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Financial Statements and Reports of the External Auditor for the Financial Year Ended 31 December 2024



Documentation for the 42nd Session of the ICAO Assembly in 2025

INTERNATIONAL CIVIL AVIATION ORGANIZATION



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**FINANCIAL STATEMENTS AND
REPORT OF THE EXTERNAL AUDITOR
FOR THE YEAR ENDED 31 DECEMBER 2024**

INTERNATIONAL CIVIL AVIATION ORGANIZATION

FINANCIAL STATEMENTS AND REPORT OF THE EXTERNAL AUDITOR

FOR THE YEAR ENDED 31 DECEMBER 2024

CONTENTS

	PAGE
PART I	REPORTS BY THE SECRETARY GENERAL
Presentation	I - 1
Statement of Internal Control (SIC)	I - 16
PART II	OPINION OF THE EXTERNAL AUDITOR
	II - 1
PART III	FINANCIAL STATEMENTS
Statement I	Statement of Financial Position III - 1
Statement II	Statement of Financial Performance III - 2
Statement III	Statement of Changes in Net Assets III - 3
Statement IV	Statement of Cash Flow III - 4
Statement V	Statement of Comparison of Budget and Actual Amounts III - 5
Notes to the Financial Statements	III - 6
PART IV	TABLES (UNAUDITED)
Table A	Regular Activities by Fund IV - 1
Table B	Regular Programme – Assessments Receivable from Member States IV - 3
Table C	Capacity Development and Implementation Project Activities by Group of Funds IV - 6
Table D	Trust Funds and Management Service Agreements IV - 7
Table E	Capacity Development and Implementation Project Activities – Civil Aviation Purchasing Service Funds IV - 8
Table F	Capacity Development and Implementation Project Activities – iPACK Funds Income, Expenses and Balance IV - 9
PART V	REPORT OF THE EXTERNAL AUDITOR TO THE ASSEMBLY ON THE AUDIT OF THE FINANCIAL STATEMENTS OF THE INTERNATIONAL CIVIL AVIATION ORGANIZATION FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2024 AND THE SECRETARY GENERAL’S COMMENTS IN RESPONSE TO THE REPORT OF THE EXTERNAL AUDITOR

PART I: REPORTS BY THE SECRETARY GENERAL

INTERNATIONAL CIVIL AVIATION
ORGANIZATION PART I: REPORTS BY
THE SECRETARY GENERAL
PRESENTATION

1. INTRODUCTION

1.1 In accordance with Article 12.4 of the Financial Regulations, I am honored to submit the ICAO financial statements for the year ended 31 December 2024 to the Council for consideration and recommendation to the Assembly for approval. As required by Article XIII of the Financial Regulations, the External Auditor's opinion and report on the 2024 financial statements, along with my comments (reflected in the Secretary General's Comments), are also submitted to the Council and Assembly.

2. FINANCIAL OVERVIEW

2.1 ICAO prepared its financial statements on an accrual basis in accordance with the International Public Sector Accounting Standards (IPSAS). Unless otherwise indicated, the financial statements, accompanying notes (which form an integral part of these financial statements), and this report are presented in Canadian dollars (CAD).

2.2 The report summarizes and further explains key information provided in the ICAO financial statements, including trends related to the financial position and the financial and budget performance of the Organization for 2024.

2.3 **Statement I** presents the financial position of the Organization. Table 1 below provides a high-level summary of the Statement I for the years 2024 and 2023.

Table 1: Financial Position
(Thousands of CAD)

	2024	2023	Variance
ASSETS			
Current Assets	555 062	423 123	131 939
Non-Current Assets	8 894	10 659	(1 765)
TOTAL ASSETS	563 956	433 782	130 174
LIABILITIES			
Current Liabilities	419 040	309 915	109 125
Non-Current Liabilities	134 939	128 470	6 469
TOTAL LIABILITIES	553 979	438 385	115 594
NET ASSETS (ACCUMULATED DEFICIT)	9 977	(4 603)	14 580
TOTAL LIABILITIES AND NET ASSETS	563 956	433 782	130 174

2.4 **Statement I** reports assets totaling CAD 564.0 million at 31 December 2024 (2023: CAD 433.8 million). These assets mainly consist of cash, cash equivalents, and investments amounting to CAD 521.0 million (2023: CAD 405.5 million), and assessed contributions receivable

from Member States totaling CAD 18.3 million¹ (2023: CAD 5.2million). Total liabilities amount to CAD 554.0 million (2023: CAD 438.4 million), including CAD 370.3 million (2023: CAD 269.8 million) in advanced receipts, primarily for Capacity Development and Implementation Programme (CDIP) activities, and CAD 142.5 million (2023: CAD 135.4 million) representing the estimated liability for employee benefits, recognized in accordance with IPSAS.

2.5 The financial ratios for 2024 and 2023, as summarized below, indicate a healthy overall financial position for ICAO in terms of liquidity. The quick ratio of 1.32 and current ratio of 1.28 indicate that the Organization has sufficient assets to pay off its current liabilities. The slight decrease from 2023 to 2024 indicates a marginal reduction in liquidity.

	2024	2023
Current ratio		
Current assets: current liabilities	1.32	1.37
Quick ratio¹		
Current assets less inventories, receivables, advances and other current assets: current liabilities	1.29	1.32

¹ The quick ratio measures the ability to meet short-term obligations with the most liquid assets (cash, cash-equivalents, investments, and short-term contributions receivable).

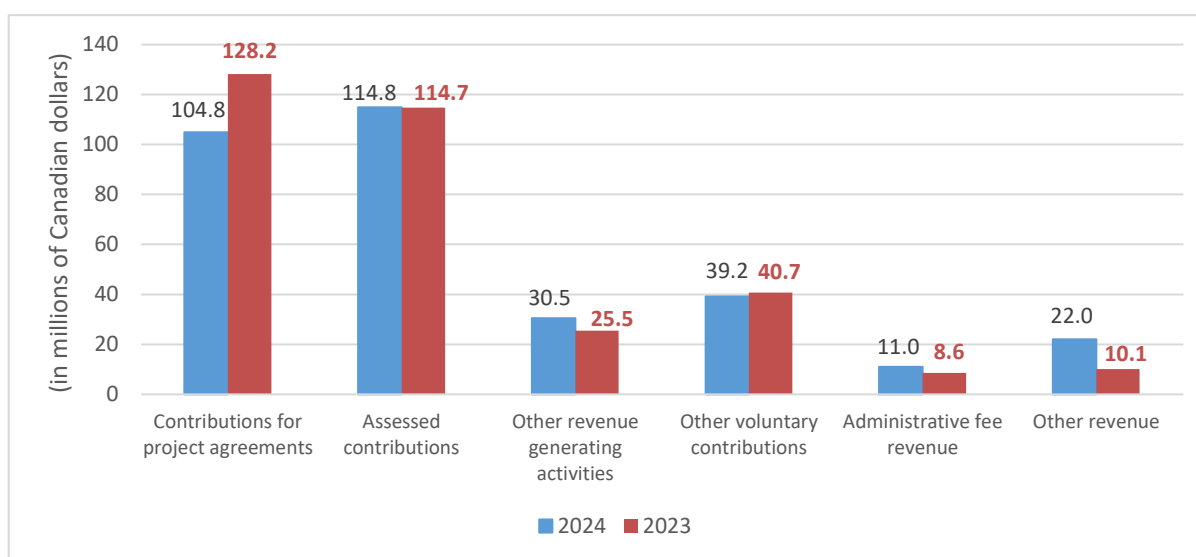
2.6 **Statement II** presents the financial performance for the year 2024. Table 2 below provides a high-level summary of the Statement II for the years ended 2024 and 2023.

Table 2: Financial Performance
(Thousands of CAD)

	2024	2023	Variance
Total Revenue	322 312	327 786	(5 474)
Total Expenses	309 362	325 887	(16 525)
Surplus/(Deficit) for the year	12 950	1 899	11 051

2.7 Total revenue decreased by CAD 5.5 million from CAD 327.8 million in 2023 to CAD 322.3 million in 2024. This decrease was due to reductions in contributions for project agreements (CAD 23.4 million) and voluntary contributions (CAD 1.5 million), offset by increases in other revenue (CAD 11.9 million), other revenue-generating activities (CAD 5.0 million), administrative fee revenue (CAD 2.4 million) and assessed contributions (CAD 0.1 million).

¹ The amount of the non-current contributions receivable has been discounted for presentation purposes to comply with IPSAS.

Figure 1: Revenue Breakdown for Years ended 2024 and 2023

2.8 Total expenses decreased by CAD 16.5 million, from CAD 325.9 million in 2023 to CAD 309.4 million in 2024. This decrease was driven by declines in expenses related to subcontracts (CAD 26.0 million), other expenses (CAD 2.1 million), meetings (CAD 0.9 million), training (CAD 0.5 million) and travel costs (CAD 0.3 million). These reductions were partially offset by increases in personnel expenses (CAD 10.3 million, of which CAD 7.8 million relates to professional and general service staff) and general operating expenses (CAD 2.9 million).

2.9 Revenue exceeded expenses by CAD 13.0 million in 2024 (2023: CAD 1.9 million). The total 2024 operating surplus is mainly attributable to surpluses in the AOSC Fund (CAD 11.1 million), ARGF (CAD 4.1 million), Regular Budget Funds (CAD 3.3 million), Environment Funds (CAD 2.3 million) and SAFE Funds (CAD 1.4 million). These surpluses were partially offset by a deficit in Revolving Fund (CAD 8.7 million). Explanations on the financial results of the main funds referred above are provided in Section 3.

2.10 **Statement III** reports accumulated net assets of CAD 10.0 million as at 31 December 2024 (2023: deficit of CAD 4.6 million). The accumulated deficit is CAD 71.7 million, and reserves are CAD 81.7 million. The net assets increased in 2024 by CAD 14.6 million, primarily due to a surplus of CAD 13.0 million and actuarial gain of CAD 1.8 million on After-Service Health Insurance (ASHI).

2.11 **Statement IV** provides a breakdown of movements in cash and cash equivalents, which increased by CAD 20.8 million, from CAD 235.0 million at 31 December 2023 to CAD 255.8 million at 31 December 2024. The increase was mainly due to CAD 94.0 million growth from operating activities, mainly from deferred CDIP contracts for future implementation, partially offset by CAD 73.3 million reduction in cash from investing activities.

2.12 **Statement V** shows a comparison between the Regular Budget and actual amounts. This Statement also reflects the status of appropriations including transfers and the amounts charged

against the appropriations as required by Financial Regulation 12.1. **Statement V** also includes the budget of the Administrative and Operational Services Cost Fund (AOSC), which is publicly available and must be disclosed in accordance with IPSAS. More information on budget performance is provided in Section 3.

3. BUDGET PERFORMANCE AND FINANCIAL HIGHLIGHTS

Appropriations for Regular Budget

3.1 The budgetary appropriations for 2024, in thousands of CAD, are summarized below:

Original Appropriations (A41-28)	117 704
2023 Outstanding commitments	18 374
Carry-over from 2023	7 867
Approved 2024 Appropriations	143 945
2024 Outstanding commitments	(17 996)
Carry-over to following year (2025)	(4 885)
Revised 2024 Appropriations	121 064

3.2 **2023 Outstanding Commitments.** In accordance with Financial Regulation 5.7, an amount of CAD 18.4 million was approved by the Secretary General to supplement the 2024 appropriations, primarily for payment of outstanding commitments for the year ended 31 December 2023.

3.3 **Carry-over from 2023.** Unutilized appropriations for the year ended 2023 amounted to a total of CAD 7.9 million, which is less than 10 per cent of the 2023 approved appropriation. In accordance with Financial Regulation 5.6, the Secretary General authorized to carry over the balance to supplement the 2024 appropriations.

3.4 **2024 Outstanding Commitments.** The value of commitments at the end of 2024 for which delivery is expected in 2025 amounted to CAD 18.0 million. Pursuant to Financial Regulation 5.7, this amount has been reserved and carried forward to 2025, to meet existing legal obligations (also see Table 3, column (d).

3.5 **Transfers.** In compliance with Financial Regulation 5.9, the Secretary General authorized transfer of appropriations from one Strategic Objective, Transformational Objective or Supporting Strategy, to another, up to an amount not exceeding 20 per cent of the annual appropriation for each of the Strategic Objectives, Transformational Objective or Supporting Strategy to which the transfer is made.

3.6 **Carry-over from 2024.** Unutilized 2024 appropriations amounted to CAD 4.9 million, or 3.4 per cent of the 2024 Approved Appropriations of CAD 143.9 million. Under Financial Regulation 5.6, the Secretary General authorized to carry-over CAD 4.9 million for mission-critical and priority activities that were not funded in the 2025 budget, including those activities that had to be deferred due

to unavoidable implementation delays in 2024.

3.7 As a result of the changes outlined in the preceding paragraphs, the Revised Appropriation for the year amounted to CAD 121.1 million.

3.8 Table 3 provides a comparison between Budget and Actual amounts for the Revenue and Expenses of the Regular Budget General Fund:

Table 3: Revenue and Expenses of the Regular Budget General Fund

(Thousands of CAD)

	<u>2024</u> <u>Budget</u>	<u>Actual</u> ¹	<u>Exchange</u> <u>Differences</u>	<u>2024</u> <u>Outstanding</u> <u>Commitments</u>	<u>Actual on a</u> <u>comparable</u> <u>basis</u>	<u>Difference</u>
	(a)	(b)	(c)	(d)	(e)	(f)
					= (b)+(c)+(d)	=(a)-(e)
REVENUE AND TRANSFERS						
Assessed Contributions	104 566	114 786	(11 675)		103 111	1 455
Other Revenue						
Transfer from ARGF Surplus	8 082	8 082			8 082	-
Operational Reserve	2 364	2 364			2 364	-
Reimbursement from AOSCF	1 856	1 856			1 856	-
Incentive Scheme	56	56			56	-
Miscellaneous Income	780	4 705			4 705	(3 925)
Currency exchange difference		8 391	(8 391)		-	-
	117 704	140 240	(20 066)		120 174	(2 470)
EXPENSES						
Staff salaries and employment benefits	112 313	108 940	(10 913)	9 322	107 349	4 965
Supplies, consumables and others	829	765	(62)	158	861	(32)
General operating expenses	25 228	17 764	(587)	8 481	25 658	(430)
Travel	4 393	4 515	(347)	-	4 168	224
Meetings	768	880	(205)	26	701	67
Other expenses	414	399	(85)	9	323	91
	143 945	133 263	(12 199)	17 996	139 060	4 885

¹ Actual revenues include transfers from the Operational Reserve Fund (CAD 2 364 thousand) and from the Incentive Scheme Fund (CAD 56 thousand). Expenses exclude the utilization from the Operational Reserve Fund (CAD 1 239 thousand).

3.9 **Explanation of Differences – Revenues and Transfers.** The overall budget of CAD 117.7 million (Table 3, column (a)) includes six main funding sources of the Regular Budget for 2024: Assessed Contributions, transfers from ARGF Surplus, Operational Reserve and Incentive Scheme, Miscellaneous Income, and Reimbursement from AOSC Fund. The difference of CAD 1.5 million between the budget and actual amounts for the assessed contributions on a comparable basis pertains to the discounted amount of the long-term contributions receivable, and the difference of CAD 3.9 million for miscellaneous income was mainly due to higher interest earned in 2024 than budgeted for.

3.10 **Explanation of Budget.** The overall budget of CAD 143.9 million (Table 3, column (a) - expenses) includes the 2024 original appropriations of CAD 117.7 million and CAD 26.2 million relating to the carry-over of unutilized appropriations and of 2023 Outstanding Commitments.

3.11 **Exchange Differences.** The exchange differences arise due to the need to convert transactions in currencies other than CAD to CAD using the UN rate of exchange in the preparation of the financial statements under IPSAS, and to convert revenue and expenses at budget rate for comparison with approved budgets. Budget exchange differences in (Table 3, column (c)) are composed of the following:

- a) The exchange gain of CAD 11.7 million on assessments represents the calculated positive differences between assessments budgeted at budget rate for the triennium and at the UN operational rate of exchange when assessments are levied. Since 2010, the split assessment system is in place and Member States are being invoiced partly in USD and partly in CAD. The USD/CAD exchange rate on 1 January 2024 (the date when invoices were raised in USD) was higher than the rate used in the 2024 budget, resulting in a positive difference to total assessed contributions of CAD 11.7 million; and
- b) The exchange difference of CAD 12.2 million on expenses is due to the difference in the rate of exchange used to prepare the budget versus the monthly UN rates of exchange applied to expenses during the year. This exchange difference has been allocated to actual expenses in order to restate at the approved budget exchange rate. The total expenses restated at the budget rate are included in Table 3, column (e).

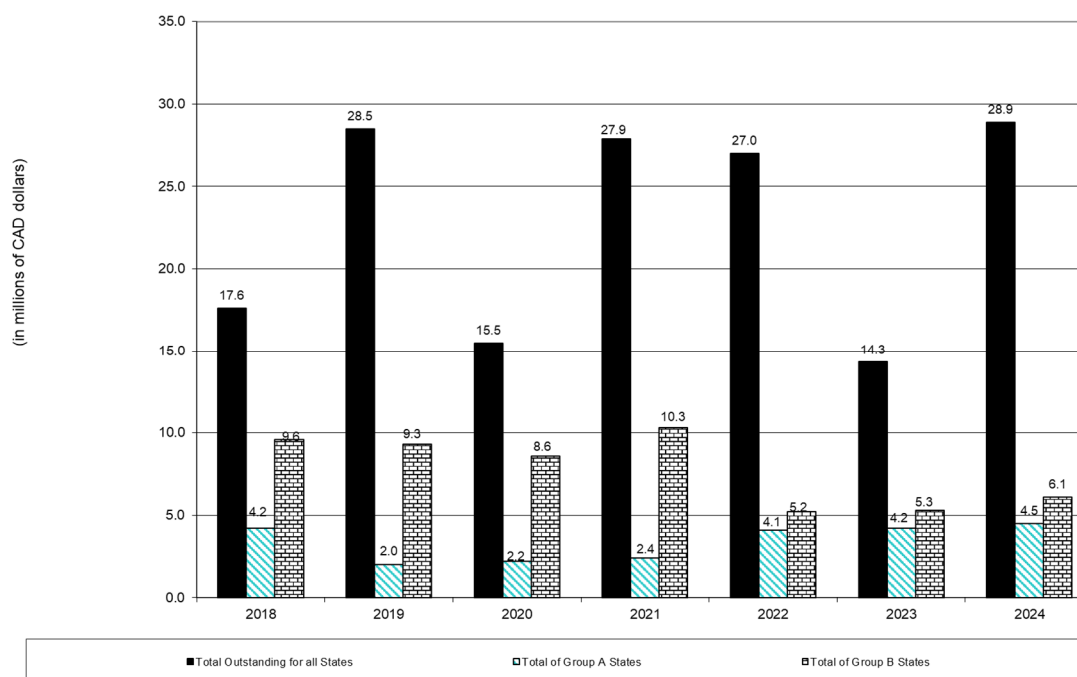
3.12 In this manner, the budgetary savings i.e., difference between budget and actual expenses, have been appropriately adjusted, as shown in Table 3, column (f). The currency exchange difference of CAD 8.4 million (Table 3, column (c)) recognized on the IPSAS basis, relates mainly to positive differences from the revaluation of assets and liabilities in CAD initially recorded in other currencies.

Assessment and Reporting Currencies

3.13 The Regular Budget assessments are determined using a split assessment system under which Member States are assessed partly in CAD and partly in USD based on estimated requirements in each currency in order to minimize the exposure to the exchange rate fluctuations. To ensure consistency and comparability between the approved budgets and the Accounts and Funds of the Organization, the financial statements are presented in CAD.

Assessments and Other Voluntary Contributions

3.14 During the year 2024, assessments totaling CAD 99.5 million were received and a balance of CAD 16.7 million remained outstanding at the year-end against the current year's assessments. At the beginning of the year, CAD 13.5 million was receivable from States in respect to 2023 and prior years; payment of CAD 3.3 million was received, leaving a balance outstanding of CAD 10.2 million. The assessment receivable for all years totaled CAD 27.0 million as at 31 December 2024 (including the Working Capital Fund (WCF) and exchange adjustments amounted to CAD 2.0 million from conversion of the USD component of assessments converted at CAD 1.442 for a re-valued assessment receivable balance of CAD 28.9 million. Details are provided in Table B of Part IV to this document. The percentage of receipts of contributions for the last four years in relation to the amount assessed averaged 88.0 per cent. Figure 2 shows the status of the assessed contributions receivable at the end of each year since 2018.

Figure 2: Assessments Receivable from Member States Trend 2018-2024

3.15 Of the total outstanding contributions of CAD 28.9 million at 31 December 2024, CAD 14.3 million pertained to States represented on the Council. The following table provides details of the assessments receivable by group of States:

Table 4: Assessments Receivable by Group of States

(Thousands of CAD)

	Number of States 2024	Amount Outstanding as at 31 Dec 2024	Number of States 2023	Amount Outstanding as at 31 Dec 2023
Group A: States that have concluded agreements with the Council to liquidate their arrears over a period of years	8	4 459	8	4 237
Group B: States with contributions in arrears of three full years or more that have not concluded agreements with the Council to liquidate their arrears	9	6 104	9	5 349
Group C: States with contributions in arrears for less than three full years	13	2 614	13	2 288
Group D: States with contributions outstanding only for the current year	21	15 030	25	1 783
Sub-total	51	28 207	55	13 657
The Former Socialist Federal Republic of Yugoslavia	-	737	-	674
Total Outstanding Contributions	51	28 944	55	14 331

3.16 As at 31 December 2024, eight States had concluded agreements to liquidate their arrears over a period of years. The agreements provide for these States to effect payment of the current year's contribution as well as an annual instalment payment towards the prior year's arrears. The note on Table B of Part IV to this document, indicates the States that had not complied with the terms of their agreements at 31 December 2024.

3.17 Major contributions received for the Regular Budget and other Funds in Regular Activities segment for 2024 are summarized in table 5 below:

Table 5: Top Twenty Contributions in Regular Activities*

(Thousands of CAD)

Member State	Assessments Received for 2024	Voluntary Contributions**	Gratis Personnel	Donated Right to Use - Premises	Total*
Canada	2 522	50	339	24 035	26 947
China**	15 937	904	1 306	-	18 147
United States	12 612	2 518	2 376	-	17 506
France	3 987	3 633	577	836	9 033
Japan	7 277	414	217	-	7 908
United Kingdom	4 336	1 273	-	-	5 608
Germany	5 556	-	-	-	5 556
Republic of Korea	3 673	809	260	-	4 742
Thailand	523	17	130	2 344	3 015
United Arab Emirates	2 302	344	210	-	2 856
Australia	1 930	909	-	-	2 838
Brazil	1 813	-	888	-	2 701
Italy	2 650	-	-	-	2 650
Qatar	1 848	471	181	-	2 499
Russian Federation	2 197	161	-	-	2 358
Türkiye	1 592	-	613	-	2 205
Spain	1 941	-	118	-	2 059
Netherlands	1 790	227	-	-	2 017
Saudi Arabia	1 244	-	451	-	1 694
Singapore	883	57	318	-	1 259
	76 614	11 786	7 983	27 215	123 599

* Refunds not deducted.

** Includes contributions in cash for secondees and the rental of the Regional Sub-Office in Beijing.

3.18 Total expenses in 2024, including those for seconded staff, gratis personnel, and premises provided without charge, by Strategic Objective, Transformational Objective and Supporting Strategy and for other activities (mainly relating to Revolving Fund, Ancillary Revenue Generation Fund, and Administrative and Operational Services Cost Fund which are detailed in the later part of the document) are shown in the table 6 below:

Table 6: Expenses by Strategic Objective, Transformational Objective and Supporting Strategy for the year 2024

(Thousands of CAD)

	Safety	Air Navigation Capacity and Efficiency	Security and Facilitation	Economic Development of Air Transport	Environmental Protection	Supporting Strategy	Transformational Objective	Others	Total
Regular Budget	39 139	24 492	17 186	5 798	7 540	32 534	7 812		134 501
Voluntary Funds and other Regular Activity funds	2 037	623	4 625	150	598	2 835	489	42 212	53 569
Donated Right to Use - Premises						28 235			28 235
Gratis Personnel	2 958	3 341	553	76	447	1 851	260		9 486
Total Expenses	44 134	28 456	22 364	6 024	8 585	65 455	8 561	42 211	225 791

Accumulated Surplus/Deficit, Cash Surplus, and Reserves

3.19 The cumulative surplus, excluding reserves in Net Assets for the Regular Budget as of 31 December 2024 (Table A of Part IV), amounted to CAD 31.1 million. Cumulative surplus less assessments receivable from Member States of CAD 27.0 million (Table B of Part IV) resulted in a cash surplus of CAD 4.1 million at 31 December 2024.

3.20 Reserves for the Regular Budget total CAD 38.9 million. This includes CAD 18.0 million to finance outstanding commitments from 2024 carried over to 2025, CAD 13.2 million in the Operational Reserve, a historical WCF balance of CAD 8.1 million, and a reserve for unrealized cumulative exchange differences of CAD 10.3 million. The reserve for unrealized cumulative exchange differences, is offset by an unrealized discount and provision on assessments receivable of CAD 10.7 million.

3.21 The combined net accumulated surplus and deficits of ICAO's Regular Activities Segment, including reserves, represent a surplus of CAD 10.6 million as at 31 December 2024. These amounts are presented in note 5.2 with additional details in Table A of Part IV of this document.

Revolving Fund

3.22 The Revolving Fund was established effective 1 January 2008 under Financial Regulation 7.8 to record all transactions relating to after-service health insurance (ASHI) benefits, including related unfunded liabilities, and any other unfunded liabilities and deficits of the Organization following the application of IPSAS. After-service benefits reflected in this Fund are for ASHI, annual leave and repatriation benefits. Since its inception, the Fund has accumulated annual deficits because the annual funding by the Regular Budget for these benefits is not sufficient to finance the annual accrued benefits. During 2024, the accumulated deficit of the Fund including reserves reached CAD 139.0 million at the end of the year as follows:

	Net Accumulated Deficit at end of 2023	CAD	132.1 million
Add:	Employee benefits accrued during the year	CAD	12.8 million
Deduct:	Benefits paid during the year	CAD	4.1 million
Deduct:	Actuarial gain on ASHI for 2024	CAD	1.8 million
	Net Accumulated Deficit at end of 2024	CAD	139.0 million

3.23 The ASHI liability is very sensitive to changes in actuarial assumptions. The actuarial gain on ASHI is mainly the result of changes in the currency allocation used to determine the actuarial liability (CAD 0.8 million) and other experience adjustments (CAD 1.0 million).

3.24 The accumulated ASHI and other employee benefits liabilities remain unfunded, and the pay-as-you-go approach applies.

Ancillary Revenue Generation Fund (ARGF)

3.25 In 2024, ARGF operating revenue amounted to CAD 29.0 million, while expenses amounted to CAD 16.9 million. This resulted in an operating surplus of CAD 12.1 million (34 per cent above budget).

After transfers of the required contribution of CAD 8.1 million to the Regular Budget, further contribution of CAD 0.3 million to ICAO Work Programmes, and expenses of CAD 0.3 million for projects funded from ARGF reserves, the net annual surplus amounted to CAD 3.4 million.

Table 7: ARGF Budgetary Comparison

(Thousands of CAD)

ARGF (excluding TRAINAIR PLUS and Commissariat)	Budget	Actual	\$ Variance
Revenue	30 715	32 380	1 665
Expense	30 479	28 315	(2 164)
Operating Surplus	236	4 065	3 829

3.26 TRAINAIR PLUS reported an operating surplus of CAD 0.6 million in 2024, while the Commissariat fund reported an operating surplus of CAD 21 thousand. A summary of the revenue and expenses for ARGF, TRAINAIR PLUS and the Commissariat fund in 2024 is presented in Table 8 below:

Table 8: ARGF Revenue and Expense

(Thousands of CAD)

	Revenue	Expense	Surplus / (Deficit)
Publications and Digital Content Sales	6 561	1 924	4 637
Printing and Distribution	735	742	(7)
Events	5 025	4 066	959
Training	6 986	4 882	2 104
Licensing	3 764	292	3 472
Delegation and Conference Services	3 075	2 350	725
Data Services	1 668	338	1 330
Administration, Product Management and Marketing	1 162	2 313	(1 151)
Total ARGF Operations	28 978	16 908	12 070
Amount Transferred to Regular Budget		8 082	(8 082)
Further Contribution to ICAO Work Programmes		293	(293)
Projects Funded from ARGF Reserves		291	(291)
Total ARGF after Contributions to RB	28 978	25 574	3 404
TRAINAIR PLUS	2 945	2 305	640
Commissariat	457	436	21
Net Surplus for the Year	32 380	28 315	4 065

3.27 The accumulated surplus and reserves for ARGF, TRAINAIR PLUS and Commissariat as at 31 December 2024 amounted to CAD 13.7 million. This amount includes CAD 10.1 million of restricted surplus and reserves, including operational reserves of 7.1 million, and CAD 3.0 million of reserves earmarked for the funding of ongoing projects (business development projects for CAD 0.6 million and Transformational Objective projects for CAD 2.4 million).

Table 9: ARGF Surplus

(Thousands of CAD)

	2024	2023
Net Assets as at 1 January	9 610	8 122
Impact of IPSAS 41 adoption		(584)
Adjusted Net Assets as at 1 January	9 610	7 538
Revenue	32 380	27 378
Expenses and transfers to RB	28 315	25 306
Net surplus / (deficit) for the year	4 065	2 072
Subtotal Net Assets as at 31 December	13 674	9 610
Restricted Surplus / Reserves		
Operational reserve	7 113	5 594
Earmarked for special projects	2 955	3 095
Subtotal Restricted Surplus / Reserves	10 068	8 689
Adjusted Accumulated Surplus as at 31 December	3 606	921

Administrative and Operational Services Cost Fund (AOSC)

3.28 The AOSC Fund is established to meet the cost of administration and operation of ICAO's CDIP and is primarily financed from support costs charged to CDIP projects, which are managed under various Trust Fund Agreements, Management Service Agreements (MSA), Civil Aviation Purchasing Services Agreements (CAPS) and ICAO Implementation Packages (iPacks) developments and deployments. The financial results for the AOSC Fund are reported in Table A of Part IV to this document. A budgetary comparison is presented in Statement V and Table 10.

3.29 Supplemental to the AOSC Fund, the Capacity Development and Implementation Bureau Efficiency and Effectiveness Fund was established by the Council (C-DEC 155/7 and increased in C/DEC 172/8) authorizing the Director of CDI to dispense, in any given year, up to 25 per cent of the AOSC Fund's annual surplus in the preceding year for the implementation of measures to improve the efficiency and effectiveness of CDIP in responding to Contracting States' needs. The expenditure for CDI Efficiency and Effectiveness Fund amounted to CAD 314 thousand in 2024 and the accumulated surplus stood at CAD 496 thousand as at 31 December 2024.

3.30 In addition, a Special Reserve Fund ("SRF") was established (C-DEC 200/2) for the CDIP to compensate for a possible shortfall caused by a decrease in the AOSC Fund income in any given year that would impact its ability to make the approved annual transfer to the Regular Budget as described in paragraph 3.35. There were no amounts drawn from the SRF since its inception in 2014. The SRF balance is CAD 3.5 million as at 31 December 2024. The annual transfers to the Regular Budget during those periods have been covered from the AOSC accumulated surplus as per the approved reimbursement mechanism.

Table 10: AOSC Fund Budget and Expenditures for 2024¹

(Thousands of CAD)

AOSC budget estimates submitted to Assembly ²	9 573		
	Budget³	Actual	\$ Variance
Budget / Income	21 633	22 637	1 004
Expenditures	11 148	11 174	26
Surplus / (deficit) for the year	10 485	11 463	978

¹ Excludes CDI Efficiency and Effectiveness Fund (total expenses in CAD 314 thousand for the year 2024).² Approved by the Assembly in 2022 (A41).³ Noted by the Council at its 233rd Session (TC-WP/160).

3.31 As indicated above, the Assembly approved the indicative budget estimates of the AOSC Fund amounting to CAD 9.6 million for the financial year 2024. During the year, pursuant to Financial Regulation 9.5, the Secretary General submitted to the Council an update of the 2024 estimates for income (CAD 21.6 million) and expenditure (CAD 11.1 million) in TC-WP/160.

3.32 The actual AOSC Fund² financial performance showed an excess of CAD 1.0 million in AOSC income versus the revised budget (233rd Session), mainly as the result of an increase in administrative income from a higher implementation volume, as well as an increase in investment income due to higher interest rates in 2024. The above resulted in the amount of CAD 11.5 million excess in income over expenditure.

3.33 The accumulated surplus for AOSC as at 31 December 2024 reflected in Table A of Part IV to this document is CAD 26.7 million.

Table 11: AOSC Surplus

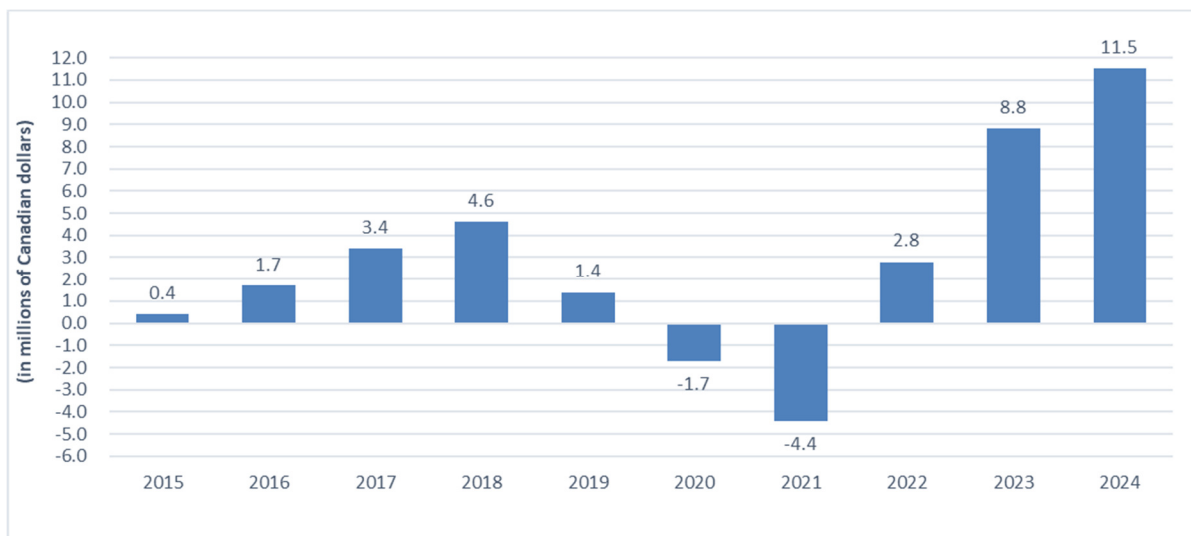
(Thousands of CAD)

	2024	2023
Accumulated surplus as at 1 January	20 577	11 998
Revenue	22 637	20 233
Expenses	11 488	11 654
<i>Net surplus / (deficit) for the year</i>	<i>11 149</i>	<i>8 579</i>
Transfer to Operational Reserve (C-DEC 232/3)	(5 000)	
Sub-total accumulated surplus / (deficit) as at 31 December	26 726	20 577
Restricted surplus		
Efficiency and Effectiveness Fund	496	810
Special Reserve Fund	3 507	1 560
Sub-total restricted surplus	4 003	2 370
Adjusted surplus / (deficit) as at 31 December	22 723	18 207

² Exclude CDI Efficiency and Effectiveness and Special Reserve Funds

3.34 The following figure reports on the trend in the annual excess/(shortfall) over the last ten years in millions of CAD:

Figure 3: AOSC Fund Surplus and Shortfall Trend 2015-2024



3.35 During the 41st Session of the Assembly, the Administrative Commission recommended that the question of sharing costs between the Regular Budget and AOSC Fund be reported to the Council for review. The Council had considered this issue and approved the amount of CAD 1.9 million to be recovered annually from the AOSC Fund for Regular Budget support directly related to projects continuing for the 2023-2025 triennium.

Capacity Development and Implementation Programme

3.36 The CDI Bureau manages the CDIP, a permanent priority activity of ICAO which complements the role of the Regular Programme by supporting Member States in their implementation of ICAO regulations, policies and procedures as stated in Assembly Resolution A36-17. Through this Programme, ICAO provides a broad spectrum of services, including: assistance to States in the review of the structure and organization of national civil aviation institutions; updating the infrastructure and services of airports; facilitating technology transfer and capacity building; promoting ICAO Standards and Recommended Practices (SARPs), and Air Navigation Plans (ANPs); and supporting remedial action resulting from the Universal Safety Oversight Audit Programme (USOAP) and the Universal Security Audit Programme (USAP) audits.

3.37 A rolling three-year Operating Plan for CDI Bureau is prepared in close coordination with the Technical Co-operation and Implementation Support Committee, setting the goals and strategies to be followed during the current period with the aim of improving the governance, efficiency and quality of ICAO's CDIP activities. Consequently, continued efforts are being undertaken to ensure the sustained improvement of the AOSC financial situation through the diversification of CDIP's products and services (i.e., iPacks), enhanced collaboration with Regional Offices leading to the identification of short-, medium, and long-term opportunities for project implementation, increased implementation support through the alignment of technical assistance and technical co-operation activities, the review of CDIP's organizational structure in line with its Business Model, and the introduction of cost savings and efficiency measures.

3.38 CDIP represents one of the activities of the Organization. Projects are financed by governments and other donors with inflows of CAD 102.5 million and outflows of CAD 103.38 million in 2024. These figures show a steady improvement over the results of the last three years (2021-2023) but still less than the average achieved in the pre-pandemic triennium 2017-2019. Tables C to E in Part IV of this document provide more details on CDIP, summarized by the following figures in millions of CAD.

Figure 4: CDIP Expenses by Geographic Region

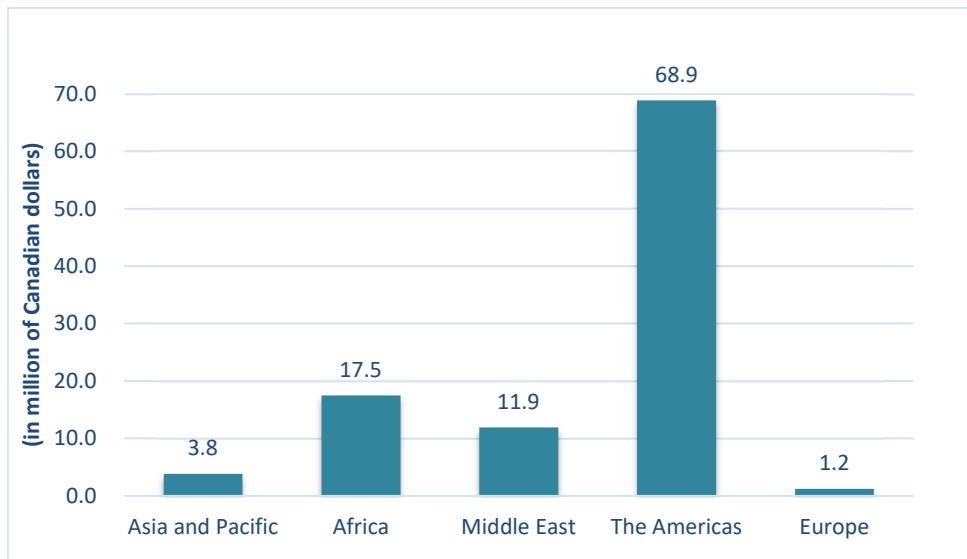
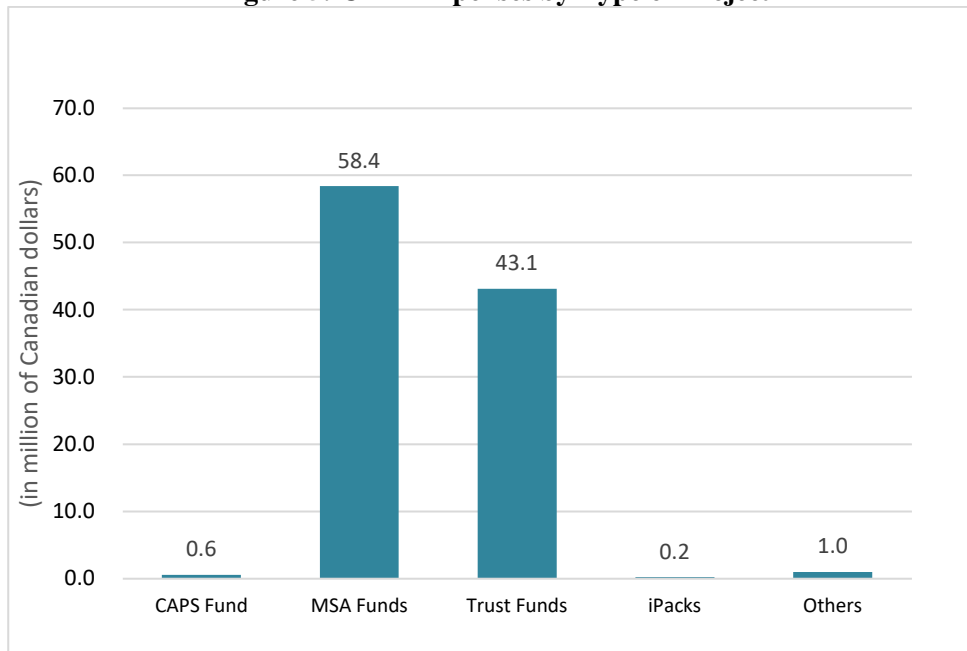


Figure 5: CDIP Expenses by Type of Project



4. RESPONSIBILITY OF MANAGEMENT


Pursuant to the ICAO Financial Regulation 12.1, the Secretary General is required to submit annual financial statements in accordance with the International Public Sector Accounting Standards (IPSAS) adopted by the United Nations organizations. The financial statements include Statement of Financial Position (Statement I), Statement of Financial Performance (Statement II), Statement of Changes in Net Assets (Statement III), Statement of Cash Flow (Statement IV) and Statement of Comparison of Budget and Actual Amounts (Statement V). The financial statements also include the status of Regular Budget appropriations and credits not budgeted for by the Assembly are reflected in this document.

Management is responsible for the preparation, integrity and objectivity of the financial information included in the financial statements. These statements have been prepared in accordance with the IPSAS and include certain amounts that are based on management's best estimates and judgements. Financial information contained throughout this document is consistent with that in the audited financial statements. Management considers that the financial statements present fairly the Organization's financial position, financial performance, and its cash flows, and that the information disclosed in the document is presented in accordance with IPSAS and the provisions of the ICAO Financial Regulations.

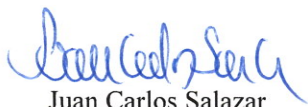
To fulfill its responsibility, the Organization maintains systems of internal controls, policies and procedures to ensure the reliability of financial information and the safeguarding of assets. The internal control systems are subject to both internal and external audit.

The Council has the responsibility to consider and to recommend the financial statements to the Assembly for approval and has the power to request amendments to these statements after issuance by the Secretary General.

As Chief, Finance Branch of the International Civil Aviation Organization, I hereby certify, that to the best of my knowledge, information and belief, all material transactions have been properly charged in the accounting records and are properly reflected in the Financial Statements included in this document.


Olga Nam
Chief, Finance Branch

As the Secretary General of the International Civil Aviation Organization, I hereby approve and submit this financial report of ICAO, accompanied by the financial statements and tables for the year 2024.


Juan Carlos Salazar
Secretary General

Montréal, Canada
5 May 2025

STATEMENT OF INTERNAL CONTROL (SIC)

Scope of responsibility

1. As Secretary General of the International Civil Aviation Organization (ICAO), in accordance with the responsibility assigned to me and, in particular, Article XI of the Financial Regulations, I am responsible for maintaining a sound system of internal control and am accountable to the Council for oversight.

Purpose of the system of internal control

2. The system of internal control is designed to manage and mitigate to an acceptable level the key risks that may adversely impact the achievement of the Organization's mandate and Strategic Objectives. Therefore, the Statement on Internal Control (SIC) can only provide a reasonable and not absolute assurance on the effectiveness of the system of internal controls. It is based on an ongoing process designed to identify the key risks, evaluate the nature and extent of those risks, and manage them efficiently and effectively.

3. Internal control is a process, effected by the Governing Bodies, the Secretary General, senior management, and other personnel targeting for:

- Effectiveness and efficiency of operations and safeguarding of assets;
- Reliability of financial reporting;
- Compliance with applicable policies, procedures, regulations, and rules; and
- Effective communications and monitoring.

4. Thus, on an operational level, ICAO's internal control system is not solely a policy or procedure that is performed at certain points in time, but rather a process that is continually operated at all levels within the Organization through internal control mechanisms to ensure the above aims are achieved.

5. My current statement on ICAO's internal control processes applies for the year which ended on 31 December 2024, and up to the date of the approval of the Organization's 2024 financial statements.

6. The following provides an overview of the actions undertaken or matters considered to solidify the internal control systems and processes in 2024.

New Accountability Framework

In June 2024 (C-DEC 232/11), the Council approved a new ICAO Accountability Framework (AF). The Secretariat component of the AF commenced implementation in 2024 and is expected to continue in 2025 and 2026.

Risk management and control framework

7. ICAO's Enterprise Risk Management and Internal Control (ERM) Framework, endorsed by the Council in 2021 (C-DEC 222/4), sets out the guiding principles of risk management, roles and responsibilities, processes, monitoring and review of risks, and risk documentation. A key component of the Framework is the risk register process that was introduced in 2020 to provide a coordinated, structured, and methodical approach to managing risks. Risk registers are maintained at three levels: (1) ICAO-wide level risks, which are reported annually to the Council ("Corporate Risk Register"), (2) Bureau/Office level, where risks are mitigated and monitored by each Bureau/Office, and (3) Project level, where risks are identified and reported by project.

8. The ERM Reference Group comprises Directors of Bureaus and Heads of Offices directly reporting to the Secretary General, and provides oversight and guidance on the ERM Framework and its implementation.

9. In April 2024, the ERM coordination function was transferred to the Finance Branch (FIN). FIN works closely with the Bureaus and Offices at Headquarters and Regional Offices to increase the risk management knowledge and maturity of the Organization, based on annual roadmaps presented at each ERM Reference Group meeting to guide risk management activities every year. During 2024, the focus was on the design of risk training materials and processes adapted for management and all staff levels to support ERM; monitoring of corporate and high-rated Bureau/Office risks; consolidation of the Regional Offices' risk registers; and introduction of project risks reviews, automation of the Management Assurance Statement and Declaration (MASD) questionnaire, and integration of risk management into the next triennium's business planning (2026-2028).

10. ICAO continues to work closely with other entities of the United Nations (UN) system and actively participates in the High-Level Committee on Management (HLCM) to ensure a continuous improvement of its ERM Framework, taking into account best practices and lessons learnt from other UN entities.

11. The Framework is supported by a range of assertions, confirmed by senior managers, on key internal controls and compliance with policies, procedures and processes underpinned by appropriate ethical values, documented in the Management Assurance Statement and Declaration (MASD) self-assessment questionnaires and demonstrated in ICAO's day-to-day operations. As in previous years, senior management has submitted MASD on the effectiveness of internal controls in their areas of responsibility.

12. In the first Quarter of 2024, the Office of Internal Oversight (OIO) conducted a planned review of the preparation of the annual SIC and concluded that ICAO's internal controls over the process for the preparation of the annual SIC to be generally adequate and effective. OIO made two recommendations related to strengthening the SIC preparation process to provide the Secretary General with increased assurance before the SIC is signed, and to reduce internal control weaknesses by following up on deficiencies noted in the annual declaration exercise. With the introduction of a new online MASD form and implementation of the two recommendations, the 2024 MASD questions were streamlined and revised for better monitoring and validation of the annual MASD, enhancing the reporting and allowing greater assurance for the Secretary General when certifying the annual SIC.

13. The results of the 2024 MASD highlighted the need for continued improvement in the areas of business continuity, performance management and follow up of oversight recommendations.

Significant matters arising during the year

14. Control weaknesses identified in individual internal oversight reports, referred to in the 2024 Annual Report of OIO to the Council (CG-WP/33), and in reports issued by the Evaluation and Audit Advisory Committee (EAAC) (C-WP/15633) and the external auditor, the Swiss Federal Audit Office (SFAO), are being addressed through corresponding Secretariat Management Action Plans that are regularly monitored by the respective oversight functions. In the Pre-interim Audit of the 2024 Financial Statements, SFAO concluded that the Organization has put in place appropriate entity-level controls with regards to the preparation of the financial statements and that these controls are being continuously improved.

15. The EAAC noted the appointment of a new Specialist in Administrative Law, Policy, and Disciplinary Matters (SLPDM) and Ombudsperson in 2024, to strengthen the internal conflict resolution process. These functions aim to enhance an ethical environment in the Organization and to support staff in managing and resolving conflict. In addition, an ERM Officer post was created, the recruitment for which is ongoing.

16. The OIO noted the following key risks and opportunities for enhancement identified in 2024, and management is implementing actions to address issues raised:

- **Enterprise Resource Planning and Project Portfolio Management (ERP/PPM) rollout and stabilization:** the ERP/PPM project team will continue to streamline the processes and controls to ensure users are adequately trained in the ERP;
- **Effective coordination of Information Security and Digital Transformation initiatives:** ICAO continues to progress in mitigating information security risks through the ongoing implementation of the Information Security Roadmap, staff awareness and training, and through enhanced coordination between the first-line Information Communications Technology operations and the second-line Information Security function;
- **Monitoring implementation of the ICAO Transformational Objective (TO) for expected benefits:** the Secretariat completed actions to address conclusions in OIO's Mid-term Assessment of the Implementation of the TO to ensure that the expected benefits are well-defined and monitored;
- **Operationalization of the Accountability Framework (AF):** operationalizing and communication of the Accountability Framework, approved by the Council in June 2024, commenced in 2024 and will continue in order to be embedded into day-to-day operations;
- **Assurance mapping with a special attention to the second-line management monitoring culture and oversight, including findings from reviews of procurement and project lifecycle:** since fall of 2024, ICAO has embarked on the formulation of the triennium budget of the Organization for 2026-2028. Subject to fund availability, efforts can be on OIO's recommendation to create a mature second-line monitoring culture and oversight function for ICAO's processes. In addition, reporting of high-rated Bureau and Office risks to the ERM Reference Group began at the end of 2024 as part of ICAO's risk management reporting process;
- **Organizational culture:** as part of the HR People First Strategy to deliver key elements of the TO and as a key enabler of change, a Cultural Transformation project is in progress in 2024 to support performance management and workforce development;

- **Implementation of oversight recommendations:** while good progress has been made by management to close recommendations, timely implementation of recommendations arising from internal and external audits was a challenge across ICAO in 2024, including oversight fatigue; and
- **Gender equality:** there are inherent risks in advancing the UN System-wide Action Plan (UN-SWAP 2.0) due to the technical nature of ICAO's mandate and limited resources to mainstream gender equality. ICAO's Gender Equality Programme will be evaluated by OIO in 2025.

17. No new corporate risks were reported in 2024. Since the previous report, three medium-rated corporate risks were reduced to a low level, where two of these risks were moved into the "Watchlist" to be monitored annually rather than reported at each ERM Reference Group meeting. As a result, ICAO currently has 13 corporate risks. The key risks faced by ICAO in 2024, and corresponding mitigation actions, are summarized in the following four risk categories:

17.1. **Strategic Risks:** Similar to the previous year, the key risk ICAO faced in 2024 is the inability to meet its Business Plan targets primarily due to insufficient resources and workforce planning. Additionally, although the funding gap for the TO projects has been substantially minimized by the end of 2024, the risk of insufficient cultural shift achieved during the TO triennium period at ICAO continues to be highlighted.

Control and mitigation:

- a) Ongoing controls and mitigation actions were reviewed in 2024 but not fully implemented. The Corporate Performance and Monitoring Reporting (CPMR) tool developed in 2022 was not enhanced in 2024 as planned due to competing priorities. Additional funding was approved by the Council in June 2024 to support PFA activities;
- b) Although all Bureaus and Offices are undertaking recruitments and complying with ICAO Staff Code, Staff Rules and Personnel Instructions, meeting the deadlines to complete the Performance and Competency Enhancement (PACE) reports on time could be improved. With the continued implementation of the People First Strategy during the 2023-2025 triennium, it is anticipated that additional recruitment, training, and accountability mechanisms will be implemented to mitigate the risk of insufficient workforce planning.
- c) The effective implementation of the Culture Transformation, Leadership Development, ERP-PPM, and Results-Based Management Projects, and the associated change management plans, in this triennium, will set the example from the top and demonstrate the desired change in leadership behaviours, leading to more efficiencies and better utilization of limited resources.

17.2. **Operational Risks:** Four operational risks continued to be monitored in 2024. These relate to potential risks of a cyber-threat/cyber-attack, reliance on non-staff personnel, need for a new centralized document management system, and misuse of intellectual property, all of which could affect reputation, financial stability, and efficiency. Technology risks continue to be monitored at ICAO in 2024, including risks relating to the implementation of the ERP. Responding to and monitoring of cyber information security risks requires ongoing strengthening for organizational resilience, especially in the areas of potential data, business continuity, and disaster recovery. ICAO began the ISO 27001 certification process for Information Security in 2024. Until certification and the ICT Roadmap are fully delivered and effectively sustained, risks in the IT environment and related assurance recommendations will remain outstanding as noted in the EAAC's annual report (C-WP/15633).

Control and mitigation:

- a) Implementation of the ICT Strategy and Action Plan and Information Security Roadmap were on track in 2024 with no significant IT or cyber-attacks reported in 2024. Data privacy at ICAO remains a risk due to lack of a formal policy. Nevertheless, ongoing staff training will continue to raise more cybersecurity awareness.
- b) Further mitigation actions to address the reliance on non-staff personnel include aligning the resource budget with ICAO's Strategic Objectives by analyzing how many consultants are working on core activities and how many of those positions could be considered for regularization in the 2026-2028 budget process. ICAO continues to monitor the risk based on the approved Regular Budget.
- c) The project to update the ICAO-NET platform in this triennium will include development of a technical solution and procedures to better protect ICAO's data, products and services.
- d) In addition, the Document Management System project, under the Digital Transformation, started in 2023 and its implementation is currently in progress.

17.3. **Compliance/Legal Risk:** The risks include potential breaches of obligations in terms of upholding ethical behaviors, principles, and standards of conduct, as well as insufficient resources to support the implementation of the Anti-Fraud and Anti-Corruption (AFAC) Policy that aims to prevent potential fraud and corruption activities. Another compliance risk was external in nature, whereby many States have not ratified all three of the aviation security treaties (Beijing Convention of 2010, Beijing Protocol of 2010, Montreal Protocol of 2014), which resulted in challenges for ICAO to establish a global framework to effectively deal with emerging aviation threats.

Control and mitigation:

- a) In addition to the hiring of a dedicated Ombudsperson and SLPDM in 2024, the outsourcing of investigative services to the United Nations Office of Internal Oversight Services (OIOS) continued in 2024 to ensure that ICAO has effective mechanisms to report and address allegations of misconduct. In addition, continuous mandatory training is a prerequisite in order to embed the ICAO Framework on Ethics and to create a harmonious and ethical work environment for all personnel. The SLPDM is also coordinating the activities pertaining to the AFAC Policy and related staff training.
- b) The Legal Affairs and External Relations Bureau (LEB) continued its outreach to States in 2024, to promote understanding and acceptance of the treaties that remain unratified. Doing so through regional seminars, workshops, coordination with Regional Directors and presentations at high-level regional events. Ratification continues to be a challenge for ICAO, reaching a level of less than 25% of the States in 2024. The Secretary General and the President of the Council continue to promote the ratification of these treaties.

17.4. **Financial Risks:** Four financial risks remained in the risk register in 2024, including insufficient implementation of policy and governance with respect to cost recovery mechanisms, late payments of assessments by Member States impacting cash flow, unfunded long-term liability from After-Service Health Insurance (ASHI) increasing budgetary pressure, and the Capacity Development and Implementation Bureau's unpredictable surplus generation in the AOSC fund due to annual fluctuations in the trend of implementation support projects and programmes requested by States. Of these four risks, one related to

cost recovery was reduced to low and moved to the Watchlist. Although the above-mentioned risks did not affect ICAO's cash flow in 2024, these risks are inherent, monitored, and assessed semi-annually to ensure that adequate cash flow is maintained for ICAO to fulfill its annual programme and project activities:

Control and mitigation:

- a) The risk of late payments of assessments by Member States impacting cash flow is inherent and has ongoing mitigation actions that include periodic monitoring of the status of the assessment collection and follow-up with States, as well as ongoing monitoring of the cash position and ensuring that the expenses are maintained within available financial resources. The assessment collection rate decreased from 96.4% in 2023 to 85.6% in 2024. This decrease is primarily due to a major contributor whose 2024 dues have been partially settled only in January 2025. Early 2025, the same contributor announced a re-evaluation of its international funding priorities. The Secretariat will continue to monitor and assess the potential impact of such decisions and will report in subsequent periods.
- b) Funding of the ASHI long-term liability remains an ongoing financial liability risk to ICAO. EAAC noted developments around ASHI assurance processes and the new funding decisions in respect of funding for ASHI costs arising from extra-budgetary contributions; and
- c) Lastly, although the AOSC Fund achieved a surplus in 2024 as a result of improved performance and implementation of several mitigating controls and actions, and a favourable high interest and exchange rate environment, an inherent risk remains that AOSC may not be able to generate a consistent surplus every year, even as CDI continues to expand its portfolio of products and services.

Review of effectiveness

18. My review of the effectiveness of the system of internal controls is mainly informed by:

- a) The Directors of Bureaus and Heads of Offices who play an important role in the system of internal control and are accountable, within the delegated authority, for organizational outputs, programme/project performance, managing their Bureaus/Office activities, and safeguarding the resources entrusted to them. Reliance is placed on the senior managers' personal digital attestation in the MASD self-assessment questionnaires submitted for the year 2024, which identified control issues and remedial actions taken, and concluded on the effectiveness of the internal controls in their areas of responsibility. Additionally, reliance is placed on information shared during meetings held by the Senior Management Group (SMG).
- b) The audit, evaluation, and advisory reports of the OIO and the External Auditor, which provide reports on both the compliance of the accounts with the financial regulations and on the governance, risk management and internal controls, as well as the operational performance of selected areas of ICAO. These reports provide independent and objective information on compliance and programme effectiveness, together with recommendations for addressing risks and achieving operational improvements;
- c) The Ethics Adviser who provides confidential advice and guidance to the management and staff on ethics and standards of conduct, as well as advice to the Council on policies and procedures related

to ethics issues, promotes ethical awareness, administers the policy for the protection of staff against retaliation and administers the financial disclosure and conflict of interest declaration programme;

- d) The EAAC which reviews the accounting and financial reporting process, the system of internal control, the risk and audit process, and the compliance with financial regulations and rules, provides advice to the Council on these matters (Annual Report of the EAAC (C-WP/15633) refers); and Council's observations and decisions.

19. A system of internal control, no matter how well designed has, however, inherent limitations including the possibility of circumvention and, therefore, can provide only reasonable assurance. Furthermore, because of changes in conditions, the effectiveness of internal control may vary over time.

Statement

20. Based on the content of this statement and the evidence that underpins it, I consider that, to the best of my knowledge and information, there have been no material weaknesses that would affect the reliability of the Organization's financial statements, nor are there significant matters arising which would need to be raised in the present document pertaining to the financial year 2024.



Juan Carlos Salazar
Secretary General
Montréal, Canada

5 May 2025

PART II: OPINION OF THE EXTERNAL AUDITOR



Ref. 951.24802.002

External Auditor's Report

To the Assembly of the International Civil Aviation Organization (ICAO)

Report on the audit of the financial statements

Opinion

The Swiss Federal Audit Office (SFAO) has audited the financial statements of the International Civil Aviation Organization (ICAO), which comprise the Statement of financial position as at 31 December 2024, the Statement of financial performance, the Statement of changes in net assets, the Statement of cash flow and the Statement of comparison of budget and actual amounts for the year then ended, and the Notes to financial statements, including a summary of the significant accounting policies.

In the opinion of SFAO, the financial statements fairly present, in all material aspects, the financial position of ICAO as at 31 December 2024 and its financial performance and cash flows for the year then ended in accordance with International Public Sector Accounting Standards (IPSAS) and the ICAO Financial Regulations.

Basis for opinion

SFAO conducted its audit in accordance with the International Standards on Auditing (ISA). Its responsibilities under those standards are further described in the section "Responsibilities of the External Auditor for the audit of the financial statements" of this report. SFAO is independent of ICAO in accordance with the rules of professional conduct that are relevant to the audit of financial statements in Switzerland, and it has fulfilled its other ethical responsibilities in accordance with these requirements. It believes that the audit evidence it has obtained is sufficient and appropriate to provide a basis for its opinion.

Other information

The Secretary General is responsible for the other information in the financial report. The other information comprises all information included in the financial report, but does not include the financial statements (part III of the financial report) and the External Auditor's reports thereon (parts II and V of the financial report).

The External Auditor's opinion on the financial statements does not cover the other information in the financial report and SFAO does not express any form of assurance conclusion thereon.

In connection with its audit of the financial statements, SFAO's responsibility is to read the other information in the financial report and, in doing so, consider whether the other information is

materially inconsistent with the financial statements or its knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work it has performed, SFAO concludes that there is a material misstatement of this other information, it is required to report that fact. SFAO has nothing to report in this regard.

Responsibilities of the Secretary General and Those charged with governance for the financial statements

The Secretary General is responsible for the preparation and fair presentation of the financial statements in accordance with IPSAS and the ICAO Financial Regulations, and for such internal control as the Secretary General determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Secretary General is responsible for assessing the ability of ICAO to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Secretary General either intends to liquidate the organisation or to cease operations, or has no realistic alternative but to do so.

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

Responsibilities of the External Auditor for the audit of the financial statements

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

As part of an audit in accordance with ISA, SFAO exercises professional judgement and maintains professional scepticism throughout the audit. In addition, SFAO also:

- Identifies and assesses the risk of material misstatements of the financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risk, and obtain audit evidence that is sufficient and appropriate to provide a basis for its opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the ICAO's internal control.
- Evaluates the appropriateness of the accounting policies used and the reasonableness of the accounting estimates and related disclosures made.
- Concludes on the appropriateness of the Secretary General's use of the going concern basis of accounting and, based on the evidence obtained, whether a material uncertainty exists related

to events or conditions that may cast significant doubt on ICAO's ability to continue as a going concern. If SFAO concludes that a material uncertainty exists, it is required to draw attention in its auditor's report to the related disclosures in the notes to the financial statements or, if such disclosures are inadequate, to modify its opinion. Its conclusions are based on the audit evidence obtained to the date of the auditor's report. However, future events or conditions may cause ICAO to cease to continue as a going concern.

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

SFAO communicates with the Secretary General and the Evaluation and Audit Advisory Committee (EAAC) of ICAO regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that it identifies during its audit.

Berne, 9 May 2025

SWISS FEDERAL AUDIT OFFICE

(External Auditor)

 Jeannet Eric Serge NJRIBJ
09.05.2025
Info: admin.ch/esignature | validator.ch

Eric-Serge Jeannet

Vice-President

 Koehli Martin OMQKGC
09.05.2025
Info: admin.ch/esignature | validator.ch

Martin Köhli

Head of Competence Centre

PART III: FINANCIAL STATEMENTS

INTERNATIONAL CIVIL AVIATION ORGANIZATION

STATEMENT I
STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2024
(Thousands of CAD)

	Notes	2024	2023
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	2.1	255 774	234 994
Investments	2.1	265 180	170 466
Assessed contributions receivable from Member States	2.2	17 794	4 206
Receivables, advances and other current assets	2.3	15 920	13 166
Inventories	2.4	394	291
		555 062	423 123
NON-CURRENT ASSETS			
Assessed contributions receivable from Member States	2.2	459	952
Receivables	2.3	304	1 563
Property, plant and equipment	2.5	4 368	4 572
Intangible assets	2.6	3 763	3 572
		8 894	10 659
TOTAL ASSETS		563 956	433 782
LIABILITIES			
CURRENT LIABILITIES			
Advanced receipts	2.8	370 058	268 353
Accounts payable and accrued liabilities	2.9	38 244	31 336
Employee benefits	2.10	8 505	8 334
Credits to contracting/servicing governments	2.11	2 233	1 892
		419 040	309 915
NON-CURRENT LIABILITIES			
Advanced receipts	2.8	240	1 449
Employee benefits	2.10	133 974	127 021
Accounts payable and accrued liabilities	2.9	725	
		134 939	128 470
TOTAL LIABILITIES		553 979	438 385
NET ASSETS			
Accumulated deficit		(71 674)	(72 089)
Reserves	2.12	81 651	67 486
		9 977	(4 603)
NET ASSETS (ACCUMULATED SURPLUS/(DEFICIT))		9 977	(4 603)
TOTAL LIABILITIES AND NET ASSETS		563 956	433 782

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

III - 2

INTERNATIONAL CIVIL AVIATION ORGANIZATION

STATEMENT II

STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 31 DECEMBER 2024

(Thousands of CAD)

	Notes	2024	2023
REVENUE			
Contributions for project agreements	3.2	104 830	128 174
Assessed contributions	3.2	114 786	114 693
Other revenue generating activities	3.2	30 480	25 508
Other voluntary contributions	3.2	39 183	40 728
Administrative fee revenue		10 958	8 577
Other revenue	3.2	22 075	10 106
TOTAL REVENUE		322 312	327 786
EXPENSES			
Salaries, employee benefits and project personnel	3.3	187 726	177 461
Subcontracts, supplies and consumables	3.3	49 260	75 252
General operating expenses	3.3	54 178	51 276
Travel	3.3	12 855	13 125
Meetings		1 804	2 677
Training		1 618	2 104
Other expenses	3.3	1 921	3 992
TOTAL EXPENSES		309 362	325 887
SURPLUS FOR THE YEAR		12 950	1 899

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

INTERNATIONAL CIVIL AVIATION ORGANIZATION

STATEMENT III
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED 31 DECEMBER 2024
(Thousands of CAD)

	Notes	Accumulated Deficit	Reserves	Net Assets (Net Accumulated Deficit)
Balance at 1 January 2023		(81 229)	63 955	(17 274)
Movements in fund balances and reserves in 2023				
Variation to carry forward balance	2.12	(160)	160	
Variation of actuarial gain/(loss) on ASHI	2.12		11 317	11 317
Transfer of Incentive Scheme's reserve	2.12	57	(57)	
Transfer of Operational Reserve	2.12	2 364	(2 364)	
Utilization of Operational Reserve	2.12	4 544	(4 544)	
Transfer to ARGF operational reserve	2.12	(1 083)	1 083	
Transfer to ARGF restricted surplus	2.12	(1 350)	1 350	
Variation of unrealized losses	2.12	3 440	(3 440)	
Other adjustments and transfers		(610)		(610)
Variation of translation adjustment and other rounding difference		39	26	65
Surplus/(Deficit) of the year		1 899		1 899
Total movements during the year		9 140	3 531	12 671
Balance at 31 December 2023		(72 089)	67 486	(4 603)
Movements in fund balances and reserves in 2024				
Variation to carry forward balance	2.12	378	(378)	
Variation of actuarial gain/(loss) on ASHI	2.12		1 802	1 802
Transfer of Incentive Fund	2.12	56	(56)	
Transfer to Operational Reserve	2.12	(7 206)	7 206	
Utilization of Operational Reserve	2.12	1 243	(1 243)	
Transfer to ARGF operational reserve	2.12	(1 519)	1 519	
Utilization of ARGF restricted surplus	2.12	140	(140)	
Variation of unrealized gains	2.12	(5 524)	5 524	
Other adjustments and transfers		(96)		(96)
Variation of translation adjustment and other rounding difference		(7)	(69)	(76)
Surplus/(Deficit) of the year		12 950		12 950
Total movements during the year		415	14 165	14 580
Balance at 31 December 2024		(71 674)	81 651	9 977

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

INTERNATIONAL CIVIL AVIATION ORGANIZATION

STATEMENT IV
STATEMENT OF CASH FLOW
FOR THE YEAR ENDED 31 DECEMBER 2024
(Thousands of CAD)

	Notes	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES:			
Surplus/(Deficit) for the year		12 950	1 899
<i>Non-cash movements and other adjustments</i>			
Depreciation and amortization	2.5 & 2.6	1 469	1 647
ASHI actuarial gain (loss)	2.10	1 802	11 316
Interest income	3.2	(22 868)	(18 001)
Adjustments and other additions to PPE/Intangibles	2.5		8
Adjustments to net assets		(96)	(1 955)
Net (gain)/loss on disposal of PPE		(32)	
Impairment loss and disposal	2.6		78
Cash flow on WCF presented as financing activities			(104)
<i>Changes in assets and liabilities</i>			
(Increase) decrease in contributions receivable	2.2	(13 588)	13 077
(Increase) decrease in receivables, advances and other current assets	2.3	(2 754)	2 521
(Increase) decrease in inventories	2.4	(103)	146
(Increase) decrease in non-current contributions receivable (net of discount)	2.2	493	2 116
(Increase) decrease in non-current receivables and advances	2.3	1 259	(1 390)
Increase (decrease) in advanced receipts	2.8	101 705	42 980
Increase (decrease) in accounts payable and accrued liabilities	2.9	6 908	(1 988)
Increase (decrease) in current employee benefits	2.10	171	(1 110)
Increase (decrease) in credits to contracting/servicing governments	2.11	340	(77)
Increase (decrease) in non-current advanced receipts	2.8	(1 209)	1 449
Increase (decrease) in non-current employee benefits	2.10	6 953	(5 700)
Increase (decrease) in non-current accounts payable and accrued liabilities	2.9	725	
Foreign currency translation adjustment and rounding		(76)	65
NET CASH FLOWS FROM OPERATING ACTIVITIES		94 049	46 977
CASH FLOWS FROM INVESTING ACTIVITIES:			
Acquisition of property, plant and equipment and Intangibles	2.5 & 2.6	(1 455)	(2 210)
Proceeds from disposal of property, plant and equipment		32	
(Increase)/decrease in investment	2.1	(94 714)	(145 293)
Interest received	3.2	22 868	18 001
NET CASH FLOWS FROM INVESTING ACTIVITIES		(73 269)	(129 502)
CASH FLOWS FROM FINANCING ACTIVITIES:			
(Increase) decrease in WCF contributions receivable			104
NET CASH FLOWS FROM FINANCING ACTIVITIES			104
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		20 780	(82 421)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	2.1	234 994	317 415
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	2.1	255 774	234 994

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

INTERNATIONAL CIVIL AVIATION ORGANIZATION

STATEMENT V
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
FOR ALL FUNDS OF THE ORGANIZATION THAT HAVE PUBLICLY-AVAILABLE BUDGETS
FOR THE YEAR ENDED 31 DECEMBER 2024
(Thousands of CAD)

	Original Budget*	Final Budget**	Actual on a comparable basis	Difference between Final Budget and Actual on comparable basis
Regular Budget (RB)				
REVENUE AND TRANSFERS				
Regular Budget General Fund				
Assessed contributions	104 566	104 566	103 111	1 455
Other (incl. Transfers)	13 138	13 138	17 063	(3 925)
Total RB General Fund	117 704	117 704	120 174	(2 470)
EXPENSES				
Regular Budget General Fund				
Safety	38 634	38 360	37 358	1 002
Air Navigation Capacity and Efficiency	25 573	24 656	22 954	1 702
Security and Facilitation	17 778	17 312	16 703	609
Economic Development of Air Transport	5 917	6 032	5 777	255
Environmental Protection	8 466	8 721	7 861	860
Transformational Objective	11 426	11 426	11 351	76
Support to Strategic Objectives	17 279	15 813	15 813	
Management & Administration	18 872	21 625	21 244	381
Total RB General Fund	143 945	143 945	139 060	4 885
Administrative and Operational Services Cost (AOSC)				
REVENUE				
AOSC (excluding Efficiency/Effectiveness and Special Reserve Funds)				
Administrative Fee	10 300	10 183	9 864	319
Other Revenue	6 330	11 450	12 773	(1 323)
Total AOSC	16 630	21 633	22 637	(1 004)
EXPENSES				
AOSC (excluding Efficiency/Effectiveness and Special Reserve Funds)	10 474	11 148	11 174	(26)
Other AOSC Funds			314	(314)
Total AOSC	10 474	11 148	11 488	(340)

*Original Budget includes carryover of appropriations from prior year (unspent and/or commitments) as approved by authority of Financial Regulations for the Budget Year.

**Final Budget includes transfers and changes in appropriations as approved by authority of Financial Regulations during the Budget Year.

Note: Explanation of material differences between budgets and actual amounts can be found in Note 4 to the Financial Statements and Reports by the Secretary General - Presentation.

Details may not add to totals due to rounding

INTERNATIONAL CIVIL AVIATION ORGANIZATION

Notes to the Financial Statements 31 December 2024

NOTE 1: ACCOUNTING POLICIES

I. INTRODUCTION

1. The International Civil Aviation Organization (ICAO) is a specialized agency of the United Nations and was created with the signing in Chicago, on 7 December 1944, of the *Convention on International Civil Aviation*. ICAO is the permanent body charged with the administration of the principles laid out in the Convention. It sets the standards for aviation safety, security, efficiency, and regularity, as well as for aviation environmental protection, and encourages their implementation.
2. ICAO's membership comprises 193 Member States as of 31 December 2024. Its Headquarters are in Montreal, Canada and it has Regional Offices in Bangkok, Cairo, Dakar, Lima, Mexico City, Nairobi, and Paris, as well as a regional sub-office in Beijing, and a Pacific Small Island Developing States Liaison Office in Nadi.
3. ICAO has a sovereign body, the Assembly, and a governing body, the Council. The Assembly, composed of representatives from all Member States, meets every three years, reviews in detail the complete work of the Organization, sets policy for the coming years and approves the financial statements issued since the last Assembly. It also decides on the triennial budget. The Assembly last convened in September 2022.
4. The Council, composed of representatives from 36 States, is elected by the Assembly for a three-year term and provides continuing direction to the work of ICAO. The Council is assisted by the Air Navigation Commission, the Air Transport Committee, the Finance Committee, the Aviation Security Committee, the Committee on Joint Support of Air Navigation Services, the Technical Co-operation and Implementation Support Committee, the Climate and Environment Committee, the Committee on Governance, the Relations with Host Country Committee, the Edward Warner Award Committee, and the Committee on Co-operation with External Parties.
5. The Secretary General is head of the Secretariat and chief executive officer of the Organization, responsible for the general direction of the work of the Secretariat.
6. The Secretariat consists of five main divisions: the Air Navigation Bureau, the Air Transport Bureau, the Capacity Development and Implementation Bureau (formerly Technical Co-operation Bureau), the Legal Affairs and External Relations Bureau, and the Bureau of Administration and Services. The Secretary General is directly responsible for the management and effective work performance of the activities assigned to the Office of the Secretary General relating to Finance, Office of Internal Oversight, Ethics, Ombudsperson, and the seven Regional Offices. The Regional Offices are primarily responsible for maintaining liaison with States to which they are accredited and with other appropriate organizations, regional civil aviation bodies and the United Nations Regional Economic Commissions. The Regional Offices promote implementation of ICAO policies, decisions, Standards and Recommended Practices (SARPs), regional air navigation plans and provide technical assistance when requested.

Reporting Entity

7. The financial statements include the operations of ICAO only. ICAO does not have interests in associates or jointly controlled entities.
8. The ICAO Medical Benefits Plan (MBP) is a self-insured health insurance plan which provides medical and dental benefits to ICAO's and other participating organizations' staff members, retirees and their covered dependents worldwide. The MBP is managed through a nonconsolidated fund and by an advisory body, the Health and Life Insurance Committee (HLIC), which includes members appointed by the ICAO administration and members elected by plan participants. The processing of all individual and health care providers' claims incurred for the participants of the MBP is done by a third-party administrator, Cigna International Health Services BV. The MBP is financed by the contributions made by the participants and the participating organizations, and from investment income.

Basis of preparation and authorization for issue

9. The following financial statements have been prepared in accordance with the International Public Sector Accounting Standards (IPSAS):

Statement I:	Financial Position
Statement II:	Financial Performance
Statement III:	Changes in Net Assets
Statement IV:	Cash Flow
Statement V:	Comparison of Budget and Actual Amounts

10. In accordance with IPSAS, the financial statements include notes that provide narrative descriptions and disaggregation of items disclosed in the financial statements, and information about items that do not qualify for recognition in the statements. The notes also include the presentation of major activities of ICAO by segment, as required by IPSAS.
11. The tables included in Part IV of this document are not part of the audited financial statements. However, these tables offer valuable financial information, and support the consolidated figures reported in the audited financial statements.
12. The financial statements of ICAO have been prepared on the accrual basis of accounting, in accordance with the ICAO Financial Regulations and IPSAS.
13. These financial statements are prepared on a going-concern basis of accounting. The going-concern assertion is based on the approval of the Regular Budget appropriations for the triennium 2023-2025 (Resolution A41-28) by the Assembly; the historical trend of collection of assessed contributions; and the fact that neither the Assembly nor the Council has taken a decision to cease the operations of ICAO. Furthermore, ICAO continues monitoring its cash position closely and ensures that its expenses are maintained within the available financial resources.
14. The financial statements have been prepared on the historical cost measurement basis unless otherwise stated.
15. The Cash Flow Statement (Statement IV) has been prepared using the indirect method.

16. In accordance with Financial Regulation 12.4, these financial statements are certified by the Chief of the Finance Branch, approved by the Secretary General (on the date referred to in the Report by the Secretary General), and transmitted to the External Auditor for examination by 31 March following the end of the financial year. Thereafter, the financial statements and the report of the External Auditor are presented to the Council for consideration and recommendation to the Assembly for approval. The Council exceptionally approved (C-DEC 232/6) extending the submission deadline to 31 May 2025 due to the roll-out of the new enterprise resource planning (ERP) system.

Functional and Presentation Currency

17. The presentation currency of ICAO is the Canadian dollar (CAD). Foreign currency transactions are translated into CAD using the United Nations Operational Rates of Exchange (UNORE). The financial statements are expressed in thousands of CAD unless otherwise stated.
18. The functional currency of ICAO Regular Activities, with the exception of Joint Financing Funds, is the CAD. For the Regular Activities segment, transactions in a currency other than the functional currency are translated to CAD using the exchange rate at the transaction date. Monetary assets and liabilities in currencies other than CAD are revalued at the closing rate and non-monetary items are valued at the exchange rate on the transaction date. Foreign currency differences arising upon revaluation are recognized in the statement of financial performance.
19. The functional currency of the Capacity Development and Implementation Programme (CDIP) and Joint Financing Funds is the United States dollar (USD). Transactions in currencies other than USD are translated to USD at the rate in effect on the transaction date. Monetary assets and liabilities in currencies other than USD are translated at the year-end closing rate.
20. Assets and liabilities of activities financed from CDIP and other Funds that utilize the USD as the functional currency are translated to CAD at the closing rate of 1.442 (2023: 1.319). Revenues and expenses in the statement of financial performance are translated to CAD at the average rate of 1.366 (2023: 1.350). Differences arising in the translation of these balances are recognized in the reserved surplus.

Materiality and Use of Judgement and Estimations

21. Materiality is applied in the preparation and presentation of ICAO's financial statements. In general, an item is considered material if its omission or its inclusion would have an impact on the conclusions or decisions of the users of the financial statements.
22. Preparing financial statements in accordance with IPSAS requires use of estimates, judgments and assumptions in the selection and application of accounting policies to the reported amounts of certain assets, liabilities, revenues, and expenses.
23. 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 as well as in any future year affected. Significant estimates and assumptions that may result in material adjustments in future years include: actuarial measurement of employee benefits; selection of useful lives and the depreciation/amortization methods for property, plant and equipment/intangible assets; impairment of assets; classification of financial instruments;

inflation and discount rates used in the calculation of the present value of provisions; and classification of contingent assets/liabilities.

Future Accounting Standards

24. The IPSAS Board published the following pronouncements which will be effective on the dates indicated below.

IPSAS 10: Financial Reporting in Hyperinflationary Economies was amended by the IPSAS Board in December 2024 to clarify how an entity identifies the existence of hyperinflation in the economy of its functional currency when the economy was not inflationary in the prior period. The amendments are effective on 1 January 2026. The amendments are not applicable to ICAO.

IPSAS 19: Provisions was amended by the IPSAS Board in December 2024 to address changes in existing liabilities to dismantle, remove and restore a property, plant and equipment asset in the scope of IPSAS 45 or right-of-use asset in the scope of IPSAS 43 and to clarify accounting for obligations of contributors to pay to a decommissioning fund. The amendments are effective on 1 January 2026. The amendments are not applicable to ICAO.

IPSAS 39: Employee Benefits was amended by the IPSAS Board in December 2024 to clarify how an entity should consider limits on the defined benefit asset and minimum funding requirements when accounting for its post-employment benefit or other long-term employee defined benefits. The amendments are effective on 1 January 2026. The amendments are not applicable to ICAO.

IPSAS 43: Leases, which is applicable to ICAO, modifies the principles for the recognition, measurement, presentation, and disclosure of leases with the objective of ensuring that lessees and lessors provide relevant information that faithfully represents those transactions. IPSAS 43 will impact the 2025 financial statements due to the recognition of right-of-use assets and lease liabilities pertaining to leases with lease terms meeting the criteria defined in the Standard. ICAO will adopt this standard on the required start date of 1 January 2025. An assessment of the impact on ICAO's financial statements is ongoing.

IPSAS 43: Leases (Amendment) was adopted by the IPSAS Board in October 2024 to address lease arrangements that are below-market terms. The amendments require recognition of a right-of-use-asset at market rate, recognition of a lease liability at the value of the contractual payments for the lease and recognition of revenue for the concession component (difference between the lease cost and market rate). If the lease agreement contains a compliance obligation requiring that ICAO satisfy the obligation as part of the lease terms, a liability is recognized and revenue and a reduction of the liability are recognized as ICAO satisfies the compliance obligation. The amendments will become effective on 1 January 2027. ICAO plans to adopt the amendments to the standard at the required start date of 1 January 2027 and assessment of their impact on ICAO's financial statements is ongoing.

IPSAS 44: Non-current assets held for sale and discontinued operations, with an effective date of 1 January 2025. The standard specifies the accounting for assets held for sale and the presentation and disclosure of discontinued operations. Its impact on the financial

statements is not anticipated to be significant. It was concluded that the Standard is not applicable to ICAO.

IPSAS 45: Property, plant and equipment, with an effective date of 1 January 2025, replaces *IPSAS 17: Property, Plant, and Equipment* and adds new guidance for heritage and infrastructure assets and their measurement. Its impact on the financial statements has been reviewed and is not anticipated to be significant.

IPSAS 46: Measurement, with an effective date of 1 January 2025, provides new guidance in a single standard addressing how commonly used measurement bases should be applied in practice. Its impact on the financial statements has been reviewed and is not anticipated to be significant.

IPSAS 47: Revenue, replaces *IPSAS 9: Revenue from exchange transactions*, *IPSAS 11: Construction contracts*, and *IPSAS 23: Revenue from non-exchange transactions*, and becomes a single consolidated revenue accounting standard that targets to improve financial reporting and support effective public sector financial management. *IPSAS 47* will be effective from 1 January 2026. Its impact on the financial statements will be assessed before the effective date.

IPSAS 47: Revenue, was amended by the IPSAS Board in October 2024 to address right-of-use assets in-kind arrangements. The amendments require recognition of a right-of-use-asset in-kind as revenue and expenditure at the market value. If the right-of-use-asset in-kind arrangement contains a compliance obligation requiring that ICAO satisfy the obligation as part of the arrangement, a liability is recognized, and revenue and a reduction of the liability are recognized as ICAO satisfies the compliance obligation. The amendments will become effective on 1 January 2027. ICAO plans to adopt the amendments to the standard at the required start date of 1 January 2027 and assessment of their impact on ICAO's financial statements is ongoing.

IPSAS 48: Transfer expenses, provides accounting guidance for transfer expenses, which account for a significant portion of expenditures for many public sector entities. This new Standard fills a significant gap in the IPSAS Board's literature and will become effective from 1 January 2026. Its impact on the financial statements will be assessed before the effective date.

IPSAS 48: Transfer expenses, was amended in October 2024 by including an additional illustrative example in the Standard related to a right-of-use asset in-kind. The amendments will become effective on 1 January 2027. ICAO plans to adopt the amendments to the standard at the required start date of 1 January 2027 and assessment of their impact on ICAO's financial statements is ongoing.

IPSAS 49: Retirement Benefits Plans, provides accounting guidance on the measurement of investments and the presentation and disclosure of financial information related to retirement benefit plans and will become effective from 1 January 2026. Following assessment, it is expected that there will be no impact on ICAO's financial statements.

IPSAS 50: Exploration for and Evaluation of Mineral Resources, provides guidance on the measurement, presentation and disclosure requirement for exploration and evaluation assets recognized and the accounting for the benefit that may arise from waste removal activity of a surface mine. Also included are amendments to *IPSAS 12: Inventories* related

to Stripping Costs in the Production Phase of a Surface Mine. The new Standard and the amendments are effective from 1 January 2027. It was concluded that the Standard is not applicable to ICAO.

II. SIGNIFICANT ACCOUNTING POLICIES

Cash, Cash Equivalents, and Investments

25. Cash and cash equivalents comprise cash on hand and at banks, and current highly liquid investments with a maturity of three months or less from the date of acquisition. Investments include term deposits with an initial term of more than three months. These are further classified in the statement of financial position into current investments, if maturing within twelve months of the reporting date, and non-current investments with terms longer than twelve months from the reporting date. In line with IPSAS 41 requirements, cash, cash equivalents, and investments are adjusted at each reporting date to reflect lifetime expected credit loss (ECL) calculated using weighted long-term average default rates per the financial rating of the banking institutions in which the cash and cash equivalents are held.
26. Interest revenue is recognized as it accrues, taking into account the effective yield.

Financial Instruments

27. Financial instruments are recognized when ICAO becomes a party to the contractual provisions of the instrument and until such time as the rights (or the obligations) to receive (or to pay) cash flows from those assets (liabilities) have expired or have been transferred (settled). ICAO classifies its financial assets at amortized cost based on its management model and the contractual cash flow characteristics of the financial assets. Financial assets are initially recognized at cost at the transaction date.
28. Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in active markets. Receivables include contributions receivable in cash and other receivables. Non-current receivables, including assessments receivable, are stated at amortized cost using the effective interest method.
29. Following the forward-looking impairment model, ICAO assesses the ECL associated with its financial assets as the present value of the difference between the contractual cash flows and the cash flows that ICAO expects to receive. The ECL incorporates reasonable and supportable information available without undue cost or effort at the reporting date. The asset's carrying amount is reduced by the amount of the impairment lifetime loss, which is recognised in the statement of financial performance. If, in a subsequent period, the amount of the impairment loss decreases, the previously recognised impairment loss is reversed through the statement of financial performance.
30. Financial liabilities include trade payables, funds held on behalf of the MBP, payables to employees, and accrued liabilities. All non-derivative financial liabilities are recognized initially at cost approximating fair value and, when applicable, subsequently measured at amortized cost using the effective interest method. All gains/losses on financial instruments are recognized in the statement of financial performance.

Inventories

31. Publications, Commissariat items, and other items held for sale or distribution at the end of the financial period are recorded as inventories. Inventory items held for sale are valued at either the cost or the net realizable value, whichever is the lowest. Publications for distribution at no charge or for a nominal charge are valued at either the cost or the current replacement cost, whichever is the lowest.
32. The cost of publications includes purchase cost and all other costs incurred in bringing the items to a saleable or distributable state. The cost of Commissariat items and other items held for sale is determined using the weighted average cost basis.
33. Holdings of consumables and supplies for internal consumption are reflected as inventories only when material. Publications and other documents for internal use are expensed when produced.

Receivables

34. Assessed contributions are recognized as revenue on the first day of the year to which they relate. Assessed contributions receivable represent the uncollected revenue from the Member States at the reporting date, and are measured at the fair value net of an ECL allowance computed using a discounting formula to reflect the time value of money.
35. Other receivables include primarily uncollected revenue from voluntary contributions owed to the Organization from donors, amounts for goods or services provided to other entities, amounts receivable for leased-out assets and receivables from staff. Material balances of these receivables are subject to specific review and an ECL allowance is assessed on the basis of recoverability and aging.

Heritage Assets

36. Heritage assets are not recognized in the financial statements, but appropriate disclosure is made in the notes to the consolidated financial statements.

Property, Plant and Equipment

37. Property, plant and equipment (PP&E) are stated at historical cost less accumulated depreciation and any impairment losses. Depreciation is provided for PP&E over their estimated useful life using the straight-line method, except for land which is not subject to depreciation. The estimated useful life for each PP&E class is as follows:

<u>Class</u>	<u>Estimated Useful Life (Years)</u>
Buildings	5-50
Information Technology (IT) and Communication Equipment	3-10
Furniture, Fixtures and Fittings	5-10
Machinery and Office Equipment	3-10
Motor Vehicles	5-15

38. The capitalization threshold is CAD 3 thousand for PP&E items and CAD 25 thousand for leasehold improvements. The threshold level is reviewed periodically. Leasehold improvements are valued at cost and depreciated over the lesser of the remaining useful life of the improvements or the lease term.

39. Impairment reviews are undertaken for all PP&E at least annually and any impairment losses are recognized in the statement of financial performance. Impairment indicators include the obsolescence and deterioration of PP&E as well as other events or circumstances where carrying amounts may not be recoverable.
40. An item of PP&E is removed from the asset class (derecognized) once its disposal has been approved.

Intangible Assets

41. Intangible assets are stated at historical cost less accumulated amortization and any impairment losses. Intangible assets are capitalized if their cost exceeds the CAD 5 thousand threshold, except for internally developed assets, for which the capitalization threshold is CAD 25 thousand. Costs incurred for configuration, customization and subscription fees in connection with cloud-based software-as-a-service solutions are recognized as operating expenses when the services are received, since the systems utilized do not meet the criteria for recognition as controlled assets.
42. Amortization is provided over the estimated useful life using the straight-line method. The estimated useful life for each intangible asset class is as follows:

<u>Class</u>	<u>Estimated Useful Life (Years)</u>
Software Acquired Externally	3-6
Software Developed Internally	3-6
Licenses and Rights, and Other Intangibles	3-6
Copyrights	3-10

43. Licenses, rights, and copyrights are amortized over the validity period of each license, right, and copyright.
44. Annual impairment reviews of intangible assets are conducted where assets are under development or have an indefinite useful life. Other intangible assets are subject to impairment review only when indicators of impairment are identified. Impairment indicators include the obsolescence and the deterioration of the intangibles as well as other events or circumstances where carrying amounts may not be recoverable.

Advanced Receipts

45. ICAO records the following categories of advanced receipts:
 - Contributions received before the implementation of CDIP;
 - Balances of unutilized contributions to be remitted to the contributor, and funds received before services are rendered or goods delivered by ICAO to third parties; and
 - Assessments received from Member States before the year to which they relate.

Employee Benefits

46. ICAO recognizes the following categories of employee benefits:
 - Current employee benefits due to be settled within twelve months after the end of the accounting period in which employees render the related service;
 - Post-employment benefits, such as after-service health insurance benefits (ASHI);
 - Other non-current employee benefits; and
 - Termination benefits.
47. Current employee benefits that are accrued but not paid at the reporting date are recognized as current liabilities within the statement of financial position.
48. ASHI is accounted for as a defined-benefit plan where the Organization's obligation is to provide agreed benefits, therefore the Organization bears the actuarial risks. ICAO recognizes actuarial gains and losses related to ASHI in a reserve account, in line with the requirements of IPSAS 39. The present value of the defined benefit obligations for this insurance is determined by an independent actuary using the projected unit cost method.
49. Repatriation benefits and accumulated annual leave commuted to cash upon separation from the Organization are accounted for as other non-current benefits. The present value of the liabilities is calculated by an independent actuary. A liability is recognized and measured as the actuarial present value of the expected benefit payments for settling these entitlements. The actuarial value of the total accumulated unused leave days of all staff members is recognized as a liability at the reporting date. Actuarial gains and losses are recognized at the reporting date and reflected in the statement of financial performance. The current portion of these benefits is presented as current liabilities within the statement of financial position.
50. Repatriation benefits and accumulated annual leave due to CDIP personnel upon separation are calculated by ICAO based on personnel data and past experience. Other non-current employee benefits include compensation payments in the case of death, injury or illness attributable to performance of duties in accordance with Staff Rule 106.5. Actuarial valuations are determined for cases where non-current payments are required. No such cases exist for ICAO at the reporting date.
51. Termination benefits are recognized as an expense only when ICAO is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate the employment of a staff member before the normal retirement date or provide termination benefits as a result of an offer made in order to encourage voluntary redundancy. Termination benefits to be settled within 12 months are reported at the amount expected to be paid. Where termination benefits fall due more than 12 months after the reporting date, they are discounted if the impact of discounting is significant.
52. ICAO is a member organization participating in the United Nations Joint Staff Pension Fund (the "Fund"), which was established by the United Nations General Assembly to provide retirement, death, disability, and related benefits to employees. The Fund is a funded, multi-employer defined benefit plan. As specified by Article 3(b) of the Regulations of the Fund, membership in the Fund shall be open to the specialized agencies and to any other international,

intergovernmental organization which participates in the common system of salaries, allowances and other conditions of service of the United Nations and the specialized agencies.

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

Revenue

54. Assessed contributions represent a legal obligation of Member States. These contributions are revenue from non-exchange transactions recognized at the beginning of the year for which the assessments are levied.
55. Voluntary contributions are recognized upon the signing of a binding agreement with the donor. Revenue is recognized immediately if no condition is attached requiring that funds be utilized as specified in an agreement or returned to the contributing entity. If conditions are attached, revenue is recognized only upon satisfying the specified conditions based upon the level of expenditure of the contribution in accordance with the terms of the agreement. Until such conditions are met, a liability (deferred revenue) is recognized.
56. Contributions for CDIP activities are revenue from exchange transactions recognized on the basis of the stage of completion related to the delivery of goods or rendering of services. Administrative fees applied to CDIP are presented as revenue in the Administrative and Operational Services Cost (AOSC) Fund and as expenses in the respective projects, and are eliminated in the consolidated statement of financial performance (Statement II). Revenue from administrative fees generated by CDIP is recognized based on the stage of completion, as follows:
 - For the purchase of equipment, ninety per cent of the fee is progressively recognized until and when a purchase order for equipment is issued, and the remaining 10 per cent is recognized upon full payment of all invoices relating to the PO; and
 - For services, the administrative fee is recognized on the basis of costs incurred.
57. According to Financial Regulation 7.6 b), interest earned by Funds established in support of CDIP is credited to AOSC, or to the contributor when so specified in the terms of the agreement. The exception is legacy projects for which ICAO and the contributor share equally the interest earned from monthly average balance of project funds in excess of USD 100 thousand.
58. Other sources of revenue from exchange transactions include mainly revenue from ICAO training delivery, and other revenue-generating activities such as sales of publications, training, events and symposia, licensing fees, royalties from ICAO's publications, rental of premises, and other miscellaneous revenue. Such revenues are measured at the fair value of the consideration received or receivable and are recognized as the goods and services are delivered.

The outstanding balances receivable are presented in receivables, advances, and other current assets.

59. An increase or decrease in the ECL allowance is reflected as an expense for the period and is reported in the statement of financial performance.
60. In-kind contributions are presented at fair value. Donated goods that directly support approved operations and activities and can be reliably measured are recognized in the accounts. ICAO has elected not to recognize in-kind contributions for personnel services and travel provided without charge, but to disclose these in the notes to the financial statements. For donated right-to-use building arrangements, where ICAO does not have exclusive control, and the arrangement has a specified term of less than 75% of the remaining useful life of the building, a revenue and an expense equivalent to the fair rental value are accounted for in the statement of financial performance.

Provisions and Contingent Liabilities

61. Provisions are liabilities recognized for future expenditures of uncertain amount or timing. A provision is recognized if, as a result of a past event, ICAO has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. The amount of the provision is the best estimate of the expenditure expected to settle the present obligation at the reporting date.
62. Other commitments that do not meet the recognition criteria for liabilities are disclosed in the notes to the financial statements as contingent liabilities when their existence is confirmed by the occurrence or non-occurrence of one or more uncertain future events that are not wholly within the control of ICAO.

Segment Reporting and Fund Accounting

63. A segment is a distinguishable group of activities for which financial information is reported separately in order to evaluate an entity's past performance in achieving its objectives and for making decisions about the future allocation of resources. ICAO classifies all projects, operations, and Fund activities into two segments: i) Regular Activities and ii) CDIP Activities. ICAO reports on the transactions of each segment during the financial period and the balances held at the end of the period. Inter-segment transactions are eliminated for the purpose of consolidated financial statements.
64. A Fund is a self-balancing accounting entity established to account for the transactions relating to a specified purpose or objective. Funds are segregated for the purpose of conducting specific activities or attaining certain objectives in accordance with regulations, restrictions, or limitations. The financial statements are prepared on a fund accounting basis, showing the consolidated position of all ICAO's funds at the end of the year. Fund balances represent the accumulated residual of revenue and expenditures.
65. The Regular Activities segment includes the General Fund and the Working Capital Fund of the Regular Budget, special accounts and Funds established to administer voluntary contributions for aviation safety, security, environmental and other supporting activities of the Organization. Unutilized appropriations voted for the Regular Budget of the General Fund may be brought forward to the following financial year under certain conditions. Specific Funds and special accounts are established by the Assembly or Council under

Financial Regulation 7.1 mainly for contributions or resources earmarked for specific activities, the balances of which may be brought forward to the following financial period. The main funding sources of this segment are assessed contributions, revenue-generating activities, other voluntary contributions, and administrative fees.

66. The Regular Activities segment includes the following Funds or groups of Funds.

- **The Regular Budget Fund** comprises the **General Fund** financed by assessed contributions from Member States according to the scale of assessments determined by the Assembly, by miscellaneous income, by transfers of surplus from the Ancillary Revenue Generation Fund (ARGF) and other Special Accounts and Funds, reimbursement from AOSC, and by any advances made from the **Working Capital Fund**. The Working Capital Fund was established by the Assembly for the purpose of making advances as necessary to the General Fund to finance budgetary appropriations pending receipt of contributions from Member States and to other Funds in specific cases. The amounts advanced from the Working Capital Fund are reimbursed as soon as funds are available in the General Fund and other Funds. The Operational Reserve, authorized by the Council in 2021, is recorded under the Regular Budget.
- **Capital Fund:** established for the purpose of recording the acquisitions, depreciation, and amortization of property, plant and equipment and intangible assets for the Regular Activities.
- **Revolving Fund:** established for the purpose of recording transactions relating to post-employment benefits of ICAO staff members, specifically ASHI, repatriation, and annual leave on separation. The transactions include expenses relating to estimated current service cost, interest cost, as well as actuarial gains and losses of repatriation costs, arising from the actuarial revaluation, and adjustments to reserves relating to the actuarial gains and losses on ASHI. The Revolving Fund is reported separately within the Regular Activities segment.
- **Ancillary Revenue Generation Fund (ARGF):** established under Financial Regulation 7.2 to administer self-financing and revenue-generating products and services. Any surplus not projected to be committed or expensed may be transferred to the General Fund and the balances may be brought forward to the following financial period. The main funding sources of this segment are the sales of publications, training, events and symposia, and licensing fees.
- **Administrative and Operational Services Cost (AOSC):** established under Financial Regulation 9.4 and includes, a) the **Special Reserve Fund (SRF)** and b) the **CDI Efficiency and Effectiveness Fund** described below. The AOSC Fund recovers the costs of administration, operation and support of CDIP. In the event that the AOSC operation in any given year ends in a financial deficit, such a deficit is to be met firstly from the accumulated surplus of the AOSC Fund and, as a last resort, from the Regular Budget. The AOSC Fund is primarily financed from administrative overhead charges to CDIP.
 - a) **Special Reserve Fund (SRF):** established pursuant to Financial Regulation 7.1 to provide a mechanism to compensate for a potential shortfall caused by a decrease in the AOSC Fund income in any given year. Under a mechanism approved by the Council, effective from 2014, the SRF shall be financed from any adjustment to the

amount of AOSC Fund reimbursement to the Regular Budget (calculated using an approved formula) in excess of the approved level of annual transfer to the Regular Budget. If, in any year, there is a shortfall in the AOSC Fund reimbursement to the Regular Budget determined on the basis of the approved formula, the SRF shall be used to complement the approved annual AOSC Fund transfer to the Regular Budget.

b) **CDI Efficiency and Effectiveness Fund:** established by the Council to authorize the Director of the Capacity Development and Implementation Bureau to dispense, in any given year, up to 25 per cent of the AOSC annual surplus achieved in the preceding year for the implementation of measures to improve the efficiency and effectiveness of the Capacity Development and Implementation Bureau in responding to Contracting States' needs.

- **Aviation Security and Facilitation (AVSEC/FAL) Activities:** includes earmarked funds as well as Special Accounts/Funds which were established to reflect the Council's approval of the Aviation Security Plan of Action (ASPA), comprising projects to be financed from Funds within the Aviation Security and Facilitation Trust Funds. Activities relating to the ASPA projects are funded from voluntary and in-kind contributions.
- **The Comprehensive Regional Implementation Plan for Aviation Safety in Africa (AFI Plan):** established to increase ICAO leadership and accountability in programme coordination and management across the Africa-Indian Ocean (AFI) Region and to ensure effective implementation to rectify safety and infrastructure deficiencies.
- **The Joint Finance Funds** comprise Danish and Icelandic Joint Financing Agreements, which reflect the transactions of the Funds established to report on the ICAO supervision of the operation of air navigation services provided by the Government of Iceland, and in Greenland by the Government of Denmark, the costs of which are recovered by the service providers through user charges and assessments on contracting governments. User charges are collected by the United Kingdom and are due and directly remitted to the Governments of Iceland and Denmark. Assessments are levied and collected by ICAO for remittance to the servicing governments, therefore, these transactions are reflected in the accounts as assets and liabilities in the statement of financial position. Also included is the **North Atlantic Height Monitoring System Fund (HMU)** to account for the financial transactions made under the provisions of the Arrangement on the Joint Financing of a North Atlantic Height Monitoring System. The operation and maintenance costs are recovered by the service providers through user charges on civil aircraft making crossings over the North Atlantic. User charges collected by ICAO are directly payable to service providers and are therefore reflected as assets and liabilities in the accounts.
- **Incentive for the Settlement of Long-Outstanding Arrears Account:** established to present in a separate account a portion of a payment of certain assessments in arrears from Contracting States to finance particular activities of the Organization.
- **The Capacity Building and Implementation Fund (CBIF),** formerly the Resource Mobilization Fund (RMF): established by the Council to support States, through the use of voluntary contributions, in strengthening their civil aviation systems. The voluntary funds facilitate capacity building around, and implementation of, ICAO SARPs and

policies, and supplement ICAO's work programmes not covered, or underfunded, by the Regular Budget in accordance with the ICAO Implementation Support policy.

- **Public Key Directory Fund (PKD):** a cost-recovery Fund established by the Council to report on the activities of a project to support interoperability of electronic and digital travel documents. The operations are financed by voluntary contributions and, in accordance with the agreement, the balance of the Fund is recorded as an amount due to the participating States.
 - **Regional Sub-Office (RSO):** established to strengthen ICAO's presence in the Asia and Pacific (APAC) Region. The purpose of the Regional Sub-office in the APAC region is to improve airspace organization and management in order to maximize air traffic management (ATM) performance across the region. The APAC Regional Sub-Office is located in Beijing, People's Republic of China. Under an Agreement between ICAO and the Civil Aviation Authority of China (CAAC), the CAAC is responsible for all operating expenses of the RSO.
 - **Safety Fund (SAFE):** established by the Council with the objective of improving the safety of civil aviation through the use of a performance-based approach, which will limit administrative costs and will not impose any costs on the Regular Budget of the Organization, while ensuring that voluntary contributions to the Fund are used in a responsible, useful, and timely manner.
 - **Transformational Fund:** established by the Council for the management of voluntary contributions, complementing the resources allocated in the Regular Budget, in support of the implementation of the Transformational Objective (C-DEC 225/12).
 - **Other Funds** include the Administrative Fee for Joint Financing, the Universal Safety Oversight Audit Programme Fund, the International Registry Fund, the France Co-operation Fund, the Information and Communication Technology Fund, the Temporary Staff Salaries Fund (TSSF), the Human Resources Development Fund (HRDF), the ICAO Programme for Aviation Volunteers (IPAV) Fund, and various Funds for financing experts and junior professional officers.
67. The CDIP Activities segment comprises Funds established by the Secretary General under Financial Regulation 9.1 to administer the CDIP. The main funding sources of the segment are contributions specified in agreements.
68. The CDIP activities include Management Service Agreements (MSA), Civil Aviation Purchasing Services Agreements (CAPS) and trust funds, which are designed to cover a broad range of services. ICAO also enters into CDIP contracts referred to as Lump Sum Agreements with Member States, for the provision of specific services or products. These differ from MSA and Trust Fund agreements in that they are for a fixed contract amount. Under or over recovery of actual expenditure is reflected in the AOSC Fund. As part of CDIP arrangements, ICAO also offers implementation packages (iPacks) to Member States since 2020.

NOTE 2: ASSETS AND LIABILITIES**Note 2.1: Cash and Investments**

69. Funds are deposited in banks on a pooled investment basis. Funds not needed for immediate requirements are invested in term deposits. Balances as at 31 December are composed of:

Cash and Investments (Thousands of CAD)		
	2024	2023
Cash in banks	32 262	37 790
Term deposits	223 511	197 204
Total Cash and Cash Equivalents	255 774	234 994
Investments	265 180	170 466
Total Cash and Investments	520 954	405 460

70. In 2024, USD cash in banks had an average interest rate of 4.464 per cent (2023: 4.741 per cent) while CAD cash in banks had a corresponding rate of 4.801 per cent (2023: 5.001 per cent). Term deposits (including those classified as investments) were primarily held in USD and CAD, with average interest rates of 5.498 per cent and 4.906 per cent, respectively (2023: 5.423 per cent and 5.168 per cent). As at 31 December 2024, investments had an average term maturity of 207 days (2023: 191 days).

71. The total cash, cash equivalents and investments, broken down by currency, are as follows:

Cash, cash equivalents, and investments by currency (Thousands of CAD)				
	2024		2023	
Canadian dollars (CAD)	59 845	11%	68 115	17%
United States dollars (USD)	442 392	85%	323 213	80%
Other Currencies	18 717	4%	14 132	3%
Total	520 954	100%	405 460	100%

72. As at 31 December 2024, CAD 384.3 million (2023: CAD 275.3 million) represents funds and cash restricted for CDIPs and by legislative action, including the unexpended balances in the PKD Fund, International Registry Fund, Joint Finance Funds, Trust Funds, etc. This amount includes CAD 17.7 million (2023: CAD 16.5 million) held on behalf of the MBP. The remaining cash, cash equivalent and investments, totaling CAD 136.6 million (2023: CAD 130.2 million), are held for ICAO's Regular Activities.

Note 2.2: Assessed Contributions Receivable from Member States

73. The net assessed contributions receivable balances as at 31 December are composed of:

Net assessed contributions receivable (Thousands of CAD)		
	2024	2023
Current	17 794	4 206
Non-current	459	952
Total	18 253	5 158

74. The gross and net amounts of contributions receivable are as follows:

Net assessed contributions receivable

(Thousands of CAD)

	2024	2023
Assessed contributions receivable	28 944	14 331
Less:		
ECL Allowance	(10 691)	(9 173)
Total Net Assessed Contributions Receivable	18 253	5 158

75. The following table illustrates the composition of assessed contributions receivable for the Regular Budget:

Assessed contributions receivable

(Thousands of CAD)

Year of Assessment	2024	%	2023	%
2024*	17 373	60.0		
2023	2 027	7.0	4 111	28.7
2022	987	3.4	1 593	11.1
2021	799	2.8	1 050	7.3
2020 and earlier	7 758	26.8	7 577	52.9
Total	28 944	100	14 331	100

* The USD portion of the 2024 Assessment has been revalued at the 31 December 2024 exchange rate. The historical amount is CAD 16.7 million (refer to Table B).

76. The increase in the balance of 2024 assessments receivable is primarily due to a major contributor whose 2024 dues (CAD 13.1 million) were partially settled in January 2025 (CAD 5.2 million).
77. Current assessed contributions receivable are due within twelve months. Non-current contributions receivable are from States that have agreements with the Council to liquidate arrears over up to twenty years without interest (Group A), and States without agreements but with outstanding assessments exceeding three years (Group B).
78. The result of applying IPSAS 41 impairment model to the assessed contributions receivable is shown in the table below.

ECL Allowance

(Thousands of CAD)

	2023	Utilization	Increase/ (Decrease)	2024
Total ECL allowance	9 173		1 518	10 691

79. The total ECL allowance includes CAD 10.0 million for assessments receivable from Groups A and B States. Although all receivables are valid and properly recognized, the balance for States whose voting rights would be affected if an Assembly session is deemed to be held or is held in the financial year needed further write-down to align with IPSAS 41.
80. The total ECL allowance includes CAD 0.7 million owed to ICAO by the former Socialist Federal Republic of Yugoslavia. A United Nations General Assembly resolution³ determined the allocation of outstanding assessed contributions from the Former Yugoslavia up to 27 April 1992 to its successor states and authorized the write-off of recorded balances after that date.

² General Assembly resolution A/RES/63/249

However, as of the time this document was written, no consensus had been reached among the successor states regarding the allocation.

81. There were no write-offs of assessed contributions receivable during 2024.

Note 2.3: Receivables, Advances and Other Current and Non-current Assets

Receivables, advances, and other current assets		
(Thousands of CAD)		
	2024	2023
Receivables from delegations	808	1 603
Receivables from United Nations Agencies	1 273	1 452
Receivables Training	1 976	1 442
Receivables Other	2 373	1 218
Receivable from EU*	1 667	894
Receivables PKD membership fees	729	613
Subtotal financial instruments	8 826	7 222
ECL allowance	(2 379)	(2 177)
Net financial instruments	6 447	5 045
Advances to United Nations Agencies	664	2 282
Advances to suppliers for CDIP	6 015	2 817
Advances to employees	1 474	1 293
Recoverable taxes	448	1 002
Prepaid expenses	872	727
Subtotal non-financial instruments	9 473	8 121
Total Receivables, advances and other current assets	15 920	13 166

Details may not add to totals due to rounding

**Conditional voluntary contribution offset 100% by liability for deferred revenue under IPSAS-23 as reflected in Note 2.8.*

82. ICAO's receivables (excluding contributions receivables) primarily arise from exchange transactions related to services provided to delegations, UN agencies, and international organizations, as well as training services and other revenue-generating activities. When applying the IPSAS 41 impairment model, these receivables are subject to an ECL of CAD 2.4 million as shown in the table below. The total ECL allowance includes an amount of CAD 2.3 million related to balances outstanding for more than two years.

ECL Allowance				
(Thousands of CAD)				
	2023	Utilization	Increase/ (Decrease)	2024
Total ECL allowance	2 177	(260)	462	2 379

83. Receivables from United Nations Agencies include CAD 1.3 million (2023: CAD 1.1 million) for compensation payments made on behalf of the United Nations Development Programme (UNDP) to surviving spouses of project personnel who died while working on UNDP-financed projects. During 2024, ICAO continued pursuing the claim. As of the reporting date, there is insufficient information to assess the outcome of these efforts and the organization's ability to collect.
84. Other receivables mainly include amounts due for revenue-generating activities. The increase in the balance in 2024 is largely attributable to the higher volume of outstanding invoices for events and training services.

85. Advances to suppliers for CDIPs are made for high-value contracts requiring upfront funds as specified in the agreement. These advances are secured by bank guarantees. The increase in the balance corresponds to two payments of advances made in the second half of 2024.
86. Advances to employees are for education grants, rental subsidies, travel, and other staff entitlements.
87. Advances to United Nations Agencies refer to cash advanced to UNDP to execute payments on ICAO's behalf through the Service Clearing Account.
88. The details of the non-current portion of receivables are presented in the below table:

Receivables non-current (Thousands of CAD)		
	2024	2023
Receivables from EU*	241	1 449
Receivables from AFCAC	66	121
ECL allowance	(3)	(7)
Total	304	1 563

*Conditional voluntary contribution offset 100% by liability for deferred revenue under IPSAS-23 as reflected in Note 2.8.

Note 2.4: Inventories

89. ICAO inventories include the stock of published documents that are printed in house for sale to the worldwide civil aviation community, the stock of duty-free items held by the Commissariat store for sale to individuals having diplomatic status, and the stock of the APAC Regional Office's souvenir boutique.
90. The table below shows the total value of inventories as at 31 December.

Inventories (Thousands of Canadian dollars)					
	Publications	Printing supplies	Commissariat	Souvenir boutique	Total
Opening inventory as at 1 January 2023	127	59	240	11	437
Purchased/produced	498	257	229	-	984
Sold/consumed	(527)	(267)	(293)	(5)	(1 092)
Impairments and write-offs	(38)	-	-	-	(38)
Total inventory as at 31 December 2023	60	49	176	6	291
Purchased/produced	603	290	448	-	1 341
Sold/consumed	(584)	(293)	(351)	(4)	(1 232)
Impairments and write-offs	(5)	-	(1)	-	(6)
Total inventory as at 31 December 2024	74	46	272	2	394

Details may not add to totals due to rounding

91. Publications, printing supplies, Commissariat, and APAC Regional Office's souvenir boutique items and quantities derived from ICAO's inventory tracking systems were validated by physical stock count in 2024.
92. Inventories are valued net of any identified impairments. During 2024, impaired inventories included obsolete publications and damaged Commissariat goods for CAD 6 thousand (2023: CAD 38 thousand). These adjustments represent expenses for the period and are included in the "general operating expenses" line in the statement of financial performance.

Note 2.5: Property, Plant & Equipment (PP&E)

93. PP&E includes items held at ICAO Headquarters (HQ) in Montreal, Canada and those held at Regional Offices. These items provide benefits or service potential to the organization, which exercises full control over their acquisition, physical location, use and disposal.
94. The net book value of PP&E as at 31 December 2024 was CAD 4.4 million (2023: CAD 4.6 million). The total cost of acquisitions during 2024 was CAD 0.9 million (2023: CAD 1.2 million). In 2024, fully depreciated PP&E with a total original cost of CAD 1.9 million (2023: 35 thousand) were disposed of, including IT equipment worth CAD 1.7 million, with a group of servers accounting for the largest portion of the disposals.
95. An impairment review was conducted, and no significant impairment was identified.
96. The following table presents PP&E capitalized in the accounts in accordance with IPSAS.

Property, plant and equipment: 2024
(Thousands of CAD)

	Furniture & Fixtures	IT Equipment	Motor Vehicles	Machinery & equipment	Leasehold Improvements	Leasehold Improvements & others in Progress	Total
Cost as at 1 Jan 2024	250	5 312	654	2 645	6 136	1 433	16 431
Additions	30	307	194	34	-	324	889
Transfer/adjustment	(15)	532	-	716	316	(1 549)	-
Disposals	(19)	(1 713)	(105)	(17)	(71)	-	(1 925)
Cost as at 31 Dec 2024	246	4 438	743	3 378	6 381	208	15 395
Accumulated depreciation as at 1 Jan 2024	(184)	(4 722)	(518)	(2 009)	(4 426)	-	(11 858)
Depreciation	(17)	(447)	(56)	(240)	(334)	-	(1 094)
Transfer/adjustment	55	(27)	-	(28)	-	-	-
Disposals	19	1 713	105	17	71	-	1 925
Accumulated depreciation as at 31 Dec 2024	(127)	(3 483)	(469)	(2 260)	(4 689)	-	(11 027)
Net carrying amount as at 1 Jan 2024	66	590	137	636	1 710	1 433	4 572
Net carrying amount as at 31 Dec 2024	119	955	275	1 118	1 692	208	4 368

Details may not add to totals due to rounding

Property, plant and equipment: 2023
(Thousands of CAD)

	Furniture & Fixtures	IT Equipment	Motor Vehicles	Machinery & equipment	Leasehold Improvements	Leasehold Improvements & others in Progress	Total
Cost as at 1 Jan 2023	242	5 236	645	2 442	6 136	551	15 253
Additions	8	46	44	218	-	897	1 213
Transfer	-	30	-	(15)	-	(15)	-
Disposals	-	-	(35)	-	-	-	(35)
Cost as at 31 Dec 2023	250	5 312	654	2 645	6 136	1 433	16 431
Accumulated depreciation as at 1 Jan 2023	(169)	(4 248)	(512)	(1 817)	(3 888)	-	(10 633)
Depreciation	(15)	(474)	(41)	(192)	(538)	-	(1 260)
Disposals	-	-	35	-	-	-	35
Accumulated depreciation as at 31 Dec 2023	(184)	(4 722)	(518)	(2 009)	(4 426)	-	(11 858)
Net carrying amount as at 1 Jan 2023	74	988	134	625	2 248	551	4 620
Net carrying amount as at 31 Dec 2023	66	590	137	636	1 710	1 433	4 572

Details may not add to totals due to rounding

97. Commitments relating to leases are presented in Note 6.1.
98. ICAO owns assets categorized as heritage assets because of their cultural, educational, or historical significance. These heritage assets were donated by Member States, organizations and companies over the years. During 2024, two sculptures and two paintings were donated and installed at ICAO Headquarters. Additionally, an aircraft model was donated to the Organization. Heritage assets are not held to generate any future economic benefits or service potential; accordingly, ICAO has elected not to recognize them in the statement of financial position. Significant heritage assets owned by ICAO include aircraft models and prototypes, works of art, furniture and fixtures, books, maps, photographs, records, and documents of historical significance.

Note 2.6: Intangible Assets

99. The net book value of intangible assets as at 31 December 2024 was CAD 3.8 million (2023: CAD 3.6 million). The total costs of additions and amortization during 2024 were CAD 0.6 million (2023: CAD 1.0 million) and CAD 0.4 million (2023: CAD 0.4 million), respectively.
100. During the year, additions of CAD 0.6 million (2023: CAD 0.7 million) were capitalized to assets under development and a total of CAD 0.3 million (2023: CAD 0.4 million) in assets under development were completed and became operational software.
101. An impairment review of intangible assets was conducted, and no significant impairment was identified. Four intangible assets, with an original cost of CAD 0.3 million, were impaired in 2023 and remain on the records pending approval for derecognition.
102. The following table presents the value of intangible assets recognized in the accounts.

Intangible assets: 2024

(Thousands of CAD)

	Software	Licenses & rights	Software Developed Internally	Other Intangible Assets	Software Under development	Total
Cost as at 1 Jan 2024	2 068	445	1 356	465	2 068	6 403
Additions	-	-	-	-	566	566
Transfers	-	-	301	-	(301)	-
Disposals	(387)	(294)	-	(281)	-	(962)
Cost as at 31 Dec 2024	1 681	151	1 657	184	2 333	6 007
Accumulated amortization as at 1 Jan 2024	(1 441)	(445)	(627)	(318)	-	(2 831)
Amortization	(136)	-	(228)	(11)	-	(375)
Disposals	387	294	-	281	-	962
Accumulated amortization as at 31 Dec 2024	(1 190)	(151)	(854)	(48)	-	(2 244)
Net carrying amount as at 1 Jan 2024	627	-	730	147	2 068	3 572
Net carrying amount as at 31 Dec 2024	491	-	803	136	2 333	3 763

Details may not add to totals due to rounding

Intangible assets: 2023
(Thousands of CAD)

	Software	Licenses & rights	Software Developed Internally	Other Intangible Assets	Software Under development	Total
Cost as at 1 Jan 2023	1 761	453	1 277	465	1 829	5 786
Additions	328	-	-	-	669	997
Transfers	-	-	430	-	(430)	-
Adjustment	-	(8)	-	-	-	(8)
Disposals and Impairment	(21)	-	(351)	-	-	(372)
Cost as at 31 Dec 2023	2 068	445	1 356	465	2 068	6 403
Accumulated amortization as at 1 Jan 2023	(1 250)	(384)	(796)	(308)	-	(2 738)
Amortization	(154)	(41)	(181)	(10)	-	(387)
Disposals and Impairment	(37)	(20)	351	-	-	295
Accumulated amortization as at 31 Dec 2023	(1 441)	(445)	(627)	(318)	-	(2 831)
Net carrying amount as at 1 Jan 2023	511	69	481	157	1 829	3 047
Net carrying amount as at 31 Dec 2023	627	0	730	147	2 068	3 572

Details may not add to totals due to rounding

Note 2.7: Financial Instruments

2.7.1 Financial Assets and Liabilities

103. The table below lists the financial instruments related to Regular Activities, excluding funds where risks are not assumed by ICAO. The columns titled Other Regular Activities and CDI projects refer to operations whose risks are absorbed by the projects/funds.

Financial Instruments
(Thousands of CAD)

	2024				2023			
	<i>Regular Activities</i> ^{/n1}	<i>Other Regular Activities</i> ^{/n2}	<i>CDI Projects</i>	<i>Total</i>	<i>Regular Activities</i> ^{/n1}	<i>Other Regular Activities</i> ^{/n2}	<i>CDI Projects</i>	<i>Total</i>
Cash and cash equivalents	69 094	24 357	162 323	255 774	49 587	37 828	147 579	234 994
Investments	73 542	20 313	171 325	265 180	85 232	-	85 234	170 466
Assessed contributions receivable (current)	17 794	-	-	17 794	4 206	-	-	4 206
Assessed contributions receivable (non-current)	459	-	-	459	952	-	-	952
Receivables (current)	5 193	1 218	36	6 447	2 638	1 299	1 108	5 045
Receivables (non-current)	304	-	-	304	1 563	-	-	1 563
Sub-total financial assets	166 386	45 888	333 684	545 958	144 178	39 127	233 921	417 226
Accounts payable and accrued liabilities ^{/n3}	11 701	20 456	5 999	38 157	6 456	18 842	5 918	31 216
Sub-total financial liabilities	11 701	20 456	5 999	38 157	6 456	18 842	5 918	31 216
Financial instruments - net exposure	154 685	25 432	327 685	507 800	137 722	20 285	228 003	386 010

Details may not add to totals due to rounding

^{/n1} Excludes funds where risks are not assumed by ICAO.

^{/n2} Includes Joint Finance funds, Public Key Directory, International Registry, earmarked voluntary contributions and MBP funds.

^{/n3} Excludes provisions that are separately presented under accrued liabilities (note 2.9), CAD 0.8 million in 2024 (2023: CAD 0.1 million).

104. ICAO is exposed to certain market, credit, and liquidity risks, as summarized in the following paragraphs.

2.7.2 Market Risk

105. Market risk is the risk arising from fluctuation of the fair value or future cash flows of financial instruments due to changing market prices. It includes foreign currency exchange risk, interest rate risk, and other price risks. ICAO is exposed to exchange and interest rate risks with respect to revenue from assessed, voluntary and project contributions, and expenses in currencies other than the CAD functional currency, namely CDIP and other funds that utilize the USD as the functional currency.
106. The Regular Budget assessments in the Regular Activities segment are determined using a split assessment system under which Member States are assessed partly in CAD and partly in USD based on estimated requirements in each currency, in order to minimize the exposure to the exchange rate fluctuations. With the adoption of the split assessment system, ICAO does not need to enter into forward exchange contracts for the purchase of USD for Regular Activities, as the exchange rate risk is largely mitigated.
107. For CDIP activities financed from project agreements and Joint Financing Funds, the currency used for accounting is the USD. Exchange gains or losses resulting from the utilization of currencies other than USD are absorbed in the project budgets, and are not assumed by ICAO. Currency fluctuation on purchase orders denominated in currencies other than the USD, could have a material impact on CDIP's financial performance. To reduce the impact on projects' expenditures whereby purchase orders pertaining to CDIP are denominated in currencies other than the USD, funds are purchased in the currency of the commitments. An exchange gain or loss is recognized as project revenue or expense equivalent to the difference between the UNORE and the spot rate in effect on the date that the currencies are purchased. For Regular Activities financed from project agreements or voluntary contributions, the functional currency used for accounting is CAD; for some of these activities, exchange gains or losses resulting from the utilization of currencies other than CAD are absorbed by the Funds. For the others, where ICAO bears the exchange risk, the amounts are identified in the following paragraphs, and the impacts have been analyzed.

108. At 31 December 2024, those financial instruments exposed to market risk assumed by ICAO, are denominated as follows:

Financial instruments denomination

(Thousands of CAD)

Currency	USD	Others	CAD	Total
Cash and cash equivalents, and investments	98 454	3 554	40 628	142 636
Percent of cash and cash equivalents by currency	69%	2%	28%	100%
Assessed contributions receivable (current)	10 958		6 836	17 794
Assessed contributions receivable (non-current)			459	459
Receivables and advances (current)	2 554		2 639	5 193
Receivables and advances (non-current)	64	240		304
Sub total receivables	13 576	240	9 934	23 750
Percent of assets by currency	57%	1%	42%	100%
Accounts payable and accrued liabilities	6 546	23	5 132	11 701
Percent of accounts payable and accrued liabilities by currency	56%	0%	44%	100%
Net risk 2024	105 484	3 771	45 430	154 685
Net risk 2023	84 347	4 043	49 332	137 722

Details may not add to totals due to rounding

109. The sensitivity analysis in the table below shows the effect that a change of +/- 5 per cent in the currency exchange rate between the CAD and the USD and other currencies in which financial instruments are held would have had on net assets/equity and on accumulated surplus and deficit. As indicated above, the impact of foreign exchange risks on the CDIP is managed within the budgets financed by project donors and has minimal impact on ICAO's net assets/equity or net surplus and deficit.

Financial instruments sensitivity analysis

(Thousands of CAD)

	2024			2023		
	USD	Others	Impact on Net Assets	USD	Others	Impact on Net Assets
Net risk	105 484	3 771		84 347	4 043	
Impact +5%	5 274	189	5 462	4 217	202	4 419
Impact -5%	(5 274)	(189)	(5 462)	(4 217)	(202)	(4 419)

110. ICAO also has a limited exposure to the risk of changes in interest rates. Its operating budget is financed primarily from revenue from Members' Assessed Contributions and reimbursement and transfers from other Funds. Only 0.2 per cent of its operating budget (same as in 2023) is financed from revenue derived from investment income. Should investment revenue decrease or increase, the funds available to finance the Regular Budget would be only minimally impacted. ICAO does not utilize financial instruments to hedge interest rate risk. ICAO is exposed to interest rate risk through term deposits. The average interest rates and term maturity are provided in Note 2.1.

2.7.3 Credit Risk

111. The credit risk is the risk that a counterparty for an asset held by ICAO does not fulfill its obligations. Financial instruments that potentially subject ICAO to concentrations of credit risk consist primarily of cash and investments, and accounts receivable. ICAO's credit risk is

spread, and ICAO's risk management policies limit the amount of credit exposure to any one counterparty and include minimum credit quality guidelines.

112. Credit and liquidity risks associated with cash and investments are minimized by ensuring that these financial assets are placed with major financial institutions that are rated highly by a primary rating agency and/or with other credit-worthy counterparties in line with ICAO's principal investment objective of preservation of capital. An estimated expected credit loss was calculated utilizing the weighted long-term average loss for similar grades calculated by an independent rating agency. However, given the short duration and low default probabilities, the ECL from cash, cash equivalents and investments is negligible. Moreover, there is no history of non-collection in the past, as a result, no impairment allowance is recognized. Balances held with financial institutions at the reporting dates are as follows:

Cash and Investments credit ratings
(Thousands of CAD)

	AA	A	B	Not rated	Total
Balance at 31 December 2024	479 151	37 890	3 578	335	520 954
Balance at 31 December 2023	388 509	13 971	2 478	502	405 460

AA includes: AA-

A includes: A+, A and A-

B includes: BBB+, BBB, BBB-, B+, B and B-

113. Contributions receivable is comprised of assessed amounts due from Member States and voluntary contributions from governmental donors based on agreements with each donor. Details of assessed contributions receivable are provided in Note 2.2. As indicated in Notes 1 and 2.2, non-current assessed contributions are stated at amortized (discounted) cost using the effective interest method. The allowance is based on lifetime ECL. Since these receivables do not bear interest, the interest rate used to calculate the discounted cost is the rate applicable for CAD corporate BBB long-term bond index.
114. Details of receivables other than assessed contributions and corresponding ECL allowance are provided in Note 2.3. Based on prior experience, ICAO considers its credit risk to be low.
115. ICAO's exposure to credit rate risks is also limited by the fact that its operating budget is primarily funded through Member States' assessed contributions and the sale of goods and services.

2.7.4 Liquidity Risk

116. Liquidity risk is the risk that ICAO will encounter difficulty in meeting its financial liabilities. ICAO's investment policy ensures that investments are primarily held in liquid short-term deposits. At 31 December 2024, ICAO's total cash, cash equivalents and investments amounted to CAD 521.0 million (2023: CAD 405.5 million), which were sufficient to settle current liabilities totaling CAD 420.5 million (2023: CAD 309.9 million). The liquidity situation is regularly monitored to ensure timely settlement of all current liabilities.
117. The Working Capital Fund, amounting to USD 8.0 million, is used to advance funds to the General Fund to finance budgetary appropriations pending receipt of contributions from Member States, and to other Funds in specific cases. Funds are deposited in banks on a pooled investment basis, with excess funds not needed for immediate requirements invested in term deposits.

118. In the face of an emergency cash shortage, ICAO has the authority to borrow up to CAD 3.0 million commercially, to bridge cash flow gaps, subject to prior authorization from the Finance Committee. The Royal Bank of Canada provides an informal USD 3.0 million line of credit as part of their service package to ICAO. Thus far, it has not been necessary for ICAO to resort to such options.

Note 2.8: Advanced Receipts

Advanced receipts (Thousands of CAD)		
	2024	2023
Current		
Contributions for CDIP	330 064	229 398
Assessed contributions received in advance	9 489	14 255
Advance payment for voluntary contributions	19 690	15 943
Revenue deferred pending provision of services	4 441	3 355
ARGF Publication Sales	904	1 154
Public Key Directory	3 217	2 708
Other advances	2 252	1 540
Sub-total	370 058	268 353
Non-current		
Advance payment for voluntary contributions	240	1 449
Total	370 298	269 802

Note 2.9: Accounts Payable and Accrued Liabilities

119. Accounts payable and accrued liabilities are composed of the following:

Accounts payable and accrued liabilities (Thousands of CAD)		
	2024	2023
Current		
Trade payables	11 148	8 694
Funds held on behalf of MBP (see note 2.1 restricted cash)	17 731	16 460
Accrued liabilities and other provisions	6 984	4 665
Payables to employees	2 381	1 517
Sub-total current	38 244	31 336
Non-current		
Accrued liabilities and other provisions	725	-
Total	38 969	31 336

120. Trade payables are amounts invoiced for goods and services received. Accruals are liabilities for goods and services that have been received or provided to ICAO during the period but have not been invoiced or paid in 2024.
121. The Organization is subject to a variety of claims that arise from time to time in the ordinary course of its operations. These claims are segregated into three main categories: administration of justice claims (cases brought by current or former ICAO staff members), commercial claims, and other claims. Provisions at year end for a total of CAD 0.8 million (2023: CAD 0.1 million) were recognized in connection with various ongoing claims for which it was assessed that the probability of a pay-out was greater than 50 per cent. This amount is included in the accrued liabilities and other provisions balance.

122. As indicated in paragraph 83, the organization recognizes a receivable due from UNDP. As the claim against UNDP remains pending, ICAO will continue to make payments on behalf of UNDP to the beneficiaries and accumulate the related receivable.
123. As of 31 December 2024, ICAO obtained the actuarial estimate of the contingent liability for future payments due to these beneficiaries. Given the uncertainty of the amount expected to be paid by UNDP, ICAO has recognized a provision equal to the actuarial estimate.

Provisions

(Thousands of CAD)

	Administration of Justice	Commercial	Other	Total
Provisions as at 31 December 2023	85	-	35	120
Additional provisions made	-	-	813	813
Amounts reversed	(85)	-	(35)	(120)
Amounts used	-	-	-	-
Provisions as at 31 December 2024	-	-	813	813
Current	-	-	88	88
Non-current	-	-	725	725
Total	-	-	813	813

Note 2.10: Employee Benefits

124. Employee benefits liabilities comprise ASHI benefits, end of service benefits for annual leave and repatriation benefits payable for ICAO staff members determined by actuarial valuation, and other current liabilities for repatriation and annual leave for CDIP international experts.

Employee benefits liabilities

(Thousands of CAD)

	2024	2023
Current		
Accumulated Annual Leave	1 488	1 716
Repatriation	2 453	2 308
ASHI	2 844	2 686
Other benefits for international experts	1 720	1 624
Sub-total	8 505	8 334
Non-current		
Accumulated Annual Leave	11 732	10 270
Repatriation	15 990	13 697
ASHI	106 252	103 054
Sub-total	133 974	127 021
Total	142 479	135 355

2.10.1 Defined-benefit Plans

125. ICAO offers to its employees and former employees the following defined-benefit plans.
126. ASHI plan: the Organization has an obligation to provide after-service medical benefits to its staff members. Retiring staff members and their spouses, dependent children and survivors are eligible for ASHI coverage. A share of 50% of the monthly medical insurance premium, including coverage for spouses and dependent children, is paid by the Organization for retirees that have accumulated at least ten years of service in the plan. The Organization pays 50 per cent of the costs for retirees who have accumulated at least 10 years (including the time

since retirement) of membership in the plan. The retirees with less than 10 years but at least 5 years of participation pay the full premium for the remaining period to reach the 10 years.

127. The Plan is administered by Cigna Health Benefits. Cigna acts as third-party administrator for the general management of the plan and for the adjudication of claims. All claims paid by Cigna are reimbursed by ICAO and, in addition, an administrative fee is paid to Cigna.
128. Repatriation benefits consist of a repatriation grant lump sum, travel of the staff member and eligible dependants, and removal of their personal effects. Upon end of service, staff members who meet certain eligibility requirements, including residency outside their country of nationality at the time of separation, are entitled to a repatriation grant lump sum, which is based on length of service, dependency status, and salary level at the time of separation.
129. The Organization also has an obligation to provide 30 days of annual leave to all Headquarters or Regional Office staff members and they may accumulate up to 60 days (18 days for temporary staff) of annual leave payable on separation from service. The liabilities for annual leave represent unused accumulated leave days that are projected to be settled via a monetary payment to employees upon their separation from ICAO.
130. Other employee benefits for international experts are calculated by ICAO based on personnel data and past experience. These benefits comprise estimated repatriation benefits and annual leave due to CDIP project staff upon separation. Such project staff benefits are covered by the ICAO Field Service Staff Rules.

2.10.2 Actuarial Valuation Results

131. The movement of employee benefits liabilities during 2024 and comparative movements for 2023 are as follows:

Actuarial valuation 2024: movement in post employment benefits liabilities

(Thousands of CAD)

	Balance 1 Jan 2024	Benefits Paid	Current Service (net of employee contributions)	Interest Cost	Actuarial Loss/(Gain)	Balance 31 Dec 2024
Post-retirement plan (ASHI)	105 739	(2 022)	3 211	3 969	(1 802)	109 096
End of service – annual leave	11 985	(832)	615	430	1 023	13 220
End of service – repatriation benefits	16 007	(1 156)	619	566	2 408	18 444
Other employee benefits – international experts	1 624	(243)	338	-	-	1 719
Total	135 355	(4 253)	4 783	4 965	1 628	142 479

Details may not add to totals due to rounding

Actuarial valuation 2023: movement in post employment benefits liabilities
(Thousands of CAD)

	Balance 1 Jan 2023	Benefits Paid	Current Service (net of employee contributions)	Interest Cost	Actuarial Loss/(Gain)	Balance 31 Dec 2023
Post-retirement plan (ASHI)	111 418	(2 086)	3 521	4 202	(11 316)	105 739
End of service – annual leave	12 205	(724)	701	442	(639)	11 985
End of service – repatriation benefits	16 004	(1 161)	694	572	(103)	16 007
Other employee benefits – international experts	2 538	(78)	(836)	-	-	1 624
Total	142 165	(4 049)	4 080	5 216	(12 058)	135 355

Details may not add to totals due to rounding

132. Comparative analyses of actuarial losses (and gains) for 2024 and 2023 are as follows:

Actuarial gains and losses 2024

(Thousands of CAD)

Actuarial Adjustments 2024	ASHI	Annual Leave	Repatriation Grant	Total
Loss (Gain) due to experience	(975)	1 001	2 180	2 206
Loss (Gain) due to changes in demographic assumptions	-	-	-	-
Loss (Gain) due to changes in financial assumptions	(827)	22	228	(578)
Total Loss (Gain) on Accrued Benefit Obligation as at December 31, 2024	(1 802)	1 023	2 408	1 628

Details may not add to totals due to rounding

Actuarial gains and losses 2023

(Thousands of CAD)

Actuarial Adjustments 2023	ASHI	Annual Leave	Repatriation Grant	Total
Loss (Gain) due to experience	470	(783)	604	291
Loss (Gain) due to changes in demographic assumptions	31	(1)	(882)	(852)
Loss (Gain) due to changes in financial assumptions	(11 817)	145	175	(11 497)
Total Loss (Gain) on Accrued Benefit Obligation as at December 31, 2023	(11 316)	(639)	(103)	(12 058)

Details may not add to totals due to rounding

133. Actuarial gains/losses for annual leave and repatriation benefits, plus current service costs and interest costs, including those for ASHI and excluding those of international experts, which are charged to the CDIP, total CAD 12.8 million in 2024 (2023: CAD 9.4 million) and are included in the expense of the Revolving Fund. In 2024, the experience adjustments for annual leave and repatriation grants (as noted in the table in paragraph 132 above) were impacted by a decision to use the actual currency mix for each of the long-term benefits rather than a composite currency mix rate as had been utilized in 2023. The accumulative ASHI actuarial gain amounted to CAD 30.8 million at the end of 2023 and is increased by ASHI actuarial gain of

CAD 1.8 million in 2024. At the end of 2024, the accumulative ASHI actuarial gain of CAD 32.6 million is recorded against reserve in the Revolving Fund.

2.10.3 Employee Benefits Liabilities – Sensitivity Analysis

134. The valuation of post-employment and other non-current employee liabilities is sensitive to variations in key assumptions such as the discount and health-care cost trend rates. The table below demonstrates the impact that a 1.0 per cent change in the single equivalent discount rate would have on the net defined benefit liability amounts.

Discount rate sensitivity analysis 2024

(Thousands of CAD)

	Increase of 1% in Discount rate	Decrease of 1% in Discount rate
ASHI		
Effects: Current service cost + interest cost	(495)	591
Effects: Accrued benefit obligation	(16 222)	20 870
Repatriation Grant		
Effects: Current service cost + interest cost	57	(77)
Effects: Accrued benefit obligation	(1 263)	1 088
Annual Leave		
Effects: Current service cost + interest cost	45	(52)
Effects: Accrued benefit obligation	(843)	965

Discount rate sensitivity analysis 2023

(Thousands of CAD)

	Increase of 1% in Discount rate	Decrease of 1% in Discount rate
ASHI		
Effects: Current service cost + interest cost	(459)	548
Effects: Accrued benefit obligation	(16 119)	20 849
Repatriation Grant		
Effects: Current service cost + interest cost	51	(57)
Effects: Accrued benefit obligation	(920)	1 044
Annual Leave		
Effects: Current service cost + interest cost	41	(47)
Effects: Accrued benefit obligation	(723)	826

135. Sensitivity analysis for the Medical and Dental Trend Rates, as described in Note 2.10.5, for the post-retirement health plan (ASHI) is presented in the following table:

Medical and dental costs sensitivity analysis 2024

(Thousands of CAD)

	Increase of 1% in Trend rate	Decrease of 1% in Trend rate
Effects: Current service cost + interest cost	1 847	(1 412)
Effects: Accrued benefit obligation	19 967	(15 861)

Medical and dental costs sensitivity analysis 2023

(Thousands of CAD)

	Increase of 1% in Trend rate	Decrease of 1% in Trend rate
Effects: Current service cost + interest cost	1 771	(1 344)
Effects: Accrued benefit obligation	19 922	(15 752)

136. Sensitivity analysis for the Mortality Table assumptions, as described in Note 2.10.5, for the post-retirement plan (ASHI) is presented in the following table:

Mortality sensitivity analysis 2024

(Thousands of CAD)

	1 Year Further Mortality Table	1 Year Closer Mortality Table
Effects: Current service cost + interest cost	271	(270)
Effects: Accrued benefit obligation	3 963	(3 932)

Mortality sensitivity analysis 2023

(Thousands of CAD)

	1 Year Further Mortality Table	1 Year Closer Mortality Table
Effects: Current service cost + interest cost	256	(255)
Effects: Accrued benefit obligation	3 947	(3 909)

137. Due to the fact that no plan assets have been recognized, ICAO is not exposed to significant risk from changes in the valuation of plan assets.

138. During 2024 and 2023, there were no major changes to the health plan.

2.10.4 Cost during Current and Future Periods

139. The expected contribution of ICAO to the defined benefits plan in 2025 is CAD 7.0 million, which is determined by the independent actuary based on expected benefit payments for 2024.

Actual and expected costs

(Thousands of CAD)

	Post-retirement plan (ASHI)	End of service – annual leave	End of service - repatriation grants	Total
Expected cost during 2025	2 963	1 542	2 536	7 041
Actual cost 2024	2 022	832	1 156	4 010
Actual cost 2023	2 086	724	1 161	3 971

140. The costs in the table above are included in the annual cash flow related to these employee benefit obligations and are limited to the payment of ICAO's 50% share of the ASHI benefits payable to the MBP administrator and actual payments for annual leave, and repatriation (grants, travel, and shipping of personal effects) payable on separation from service. The annual costs are mostly covered by the Organization's Regular Budget which is itself financed primarily by assessed contributions paid by its Member States. The cash flow may be impacted by a higher-than-normal number of terminations in a particular year and an adjustment in the premium as calculated by the MBP administrator.

141. The expected average remaining service life to retirement of active employees:

	2024	2023
ASHI	9.80 years	9.80 years
Annual Leave	7.70 years	7.50 years
Repatriation Grant	7.60 years	7.40 years

142. The maturity of each respective plan is as follows:

	2024	2023
ASHI	16.9 years	17.2 years
Annual Leave	6.9 years	6.5 years
Repatriation Grant	7.4 years	6.2 years

2.10.5 Actuarial Assumptions and Methods

143. Liabilities arising from end of service benefits for staff members at Headquarters and Regional Offices who are covered by ICAO Staff Rules, comprising annual leave, repatriation, and ASHI, are determined by independent professional actuaries. Each year, ICAO reviews and selects assumptions and methods that will be used by the actuaries in the year-end valuation to determine the expense and contribution requirements for ICAO's after-service benefits. Actuarial assumptions are disclosed in the financial statements in accordance with IPSAS 39, and the financial impact of each actuarial assumption is disclosed in absolute terms. The following key assumptions and methods have been used to determine the value of post-employment liabilities for ICAO as at 31 December 2024.

Assumptions Used for ASHI Plan:

Actuarial Method	ASHI: The projected unit credit cost method, prorated on years of service, up to the age the employee is fully eligible for retirement benefits.
Discount Rate	4.18 per cent for accounting and funding based on composite CAD and USD government bond rates weighted based on currency of post-employment liability (2023: 3.69 per cent).
Medical and Dental Trend Rates	Assumed increases in drug costs and other health care costs range from 7.40 per cent to 3.30 per cent over a period of 11 years (2023: 5.00 per cent to 3.20 per cent, 10 years), annual increase in health care costs range from 9.0 per cent to 3.85 per cent over a period of 8 years (2023: 8.0 percent to 3.65 per cent, 10 years), annual increase for dental range from 3.85 per cent in USD (2023: 3.65 per cent) and 3.30 per cent in CAD (2023: 3.20 per cent).
Expected Return on Assets	Not applicable.
Exchange Rate Used	USD 1.00 for CAD 1.442 (CAD 1.319 in the 2023 valuation).
Medical and Dental Claims Cost	Based on the current experience of ICAO's retirees: average annual costs per person at age 60 are CAD 2.7 thousand for drugs (CAD 2.6 thousand in 2023), from CAD 0.4 thousand to CAD 1.6 thousand for dental (CAD 0.4 thousand to CAD 1.5 thousand in 2023), and from CAD 0.8 thousand to 8.6 thousand for health care (CAD 0.7 thousand to CAD 8.0 thousand in 2023).
Age Variation of Medical and Dental Costs	Assumed annual increase for: <ul style="list-style-type: none"> ➤ Cost of drugs in Canada to range from 5.8 per cent at age 40 to 64 down to 0 per cent at age 85 and up (no change from 2023).

- Health care in Canada to range from 2.0 per cent up at age 40 to 64 down to 0.50 per cent at age 85 and up (2023: no change from 2023).
- Health care outside Canada to rise from 2.70 per cent to 4.20 per cent between the ages of 40 and 64, reaching its peak at 4.20 per cent for the 60-64 age group, then steadily decline from 3.00 per cent for the 65-69 age group to 0.00 per cent for those 90 and up (no change from 2023).

Assumed decreases for:

- Dental care by 0.5 per cent per year (no change from 2023).
- Cost of drugs at age 65 for those covered by a public drug plan in Canada by 65 per cent (no change from 2023).

Annual Administrative Costs	For the first three months in 2024 is USD 28.39 per Certificate per month, then: from 1 April 2024 – 31 March 2025 (year 4): USD 28.96 per month, per Certificate. Inflation at 2.50 per cent (USD) and 2.00 per cent (CAD) per year, (2.2 per cent in 2023).
Mortality Table	2017 UN ASHI headcount-weighted mortality table. Mortality rates are unchanged from 2023.
Withdrawal Rates	2024 UNJSPF assumptions vary by General Service vs Professional, starting in 2019. All participants (Professional and General Service) with 0-1 year of service: reduction in withdrawal rates. General Service male participants with 2-3 years of service: reduction in withdrawal rates.
Retirement Age	2024 UNJSPF assumptions vary by General Service vs Professional, starting in 2019. All participants with Normal Retirement Age (NRA) of 60: reduce retirement rates at some ages. All participants with NRA of 62: reduction at ages 62, 63, 64; increase the rate at age 65.
Coverage of Dependents at Retirement	60 per cent (same in 2023). Wives are assumed to be four years younger than their male spouses (same in 2023). No children per family at retirement age.

Assumptions Used for Annual Leave and Repatriation Benefits:

Actuarial Method	Annual leave and repatriation grant: actuarial present value of future benefits with salary projections.
Discount Rate	3.65 per cent (AL) 3.37 per cent (RG) per year (3.67 per cent in 2023) based on government bond rates in Canada and in the United States. Currency mix: 75 per cent CAD/25 per cent USD (AL), 95 percent CAD/5 per cent USD (RG) (2023: 43% CAD/57% USD).
Salary Increase	2.60 per cent per year, based on UNJSPF assumptions (2023: 2.60 per cent).

Net Accrual in Annual Leave Balance	From 7.5 (2023: 7.5) days during the first year to none for 30 years of service and more (2023: 30 years), up to a maximum of 60 days.
Withdrawals Due to Voluntary Leave	15 per cent (15 per cent in 2023).
Removal of Effects on Repatriation	USD 18.0 thousand per employee with eligible family members (no change from 2023), USD 13.0 thousand per employee without eligible family members (same in 2023). Inflation at 2.50 per cent (USD) and 2.00 per cent (CAD) per year (2.20 per cent in 2023).
Travel Costs	CAD 8.1 thousand per employee (CAD 8.3 thousand per employee in 2023). Inflation at 2.50 per cent (USD) and 2.00 per cent (CAD) per year (2.20 per cent in 2023).

144. ICAO uses a combination of the Canadian government bond rate and the United States of America's government bond rate to discount the liability related to After Service Health Insurance Liability. The composite discount rate is weighted to reflect the proportionate share of the post-employment benefit liability in each currency (currency mix of CAD: 40 per cent and USD: 60 per cent). ICAO uses the same Canadian to US Government composite bond rate to discount the liabilities for annual leave and repatriation benefits since these liabilities are partially disbursed in both currencies. Specifically, ICAO:
- Sets the discount rates for the Defined Benefit Obligation (past service liability) based on a yield curve approach.
 - Determines the Service Costs (liabilities for benefits expected to be earned in the next year) and interest on the liability using the same discount rates developed for the Defined Benefit Obligation.
145. The assumed increase in health care costs (trend rates) is a market-based assumption consisting of an initial rate based on current market trends weighted by currency, and a final rate based on long-term market expectations through the UN Task force methodology. The grade down is assessed through the estimated timing of convergence for the underlying market data. Data used for estimating the ultimate rates and time to converge (general inflation and real GDP growth) are sourced through the Oxford Economics database.
146. The 2024 annual per capita claims costs for retirees and dependent spouses are adjusted for historical trend rates and anticipated utilization adjustments due to aging. These costs are normalized to age 60. It is assumed these costs will vary by age. The per capita claims costs were calculated based on actual claims and enrolment experience for calendar years 2021 to 2023 adjusted for historical trend rates and anticipated adjustments due to aging. The valuation per capita claims costs are based on an average of these adjusted per capita costs trended with the 2024 estimated medical inflation.
147. All other significant economic assumptions are unchanged from those in the prior years' valuation. Though not an assumption per se, exchange rates play a key role in the valuation. The UN operational rates of exchange as of 31 December 2024 are used to convert medical and dental costs in USD to CAD. Similarly, the exchange rates are used to convert salary into CAD for the Repatriation Grant and Annual Leave. The valuation does not project for any future changes in these exchange rates.

148. In addition to the economic assumptions, the valuation uses demographic assumptions, which are assumptions about how the population will change over time. For the 31 December 2024 valuation, ICAO has adopted the 2017 UN ASHI headcount-weighted mortality table with UN projection scale as part of the efforts to harmonize with the valuation approach within the UN system entities.
149. The 2024 valuation is based on updated selection patterns: MBP Class 1 members will select class 2, 4/6, or 5 with probabilities of 87 per cent, 8 per cent and 4 per cent (unchanged from 2023), respectively, at time of retirement. MBP Class 3 members will select class 2, 4/6, or 5 with probabilities of 6 per cent, 68 per cent and 26 per cent (unchanged from 2023), respectively, at time of retirement.
150. All other significant demographic assumptions are unchanged from those used in the prior valuation. All actuarial methods in the current valuation are unchanged from those in the prior valuation. All significant plan provisions are consistent with those in the prior valuation.

2.10.6 Funding for Employee Benefits Liability

151. The liability for post-employment benefits is not fully funded and no plan assets are held in the Revolving Fund established for this purpose. At present, expenditures relating to the Organization's contributions to the ASHI are funded on a "pay-as-you-go" basis. The ASHI liability represents the present value of the share of the Organization's medical insurance costs for retirees and the post-retirement benefit accrued to date by active staff through their service. As of 31 December 2024, cash amounting to CAD 1.8 million is reflected in the Revolving Fund (CAD 1.7 million at 31 December 2023) following the 37th Assembly's approval of initial funding for ASHI using cash surplus from the year 2009. As the contributions to the Revolving Fund are not pooled with other participating organizations operating in Montreal, and as the plan is funded on a pay-as-you-go basis for all, the ICAO ASHI plan is a single-employer plan in accordance with IPSAS 39.

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

152. 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 Fund's Consulting Actuary. The practice of the Pension Board has usually 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 into perpetuity. The Fund's published funding policy (available on the Fund's website) sets out the methods, processes and targets that are used to monitor the funding position and associated risks. This also includes the practice of utilizing an actuarial value of assets, which smooths short-term investment gains and losses for the purpose of reporting long-term solvency.
153. ICAO's financial obligation to the Fund consists of its mandated contribution, at the rate established by the United Nations General Assembly (currently at 7.9% of pensionable remuneration 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. It has never been necessary to invoke Article 26, and no deficiency payments have ever been requested.

154. The latest actuarial valuation for the Fund was completed as at 31 December 2023, and a roll forward of the participation data as at 31 December 2023 to 31 December 2024 will be used by the Fund for the purpose of reporting an actuarial present value of accumulated plan benefits in its 2024 financial statements.
155. The actuarial valuation as at 31 December 2023 reported a funded ratio of actuarial assets to actuarial liabilities of 111.0% (117.0% in the 2021 valuation) when future expected pension adjustments (cost-of-living indexation on benefits) were taken into account. The reported funded ratio was 152.0% (158.2% in the 2021 valuation) when the current system of pension adjustments was not taken into account and would be the measure by which actuarial sufficiency is established under Article 26.
156. After assessing the actuarial sufficiency of the Fund, the Consulting Actuary concluded that there was no requirement, as at 31 December 2023, 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. At the time of this report, the General Assembly has not invoked the provision of Article 26.
157. 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 (2021, 2022 and 2023) amounted to USD 9,499.41 million, of which 0.67 per cent was contributed by ICAO.
158. During 2024, contributions paid to the Fund by ICAO amounted to USD 22.7 million equivalent to CAD 31.1 million (USD 22.2 million equivalent to CAD 29.9 million in 2023). Contributions due in 2025 are expected to be at the same level.
159. Membership of the Fund may be terminated by decision of the United Nations General Assembly, upon the affirmative recommendation of the Pension Board. A proportionate share of the total assets of the Fund at the date of termination shall be paid to the former member organization for the exclusive benefit of its staff who were participants in the Fund at that date, pursuant to an arrangement mutually agreed between the organization and the Fund. The amount is determined by the United Nations Joint Staff Pension Board based on an actuarial valuation of the assets and liabilities of the Fund on the date of termination; no part of the assets which are in excess of the liabilities are included in the amount.
160. 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 provides weekly information on its investments, and it can be viewed by visiting the Fund at www.unjspf.org.

2.10.8 Social Security Arrangements for Personnel under Service Contracts

161. Service contract holders are not ICAO staff members and are not entitled to the normal staff member benefits. They may be entitled to social security based on local conditions and norms. ICAO has not arranged any global social security for service contract holders and does not

contribute to such systems on their behalf. Social security arrangements can be obtained from the national social security system, private local schemes or as cash contributions to individually owned schemes. Obtaining proper social security in line with local labour legislation and practice is a requirement of the service contract holder.

Note 2.11: Credits to Contracting/Servicing Governments

162. The Credits include amounts assessed from contracting governments and collected by ICAO under the Danish and Icelandic Joint Financing Agreements, and user charges related to the North Atlantic Height Monitoring System. The balance of Credits to Contracting/Servicing Governments at year-end is CAD 2.2 million (CAD 1.9 million in 2023).
163. Also included in the liability, are user charges collected by ICAO on behalf of servicing governments under the arrangement on Joint Financing of the North Atlantic Height Monitoring System, of CAD 1.1 million (CAD 1.0 million in 2023). A new Agreement is expected to take effect upon ratification by signatory states, at which time the current Agreement will be phased out and the disposition of the remaining balances will be determined.

Note 2.12: Net Assets (Net Accumulated Deficit)

164. Net assets comprise the accumulated deficit and reserves of the Organization at year-end. Closing balances are ICAO's residual interest in the assets after deducting all its liabilities. Variations to the accumulated deficit and reserves are presented in Statement III.

Reserves

(Thousands of CAD)

	2024	2023
Regular Activities		
Accumulated actuarial gain/(loss) on ASHI (Note 2.10.2)	32 565	30 763
Carry forward of Appropriations (Note 4) - Commitments	17 996	18 374
Restricted Surplus for WCF ⁴	8 075	8 075
Operational Reserve	13 203	7 240
Operational reserve for ARGF, TRAINAIR PLUS and Commissariat	7 113	5 594
Restricted surplus for ARGF	2 955	3 095
Amounts reserved in the Incentive Fund	126	182
Reserved deficit for unrealized differences	(360)	(5 884)
Sub-total	81 673	67 439
Translation difference	(22)	47
Total	81 651	67 486

165. The increase in the Operational Reserve is attributed to transfers of CAD 4.6 million from the Regular Budget Fund, and CAD 5.0 million from the AOSC Fund to the Operational Reserve, as per C-DEC 232/3. This was partially offset by a transfer of CAD 2.4 million to the Regular Budget Fund (as per Resolution A41-28) and the utilization of CAD 1.2 million from the Operational Reserve in 2024.
166. The Reserved deficit for unrealized differences represents unrealized gains and losses on assets and on exchange differences set aside until the corresponding assets are realized.

⁴ Excludes unrealized differences as these are presented in the Reserved deficit for unrealized differences line.

167. A balance of CAD 7.1 million (CAD 5.6 million in 2023) is held in the operational reserve for ARGF, TRANAIR PLUS and Commissariat in accordance with Financial Regulations 7.3 and the Council Decision C-DEC 190/5.
168. The Restricted surplus for ARGF in the amount of CAD 3.0 million (2023: CAD 3.1 million) is earmarked for ongoing projects.
169. The reduction in the Incentive Fund balance relates to the 2024 portion transferred to 2023-2025 Regular Budget, as per Resolution A41-28.

NOTE 3: REVENUES AND EXPENSES

Note 3.1: Contributions – In-Kind

170. Under separate agreements between the Governments of Canada, Egypt, France, Peru, Senegal, Thailand, Mexico, China and the Organization, these governments undertake to bear all or part of the costs of the rental of ICAO premises located in their respective countries. The estimated fair value of these contributions in-kind is recorded in revenue and in general operating expenses.
171. The estimated fair value of the contributions in-kind provided to the Regular Activities segment based on the lease contracts, or on the estimated market value when there is no lease, is as follows:

In-kind contributions (Thousands of CAD)		
	2024	2023
Canada	24 035	23 244
Egypt	72	95
France	836	829
Peru	606	435
Senegal	341	304
Thailand	2 345	2 346
Total	28 235	27 253

172. The Government of Canada provides the HQ building, la Maison de l'OACI, to ICAO rent-free for 20 years commencing on 1 December 2016 and until 20 November 2036, and assumes 80 per cent of the operation and maintenance costs as well as 100 per cent of the property taxes. Also included in the above contribution in-kind from Canada, is an amount equivalent to CAD 2.1 million (CAD 2.0 million in 2023) from the Government of Quebec towards the provision of offices in the Bell Tower in Montreal, for the Capacity Development and Implementation Bureau.
173. The Civil Aviation Administration of China (CAAC) and the Government of Mexico provide a contribution in cash towards the rental of the Regional Sub-Office in Beijing and the Regional Office in Mexico City, respectively. The contributions received in 2024 amounted to CAD 0.3 million from the CAAC and CAD 0.5 million from the Government of Mexico (CAD 0.3 million and CAD 0.6 million in 2023), and are included as revenue in the statement of financial performance.

174. Staff services and travel, provided free of charge by States for Regular Activities and estimated at CAD 14.7 million in 2024 (CAD 17.5 million in 2023), are not recognized in the statement of financial performance as the Organization elected only to disclose them in the Notes.
175. ICAO owns 46 per cent of the property of the EURNAT Regional Office in Paris, which is fully depreciated, and the remaining 54 per cent of the property is under a nominal finance lease, which represents an in-kind contribution from the Government of France.
176. Other buildings occupied by ICAO are under operating leases or nominal leases, which are described in Note 6.1.

Note 3.2: Revenue

177. The main sources of revenue recognized during the year are contributions for CDIP that were implemented during the year (refer to Note 5.3 and Table C) and assessed contributions.
178. Total revenue related to contributions for project agreements recognized during the year is presented below:

Contributions for project agreements (Thousands of CAD)		
	2024	2023
Trust Fund and Management Service Agreements	101 695	123 640
Public Key Directory	2 503	3 377
Civil Aviation Purchase Services and others	631	1 157
Total	104 830	128 174

179. Assessed contributions of CAD 114.8 million (2023: CAD 114.7 million) have been recorded in accordance with ICAO Financial Regulations and Rules, and relevant resolutions of the Assembly. A reconciliation of assessed contributions to gross amounts assessed to Member States is presented below.

Assessed contributions (Thousands of CAD)		
	2024	2023
Assessments on States as resolved by the Assembly	104 566	103 920
Exchange Differences*	11 675	12 578
Assessment (table B)	116 241	116 498
Increase/(decrease) from cumulative discount on non-current receivables	(1 455)	(1 805)
Amount reported in Statement II: assessed contributions	114 786	114 693

*Exchange differences represent calculated positive differences between assessments at the budget rate and at the UNORE when assessments are levied.

180. The following table includes revenue from self-financing and revenue-generating activities, earned mostly by the ARGF and Commissariat.

Other revenue-generating activities

(Thousands of CAD)

	2024	2023
Training courses, assessment & membership fees	9 219	7 345
Licensing	3 716	3 414
Delegation and conference services	3 166	3 327
Events	5 068	3 115
Publications	2 856	2 565
Publication royalties	2 307	2 308
Websites/digital e-products	1 971	1 348
Subscription fees	1 029	931
Printing and distribution services	664	760
Commissariat sales	459	390
Advertising	25	5
Total	30 480	25 508

181. Revenue from other voluntary contributions includes unconditional cash voluntary contributions and progressive revenue recognized for conditional voluntary contributions as conditions are met. Donated rights to use for premises are recorded as revenue at their fair rental value equivalent for the respective years (refer to Note 3.1 in-kind contribution).

Other voluntary contributions

(Thousands of CAD)

	2024	2023
Donated right to use - premises	28 235	27 253
Voluntary contributions	10 948	13 475
Total	39 183	40 728

182. Other Revenue comprises the following:

Other revenue

(Thousands of CAD)

	2024	2023
Interest income*	8 487	6 957
Service fees	1 274	2 007
Exchange gains**	11 828	503
Others	486	639
Total	22 075	10 106

*The interest income excludes CAD 11.0 million (CAD 8.6 million in 2023) reported under administrative fee revenue in AOSC, and CAD 3.4 million (CAD 2.4 million in 2023) reported under CIDP advanced receipts (Regulation 7.6 b)).

**Exchange gains relate mainly to positive differences from the revaluation of assets and liabilities into CAD initially recognized in other currencies (note 3.3.6).

183. The increase in interest income is primarily attributed to higher advanced receipts for CDIP (Note 2.8).

Note 3.3: Expenses

3.3.1 Salaries, Employee Benefits and Project Personnel

184. Salaries include remuneration paid to employees of the Organization, international field experts, and experts under the Operational Assistance Agreement (OPAS) for CDIP. Employee benefits include other entitlements paid by the Organization such as health insurance, annual leave, repatriation, education, assignment and relocation grants, termination indemnities and ICAO's contribution to the UNJSPF. Project Personnel costs include remunerations paid through ICAO's CDIP projects to national staff appointed by the local governments but authorized by ICAO. The national staff are selected in line with the guidelines and process developed by CDI to ensure that the project personnel selected contribute according to the deliverables of the relevant project documents.

Salaries, employee benefits and project personnel

(Thousands of CAD)

	2024	2023
Professional and General Service Staff	132 632	124 878
Project Personnel – National Professional	20 857	21 177
Consultancies & Contractors	19 444	16 720
CDIP OPAS Experts	8 934	8 120
CDIP International Field Experts	3 141	3 305
Project Personnel – National Admin Support	1 563	1 822
Others	1 155	1 439
Total	187 726	177 461

3.3.2 Subcontracts, Supplies, and Consumables

185. Expenses of CAD 49.3 million for subcontracts, supplies and consumables (2023: CAD 75.3 million) primarily cover the procurement of goods and services for Trust Funds, Management Service Agreements, Civil Aviation Purchasing Services, and iPack projects under the CDIP.

3.3.3 General Operating Expenses

General operating expenses

(Thousands of CAD)

	2024	2023
Contribution In-Kind - Premises	28 235	27 253
Outsourcing Services	11 749	9 226
Audits, Insurance, Services and UN Studies	2 719	3 915
IT Hardware/Software Maintenance and Purchases	3 695	3 886
Rental and Maintenance of Premises	4 807	3 782
Depreciation and Amortization	1 469	1 725
Others	1 504	1 489
Total	54 178	51 276

3.3.4 Travel

186. Travel expense refers to mission travel, which includes airfares, daily subsistence allowances and terminal allowances, and amounted to CAD 12.9 million in 2024 (2023: CAD 13.1 million).

3.3.5 Other Expenses

Other expenses (Thousands of CAD)		
	2024	2023
Exchange losses*	311	2 906
Bank charges	458	419
Services for conferences and seminars	877	489
Others	275	178
Total	1 921	3 992

*Exchange losses relate to negative differences from the revaluation of assets and liabilities into CAD initially recognized in other currencies.

3.3.6 Exchange gains and losses

187. The Organization realizes exchange gains and losses on accounts payable and accounts receivable denominated in currencies other than its functional currencies (CAD for Regular Activities, and USD for CDIP and Joint Financing funds) based on the applicable UN operational exchange rate at the transaction date. In addition, exchange gains and losses from the revaluation of bank accounts and other monetary assets and liabilities not held in CAD (at the exchange rate on the reporting date) are recognized in surplus and deficit. The effect of exchange gains and losses is recognized as a component of revenue and expenses on the statement of financial performance. Monetary assets and liabilities related to CDIP and Joint Financing funds are translated to CAD at the closing rate, and revenue and expense in the statement of financial performance are translated to CAD at an average rate.

Exchange (gains)/losses (Thousands of CAD)		
	2024	2023
Realized exchange (gains)/losses	(3 659)	2 938
Un-realized exchange (gains)/losses	(7 853)	(527)
Total Exchange (gains)/losses*	(11 512)	2 411

Note*: Includes CAD 11.8 million of exchange gain reported under Other Revenue.

NOTE 4: STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

188. The Organization's Assembly authorizes, separately for each year of a triennium, the expenditure in CAD for the Regular Budget and approves the total indicative budget estimates of the AOSC Fund of the CDIP. These two budgets are publicly available and may be subsequently amended by the Council or through the exercise of delegated authority. Statement V shows a comparison between the original budget, the final budget and the actual amounts on a comparable basis incurred during 2024.
189. The Original Budget (CAD 143.9 million) on Statement V is comprised of the budget approved by the Assembly (appropriations) for the year (CAD 117.7 million), 2023 appropriations carried over to 2024 to cover outstanding commitments (CAD 18.4 million) and carryover of unutilized appropriations from prior year (CAD 7.9 million). The Final Budget includes transfers and changes in appropriations approved during the year. Statement V also presents the status of appropriations by the results-based management structure of the Business Plan, as voted by the Assembly.

190. In Statement V, the difference of CAD 2.5 million between the budget as approved by the Assembly (CAD 117.7 million) and the actual revenue and transfers on comparable basis (CAD 120.2 million) is due to the increase in miscellaneous income (CAD 3.9 million) and decrease from cumulative discounted receivables (CAD 1.4 million) which were not budgeted for. The budget difference of CAD 20.1 million between actual revenue and transfers on comparable basis as reported in Statement V (CAD 120.2 million) and that reported in Table A (CAD 140.2 million), comprising of revenue (CAD 137.8 million) and transfers (CAD 2.4 million) for the Regular Budget, is mainly attributable to (a) exchange gains (CAD 11.7 million) resulting from the split assessment system adopted by the Organization under which Member States are assessed partly in CAD and in USD, and (b) the net currency exchange positive difference from the revaluation of assets and liabilities recognized on the IPSAS basis (CAD 8.4 million).
191. Statement V compares the Original Budget for the Regular Budget (CAD 143.9 million) and the actual expenditures on a comparable basis (CAD 139.1 million), and this results in a carry-over of unutilized appropriations to the following year of CAD 4.9 million. The budget difference of CAD 4.6 million between actual expenditures on a comparable basis (CAD 139.1 million) and the corresponding expenses recorded under the General Fund in Table A at the UNORE (CAD 134.5 million) is mainly explained by: (a) the reduction due to the exchange difference from application of the budget rate of exchange and the UNORE (CAD 12.2 million); (b) the reduction due to the Operational Reserve Fund expenditures that are presented under the Regular Budget in Table A but not reported in Statement V, as these are not budgeted for in the 2024 Regular Budget (CAD 1.2 million); and (c) the recognition of outstanding commitments, for budget utilization purposes, foreseen to be incurred only in the following year (CAD 18.0 million).
192. The Budget estimates (final revised) are also compared to actual amounts in Statement V with regard to the AOSC Fund. The Presentation of the Secretary General on the financial statements included in this document provides further explanations of material differences between Regular Budget and AOSC budget and the actual amounts.

The Reconciliation to the Statement of Cash Flow

193. A reconciliation between the actual amounts on a comparable basis in the Statement of Comparison of Budget and Actual Amounts for all Funds of the Organization that have Publicly Available Budgets (Statement V) and the actual amounts in the Statement of Cash Flow (Statement IV) for the year ended 31 December 2024 is presented below:

Reconciliation between actual amounts on comparable basis to statement of cash flows

(Thousands of CAD)

	Operating	Investing	Financing	Total
Actual on a Comparable Basis (Statement V):				
Revenue Regular Budget	120 174	-	-	120 174
Revenue AOSC	22 637	-	-	22 637
Expenses Regular Budget	(139 060)	-	-	(139 060)
Expenses AOSC	(11 488)	-	-	(11 488)
Budget Differences: (par. 190 and 191 above)				
i) Net exchange differences on budgeted assessments and expenses	(524)	-	-	(524)
ii) Outstanding commitments not requiring an outlay of funds	17 996	-	-	17 996
iii) Currency exchange - revaluation of balance sheet items	8 391	-	-	8 391
iv) Transfer from other Funds	(2 420)	-	-	(2 420)
Entity Differences (par. 194 below)	(2 755)	-	-	(2 755)
Presentation Differences (par. 195 below)	81 099	(73 269)	-	7 830
Actual Amounts in the Statement of Cash Flow (Statement IV)	94 049	(73 269)	-	20 780

Details may not add to totals due to rounding

194. **Entity differences** occur when the approved publicly available budgets process omits programmes or Funds that are part of an entity for which the financial statements are prepared. Entity differences represent revenue (CAD 160.3 million) less expenses (CAD 163.1 million) that are included in the statement of financial performance (Statement II), and relate to other Regular Activities and CDIP activities. These activities and projects are generally funded by extra-budgetary resources and are excluded from the Regular Budget and the AOSC budgetary process.
195. **Presentation differences** are due to the non-cash movements from Operating Activities, Investing Activities, and Financing Activities presented in Statement IV. They arise because non-cash items are not reflected in format and classification schemes adopted for the presentation of the Statement of Cash Flows (Statement of Comparison of Budget and Actual Amounts (Statement V)). The Statement of Cash Flows is prepared using the indirect method and reflects the impact of all receipts and disbursements; Statements of Comparison of Budgets and Actual Amounts present revenue and expenses for which expenses are authorized by the Assembly and Council. Since these statements cover the same financial year, there are no timing differences.

NOTE 5: SEGMENT REPORTING

Note 5.1: Statement of Financial Position and Financial Performance by Segment

196. Segment reporting is required under IPSAS and is described in Note 1. Financial Position by segment is shown in the next table, followed by the statement of financial performance by segment. Some activities between the two segments, Regular Activities segment and CDIP Activities segment, lead to accounting transactions that create inter-segment revenue, expense, assets, and liabilities balances in the financial statements. Inter-segment transactions are reflected in the segment reports to accurately present these accounting transactions and then are eliminated for presentation in Statements I and II.

197. The Regular Activities segment includes CAD 9.6 million (2023: CAD 9.0 million) in administrative fees and other revenue charged by the AOSC Fund to CDIP. An equivalent amount is included as administrative overhead charges, travel, and other expenses in the CDIP Activities segment. The administrative fee is based on percentages agreed upon in the CDIP agreements. Funds are transferred from the Regular Budget and Voluntary contributions, to CDIP for iPacks and implementation support projects. These transfers, totalling CAD 0.7 million (CAD 1.6 million in 2023), are reflected as revenue-generating activities (CAD 0.5 million) and other revenue (CAD 0.2 million). Corresponding Regular Activities segment expenses are presented as subcontractors (CAD 0.4 million), travel (CAD 0.2 million), and other expenses (CAD 0.1 million). The amount due from the CDIP segment to the Regular Activities segment at 31 December 2024 was CAD 2.7 million (CAD 0.9 million at 31 December 2023). These amounts are eliminated for presentation purposes.

INTERNATIONAL CIVIL AVIATION ORGANIZATION
FINANCIAL POSITION BY SEGMENT
AT 31 DECEMBER 2024
(Thousands of CAD)

NOTE 5.2

	Notes	Regular Activities		Capacity Development and Implementation Programme Activities		Elimination		Total	
		2024	2023	2024	2023	2024	2023	2024	2023
ASSETS									
CURRENT ASSETS									
Cash and cash equivalents	2.1	93 451	87 415	162 323	147 579			255 774	234 994
Investments	2.1	93 855	85 232	171 325	85 234			265 180	170 466
Assessed contributions receivable from Member States	2.2	17 794	4 206					17 794	4 206
Inter-segment balances		2 653	854			(2 653)	(854)		
Receivables, advances and other current assets	2.3	8 957	7 931	6 963	5 235			15 920	13 166
Inventories	2.4	394	291					394	291
		217 104	185 929	340 611	238 048	(2 653)	(854)	555 062	423 123
NON-CURRENT ASSETS									
Assessed contributions receivable from Member States	2.2	459	952					459	952
Receivables	2.3	304	1 563					304	1 563
Property, plant and equipment	2.5	4 368	4 572					4 368	4 572
Intangible assets	2.6	3 763	3 572					3 763	3 572
		8 894	10 659					8 894	10 659
TOTAL ASSETS		225 998	196 588	340 611	238 048	(2 653)	(854)	563 956	433 782
LIABILITIES									
CURRENT LIABILITIES									
Advanced receipts	2.8	39 994	38 955	330 064	229 398			370 058	268 353
Accounts payable and accrued liabilities	2.9	32 158	25 418	6 086	5 918			38 244	31 336
Employee benefits	2.10	6 785	6 710	1 720	1 624			8 505	8 334
Inter-segment balances				2 653	854	(2 653)	(854)		
Credits to contracting/servicing governments	2.11	2 233	1 892					2 233	1 892
		81 170	72 975	340 523	237 794	(2 653)	(854)	419 040	309 915
NON-CURRENT LIABILITIES									
Advanced receipts	2.8	240	1 449					240	1 449
Employee benefits	2.10	133 974	127 021					133 974	127 021
Accounts payable and accrued liabilities	2.9			725				725	
		134 214	128 470	725				134 939	128 470
TOTAL LIABILITIES		215 384	201 445	341 248	237 794	(2 653)	(854)	553 979	438 385
NET ASSETS									
Accumulated deficit		(71 059)	(72 296)	(615)	207			(71 674)	(72 089)
Reserves	2.12	81 673	67 439	(22)	47			81 651	67 486
NET ASSETS/(ACCUMULATED DEFICIT)		10 614	(4 857)	(637)	254			9 977	(4 603)
TOTAL LIABILITIES AND NET ASSETS		225 998	196 588	340 611	238 048	(2 653)	(854)	563 956	433 782

Details may not add to the totals due to rounding

INTERNATIONAL CIVIL AVIATION ORGANIZATION

NOTE 5.3

FINANCIAL PERFORMANCE BY SEGMENT
FOR THE YEAR ENDED 31 DECEMBER 2024
(Thousands of CAD)

	Notes	Regular Activities		Capacity Development and Implementation Programme Activities		Elimination		Total	
		2024	2023	2024	2023	2024	2023	2024	2023
REVENUE									
Contributions for project agreements	3.2	2 503	3 376	102 352	125 237	(25)	(439)	104 830	128 174
Assessed contributions	3.2	114 786	114 693					114 786	114 693
Other revenue generating activities	3.2	30 946	26 187			(466)	(679)	30 480	25 508
Other voluntary contributions	3.2	39 075	40 728	108				39 183	40 728
Administrative fee revenue		20 530	17 548			(9 572)	(8 971)	10 958	8 577
Other revenue	3.2	22 230	10 091	52	486	(207)	(471)	22 075	10 106
TOTAL REVENUE		230 070	212 623	102 512	125 723	(10 270)	(10 560)	322 312	327 786
EXPENSES									
Salaries, employee benefits and project personnel	3.3	149 227	141 716	38 499	35 745			187 726	177 461
Subcontracts, supplies and consumables	3.3	450	1 335	49 300	74 965	(490)	(1 048)	49 260	75 252
General operating expenses	3.3	53 600	50 441	578	835			54 178	51 276
Travel	3.3	9 684	9 843	3 370	3 419	(199)	(137)	12 855	13 125
Meetings		1 804	2 677					1 804	2 677
Training			10	1 618	2 094			1 618	2 104
Administrative overhead charges				9 467	8 980	(9 467)	(8 980)		
Other expenses	3.3	1 540	4 276	495	111	(114)	(395)	1 921	3 992
TOTAL EXPENSES		216 305	210 298	103 327	126 149	(10 270)	(10 560)	309 362	325 887
SURPLUS/(DEFICIT) FOR THE YEAR		13 765	2 325	(815)	(426)			12 950	1 899

Details may not add to the totals due to rounding

NOTE 6: COMMITMENTS AND CONTINGENCIES

Note 6.1: Lease and Contractual Commitments

Leases

198. The Organization has entered into several operating lease agreements for offices and equipment. While some of the agreements are under commercial terms, others are for space provided to ICAO by host Governments on a free-of-charge or nominal-fee basis. The in-kind rental value equivalent was estimated and recognized as expense and as voluntary contributions revenue in the statement of financial performance. As at 31 December 2024, there are no significant lease commitments for ICAO with regard to HQ or Regional Offices' premises, as explained in Note 3.1

Leasing arrangements where ICAO is the lessor

199. The future minimum lease revenues under non-cancellable operating leases total CAD 2.5 million for 2024 (2023: CAD 2.5 million). These lease revenues comprise the rental of premises to Delegations and other organizations.

Contractual commitments

200. At year end, commitments funded by the Regular Budget for property, plant and equipment, intangible assets, and goods and services contracted but not delivered, were as shown below:

Contractual commitments		
(Thousands of CAD)		
	2024	2023
Property, plant and equipment	418	981
Intangible	1 600	1 127
Goods and services	7 115	9 242
Total open contractual commitments	9 133	11 350

Note 6.2: Contingent Liabilities

201. Consistent with IPSAS, contingent liabilities are disclosed for pending claims where the probability of an obligation and the potential outflow of resources cannot be measured reliably. As at 31 December 2024, there were administration of justice claims brought by former and current ICAO staff members. It has been determined that it is possible, but not probable, that these claims may be decided in favour of the claimants. At the reporting date, the cases are still in the early stages, and insufficient information exists to assess whether these claims are likely to result in any liability to ICAO.

NOTE 7: RELATED PARTY AND SENIOR MANAGEMENT DISCLOSURE

Note 7.1: Key Management Personnel (KMP)

(Thousands of CAD)

	Number of Individuals	Compensation and Post Adjustment	Entitlements	Pension and Health Plans	Total Remuneration	Outstanding Advances Against Entitlements	Outstanding Loans
Year 2024	12	2 638	378	854	3 870	121	-
Year 2023	12	2 888	334	920	4 142	94	-

202. The key management personnel (as defined by IPSAS 20) consist of: (i) the President of the Council; and (ii) the members of the Senior Management Group (SMG) of the Secretariat. The Senior Management Group comprises the head of the Secretariat, the Secretary General; Directors at Headquarters; and a number of Chiefs reporting directly to the Secretary General. The key management personnel have the authority and responsibility for planning, directing, and controlling the activities of ICAO and for the establishment of policies. The total remuneration reported above is paid to the President of the Council and members of the Senior Management Group.
203. The aggregate remuneration paid to key management personnel includes: net salaries, post adjustment, entitlements such as representation allowance, repatriation, education grants, and also employer pension and current health insurance contributions. Outstanding advances against entitlements are composed of education grant advances.
204. Key management personnel also qualify for post-employment benefits (Note 2.10) at the same level as other employees. These benefits cannot be accurately quantified on an individual basis, thus are not included in the table above.
205. Key management personnel are ordinary members of UNJSPF with the exception of a number of D-2 level personnel and above, who do not participate in the UNJSPF. Amounts paid by ICAO in lieu of contributions to the plan, which represents 15.8 per cent of the pensionable remuneration, are included in total remuneration.

Note 7.2: Related Party Transactions

206. Except as otherwise noted in these statements for revenue from non-exchange transactions, including contributions in-kind, all transactions made with third parties, including United Nations organizations, occur at arm's length on fair value terms and conditions.

NOTE 8: EVENTS AFTER THE REPORTING DATE

207. On January 20, 2025, one of the Member States announced a temporary suspension of foreign aid, to reevaluate its international funding priorities. This event, occurring after the reporting date, is classified as a non-adjusting event under IPSAS, and no adjustments have been made to these financial statements.
208. As of the reporting date, approximately CAD 7.9 million in assessed contributions receivable due from the Member State were recognized on the Statement of Financial Position, representing 43.2 per cent of the organization's total assessed contributions receivable (Note 2.2).

209. At the date of authorization of these financial statements, the total impact of the temporary suspension of foreign aid remains uncertain and will be assessed and reported in subsequent periods.
210. There were no other material events, favourable or unfavourable, that occurred between the date of the financial statements and the date when the financial statements were authorized for issue that would have had material impact on these statements.

PART IV: TABLES (UNAUDITED)

INTERNATIONAL CIVIL AVIATION ORGANIZATION

REGULAR ACTIVITIES BY FUND
ASSETS, LIABILITIES, NET ASSETS AT 31 DECEMBER 2024 AND
REVENUE, EXPENSES AND SURPLUS (DEFICIT) FOR 2024
(Thousands of CAD)

	Regular Budget	Capital Fund	Revolving Fund	Ancillary Revenue Generation Funds	Administrative/Op erational Services Cost Funds	AVSEC Activities	AFI Plan Fund	Environment Funds	Joint Finance Funds
ASSETS									
CURRENT ASSETS									
Cash and cash equivalents	11 136		1 763	15 531	6 615	10 795	353	5 660	3 188
Investments	56 238				17 304				
Assessed contributions receivable from Member States	17 794								
Inter-fund balances	534			(739)	2 975				
Receivables, advances and other current assets	1 768			3 976	68	499		1 246	107
Inventories				394					
	87 470		1 763	19 162	26 962	11 294	353	6 906	3 295
NON-CURRENT ASSETS									
Assessed contributions receivable from Member States	459								
Receivables	63							241	
Property, plant and equipment		4 368							
Intangible assets		3 763							
	522	8 131						241	
TOTAL ASSETS	87 992	8 131	1 763	19 162	26 962	11 294	353	7 147	3 295
LIABILITIES									
CURRENT LIABILITIES									
Advanced receipts	9 680			2 901		421		1 246	
Accounts payable and accrued liabilities	8 264			2 587	236	50	3	135	1 062
Employee benefits			6 785						
Credits to contracting/servicing governments									2 233
	17 944		6 785	5 488	236	471	3	1 381	3 295
NON-CURRENT LIABILITIES									
Advance receipts								240	
Employee benefits			133 974						
			133 974					240	
TOTAL LIABILITIES	17 944		140 759	5 488	236	471	3	1 621	3 295
NET ASSETS									
Accumulated surplus/(deficit)	33 283	8 131	(171 562)	3 606	31 726	10 722	249	5 526	
Transfers to/from other funds	(2 149)				(5 000)	101	101		
Reserves	38 913		32 566	10 068					
NET ASSETS/(ACCUMULATED DEFICIT)	70 048	8 131	(138 996)	13 674	26 726	10 823	350	5 526	
TOTAL LIABILITIES AND NET ASSETS	87 992	8 131	1 763	19 162	26 962	11 294	353	7 147	3 295
REVENUE									
Contributions for project agreements									
Assessed contributions	114 786								
Other revenue generating activities	99			31 018					
Other voluntary contributions						3 091		2 149	
Administrative fee revenue					20 598				
Other revenue	22 935	1 458	4 113	1 362	2 039	1 345	67	498	5
TOTAL REVENUE	137 820	1 458	4 113	32 380	22 637	4 436	67	2 647	5
EXPENSES									
Salaries, employee benefits and project personnel	109 591		12 841	13 237	10 822	1 943	28	309	4
Subcontracts, supplies and consumables	805			156	22	52		38	
General operating expenses	18 285	1 469		12 230	430	165	2	51	
Travel	4 535			1 510	214	1 628	284	24	1
Meetings	886			49		14	37		
Training									
Administrative overhead charges				74		159	1	(89)	
Other expenses	399			1 059		1	40		
TOTAL EXPENSES	134 501	1 469	12 841	28 315	11 488	3 962	392	333	5
NET SURPLUS/(DEFICIT) FOR THE YEAR	3 319	(11)	(8 728)	4 065	11 149	474	(325)	2 314	

Details may not add to the totals due to rounding

INTERNATIONAL CIVIL AVIATION ORGANIZATION

Table A
(continued)REGULAR ACTIVITIES BY FUND
ASSETS, LIABILITIES, NET ASSETS AT 31 DECEMBER 2024 AND
REVENUE, EXPENSES AND SURPLUS (DEFICIT) FOR 2024
(Thousands of CAD)

	Capacity Building and Implementation Fund	Public Key Directory	Regional Sub- Office	Safe Fund	Transformational Fund	Other Funds	Total	Elimination/ Adjustments	2024	2023
ASSETS										
CURRENT ASSETS										
Cash and cash equivalents	4 599	4 142	2 119	7 149	1 540	14 430	89 020	4 431	93 451	87 415
Investments						7 013	80 555	13 300	93 855	85 232
Assessed contributions receivable from Member States							17 794		17 794	4 206
Inter-fund balances	(119)						2 653		2 653	854
Receivables, advances and other current assets	2	599	31			257	8 551	406	8 957	7 931
Inventories							394		394	291
	<u>4 482</u>	<u>4 741</u>	<u>2 150</u>	<u>7 149</u>	<u>1 540</u>	<u>21 700</u>	<u>198 967</u>	<u>18 137</u>	<u>217 104</u>	<u>185 929</u>
NON-CURRENT ASSETS										
Assessed contributions receivable from Member States							459		459	952
Receivables							304		304	1 563
Property, plant and equipment							4 368		4 368	4 572
Intangible assets							3 763		3 763	3 572
							<u>8 894</u>		<u>8 894</u>	<u>10 659</u>
TOTAL ASSETS	<u>4 482</u>	<u>4 741</u>	<u>2 150</u>	<u>7 149</u>	<u>1 540</u>	<u>21 700</u>	<u>207 861</u>	<u>18 137</u>	<u>225 998</u>	<u>196 588</u>
LIABILITIES										
CURRENT LIABILITIES										
Advanced receipts		3 217				824	18 289	21 705	39 994	38 955
Accounts payable and accrued liabilities	13	1 524	15	18	16	52	13 978	18 180	32 158	25 418
Employee benefits							6 785		6 785	6 710
Credits to contracting/servicing governments							2 233		2 233	1 892
	<u>13</u>	<u>4 741</u>	<u>15</u>	<u>18</u>	<u>16</u>	<u>876</u>	<u>41 285</u>	<u>39 885</u>	<u>81 170</u>	<u>72 975</u>
NON-CURRENT LIABILITIES										
Advanced receipts							240		240	1 449
Employee benefits							133 974		133 974	127 021
							<u>134 214</u>		<u>134 214</u>	<u>128 470</u>
TOTAL LIABILITIES	<u>13</u>	<u>4 741</u>	<u>15</u>	<u>18</u>	<u>16</u>	<u>876</u>	<u>175 499</u>	<u>39 885</u>	<u>215 384</u>	<u>201 445</u>
NET ASSETS										
Accumulated surplus/(deficit)	4 671		2 135	7 131	1 524	20 698	(42 162)	(21 748)	(63 910)	(74 717)
Transfers to/from other funds	(202)						(7 149)		(7 149)	2 421
Reserves						126	81 673		81 673	67 439
	<u>4 469</u>		<u>2 135</u>	<u>7 131</u>	<u>1 524</u>	<u>20 824</u>	<u>32 362</u>	<u>(21 748)</u>	<u>10 614</u>	<u>(4 857)</u>
NET ASSETS (ACCUMULATED DEFICIT)	<u>4 469</u>		<u>2 135</u>	<u>7 131</u>	<u>1 524</u>	<u>20 824</u>	<u>32 362</u>	<u>(21 748)</u>	<u>10 614</u>	<u>(4 857)</u>
TOTAL LIABILITIES AND NET ASSETS	<u>4 482</u>	<u>4 741</u>	<u>2 150</u>	<u>7 149</u>	<u>1 540</u>	<u>21 700</u>	<u>207 861</u>	<u>18 137</u>	<u>225 998</u>	<u>196 588</u>
REVENUE										
Contributions for project agreements		2 503					2 503		2 503	3 376
Assessed contributions							114 786		114 786	114 693
Other revenue generating activities							31 366	(420)	30 946	26 187
Other voluntary contributions	1 091		1 027	1 170	407	7 065	16 000	23 075	39 075	40 728
Administrative fee revenue							20 598	(68)	20 530	17 548
Other revenue	592	576	187	810	91	2 601	38 679	(16 449)	22 230	10 091
	<u>1 683</u>	<u>3 079</u>	<u>1 214</u>	<u>1 980</u>	<u>498</u>	<u>9 915</u>	<u>223 932</u>	<u>6 138</u>	<u>230 070</u>	<u>212 623</u>
TOTAL REVENUE	<u>1 683</u>	<u>3 079</u>	<u>1 214</u>	<u>1 980</u>	<u>498</u>	<u>9 915</u>	<u>223 932</u>	<u>6 138</u>	<u>230 070</u>	<u>212 623</u>
EXPENSES										
Salaries, employee benefits and project personnel	242	2 677	337	77	59	3 511	155 677	(6 450)	149 227	141 716
Subcontracts, supplies and consumables	101	3	19	(281)		21	935	(485)	450	1 335
General operating expenses		188	414		232	751	34 217	19 383	53 600	50 441
Travel	324	92	68	625		432	9 738	(54)	9 684	9 843
Meetings	11		11	24		837	1 870	(66)	1 804	2 677
Training										10
Administrative overhead charges	76	118	4	85	28	338	794	(794)		
Other expenses	15	1	11	86		120	1 733	(193)	1 540	4 276
	<u>769</u>	<u>3 079</u>	<u>864</u>	<u>616</u>	<u>319</u>	<u>6 010</u>	<u>204 964</u>	<u>11 341</u>	<u>216 305</u>	<u>210 298</u>
TOTAL EXPENSES	<u>769</u>	<u>3 079</u>	<u>864</u>	<u>616</u>	<u>319</u>	<u>6 010</u>	<u>204 964</u>	<u>11 341</u>	<u>216 305</u>	<u>210 298</u>
NET SURPLUS/(DEFICIT) FOR THE YEAR	<u>914</u>		<u>350</u>	<u>1 364</u>	<u>179</u>	<u>3 905</u>	<u>18 968</u>	<u>(5 203)</u>	<u>13 765</u>	<u>2 325</u>

Details may not add to the totals due to rounding

INTERNATIONAL CIVIL AVIATION ORGANIZATION

REGULAR PROGRAMME
ASSESSMENTS RECEIVABLE FROM MEMBER STATES
AND CONTRIBUTIONS RECEIVED IN ADVANCE
AS AT 31 DECEMBER 2024

(Thousands of CAD)

Member States Assembly Resolutions A41-28 and A41-29	General Fund					Total Balances Receivable	Cumulative Exchange	Total Adjusted Balances Receivable	Contributions Received in Advance
	Scales 2024	Assessments 2024	Assessments Received for 2024	Balance of Assessments Receivable for 2024	Balance of Prior Years' Assessments Receivable				
Afghanistan	0.06	70		70	248	318	13	330	
Albania	0.06	70	70						
Algeria	0.08	93	93						
Andorra	0.06	70	70						
Angola	0.06	70	70						9
Antigua and Barbuda**	0.06	70		70	1 311	1 380	292	1 672	
Argentina	0.52	604	604						
Armenia	0.06	70	70						31
Australia	1.66	1 930	1 930						2 076
Austria	0.56	651	651						
Azerbaijan	0.16	186	186						
Bahamas	0.06	70	70						
Bahrain	0.08	93	93						
Bangladesh	0.12	139	139						
Barbados	0.06	70		70		70	3	72	
Belarus	0.06	70	70						1
Belgium	0.68	790	790						
Belize	0.06	70	70						
Benin	0.06	70	70						
Bhutan	0.06	70	70						
Bolivia (Plurinational State of)	0.06	70		70		70	3	72	
Bosnia and Herzegovina	0.06	70	70						
Botswana	0.06	70	70						
Brazil	1.56	1 813	1 813						
Brunei Darussalam	0.06	70	70						
Bulgaria	0.06	70	70						
Burkina Faso	0.06	70	70						
Burundi	0.06	70		70	73	143	5	147	
Cabo Verde	0.06	70	70						75
Cambodia	0.06	70	70						
Cameroon	0.06	70	70						
Canada	2.17	2 522	2 522						1 571
Central African Republic	0.06	70	70						
Chad	0.06	70	70						
Chile	0.44	511	511						
China	13.71	15 937	15 937						
Colombia	0.30	349	347	1		1		1	
Comoros	0.06	70	70						
Congo	0.06	70	70						
Cook Islands	0.06	70	70						
Costa Rica	0.06	70	70						75
Côte d'Ivoire	0.06	70	70						
Croatia	0.06	70	70						
Cuba	0.07	81	81						
Cyprus	0.06	70	70						
Czechia	0.24	279	279						
Democratic People's Republic of Korea	0.06	70	70						
Democratic Republic of the Congo	0.06	70		70	61	131	4	135	
Denmark	0.41	477	477						
Djibouti**	0.06	70		70	1 048	1 117	241	1 358	
Dominica***	0.06	70		70	305	375	15	390	
Dominican Republic	0.06	70	70						
Ecuador	0.06	70		70	116	185	5	190	
Egypt	0.19	221	221						
El Salvador	0.06	70	70						
Equatorial Guinea	0.06	70	70						
Eritrea	0.06	70	29	41		41		41	
Estonia	0.06	70	70						
Eswatini	0.06	70	28	42		42		42	
Ethiopia	0.42	488	488						
Fiji	0.06	70	70						
Finland	0.38	442	442						
France	3.43	3 987	3 987						
Gabon	0.06	70	70						
Gambia	0.06	70		70	324	394	15	409	

INTERNATIONAL CIVIL AVIATION ORGANIZATION

REGULAR PROGRAMME
ASSESSMENTS RECEIVABLE FROM MEMBER STATES
AND CONTRIBUTIONS RECEIVED IN ADVANCE
AS AT 31 DECEMBER 2024

(Thousands of CAD)

Member States Assembly Resolutions A41-28 and A41-29	General Fund					Total Balances Receivable	Cumulative Exchange	Total Adjusted Balances Receivable	Contributions Received in Advance
	Scales 2024	Assessments 2024	Assessments Received for 2024	Balance of Assessments Receivable for 2024	Balance of Prior Years' Assessments Receivable				
Georgia	0.06	70	70						75
Germany	4.78	5 556	5 556						
Ghana	0.06	70	70						
Greece	0.24	279	279						
Grenada *	0.06	70	70		162	162	13	176	
Guatemala	0.06	70	70						
Guinea **	0.06	70		70	93	162	17	179	
Guinea-Bissau	0.06	70	70						
Guyana	0.06	70	70						
Haiti**	0.06	70		70	343	413	16	429	
Honduras	0.06	70		70		70	3	73	
Hungary	0.29	337	337						
Iceland	0.06	70	70						
India	0.99	1 151	1 151						1 238
Indonesia	0.51	593	593						
Iran (Islamic Republic of)	0.32	372		372	598	970	25	995	
Iraq	0.09	105		105		105	4	109	
Ireland	0.64	744	744						
Israel	0.47	546	546						588
Italy	2.28	2 650	2 650						
Jamaica	0.06	70	70						
Japan	6.26	7 277	7 277						
Jordan	0.06	70	70						
Kazakhstan	0.11	128	128						
Kenya	0.07	81	81						
Kiribati	0.06	70		70	4	74	3	77	
Kuwait	0.18	209		209		209	8	217	
Kyrgyzstan	0.06	70	70						
Lao People's Democratic Republic	0.06	70	70						
Latvia	0.06	70	70						54
Lebanon	0.06	70		70	200	269	11	281	
Lesotho	0.06	70		70		70	3	72	
Liberia**	0.06	70		70	110	180	23	204	
Libya	0.06	70	70						
Lithuania	0.06	70	70						
Luxembourg	0.47	546	546						
Madagascar	0.06	70	70						
Malawi	0.06	70		70	1 052	1 122	130	1 252	
Malaysia	0.42	488	488						
Maldives	0.06	70	70						
Mali	0.06	70	70						
Malta	0.06	70	70						
Marshall Islands	0.06	70	70						1
Mauritania	0.06	70	70						
Mauritius	0.06	70	70						
Mexico	1.05	1 221	284	936		936	21	957	
Micronesia (Federated States of)	0.06	70		70	70	140	5	144	
Monaco	0.06	70	70						
Mongolia	0.06	70		70	70	140	5	144	
Montenegro	0.06	70	70						
Morocco	0.09	105	105						
Mozambique	0.06	70		70	70	140	5	144	
Myanmar	0.06	70	70						
Namibia	0.06	70	70						
Nauru	0.06	70	69	1		1		1	
Nepal	0.06	70	70						
Netherlands	1.54	1 790	1 790						1 926
New Zealand	0.30	349	349						
Nicaragua	0.06	70	70						
Niger	0.06	70	70						
Nigeria	0.13	151	151						
Norway	0.52	604	604						
Oman	0.11	128	128						138
Pakistan	0.13	151	151						
Palau	0.06	70		70	883	952	61	1 014	

INTERNATIONAL CIVIL AVIATION ORGANIZATION

REGULAR PROGRAMME
ASSESSMENTS RECEIVABLE FROM MEMBER STATES
AND CONTRIBUTIONS RECEIVED IN ADVANCE
AS AT 31 DECEMBER 2024

(Thousands of CAD)

Member States Assembly Resolutions A41-28 and A41-29	General Fund					Total Balances Receivable	Cumulative Exchange	Total Adjusted Balances Receivable	Contributions Received in Advance
	Scales 2024	Assessments 2024	Assessments Received for 2024	Balance of Assessments Receivable for 2024	Balance of Prior Years' Assessments Receivable				
Panama	0.11	128	128						
Papua New Guinea	0.06	70		70	107	177	5	181	
Paraguay	0.06	70	70						
Peru	0.15	174	173	2		2		2	
Philippines	0.27	314	314						
Poland	0.61	709	709						
Portugal	0.34	395	395						425
Qatar	1.59	1 848	1 848						
Republic of Korea	3.16	3 673	3 673						
Republic of Moldova	0.06	70	70						75
Romania	0.23	267	267						
Russian Federation	1.89	2 197	2 197						2
Rwanda	0.06	70	70						
Saint Kitts and Nevis	0.06	70	70						1
Saint Lucia	0.06	70	70						
Saint Vincent and the Grenadines	0.06	70	41	28		28		28	
Samoa	0.06	70	70						
San Marino	0.06	70	70						
Sao Tome and Principe	0.06	70		70	1 190	1 259	195	1 454	
Saudi Arabia	1.07	1 244	1 244						
Senegal	0.06	70	70						
Serbia	0.06	70	70						
Seychelles	0.06	70	70						
Sierra Leone **	0.06	70		70	79	149	16	165	
Singapore	0.76	883	883						950
Slovakia	0.11	128	128						138
Slovenia	0.06	70	70						
Solomon Islands	0.06	70		70		70	3	72	
Somalia	0.06	70	70						
South Africa	0.21	244	244						
South Sudan*	0.06	70	70		265	265	11	276	
Spain	1.67	1 941	1 941						
Sri Lanka	0.07	81	81						
Sudan	0.06	70		70		70	3	72	
Suriname	0.06	70	70						
Sweden	0.61	709	709						
Switzerland	0.96	1 116	1 116						
Syrian Arab Republic	0.06	70		70	671	741	42	783	
Tajikistan	0.06	70	66	4		4		4	
Thailand	0.45	523	523						
The Republic of North Macedonia	0.06	70	70						
Timor-Leste	0.06	70		70	75	145	5	149	
Togo	0.06	70	70						
Tonga	0.06	70	70						
Trinidad and Tobago	0.06	70	70						
Tunisia	0.06	70	70						
Türkiye	1.37	1 592	1 592						
Turkmenistan	0.06	70		70	70	140	5	144	
Tuvalu	0.06	70		70	24	94	3	97	
Uganda	0.06	70	70						32
Ukraine	0.06	70	70						
United Arab Emirates	1.98	2 302	2 302						
United Kingdom of Great Britain and Northern Ireland	3.73	4 336	4 336						
United Republic of Tanzania	0.06	70	70						
United States	21.70	25 224	12 612	12 612		12 612	489	13 101	
Uruguay	0.06	70	70						
Uzbekistan	0.06	70	70						3
Vanuatu	0.06	70	70						
Venezuela (Bolivarian Republic of)	0.12	139		139		139	5	145	
Viet Nam	0.17	198	198						
Yemen	0.06	70		70	109	179	5	184	
Zambia	0.06	70	51	19		19	1	20	
Zimbabwe	0.06	70	70						
The former Socialist Federal Republic of Yugoslavia (1)					501	501	236	737	
TOTAL (****)	100.00	116 241	99 497	16 744	10 232	26 976	1 968	28 944	9 489

Note 1: The devolution of the amount owing by the former Socialist Federal Republic of Yugoslavia is to be ascertained.

* States which have entered into an agreement with ICAO to settle outstanding arrears and who have met their obligations according to the terms of their Agreements.

** States which had not met their obligations according to the terms of their agreements as at 31 December 2024.

*** Receivable amounts include Working Capital Fund.

**** Details may not add to totals due to rounding.

INTERNATIONAL CIVIL AVIATION ORGANIZATION

Table C

CAPACITY DEVELOPMENT AND IMPLEMENTATION PROJECT ACTIVITIES BY GROUP OF FUNDS
 ASSETS, LIABILITIES, NET ASSETS AT 31 DECEMBER 2024 AND
 REVENUE, EXPENSES AND SURPLUS (DEFICIT) FOR 2024
 (Thousands of CAD)

	United Nations Development Programme	iPACK Funds	Trust Funds, Management Service Agreements and Others	Civil Aviation Purchasing Services Funds	Adjustments	2024	2023
ASSETS							
CURRENT ASSETS							
Cash and cash equivalents	2 743	416	147 651	11 513		162 323	147 579
Investments			171 325			171 325	85 234
Inter-segment balances							
Receivables, advances and other current assets	684		7 691		(1 412)	6 963	5 235
TOTAL CURRENT ASSETS	3 427	416	326 667	11 513	(1 412)	340 611	238 048
NON-CURRENT ASSETS							
TOTAL ASSETS	3 427	416	326 667	11 513	(1 412)	340 611	238 048
LIABILITIES							
CURRENT LIABILITIES							
Advanced receipts		216	319 944	11 513	(1 609)	330 064	229 398
Accounts payable and accrued liabilities	575	31	5 283		197	6 086	5 918
Employee benefits	280		1 440			1 720	1 624
Inter-segment balances	2 653					2 653	854
TOTAL CURRENT LIABILITIES	3 508	247	326 667	11 513	(1 412)	340 523	237 794
NON-CURRENT LIABILITIES							
Accounts payable and accrued liabilities	725					725	
TOTAL NON-CURRENT LIABILITIES	725					725	
TOTAL LIABILITIES	4 233	247	326 667	11 513	(1 412)	341 248	237 794
NET ASSETS							
Accumulated surplus/(deficit)	(769)	154				(615)	207
Reserves*	(37)	15				(22)	47
NET ASSETS (ACCUMULATED DEFICIT)	(806)	169				(637)	254
TOTAL LIABILITIES AND NET ASSETS	3 427	416	326 667	11 513	(1 412)	340 611	238 048
REVENUE							
Contributions for project agreements		58	100 202	568	1 524	102 352	125 237
Other voluntary contributions		108				108	
Other revenue			11	1	40	52	486
TOTAL REVENUE		166	100 213	569	1 564	102 512	125 723
EXPENSES							
Salaries, employee benefits and project personnel	769	60	36 103	3	1 564	38 499	35 745
Subcontracts, supplies and consumables		63	48 849	388		49 300	74 965
General operating expenses			578			578	835
Travel			3 264	106		3 370	3 419
Training			1 618			1 618	2 094
Administrative overhead charges			9 395	72		9 467	8 980
Other expenses		89	406			495	111
TOTAL EXPENDITURE	769	212	100 213	569	1 564	103 327	126 149
SURPLUS/(DEFICIT) FOR THE YEAR	(769)	(46)				(815)	(426)

*Reserves include translation differences

Details may not add to the totals due to rounding

INTERNATIONAL CIVIL AVIATION ORGANIZATION
TRUST FUNDS AND MANAGEMENT SERVICE AGREEMENTS
RECEIPTS, EXPENSES AND BALANCE OF ADVANCE RECEIPTS
FOR THE YEAR ENDED 31 DECEMBER 2024
(Thousands of USD)

	Type of Fund	Balance as at 01/01/2024	Adjustment	Receipts		Expenses		Transfer from or to Other Funds	Refund of Contributions	Unrealized Exchange Gain or Loss	Balance as at 31/12/2024
				Contributions ⁽¹⁾	Interest and Other Income	Project Costs	Administrative Overhead				
Andorra	MSA	8									8
Angola	MSA	20 229		4 000		8 759	345	(60)			15 064
Argentina	MSA	13 247		8 234	114	3 406	639	(25)		(128)	17 397
Barbados	IPAV	7				3					4
Belize	IPAV										
Bolivia	MSA	1 341		88		293	26	(9)	(160)		941
Brazil	MSA										
Chad	MSA			95		1					94
Colombia	MSA	13		430		280	4				158
Costa Rica	MSA	446			3			(449)			
Costa Rica	TF			440		289	29	449			571
Cyprus	MSA	117		146		98	10				155
Dominican Republic	MSA	205		428		298	30				304
Ecuador	MSA	335		104	9	171	9				268
Egypt	MSA			385							385
Ethiopia	MSA			208		37	4				167
Greece	MSA	1 440			1	605	61			(12)	764
Guatemala	MSA	322			10						331
Honduras	MSA	17			1						18
India	MSA	84									84
Indonesia	MSA	504		165	13	197	12			(1)	471
Iraq	MSA			2 626							2 626
Italy	MSA	14			1			(15)			
Kenya	MSA	208			6	(1)					216
Kuwait	MSA	3 338		1 263		1 296	129				3 176
Lebanon	MSA	452			9	548	55	362			220
Mali	MSA	7						(7)			
Marshall Islands	MSA			42							42
Mauritania	MSA										
Mexico	MSA	376		3 027	50	163	15				3 274
Mexico	TF	2 586		2 082		1 313	131				3 224
Namibia	MSA										
Nigeria	MSA	715				192	33				490
Oman	MSA	1 994		2 858		1 561	156				3 135
Panama	MSA	1 425		1 098		966	84	(86)			1 387
Panama	TF	59 750		19 430	1 226	23 816	1 141				55 450
Paraguay	MSA	1 130				340	35				755
Peru	MSA	15 750		53 042	22	8 810	2 465	(10)		(9)	57 520
Qatar	MSA	6					6				
REGIONAL FOR AFRICA	MSA	2 949		920	22	1 469	70	5		(123)	2 234
REGIONAL FOR ASIA	MSA	488		148	11	161	19			(1)	465
REGIONAL FOR ASIA	TF	6 647		2 030	191	1 640	181	33		(6)	7 074
REGIONAL FOR EUROPE	TF										
REGIONAL FOR EUROPE AND MIDDLE EAST	MSA	728		261	24	33	22				958
REGIONAL FOR EUROPE AND MIDDLE EAST	TF	162		165	7	48	5				281
REGIONAL FOR LATIN AMERICA	MSA	959		553	10	449	243				830
REGIONAL FOR LATIN AMERICA	TF	3 965		3 040	123	2 581	245	165		(2)	4 465
Republic of Korea	MSA	4		58							62
Republic of the Congo	MSA	80				75	5				1
Sao Tome and Principe	MSA										
Saudi Arabia	MSA	11 151		14 412	227	4 131	413			(17)	21 228
Singapore	MSA	28		44	1						73
Singapore	TF	157		116	4	110	6				161
Somalia	MSA	4 377				534	48	147			3 942
Somalia	TF	269			4			(229)			44
South Sudan	MSA	9						(9)			
Spain	MSA	19		60	1	56	3			(3)	18
Sudan	MSA	2 063									2 063
Uganda	MSA			542							542
United Nations Environment Programme	MSA			4 428		243	85				4 100
United Nations Office for Project Services	TF			12		12					
United Republic of Tanzania	MSA	822				289	28				505
Uruguay	MSA	528		700	15	769	73	(13)			390
Venezuela (Bolivarian Republic of)	MSA										
	LS ⁽²⁾	838		185		140	14	(1)			868
Funds held on behalf of third parties		2 855	37					(18)			2 874
Total		165 162	37	127 862	2 106	66 182	6 878	230	(160)	(302)	221 875
Equivalent Canadian Dollars		232 588	54	184 377	3 037	90 405	9 395	332	(230)	(412)	319 944

* Certain comparative information has been adjusted to conform with the current year's presentation

(1) On Cash Basis

(2) Certain comparative information has been reclassified to conform with the current year's presentation

Details may not add to totals due to rounding

INTERNATIONAL CIVIL AVIATION ORGANIZATION
CAPACITY DEVELOPMENT AND IMPLEMENTATION PROJECT ACTIVITIES
CIVIL AVIATION PURCHASING SERVICE FUNDS
RECEIPTS, EXPENSES AND BALANCE OF ADVANCE RECEIPTS
FOR THE PERIOD ENDING 31 DECEMBER 2024
(Thousands of USD)

	Type of Fund	Balance as at 01/01/2024	Adjustment	Income		Expenditure		Transfer from or to Other Funds	Refund of Contributions	Unrealized Exchange Gain or Loss	Balance as at 31/12/2024
				Contributions ⁽¹⁾	Interest and Other Income	Project Costs	Administrative Overhead				
Afghanistan	CAPS	652			19			(7)			664
Bahamas	CAPS	15			1						16
Ethiopia	CAPS	174			3						177
Jamaica	CAPS	96						(58)			38
Lebanon	CAPS	6 481			185	221	53	(362)	(65)		5 966
Macao Special Administrative Region of China	CAPS	49			1				(50)		
Nigeria	CAPS	301			9	142					167
Suriname	CAPS	7						(7)			
Syrian Arab Republic	CAPS	782			23						805
Trinidad and Tobago	CAPS	146			4						151
Uganda	CAPS										
Total		8 702			246	363	53	(434)	(115)		7 984
Equivalent Canadian Dollars		12 517			355	497	72	(626)	(165)		11 513

(1) On Cash Basis

Details may not add to the totals due to rounding

INTERNATIONAL CIVIL AVIATION ORGANIZATION

CAPACITY DEVELOPMENT AND IMPLEMENTATION PROJECT ACTIVITIES
 IPACK FUNDS INCOME, EXPENSES AND BALANCE
 FOR THE PERIOD ENDING 31 DECEMBER 2024
 (Thousands of USD)

iPACK Type ⁽¹⁾	Beginning Balance as at 1 Jan 2024	Income	Expenses	Surplus/(Deficit) as at 31 Dec 2024
FAL	6	11	17	
AVSEC	33		20	13
ADRM	(5)	6	8	(8)
PHC	20		17	3
ASRM	38		18	20
IPK	58			58
NASP				
UAS		57	55	2
NOTAM				
USOAP CMA				
ADREP		48	19	29
ACI				
Total USD:	151	122	155	118
Equivalent Canadian Dollars ⁽²⁾	199	167	212	154

Details may not add to totals due to rounding

Note:

(1): iPACK type description as follows

FAL - iPack Strengthening National Air Transport Facilitation Committees for the Re-Start and the Resilience of Civil Aviation

AVSEC - iPack COVID-19 Aviation Security Quality Control Oversight

ADRM - iPack Aerodromes Restart

PHC - iPack Establishing a Public Health Corridor

ASRM - iPack Aviation Safety Risk Management related to COVID-19 for Civil Aviation Authorities

IPK - iPack General Purpose Fund

NASP - iPack Developing a National Aviation Safety Plan

UAS - iPack Establishing a regulatory framework for Unmanned Aircraft Systems

NOTAM - iPack Improving the quality of NOTAM for Safe Flight Operations

USOAP CMA - iPack Preparing a State for ICAO USOAP CMA Activities

ADREP - iPack Developing Accident/Incident Data Reporting System

ACI - iPack aiding the development and implementation of an Aerodrome Certification programme.

(2): Beginning balance USD 151 thousand converted to 2024 year end exchange rate resulted in CAD 7 thousand exchange loss

INTERNATIONAL CIVIL AVIATION ORGANIZATION

**PART V: REPORT OF THE EXTERNAL AUDITOR TO THE ASSEMBLY ON THE AUDIT OF
THE FINANCIAL STATEMENTS OF THE INTERNATIONAL CIVIL AVIATION
ORGANIZATION FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2024 AND THE
SECRETARY GENERAL'S COMMENTS IN RESPONSE TO THE REPORT OF THE
EXTERNAL AUDITOR**



Audit of the 2024 Financial Statements

International Civil Aviation Organization (ICAO)

SFAO-24802

FINAL VERSION

15 MAY 2025

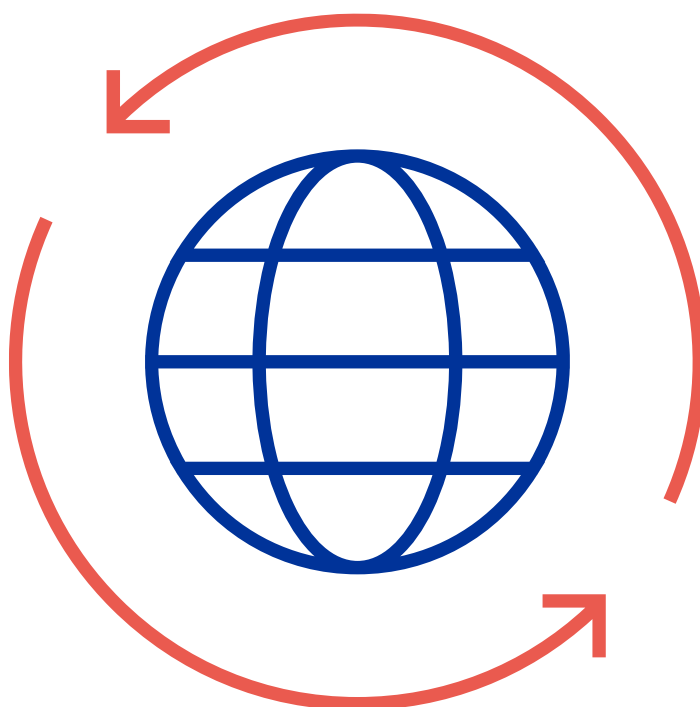


TABLE OF CONTENT

Executive summary	§ 1 – 7
1 Execution of the audit	§ 8 – 21
2 Internal control system	§ 22 – 65
3 Significant findings on the financial statements	§ 66 – 103
4 Audit differences	§ 104 – 106
5 Follow-up of previous recommendations	§ 107 – 109

The Swiss Federal Audit Office (SFAO) has been appointed by the Council and confirmed by the Assembly as External Auditor of the International Civil Aviation Organization (ICAO) for the financial years 2020 to 2025 (period from 1 July 2020 to 30 June 2026). The terms of reference are defined in Article 13 of the ICAO Financial Regulations and in the Additional Terms of Reference Governing the External Audit annexed to those Regulations. The provisions of the audit mission are moreover stipulated in the engagement letter dated 2 March 2023 and ICAO accepted the terms and conditions thereof in its response of 22 March 2023. SFAO conducts the external audit of ICAO's financial statements in a completely independent manner from its role as the supreme institution of financial supervision of the Swiss Confederation. SFAO employs a team of highly qualified professionals with extensive experience in auditing international organizations.

For further information, please contact:

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**PRIORIZATION OF SFAO
RECOMMENDATIONS**

SFAO prioritizes its recommendations on the basis of defined risks (1 high, 2 medium, 3 low). Risks include, for example, unprofitable projects, violations of legality and regularity, liability cases and damage to reputation. The impact of the risk impact and the likelihood of its occurrence are assessed.

Audit of the 2024 Financial Statements

International Civil Aviation Organization (ICAO)

EXECUTIVE SUMMARY

1. The Swiss Federal Audit Office (SFAO) has completed the audit of the 2024 financial statements. It performed the audit work on-site at ICAO headquarters in Montréal. It obtained additional audit evidence by working remotely through virtual meetings and online access to ICAO's systems. SFAO wishes to thank the management and staff of ICAO for their commitment and efforts. SFAO was able to communicate openly with the Secretary General, management and staff, the Office of Internal Oversight (OIO) and the Evaluation and Audit Advisory Committee (EAAC).
2. SFAO would like to emphasize the excellent cooperation, spirit of openness and courtesy shown by all ICAO officials during its engagement. This is notable as key personnel were heavily involved in implementing the new ERP system during the audit.
3. SFAO conducted the audit in accordance with the International Standards on Auditing (ISA), ICAO's Financial Regulations and the risk analysis and audit approach set out in the audit planning report dated 9 January 2025.

Unqualified audit opinion

4. SFAO issued an unqualified audit opinion on the 2024 financial statements. These financial statements have been prepared in accordance with the ICAO Financial Regulations and the International Public Sector Accounting Standards (IPSAS). SFAO did not identify any audit differences.
5. The financial statements have been prepared on a going concern basis. Nothing has come to the attention of SFAO that indicates that the organization may not be able to continue as a going concern until the end of 2025.

Recommendations for improvement

6. This report contains SFAO's main findings with regard to the accounting, the IT environment and the internal control system (ICS). SFAO did not identify significant areas for improvement in the ICS. This report does not contain any new recommendation.
7. SFAO followed up on recommendations made in previous external audits. It concluded that management had implemented 31 of the 49 recommendations in 2024. None of the 18 outstanding recommendations is overdue. Many of them can only be implemented after the migration to the new ERP.

1 EXECUTION OF THE AUDIT

1.1 Audit objectives and scope

8. The objective of the financial audit is to express an opinion on the financial statements of ICAO, based on International Public Sector Accountings Standards (IPSAS), for the year ended 31 December 2024.
9. The financial statements comprise the statement of financial position (statement I), the statement of financial performance (statement II), the statement of changes in net assets (statement III), the statement of cash flow (statement IV), the statement of comparison of budget and actual amounts (statement V) and the notes to the financial statements which include a presentation of the accounting policies and other explanatory notes.
10. The audit was conducted in accordance with the International Standards on Auditing (ISA) and the ICAO Financial Regulations, including Annex B “Additional Terms of Reference Governing the External Audit”. These standards require planning and performing the audit so as to obtain reasonable assurance whether the financial statements are free from material misstatements.
11. SFAO visited ICAO headquarters in September 2024, December 2024 and April 2025. It gathered additional audit evidence through virtual meetings, e-mail exchanges and online access to ICAO’s systems.

1.2 Areas of focus for the audit

12. SFAO has conducted a risk assessment for the purposes of the audit. On the basis of this analysis, the focus areas were identified that represent significant risks or require a specific audit response. They are included in the audit planning report dated 9 January 2025. SFAO implemented the audit approach as planned.
13. The ISA specify the role that auditors must play in relation to the risk of misstatement in the financial statements, whether due to fraud or error (ISA 240). Consequently, SFAO has applied special procedures in this area.
14. The following table presents the potential risks of misstatement of the financial statements. The results of our audit procedures are set out in the relevant sections.

#	Description of risk	Audit findings
1	<i>Impact of the economic situation</i> The geopolitical environment and economic situation at the Member States may have consequences on the organization’s activities and cash balances.	§ 69ff
2	<i>Management override of controls</i> Management may invalidate or override controls, requirements or directives. This risk is considered as significant as per ISA requirements.	§ 50ff
3	<i>Application of IPSAS</i> The financial statements could not fully comply with IPSAS requirements.	§ 66ff
4	<i>ERP</i> The IT systems may not be adequately designed or maintained, increasing the risk of errors or fraud.	§ 50ff

#	Description of risk	Audit findings
5	<i>Revenue recognition</i> Contract revenues may not be accounted for correctly (e.g., incorrect period cut-off, non-exchange transactions). Contracts for projects may contain harmful conditions for ICAO and may not be accounted for correctly. Collection of doubtful accounts receivable may increase needs for allowance or write-offs. Revenue recognition is considered as a significant risk.	§ 61ff
6	<i>Procurement</i> Expenses may not be accounted for correctly (period cut-off, completeness, existence). Expenditure may be done under wasteful or improper conditions.	§ 62
7	<i>Payroll</i> Staff related expenses may not be accounted for correctly and completely.	§ 61ff
8	<i>Treasury</i> Payments may not be justified or authorized. Assets may not exist.	§ 75ff

1.3 Communication with Management and governing bodies

15. The audit focus areas were presented to management, OIO, EAAC and the Secretary General. During the audit, SFAO held meetings with the Secretary General, management and key personnel of the organization. Overall, SFAO emphasizes the excellent cooperation and transparent communication during the audit. This is notable as key personnel were heavily involved in implementing the new ERP system during the audit.
16. SFAO communicated the audit results to Finance Branch (8 May 2025) and the Secretary General (9 May 2025). Their comments have been considered in the present report. SFAO discussed the audit results with EAAC (14 May 2025) and will present them to the Finance Committee (10 June 2025) and the Council (13 June 2025).
17. Other minor issues which were clarified and discussed with the responsible persons during the audit are not mentioned in this report.

1.4 Collaboration with the Office of Internal Oversight






































18. SFAO took note of the work performed by OIO. In accordance with ISA 610, the results of OIO's audits relevant to SFAO's audit procedures were taken into account. SFAO maintained a regular exchange with OIO in order to coordinate the audit and oversight functions within the organization. It would like to emphasize the excellent cooperation with OIO.

1.5 Audit recommendations

19. SFAO did not identify significant areas for improvement. This report contains the main findings relating to the accounting, the IT environment and the internal control system.
20. This report does not contain any new recommendation.
21. SFAO also followed up on recommendations made in previous external audits. Details can be found in § 107ff.

2 INTERNAL CONTROL SYSTEM

22. The Secretary General shall maintain an internal control system (ICS) to ensure the proper use of the organization's resources in accordance with Article XI of the ICAO Financial Regulations.
23. The ICS is an important element in providing reasonable assurance for the achievement of ICAO's objectives with respect to the reliability of financial reporting. SFAO has selected the key processes on which the financial reporting is based. The table below summarizes the key audit areas and results. SFAO selects the business processes to be audited on a rotational basis. The work of OIO was taken into account in order to avoid duplication with the work of SFAO.

Process Overall assessment	2020	2021	2022	2023	2024
Entity-level controls					
IT General Controls					
Revenue recognition					
Procurement			–		–
Payroll					
Treasury and cash management				–	–
Fixed assets	–			–	–
Travel claims	–	–		–	–
Closing and financial statements					
Key					
 There is a material deficiency and an urgent need to take action.					
 There is room for improvement which should be implemented by Management.					
 The results meet the expectations of SFAO. There is no need or minor need for action.					
– The process has not been covered during the external audit (rotation principle).					

24. The Secretary General issues a financial report ("presentation") and a statement on internal control (SIC) accompanying the financial statements. In accordance with ISA 720, SFAO has read this information to identify any material inconsistencies with the audited financial statements. It has nothing to report in this respect.

2.1 Entity-level controls

25. SFAO analyzed the control components established at entity-level (control environment, risk assessment, control activities, information and communication, monitoring of internal controls). This assessment is based on interviews with key personnel, analysis of internal documentation and testing.

Control environment

26. In order to ensure good governance and ethics within the organization, ICAO has established several policies, frameworks and guidance applicable to all ICAO personnel (ICAO Service Code, including ICAO

Ethics Framework, Standards of Conduct for the International Civil Service, ICAO Staff Rules, Personnel Instructions, etc.).

27. The Ethics Advisor, independent of all other services and functions and reporting administratively to the Secretary General, plays a key advisory role in the implementation of this framework and submits an annual report to the Council. In 2024, the title of “Ethics Officer” has been changed to “Ethics Advisor”, to better reflect his current advisory role, rather than involvement in management or organizational decisions. ICAO signed a contract with the United Nations System Staff College (UNSSC) for the development and delivery of ethics training courses over a three-years period (2022 to 2024). In 2024, online training courses were mandatory for all ICAO personnel or senior leadership and managers. Since 2021 it has launched an Annual Leadership Dialogue, which encourages managers to engage in conversations with their direct reports on the shared responsibility to create a more effective and trustworthy work environment.
28. In 2024, the Council approved the ICAO Accountability Framework. This document promotes a clear understanding of the distribution of responsibilities in ICAO and a strong culture of accountability throughout the organization. The framework establishes the pillars of accountability, including the control environment, ethical standards and integrity, control activities, performance and risk management, monitoring and oversight.
29. ICAO established an Ombudsperson and an Alternate Ombudsperson for its personnel. The Ombudsperson also served as Head of Travel Unit. Following his retirement in 2024, a dedicated post of Ombudsperson was created, and an external candidate to the vacancy announcement was appointed as the new Ombudsperson, reporting directly to the Secretary General. The position of an Alternate Ombudsperson was discontinued.
30. ICAO attaches great importance to its principles, values and standards of conduct and their observance. The ICAO Anti-fraud and Anti-corruption policy, the Code of Conduct for the President of the Council and the Secretary General as well as the Vendor Sanction Policy and the Procurement Code provide additional frameworks.
31. ICAO has established a number of procedures to identify, manage and avoid actual, potential and perceived conflicts of interest. Any occupation or employment outside ICAO must be approved by the Secretary General. ICAO has developed an annual financial disclosure program, which is administrated by the Ethics Advisor. The organization has a regulated whistleblowing process also administered by the Ethics Advisor. If requested by complainants, the United Nations Ethics Office (UNEO) conducts independent reviews of no prima facie determinations of alleged cases of retaliation or threat of retaliation assessed by the ICAO Ethics Advisor. It also conducts preliminary assessments of requests for protection against retaliation involving the President of the Council, the Secretary General or the ICAO Ethics Advisor, and provides capacity-building and back-up support.
32. ICAO has outsourced the receipt, handling and investigation of allegations of misconduct to the Investigations Division of the United Nations Office for Internal Oversight Services (OIOS). ICAO personnel must, therefore, report any concerns about misconduct directly to OIOS. The annual report of OIOS for 2024 did not mention cases of misconduct that may impact the reliability of financial reporting. Rules and procedures for further disciplinary and administrative measures are established.
33. ICAO has established a process of administration of justice through an internal Appeals Board. In 2023, it decided to transfer the jurisdiction of the Appeals Board to the United Nations Dispute Tribunal (UNDT) as ICAO’s first instance level of justice for employment-related disputes. This process is underway and the transition is expected to take place in 2025. Decisions of the Appeals Board may be appealed to the United Nations Appeals Tribunal (UNAT). In September 2024, ICAO established a new Inter-Office Advisory Group (IOAG) to strengthen ICAO’s internal informal dispute resolution mechanisms and assist management in proactively addressing issues. It is composed of the C/OIO, the Ombudsperson and the Ethics Advisor, and is chaired by the Administrative Law, Policy and Disciplinary Matters Specialist.

34. ICAO continued to develop its Results-Based Management (RBM) project and its associated tool, the CPMR. An RBM officer was hired in 2023. Due to time constraints, ICAO is still working on the development of a RBM roadmap. A new CPMR dashboard should be available for presentation to the Council in 2025.

ASSESSMENT BY SFAO

35. ICAO has an effective control environment with regards to the preparation of the financial statements. The new position of Ombudsperson is independent of other services and functions as it reports directly to the Secretary General and does not hold an operational position within the organization. The transition from the internal Appeals Board to the UNAT is underway.

Risk assessment

36. ICAO has established an Enterprise Risk Management and Internal Control Framework (ERM Framework). It aims to provide a coordinated, structured and methodical approach to risk management. It defines the process and procedures as well as the roles and responsibilities for the risk assessment and management process. In 2024, ICAO developed a formal training plan for all personnel on ERM. Since 2021, ICAO has employed a consultant to assist in the implementation and execution of the risk management. In 2025, ICAO is recruiting an ERM Officer to take over the ERM activities and continue to embed risk management into business processes.
37. Risk registers are maintained at three levels: corporate/enterprise level (corporate risk register), bureau/office level (operational risks) and project level. The transformational team also maintains risk registers on the Transformational Objective portfolio, programme and project risks which will be closed or transferred to the applicable bureau/office risk register when the Transformational Objective ends on December 2025.
38. The ERM Reference Group consists of all members from the heads of bureaus/offices (including regional offices) and is chaired by the Secretary General. It reviews and approves the corporate risk register and high-rated bureau/office and project risks. EAAC is informed about the ERM Framework, its implementation and all risk registers. The corporate risk assessment is updated twice a year and bureau/office risk registers are recommended to be reviewed monthly. The Council receives an annual progress report on ERM.
39. Based on the JIU benchmarks published in 2020, ICAO assessed its risk maturity level at the level 2 “developing” (out of 5 JIU levels). This means that ICAO had a structured implementation, a basic architecture and some reporting and repeatable management processes. According to ICAO’s assessment at the end of 2024, the organization has reached the level 3 “established”.

ASSESSMENT BY SFAO

40. ICAO has made continuous progress in its ERM to reach a higher level as per the JIU assessment. Implementation of the ERM framework is ongoing. The recruitment of an ERM officer will strengthen the risk culture within the organization and recover the knowledge currently held by external consultants.

Control activities

41. The key control activities with an impact on the financial statements are documented in the Financial Policies and Procedures Manual (FPPM). This manual is updated at least once a year.

ASSESSMENT BY SFAO

42. The control activities meet the objective of having an effective internal control system in place. The FPPM are process oriented rather than risk and control oriented.

Information and communication

43. Information and communication relate mainly to the ICAO information systems. The process for preparing the financial statements is defined. The information comes from different sources. The main system used is the ERP “Agresso”. SFAO refers to the audit work on IT General controls (see § 50).
44. ICAO migrated from Agresso to a new ERP “Quantum”, provided by UNDP, as at 7 April 2025. This has significant impact on the control environment, the IT General controls and all management processes.
45. SFAO also refers to the performance audits in the IT domain and ICAO’s ongoing related Transformational Objectives, which SFAO will follow up.

Monitoring of internal control

46. According to the ERM Framework, the Strategic Planning, Coordination and Partnerships Office (SPCP) is the second line function in the “three-line model” of the Institute of Internal Auditors (IIA). It assesses the design and operating effectiveness of internal controls. It coordinates the annual Management Assurance Statement and Declaration (MASD) provided by each bureau/office. On the basis of the consolidated declarations, it prepares the Statement of Internal Control (SIC) on behalf of the Secretary General. It continues to develop and improve the monitoring of internal control. Since 2024 it also organizes training courses on internal control. In 2024, the SPCP was dismantled and its activities related to the ERM reassigned to the Finance Branch (FIN).
47. OIO acts as the third line function within the organization and works independently from management. In 2024, the external quality assessment performed by the IIA concluded that the OIO audit activity generally conforms with the IIA standards and code of ethics, which is the highest level of conformance. OIO establishes its own oversight work program which is submitted to the Council for approval. It presents its reports to EAAC and the Council, and an annual report on the performance and activities of the Office to the Council.
48. In 2024, OIO conducted a review of ICAO’s SIC. It assessed the internal controls over the SIC production process as generally adequate and effective and made recommendations to digitize the process, improve accuracy checks and better highlight weaknesses. ICAO introduced a new online MASD form for the 2024 annual SIC.

ASSESSMENT BY SFAO

49. ICAO continues to make progress in the monitoring of internal control. FIN is working to expand its activities to further strengthen the ICS within the organization.

2.2 IT General Controls and other IT considerations

50. The IT General Controls (ITGC) audit includes an assessment of applications relevant to financial data. SFAO examined ICAO's ERP system “Agresso”, its database and the underlying Windows servers.
51. As part of its audit, SFAO reviewed controls relating to access rights management and operations. In view of the freeze and the absence of changes to the Agresso solution due to the upcoming migration to the new “Quantum” system, SFAO did not carry out further procedures relating to change management.

IT Logical Access

52. Based on a sample, SFAO noted that access management is controlled (entry, exit, modification) and that technical and procedural aspects are implemented (passwords, multi-factor authentication, guidelines, etc.).
53. Nevertheless, with the migration to Quantum, ICAO did not perform in 2024 the periodic review of user access rights in Agresso. According to ICAO, this review will be performed in 2025 when roles and users are defined in the new system “Quantum”. Given the controls in place within the management processes and the compensating audit procedures performed, SFAO does not consider this finding to be significant for the overall assessment of the ITGC. SFAO refrains from issuing a recommendation in view of the change in the system.
54. However, SFAO would like to reiterate that the periodic review of user’s access rights must be performed to prevent any action that could compromise data confidentiality and integrity.

IT Operations

55. SFAO found that operational management is in place with regard to batch and job management, backups, and user services (help desk). SFAO did not identify any outstanding issues in this area. SFAO considers that operations management is adequate.

Other IT considerations

56. In 2024 and at the beginning of 2025, SFAO issued two new performance audit reports on IT (implementation of the ICT strategy and action plan 2022-2025, new ERP system implementation) containing a total of 12 new recommendations.

ASSESSMENT BY SFAO

57. SFAO considers that the level of ITGC maturity at ICAO has strongly improved in 2024. No ITGC recommendations remain open as of 31 December 2024. Therefore, SFAO considers the ITGC as existent and effective. Overall, of the 36 open recommendations from the previous ITGC audits (i.e., IT-related findings from SFAO’s financial statements audits) and SFAO’s IT-related performance audits (information security, IT governance and strategic IT management, ICT strategy, segregation of email accounts, new ERP system), 31 were implemented in 2024 and 5 remain pending. The latter refer to the following audits: process of technical segregation of e-mail accounts from ICAO Secretariat staff and Delegation, new ERP system implementation and implementation on the ICT strategy and action plan 2022-2025 (see § 109).

2.3 Migration to the new ERP “Quantum” in 2025

58. Prior to the go-live, SFAO and OIO performed preliminary audit or advisory work to assess the readiness of the organization for the migration. See SFAO’s performance audit report on the “new ERP system implementation” and OIO’s advisory report on the “rapid assessment as of 28 March 2025 of the readiness for the planned rollout of Quantum on 7 April 2025”.
59. On 7 April 2025, ICAO migrated from the previous ERP “Agresso” to the new ERP “Quantum”. The migration will have a significant impact on the business processes and the internal controls related to the preparation of the 2025 financial statements.
60. In this regard, in the upcoming audit of the 2025 financial statements SFAO will conduct additional specific audit procedures to verify that the data migration has been carried out correctly such as accounts balances, HR master data, etc., and to assess whether management processes and underlying controls

have been adapted accordingly to cover the risk of material misstatements in the financial statements. The SFAO will coordinate this work plan with the OIO.

2.4 Business processes

61. SFAO tested key controls in the business processes according to the rotation plan (see § 23). In 2024, it focused on the processes related to revenue recognition for other voluntary contributions, payroll and closing of the financial statements. For those processes, it analyzed the workflows, assessed whether the design covers the risks of significant misstatements in the financial statements, performed walkthroughs and tested the effectiveness based on a sample basis.
62. For the other processes not included in the rotation plan (procurement, treasury and cash management, fixed assets and travel claims), it checked that these processes had not significantly changed in comparison with the previous year and performed walkthroughs. Based on that assurance, it relied on the testing for effectiveness from the previous audit as foreseen by the auditing standards.
63. For all the processes, SFAO concluded that the internal controls with regards to reliability of financial reporting are adequately designed and applied.
64. SFAO also followed up the audit recommendations related to the business processes. ICAO postponed the implementation of some recommendations after the migration on the new ERP. SFAO agreed with these target date extensions.
65. SFAO tested a sample of new contracts for Capacity Development and Implementation (CDI) projects signed in 2024, transactions for other voluntary contributions accounted for in 2024, as well as the calculation and accounting entries for the assessed contributions in 2024. It found no misstatements.

3 SIGNIFICANT FINDINGS ON THE FINANCIAL STATEMENTS

- 66. SFAO concluded that the 2024 financial statements have been prepared in accordance with the International Public Sector Accounting Standards (IPSAS) and the ICAO Financial Regulations. SFAO issued an unqualified audit opinion on these financial statements.
- 67. The organization has again made significant effort to produce high quality financial reporting. The financial statements comply with the standards in terms of presentation and transparent disclosure. SFAO noted some findings, which are presented below.
- 68. SFAO did not identify any audit differences (see § 104).

3.1 Going concern assumption

- 69. The 2024 financial statements have been prepared on a going concern basis.
- 70. According to the 2025 cash forecast prepared by management, the organization will have sufficient liquidity to meet its operating needs until the end of 2025. However, based on the worst-case scenario related to collection, the cash balance is expected to decline significantly in 2025, due to two main factors. On the one hand, operating costs are expected to increase as budgeted. On the other hand, ICAO faces a collection issue from a main contributor (CAD 7.4 million outstanding for 2024 and CAD 27.4 million for 2025 due since 1 January 2025, see § 76).
- 71. As a result, the projected cash balance available for the regular budget will decrease to CAD 5.1 million on 31 December 2025. This projected cash level is very low compared to the cash balance available at previous year ends. It represents less than one month of expenditures.
- 72. The Working Capital Fund (WCF), which serves as a buffer in case of liquidity problems, amounts to USD 8.0 million (CAD 11.5 million). This is equivalent to approximately one month's expenditure for the regular program. In addition, ICAO has borrowing authority of up to CAD 3.0 million. In 2024, the Council decided to maintain the WCF level at its current level. The level of the WCF may not be sufficient to cover any significant unplanned expenditures.
- 73. ICAO shows positive net assets of CAD 10.0 million at the end of 2024, compared to negative net assets of CAD 4.6 million at the end of 2023. This improvement is mainly due to the surplus for the year (CAD 13.0 million) and the actuarial gain on ASHI (CAD 1.8 million).

ASSESSMENT BY SFAO

- 74. ICAO's assumption that the 2024 financial statements are prepared on a going concern basis is acceptable. However, management needs to monitor closely the cash level and forecast and be prepared to implement austerity measures at short notice.

3.2 Cash, cash equivalents and investments

Bank confirmations

- 75. As required by Annex B to the Financial Regulations, SFAO requested and received confirmations from all banks. It found no unexplained differences between these bank confirmations and the accounting records.

3.3 Assessed contributions receivable

Significant balance overdue from a major contributor

76. As at 31 December 2024, ICAO shows CAD 12.6 million in unpaid assessed contributions from one major contributor. CAD 5.2 million thereof were paid just after year end. In January 2025, this member state announced a general temporary suspension of foreign aid, to reevaluate its international funding priorities. This results in uncertainty regarding the collection of the overdue 2024 assessed contributions (CAD 7.4 million) and the 2025 assessed contributions (CAD 27.4 million) due on 1 January 2025. In accordance with its accounting policies, ICAO has not provided for any expected credit risk in this respect, given that it did not receive any official notification indicating an intention not to pay. The situation is disclosed in the notes to the financial statements as an event after reporting date.

ASSESSMENT BY SFAO

77. This situation represents a higher risk for the financing of the organization. If the temporary suspension continues for a longer period, the organization should assess the situation and establish an allowance for doubtful accounts in accordance with its accounting policies, if necessary. The effect on the organization's going concern is discussed in § 69.

3.4 Receivables, advances and other current assets

Receivable from UNDP for compensation payments made by ICAO

78. ICAO processes monthly payments to surviving spouses of project personnel who died while working on projects funded by the United Nations Development Programme (UNDP) and reports this expenditure to UNDP through the Project Clearing Account (PCA). The annual cost was CAD 0.1 million in 2024. Since 2010, UNDP has not reimbursed these amounts to ICAO. As at 31 December 2024, the receivable has accumulated to CAD 1.3 million. The review of this claim is ongoing with the support of the Legal Bureau. At 31 December 2024, ICAO has recorded a provision of CAD 0.8 million, as advised by SFAO, which represents the actuarial estimate of the liabilities for future payments due to these beneficiaries.

ASSESSMENT BY SFAO

79. The payments made on behalf of UNDP remain at the expense of ICAO, as UNDP has refused to repay them since 2010. As the claim against UNDP remains, the valuation of this receivable and the provision for future payments in ICAO's 2024 financial statements is correct.

3.5 Accounts payable and accrued liabilities

Litigation and arbitration

80. In January 2024, ICAO received a notice of arbitration in connection with a CDI project in Panama. The claim amounts to CAD 1.3 million. As ICAO acted as an agent under hold harmless conditions, LEB has assessed that no direct liabilities should arise for ICAO from this claim. However, in view of the potential expenditure of time and resources necessitated by an arbitration, ICAO may be willing to consider a discretionary monetary contribution towards a negotiated settlement to resolve the matter.
81. ICAO is also facing several legal disputes filed by former employees on CDI projects, who are claiming additional payments beyond the considerations provided for in their contracts. In addition, ICAO is facing several claims before the Appeals Board for various disputes. ICAO considers that all these claims are

unfunded or that an outflow of resources is possible but not probable. Therefore, no provision has been recorded.

ASSESSMENT BY SFAO

82. ICAO's estimate for the litigation and arbitration cases are reasonable. The accounting treatment (no provision) and the disclosure is appropriate.

3.6 Employee benefits

83. Liabilities for employee benefits include After-Service Health Insurance (ASHI), repatriation benefits and annual leave.

After-Service Health Insurance (ASHI)

84. ASHI is part of the scheme of social security scheme established for employees who meet certain criteria. It provides medical insurance coverage throughout the eligible employee's retirement under the same health plan as for active employees. The ICAO Medical Benefit Plan (MBP) is a self-funded scheme. MBP prepares its own financial statements, which are not consolidated into those of ICAO. It is governed independently by the Health and Life Insurance Committee.
85. The MBP is administered by a third-party service provider (Cigna). It provides reimbursement for medically approved health care expenses incurred by ICAO and other participating organizations' plan participants. Cigna is not ISAE 3402 certified, thus requiring additional assurance actions by ICAO.
86. In 2024, OIO reviewed the payments made to Cigna. It concluded that the internal controls in place were effective overall, but identified areas to strengthen the controls further.
87. Medical claims play a role in the calculation of the liabilities related to ASHI in the ICAO's financial statements as they are included in the assessment of the assumption for expected future claims. However, as they are considered as an average of claims over a number of years and only partially impact the assumptions, the impact of some improper claims would not be significant. Nevertheless, it is important for ICAO to ensure that all expenses related to the medical claims are justified. Therefore, SFAO encourages ICAO to continue its analytical and sample testing.
88. The ASHI is classified as a post-employment defined benefit plan under IPSAS 39. The actuarial valuation is performed by an independent external expert. The accounting for a defined benefit plan is complex and impacted by various assumptions. SFAO has discussed these assumptions with management and assessed their plausibility and compliance with IPSAS 39.
89. The liabilities for ASHI were estimated at CAD 109.1 million at 31 December 2024 and was recorded in the revolving fund, which has accumulated annual deficits since its inception. The liabilities increased by CAD 3.4 million or 3.2 % in 2024. There were no significant changes to the assumptions in 2024.
90. The ASHI liabilities remain unfunded and ICAO covers the related expenses on a pay-as-you-go basis. As the number of retirees, who generally have higher medical expense costs, is projected to increase, ICAO will have to pay higher benefits in the future. In 2024, the Council decided to phase in the funding of the ASHI liabilities, in order to mitigate the significant impact on the organization's future financial position and cash flows.

Q ASSESSMENT BY SFAO

91. The actuarial assumptions for the calculation of ASHI are plausible and comply with IPSAS 39. The unfunded ASHI liabilities represent a potential financial risk to the organization. SFAO encourages ICAO to monitor the situation closely on an annual basis. SFAO continues to encourage ICAO to consider the benefits of requesting an ISAE 3402 report from Cigna to ensure that the risk of improper handling of claims is adequately covered. This could best be done through a collective request with other UN entities that use the services of this provider.

Annual leave

92. The liabilities related to the annual leave balance have been calculated using an actuarial calculation method that includes various assumptions such as salary increases, expected changes in the annual leave balance, etc. The annual leave is granted on the basis of the number of service days completed and can be used at any time during the following year. It represents an ordinary vacation balance.
93. The actuarial calculation of the annual leave liabilities is based on the population data as at 31 October. As the liabilities should best represent the liabilities at 31 December, the use of 31 December data would give a more accurate result of the actual annual leave balance at that date. Any movement in the annual leave liabilities is recorded in the statement of financial performance and is therefore impacted by changes in the assumptions used.

Q ASSESSMENT BY SFAO

94. The actuarial assumptions used to calculate annual leave are plausible and comply with IPSAS 39.

Repatriation and other benefits for international experts

95. For CDIP international experts, ICAO records short-term liabilities (accrual) to cover any repatriation benefits and annual leave costs upon separation of the CDIP project staff. Such benefits are covered by the ICAO Field Service Staff Rules. The accrual is used to settle separation payments.

Q ASSESSMENT BY SFAO

96. The actuarial assumptions used to calculate the repatriation and other benefits for international experts are plausible and comply with IPSAS 39.

United Nations Joint Staff Pension Fund (UNJSPF)

97. ICAO is a member organization affiliated to the United Nations Joint Staff Pension Fund (UNJSPF) through its employees. Contrary to the ASHI scheme, ICAO does not account for pension liabilities for this pension scheme. It is not considered to be a defined benefit plan under IPSAS 39 because UNJSPF is not able to calculate the pension obligations for each individual insured person or organization individually. Accordingly, it is not possible to make a reliable estimate of the related risk borne by ICAO. Therefore, no actuarial liabilities for this pension plan are recognized in ICAO's financial statements.
98. The characteristics of the UN pension scheme are described in the note 2.10.7 to the financial statements. In its most recent actuarial valuation as at 31 December 2023, UNJSPF concluded that there was no requirement for deficiency payments under Article 26 of the Fund's Regulations. Should Article 26 be invoked due to an actuarial deficiency in the future, deficiency payments would be required from ICAO.

ASSESSMENT BY SFAO

99. UNJSPF represents a potential financial risk to ICAO and needs to be monitored on an annual basis. SFAO continues to encourage ICAO to monitor the situation closely.

3.7 Credits to contracting/servicing governments

North Atlantic Height Monitoring System agreement

100. ICAO manages a fund to account for the financial transactions made under the terms of the North Atlantic Height Monitoring System agreement. This fund presented a balance of CAD 1.1 million at 31 December 2024. This agreement should end and be replaced by a new agreement. As not all the parties have signed the new agreement yet, the current agreement continues to operate. The distribution of the remaining balance has not yet been determined. It is expected that this balance will not remain with ICAO, as this agreement is a cost recovery program. Discussions regarding the closure of the fund and the distribution of the remaining balance are ongoing.

ASSESSMENT BY SFAO

101. The current agreement remained in force in 2024. SFAO will follow the discussions on its closure, the distribution of the remaining balance and the implementation of the new agreement in 2025.

3.8 General operating expenses

Implementation costs for the new ERP system

102. In 2023, ICAO signed a Memorandum of Understanding (MoU) with UNDP for the implementation of the new ERP system “Quantum”. In 2024, UNDP invoiced ICAO for implementation costs related to this project in the amount of CAD 4.8 million (2023: CAD 1.2 million). As ICAO has no control over the ERP system, the criteria for recognition as an intangible asset are not met. In addition, this contract is a service contract and does not qualify as a lease. These costs have been fully expensed through general operating expenses. Either UNDP or ICAO can terminate the MoU upon 6 months’ notice.

ASSESSMENT BY SFAO

103. The accounting treatment is correct. SFAO encourages ICAO to assess the risk associated with the 6-months’ notice clause to terminate the MoU.

4 AUDIT DIFFERENCES

104. Errors, including omissions, are considered material when it is reasonable to expect that they, individually or cumulatively, could influence the economic decisions of users of the financial statements. SFAO considers an individual misstatement to be material if it exceeds CAD 0.25 million. The effect of misstatements on the interpretation of the financial statements as a whole is considered to be material if it exceeds CAD 3.0 million in total.

4.1 Summary of corrected and uncorrected misstatements

105. SFAO found no audit differences.

4.2 Insufficient information or incorrect presentation

106. SFAO found some minor misstatements in the disclosures in the 2024 financial statements. Management corrected all of them during the audit.

5 FOLLOW-UP OF PREVIOUS RECOMMENDATIONS

107. SFAO followed up on outstanding recommendations from previous external audits (financial statements and performance audits). It found that ICAO has made great efforts to implement these recommendations. Out of a total of 49 recommendations, 31 have been implemented in the last 12 months. 18 remained open as at 30 April 2025. For 8 of them, ICAO requested an extension of the target date after the implementation of the new ERP in 2025, which was accepted by SFAO. There are no overdue recommendations. The details are available in the tool “Symbiant” managed by OIO.

5.1 Recommendations implemented

108. According to SFAO, the following 31 recommendations have been implemented in the last 12 months.

Audit report and recommendations (reference to Symbiant)

Audit of the 2020 financial statements (EA-REP-2020-A)

Rec 3: ADB/ICT – password policy

Information Security (EA-REP-2020-B)

Rec 5: ADB/ICT – administrative remote access policies

Rec 6: ADB/ICT – deficiencies on windows clients, servers and databases

Audit of the 2021 financial statements (EA-REP-2021-A)

Rec 1: ADB/ICT – database security

Rec 4: ADB/ICT – network segmentation

IT Governance & Strategic IT Management (EA-REP-2021-B)

Rec 3: ADB/ICT – assessment of the definition of the ICT business plan indicators and their achievement

Rec 5: ADB/ICT – model of the future state of the Enterprise Architecture according to strategic objectives

Rec 6: ADB/ICT – project portfolio management

Rec 8: ADB/ICT – policy framework

Rapid Assessment on the new ICT Strategy and Action Plan (EA-REP-2022-A)

Rec 5: ADB/ICT – cost-benefit analysis

Rec 6: ADB/ICT – planning of the signature projects

Audit of the 2022 financial statements (EA-REP-2022-B)

Rec 2: ADB/ICT – periodic review of the physical access to the server room

Rec 3: ADB/ICT – failed backups for the Agresso database

Audit of the process of technical segregation of e-mail accounts from ICAO Secretariat staff and Delegation (EA-REP-2023-A)

Rec 2: ADB/ICT – hardware likely to contain the November 2020 backup data

New ERP System Implementation – Interim Audit Results (EA-REP-2023-B)

Rec 2: ADB/ICT – revision of the budget and project reserve

Rec 3: ADB/ICT – full cost budget for operational costs

Rec 4: ADB/ICT – review of agreements

Audit report and recommendations (reference to Symbiant)

Audit of the 2023 financial statements (EA-REP-2023-C)

Rec 1: ADB/ICT – access rights

Rec 2: ADB/ICT – security patches

Rec 3: ADB/ICT – restore test

Rec 5: ADB/ICT – access rights to payment folders

Rec 6: RO APAC – vulnerability scan and remediation measures

Implementation on the ICT strategy and action plan 2022-2025 – interim results (EA-REP-2024-A)

Rec 1: ADB/ICT – revision of the implementation roadmap

Rec 2: ADB/ICT – development of guidance

New ERP System Implementation (EA-REP-2025-A)

Rec 1: ADB/ICT – project planning and milestones

Rec 2: ADB/ICT – weekly assessment of the risks

Rec 3: ADB/ICT – priority reassessment

Rec 4: ADB/ICT – data migration concepts

Rec 5: ADB/ICT – cut-over concept

Rec 6: ADB/ICT – categorization system for tests

Rec 7: ADB/ICT – definition of data tests

5.2 Recommendations pending

109. According to SFAO, the following 18 recommendations were still open as at 30 April 2025. This list also includes the recommendations that have an implementation deadline after this date.

Audit report and recommendations (reference to Symbiant)

Audit of the 2021 financial statements (EA-REP-2021-A)

Rec 9: ADB/PCL – simplification of the fixed assets process (target date extension agreed)

Project Management “NAM19801” of the ICAO Technical Cooperation Programme (EA-REP-2021-C)

Rec 1: CDI – automated query of the actual project costs (target date extension agreed)

Audit of the 2022 financial statements (ER-REP-2022-B)

Rec 6: ADB/PCL – tool for the inventory of non-IT equipment (target date extension agreed)

Rec 8: CDI – recognition of the overhead fees on CDI projects (target date extension agreed)

Audit of the process of technical segregation of e-mail accounts from ICAO Secretariat staff and Delegation (EA-REP-2023-A)

Rec 1: ADB/ICT – destruction or wiping of the original hard disks (target date extension agreed)

New ERP System Implementation – Interim Audit Results (EA-REP-2023-B)

Rec 1: ADB/ICT – coverage of business requirements by the Quantum solution (target date extension agreed)

Audit of the 2023 financial statements (EA-REP-2023-C)

Rec 4: CDI – four-eyes principle for the fund check (target date extension agreed)

Rec 7: FIN – recovery of claims compensation from UNDP (target date extended)

Audit report and recommendations (reference to Symbiant)

Implementation on the ICT strategy and action plan 2022-2025 – interim results (EA-REP-2024-A)

Rec 3: ADB/ICT – migration of the cloud solution

Rec 4: ADB/ICT – plan, scope and budget for solutions integration

New ERP System Implementation (EA-REP-2025-A)

Rec 8: ADB/ICT – definition of future IT support team

Safety and Security Oversight Programs (EA-REP-2025-B)

Rec 1: ADB/ICT – funding commitment

Rec 2: ADB/ICT – clarification of roles and responsibilities

Rec 3: ADB/ICT – usage of data analyses

Consultants at ICAO Headquarters (EA-REP-2025-C)

Rec 1: ADB – assessment of risks related to deployment of consultants

Rec 2: ADB – identification of synergies

Rec 3: ADB – procurement of services across units

Rec 4: ADB – monitoring of resources

Bern, 15 May 2025

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