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Independent Auditor's Report

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

Opinion

We have audited the accompanying special purpose financial statements of ICCROM (the "Institution"), which comprise the statement of financial position as at December 31, 2022, the statement of financial performance, the statement of changes in net assets, the cash flow statement for the year then ended, and notes, including a summary of significant accounting policies.

In our opinion, the accompanying special purpose financial statements of the Institution for the year ended December 31, 2022 are prepared, in all material respects, in accordance with the basis of accounting described in the explanatory notes.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Special Purpose Financial Statements* section of our report. We are independent of the Institution in accordance with the ethical requirements of *Code of Ethics for Professional Accountants (IESBA Code)* issued by the *International Ethics Standards Board for Accountants* that are relevant to our audit of the special purpose financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter – Basis of Accounting and Restriction on Use

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

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

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

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

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

Our objectives are to obtain reasonable assurance about whether the special purpose financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these special purpose financial statements.

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

- Identify and assess the risks of material misstatement of the special purpose financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Institution's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Institution's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the special purpose financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Institution to cease to continue as a going concern.

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

Rome, 5 April 2023

EY S.p.A.

Mauro Ottaviani
(Auditor)

ICCROM

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

Financial Statements as at 31 December 2022

Introduction

2022 has been characterized by a return of activities in presence; this means that technical missions have been undertaken in order to fulfill the mandate of the Organization after a partial re-opening, due to a positive Covid-19 emergency evolution. During this year there was a significant increase in the inflation rate and, consequently, also an increase in commodities, utilities and all the rates related to this.

In 2022, ICCROM continues to gather and provide its Member States and partners with credible, measurable evidence of progress towards its goals by systematically monitoring results and measuring the impact of its activities. Contacts have been maintained with the European Union through the projects ARCHE and E-RIHS. Efforts are still in due course to strengthen the partnership with the Government of Sharjah. The partnerships with the British Council and with the Swedish PostKode foundation have been successfully continued. We are in the final phase of the UNESCO-Iraq project for the heritage recovery of Mosul. Switzerland has continued to finance the position for the Resource Mobilization Officer.

As a result of the current difficult financial situation brought on by the Covid-19 pandemic and other economic uncertainties, ICCROM Administration has continued to undertake concrete actions to protect and safeguard, at its best, the institutional activities against potential complex and negative scenarios. ICCROM is constantly monitoring the evolution in order to evaluate any economic and financial implication on the ICCROM's operations or financial impact in terms of - among others - inflation, exchange rates and interests.

These financial statements cover the period 1 January to 31 December 2022. This is the fifth set of financial statements by ICCROM under IPSAS, of which the last three are fully compliant with IPSAS. The financial statements will be audited on an annual rather than a biennial basis as requested by ICCROM Council.

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

Furthermore, the utmost attention was focused on continuing the intentional reduction of overall organizational costs. Maximum management agility has been ensured above all in field projects. The Guidelines for Management of External Funds recently approved by the Management is a concrete example of this.

A reduction in liabilities with consequent recovery of Free working capital ratio made it possible to reach the current result of 1.69, obtained by the ratio between the total current assets (EUR 13,468,322) and the total current liabilities (EUR 7,955,214).

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

Reasonable provisions and reserves have been maintained from previous years to protect ICCROM's operations in the event that it is necessary to deal with situations deriving from a climate of growing general economic difficulty. Provisions have been taken for the after-service health insurance fund, and for potential delay with payment of fee contributions by Member States. In addition, ICCROM has also kept the provision created in 2020 to face the expenses related to extraordinary activities.

In 2022, ICCROM continued with the work related to the evaluation of the Archives with the aim of inserting its value in future financial statements. Since the IPSAS Board has not yet released a specific regulation about the evaluation of Public Archives focused on Cultural Heritage, as at 31 December 2022 the analysis of the Archives has not been concluded and evaluation is still under consideration by Management. ICCROM is collaborating with the University RomaTre to propose itself as case history. These figures will be considered to be representative of the value of ICCROM and will be recognized in the financial statements as soon as the regulation will allow us to consider it.

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

Analyzing the figures reported in the Financial Statements, it is possible to highlight the increase in cash and cash equivalent, and also in the revenue (above all for the positive in-flow of the voluntary contributions). It is important to note also a significant increase in travel and training costs, due to the restarting of the activities in presence after the pandemic emergency. Taking into consideration all the aspects outlined above, we have obtained an operational surplus of EUR 31,335 as at 31/12/2022.

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Statement I

Statement of Financial position as at 31 December 2022

	Notes	31 December 2022	31 December 2021
Assets			
Current assets			
Cash and cash equivalents	Note 6	3.824.277	3.224.202
Investments	Note 7	7.714.582	8.256.741
Receivables — non-exchange transactions	Note 8	1.550.619	1.421.009
Other current assets	Note 9	378.845	2.111.495
Total current assets		**13.468.322**	**15.013.448**
Non-current assets			
Library	Note 10	4.359.541	4.334.331
Property, plant and equipment	Note 11	87.099	57.779
Intangible Assets	Note 12	165.543	198.455
Total non-current assets		**4.612.183**	**4.590.565**
Total assets		**18.080.505**	**19.604.013**
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	Note 13	(469.358)	(643.680)
Deferred revenues	Note 14	(2.622.553)	(3.528.752)
Employee benefits	Note 15	(4.074.111)	(5.207.687)
Provisions	Note 16	(789.193)	(789.193)
Total current liabilities		**(7.955.214)**	**(10.169.311)**
Net assets			
Equity	Note 17	(10.125.291)	(9.434.702)
Total net assets		**(10.125.291)**	**(9.434.702)**
Total liabilities and net assets		**(18.080.505)**	**(19.604.013)**

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Statement II

Statement of Financial performance for the year ended 31 December 2022

	Notes	31 December 2022	31 December 2021
Revenue			
Member state contributions, net	Note 18	(3.929.885)	(3.559.809)
Other contributions, net	Note 19	(4.933.064)	(3.696.803)
Investment revenue	Note 20	1.039.457	(227.486)
Other revenue	Note 21	(565.177)	(458.502)
Total revenue		**(8.388.670)**	**(7.942.600)**
Expenses			
Personnel Costs	Note 22	4.462.309	4.376.592
Travel and Training	Note 23	801.645	176.692
Administrative Services	Note 23	154.833	101.679
Maintenance and Repairs	Note 23	329.640	422.111
Consulting and Other Services	Note 23	2.365.352	2.323.852
Equipment	Note 23	282.142	310.425
Depreciation and amortization	Note 11, 12	64.063	61.697
Finance costs	Note 24	(102.650)	11.179
Provisions	Note 16	0	0
Other Expenses	Note 23	0	79.625
Total expenses		**8.357.334**	**7.863.852**
Deficit/(Surplus) for the year		**(31.335)**	**(78.749)**

Statement III

Statement of Changes in net assets for the year ended 31 December 2022

	Reserves	Accumulated Surplus	Total net assets/equity
Balance at 1 January 2022	**9.434.704**	**0**	**9.434.704**
Changes in net assets			
Previous period surplus	78.749	(78.749)	0
Actuarial Gain/(Loss)	1.194.483	0	1.194.483
Other movements in reserves	(27.000)	0	(27.000)
Africa Fund	(508.229)	0	(508.229)
Reserve of Revaluation	0	0	0
Surplus for the year	0	31.335	31.335
Balance at 31 December 2022	**10.172.706**	**(47.414)**	**10.125.293**

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Statement IV

Cash Flow Statement 2022

	31 December 2022	31 December 2021
Cash flows from operating activities		
Surplus of the year	31.335	78.749
Depreciation and amortization	64.063	61.697
Provisions	-	80.763
Increase in employee benefits	(1.133.576)	72.653
Allowance for bad debt	(866)	(22.884)
Transfers from reserves	-	402.702
(Gain) on Investment Funds not realized	-	-
Interest received on bank accounts	(33.423)	(19.548)
Interest paid	936.806	11.179
Cash Flow before changes in TWC	**(135.661)**	**665.311**
Increase in receivables — non-exchange transactions	(129.610)	760.091
Increase in other current assets	1.732.651	212.794
Decrease in Inventories	-	80.763
Increase in Accounts payable and accrued liabilities	(173.456)	8.639
Increase in payables — Deferred revenues	(906.198)	(269.347)
Net cash flows from operating activities	**387.725**	**1.458.250**
Cash flows from investing activities		
Purchases from Investments	542.159	(1.400.059)
Proceeds from investments	-	-
Purchases of property, plant and equipment	(85.681)	(37.889)
Net cash flows from investing activities	**456.478**	**(1.437.949)**
Cash flows from financing activities		
Finance Cost	(903.383)	8.369
Change in capital	**659.254**	**(495.465)**
Net cash flows from financing activities	**(244.129)**	**(487.097)**
Effect of exchange rate changes on cash and cash equivalents	**-**	**-**
Net increase in cash and cash equivalents	**600.074**	**(466.796)**
Cash and cash equivalents including deferred revenues — beginning of year	**3.224.202**	**3.690.998**
Cash and cash equivalents including deferred revenues — end of year	**3.824.277**	**3.224.202**
Increase (Decrease) in cash and cash equivalent	**600.074**	**(466.796)**

Notes to the financial statements for the year ended December 31, 2022

Introduction

ICCROM (hereinafter also the "Entity") has prepared its Financial Statements as at 31 December 2022 in accordance with International Public Sector Accounting Standards issued by the International Federation of Accountants (IFAC). The Financial Statements is presented in Euro which also represents the functional currency of the Entity. The accounting policies below described have been consistently applied to all the years presented.
According to IPSAS 1 the Financial Statements is composed by:

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

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

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

(1) Reporting entity

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

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

(2) Adoption of new accounting policies

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

(3) Basis for preparation and authorization for issue

Basis of measurement

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

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

Going concern

The financial statements are prepared on a going concern basis. No material uncertainties related to events or conditions that may cast significant doubt upon the entity's ability to continue as a going concern exists at the date of the financial statements nor for the foreseeable future. This is also a consequence of the structure of the Programme of Activities and Budget (PAB) that grants the continuity of ICCROM activities also for 2023 (second year of the biennial budget).

Foreign currency

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

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

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

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

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

Critical accounting estimates

Preparing financial statements requires ICCROM to make estimates, judgements and assumptions in the selection and application of accounting policies and in the reported amounts of assets, liabilities, revenues and expenses. Accounting estimates and underlying assumptions are reviewed on an ongoing basis, and revisions to estimates are recognized in the year in which the estimates are revised and in any future year affected. Significant estimates and assumptions that may result in material adjustments in future years include: actuarial measurement of employee benefits; selection of useful lives and the depreciation/amortization method for property, plant and equipment/intangible assets; impairment on assets, including the library; classification of financial instruments; and contingent assets and liabilities.

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

(4) Significant accounting policies

4.1 Financial assets classification

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

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

The Entity's financial assets include the following:

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

Cash and cash equivalents

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

Loans and receivables

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

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

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

Impairment of financial assets

The Entity assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred "loss event") and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include the following indicators:

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

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

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

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

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognized in surplus or deficit. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realized or transferred to the group. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to other income in surplus or deficit.

4.2 Inventories

During 2022, no inventories postings have been recorded in ICCROM accountancy.

4.3 Property, plant and equipment

Property, plant and equipment is stated at historical cost, less accumulated depreciation and accumulated impairment losses. This includes costs that are directly attributable to the acquisition of the asset and the initial estimate of dismantling and site restoration costs. Where an asset is acquired for nil or nominal consideration, the fair value at the date of acquisition is deemed to be its cost. The threshold for recognition of property, plant and equipment as an asset is € 1,000 or more per unit.

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

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

The estimated useful lives are as follows:

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

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

4.4 Intangible assets

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

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

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

The estimated useful lives are as follows:

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

4.5 Impairment of non-cash generating assets

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

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

Library

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

4.6 Financial liabilities

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

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

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

4.7 Employee benefits

Short-term employee benefits

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

Post-employment benefits

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

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

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

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

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

Defined benefit plans

The defined benefit plans of ICCROM include After-Service Health Insurance (ASHI fund) and the General Service (GS) Separation Payments. The obligation of ICCROM in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; in particular, the after-service health insurance is discounted to determine its present value and stated at the end of the reporting year less the fair value of plan assets, together with adjustments for unrecognized past service costs. The calculation is performed annually by a qualified independent actuary using the projected unit credit method.

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

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

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

After service medical benefits accrual

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

Defined contribution plans: United Nation Joint Staff Pension Fund

ICCROM is a member organization of the United Nations Joint Staff Pension Fund (UNJSPF), which was established to provide retirement, death, disability and related benefits to the relevant staff. The UNJSPF is a funded defined benefit plan, providing benefits based on retirement age, pensionable remuneration and length of contributory service. The financial obligation of the organization to the UNJSPF consists of its mandated contribution at the rate established by the United Nations General Assembly, together with any share of any actuarial deficiency payments under Article 26 of the Regulations of the Fund. Such deficiency payments are only payable if and when the United Nations General Assembly has invoked the provisions of Article 26, following determination that there is a requirement for deficiency payments based on an assessment of the actuarial sufficiency of the Fund as of the valuation date. At the time of this report the United Nations General Assembly has not invoked this provision.

ICCROM makes contributions on behalf of its staff (currently payable by the participant and ICCROM at 7.9 per cent and 15.8 per cent, respectively, of the staff member's pensionable remuneration) and would be liable for its share of the unfunded liability, if any. The total retirement contributions made during the year amount to € 655,297 (UNJSPF), which are included in total retirement compensation of € 845,291. ICCROM is not able to identify its share of the underlying financial position and performance of the plan with sufficient reliability for accounting purposes and hence has not recorded any assets in its accounts in this regard, nor included other related information such as the return on plan assets.

4.8 Leases

Operating lease

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

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

4.9 Revenue recognition

Revenue from non-exchange transactions - Member State Contributions

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

Revenue from non-exchange transactions with government entities is measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property), if the transfer is free from conditions, and it is probable that the economic benefits or service potential related to the asset will flow to the group and can be measured reliably. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, a grant liability is recognized instead of revenue.

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

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

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

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

Revenue from exchange transactions - External Funding

In addition to its Member State contributions, ICCROM receives certain funds defined as being extra-budgetary. These funds are in effect contributions received for specified projects (exchange transactions), and are deemed to be earned and reported as revenues when ICCROM from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. The stage of completion is measured by reference to the incurrence of expenditures in compliance with the specific restrictions and conditions. Such amounts committed to ICCROM but not yet earned are reported as Deferred revenues. See further details in Note 15.

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

Interest income

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

4.10 Expense recognition

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

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

4.11 Commitments, provisions and contingencies

Commitments

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

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

• Non-cancellable minimum lease payments;

• Other non-cancellable commitments.

Provisions

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

Contingencies

Contingent assets

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

Contingent liabilities

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

(5) Change in accounting policies and estimates

ICCROM recognizes the effects of changes in accounting policy retrospectively. The effects of changes in accounting policy are applied prospectively, if retrospective application is impractical. There are no changes to accounting policies or estimates during 2022.

ICCROM

(6) Cash and Cash Equivalents

	31 December 2022	31 December 2021
Petty cash	2.647	2.818
Cash at bank accounts	3.821.629	3.221.385
Total cash and cash equivalents, net	**3.824.277**	**3.224.202**

ICCROM has improved the management of the liquidity, through the monthly monitoring of the cash flow.

(7) Investments

	31 December 2021	Purchases	Change in fair value	Not Renewal	31 December 2022
Investments					
Reserve deposits					
BPS - Investment deposit time					
BPS - portfolio management (ICCROM)	4.820.602	375.000	(643.599)	0	4.552.003
Credit Suisse	3.391.902	175.759	(434.433)	0	3.133.228
UNFCU Reserves ($)	44.237	(14.926)	40	0	29.351
Total current investments	**8.256.741**	**535.832**	**(1.077.992)**	**0**	**7.714.582**

During 2022 ICCROM oriented its investment decisions according to the market trends. The results are listed below:

- The decrease related to the portfolio management held in BPS is mainly due to the financial market results and partially mitigated by the investment plan which foresees, inter-alia, a monthly transfer from the current bank account to the portfolio management.
- The decrease related to the portfolio management held in Credit Suisse is due to the financial market results. Additional information about actions undertaken with reference to Credit Suisse can be found in the note 26 (Events after reporting date).

(8) Receivables

	31 December 2022	31 December 2021
Receivables from contributions	809.302	745.214
Receivables from contracts (external funds)	1.079.395	1.013.006
Total receivables — gross	**1.888.696**	**1.758.221**
Impairment	(338.077)	(337.211)
Total receivables — net	**1.550.619**	**1.421.009**

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

ICCROM has increased the allowance for doubtful contributions from EUR 337,211 as at 31 December 2021 to EUR 338,077 as at 31 December 2022. ICCROM has added, inter-alia, doubtful contributions from Iran for additional EUR 15,810 and from Nigeria for additional EUR 9,939. In addition, ICCROM has reduced doubtful contributions from Cameroon for EUR 2,586, from Colombia for EUR 35,080 and from Mongolia for EUR 1,131.

The table below shows the ageing of receivables:

	31 December 2022	Impairment
Biennium 2022-2023	932.894	(866)
Biennium 2020-2021	710.309	(25.304)
Previous biennia (from 2004 to 2019)	207.977	(274.391)
Before 2004	37.516	(37.516)
Total receivables — gross	**1.888.696**	**(338.077)**

(9) Other Assets

Other Assets as at 31 December 2019 were mainly related to the EPA fund. Starting from July 2020, as per Council decision, the 'EPA Fund' has been migrated to 'Africa Fund' and, consequently, it was reclassified in the other assets. The fund is no longer an endowment fund, but it has to be considered as an ICCROM fund. As at 31 December 2022 the value of the fund, considering only the part managed through Ecobank, amounts to € 390,178.

(10) Library

	Library	*Total*
Balance at 1 January 2022		
Cost	4.334.331	4.334.331
Accumulated depreciation	0	0
Carrying amount at 1 January 2022	**4.334.331**	**4.334.331**
Year ended 31 December 2022		
Additions	25.211	25.211
Disposals	0	0
Depreciation	0	0
Carrying amount at 31 December 2022	**25.211**	**25.211**
Balance at 31 December 2022		
Cost	4.359.541	4.359.541
Accumulated depreciation	0	0
Carrying amount at 31 December 2022	**4.359.541**	**4.359.541**

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

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

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

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

i) preservation status;

ii) historical period;

iii) relevance to research;

iv) rarity and quality.

(11) Property, plant and equipment

	Furniture and fixtures	*Vehicles*	*Total*
Balance at 1 January 2022			
Cost	80.640	57.528	138.168
Accumulated depreciation	(29.852)	(50.537)	(80.389)
Carrying amount at 1 January 2022	**50.788**	**6.991**	**57.779**
Year ended 31 December 2022			
Additions	40.579	19.891	60.470
Disposals	0	0	0
Depreciation	(20.400)	(10.751)	(31.151)
Carrying amount at 31 December 2022	**20.180**	**9.140**	**29.319**
Balance at 31 December 2022			
Cost	121.219	77.419	198.638
Accumulated depreciation	(50.251)	(61.288)	(111.540)
Carrying amount at 31 December 2022	**70.968**	**16.131**	**87.098**

(12) Intangible assets

	Software acquired	*Total*
Balance at 1 January 2022		
Cost	329.117	329.117
Accumulated amortization	(130.662)	(130.662)
Carrying amount at 1 January 2022	**198.455**	**198.455**
Year ended 31 December 2022		
Additions	0	0
Disposals	0	0
Depreciation	(32.912)	(32.912)
	(32.912)	**(32.912)**
Balance at 31 December 2022		
Cost	329.117	329.117
Accumulated amortization	(163.573)	(163.573)
Carrying amount at 31 December 2022	**165.543**	**165.543**

(13) Accounts payable and accrued liabilities

Accounts payable (€ 440,015) are mainly related to the end of year 2022 expenditures, including the allowance foreseen for a staff member who accepted to leave the Organization with an agreement of early retirement. Accruals as at 31 December 2022 are € 29,343 and are primarily related to the payment by Member States of their contributions in advance.

(14) Deferred revenues

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

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

The table below shows the movement of Deferred revenues for the year ended 31 December 2022.

Deferred revenues as at 1 January 2022	**(3.528.752)**
Ita Gvt Extraord. Contr. For Maintenance	(343.947)
Japan Gvt – Secondment	(67.109)
Provisions from Ita Gvt Extraord. Contr.	0
New contracts	(3.714.756)
External Funds Expenses	5.032.011
Deferred revenues as at 31 December 2022	**(2.622.553)**

In the 'External Funds Expenses' are also included EUR 38,029 related to asset acquisition (using External budget) that are not recorded in the Income Statement, because they are incorporated in 'Non-current assets'.

(15) Employee benefits

Employee benefits are mainly related to the following:

(a) Accrued Separation Payment Expenses, € 905,797 - in accordance with ICCROM Staff Rules Regulations (Article 24), general service employees are entitled to a "separation payment" which is due to them upon termination of employment for any reason. The amount payable is based on the length of service of the employee and the current rate of remuneration. Employees hired before 1 January 1991 receive one month of net base salary for each twelve months spent working in ICCROM. Employees hired after 1 January 1991 receive one month of net base salary for every thirteen and one-half months of employment. The total amount includes also the revaluation of the fund due to the actuarial evaluation performed in 2022 according to the IPSAS criteria and it is 100% fully funded.

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

(b) Accrued Repatriation Grant, € 153,934 - For those employees recruited outside Italy, ICCROM has an obligation at the termination of their respective contracts of employment to pay a repatriation grant. In order to qualify, the individuals must be employed by ICCROM for a minimum period of two years. The amount of the benefit is dependent on factors such as years of service and salary and can only be claimed when the individuals return to their country of home leave. This fund is 100% fully funded.

(c) Accrued After Service Health Insurance, € 2,808,994, 100% fully funded - ICCROM participates in a multi-employer after service health insurance coverage plan administered by the FAO for staff receiving a pension from the United Nations Joint Staff Pension Funds and eligible to participate in the plan on a shared-cost basis. The After Service Health Insurance coverage plan (ASHI) operates on a pay-as-you-go basis, meeting annual costs out of annual budgets and staff contributions. The actuarial valuation of the plan requires the Organization to make certain assumptions in order to best estimate the cost of providing these benefits to its staff members in the future. It is based on an approach developed by the actuarial profession and endorsed by accounting standard setters as being the most accurate method for projecting the amount of the Organization's future obligation. The ASHI liability valuation is highly sensitive and year-to-year variances can be very significant. The principal factors which cause the change in the annual value of the liability, collectively referred to as actuarial financial assumptions include demographic (e.g. mortality rates/estimates, rates of staff member turnover, claim rates under medical plans, etc.) and financial factors (e.g. discount rate, future salaries and benefits, future medical costs, etc.). Starting from the biennium ended 31 December 2015, ICCROM commissioned an actuarial valuation of the ASHI liability determined by an independent actuarial firm (Parametrica) using assumptions specifically applicable to ICCROM staff as at each period end.

Actuarial assumptions

	2022
Discount rate	3,77%
Salary scale (varying by age and staff category)	2,25%
Rate of inflation	5,9% for 2023, 2,3% for 2024, 2,0% from 2025
Per capita claim cost (varies by age)	5,9% for 2023, 2,3% for 2024, 2,0% from 2025

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

(d) Unpaid Vacation Accrual, € 153,832 – Booked in the opening balance in accordance with ICCROM's new accounting policies. This fund is 100% fully funded.

(e) Payables to tax office, € 49,668 - As of 15 November 2019, ICCROM staff members are no longer subject to taxation on their salary and emoluments. However, this amount of EUR 49,668 represents the installment foreseen for an ICCROM staff member for which the obligation to refund his taxes is still present and it is 100% fully funded.

Schedule 2 provides details about movements in employee benefit liabilities.

(16) Provisions

Provisions represents probable future expenditures, for a total amount of EUR 789,193 made of:

- EUR 405,000 for unforeseen extraordinary activities;
- EUR 239,193 for ASHI and SPS actuarial evaluation;
- EUR 145,000 in order to sustain possible late payments from Member States due to the geo-political situation.

In 2021 ICCROM created the provisions listed above, in order to deal with some unforeseen events related to these 3 main categories and during 2022 it has been decided to keep unchanged the value of this accrual, due to the uncertain geopolitical and financial situations.

(17) Net assets

The table below shows the composition of net assets:

	Operational Reserve	Extraordinary Reserve	Reserve of Actuarial Evaluation	Reserve of Revaluation	Africa Fund	Accumulated Surplus	Total net assets/equity
Balance at 1 January 2022	**3.219.492**	**464.650**	**(551.272)**	**4.309.889**	**1.913.196**	**78.749**	**9.434.704**
Changes in net assets/equity							
Previous period surplus	78.749					(78.749)	0
Actuarial Gain/(Loss)			1.194.483				1.194.483
Other movements in reserves	(20.000)	(7.000)			(508.229)		(535.229)
Reserve of Revaluation/change							0
Surplus for the year						31.335	31.335
Balance at 31 December 2022	**3.278.241**	**457.650**	**643.211**	**4.309.889**	**1.404.967**	**31.335**	**10.125.292**

(a) Operational Reserve

The movement in the Fund comes from an increase of € 78,749 related to the surplus in the previous year and a decrease of € 20,000 for the emergency capacity building activities for Ukraine;

(b) Africa Fund

Starting from July 2020, as per Council decision, the 'EPA Fund' has been migrated to 'Africa Fund' and, consequently, any interests earned in time deposits held in the Ecobank have been credited in the corporate interest accounts. The fund is no longer an endowment fund, but it has to be considered as an ICCROM fund: this allowed ICCROM to remove this amount from the liabilities and to add it to the equity account. In 2022, there was a usage of the fund of € 508.229 in order to cover the activities performed in Africa and the related staff costs.

(c) Reserve of Actuarial Evaluation

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

(d) Reserve of Revaluation

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

(e) Extraordinary Reserve (EUR 457,650)

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

- San Michele Reserve (EUR 282,604):

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

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

- Scholarship Fund (EUR 155,496):

The movement in the Fund in the current year comes from a decrease of € 7.000 related to Interns Programme that was recorded as other sources of funds in the statement of financial performances.

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

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

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(18) Member states contributions

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

(19) Other contributions, net

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

	1 January 2022 31 December 2022
Japan GVT - secondments	(67.109)
Italian government – contribution for maintenance under Headquarters Agreement	(343.947)
Other external funding	(4.299.605)
Recovered administrative expenses	(222.403)
Total other contributions	**(4.933.064)**

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

(20) Investment result

	31 December 2022	31 December 2021
Interest income	(33.423)	(19.548)
Gain on Investment Fund	1.072.880	(207.938)
Total investment result	**1.039.457**	**(227.486)**

It is a fact that 2022 was a challenging year in terms of investment performance. However, ICCROM has partly avoided the extreme volatility in the global markets due to the effective strategic diversification launched more than three years ago thanks to the ICCROM Investment policy (doc. C94 6.3).

(21) Other revenue

	1 January 2022 31 December 2022	1 January 2021 31 December 2021
Course fees	(2.928)	(4.800)
Honoraria	(6.007)	(1.662)
Sales of publications	(10)	(12)
Sales of photocopies	0	0
Miscellaneous Income	0	(2.683)
Refund Previous Biennia Exps.	(8.373)	(50.843)
Coming from Reserves & Funds	(29.000)	(12.000)
Coming from Africa Fund	(508.229)	(386.502)
Gain/Loss on Sale of Asset	(10.630)	0
Online Contribution	0	0
Other revenues	**(565.177)**	**(458.502)**

(22) Personnel costs

	1 January 2022 31 December 2022	1 January 2021 31 December 2021
Personnel costs		
Basic pay	2.953.381	2.933.714
Overtime	8.043	8.582
Allowances/benefits (tax ref. & pay annual leave)	14.988	32.792
Termination benefits (G.S. separation fund)	167.551	133.109
Benefit plans (pension & medical ins. plan)	845.291	771.434
After service health insurance coverage plan	59.967	55.090
After service health insurance coverage plan (fund)	174.349	199.399
Relocation benefits (educational & repatriation grant)	168.434	181.015
Other non-salary benefits	6.225	3.575
Temporary help	64.080	57.883
Service Contracts	0	0
Total personnel costs	**4.462.309**	**4.376.592**

The total retirement accrued for the year 2022 related to UNJSPF (€ 655,297 - please refer to Note 4.7) is included in the line item “Benefit Plans”.

The line item “After service health insurance coverage plan” represents the total cost sustained by ICCROM for retired staff, while the line item “After service health insurance coverage plan (fund)” represents the service cost of the year. In 2022 the personnel costs are in line with the previous year amount. ICCROM got this result towards an increase of the turnover.

ICCROM

(23) Other expenses

The table below includes details about other expenses:

	1 January 2022 31 December 2022	1 January 2021 31 December 2021
Other expenditure		
Travel and Training	801.645	176.692
Administrative Services	154.833	101.679
Maintenance and Repairs	329.640	422.111
Consulting and Other Services	2.365.352	2.323.852
Equipment	282.142	310.425
Other Expenses	0	79.625
Provisions	0	0
Total other expenditure	**3.933.612**	**3.414.383**

The increase in travel and training costs, compared with the previous year, is mainly due to the restart of missions and of courses in presence, after the pandemic of the previous years.

(24) Finance costs

	1 January 2022 31 December 2022	1 January 2021 31 December 2021
Finance costs		
Interest cost on ASHI fund	(73.636)	(36.146)
Exchange rate (gain) loss	(36.152)	40.069
Bank Charges	7.137	7.256
Total finance costs	**(102.650)**	**11.179**

(25) Risk management of financial instruments

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

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

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

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

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

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

- Liquidity risk: the likelihood that ICCROM might not have adequate funds to meet its obligations as they fall due;
- Foreign currency risk: the exposure to fluctuation of foreign currency.

Credit Risk

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

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

Liquidity Risk

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

Foreign exchange risk

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

(26) Commitments and contingencies

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

As specified in the “Statutes of ICCROM”, should ICCROM close, each employee will receive as a redundancy indemnity one month of salary for each eight months spent working in the organization. No amounts have been recorded in the special-purpose financial statements because ICCROM’s management considers the event to be remote. Had ICCROM closed its office as of 31 December 2022, the potential liability would have been for € 1,246,590.

ICCROM

(27) Events after reporting date

According to the IPSAS principle 14, regarding financial matters, the situation as at the closure of the Financial Statements 2022 is:

a) *Risk Investment*: until now a negative trend has been generated on investments. ICCROM financial advisors, unanimously, suggest to be prudent as always on the financial markets, keeping the moderate risk in the investment sector. For the next few months we still expect high volatility, but as repeatedly underlined, it is advisable to continue to orient the choice of investment sector by evaluating the overall duration of the investments fund. The decrease in the investment fund represents the fair value as at 31/12/2022 and as such it could not be a loss since it shows just the picture at the end of the year in case ICCROM decided to monetize the investment fund itself. On 15/03/2023 we have closed, prudently, the relationship with Credit Suisse due to the difficult situation of the Institution itself.

b) *Doubtful Contributions*: due to the present situation, it is possible to consider that some sovereign Member States could fail to contribute their membership and, obliging ICCROM, to increase the doubtful contributions value (it is not possible to provide a reliable estimation). This is the reason why ICCROM has kept the provision for that scope.

c) *Increase of countries in default*: it is not possible to provide an accurate estimation. In case of one or more countries in default, during 2023, due to the economic uncertainties, there could be negative effects on ICCROM incomes. This is the reason why ICCROM has kept the provision as reported in note 16.

d) *Cash Flow*: due to exceptional circumstances ICCROM is dealing with, the Financial Administration office has succeeded in maintaining a high average on liquidity of the bank accounts in order to keep, and if possible, to increase the activities with robust injections of funds as soon as it will be possible. This liquidity is also a powerful buffer against the possible negative impacts on the ICCROM incomes, due to the current situation.

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

Rome, 05th April 2023

The Director General

Webber Ndoro

ICCROM
INTERNATIONAL CENTRE
FOR THE STUDY OF THE PRESERVATION AND THE
RESTORATION OF CULTURAL PROPERTY
Via di San Michele, 13 - 00153 Roma

ICCROM

Schedule 1

Member States contributions

Country	2022 Yearly contribution	Contribution receivable as at 31/12/2022
AFGHANISTAN	384	1.042
ALBANIA	384	754
ALGERIA	5.487	0
ANDORRA	384	384
ANGOLA	384	384
ARGENTINA	36.379	70.600
ARMENIA	384	0
AUSTRALIA	87.838	0
AUSTRIA	26.900	0
AZERBAIJAN	1.957	45
BAHRAIN	1.995	0
BANGLADESH	384	0
BARBADOS	384	0
BELGIUM	32.618	0
BENIN	384	0
BOLIVIA (PLURINATIONAL STATE OF)	652	1.836
BOSNIA HERZEGOVINA	460	0
BOTSWANA	537	1.055
BRAZIL	117.156	212.705
BRUNEI DARUSSALAM	998	0
BULGARIA	1.842	0
BURKINA FASO	384	384
CAMBODIA	384	0
CAMEROON	499	137
CANADA	108.637	0
CHAD	384	1.124
CHILE	16.155	0
CHINA	477.066	0
COLOMBIA	11.435	0
CONGO (REPUBLIC OF THE)	0	3.208
COSTA RICA	2.456	0
COTE D'IVOIRE	499	0
CROATIA	3.070	3.070
CUBA	3.185	6.220
CYPRUS	1.420	0
CZECH REPUBLIC	12.356	0
DOMINICAN REPUBLIC	2.111	2.801
ECUADOR	3.185	0
EGYPT	7.406	7.406
ESTONIA	1.535	0
ESWATINI (KINGDOM OF)	384	384

ETHIOPIA	384	1.862
FINLAND	16.731	0
FRANCE	175.945	0
GABON	614	0
GAMBIA	384	384
GEORGIA	384	0
GERMANY	242.025	0
GHANA	614	1.194
GREECE	14.544	0
GUATEMALA	1.420	0
GUYANA	384	1.124
HAITI	384	384
HONDURAS	384	2.654
HUNGARY	8.174	15.946
INDIA	33.155	29
IRAN	15.810	63.595
IRAQ	5.142	5.142
IRELAND	14.736	0
ISRAEL	19.456	37.923
ITALY	131.421	0
JAPAN	340.339	0
JORDAN	844	1.621
KENYA	959	1.847
KOREA	90.102	0
KUWAIT	10.016	10.016
LAO PEOPLE' S DEMOCRATIC REPUBLIC	384	0
LATVIA	1.880	0
LEBANON	1.880	7.169
LESOTHO	384	1.493
LIBYA	1.190	0
LITHUANIA	2.840	0
LUXEMBOURG	2.648	0
MADAGASCAR	384	754
MALAWI	384	1.124
MALAYSIA	13.546	0
MALDIVES	384	0
MALI	384	1.123
MALTA	691	0
MAURITANIA	384	384
MAURITIUS	422	0
MEXICO	51.344	51.344
MONACO	422	0
MONGOLIA	384	38
MONTENEGRO	384	0
MOROCCO	2.187	4.259
MOZAMBIQUE	384	1.493

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MYANMAR	384	0
NAMIBIA	384	370
NEPAL	384	754
NETHERLANDS	53.877	0
NEW ZEALAND	11.551	0
NICARAGUA	0	3.208
NIGERIA	9.939	43.475
NORTH MACEDONIA (REPUBLIC OF)	384	0
NORWAY	29.970	0
OMAN	4.567	0
PAKISTAN	4.567	10.956
PARAGUAY	652	1.836
PERU	6.025	0
PHILIPPINES	8.135	0
POLAND	31.889	0
PORTUGAL	13.891	0
QATAR	11.205	0
ROMANIA	7.867	7.867
RUSSIAN FEDERATION	95.590	0
RWANDA	384	384
SAUDI ARABIA	46.586	40
SENEGAL	384	1.124
SERBIA	1.113	0
SEYCHELLES	384	46
SLOVAKIA	6.063	0
SLOVENIA	3.032	0
SOUTH AFRICA	10.821	36
SPAIN	85.267	0
SRI LANKA	1.765	3.430
SUDAN	384	1.124
SWEDEN	35.995	0
SWITZERLAND	45.742	0
SYRIAN ARAB REPUBLIC	422	2.123
TAJIKISTAN	272	272
THAILAND	12.203	0
TOGO	384	0
TRINIDAD AND TOBAGO	1.573	1.573
TUNISIA	998	1.923
TURKEY	54.491	0
UKRAINE	2.264	2.264
UNITED ARAB EMIRATES	24.483	0
UNITED KINGDOM OF G.BRITAIN AND N.IRELAND	181.509	0
UNITED REPUBLIC OF TANZANIA	384	444
URUGUAY	3.454	0
USA	844.228	0

VENEZUELA	0	158.356
VIETNAM	3.070	0
YEMEN	384	2.231
ZAMBIA	384	1.124
ZIMBABWE	384	384
TOTAL	**3.837.751**	**771.785(*)**
Doubtful accounts	866	(338.077)
TOTAL CONTRIBUTION RECEIVABLE, NET	**3.838.617**	**433.708**

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

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Schedule 2
Movements of the year in employee benefits

	After-service health insurance	*Repatriation*	*Accrued Separation Payment Exps*	*Unpaid Vacation Accrual*	*Tax reimbursement to employees*	*Tax reimbursement to employees - Sep*	*Prepaid insurance special leave without*	***Total***
Net defined benefit obligation as at 1 January 2022	3.692.429	123.315	1.180.680	166.858	42.518	0	1.886	**5.207.687**
Increase of the obligation								
Current service cost	199.029		82.083			0	0	**281.112**
Interest cost	36.890		11.832					**48.722**
Actuarial losses from change in assumptions	(61.570)							**(61.570)**
Decrease of the obligation								
Actual benefits paid		30.619	(232.099)	(13.027)	7.150	0	0	**(207.357)**
Actuarial (gains) through net asset	(1.057.784)		(136.699)					**(1.194.483)**
Net recognized liability at 31 December 2022	**2.808.994**	**153.934**	**905.797**	**153.832**	**49.668**	**0**	**1.886**	**4.074.110**

Schedule 3

Comparison of budget and actual amounts for the year ended 31 December 2022

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

	ANNUAL BUDGET	BUDGET ADJUSTMENT	INCOME	SURPLUS/DEFICIT
Member State Contributions	3.837.479	93.000	3.930.751	273
Expense - Doubtful Contributions	0		-866	-866
Contribution Italy - Maintenance	348.316		343.947	-4.369
Salaries Seconded Employees	67.109		67.109	0
Interests on Bank Account	2.500		33.423	30.923
Gain/Loss on Investment Fund	50.000		-1.072.880	-1.122.880
Sales of Publication	1.000		10	-990
Sales of Photocopies	750		0	-750
Course Participation Fees	52.150		2.928	-49.222
Program Support	175.000		222.403	47.403
Honoraria	0		6.007	6.007
Miscellaneous Income	0		0	0
Refund Previous Biennia Exps.	0		8.373	8.373
Coming from Reserves & Funds	0		29.000	29.000
Coming from Africa Fund	0		508.229	508.229
External Funds	4.186.656		4.247.954	61.298
TOTAL	**8.720.959**	**93.000**	**8.326.388**	**-487.571**

The following table refers to expenditure budget for 2022 compared with actual amounts

	Regular budget		External Funds		
	Budget	Actuals	Budget	Actuals	Surplus / (Deficit)
General operating expenses	1.259.829	781.632	1.820.032	769.168	1.529.061
Programme costs					0
SD1. Focusing on World Concern for CH	560.586	438.882	353.156	238.353	236.508
SD1.1 FAR for Cultural Heritage	62.000	34.528	518.447	260.823	285.097
SD1.2 Regional Prog. for Youth in Afri	522.795	288.485	6.235	1.452	239.093
SD1.3 World Heritage Leadership	14.834	14.834	618.518	429.178	189.341
SD1.4 Sustainability and Built Heritag	22.000	5.648	101.000	21.432	95.920
SD1.5 Sustaining Digital Heritage	13.000	13.000	27.858	3.672	24.186
SD1.6 Our Collections Matter	25.000	14.250	140.986	58.793	92.943
SD2.Creating Diverse/Inclus. Glob.Net	736.585	648.976	1.106.652	951.980	242.281
ATHAR	0	0	892.939	697.727	195.212
Heritage Management in Latin America	14.525	12.329	58.000	21.230	38.966
Training Partnerships	24.258	485	188.662	107.571	104.864
Research and Fellowships	11.450	9.291	70.874	16.572	56.461
Library	49.068	40.259	50.537	9.409	49.936
Records and Archives	30.250	25.922	15.800	11.500	8.628
Publications	1.000	1.000	65.857	6.200	59.657
World Heritage Convention	0	0	53.226	8.715	44.511
Scientific and Technical Advice	0	0	27.822	27.822	0
Projects upon Request	2.656	0	911.319	739.591	174.383
SD3.Strengthening-transforming ICCROM	1.381.867	1.355.473	479.788	381.924	124.258
Records Management	0	0	0	0	0
Institutional development	0	0	35.000	0	35.000
Communications	62.004	25.868	191.936	50.279	177.793
Resource mobilization	47.820	32.978	34.000	3.398	45.444
Scholarships and internships	16.728	15.728	192.283	40.475	152.808
SAP UNiversePath Implementation	144.751	98.621	14.649	14.649	46.130
TOTAL	**5.003.006**	**3.858.189**	**7.975.577**	**4.871.911**	**4.248.483**

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Note to Schedule 3 - Comparison to Budget

The trend of expenditures against the budget shows positive balances. This trend can be linked mainly to the continuing effects of the Covid-19 pandemic on ICCROM activities. General program costs have been reduced, in particular costs related to travel and costs related to organization of training courses. ICCROM has implemented on-line courses and webinars and through this has continued to fulfil its objectives.