



**FINANCIAL
STATEMENTS OF UNESCO
INTERNATIONAL INSTITUTE FOR HIGHER
EDUCATION IN LATIN AMERICA AND THE
CARIBBEAN (IESALC)
FOR THE YEAR ENDED
31 DECEMBER 2023**

**APPROVAL OF THE FINANCIAL STATEMENTS
OF UNESCO INTERNATIONAL INSTITUTE FOR HIGHER
EDUCATION IN LATIN AMERICA AND THE CARIBBEAN (IESALC)
FOR THE YEAR ENDED 31 DECEMBER 2023**

In accordance with the Financial Regulations (Article 11) of the United Nations Educational, Scientific and Cultural Organization (UNESCO), attached are the financial statements and accompanying notes for the year ended 31 December 2023.

The financial statements are the responsibility of Management and they have been prepared in accordance with International Public Sector Accounting Standards and comply with the Financial Regulations of the United Nations Educational, Scientific and Cultural Organization. They include certain amounts that are based on Management's best estimates and judgements.

Accounting procedures and related systems of internal control, developed by Management provide reasonable assurance that assets are safeguarded, that the books and records properly reflect all transactions.

The External Auditor, in line with Article 12 of the Financial Regulations of UNESCO, provides an opinion on the financial statements.

The financial statements numbered I to IV and the accompanying notes are hereby approved and submitted to the Governing Board of the UNESCO International Institute for Higher Education in Latin America and the Caribbean (IESALC).

(SIGNED)

Mr. Francesc Pedró
Director
UNESCO International Institute for Higher Education in Latin America
and the Caribbean

(SIGNED)

Mrs. Magdolna Bona
Chief Financial Officer
UNESCO

Date: 21 June 2024

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**UNESCO INTERNATIONAL INSTITUTE FOR HIGHER EDUCATION
IN LATIN AMERICA AND THE CARIBBEAN (IESALC)
I.STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER**

Expressed in US dollars	Note	2023	2022 Restated- Note 5 (unaudited)
<u>ASSETS</u>			
Current Assets			
Cash	6	1 910	2 600
Advance payments	7	5 101	31 151
Receivable from UNESCO	9	-	200 000
Total current assets		7 011	233 751
Non-current assets			
Other receivable	8	59 300	59 339
Receivable from UNESCO	9	1 005 185	990 113
Property, plant and equipment	10	30 800	43 865
Total non-current assets		1 095 285	1 093 317
<u>TOTAL ASSETS</u>		1 102 296	1 327 068
<u>LIABILITIES</u>			
Current Liabilities			
Accounts payable and accruals	11	161 140	82 714
Employee benefits	12	59 061	49 306
Total current liabilities		220 201	132 020
<u>TOTAL LIABILITIES</u>		220 201	132 020
<u>NET ASSETS</u>	13	882 095	1 195 048

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

**UNESCO INTERNATIONAL INSTITUTE FOR HIGHER EDUCATION
IN LATIN AMERICA AND THE CARIBBEAN (IESALC)
II. STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 31 DECEMBER**

Expressed in US dollars	Note	2023	2022
			Restated- Note 5 (unaudited)
<u>REVENUE</u>			
UNESCO Financial Allocation		866 400	866 400
Voluntary contributions		476 980	500 284
In-kind contribution		52 800	180 000
Revenue Producing activities		48 566	-
Foreign exchange gains		-	865
Other revenue		3 250	2 600
Finance Revenue		50 108	17 046
Total revenue	14	1 498 104	1 567 195
<u>EXPENSES</u>			
Personnel costs		551 247	520 766
Consultants, external experts and mission costs		946 016	855 238
External training, grants and other transfers		4 659	4 097
Supplies, consumables and other running costs		82 007	223 924
Contracted services		213 357	104 650
Depreciation		13 065	13 876
Foreign exchange losses		706	-
Finance costs		-	44
Other expenses		-	13 000
Total expenses	15	1 811 057	1 735 595
<u>DEFICIT FOR THE YEAR</u>		(312 953)	(168 400)

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

**UNESCO INTERNATIONAL INSTITUTE FOR HIGHER EDUCATION
IN LATIN AMERICA AND THE CARIBBEAN (IESALC)
III. STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED 31 DECEMBER**

Expressed in US dollars	Note	2023	2022 Restated- Note 5 (unaudited)
Net Assets at the beginning of the year	13	<u>1 195 048</u>	<u>1 363 448</u>
Deficit for the year		(312 953)	(168 400)
Total change in Net Assets		<u>(312 953)</u>	<u>(168 400)</u>
Net Assets at the end of the year	13	<u>882 095</u>	<u>1 195 048</u>

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

**UNESCO INTERNATIONAL INSTITUTE FOR HIGHER EDUCATION
IN LATIN AMERICA AND THE CARIBBEAN (IESALC)
IV. STATEMENT OF CASH FLOW
FOR THE YEAR ENDED 31 DECEMBER**

Expressed in US dollars	Note	2023	2022 Restated- Note 5 (unaudited)
Cash flows from operating activities			
Deficit for the year		(312 953)	(168 400)
Depreciation		13 065	13 876
Decrease/(Increase) in advance payments		26 050	(24 919)
Decrease in Receivable from UNESCO		179 928	135 331
Increase in accounts payable and accruals		83 426	68 110
Increase (Decrease) in Employee benefits		9 755	(21 587)
Effect of exchange rates on operating activities		39	189
Net cash flows used in operating activities		(690)	2 600
Net increase in cash		(690)	2 600
Cash at the beginning of the year	6	2 600	-
Cash at the end of the year	6	1 910	2 600

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

**UNESCO INTERNATIONAL INSTITUTE FOR HIGHER EDUCATION
IN LATIN AMERICA AND THE CARIBBEAN (IESALC)
V. NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

NOTE 1: REPORTING ENTITY

The UNESCO Institute for Higher Education in Latin America and the Caribbean (IESALC) was established within the framework of the United Nations Educational, Scientific and Cultural Organization (UNESCO) with the mission of contributing to the transformation of higher education in Latin America and the Caribbean region and its national higher education institutions and systems by focusing on ensuring the relevance and quality of teaching and research. IESALC is an integral part of the UNESCO. UNESCO is considered the controlling entity of IESALC, which is included within the UNESCO Consolidated Financial Statements.

Following the 29th session of the UNESCO General Conference in November 1997, the Regional Centre for Higher Education in Latin America and the Caribbean (CRESALC) had been transformed into an UNESCO International Institute for Higher Education in Latin America and the Caribbean. The statutes of IESALC were approved by the UNESCO Executive Board at its 155th session in September 1998.

As a Category 1 Institute, IESALC enjoys functional autonomy in programme implementation. The Governing Board of IESALC is composed of 9 members. The Governing Board approves IESALC's annual budget and determines the nature of its activities. It also approves the yearly report of activities presented to it by the Director of IESALC. The Director of IESALC is appointed by the Director-General of UNESCO and is responsible for day-to-day operations. The Director of IESALC also serves as the secretary to the Governing Board.

IESALC has its headquarters located in Caracas, Venezuela.

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation and presentation

Basis of preparation

The financial statements have been prepared on an accrual and going concern basis in accordance with the requirements of International Public Sector Accounting Standards (IPSAS) and comply with the *Financial Regulations* of UNESCO.

The accounting policies set out below have been applied consistently in the preparation and presentation of these financial statements.

Financial period

The financial statements are prepared on an annual basis, beginning on the first day of January and ending on the thirty first day of December each year.

Presentation and Functional Currency

The presentation currency of the financial statements is the United States (US) dollars which is also the functional currency of IESALC.

2.2 Foreign currency transactions

Foreign currency transactions carried out during the financial year are converted into US dollars using the United Nations Operational Rate of Exchange (UNORE) prevailing at the date of the transaction. The UNORE approximates market rates as they are set bi-monthly and revised if there are significant exchange rate fluctuations relating to individual currencies.

Non-monetary items that are measured in terms of historical cost or fair value in a foreign currency are translated using the UNORE prevailing at the date of the initial transaction or when the fair value was determined. Monetary assets and liabilities that are denominated in foreign currencies are translated into US dollars at the exchange rate prevailing on the date of the Statement of Financial Position.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the Statement of Financial Performance.

2.3 Financial assets

IESALC's financial assets include cash on hand, receivable from UNESCO and other receivable.

Financial assets are recognized initially at fair value. The subsequent measurement of financial assets depends on their classification. IESALC classifies its financial assets as either measured at amortized cost using the effective interest method or measured at fair value through surplus or deficit. The classification depends on IESALC's management model for the financial assets and the contractual cash flow characteristics of the financial assets.

The following table presents the classification and subsequent measurement of IESALC's financial assets:

Financial assets	Classification	Subsequent Measurement
Cash on hand	Amortized cost	Amortized cost
Other receivable	Amortized cost	Amortized cost
Receivable from UNESCO	Amortized cost	Amortized cost

IESALC assesses on a forward-looking basis the expected credit losses associated with its financial assets classified as measured at amortized cost. Any adjustment to the loss allowance at each reporting date is recognized as an impairment gain or loss in surplus or deficit.

IESALC derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire or are waived, or when it transfers the financial asset and the transfer qualifies for derecognition.

UNESCO INTERNATIONAL INSTITUTE FOR HIGHER EDUCATION IN LATIN AMERICA AND THE CARIBBEAN (IESALC)

2.4 Financial liabilities

IESALC's financial liabilities include accounts payable and accruals. IESALC initially recognises its financial liabilities at fair value. After initial recognition, financial liabilities are subsequently measured at amortized cost using the effective interest method.

2.5 Cash

Cash includes cash at bank and cash on hand. When bank accounts cannot be used for operations purposes, it is no longer considered liquid, and it would be presented as non-current other receivable.

2.6 Advance payments

IESALC advances funds for the delivery of goods and services related to IESALC's programmes and activities. Such payments are accounted for as Advance Payments if the delivery of goods and services are not fulfilled at the reporting date. Advance payments are recognised as expenses as the goods and services are rendered.

2.7 Property Plant and equipment

Property, Plant and Equipment (PP&E) is measured at cost less accumulated depreciation and impairment. Heritage assets are not recognized in the financial statements, but appropriate disclosure is made in the notes to the financial statements as applicable.

Additions

An item of PP&E is recognized as an asset if it is probable that future economic benefits or service potential associated with the item will flow to IESALC and the cost of the item can be measured reliably. An item of PP&E is recognized at its cost unless it was donated, then its initial cost is measured at the fair value of the asset as at the date of acquisition.

Disposals

Gains and losses on disposal are determined by comparing the proceeds with the carrying amount of the asset and are recognized in the Statement of Financial Performance.

Subsequent costs

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 IESALC and the cost of the item can be measured reliably.

Depreciation

Depreciation is provided on a straight-line basis on all PP&E, at rates that will write off the cost of the assets over their useful lives. The useful lives of major classes of assets have been estimated as follows:

Class of Property, Plant and Equipment	Useful life (in years)
Communication and IT equipment	4 years
Furniture and fixtures	5 years
Other equipment	5 years
Vehicles	5 years

The residual values and useful lives of assets are reviewed and adjusted, if applicable, at each financial year-end.

Impairment

The carrying amounts of fixed assets are reviewed for impairment if events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. If such an indication exists, the recoverable amount of the asset is estimated in order to determine the extent of impairment loss, if any. Any impairment loss is recognized in the Statement of Financial Performance. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. For this purpose, all property, plant and equipment assets are considered as non-cash generating assets.

2.8 Employee benefits

IESALC recognizes the following categories of employee benefits:

Short-term employee benefits

Short-term employee benefits are expected to be settled within 12 months of the reporting date and are measured based on accrued entitlements at current rates of pay. Short-term employee benefits comprise first-time employment benefits (assignment grants); regular monthly benefits (wages, salaries, allowances) and other benefits (education grant, home leave, etc.). An expense is recognized under personnel cost when employees render service to IESALC and a liability is recognized for an entitlement that has not been settled at the reporting date.

Post-employment benefits

Post-employment benefits are employee benefits that are payable after the completion of employment.

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

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

In addition, IESALC participates in the UNESCO after service health insurance (ASHI) scheme. Under this scheme, staff retiring, who have reached their fifty-fifth birthday and who have completed at least ten years of participation in the Medical Benefits Fund as at the date of their separation, may opt to remain (indefinitely) in that Fund as an associate participant with UNESCO continuing to participate in the funding of their contributions. The ASHI scheme at UNESCO is a defined benefit plan for entities under common control.

UNESCO performs annually both a long-term projection and an actuarial valuation of the ASHI scheme to measure its employee benefits obligation. The plan exposes participating Institutes to actuarial risks associated with the current and former employees of other group entities, with the result that there is no consistent and reliable basis for allocating the obligation, plan assets, and costs to individual entities participating in the plan. IESALC, as well as other participating group entities, is not in a position to identify its share of the underlying financial position and performance of the plan on an IPSAS 39 basis with sufficient reliability for accounting purposes, and hence has recorded this plan as if it were a defined contribution plan.

The contributions of IESALC to the UNESCO ASHI scheme consists of contributions to the UNESCO Special Account for ASHI. The contributions of IESALC consists of 4% of salary of the participating staff. IESALC's contributions to the Special Account for ASHI during the financial year are recognized as personnel costs expenses in the Statement of Financial Performance.

Other long-term employee benefits

Other long-term employee benefits relate to compensated absences (accumulated leave). The liability recognized for these other long-term benefits is the present value of the defined benefit obligations at the reporting date. These liabilities are calculated by an independent actuary using the Projected Unit Credit Method. Interest cost, current service costs, and actuarial gains or losses arising from changes in actuarial assumptions or experience adjustments are recognized in the Statement of Financial Performance.

In addition, IESALC participates in the Terminal Payment Fund (TPF). This Fund was set up in accordance with Article 6, paragraph 6, of the *Financial Regulations* of UNESCO to cover costs of separation of staff members such as: termination payments, repatriation grants and death grants. IESALC, in line with the other participating organizations in the Fund, is not in a position to identify IESALC's proportionate share of the liability associated with this other long-term benefit with sufficient reliability for accounting purposes. Hence, IESALC has treated this benefit as if it were a defined contribution plan in line with the requirements of IPSAS 39. The contributions of IESALC consist of 8% of salary of staff who participate to the UNESCO TPF programme. IESALC's contribution to the TPF during the financial year are recognized as personnel costs expenses in the Statement of Financial Performance.

2.9 Tax

IESALC enjoys the privilege of tax-exemption. As such, IESALC's assets, income and other property are exempt from all direct taxation.

2.10 Provisions and contingent liability

Provisions are recognized for future expenditure of uncertain amount or timing when there is a present obligation (either legal or constructive) as a result of a past event, it is probable that expenditure will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not made for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation. The increase in the provision due to the passage of time is recognized as interest expense.

Contingent liabilities are disclosed where a possible obligation is uncertain but can be measured, or where IESALC has a present obligation but cannot reliably measure the possible outflow of resources.

2.11 Revenue recognition

Revenue from non-exchange transactions

Revenue from non-exchange transactions is measured based on the increase in net assets recognized.

The revenues from non-exchange transactions are as follows:

- UNESCO Financial Allocation

The financial contribution made available from UNESCO's biennial budget approved by its General Conference, presented as UNESCO financial allocation in the Statement of Financial Performance, are recognized as revenue at the beginning of the relevant year as soon as the amounts are communicated to IESALC.

- Voluntary contributions

Voluntary contributions, either non-earmarked (Voluntary contributions core funding) or earmarked (Voluntary Contributions Extra Budgetary), which are supported by enforceable agreements are recognized as revenue at the time the agreement becomes binding and when control over the underlying asset is obtained, unless the agreement establishes a condition on transferred assets that requires recognition of a liability presented as voluntary contributions with conditions in the Statement of Financial Position. Voluntary Contributions core funding are non-earmarked contributions that are granted to IESALC and allocated according to IESALC's Board resolutions. Voluntary contributions Extra Budgetary (i.e., project funding) are earmarked for specific programmes and projects.

Conditions are imposed by donors on the use of contributions and include both a performance obligation to use the donation in a specified manner, and an enforceable return obligation to return the donation if it is not used in the specified manner. The amount recognized as a voluntary contribution with conditions is the best estimate of the amount that would be required to settle the obligation at the reporting date. As IESALC satisfies the conditions on voluntary contributions through performance in the specified manner, the carrying amount of the liability is reduced and an amount of revenue equal to that reduction is recognized.

Voluntary contributions such as pledges and other promised donations which are not supported by binding agreements are recognized as revenue when received.

- In-kind contributions

In-kind contributions of goods that directly support approved operations and activities and that can be reliably measured, are recognized, and valued at fair value. IESALC uses its premises free of charge. The contribution value for it is based on the commercial rate for renting the building. In addition, IESALC receives electricity, water, heating and maintenance of the building under the terms of a special support agreement with the government of Venezuela. The in-kind contributions related to these services are not recognized because they cannot be reliably measured.

In-kind contributions of services, such as the services of volunteers, are not recognized.

Revenue from exchange transactions

Other sources of revenue from exchange transactions are measured at the fair value of the consideration received or receivable and are recognized as goods and services are delivered.

Finance Revenue

IESALC participates in UNESCO's cash pooling mechanism whereby the funds from all participants are commingled and invested on a pool basis. Interest revenues are allocated to IESALC in the proportion of its share held in the account.

2.12 Expenses

Expenses are defined as decreases in economic benefits or service potential during the reporting period in the form of outflows or consumption of assets or incurrences of liabilities that result in decreases in net assets. Expenses are recognized when the transaction or event causing the expense occurs, and the recognition of the expense is therefore not linked to when cash or its equivalent is received or paid.

Expenses from non-exchange funding agreements are recognized when the funding is legally in force, except where the agreement establishes a condition on transferred assets. In such cases, expenses are recognized as services are performed and the condition on transferred assets fulfilled consistent with the terms of the agreement.

Where revenue is recognized from in-kind contributions, a corresponding expense or asset is also recognized in the financial statements.

2.13 Accounts payable and accruals

Accounts payable are financial liabilities for goods and services that have been received by IESALC and invoiced but not yet paid by the reporting date.

Accrued liabilities are financial liabilities for goods and services that have been received by IESALC and which have neither been paid for nor invoiced to IESALC at the reporting date.

2.14 Leases

Lease agreements entered into for equipment or office premises are classified as operating leases as these arrangements do not transfer substantially all of the risks and rewards of ownership. Lease

payments under an operating lease are recognized as an expense on a straight-line basis over the lease term.

NOTE 3: ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

The preparation of financial statements in accordance with IPSAS requires IESALC to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the year. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the assets or liabilities affected in future periods.

The areas where estimates, assumptions or judgement are significant to IESALC's financial statements include, but are not limited to, employee benefit and in-kind contributions. Changes in estimates are reflected in the year in which they become known.

Estimates and assumptions

IESALC based its assumptions and estimates on parameters available when the financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of IESALC.

Below is a list of key assumptions:

a) Employee benefits:

Employee benefits are determined using actuarial valuation which involves making various assumptions on financial and non-financial elements that may differ from actual developments in the future such as determination of the discount rate, future salary increases, mortality rates and future cost increases. The employee benefit liability is highly sensitive to the variation of these assumptions and some of them are reviewed at each reporting date. Details about employee benefits are provided in Note 12.

b) In-kind contribution calculation for the use of the premises

IESALC undertakes a valuation of the in-kind contribution for the use of its premise. The principal factor that impacts the valuation is the availability of similar assets for rent.

NOTE 4: ACCOUNTING STANDARDS ISSUED

Accounting standards adopted during the year:

- IPSAS 41 Financial Instruments has been applied retrospectively as per the required implementation date of January 1, 2023. IPSAS 41 Financial Instruments was published in August 2018 and replaces IPSAS 29 Financial Instruments: Recognition and Measurement. IESALC has adopted IPSAS 41 and the related consequential amendments to other IPSASs in the financial reporting period commencing January 1, 2023. IESALC revised accounting policies in relation to financial instruments are provided above. There were no changes made to the measurement of financial assets and financial liabilities as a result of adopting IPSAS 41.

IPSAS 41 provides a single classification and measurement approach for financial assets that reflects the management model for managing the assets and their contractual cash flow characteristics. For financial liabilities, the existing classification and measurement requirements of IPSAS 29 are largely retained.

The table below illustrates the classification of financial assets and liabilities under IPSAS 41 and IPSAS 29 at the date of initial application, January 1, 2023.

Financial Assets/Liabilities	Category IPSAS 29	Category IPSAS 41
Cash	Loans & Receivables	Amortized cost
Receivable from UNESCO	Loans & Receivables	Amortized cost
Other receivables	Loans & Receivables	Amortized cost
Accounts payables and accruals	Amortized cost	Amortized cost

The standard also introduces a forward-looking assessment of expected credit losses on financial assets categorized at amortized cost, the implementation has had no significant impact on the financial statements.

Accounting standards issued and to be adopted at a later date:

- **IPSAS 43—Leases:** the standard is effective for annual reporting year beginning on or after 1 January 2025, with earlier application permitted. The standard establishes the principles for the recognition, measurement, presentation and disclosure of leases in the financial statements. IESALC has not yet assessed the impact of the adoption of the standard.
- **IPSAS 44—Non-current assets held for sale and discontinued operations:** the standard is effective for annual reporting year beginning on or after 1 January 2025, with earlier application permitted. The standard specifies the accounting for assets held for sale and the presentation and disclosure of discontinued operations. The adoption of the standard has no impact on IESALC’s financial statements.
- **IPSAS 45—Property Plant and Equipment:** The effective date of this standard is 1 January 2025, with earlier application permitted. The Standard prescribes the accounting treatment for property, plant and equipment so that users of financial statements can discern information about the entity’s investment in its property, plant and equipment and the changes to such investments. IESALC has not yet assessed the impact of the adoption of the standard.
- **IPSAS 46—Measurement:** The effective date of this standard is 1 January 2025, with earlier application permitted. The Standard defines the measurement bases that assist in reflecting fairly cost of services, operational capacity and financial capacity of assets and liabilities. IESALC has not yet assessed the impact of the adoption of the standard.
- **IPSAS 47—Revenue:** the effective date of this standard is 1 January 2026, with earlier application permitted. The Standard establishes the principal that an entity shall apply to report useful information to users of financial statement about the nature, amount, timing and uncertainty of revenue and cash flows from revenue transactions. IESALC has not yet assessed the impact of the adoption of the standard.
- **IPSAS 48—Transfer Expenses:** the effective date of this standard is 1 January 2026, with earlier application permitted. The Standard establishes the principles that a transfer provider (an entity) shall apply to report useful information to users of financial information about the nature, amount,

timing and uncertainty of expenses and cash flows arising from transfer expense transactions. IESALC has not yet assessed the impact of the adoption of the standard.

NOTE 5: ADJUSTMENTS TO THE PRESENTATION OF THE FINANCIAL STATEMENTS AND NOTES TO THE FINANCIAL STATEMENTS FOR THE PRIOR YEAR

To comply with IPSAS, certain adjustments, as described below, have been made in the presentation and disclosures of the comparative 2022 financial information within these financial statements.

- (1) Previously, Other receivables were presented with Receivable from UNESCO. As per IPSAS, groupings of assets and liabilities must be of the same nature. Other receivables and Receivables from UNESCO are not of the same nature and therefore, they have been presented separately. In addition, IPSAS 1 requires that assets and liabilities be classified between current and non-current. At the time IESALC prepared its 2022 financial statements, it had no expectations to realize a portion of the receivable from UNESCO in 2022, therefore it was restated partly as non-current. The Statement of Cash Flow has been restated accordingly.
- (2) In 2018, IESALC changed the classification of its employee benefits which resulted in the accumulated actuarial gains and losses on employee benefits actuarial valuation to be presented within the operating reserve and no longer be a separate item of the net assets. This change had not been reflected in the note.
- (3) IPSAS 2 defines "cash" as "cash on hand and demand deposits". It also requires that cash and cash equivalents held by an entity which are not available for use by the entity should be disclosed, for better understanding of the entity's financial position and liquidity. IPSAS 1 also requires that if an asset is not expected to be realized within 12 months or within the entity's normal operating cycle, it shall be classified as a non-current asset. As a result of sanctions, this bank deposit has not been available on demand for the entity's use for several years. As such, it is now being presented as a non-current other receivable asset, rather than as a current cash asset.
- (4) In 2022, IESALC sold one of its fully amortized vehicles for cash consideration. The transfer of assets occurred prior to year-end but was not accounted for until the beginning of 2023. Therefore, cash on hand and other revenues were restated to reflect this transaction.
- (5) The Receivable for UNESCO is held within the operating account of UNESCO to maximize the return on deposited funds and interest revenues are allocated to these pooled funds in the proportion of the share retained by each organization within that pool of funds. IESALC did not account for its share of interest revenue from IESALC funds retained by UNESCO.
- (6) IPSAS 20 includes as related party key management personnel. These are defined as (a) all directors or members of the governing body of the entity; and (b) other persons having the authority and responsibility for planning, directing, and controlling the activities of the reporting entity. IESALC has included in their key management personnel, employees that did not meet this definition. In addition, the entitlements were understated, therefore an adjustment was made.
- (7) In 2019, IESALC was not able to claim the value-added-tax credit input that it had accumulated before the statute of limitations on the claim expired. Therefore, IESALC should have written-off its credit input receivable. However, IESALC needs approval to write-off asset, so an allowance of expected credit losses was taken in the meantime.
- (8) IESALC accounts payable were deemed paid as at 31 December 2022 when in fact they were not. Therefore, IESALC's accounts payable and accruals were understated by \$63,000 as well as the receivable from UNESCO since UNESCO is responsible to make the payments on IESALC's behalf.
- (9) IESALC recognises advance payments as expenses as the goods and services are rendered. However, for education grant advances, IESALC recognized an expense and an employee future benefits liability instead

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of derecognizing the portion of advance payments for which services had been rendered. Therefore, advance payments and employee future benefits liability were overstated by \$18,000.

- (10) IESALC receives for free an office space and the related utilities from its Host Government. The Institute records a revenue and an expense for these in-kind goods. IPSAS 23 indicates that goods received in-kind should be measured at their fair value if they can be measured reliably. In absence of any reliable information regarding its consumption of utilities, in-kind contributions and supplies, consumables and running costs were reduced by \$63,000.
- (11) IESALC purchased new computers and phones in 2021 but recognized these assets only in 2023 through an adjustment through the opening net assets of 2023. Therefore, the opening net assets of 2022, the cost of property, plant and equipment and related accumulated depreciation as well of the depreciation expense for 2022 was adjusted accordingly.

As a result, certain 2022 figures have been restated, as per the following tables.

Statement I – Statement of Financial Position

As at December 31, 2022	Impact of restatements			
	As previously reported	Adjustments	As restated	
Current Assets				
Cash	59 339	(56 739)	(3) (4)	2 600
Advance payments	49 665	(18 514)	(9)	31 151
Other receivables	1 138 148	(1 138 148)	(1) (7)	-
Receivable from UNESCO	-	200 000	(1)	200 000
Total current assets	1 247 152	(1 013 401)		233 751
Non-current assets				
Other receivable	-	59 339	(3)	59 339
Receivable from UNESCO	-	990 113	(1) (5) (8)	990 113
Property, plant and equipment	40 729	3 136	(4) (11)	43 865
Total non-current assets	40 729	1 052 588		1 093 317
TOTAL ASSETS	1 287 881	39 187		1 327 068
Current Liabilities				
Accounts payable and accruals	19 388	63 326	(8)	82 714
Employee benefits	67 820	(18 514)	(9)	49 306
Total current liabilities	87 208	44 812		132 020
TOTAL LIABILITIES	87 208	44 812		132 020
NET ASSETS	1 200 673	(5 625)	(4) (5) (7) (11)	1 195 048

Statement II – Statement of Financial Performance

	Impact of restatements		
	As previously reported	Adjustments	As restated
REVENUE			
In-kind contribution	243 000	(63 000) (10)	180 000
Other revenue	-	2 600 (4)	2 600
Finance revenue	-	17 046 (5)	17 046
Total revenue	1 610 549	(43 354)	1 567 195
EXPENSES			
Supplies, consumables and other running costs	286 924	(63 000) (10)	223 924
Depreciation	12 362	1 514 (11)	13 876
Total expenses	1 797 081	(61 486)	1 735 595
DEFICIT OF THE YEAR	(186 532)	18 132	(168 400)

Statement III – Statement of Changes in Net Assets

	Impact of restatements		
	As previously reported	Adjustments	As restated
Net Assets at the beginning of the year	1 387 205	(23 757) (7)	1 363 448
Deficit of the year	(186 532)	18 132 (4)	(168 400)
Total change in Net Assets	(186 532)	18 132	(168 400)
Net Assets at the end of the year	1 200 673	(5 625)	1 195 048

Statement IV – Statement of Cash Flow

	Impact of restatements		
	As previously reported	Adjustments	As restated
Cash flows from operating activities			
Deficit of the year	(186 532)	18 132 (4)	(168 400)
Depreciation	12 362	1 514 (11)	13 876
Decrease/(Increase) in advance payments	(43 433)	18 514 (9)	(24 919)
Decrease/(increase) in other receivables	215 704	(215 704) (1)	-
Decrease in Receivable from UNESCO	-	135 331 (5)	135 331
Increase in accounts payable and accruals	4 784	63 326 (8)	68 110
Increase/(Decrease) in Employee benefits	(3 073)	(18 514) (9)	(21 587)
Effect of exchange rates on operating activities	-	189	189
Net cash flows from operating activities	(188)	2 788	2 600
Net increase in cash	(188)	2 788	2 600
Cash at the beginning of year	59 527	(59 527) (3)	-
Cash at the end of the year	59 339	(56 739) (3)(4)	2 600

NOTE 6 – CASH

As at December 31, 2022	Impact of restatements		
	As previously reported	Adjustments	As restated
Current			
Cash on hand		2 600	(4) 2 600
Cash with banks	59 339	(59 339)	(3) -
Total cash	59 339	(56 739)	2 600

NOTE 7 – ADVANCE PAYMENTS

As at December 31, 2022	Impact of restatements		
	As previously reported	Adjustments	As restated
Advance to staff	49 665	(18 514)	(9) 31 151
Total advance payments	49 665	(18 514)	31 151

NOTE 8 – OTHER RECEIVABLE

As at December 31, 2022	Impact of restatements		
	As previously reported	Adjustments	As restated
Current			
VAT Receivables	28 408	(28 408)	(7) -
Receivable from UNESCO	1 109 740	(1 109 740)	(1) -
Total current	1 138 148	(1 138 148)	-
Non-current			
Other receivable	-	59 339	(3) 59 339
Total non-current	-	59 339	59 339
Total Other receivable	1 138 148	(1 078 809)	59 339

NOTE 9 – RECEIVABLE FROM UNESCO

As at December 31, 2022	Impact of restatements		
	As previously reported	Adjustments	As restated
Receivable from UNESCO - current	-	200 000	(1) (5) (8) 200 000
Receivable from UNESCO – non-current	-	990 113	(1) (5) (8) 990 113
Total receivable from UNESCO	-	1 190 113	1 190 113

NOTE 10 – PROPERTY, PLANT, AND EQUIPMENT

As at December 31, 2022	Impact of restatements		
	As previously reported	Adjustments	As restated
01 January 2022			
Cost - Comms & IT Equipm't	145 513	6 056 ⁽¹¹⁾	151 569
Accumulated depreciation - Comms & IT Equipm't	(141 278)	(1 406) ⁽¹¹⁾	(142 684)
Carrying amount - Comms & IT Equipm't	4 235	4 650	8 885
Movements 12 months to 31 December 2022			
Disposal – Vehicles	-	(12 239) ⁽⁴⁾	(12 239)
Disposal depreciation – Vehicles	-	12 239 ⁽⁴⁾	12 239
Depreciation- Comms & IT Equipm't	(1 893)	(1 514) ⁽¹¹⁾	(3 407)
Total movements	(12 362)	(1 514)	(13 876)
31 December 2022			
Cost - Vehicles	96 212	(12 239) ⁽⁴⁾	83 973
Accumulated depreciation - Vehicles	(57 825)	12 239 ⁽⁴⁾	(45 586)
Carrying amount – Vehicles	38 387	-	38 387
Cost - Comms & IT Equipm't	145 513	6 056 ⁽¹¹⁾	151 569
Accumulated depreciation - Comms & IT Equipm't	(143 171)	(2 920) ⁽¹¹⁾	(146 091)
Carrying amount – Comms & IT Equipm't	2 342	3 136	5 478

NOTE 11 – ACCOUNTS PAYABLE AND ACCRUALS

As at December 31, 2022	Impact of restatements		
	As previously reported	Adjustments	As restated
Accounts payable	-	63 326 ⁽⁸⁾	63 326
Total accounts payable and accruals	19 388	63 326	82 714

NOTE 12 – EMPLOYEE BENEFITS

As at December 31, 2022	Impact of restatements		
	As previously reported	Adjustments	As restated
Payroll and reimbursement	21 044	(18 514) ⁽⁹⁾	2 530
Total employee benefits	67 820	(18 514)	49 306

NOTE 13 – NET ASSETS

2022	Impact of restatements			Total Net Assets
	Operating reserve		Actuarial losses	
Opening balance as previously reported	1 495 875		(108 670)	1 387 205
Adjustments to the opening balance	(132 427)	(2) (7) (11)	108 670 (2)	(23 757)
Opening balance as restated	1 363 448		-	1 363 448
Deficit for the period as previously reported	(186 532)		-	(186 532)
Adjustments to the deficit	18 132	(4) (5) (11)	-	18 132
Deficit for the period as restated	(168 400)		-	(168 400)
Closing balance as restated	1 195 048		-	1 195 048

NOTE 14 – REVENUE

For the year ended December 31, 2022	Impact of restatements		
	As previously reported	Adjustments	As restated
In-kind contributions	243 000	(63 000) (10)	180 000
Total voluntary contributions	743 284	(63 000)	680 284
Other revenue	-	2 600 (4)	2 600
Finance Revenue	-	17 046 (5)	17 046
Total Revenue	1 610 549	(43 354)	1 567 195

NOTE 15 – EXPENSES

For the year ended December 31, 2022	Impact of restatements		
	As previously reported	Adjustments	As restated
Utilities	71 977	(63 000) (10)	8 977
Total supplies, consumables and other running costs	286 924	(63 000)	223 924
Depreciation	12 362	1 514 (5)	13 876
Total expenses	1 797 081	(61 486)	1 735 595

NOTE 19 – RELATED PARTY DISCLOSURES

	Year	Number of individuals	Compensation and Post Adjustment	Entitlements (Allowances, Grants and Subsidies)	Pension and Health Plans	Total Remuneration 2023	Outstanding advances of Education Grant
As previously reported	2022	3	266 560	40 711	69 834	377 105	46 284
Adjustments (6)		(2)	(75 441)	10 050	(16 949)	(92 390)	-
As restated		1	191 119	50 761	52 885	294 765	46 284

NOTE 6: CASH

	2023	2022
Expressed in US dollars		Restated-Note 5 (unaudited)
Cash in hand	1 910	2 600
Total cash	1 910	2 600

NOTE 7: ADVANCE PAYMENTS

	2023	2022
Expressed in US dollars		Restated- Note 5 (unaudited)
Advance to staff	5 101	27 770
Other advances	-	3 381
Total Advance payments	5 101	31 151

Advance payments relate mainly to education grant paid to a staff member.

NOTE 8: OTHER RECEIVABLE

	2023	2022
Expressed in US dollars		Restated- Note 5 (unaudited)
Other receivable	59 300	59 339
Total other receivable	59 300	59 339

Due to U.S. Sanctions, IESALC cannot use its bank account to sustain its operations. Therefore, cash with banks have been presented as non-current other receivable. All cash transactions are being processed by UNESCO on behalf of IESALC.

NOTE 9: RECEIVABLE FROM UNESCO

	2023	2022
Expressed in US dollars		Restated- Note 5 (unaudited)
Receivable from UNESCO - Current	-	200 000
Receivable from UNESCO - (non-current)	1 005 185	990 113
Total Receivable from UNESCO	1 005 185	1 190 113

The receivable from UNESCO represents amounts due by UNESCO relating to the UNESCO financial allocation, voluntary contributions received on behalf of IESALC and decentralized funds from UNESCO projects used, inter alia, to cover payroll payments processed by UNESCO.

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The receivable balance is kept within the operating account of UNESCO to maximize the return on deposited funds. Interest revenues are allocated to IESALC in the proportion of its share held in the account. In 2023, the average interest return generated on the balance was 5.0% (2022: 1.4%).

The receivable from UNESCO has been categorized under current and non-current based on IESALC's projected cash flows and intercompany transfers from UNESCO to IESALC that will be required to cover IESALC's needs within 12 months after the reporting date.

NOTE 10: PROPERTY, PLANT AND EQUIPMENT

Expressed in US dollars	Comms & IT Equipm't	Vehicles	Furniture and Fixtures	Other Equipm't	Total
01 January 2023					
Cost					
Restated-Note5-(unaudited)	151 569	83 973	66 642	95 201	397 385
Accumulated depreciation					
Restated-Note5-(unaudited)	(146 091)	(45 586)	(66 642)	(95 201)	(353 520)
Carrying amount	5 478	38 387	-	-	43 865
Movements 12 months to 31 December 2023					
Depreciation	(2 596)	(10 469)	-	-	(13 065)
Total movements	(2 596)	(10 469)	-	-	(13 065)
31 December 2023					
Cost	151 569	83 973	66 642	95 201	397 385
Accumulated depreciation	(148 687)	(56 055)	(66 642)	(95 201)	(366 585)
Carrying amount	2 882	27 918	-	-	30 800

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	Comms & IT Equipm't	Vehicles	Furniture and Fixtures	Other Equipm't	Total (unaudited)
Expressed in US dollars					
01 January 2022- Restated – Note 5 and unaudited					
Cost	151 569	96 212	66 642	95 201	409 624
Accumulated depreciation	(142 684)	(47 356)	(66 642)	(95 201)	(351 883)
Carrying amount	8 885	48 856	-	-	57 741
Movements 12 months to 31 December 2022					
Restated - Note 5 and unaudited					
Disposal	-	(12 239)	-	-	(12 239)
Disposal Depreciation	-	12 239	-	-	12 239
Depreciation	(3 407)	(10 469)	-	-	(13 876)
Total movements	(3 407)	(10 469)	-	-	(13 876)
31 December 2022					
Cost	151 569	83 973	66 642	95 201	397 385
Accumulated depreciation	(146 091)	(45 586)	(66 642)	(95 201)	(353 520)
Carrying amount	5 478	38 387	-	-	43 865

IESALC does not own any heritage assets.

As at 31 December 2023, IESALC holds fully depreciated property plan and equipment which is still in use for a gross carrying amount of USD 334 950 (2022: USD 331 411).

In 2023, no cash payments during the period and no outstanding commitments at the end of the year were made in relation to fixed asset acquisitions.

NOTE 11: ACCOUNTS PAYABLE AND ACCRUALS

	2023	2022 Restated- Note 5 (unaudited)
Expressed in US dollars		
Accounts payable	77 546	63 326
Accruals	83 594	19 388
Accounts payable and accruals	161 140	82 714

Accruals are liabilities for goods and services that have been received or provided to the entity during the period but the goods received note or service entry sheet had not been registered at year-end.

NOTE 12: EMPLOYEE BENEFITS

	2023			2022 Restated- Note 5 (unaudited)
	Actuarial valuation	IESALC valuation	Total	
Expressed in US dollars				
Payroll and reimbursement	-	1 847	1 847	2 530
Accumulated annual leave	57 214	-	57 214	46 776
Total employee benefits	57 214	1 847	59 061	49 306

Employee benefits

Current employee benefits include payroll and allowances, death grant, education grant, home leave and accumulated annual leave (AAL).

Accumulated annual leave (AAL) - IESALC staff can accumulate unused annual leave up to a maximum of 60 working days. Upon separation, staff members are entitled to receive a sum of money for AAL that they hold at the date of separation. Notwithstanding that AAL is fully included as current as required by the standards since IESALC does not have an unconditional right to defer settlement of the liability for a least 12 months, expected payments in the next year are anticipated to be USD 173 for AAL.

Actuarial valuations

An actuarial valuation was carried out to calculate IESALC's estimated liability related to AAL.

The following assumptions and methods have been used to determine the value of this benefit as at 31 December:

Assumptions used for annual leave and repatriation grant		2023	2022
Discount rate	The rate used is based on the Mercer Yield Curve	3.50% (maturity around 10 years)	4.15% (maturity around 11.5 years)
Inflation rate	For all benefits	2.25%	2.00%
Pre-retirement Mortality Tables before the retirement age assumption	2019 United Nations in-service mortality table for annual leave		
Salary increase rate -	Annual leave	2.50%	2.25%
Retirement Age		65	65
Withdrawal tables	Based on a study of UNESCO's turnover rates from 2019 and 2023		
Take up rate – Accumulated leave	Staff eligible for accumulated annual leave to actually claim their entitlement at separation	100%	100%

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The following tables and text provide additional information and analysis on accumulated annual leave liability calculated by actuaries:

Expressed in US dollars	2023	2022 (unaudited)
Accumulated annual leave as at 1 January	46 776	49 859
Movement for period ended 31 December		
Service cost	3 976	4 218
Interest cost	1 939	573
Actuarial losses/(gains) due to financial assumption changes	1 897	(6 661)
Actuarial losses/(gains) due to experience adjustments	1 847	-
Foreign exchange difference	779	(1 213)
Accumulated annual leave as at 31 December	57 214	46 776

The actuarial valuation of the employee benefit liability is determined by discounting the expected future payment required to settle the obligation resulting from employee service rendered in the current and prior periods. Actuarial gains or losses arise when the actuarial assessment differs from the long-term expectation on the obligation. These result from experience adjustments (differences between the previous actuarial assumptions and what has actually occurred) and the effects of change in actuarial assumptions, demographic and financial. Actuarial losses for accumulated annual leave obligations recognized through the Statement of Financial Performance amount to USD 3 744 for the year ended 31 December 2023 (a gain in 2022: USD 6 661).

The annual expense amounts recognized in the Statement of Financial Performance as personal costs related to accumulated annual leave are as follows:

Expressed in US dollars	2023	2022 (unaudited)
Service cost	3 976	4 218
Interest cost	1 939	573
Total expenses recognized	5 915	4 791

Service cost is the increase in the present value of the employee benefit liability resulting from employee service in the current year. Interest cost is the increase during the year in the present value of the employee benefit liability which arises because the benefits are one year closer to settlement.

ASHI

Contributions to UNESCO ASHI scheme made during the year amount to USD 13 261 (2022: USD 13 167).

Repatriation grants

A staff member who has completed one year of continuous service outside the country of his/her recognized home is entitled upon separation from IESALC to a repatriation grant payable on the basis of completed years and months of qualifying service outside the country of his/her recognized home. For eligible staff members hired after July 1st, 2016 the grant is payable starting on five years of

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expatriate service according to the current scale. Staff members are also entitled to travel and removal costs for repatriation on separation from IESALC. These grants are paid through UNESCO's TPF which IESALC contributes to. IESALC's contributions to UNESCO's TPF made during the year amount to USD 9 739 (2022: USD 9 415).

United Nations Joint Staff Pension Fund (the "Fund")

The Fund's Regulations state that the Pension Board shall have an actuarial valuation made of the Fund at least once every three years by the Consulting Actuary. The practice of the Pension Board has been to carry out an actuarial valuation every two years. The primary purpose of the actuarial valuation is to determine whether the current and estimated future assets of the Fund will be sufficient to meet its liabilities.

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

The latest actuarial valuation for the Fund was completed as of 31 December 2021, and the valuation as of 31 December 2023 is currently being performed. A roll forward of the participation data as of 31 December 2021 to 31 December 2022 was used by the Fund for its 2022 financial statements.

The actuarial valuation as of 31 December 2021 resulted in a funded ratio of actuarial assets to actuarial liabilities of 117.0%. The funded ratio was 158.2% when the current system of pension adjustments was not taken into account.

After assessing the actuarial sufficiency of the Fund, the Consulting Actuary concluded that there was no requirement, as of 31 December 2021, for deficiency payments under Article 26 of the Regulations of the Fund as the actuarial value of assets exceeded the actuarial value of all accrued liabilities under the plan. In addition, the market value of assets also exceeded the actuarial value of all accrued liabilities as of the valuation date. At the time of this report, the General Assembly has not invoked the provision of Article 26.

Should Article 26 be invoked due to an actuarial deficiency, either during the ongoing operation or due to the termination of the Fund, deficiency payments required from each member organization would be based upon the proportion of that member organization's contributions to the total contributions paid to the Fund during the three years preceding the valuation date. Total contributions paid to the Fund during the preceding three years (2020, 2021 and 2022) amounted to USD 8,937.68 million, of which 2.16% was contributed by UNESCO.

During 2023, contributions paid to the Fund amounted to USD 70 578 (2022 USD 67 422).

Membership of the Fund may be terminated by decision of the United Nations General Assembly, upon the affirmative recommendation of the Pension Board. A proportionate share of the total assets of the Fund at the date of termination shall be paid to the former member organization for the exclusive benefit of its staff who were participants in the Fund at that date, pursuant to an arrangement mutually agreed between the organization and the Fund. The amount is determined by the United Nations Joint Staff

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Pension Board based on an actuarial valuation of the assets and liabilities of the Fund on the date of termination; no part of the assets which are in excess of the liabilities are included in the amount.

The United Nations Board of Auditors carries out an annual audit of the Fund and reports to the Pension Board and to the United Nations General Assembly on the audit every year. The Fund publishes quarterly reports on its investments, and these can be viewed by visiting the Fund's website.

NOTE 13: NET ASSETS

Expressed in US dollars	2023 Opening Balance Restated-Note 5 (unaudited)	Deficit for the period	2023
Operating reserve	1 195 048	(312 953)	882 095
Total Net Assets	1 195 048	(312 953)	882 095

Operating reserve consist of surpluses from operations accumulated from previous years. These surpluses can be carried forward from one financial period to the next.

NOTE 14: REVENUE

Expressed in US dollars	2023	2022 Restated-Note 5 (unaudited)
REVENUE		
UNESCO Financial Allocation	866 400	866 400
Total UNESCO Financial Allocation	866 400	866 400
Voluntary contributions		
Voluntary contributions - Core funding	476 980	500 284
In-kind contribution	52 800	180 000
Total voluntary contributions	529 780	680 284
Revenue producing activities	48 566	-
Other Revenue Producing Activities	48 566	-
Foreign exchange gains	-	865
Other revenue	3 250	2 600
Finance revenue	50 108	17 046
Total revenue	1 498 104	1 567 195

NOTE 15: EXPENSES

Expressed in US dollars	2023	2022 Restated-Note 5 (unaudited)
Personnel costs		
<i>International & National staff</i>	513 427	496 022
<i>Temporary staff</i>	26 851	6 336
<i>Other personnel costs</i>	10 969	18 408
Total personnel costs	551 247	520 766
Consultants, external experts and mission costs		
<i>Staff mission costs</i>	39 923	5 213
<i>Consultants</i>	887 444	841 874
<i>Delegates & external individuals' missions</i>	17 117	8 151
<i>Other contracts</i>	1 532	-
Total consultants, external experts, and mission costs	946 016	855 238
External training, grants, and other transfers		
<i>Financial contributions</i>	-	3 826
<i>External training and seminars</i>	4 659	-
<i>Grants and fellowships</i>		271
Total grants and other transfers	4 659	4 097
Supplies, consumables and other running costs		
<i>Communications</i>	4 301	13 329
<i>Equipment</i>	19 392	19 031
<i>Leases</i>	52 800	180 000
<i>Utilities</i>	3 652	8 977
<i>Maintenance and repairs</i>	259	986
<i>Other supplies</i>	1 603	1 601
Total supplies, consumables and other running costs	82 007	223 924
Contracted services		
<i>Contracted Seminars & Meetings</i>	1 400	21 502
<i>Contracted document production</i>	-	900
<i>Other contracted services</i>	211 957	82 248
Total contracted services	213 357	104 650
Depreciation	13 065	13 876
Other expenses	-	13 000
Foreign exchange losses	706	-
Finance costs	-	44
Total expenses	1 811 057	1 735 595

Personnel costs:

International & National staff expenses include salaries, post adjustments, entitlements and pensions and health plan contributions for Professional and General Service category staff. This line also includes movements in the actuarial liability for Accumulated Annual Leave. Temporary staff expenses include all costs relating to the employment of temporaries and service contracts. Other personnel costs include payroll charge for ASHI as well as staff travel expenses which are not related to mission costs (home leave, family visit, education grant, interview, separation).

Consultants, external experts and mission costs

Consultants' expenses represent the cost of contracting consultants, including insurance and travel expenses. Staff mission costs are the mission and training costs for IESALC's staff, temporaries and service contracts. These concerns principally travel and per diem expenses. Delegates & external individuals' missions are expenses for travel and per diem of representatives, delegates, individuals and others (i.e. non-staff). Other contracts concern principally interpreter fees.

External training, grants and other transfers

Financial contributions include contributions made to United Nations joint activities, publications, conferences and programme activities. Grants and fellowships include study grants, fellowships, subventions, sponsorships and grant-in-aid. Expenses for external training and seminars are mainly travel and per diem costs for participants.

Supplies, consumables and other running costs

Communications expenses concern mainly telephone and postal/freight costs. Equipment expenses represent equipment purchases and costs during the year, which do not meet the criteria for capitalization as PP&E or Intangible Assets. Leases represents primarily premises rental cost. This line includes the expense which corresponds to the in-kind voluntary contribution for premises provided to IESALC's no or nominal cost. Maintenance and repairs expenses are mainly those incurred in relation to IESALC's premises.

Contracted services

Contracted services represent expenses where IESALC's has engaged a third party to perform work on behalf of IESALC. Major categories of these types of arrangements include research, seminars and meetings and document production. Other contracted services include, among others, implementing partner agreements, activity financing contracts, contract for services and other fees for contracted activities.

Depreciation

Depreciation is the expense resulting from the systematic allocation of the depreciable amounts of property, plant and equipment (PP&E) over their useful lives (see Note 2.7).

Other expenses, foreign exchange and finance costs

Finance costs are mainly due to bank charges and commissions.

NOTE 16: CONTINGENT ASSETS AND CONTINGENT LIABILITIES

As at 31 December 2023, there are no contingent assets, nor contingent liabilities.

NOTE 17: FINANCIAL RISK MANAGEMENT

Exposure to credit, liquidity, currency, interest rate and concentration risk arises in the normal course of IESALC's operations. The following presents information about IESALC's exposure to each of the above risks, policies and processes for measuring and managing risk and IESALC's management of capital.

IESALC's financial risks are managed in accordance with the risk management policies of UNESCO. UNESCO's risk management policies, along with its Investment Policy and the *Financial Regulations* of

UNESCO, aim to minimize potential adverse effects on the resources available to IESALC to fund its activities.

17.1 Fair value of financial assets and liabilities

The fair value of cash, receivable from UNESCO and other receivables approximate their recorded carrying amount due to their short term nature.

The fair value of accounts payables and accruals approximate their recorded carrying amount due to their short-term nature.

17.2 Credit risk

Credit risk is the risk of financial loss to IESALC if customers or counterparties to financial instruments fail to meet their contractual obligations. It mainly arises from IESALC's cash, and receivables. The maximum exposure to credit risk is the carrying amount of those financial assets.

IESALC participates in UNESCO's cash pooling mechanism. Participation in UNESCO's cash pool implies sharing the risk and returns with all participants. Given that the funds from all participants are commingled and invested on a pool basis, each participant is exposed to the overall risk of the cash pool to the extent of the amount of cash participated.

Cash

IESALC only held cash at 31 December 2023 and did not hold any cash equivalents nor direct investments at year-end. To mitigate the credit risk, cash is held with major international banks of high credit standing selected in accordance with UNESCO's policies. As such, the credit risk exposure related to cash is not significant.

Receivables

Receivable from UNESCO relates to funds held in UNESCO's cash pool. The credit risk exposure to that receivable is limited to the balance held in that cash pool. This risk is not significant due to the restrictions on the credit ratings (minimum A-) of banking institutions that UNESCO can transact with, and UNESCO's strong short-term liquidity position.

17.3 Liquidity risk

Liquidity risk is the risk that IESALC might not have adequate funds to meet its obligations as they fall due. IESALC ensures on the basis of cash flow forecasts and approved budget that it has sufficient cash on demand to meet expected operating expenses.

As at the year-end, IESALC's cash in hand and receivable from UNESCO amounted to 1 007 095 USD, which is higher than the current liabilities equalling 220 201 USD. Therefore, IESALC is not exposed to a significant liquidity risk.

17.4 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument fluctuates due to changes in foreign exchange rates. IESALC is exposed to foreign exchange risk on revenues and expenses denominated in foreign currencies. A 1% increase/decrease in exchange rate would not have a material impact on the financial statements.

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Foreign currency risk related to voluntary contribution activities is managed through individual project budget planning for foreign currency expenditure. Therefore, IESALC is not exposed to significant currency risk.

17.5 Interest rate risk

Interest rate risk arises from the effects of market interest rate fluctuations on the fair value of financial assets and liabilities and/or on future cash flows. IESALC is mainly exposed to interest rate risk on its financial interest-bearing assets. IESALC did not hold any investments as at 31 December 2023 and is not exposed to any significant interest rate risk.

17.6 Concentration risk

IESALC has a significant concentration of risk with UNESCO, who are the counterparty for 91% of IESALC's total assets as at 31 December 2023 (2022: 90%), IESALC considers this concentration of risk is sufficiently mitigated by the strong short-term liquidity position of UNESCO.

NOTE 18: CAPITAL MANAGEMENT

IESALC defines the capital that it manages as the aggregate of its net assets which is comprised of accumulated balances. IESALC's objectives in managing capital are to safeguard its ability to continue as a going concern to fund its asset base and to fulfil its mission and objectives. The IESALC's overall strategy with respect to capital management includes the balancing of its operating and capital activities with its funding on an annual basis.

IESALC's capital structure is managed in light of global economic conditions, the risk characteristics of the underlying assets and working capital requirements. IESALC manages its capital by reviewing on a regular basis the actual results against the budgets approved by the Governing Board.

NOTE 19: RELATED PARTY DISCLOSURES

Governing Bodies

IESALC is governed by a Governing Board, composed of representatives of nine Member States elected by the General Conference of UNESCO. The members are chosen for their competence and sit in a personal capacity and do not receive any remuneration from the Organization. The role of the Governing Board is to draw up the draft general programme and budget of IESALC for each biennium for submission to the General Conference as well as to ensure the consistency of the activities foreseen within the Education Sector's strategy and programme.

The Governing Board meets in ordinary session twice every year. The Board may meet in extraordinary session, if convened by IESALC's Director. The Board elects a President and a Vice-President. The mandates of the Board Members are for four years and such mandates conclude with the closures of the UNESCO General Conference.

The Director of IESALC shall be appointed by the Director-General from a short list of candidates who apply for the post after appropriate international announcement. The Director is remunerated by the Organization.

Services provided by UNESCO to IESALC

Transactions between IESALC and UNESCO, the controlling entity, are recorded on a gross basis. The services received without charge are not recorded. The main services received without charge are the following:

- Payroll management services
- Accounting services
- Information Technology services
- Internal audit services
- Legal services

Key Management Personnel

Key management personnel of IESALC is the most senior staff who has the authority and responsibility for implementing and directing the programme voted by IESALC Governing Board.

The aggregate remuneration paid to key management personnel includes net salaries, post adjustment, entitlements such as allowances, grants and subsidies, and employer pension and health insurance contributions. Advances are those made against entitlements in accordance with Staff Rules and Regulations. Advances are widely available to all UNESCO staff.

Key management personnel also qualify for post-employment benefits (Note 12) at the same level as other employees. Key management personnel are ordinary members of the UNJSP

The remuneration of key management personnel is as follows:

Year	Compensation and Post Adjustment	Entitlements (Allowances, Grants and Subsidies)	Pension and Health Plans	Total Remuneration 2023	Outstanding advances Education Grant	Outstanding salary advances
Expressed in US dollars						
2023	193 315	46 254	56 151	295 720	-	5 101
2022-Restated - NOTE 5 (unaudited)	191 119	50 761	52 885	294 765	46 284	-