	–	–	–	–
Total current liabilities	**727**	**268**	**198**	**248**	**166**	**199**	**85**

Statement of financial position as at 31 December 2018 (continued)

(Thousands of United States dollars)

	Operating funds						
	UNU-IAS	*UNU-INWEH*	*UNU-CRIS*	*UNU-EHS*	*UNU-IIGH*	*UNU-GCM*	*UNU-FLORES*
Non-current liabilities							
Advance receipts	–	–	–	125	–	–	–
Employee benefits liabilities	–	–	–	–	–	–	–
Lease liabilities	–	–	9	–	2	–	–
Other liabilities	–	–	–	–	896	–	–
Share of joint ventures: equity method	8	5	2	5	4	4	5
Total non-current liabilities	**8**	**5**	**11**	**130**	**902**	**4**	**5**
Total liabilities	**735**	**273**	**209**	**378**	**1 068**	**203**	**90**
Net of total assets and total liabilities	**9 300**	**2 785**	**4 285**	**5 823**	**4 895**	**553**	**4 581**
Net assets							
Accumulated surpluses/(deficits)	9 300	2 785	4 285	5 823	4 895	553	4 581
Endowment Fund	–	–	–	–	–	–	–
Total net assets	**9 300**	**2 785**	**4 285**	**5 823**	**4 895**	**553**	**4 581**

Statement of financial position as at 31 December 2018 (continued)

(Thousands of United States dollars)

	Operating funds						
	UNU-IRADDA	*UNU-IESR*	*Total operating funds*	*Endowment Fund*	*End-of-service and post-retirement liabilities*	*Elimination*	*Total UNU*
Assets							
Current assets							
Cash and cash equivalents	–	–	19 493	2 276	82	–	21 851
Investments	–	–	15 381	–	705	–	16 086
Voluntary contributions receivable	–	2 000	20 077	3 260	–	–	23 337
Other receivables	–	–	517	8 143	–	–	8 660
Inventories	–	–	4	–	–	–	4
Other assets	–	–	630	–	–	–	630
Inter-fund balances receivable	1 372	–	24 631	3 771	260	(28 662)	–
Total current assets	**1 372**	**2 000**	**80 733**	**17 450**	**1 047**	**(28 662)**	**70 568**
Non-current assets							
Investments	–	–	1 191	351 947	55	–	353 193
Voluntary contributions receivable	–	3 000	13 444	600	–	–	14 044
Property, plant and equipment	–	–	49 691	–	–	–	49 691
Intangible assets	–	–	78	–	–	–	78
Other assets	–	–	207	–	–	–	207
Total non-current assets	–	**3 000**	**64 611**	**352 547**	**55**	**–**	**417 213**
Total assets	**1 372**	**5 000**	**145 344**	**369 997**	**1 102**	**(28 662)**	**487 781**
Liabilities							
Current liabilities							
Accounts payable and accrued liabilities	1	–	2 294	9 869	–	–	12 163
Advance receipts	–	–	1 312	–	–	–	1 312
Employee benefits liabilities	–	–	1 864	–	564	–	2 428
Lease liabilities	–	–	13	–	–	–	13
Other liabilities	–	–	1 907	–	–	–	1 907
Inter-fund balances payable	–	–	8 674	19 988	–	(28 662)	–
Total current liabilities	**1**	**–**	**16 064**	**29 857**	**564**	**(28 662)**	**17 823**

Statement of financial position as at 31 December 2018 (continued)

(Thousands of United States dollars)

	Operating funds						
	UNU-IRADDA	*UNU-IESR*	*Total operating funds*	*Endowment Fund*	*End-of-service and post-retirement liabilities*	*Elimination*	*Total UNU*
Non-current liabilities							
Advance receipts	–	–	125	–	–	–	125
Employee benefits liabilities	–	–	–	–	13 745	–	13 745
Lease liabilities	–	–	21	–	–	–	21
Other liabilities	–	–	40 839	–	–	–	40 839
Share of joint ventures: equity method	–	–	37	–	–	–	37
Total non-current liabilities	**–**	**–**	**41 022**	**–**	**13 745**	**–**	**54 767**
Total liabilities	**1**	**–**	**57 086**	**29 857**	**14 309**	**(28 662)**	**72 590**
Net of total assets and total liabilities	**1 371**	**5 000**	**88 258**	**340 140**	**(13 207)**	**–**	**415 191**
Net assets							
Accumulated surpluses/(deficits)	1 371	5 000	88 258		(13 207)	–	75 051
Endowment Fund	–	–	–	340 140	–	–	340 140
Total net assets	**1 371**	**5 000**	**88 258**	**340 140**	**(13 207)**	–	**415 191**

Annex II

Statement of financial performance for the year ended 31 December 2018, by operating fund

(Thousands of United States dollars)

	Operating funds						
	UNU Centre	*UNU headquarters building*	*UNU-WIDER*	*UNU-MERIT*	*UNU-CS*	*UNU-INRA*	*UNU-BIOLAC*
Revenue							
Voluntary contributions	4 768	18 845	9 807	2 067	2 350	381	8
Investment revenue	142	–	221	155	4	–	–
Other revenue	421	1 735	78	831	–	7	–
Transfers from the Endowment Fund	7 862	–	2 412	989	1 888	425	463
Total revenue	**13 193**	**20 580**	**12 518**	**4 042**	**4 242**	**813**	**471**
Expenses							
Employee salaries, allowances and benefits	8 967	270	3 864	1 653	1 114	650	60
Rent, leases and utilities	504	15 601	483	369	383	137	8
Travel	1 163	2	1 366	281	158	78	32
Investment expense	–	–	–	–	–	–	–
Depreciation and amortization	47	533	71	135	505	12	–
Non-employee compensation and allowances	885	–	2 064	642	66	90	18
Supplies and consumables	597	49	150	42	17	16	3
Other operating expenses	1 593	1 732	3 478	1 435	202	483	258
Other expenses	8	–	4	–	2	–	–
Endowment Fund expense allocation	–	–	–	–	–	–	–
Total expenses	**13 764**	**18 187**	**11 480**	**4 557**	**2 447**	**1 466**	**379**
Surplus/(deficit) for the year	**(571)**	**2 393**	**1 038**	**(515)**	**1 795**	**(653)**	**92**

Statement of financial performance for the year ended 31 December 2018 (continued)

(Thousands of United States dollars)

	Operating funds						
	UNU-IAS	*UNU-INWEH*	*UNU-CRIS*	*UNU-EHS*	*UNU-IIGH*	*UNU-GCM*	*UNU-FLORES*
Revenue							
Voluntary contributions	8 350	218	287	1 455	218	(305)	273
Investment revenue	–	9	–	–	–	–	–
Other revenue	480	8	12	49	46	4	11
Transfers from the Endowment Fund	–	–	–	117	1 843	–	–
Total revenue	**8 830**	**235**	**299**	**1 621**	**2 107**	**(301)**	**284**
Expenses							
Employee salaries, allowances and benefits	2 943	1 093	202	2 093	1 069	643	1 333
Rent, leases and utilities	66	155	228	283	10	177	240
Travel	1 079	115	31	519	144	55	236
Investment expense	–	–	–	–	–	–	–
Depreciation and amortization	3	(1)	3	–	56	–	55
Non-employee compensation and allowances	573	80	59	305	148	141	56
Supplies and consumables	111	13	34	113	15	9	29
Other operating expenses	2 978	403	836	467	242	151	403
Other expenses	–	–	–	13	–	–	–
Endowment Fund expense allocation	–	–	–	–	–	–	–
Total expenses	**7 753**	**1 858**	**1 393**	**3 793**	**1 684**	**1 176**	**2 352**
Surplus/(deficit) for the year	**1 077**	**(1 623)**	**(1 094)**	**(2 172)**	**423**	**(1 477)**	**(2 068)**

Statement of financial performance for the year ended 31 December 2018 (continued)

(Thousands of United States dollars)

	Operating funds						
	UNU-IRADDA	*UNU-IESR*	*Total operating funds*	*Endowment Fund*	*End-of-service and post-retirement liabilities*	*Elimination*	*Total UNU*
Revenue							
Voluntary contributions	–	5 000	53 722	1 000	–	–	54 722
Investment revenue	–	–	531	–	–	–	531
Other revenue	–	–	3 682	175	260	(410)	3 707
Transfers from the Endowment Fund	217	–	16 216	–	–	(16 216)	–
Total revenue	217	5 000	74 151	1 175	260	(16 626)	58 960
Expenses							
Employee salaries, allowances and benefits	–	–	25 954	–	1 017	(260)	26 711
Rent, leases and utilities	–	–	18 644	–	–	(24)	18 620
Travel	–	–	5 259	–	–	–	5 259
Investment expense	–	–	–	17 235	1	–	17 236
Depreciation and amortization	–	–	1 419	–	–	–	1 419
Non-employee compensation and allowances	–	–	5 127	–	–	–	5 127
Supplies and consumables	–	–	1 198	–	–	–	1 198
Other operating expenses	14	–	14 675	923	–	(126)	15 472
Other expenses	–	–	27	–	–	–	27
Endowment Fund expense allocation	–	–	–	16 216	–	(16 216)	–
Total expenses	14	–	72 303	34 374	1 018	(16 626)	91 069
Surplus/(deficit) for the year	203	5 000	1 848	(33 199)	(758)	–	(32 109)

Annex III

Statement of appropriations as at 31 December 2018

(Thousands of United States dollars)

	Appropriations			Expenditures			
Appropriation sections	*Original*	*Changes*	*Revised*	*Disbursements*	*Unliquidated obligations*	*Total expenditures*	*Unencumbered balance*
UNU Centre							
Research, training networks and dissemination	5 924	(1 436)	4 488	4 060	144	4 204	284
Staff and other personnel costs	6 656	453	7 109	7 044	31	7 075	34
General expenses	2 733	(306)	2 427	2 027	216	2 243	184
Subtotal	**15 313**	**(1 289)**	**14 024**	**13 131**	**391**	**13 522**	**502**
UNU headquarters building							
Research, training networks and dissemination	–	–	–	–	–	–	–
Staff and other personnel costs	258	15	273	270	1	271	2
General expenses	2 204	3	2 207	2 103	104	2 207	–
Subtotal	**2 462**	**18**	**2 480**	**2 373**	**105**	**2 478**	**2**
UNU-WIDER							
Research, training networks and dissemination	9 349	(2 230)	7 119	6 590	63	6 653	466
Staff and other personnel costs	3 191	(252)	2 939	2 824	7	2 831	108
General expenses	823	(2)	821	780	27	807	14
Subtotal	**13 363**	**(2 484)**	**10 879**	**10 194**	**97**	**10 291**	**588**
UNU-MERIT							
Research, training networks and dissemination	1 783	776	2 559	2 177	29	2 206	353
Staff and other personnel costs	1 764	(174)	1 590	1 590	–	1 590	–
General expenses	801	125	926	843	15	858	68
Subtotal	**4 348**	**727**	**5 075**	**4 610**	**44**	**4 654**	**421**
UNU-CS							
Research, training networks and dissemination	204	35	239	73	5	78	161
Staff and other personnel costs	1 255	–	1 255	1 098	13	1 111	144
General expenses	913	–	913	761	34	795	118
Subtotal	**2 372**	**35**	**2 407**	**1 932**	**52**	**1 984**	**423**

Statement of appropriations as at 31 December 2018 (continued)

(Thousands of United States dollars)

	Appropriations			*Expenditures*			
Appropriation sections	*Original*	*Changes*	*Revised*	*Disbursements*	*Unliquidated obligations*	*Total expenditures*	*Unencumbered balance*
UNU-INRA							
Research, training networks and dissemination	143	107	250	200	27	227	23
Staff and other personnel costs	389	192	581	535	–	535	46
General expenses	84	21	105	104	–	104	1
Subtotal	**616**	**320**	**936**	**839**	**27**	**866**	**70**
UNU-BIOLAC							
Research, training networks and dissemination	305	–	305	215	29	244	61
Staff and other personnel costs	58	–	58	57	1	58	–
General expenses	100	–	100	74	–	74	26
Subtotal	**463**	–	**463**	**346**	**30**	**376**	**87**
UNU-CRIS							
Research, training networks and dissemination	622	(25)	597	519	36	555	42
Staff and other personnel costs	146	53	199	199	–	199	–
General expenses	175	99	274	273	–	273	1
Subtotal	**943**	**127**	**1 070**	**991**	**36**	**1 027**	**43**
UNU-IAS							
Research, training networks and dissemination	10 242	(2 994)	7 248	7 022	216	7 238	10
Staff and other personnel costs	489	–	489	478	9	487	2
General expenses	357	–	357	273	1	274	83
Subtotal	**11 088**	**(2 994)**	**8 094**	**7 773**	**226**	**7 999**	**95**
UNU-INWEH							
Research, training networks and dissemination	572	–	572	402	14	416	156
Staff and other personnel costs	1 033	22	1 055	963	–	963	92
General expenses	346	–	346	260	1	261	85
Subtotal	**1 951**	**22**	**1 973**	**1 625**	**15**	**1 640**	**333**

Statement of appropriations as at 31 December 2018 (continued)

(Thousands of United States dollars)

	Appropriations			*Expenditures*			
Appropriation sections	*Original*	*Changes*	*Revised*	*Disbursements*	*Unliquidated obligations*	*Total expenditures*	*Unencumbered balance*
UNU-EHS							
Research, training networks and dissemination	1 625	935	2 560	2 475	84	2 559	1
Staff and other personnel costs	740	(58)	682	680	1	681	1
General expenses	217	64	281	281	–	281	–
Subtotal	**2 582**	**941**	**3 523**	**3 436**	**85**	**3 521**	**2**
UNU-IIGH							
Research, training networks and dissemination	523	(62)	461	311	25	336	125
Staff and other personnel costs	1 047	–	1 047	960	3	963	84
General expenses	477	–	477	260	17	277	200
Subtotal	**2 047**	**(62)**	**1 985**	**1 531**	**45**	**1 576**	**409**
UNU-GCM							
Research, training networks and dissemination	69	95	164	145	–	145	19
Staff and other personnel costs	598	62	660	658	1	659	1
General expenses	196	24	220	220	–	220	–
Subtotal	**863**	**181**	**1 044**	**1 023**	**1**	**1 024**	**20**
UNU-FLORES							
Research, training networks and dissemination	436	(11)	425	422	1	423	2
Staff and other personnel costs	1 284	(47)	1 237	1 221	3	1 224	13
General expenses	257	(20)	237	218	2	220	17
Subtotal	**1 977**	**(78)**	**1 899**	**1 861**	**6**	**1 867**	**32**
UNU-IRADDA							
Research, training networks and dissemination	115	–	115	–	–	–	115
Staff and other personnel costs	236	–	236	–	–	–	236
General expenses	133	–	133	13	–	13	120
Subtotal	**484**	–	**484**	**13**	–	**13**	**471**
Total	**60 872**	**(4 536)**	**56 336**	**51 678**	**1 160**	**52 838**	**3 498**

Annex IV

Statement of contributions, January to December 2018

(Thousands of United States dollars)

	Endowment Fund contribution	*Operating contribution*	*Voluntary in-kind contributions*	*Total*
UNU Centre				
Vice-Rectorate in Europe				
Government donations				
Germany, Federal Ministry of Education and Research	–	–	151	151
Non-government donations				
European Commission				
European Union (European Commission)	–	1 415	–	1 415
United Nations organizations				
International Telecommunication Union	–	81	–	81
United Nations Environment Programme	–	44	–	44
United Nations Industrial Development Organization	–	264	–	264
Other				
Green Cross Switzerland	–	53	–	53
Centre for Policy Research				
Government donations				
Australia, Department of Foreign Affairs and Trade	–	150	–	150
Germany, Federal Foreign Office	–	138	–	138
Swedish International Development Cooperation Agency, Department for Research Cooperation	–	166	–	166
Permanent Mission of Liechtenstein to the United Nations	–	258	–	258
Norway, Ministry of Foreign Affairs	–	1 210	–	1 210
Swiss Federal Department of Foreign Affairs	–	150	–	150
United Kingdom, Department for International Development	–	(43)	–	(43)
Non-government donations				
United Nations organizations				
United Nations Secretariat, Department of Political Affairs	–	48	–	48

Statement of contributions, January to December 2018 (continued)

(Thousands of United States dollars)

	Endowment Fund contribution	*Operating contribution*	*Voluntary in-kind contributions*	*Total*
Other				
LGT Group	–	51	–	51
Liechtenstein Bankers' Association	–	51	–	51
Office of the Rector				
Government donations				
Japan, Ministry of Foreign Affairs	–	233	–	233
Non-government donations				
Other				
Farmer's Market Association, Tokyo	–	180	–	180
Individual contributions	–	103	–	103
Université de Bretagne Occidentale	–	21	–	21
UNU Centre, Kuala Lumpur				
Government donations				
Malaysia, Ministry of Higher Education	–	–	22	22
E-governance				
Government donations				
Portugal	–	–	22	22
UNU Centre	**–**	**4 573**	**195**	**4 768**
UNU headquarters building and land				
Government donations				
Japan, Ministry of Foreign Affairs	–	1 322	17 462	18 784
Non-government donations				
Other				
Farmer's Market Association, Tokyo	–	44	–	44
Japan Foundation for the United Nations University	–	17	–	17
UNU headquarters building and land	**–**	**1 383**	**17 462**	**18 845**

Statement of contributions, January to December 2018 (continued)

(Thousands of United States dollars)

	Endowment Fund contribution	*Operating contribution*	*Voluntary in-kind contributions*	*Total*
UNU-WIDER				
Government donations				
Myanmar, Ministry of Planning and Finance, Central Statistical Organization	–	435	–	435
Finland, Ministry of the Environment	–	–	386	386
Finland, Ministry of Foreign Affairs	–	7 247	–	7 247
South Africa, National Treasury	–	1 739	–	1 739
UNU-WIDER	**–**	**9 421**	**386**	**9 807**
UNU-MERIT				
Government donations				
Netherlands, Ministry of Education, Culture and Science	–	1 113	–	1 113
Maastricht City Council	–	303	–	303
Non-government donations				
Other				
Maastricht Graduate School of Governance	–	383	–	383
Stichting Maastricht Economic Research Institute on Innovation and Technology	–	268	–	268
UNU-MERIT	**–**	**2 067**	**–**	**2 067**
UNU-CS				
Government donations				
Macao Foundation	–	1 827	488	2 315
Macao Science and Technology Development Fund	–	(4)	–	(4)
Non-government donations				
Other				
Humanity United	–	39	–	39
UNU-CS	**–**	**1 862**	**488**	**2 350**
UNU-INRA				
Government donations				
Ghana	–	–	78	78
Zambia	–	–	54	54

Statement of contributions, January to December 2018 (continued)

(Thousands of United States dollars)

	Endowment Fund contribution	*Operating contribution*	*Voluntary in-kind contributions*	*Total*
Non-government donations				
Other				
Ashesi University Ghana, Climate Innovation Centre	–	15	–	15
Tetra Tech ARD	–	109	–	109
University of the Witwatersrand	–	125	–	125
UNU-INRA	**–**	**249**	**132**	**381**
UNU-BIOLAC				
Government donations				
Bolivarian Republic of Venezuela	–	–	8	8
UNU-BIOLAC	**–**	**–**	**8**	**8**
UNU-CRIS				
Government donations				
Belgium	–	89	198	287
UNU-CRIS	**–**	**89**	**198**	**287**
UNU-IAS				
Government donations				
City of Yokohama	–	–	15	15
Japan, Ministry of Education, Culture, Sports, Science and Technology	–	2 184	–	2 184
Japan, Ministry of the Environment	–	5 048	–	5 048
Ibaraki Prefectural Board of Education	–	14	–	14
Ishikawa Prefecture	–	227	–	227
Kanazawa City	–	226	–	226
Noto Regional Association for Globally Important Agricultural Heritage Systems Promotion and Cooperation	–	5	–	5
Republic of Korea, Rural Development Administration	–	149	–	149
Non-government donations				
Other				
Aoyama Gakuin University	–	2	–	2

Statement of contributions, January to December 2018 (continued)

(Thousands of United States dollars)

	Endowment Fund contribution	*Operating contribution*	*Voluntary in-kind contributions*	*Total*
Asia-Pacific Network for Global Change Research	–	74	–	74
Chuo University	–	2	–	2
Eisaku Sato Memorial Foundation	–	3	–	3
International Christian University	–	2	–	2
International University of Japan	–	2	–	2
Japan Society for the Promotion of Science	–	32	–	32
Kanagawa International Foundation	–	33	–	33
Kyoto University	–	5	–	5
Lake Biwa Environmental Research Institute	–	2	–	2
National Institute for Environmental Studies, Japan	–	108	–	108
Suzuka University of Medical Science	–	2	–	2
Japan Foundation for the United Nations University	–	141	–	141
Tokai University	–	2	–	2
Tokyo University of Agriculture	–	8	–	8
Tsuda College	–	2	–	2
University of Miyazaki	–	2	–	2
University of Tokyo	–	60	–	60
UNU-IAS	**–**	**8 335**	**15**	**8 350**
UNU-INWEH				
Non-government donations				
Other				
McMaster University	–	218	–	218
UNU-INWEH	**–**	**218**	**–**	**218**
UNU-EHS				
Government donations				
Germany, Federal Ministry of Education and Research	–	(97)	173	76

Statement of contributions, January to December 2018 (continued)

(Thousands of United States dollars)

	Endowment Fund contribution	*Operating contribution*	*Voluntary in-kind contributions*	*Total*
Non-government donations				
European Commission				
European Union (European Commission)	–	83	–	83
United Nations organizations				
United Nations Capital Development Fund	–	103	–	103
United Nations Framework Convention on Climate Change secretariat	–	841	–	841
United Nations Environment Programme	–	5	–	5
Other				
German Academic Exchange Service	–	3	–	3
German Agency for International Cooperation	–	114	–	114
German Aerospace Centre	–	40	–	40
Helmholtz Centre Potsdam, German Research Centre for Geosciences	–	(5)	–	(5)
Loughborough University	–	12	–	12
Munich Climate Insurance Initiative	–	206	–	206
Munich Re Foundation	–	(33)	–	(33)
University of Tübingen	–	10	–	10
UNU-EHS	**–**	**1 282**	**173**	**1 455**
UNU-IIGH				
Government donations				
Malaysia, Ministry of Higher Education	–	–	47	47
Non-government donations				
United Nations organizations				
United Nations Development Programme	–	141	–	141
United Nations Entity for Gender Equality and the Empowerment of Women (UN-Women)	–	8	–	8
Other				
Cardiff University	–	(3)	–	(3)
Drexel University	–	25	–	25
UNU-IIGH	**–**	**171**	**47**	**218**

Statement of contributions, January to December 2018 (continued)

(Thousands of United States dollars)

	Endowment Fund contribution	*Operating contribution*	*Voluntary in-kind contributions*	*Total*
UNU-GCM				
Government donations				
Catalonia Government	–	–	166	166
Government of the State of Chihuahua	–	(262)	–	(262)
Spain, Ministry of Education	–	(209)	–	(209)
UNU-GCM	**–**	**(471)**	**166**	**(305)**
UNU-FLORES				
Government donations				
Germany, Federal Ministry of Education and Research	–	26	–	26
Saxon State Ministry for Higher Education, Research and the Arts	–	–	237	237
Non-government donations				
Other				
Alexander von Humboldt Foundation	–	10	–	10
UNU-FLORES	**–**	**36**	**237**	**273**
UNU-IESR				
Government donations				
Senegal, Ministry of Foreign Affairs	1 000	5 000	–	6 000
UNU-IESR	**1 000**	**5 000**	–	**6 000**
Total	**1 000**	**34 215**	**19 507**	**54 722**

Note: The negative operating contribution amounts are attributable mainly to accounting adjustments and refunds to donors (see annex VI).

Annex V

Statement of unpaid pledges as at 31 December 2018

(Thousands of United States dollars)

	Unpaid pledges as at 1 January 2018	*Add: fresh pledges received in 2018*	*Less: collection during 2018*	*Add: gain/(loss) on exchange*	*Unpaid pledges as at 31 December 2018*
Operating funds					
UNU Centre					
Government donations					
Australia, Department of Foreign Affairs and Trade	–	150	(150)	–	–
Germany, Federal Foreign Office	–	138	(39)	–	99
Germany, Federal Ministry of Education and Research	2 731	–	(1 303)	(100)	1 328
Japan, Ministry of Foreign Affairs	–	233	(233)	–	–
Norway, Ministry of Foreign Affairs	–	1 210	(442)	(22)	746
Portugal	2 000	–	(1 000)	–	1 000
Permanent Mission of Liechtenstein to the United Nations	–	258	(258)	–	–
Swedish International Development Cooperation Agency, Department for Research Cooperation	–	166	(166)	–	–
Swiss Federal Department of Foreign Affairs	139	149	(98)	–	190
United Kingdom, Department for International Development	1 632	(43)	(1 009)	(57)	523
Non-government donations					
European Commission					
European Union (European Commission)	–	731	(704)	–	27
United Nations organizations					
International Labour Organization	60	–	(60)	–	–
International Telecommunication Union	–	81	(81)	–	–
United Nations Secretariat, Department of Political Affairs	–	48	(48)	–	–
United Nations Environment Programme	–	44	–	–	44
United Nations Industrial Development Organization	–	264	–	–	264
Other					
German Agency for International Cooperation	58	–	–	(3)	55
European Compliance Organizations for Batteries	12	–	(11)	(1)	–

Statement of unpaid pledges as at 31 December 2018 (continued)

(Thousands of United States dollars)

	Unpaid pledges as at 1 January 2018	*Add: fresh pledges received in 2018*	*Less: collection during 2018*	*Add: gain/(loss) on exchange*	*Unpaid pledges as at 31 December 2018*
European Electronics Recyclers Association	18	–	(18)	–	–
Farmer’s Market Association, Tokyo	44	180	(179)	–	45
Green Cross Switzerland	–	53	(53)	–	–
LGT Group	–	51	(51)	–	–
Liechtenstein Bankers’ Association	–	51	(51)	–	–
TMI Associates	–	103	(103)	–	–
Université de Bretagne Occidentale	–	21	(11)	–	10
UNU Centre	**6 694**	**3 888**	**(6 068)**	**(183)**	**4 331**
UNU headquarters building					
Government donations					
Japan, Ministry of Foreign Affairs	–	1 321	(1 321)	–	–
Non-government donations					
Other					
Farmer’s Market Association, Tokyo	6	44	(39)	–	11
Japan Foundation for the United Nations University	–	18	(18)	–	–
UNU headquarters building and land	**6**	**1 383**	**(1 378)**	**–**	**11**
UNU-WIDER					
Government donations					
Finland, Ministry for Foreign Affairs	1 306	7 247	(2 249)	(358)	5 946
Myanmar, Ministry of Planning and Finance, Central Statistical Organization	686	434	(314)	(24)	782
Norway	642	–	(678)	36	–
South Africa, National Treasury	1 370	1 739	(1 133)	(229)	1 747
Swedish International Development Cooperation Agency, Department for Research Cooperation	1 056	–	(999)	(57)	–

Statement of unpaid pledges as at 31 December 2018 (continued)

(Thousands of United States dollars)

	Unpaid pledges as at 1 January 2018	*Add: fresh pledges received in 2018*	*Less: collection during 2018*	*Add: gain/(loss) on exchange*	*Unpaid pledges as at 31 December 2018*
Non-government donations					
Other					
Trade and Industrial Policy Strategies	487	–	–	(75)	412
UNU-WIDER	**5 547**	**9 420**	**(5 373)**	**(707)**	**8 887**
UNU-MERIT					
Government donations					
Netherlands, Ministry of Education, Culture and Science	1 117	1 112	(1 132)	(5)	1 092
Maastricht City Council	–	303	(303)	–	–
Non-government donations					
Other					
Economic Research Southern Africa	8	–	(8)	–	–
Maastricht Graduate School of Governance	–	383	(383)	–	–
Stichting Maastricht Economic Research Institute on Innovation and Technology	–	268	(268)	–	–
WASTE	215	–	(86)	(3)	126
UNU-MERIT	**1 340**	**2 066**	**(2 180)**	**(8)**	**1 218**
UNU-CS					
Government donations					
Macao Foundation	48	1 827	(1 682)	–	193
Macao Science and Technology Development Fund	–	(4)	4	–	–
Non-government donations					
Other					
Humanity United	89	39	(89)	–	39
UNU-CS	**137**	**1 862**	**(1 767)**	**–**	**232**
UNU-INRA					
Non-government donations					
United Nations organizations					
United Nations Environment Programme	60	–	(30)	–	30
Economic Commission for Africa	422	–	(39)	–	383

Statement of unpaid pledges as at 31 December 2018 (continued)

(Thousands of United States dollars)

	Unpaid pledges as at 1 January 2018	*Add: fresh pledges received in 2018*	*Less: collection during 2018*	*Add: gain/(loss) on exchange*	*Unpaid pledges as at 31 December 2018*
Other					
Ashesi University Ghana, Climate Innovation Centre	–	15	(15)	–	9
Tetra Tech ARD	–	109	(100)	–	9
University of the Witwatersrand	–	125	–	(3)	122
UNU-INRA	**482**	**249**	**(184)**	**(3)**	**544**
UNU-CRIS					
Government donations					
Belgium	3 262	89	(873)	(122)	2 356
Non-government donations					
Other					
University of Ghent	1 583	–	(218)	(66)	1 299
Vrije Universiteit Brussel	430	–	–	(19)	411
UNU-CRIS	**5 275**	**89**	**(1 091)**	**(207)**	**4 066**
UNU-IAS					
Government donations					
Japan, Cabinet Secretariat	79	–	(85)	6	–
Japan, Ministry of Agriculture, Forestry and Fisheries	63	–	(67)	4	–
Japan, Ministry of Education, Culture, Sports, Science and Technology	–	2 184	(2 184)	–	–
Japan, Ministry of the Environment	–	5 048	(5 048)	–	–
Ibaraki Prefectural Board of Education	–	14	(14)	–	–
Ishikawa Prefecture	44	227	(226)	–	45
Kanazawa City	44	226	(226)	1	45
Noto Regional Association for Globally Important Agricultural Heritage Systems Promotion and Cooperation	–	5	(5)	–	–
Non-government donations					
United Nations organizations					
United Nations Environment Programme	30	–	(4)	–	26

Statement of unpaid pledges as at 31 December 2018 (continued)

(Thousands of United States dollars)

	Unpaid pledges as at 1 January 2018	*Add: fresh pledges received in 2018*	*Less: collection during 2018*	*Add: gain/(loss) on exchange*	*Unpaid pledges as at 31 December 2018*
Other					
African Development Bank Group	867	–	(867)	–	–
Aoyama Gakuin University	–	2	(2)	–	–
Asian Development Bank, Metro Manila, Philippines	–	120	(120)	–	–
Asia-Pacific Network for Global Change Research	6	74	(64)	–	16
Chuo University	–	2	(2)	–	–
Eisaku Sato Memorial Foundation	–	3	(3)	–	–
International Christian University	–	2	(2)	–	–
International University of Japan	–	2	(2)	–	–
Japan Educational Exchanges and Services	–	15	(15)	–	–
Japan Society for the Promotion of Science	–	32	(11)	–	21
Kanagawa International Foundation	–	33	(33)	–	–
Keio University	85	–	(85)	–	–
Kyoto University	–	5	(5)	–	–
Lake Biwa Environmental Research Institute	–	2	(2)	–	–
National Institute for Environmental Studies, Japan	–	108	(2)	(1)	105
Rural Development Administration of the Republic of Korea	–	149	(49)	–	100
Suzuka University of Medical Science	–	2	(2)	–	–
Japan Foundation for the United Nations University	–	274	(274)	–	–
Tokai University	–	2	(2)	–	–
Tokyo University of Agriculture	–	8	(8)	–	–
Tsuda College	–	2	(2)	–	–
University of Miyazaki	–	2	(2)	–	–
University of Tokyo	484	60	(548)	24	20
UNU-IAS	**1 702**	**8 603**	**(9 961)**	**34**	**378**
UNU-INWEH					
Government donations					
Canada, Department of Foreign Affairs, Trade and Development	3 175	–	(1 554)	(155)	1 466

Statement of unpaid pledges as at 31 December 2018 (continued)

(Thousands of United States dollars)

	Unpaid pledges as at 1 January 2018	*Add: fresh pledges received in 2018*	*Less: collection during 2018*	*Add: gain/(loss) on exchange*	*Unpaid pledges as at 31 December 2018*
Non-government donations					
United Nations organizations					
United Nations Secretariat, Department of Economic and Social Affairs	50	–	–	–	50
Other					
Anderson Water Systems	12	–	–	(1)	11
Edmonton Power Corporation Water Services	79	–	(79)	–	–
McMaster University	–	218	(34)	(18)	166
UNU-INWEH	**3 316**	**218**	**(1 667)**	**(174)**	**1 693**
UNU-EHS					
Government donations					
Germany, Federal Ministry of Education and Research	2 161	(97)	(878)	(61)	1 125
Ministry of Education and Research, North Rhine-Westphalia	956	–	(461)	(39)	456
Non-government donations					
European Commission					
European Union (European Commission)	–	165	(125)	–	40
United Nations organizations					
United Nations Capital Development Fund	–	103	(103)	–	–
United Nations Framework Convention on Climate Change secretariat	–	841	(437)	(8)	396
United Nations Environment Programme	–	5	–	–	5
Other					
AXA	36	–	(36)	–	–
German Academic Exchange Service	64	3	(65)	(2)	–
German Agency for International Cooperation	–	114	(75)	–	39
German Aerospace Centre	1 603	39	(502)	(63)	1 077
Helmholtz Centre Potsdam, German Research Centre for Geosciences	8	(5)	(2)	(1)	–
Loughborough University	–	13	–	–	13
Munich Climate Insurance Initiative	1 354	206	(495)	(48)	1 017
Munich Re Foundation	161	(33)	(1)	(7)	120
Munich Re Insurance	90	–	(31)	(2)	57

Statement of unpaid pledges as at 31 December 2018 (continued)

(Thousands of United States dollars)

	Unpaid pledges as at 1 January 2018	*Add: fresh pledges received in 2018*	*Less: collection during 2018*	*Add: gain/(loss) on exchange*	*Unpaid pledges as at 31 December 2018*
University of Applied Sciences, Cologne	90	–	(42)	(4)	44
University of Tübingen	–	11	(11)	–	–
UNU-EHS	**6 523**	**1 365**	**(3 264)**	**(235)**	**4 389**
UNU-IIGH					
Non-government donations					
United Nations organizations					
United Nations Development Programme	–	141	(15)	–	126
United Nations Entity for Gender Equality and the Empowerment of Women (UN-Women)	–	8	(8)	–	–
Other					
Cardiff University	31	(3)	(27)	(2)	(1)
Drexel University	34	25	(59)	–	–
UNU-IIGH	**65**	**171**	**(109)**	**(2)**	**125**
UNU-GCM					
Government donations					
Government of the State of Chihuahua	262	(262)	–	–	–
Spain, Ministry of Education	896	(209)	(676)	(11)	–
Swiss Federal Department of Foreign Affairs	24	–	(24)	–	–
UNU-GCM	**1 182**	**(471)**	**(700)**	**(11)**	**–**
UNU-FLORES					
Government donations					
Germany, Federal Ministry of Education and Research	3 216	26	(1 310)	(140)	1 792
Saxon State Ministry for Higher Education, Research and the Arts	1 767	–	(590)	(52)	1 125
Non-government donations					
Other					
Alexander von Humboldt Foundation	–	10	(10)	–	–
German Research Foundation	163	–	(55)	(5)	103

Statement of unpaid pledges as at 31 December 2018 (continued)

(Thousands of United States dollars)

	Unpaid pledges as at 1 January 2018	*Add: fresh pledges received in 2018*	*Less: collection during 2018*	*Add: gain/(loss) on exchange*	*Unpaid pledges as at 31 December 2018*
German Aerospace Centre	147	–	(137)	(1)	9
University of Twente	6	–	(6)	–	–
UNU-FLORES	**5 299**	**36**	**(2 108)**	**(198)**	**3 029**
UNU-IRADDA					
Government donations					
Algeria	8 000	–	–	–	8 000
UNU-IRADDA	**8 000**	**–**	**–**	**–**	**8 000**
UNU-IESR					
Government donations					
Senegal, Ministry of Foreign Affairs	–	5 000	–	–	5 000
UNU-IESR	**–**	**5 000**	**–**	**–**	**5 000**
Total operating funds as at 31 December 2018	**45 568**	**33 879**	**(35 850)**	**(1 694)**	**41 903**
Endowment Funds					
UNU-Centre					
Government donations					
Portugal	1 000	–	–	–	1 000
UNU-Centre	**1 000**	**–**	**–**	**–**	**1 000**
UNU-INRA					
Government donations					
Cameroon	4 007	–	(741)	(139)	3 127
Ghana, Ministry of Education	192	–	(169)	(23)	–
Zambia	200	–	–	–	200
UNU-INRA	**4 399**	**–**	**(910)**	**(162)**	**3 327**

Statement of unpaid pledges as at 31 December 2018 (continued)

(Thousands of United States dollars)

	Unpaid pledges as at 1 January 2018	*Add: fresh pledges received in 2018*	*Less: collection during 2018*	*Add: gain/(loss) on exchange*	*Unpaid pledges as at 31 December 2018*
UNU-IRADDA					
Government donations					
Algeria	45 000	–	–	–	45 000
UNU-IRADDA	**45 000**	**–**	**–**	**–**	**45 000**
UNU-IESR					
Government donations					
Senegal, Ministry of Foreign Affairs	–	1 000	–	–	1 000
Total Endowment Funds as at 31 December 2018	**50 399**	**1 000**	**(910)**	**(162)**	**50 327**
Total all funds outstanding as at 31 December 2018	**95 967**	**34 879**	**(36 760)**	**(1 856)**	**92 230**
Allowance for doubtful receivables	**(53 986)**	**(866)**	**–**	**3**	**(54 849)**
Net total all funds outstanding as at 31 December 2018	**41 981**	**34 013**	**(36 760)**	**(1 853)**	**37 381**

Annex VI

Statement of refunds to donors

(Thousands of United States dollars)

	Operating unit	*31 December 2018*
Donors		
German Academic Exchange Service	UNU-EHS	1
Macao Foundation	UNU-CS	63
Government of the State of Chihuahua	UNU-GCM	131
Japan Society for the Promotion of Science	UNU-IAS	6
Macao Science and Technology Development Fund	UNU-CS	4
Munich Re Foundation	UNU-EHS	33
Total refunds to donors for the year		**238**

19-08873 (E) 010819