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Financial Statements and Reports of the External Auditor for the Financial Year Ended 31 December 2025

Documentation for the 43rd Session of the ICAO Assembly in 2028

INTERNATIONAL CIVIL AVIATION ORGANIZATION

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FINANCIAL STATEMENTS AND

REPORT OF THE EXTERNAL AUDITOR

FOR THE YEAR ENDED 31 DECEMBER 2025

INTERNATIONAL CIVIL AVIATION ORGANIZATION

FINANCIAL STATEMENTS AND REPORT OF THE EXTERNAL AUDITOR

FOR THE YEAR ENDED 31 DECEMBER 2025

CONTENTS

		PAGE
PART I	**REPORTS BY THE SECRETARY GENERAL**	
	Presentation	I - 1
	Statement on Internal Control (SIC)	I - 14
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 and Contributions received in Advance	IV - 3
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 YEAR ENDED 31 DECEMBER 2025 AND THE SECRETARY GENERAL'S COMMENTS IN RESPONSE TO THE REPORT OF THE EXTERNAL AUDITOR**	

PART I: REPORTS BY THE SECRETARY GENERAL

PRESENTATION OF THE FINANCIAL STATEMENTS

1. INTRODUCTION

1.1 In accordance with Financial Regulation 12.4, I am honored to submit the ICAO financial statements for the year ended 31 December 2025 to the Council for consideration and recommendation to the Assembly for approval. As required by Financial Regulation 13.3, the External Auditor's opinion and report on the 2025 financial statements, along with my comments, are also submitted to the Council and the Assembly.

2. FINANCIAL ANALYSIS

Summary

2.1 The presentation summarizes and explains key information provided in the ICAO financial statements, highlighting trends in the Organization's financial position and its financial and budget performance for 2025. It should be reviewed alongside the ICAO financial statements for the year ended 2025 and their accompanying notes.

2.2 ICAO prepares its financial statements in accordance with the International Public Sector Accounting Standards (IPSAS).

Financial Performance

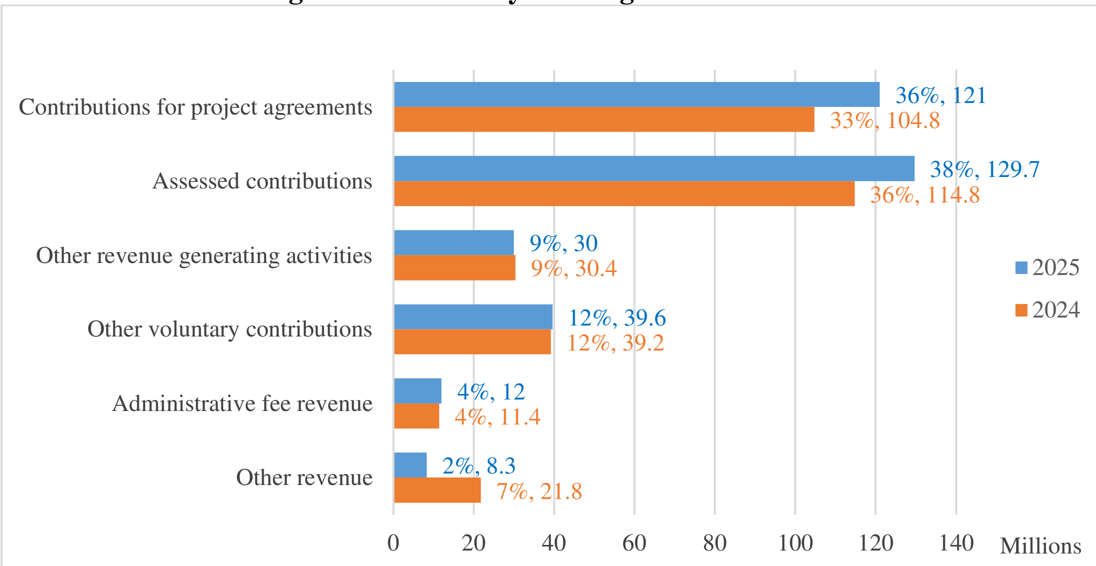
2.3 The financial performance for 2025 is disclosed in Statement II – Statement of Financial Performance. Table 1 below provides a high-level overview of the financial performance for the years 2025 and 2024, showing that revenue increased by CAD 18.4 million (or 6 per cent) from CAD 322.3 million in 2024 to CAD 340.7 million in 2025. Total expenses in 2025 grew at a faster rate, reaching CAD 342.3 million, reflecting an increase of CAD 32.9 million (or 11 per cent) compared to the 2024 financial period. As a result, the Organization moved from a surplus of CAD 13.0 million in 2024 to a small deficit of CAD 1.5 million in 2025, largely due to effective implementation and the timing of recognition of revenue and expenses.

Table 1: Financial Performance
(Thousands of CAD)

	2025	2024	Change	Change %
Total Revenue	340 718	322 312	18 406	6%
Total Expenses	342 250	309 362	32 888	11%
Surplus for the year	**(1 532)**	**12 950**	**(14 482)**	**-112%**

2.4 Figure 1 illustrates the revenue breakdown for 2025 and 2024 by funding source of revenue, indicating that the proportion of revenue by funding source has remained consistent from year-to-year, except for contributions for project agreements and assessed contributions, which went up, while other revenue decreased by approximately 5 per cent due to lower exchange gains.

Figure 1: Revenue **by Funding Source**



2.5 Major contributions received for the Regular Budget and other Funds in Regular Activities segment for 2025 are summarized in Table 2 below:

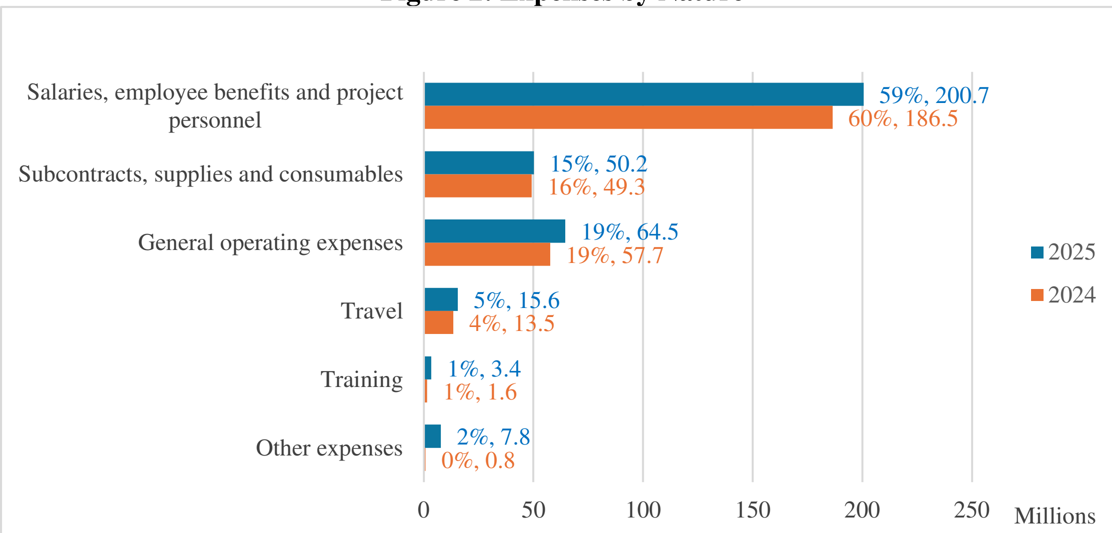
Table 2: Top Twenty Contributions in Regular Activities
(Thousands of CAD)

Member State	Assessments Received for 2025	Voluntary Contributions[2]	Gratis Personnel	Donated Right-of-Use - Premises	Total [1]
Canada	2 737	120	455	24 636	27 948
China	17 295	892	2 437		20 623
United States	13 687		2 486		16 173
France	4 327	2 803	1 354	896	9 380
Japan	7 897	252	228		8 377
United Kingdom	4 705	2 915			7 620
Germany	6 030		269		6 298
Republic of Korea	3 986	857	410		5 254
Saudi Arabia	1 350	1 403	1 258		4 011
Brazil	1 968	4	1 886		3 858
Thailand	568	12	67	2 654	3 301
Italy	2 876	321			3 198
Spain	2 107	324	676		3 107
United Arab Emirates	2 498	1	373		2 871
Russian Federation	2 274				2 274
Netherlands	1 943	286			2 229
Qatar	2 006		190		2 196
Türkiye	1 728		427		2 156
Mexico	1 325	624	179		2 128
Australia	2 094				2 094
	83 398	**10 815**	**12 694**	**28 186**	**135 093**

[1] Refunds are not deducted.
[2] Include contributions in cash for secondees and the rental of the Mexico Regional office and Regional Sub-Office in Beijing.

2.6 Total expenses in 2025 increased by 11 per cent to CAD 342.3 million (2024: CAD 309.4 million), mainly driven by higher salaries, employee benefits and project personnel costs and exchange losses resulting from the revaluation of assets and liabilities into CAD initially recognized in other currencies. The composition of expenses by nature remained consistent year on year, with salaries, employee benefits and project personnel representing CAD 200.7 million or 59 per cent of total expenses (2024: CAD 186.5 million or 60 per cent). The breakdown of expenses by nature is further detailed in Figure 2 below.

Figure 2: Expenses by Nature



2.7 Total expenses in 2025, including those for seconded staff, gratis personnel, and donated right-of-use premises, delineated by Strategic Objective, Transformational Objective, Supporting Strategy, and other activities – primarily related to Revolving Fund, Ancillary Revenue Generation Fund, and Administrative and Operational Services Cost Fund, which are detailed later in the document, are shown in the Table 3 below:

Table 3: Expenses by Objective and Strategy for the year 2025[1]
(Thousands of CAD)

	Regular Budget	Voluntary and Other Funds[2]	Gratis Personnel	Donated Right-of-Use - Premises	Total
Safety	41 895	2 810	4 124		48 829
Air Navigation Capacity and Efficiency	26 549	581	5 091		32 221
Security and Facilitation	18 514	2 868	912		22 294
Economic Development of Air Transport	6 019	132	351		6 502
Environmental Protection	9 256	1 295	804		11 355
Transformational Objective	8 088	393	269		8 750
Supporting Strategy	37 036	1 168	3 318	29 147	70 669
Other	6 534	44 824			51 358
	153 891	**54 071**	**14 869**	**29 147**	**251 978**

[1] *Table 3 presents expenses related to Regular Activities Segment (see Note 5 of Part III of this Document), complemented by Gratis Personnel.*

[2] *Other Funds related to Regular Activities Segment and include Ancillary Revenue Generation and Administrative and Operational Services Cost Funds.*

Financial Position

2.8 The financial position of the Organization is presented in Statement I – Statement of Financial Position and is summarized in Table 4 below. The net assets of the Organization of CAD 26.3 million as at 31 December 2025 (2024: CAD 10.0 million) include assets totaling CAD 566.5 million (2024: CAD 564.0 million). These assets mainly consist of cash, cash equivalents, and investments amounting to CAD 514.8 million (2024: CAD 521.0 million), and assessed contributions receivable from Member States totaling CAD 18.9 million[1] (2024: CAD 18.3 million). The Organization's total liabilities reached CAD 540.1 million (2024: CAD 554.0 million), which include CAD 362.3 million (2024: CAD 370.3 million) in advanced receipts, primarily for Capacity Development and Implementation Programme (CDIP) activities, and CAD 129.4 million (2024: CAD 142.5 million), representing the estimated liability for employee benefits, recognized in accordance with IPSAS.

Table 4: Financial Position
(Thousands of CAD)

	2025	2024	Change	Change %
Assets				
Current Assets	550 827	555 062	(4 235)	-1%
Non-Current Assets	15 639	8 894	6 745	76%
Total Assets	**566 466**	**563 956**	**2 510**	**0%**
Liabilities				
Current Liabilities	412 946	419 040	(6 094)	-1%
Non-Current Liabilities	127 200	134 939	(7 739)	-6%
Total Liabilities	**540 146**	**553 979**	**(13 833)**	**-2%**
Net Assets	**26 320**	**9 977**	**16 343**	**164%**

2.9 The financial ratios for 2025 and 2024, as summarized below, remain consistent and indicate a healthy overall financial position for ICAO in terms of liquidity. The quick ratio of 1.29 and current ratio of 1.33 indicate that the Organization has sufficient assets to pay off its current liabilities.

Table 5: Financial Ratios

	2025	2024
Current ratio[1]		
Current assets: current liabilities	1.33	1.32
Quick ratio[2]		
Current assets less inventories, receivables, advances and other current assets: current liabilities	1.29	1.29

[1] The current ratio measures a company's ability to pay short-term liabilities using all current assets.
[2] 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).

Net Assets/Equity

2.10 Statement III – Statement of Changes in Net Assets - reports accumulated net assets of CAD 26.3 million as at 31 December 2025 (2024: CAD 10.0 million). The movement in net assets during the year is summarized in Table 6 below and shows the net assets increased in 2025 by CAD 16.3 million. This increase in net assets reflects favorable actuarial movements, underscoring the sensitivity of the Organization's equity position to actuarial valuation related to long-term employee benefit obligations.

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

Table 6: Movement in Net Assets
(Thousands of CAD)

	2025	2024
Net Assets / (Deficit) at 1 January	9 977	(4 603)
Surplus / (Deficit) during year	(1 532)	12 950
Actuarial gain / (loss) during year	17 943	1 802
Other changes during year	(68)	(172)
Net Assets / (Deficit) at 31 December	**26 320**	**9 977**

2.11 Despite the actuarial gain recorded in 2025, ICAO's net asset position continues to be significantly influenced by the level of unfunded employee benefit liabilities, resulting from the pay-as-you-go funding approach. The status of the Revolving Fund, established for recording transactions relating to post-employment benefits of ICAO staff members, specifically ASHI, repatriation, and annual leave on separation is presented in Table 7 below.

Table 7: Revolving Fund
(Thousands of CAD)

	2025	2024
Net Accumulated Deficit at 1 January	138 996	132 070
Employee benefits accrued during the year	8 627	12 841
Benefits paid during the year	(4 670)	(4 113)
Actuarial gain during year	(17 943)	(1 802)
Net Accumulated Deficit at 31 December	**125 010**	**138 996**

Cash Flow

2.12 The cash flow is presented in Statement IV – Statement of Cash Flow, prepared using the indirect method in accordance with IPSAS. The statement explains movements in cash and cash equivalents arising from operating, investing and financing activities during the year. As at 31 December 2025, cash and cash equivalents amounted to CAD 256.6 million, compared to CAD 255.8 million at 31 December 2024, reflecting a net increase of CAD 0.9 million over the reporting period. The increase was primarily driven by net cash inflows from investing activities totalling CAD 27.4 million, mainly reflecting the net movement in term deposits and investments. This was partially offset by net cash outflows from operating activities of CAD 26.0 million, attributable to working capital movements, including changes in receivables, advances, and payables. Financing activities had a minimal impact on the overall cash position.

3. BUDGETARY ANALYSIS

Regular Budget

3.1 Statement V presents a comparison between the Regular Budget and actual utilization, prepared on a modified cash basis. Under this approach, the actual utilization of the budget incorporates expenditures detailed in Statement II – Statement of Financial Performance, along with purchase orders/contracts issued to suppliers/contractors, applied at the budget rate of exchange for comparison with approved budgets. To facilitate a comparison between the budget and the financial statements prepared under IPSAS, a reconciliation of the budget with the cash flow statement is included in Note 4 of the financial statements.

3.2 The status of budgetary appropriations for 2025 is summarized in Table 8 below:

Table 8: Regular Budget Appropriations
(Thousands of CAD)

	2025	2024
Original Appropriations (A41-28)	**122 824**	**117 704**
Prior year outstanding commitments	17 996	18 374
Carry-over from prior year	4 885	7 867
Approved appropriations	**145 705**	**143 945**
Current year actual expenditures at budget rate	(125 331)	(121 064)
Current year outstanding commitments	(18 869)	(17 996)
Current year actuals on comparable basis	**(144 200)**	**(139 060)**
Carry-forward to next year	**1 505**	**4 885**

3.3 During its 41st Session, the Assembly approved an appropriation of CAD 122.8 million for the financial year 2025. Pursuant to Financial Regulations 5.6 and 5.7, the original approved 2025 appropriations are supplemented by provisions for 2024 outstanding commitments (CAD 18.0 million) and unutilized appropriations (CAD 4.9 million) carried forward from the prior year ended 2024, revising the level of 2025 appropriations to CAD 145.7 million.

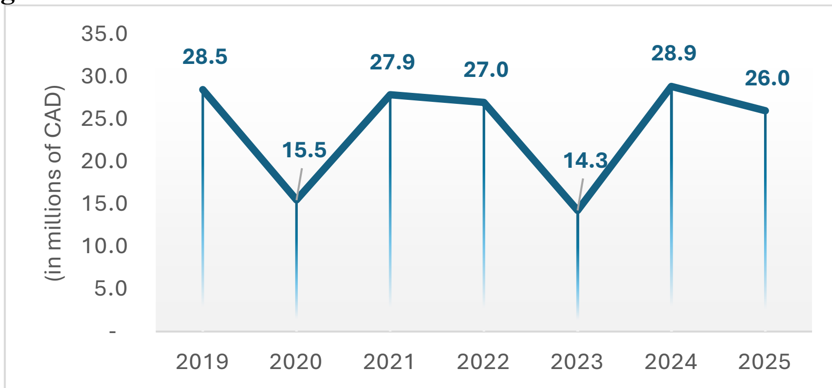
3.4 The actual expenditures on comparable basis, after taking into consideration budget exchange rate differences and the value of commitments at the end of 2025 (CAD 18.9 million), amount to CAD 144.2 million. Consequently, the unutilized 2025 appropriations are CAD 1.5 million, or 1.0 per cent of the 2025 approved appropriations of CAD 145.7 million. Pursuant to Financial Regulations 5.6, this amount is carried over to 2026 within the authority of the Secretary General.

Assessed Contributions

3.5 Assessments from Member States, the primary funding source of the Regular Budget, 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.

3.6 In 2025, assessments amounting to CAD 109.3 million were received, while a balance of CAD 16.9 million remained outstanding at the end of the year for current-year assessments. As at 31 December 2025, the total assessment receivable for all years, including the Working Capital Fund, totaled to CAD 25.5 million. Assessed contributions receivable from Member States, reflected in Statement I – Statement of Financial Position – include exchange adjustments of CAD 0.5 million resulting from the conversion of the USD component of assessments at a rate of 1.367, yielding a re-valued balance of CAD 26.0 million. Further details are available in Table B of Part IV of this document.

Figure 3: Assessments Receivable from Member States Trend 2019-2025



3.7 For monitoring of assessed contributions receivable, the balances are presented in four groups in Table 9 below:

Table 9: Assessments Receivable by Group of States
(Thousands of CAD)

	Number of States 2025	Amount Outstanding as at 31 Dec 2025	Number of States 2024	Amount Outstanding as at 31 Dec 2024
Group A: States that have concluded agreements with the Council to liquidate their arrears over a period of years	7	3 444	8	4 459
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	8	5 301	9	6 104
Group C: States with contributions in arrears for less than three full years	7	1 815	13	2 614
Group D: States with contributions outstanding only for the current year	21	14 710	21	15 030
Sub-total	43	25 270	51	28 207
The Former Socialist Federal Republic of Yugoslavia	-	699	-	737
Total Outstanding Contributions	**43**	**25 969**	**51**	**28 944**

3.8 As at 31 December 2025, seven States had concluded agreements to liquidate their arrears over a designated period. These agreements stipulate that these States must pay both the current year's contribution and an annual instalment payment toward the prior year's arrears. The note in Table B of Part IV to this document indicates the States that had not complied with the terms of their agreements at 31 December 2025.

Voluntary Contributions

3.9 Voluntary contributions fund balances moved from CAD 49.6 million in 2024 to CAD 54.7 million in 2025, as detailed in Table 10 below. During the year, the portfolio received CAD 17.5 million (2024: CAD 15.9 million). The majority of contributions were related to Other Funds, which includes activities such as the renovation of the Paris Regional Office, salaries for seconded experts and for junior professional officers. The other main recipients of contributions were the Environment Fund, particularly for ACT-SAF projects, and the Capacity Building and Implementation Fund, for various implementation support projects.

Table 10: Voluntary Contributions Summary[1]
(Thousands of CAD)

	Balance 1 Jan 2025	Contributions Received	Other Revenue[2]	Expense	Net Surplus for the Year	Transfers and Refunds[3]	Balance 31 Dec 2025
Aviation Security	**10 823**	716	530	(2 463)	**(1 217)**	(498)	**9 108**
AFI Plan	**350**	0	15	(168)	**(153)**	64	**261**
Environment	**5 525**	2 957	262	(1 092)	**2 127**	(2 638)	**5 014**
Capacity Building and Implementation	**4 469**	3 559	243	(1 185)	**2 617**	285	**7 371**
Regional-Sub Office	**2 134**	685	36	(604)	**117**	(851)	**1 400**
Safe	**7 131**	868	305	(1 726)	**(553)**	(86)	**6 492**
Strategic and Transformational	**1 524**	754	69	(393)	**430**	0	**1 954**
Other Funds	**17 688**	8 003	1 217	(4 690)	**4 530**	850	**23 068**
Grand Total	**49 644**	**17 542**	**2 677**	**(12 321)**	**7 898**	**(2 874)**	**54 668**

[1] *This table excludes contributions in-kind and trust funds such as Public Key Directory, Joint Finance and International Registry.*
[2] *Other revenue of CAD 2.7 million consists of interest revenue and exchange rate gains on outstanding fund balances.*
[3] *Transfers and refunds relate to balance transfers between funds, as well as refunds to donors for completed activities.*

Ancillary Revenue Generation Fund (ARGF)

3.10 In 2025, the ARGF continued to play a significant role in strengthening ICAO's financial sustainability through self-financing activities. Its operating revenue reached CAD 28.3 million, exceeding the approved budget by CAD 0.6 million, while expenses amounted to CAD 17.3 million, remaining CAD 1.6 million below budget. As a result, the ARGF generated an operating surplus of CAD 11.0 million (25 per cent above budget). After transferring CAD 8.1 million to the Regular Budget, and a further contribution of CAD 1.7 million to ICAO work programmes and projects funded from ARGF reserves, the net annual surplus amounted to CAD 1.2 million.

Table 11: ARGF Budgetary Comparison
(thousands of CAD)

ARGF (excluding TRAINAIR PLUS and Commissariat)	Budget	Actual	Variance
Revenue	27 682	28 287	605
Expense	18 879	17 281	(1 598)
Operating Surplus	**8 803**	**11 006**	**2 203**

3.11 TRAINAIR PLUS reported an operating surplus of CAD 63 thousand, while the Commissariat fund reported an operating surplus of CAD 24 thousand. A summary of the revenue and expenses for ARGF, TRAINAIR PLUS and the Commissariat fund in 2025 is presented in Table 12 below:

Table 12: ARGF Revenue and Expense
(thousands of CAD)

	Revenue	Expense	Surplus / (Deficit)
ICAO Training	7 236	5 015	2 221
Publications and Digital Content Sales	6 232	2 074	4 157
Licensing	3 984	683	3 301
Events	4 226	2 463	1 763
Data Services	1 558	764	794
Printing and Distribution	905	832	73
Delegation and Conference Services	3 529	2 924	605
Administration, Product Management and Marketing	618	2 525	(1 907)
Total ARGF Operations	**28 287**	**17 281**	**11 006**
Amount Transferred to Regular Budget		8 081	(8 081)
Further Contribution to ICAO Work Programmes		587	(587)
Projects Funded from ARGF Reserves		1 179	(1 179)
Total ARGF after Contributions to RB	**28 287**	**27 127**	**1 160**
TRAINAIR PLUS	3 041	2 977	63
Commissariat	530	506	24
Total Surplus for the Year	**31 858**	**30 611**	**1 247**

3.12 The accumulated surplus and reserves for ARGF, TRAINAIR PLUS and Commissariat as at 31 December 2025 amounted to CAD 14.9 million. This amount includes CAD 10.4 million of restricted surplus and reserves, including operational reserves of CAD 7.8 million, and CAD 2.7 million of reserves earmarked for the funding of ongoing projects.

Table 13: ARGF Net Assets
(thousands of CAD)

	2025	2024
Net Assets as at 1 January	**13 674**	**9 610**
Revenue	31 858	32 380
Expenses and transfers to RB	30 611	28 315
Net surplus / (deficit) for the year	**1 247**	**4 065**
Subtotal Net Assets as at 31 December	**14 921**	**13 674**
Restricted Surplus / Reserves		
Operational reserve	7 771	7 113
Earmarked for special projects	2 662	2 955
Subtotal Restricted Surplus / Reserves	**10 433**	**10 068**
Accumulated Surplus as at 31 December	**4 489**	**3 606**

Administrative and Operational Services Cost Fund (AOSC)

3.13 The Administrative and Operational Services Cost Fund (AOSC) recorded a strong financial outcome in 2025, reflecting an increased CDIP implementation volume and higher interest income. Total revenue amounted to CAD 27.0 million, exceeding the updated budget estimate approved by the Council, while expenses reached CAD 13.5 million. This resulted in a surplus of CAD 13.5 million, exceeding the budgeted surplus by CAD 0.6 million. 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 14 below.

3.14 At its 41st meeting, the Assembly approved the indicative budget estimates of the AOSC Fund amounting to CAD 9.8 million for the financial year 2025. Pursuant to Financial Regulation 9.5, the Secretary General, in TC-WP/164, provided updated budget estimates for 2025 amounting to revenue of CAD 24.5 million and expense of CAD 11.6 million for a budgeted surplus of CAD 12.9 million.

Table 14: AOSC Fund Budget and Expenditures for 2025[1]
(thousands of CAD)

AOSC indicative budget estimate approved by the Assembly (A41-28)	9 780		
	Budget[2]	**Actual**	**$ Variance**
Revenue	24 530	27 004	2 474
Expense	11 593	13 502	1 909
Surplus / (deficit) for the year	**12 937**	**13 502**	**565**

[1] Excludes CDI Efficiency and Effectiveness Fund and Special Reserve Fund.
[2] Included in Information Paper TC-WP/164.

3.15 As at 31 December 2025, net assets amounted to CAD 38.9 million, before reserves, with an adjusted accumulated surplus of CAD 30.9 million after accounting for restricted reserves, including the Efficiency and Effectiveness Fund and Special Reserve Fund, as presented in Table 15.

3.16 The Efficiency and Effectiveness Fund was established by the Council (C-DEC 155/7 and increased in C/DEC 172/8) to implement initiatives aimed at enhancing the efficiency and effectiveness of CDIP in responding to Contracting States' needs, funded by 25 per cent of the previous year's AOSC annual surplus. In 2025, expenditures from this fund totaled CAD 1.3 million, with a balance of CAD 2.0 million as at 31 December 2025.

3.17 The Special Reserve Fund (SRF) was established (C-DEC 200/2) to protect for a possible shortfall caused by a decrease in the AOSC Fund revenue that could impact its ability to make the approved annual transfer to the Regular Budget. There have been no amounts drawn from the SRF since its inception in 2014, as the annual transfers to the Regular Budget during those periods were covered by the AOSC accumulated surplus as per the approved reimbursement mechanism. The SRF balance as at 31 December 2025 was CAD 6.1 million.

Table 15: AOSC Net Assets
(thousands of CAD)

	2025	2024
Net Assets as at 1 January	**26 726**	**20 577**
Revenue	27 004	22 637
Expenses	14 794	11 488
Net surplus / (deficit) for the year	**12 210**	**11 149**
Transfer to Operational Reserve (C-DEC 232/3)		(5 000)
Subtotal Net Assets as at 31 December	**38 936**	**26 726**
Restricted Surplus / Reserves		
Efficiency and Effectiveness Fund	2 004	496
Special Reserve Fund	6 065	3 507
Subtotal Restricted Surplus / Reserves	**8 069**	**4 003**
Adjusted Accumulated Surplus as at 31 December	**30 867**	**22 723**

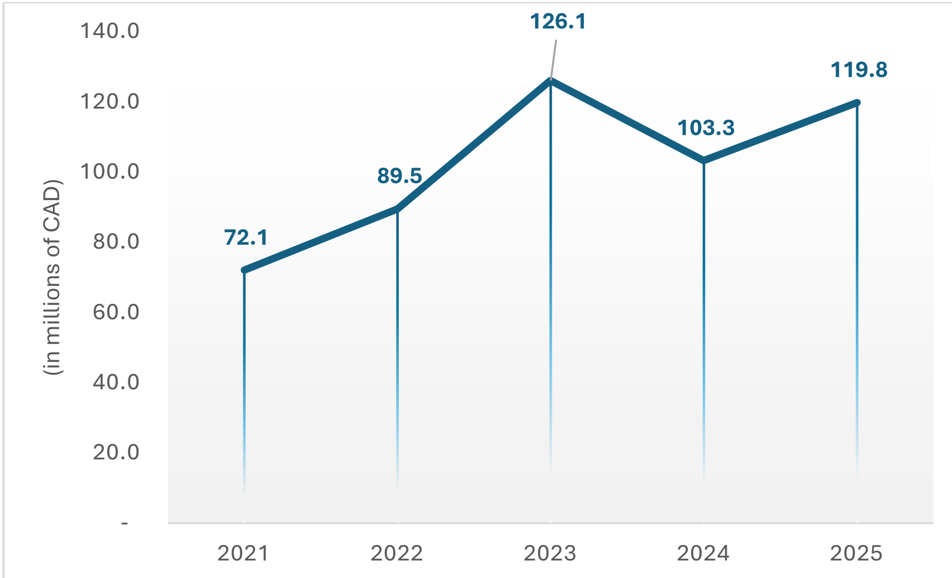
3.18 During the 41st Session of the Assembly, the Administrative Commission recommended that the question of sharing costs between the Regular Budget and the AOSC Fund be reported to the Council for review. The Council had considered this issue and approved CAD 1.9 million to be recovered annually from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

Capacity Development and Implementation Programme

3.19 The Capacity Development and Implementation Programme (CDIP) remained one of ICAO's largest operational activities in 2025, both in scale and financial volume. 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.

3.20 CDIP activities are primarily financed through project agreements with States and donors, with administrative and support costs recovered through the AOSC Fund. Total project expenditures amounted to CAD 119.8 million, reflecting a decrease compared to 2024 following several years of sustained growth. This moderation is consistent with the completion cycle of large projects and timing differences in implementation. Expenses over the past 5 years are summarized in Figure 4 below.

Figure 4: CDIP Expenses 2021 - 2025



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 fulfil 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 audits.

The Council has the responsibility to consider and to recommend 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 2025.

Juan Carlos Salazar
Secretary General

Montréal, Canada
8 May 2026

STATEMENT OF INTERNAL CONTROL (SIC)

Financial Year 2025

Scope of responsibility

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

Purpose of the system of internal control

2. An integral part of ICAO's governance and accountability framework, the system of internal control is a continuous process, effected by the Organization's Governing Bodies, the Secretary General, Management and other relevant ICAO personnel. It is designed to provide reasonable, though not absolute, assurance regarding the achievement of the Organization's Strategic Objectives through effective, efficient, and compliant operations, reliable reporting, and the safeguarding of assets.

ICAO's operating environment

3. In 2025, ICAO operated in a complex and evolving global environment, balancing its mandate supporting the safe, secure, and sustainable international civil aviation system. The Organization delivered its mandate through a globally distributed structure and in close cooperation with Member States and stakeholders, relying on both assessed and voluntary contributions. External developments, resource constraints, and ongoing digital and operational transformation continued to shape ICAO's operating context, underscoring the importance of adequate governance, risk management, and internal control. In this context, management remains focused on strengthening organizational resilience and ensuring that the system of internal control adapts to and supports ICAO's strategic and oversight objectives.

Internal Control System and Risk Management Framework

4. ICAO's Officers have been delegated the responsibility for establishing and maintaining internal control systems and procedures within their respective areas.

5. The Enterprise Risk Management and Internal Control Framework (the Framework) sets out the principles, roles, and accountabilities for managing risk and maintaining a cost-effective internal control system. The Framework is based on ISO 31000:2018 standard on risk management and the Committee of Sponsoring Organizations of the Treadway Commission (COSO) Internal Control—Integrated Framework; aiming to provide a structured approach to governance, risk management and internal control.

6. In addition, ICAO maintains a framework on ethics and accompanying policies, providing all employees with a clear understanding of acceptable behaviour, standards of conduct, the process to report and handle misconduct, and protection against retaliation. A mandatory training programme is in place to ensure all employees are aware and understand their roles and responsibilities outlined in the framework, including handling incidents of non-compliance.

7. As ICAO continues to mature its governance processes and activities, additional elements of the Framework will be deployed., including efforts to strengthen management's oversight and monitoring

activities. The sections below outline the state of ICAO's system of internal control in 2025, including important internal control matters being addressed by Management.

Advancements made in strengthening ICAO's Control Environment:

8. In 2025, ICAO continued to strengthen its governance practices, risk management activities and internal control system as it progressed toward its next triennial business plan, beginning in 2026. The following is a summary of important advancements made by ICAO during the year:

a) **Organization Changes –** in preparation for the 2026 launch of the new Strategic Portfolio Management Office (SPMO), the Strategic and Business Planning, and Enterprise Risk Management and Internal Control functions were transitioned under the Office of the Secretary General.

   Beginning in 2026, the SPMO will bring together several monitoring and oversight functions, which aims to strengthen ICAO's governance activities and internal control system.

b) **Enterprise Risk Management and Internal Control –** A new ERM officer joined ICAO during the year to further strengthen and ensure continuity of the function over time. Risk management training modules were developed and launched using ICAO's Quantum learning management platform. An independent maturity assessment was performed by OIO during the year, which provided an objective view of the function and identified opportunities to further integrate risk management practices into ICAO's operations. Outcomes of this assessment have been considered in the function's maturity plans.

c) **Accountability Framework –** following its introduction in 2024, ICAO continued to advance the deployment of its Accountability Framework, which will continue to be deployed in 2026.

d) **Information Security –** In June 2025, ICAO achieved ISO/IEC 27001:2022 certification, the internationally recognized benchmark for Information Security Management Systems (ISMS). This certification confirms that ICAO has established and operates a structured governance framework for identifying, assessing, treating, and monitoring information security risks. The ISMS includes defined roles and responsibilities, formal risk treatment processes, periodic internal audits, management reviews, and continuous improvement mechanisms aligned with international best practices.

Internal Control Matters:

9. Internal control matters are identified and evaluated through multiple inputs, including the 2025 Annual Report of ICAO's Office of Internal Oversight (OIO) (GC-WP/51), the Annual Report of the Evaluation and Audit Advisory Committee (EAAC) (C-WP/15782), the pre-interim and interim meeting notes and comprehensive audit report of ICAO's External Auditors (SFAO), and the representations made by Management in ICAO's Management Assurance Statement and Declaration (MASD).

10. Internal control matters identified by ICAO's assurance providers are addressed through formal Management Action Plans, which are regularly monitored thought ICAO's oversight and governance functions. As the organization continues to balance the efficient delivery of its mandate with the strengthening of its governance practices and internal control system, the following areas will require further attention in 2026:

a) **ERP Stabilization and Refinements -** during the reporting period, ICAO completed the implementation of its new Oracle cloud-based enterprise resource planning (ERP) system supporting the organization's core financial, human resources and administrative processes. The implementation represents a significant change to the Organization's control environment and information system landscape.

   ERP data was migrated into the new cloud environment, including the general ledger and subledgers, and the completeness and accuracy of the migration were validated by the Organization's external auditors.

Post-implementation, certain system controls were not fully operational, requiring the use of temporary manual and supervisory workarounds to maintain transaction integrity and reporting continuity. In addition, comprehensive assurance over IT general controls was not provided by the third-party service provider during the reporting period. Accordingly, management's assessment of internal controls relied on the operation of compensating manual controls and monitoring activities performed by ICAO.

As the Organization continues to stabilize the system, refinements will be made to adapt ICAO processes, improve functionality of the ERP and strengthen ICAO's control environment.

b) IT General Controls - ICAO's ERP system is managed through a consortium of other UN organizations, which is coordinated and overseen by UNDP. As a result, certain controls are performed outside ICAO's control framework.
Management recognizes that this introduces inherent limitations to the internal control system, particularly in relation to reliance on third-party operated controls. To mitigate the associated risks, the Organization has implemented compensating controls within its own control environment where possible. ICAO has also received a formal representation letter from UNDP, confirming that the maintenance of its control environment and management of services as per the service-level/management agreement in force.

Further refinements to ICAO's overall technology control environment are expected in 2026, including assurance options for elements managed by 3rd parties. The investments made in ICAO's digital and technology environments present an opportunity to modernize and strengthen its technology risk management, control and compliance activities.

c) Information Security Incident, Response and Controls - during the reporting period, the Organization identified and contained a data security incident in January 2025 involving unauthorized access to personal information related to 11,929 applicants contained in one of its legacy recruiting systems. The Organization assessed the incident as moderate-severity and responded accordingly. Upon detection, the Organization took remedial action, disclosed the incident, and implemented lessons learned.

While the Organization achieved its ISO 27001 certification later in the year, the underlying processes and controls are regularly evaluated to ensure ICAO continues to strengthen its technology and information security environments to address the evolving threat landscape. In alignment with ICAO's three-line governance model, information security risk oversight is performed as a second-line function, in addition to operational system management.

d) **Access to HR Master Data -** Following the migration to ICAO's cloud-based ERP, certain preventive controls and associated workflow supporting changes to the HR master data had limitations. While management performs periodic reviews and monitoring activities, some risk remains. Management is working with UNDP to develop stronger controls in this area.

e) **Management Oversight and Monitoring of Compliance and Risks** – further development of 2nd line oversight and monitoring processes will be an important area of focus as ICAO matures its system of internal control. Specific 2026 initiatives include the execution of an organization-wide assurance mapping exercise, and maturing the oversight processes related to interactions with third parties, anti-fraud and anti-corruption, and organizational resilience.

f) **Other Internal Control Matters –** in addition to the areas discussed above, the following internal control matters present opportunities to further strengthen ICAO's internal control system:

- **Enterprise Risk Management and Results-based Management –** continued area of focus in 2026, with further efforts planned to mature the functions, including strengthening tools and supporting the Organization in planning, performance oversight and risk management.

- **Consistent Application of Programme and Project Management Standards –** the newly formed SPMO is expected to further mature this area and provide second line oversight and support.
- **Completion of Mandatory Training Requirements –** to consider whether the ERP training platform can support automation of 2nd line oversight controls to improve completion rates.
- **Completion of Performance Management Plans and Evaluations (PACE) –** to consider whether the new PACE platform for use in 2026 can support automated 2nd line controls.
- **Implementation of Overdue Oversight Recommendations –** the investments made in strengthening ICAO's governance practices and internal control system are expected to improve the Organization's evaluation and response to oversight findings.

Review of effectiveness of Internal Control

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

a) The Directors of Bureaus, Regional Directors and Chiefs 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 2025, 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 and decisions taken during meetings by the Senior Management Board (SMB).

b) The audit, evaluation, and advisory reports of the OIO and the External Auditor, which provide reports on:

- ICAO's governance, risk management and internal control system
- compliance of the accounts with the financial regulations,
- the strategic, programmatic, and operational performance of selected areas of ICAO

c) These reports provide independent and objective information on risk, compliance and programme effectiveness, together with recommendations for addressing risks and achieving operational improvements.

d) The Annual Report of the Investigative Entity on Cases of Misconduct and the Annual Report on Actions Taken in Response to Complaints of Misconduct and Retaliation, which provides a summary of investigation outcomes and subsequent disciplinary measures taken.

e) 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.

f) 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. It provides advice to the Council on these matters and the Council's observations and decisions.

12. 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

13. Based on the processes described above and the disclosures made in this Statement, I conclude that, to the best of my knowledge and information, for the year ended 31 December 2025, ICAO maintained a system of internal control that provided reasonable assurance regarding the achievement of its objectives and the reliability of financial and operational reporting.

14. While certain areas of the control environment, including those associated with the implementation of a new cloud-based ERP system, continue to be strengthened, management is satisfied that the system of internal control operated at an acceptable level.

15. The Organization remains committed to the continuous enhancement of its internal controls in response to its evolving operating environment and risk profile.

Juan Carlos Salazar
Secretary General
Montréal, Canada

8 May 2026

PART II: OPINION OF THE EXTERNAL AUDITOR

EIDGENÖSSISCHE FINANZKONTROLLE
CONTRÔLE FÉDÉRAL DES FINANCES
CONTROLLO FEDERALE DELLE FINANZE
SWISS FEDERAL AUDIT OFFICE

Ref. 951.25802.003

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 2025, 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 2025 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, 8 May 2026

SWISS FEDERAL AUDIT OFFICE

(External Auditor)

Jeannet Eric Serge NJRIBJ 08.05.2026 Info: admin.ch/esignature | validator.ch	Koehli Martin OMQKGC 08.05.2026 Info: admin.ch/esignature | validator.ch
Eric-Serge Jeannet	Martin Köhli
Vice-President	Head of Competence Centre

PART III: FINANCIAL STATEMENTS

INTERNATIONAL CIVIL AVIATION ORGANIZATION

STATEMENT I
STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2025
(Thousands of CAD)

	Notes	2025	2024
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	2.1	256 639	255 774
Investments	2.1	258 121	265 180
Assessed contributions receivable from Member States	2.2	16 582	17 794
Receivables, advances and other current assets	2.3	19 092	15 920
Inventories	2.4	393	394
		550 827	**555 062**
NON-CURRENT ASSETS			
Assessed contributions receivable from Member States	2.2	2 335	459
Receivables	2.3	-	304
Property, plant and equipment	2.5	4 299	4 368
Intangible assets	2.6	3 376	3 763
Right-of-use	6.1	5 629	-
		15 639	**8 894**
TOTAL ASSETS		**566 466**	**563 956**
LIABILITIES			
CURRENT LIABILITIES			
Advanced receipts	2.8	362 277	370 058
Accounts payable and accrued liabilities	2.9	39 001	38 244
Employee benefits	2.10	8 387	8 505
Credits to contracting/servicing governments	2.11	3 281	2 233
		412 946	**419 040**
NON-CURRENT LIABILITIES			
Advanced receipts	2.8	-	240
Employee benefits	2.10	121 061	133 974
Accounts payable and accrued liabilities	2.9	725	725
Lease liability	6.1	5 414	-
		127 200	**134 939**
TOTAL LIABILITIES		**540 146**	**553 979**
NET ASSETS			
Accumulated deficit		(66 447)	(71 674)
Reserves	2.12	92 767	81 651
NET ASSETS (ACCUMULATED SURPLUS/(DEFICIT))		**26 320**	**9 977**
TOTAL LIABILITIES AND NET ASSETS		**566 466**	**563 956**

The accompanying notes are an integral part of the financial statements.
Details may not add to totals due to rounding

INTERNATIONAL CIVIL AVIATION ORGANIZATION

STATEMENT II

STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 31 DECEMBER 2025
(Thousands of CAD)

	Notes	2025	2024*
REVENUE			
Contributions for project agreements	3.2	121 009	104 830
Assessed contributions	3.2	129 746	114 786
Other revenue generating activities	3.2	30 033	30 360
Other voluntary contributions	3.2	39 648	39 183
Administrative fee revenue		11 954	11 401
Other revenue	3.2	8 328	21 752
TOTAL REVENUE		**340 718**	**322 312**
EXPENSES			
Salaries, employee benefits and project personnel	3.3	200 698	186 487
Subcontracts, supplies and consumables	3.3	50 167	49 260
General operating expenses	3.3	64 519	57 704
Travel	3.3	15 587	13 508
Training		3 433	1 618
Other expenses	3.3	7 846	785
TOTAL EXPENSES		**342 250**	**309 362**
SURPLUS/(DEFICIT) FOR THE YEAR		**(1 532)**	**12 950**

**Certain comparative information has been reclassified to conform with the current year's presentation, and these reclassifications had no impact on total expenses, surplus/(deficit), or net assets.*

The accompanying notes are an integral part of the financial statements.
Details may not add to totals due to rounding

INTERNATIONAL CIVIL AVIATION ORGANIZATION

STATEMENT III

STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED 31 DECEMBER 2025
(Thousands of CAD)

	Notes	Accumulated Deficit	Reserves	Net Assets (Net Accumulated Deficit)
Balance at 1 January 2024		**(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 Scheme's reserve	2.12	56	(56)	-
Transfer to Special Purpose Reserve*	2.12	(7 206)	7 206	-
Utilization of Special Purpose Reserve*	2.12	1 243	(1 243)	-
Transfer to ARGF operational reserve	2.12	(1 519)	1 519	-
Transfer to 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**
Movements in fund balances and reserves in 2025				
Variation to carry forward balance	2.12	(873)	873	-
Variation of actuarial gain/(loss) on ASHI	2.12	-	17 943	17 943
Transfer of Incentive Scheme's reserve	2.12	57	(57)	-
Transfer to Special Purpose Reserve*	2.12	(1 636)	1 636	-
Utilization of Special Purpose Reserve*	2.12	6 320	(6 320)	-
Transfer to ARGF operational reserve	2.12	(658)	658	-
Utilization of ARGF restricted surplus	2.12	293	(293)	-
Variation of unrealized losses	2.12	3 346	(3 346)	-
Refund of contributions		(90)	-	(90)
Variation of translation adjustment and other rounding difference		-	22	22
Surplus/(Deficit) of the year		(1 532)	-	(1 532)
Total movements during the year		**5 226**	**11 116**	**16 343**
Balance at 31 December 2025		**(66 447)**	**92 767**	**26 320**

Renamed in 2025, see paragraph 67 in the notes* **.

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

Details may not add to totals due to rounding

INTERNATIONAL CIVIL AVIATION ORGANIZATION

STATEMENT IV
STATEMENT OF CASH FLOW
FOR THE YEAR ENDED 31 DECEMBER 2025
(Thousands of CAD)

	Notes	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES:			
Surplus/(Deficit) for the year		**(1 532)**	**12 950**
Non-cash movements and other adjustments			
Depreciation and amortization	2.5 & 2.6	1 637	1 469
Depreciation right-of-use assets	6.1	593	-
ASHI actuarial gain (loss)	2.10	17 943	1 802
Interest income	3.2	(21 709)	(22 868)
Adjustments to net assets	St. III		(96)
Net (gain)/loss on disposal of PPE		(13)	(32)
Impairment loss and disposal	2.6	251	-
Changes in assets and liabilities			
(Increase) decrease in contributions receivable	2.2	1 212	(13 588)
(Increase) decrease in receivables, advances and other current assets	2.3	(3 172)	(2 754)
(Increase) decrease in inventories	2.4	1	(103)
(Increase) decrease in non-current contributions receivable (net of discount)	2.2	(1 876)	493
(Increase) decrease in non-current receivables and advances	2.3	304	1 259
Increase (decrease) in advanced receipts	2.8	(7 781)	101 705
Increase (decrease) in accounts payable and accrued liabilities	2.9	302	6 908
Increase (decrease) in current employee benefits	2.10	(118)	171
Increase (decrease) in credits to contracting/servicing governments	2.11	1 048	340
Increase (decrease) in non-current advanced receipts	2.8	(240)	(1 209)
Increase (decrease) in non-current employee benefits	2.10	(12 913)	6 953
Increase (decrease) in non-current accounts payable and accrued liabilities	2.9	-	725
Foreign currency translation adjustment and rounding		22	(76)
NET CASH FLOWS FROM OPERATING ACTIVITIES		**(26 041)**	**94 049**
CASH FLOWS FROM INVESTING ACTIVITIES:			
Acquisition of property, plant and equipment and Intangibles	2.5 & 2.6	(1 472)	(1 455)
Proceeds from disposal of property, plant and equipment		55	32
(Increase)/decrease in investment	2.1	7 058	(94 714)
Interest income	3.2	21 709	22 868
NET CASH FLOWS FROM INVESTING ACTIVITIES		**27 350**	**(73 269)**
CASH FLOWS FROM FINANCING ACTIVITIES:			
Lease payments	6.1	(798)	-
Lease interest	6.1	444	-
Refund of contributions	St. III	(90)	-
NET CASH FLOWS FROM FINANCING ACTIVITIES		**(444)**	-
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**865**	**20 780**
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	2.1	255 774	234 994
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	2.1	**256 639**	**255 774**

The accompanying notes are an integral part of the financial statements.
Details may not add to totals due to rounding

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 2025
(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	109 665	109 665	113 265	(3 600)
Other (incl. Transfers)	13 159	13 159	15 544	(2 385)
Total RB General Fund	122 824	122 824	128 809	(5 985)
EXPENSES				
Regular Budget General Fund				
Safety	39 616	40 666	40 314	352
Air Navigation Capacity and Efficiency	26 310	24 828	24 669	159
Security and Facilitation	17 893	18 557	18 044	513
Economic Development of Air Transport	5 953	6 305	6 185	120
Environmental Protection	9 261	8 910	8 873	37
Transformational Objective	9 040	5 214	4 991	223
Support to Strategic Objectives	17 905	18 725	18 662	63
Management & Administration	19 727	22 500	22 462	38
Total RB General Fund	145 705	145 705	144 200	1 505
Administrative and Operational Services Cost (AOSC)				
REVENUE				
AOSC (excluding Efficiency/Effectiveness and Special Reserve Funds)				
Administrative Fee	10 790	13 320	13 671	(351)
Other Revenue	7 510	11 210	13 333	(2 123)
Total AOSC	18 300	24 530	27 004	(2 474)
EXPENSES				
AOSC (excluding Efficiency/Effectiveness and Special Reserve Funds)	11 515	11 593	13 502	(1 909)
Other AOSC Funds	-	-	1 292	(1 292)
Total AOSC	11 515	11 593	14 794	(3 201)

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

INTERNATIONAL CIVIL AVIATION ORGANIZATION

Notes to the Financial Statements
31 December 2025

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 2025. 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 - October 2025.

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, 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 Branch, Office of Internal Oversight, Ethics Office, 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 2026-2028 (Resolution A42-27) 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 primarily on a historical cost basis, except where IPSAS require or permit alternative measurement bases. Certain assets and liabilities are measured using current value measures, including fair value, where appropriate in accordance with the relevant IPSAS standards.

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 approved (C-DEC 235/6) extending the submission deadline to 31 May 2026, given that 2025 is the first year in which the financial statements are being prepared using the new enterprise resource planning (ERP) system.

Functional and Presentation Currency

17. Both the presentation and functional currency of ICAO is the Canadian dollar (CAD). Transactions in currencies other than CAD are translated into CAD at the exchange rate prevailing at the date of the transaction. Exchange differences arising from the settlement or translation of monetary items are recognized in the statement of financial performance. The financial statements are expressed in thousands of CAD unless otherwise stated.

18. Monetary assets and liabilities denominated in foreign currencies are translated at the closing rate at the reporting date. Non-monetary items are translated using the exchange rate at the date of the transaction or measurement. Exchange differences are recognized in surplus or deficit in the period in which they arise.

19. In prior years, the Capacity Development and Implementation Programme (CDIP) and Joint Financing Funds transactions were maintained in USD-based environments and translated for financial reporting purposes, with resulting translation differences recognized in net assets. Following a reassessment in 2025, ICAO concluded that these activities do not constitute foreign operations under IPSAS 4. Accordingly, exchange differences are recognized in surplus or deficit in accordance with IPSAS 4 paragraph 32. This revision represents a change in accounting policy. ICAO has assessed the impact of retrospective application and determined that it is not material to prior period financial statements. Therefore, comparative information has not been restated.

Materiality and Use of Judgement and Estimations

20. 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. All amounts are presented in whole numbers; accordingly, minor rounding differences may occur and totals may not sum due to rounding.

21. 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.

22. 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

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

The IPSASB issued *Amendments to IPSAS Standards as a Result of the Application of IPSAS 46, Measurement*. The pronouncement introduces current operational value, clarifies the definition of accounting estimates, and enhances terminology and disclosure requirements relating to current value measurements. The amendments are effective from 1 January 2028. ICAO is assessing the impact of these amendments on its financial statements.

The IPSASB approved the final pronouncement, *Definition of Material* (Amendments to IPSAS 1, IPSAS 3, and the Conceptual Framework), enhancing the clarity and consistency of the definition of materiality throughout the IPSAS Standards. The amendments to IPSAS Standards are effective January 1, 2027. An assessment of the impact on ICAO's financial statements is ongoing.

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.

Updates to *IPSAS 33: First-time Adoption of Accrual Basis International Public Sector Accounting Standards*. The pronouncement does not change the scope or objective of the Standard but aims to make IPSAS 33 more user-friendly and effective. Additions include new illustrative examples and implementation guidance. This pronouncement is effective 1 January 2028. 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, was amended by the IPSAS Board in October 2024 to address concessionary leases. The amendments require recognition of a right-of-use asset as the present value of the lease payments at market lease, a liability at the present value of the contractual lease payments and revenue for the concessionary component of the lease with different treatment for leases containing compliance obligations. 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 an assessment of their impact on ICAO's financial statements is ongoing.

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. ICAO will adopt the standard as per 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 an 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. ICAO will adopt the standard as per 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 an 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.

IPSAS 51: Tangible Natural Resources held for Conservation, establishes principles to report relevant information about nature, amounts, timing and uncertainties arising from tangible natural resources held for conservation. The new Standard is effective from 1 January 2027. The preliminary assessment is that the Standard is not applicable to ICAO.

IPSASB SRS-1: Climate Related Disclosures requires public sector entities to disclose useful information about climate-related risks and opportunities that could affect their long-term fiscal sustainability. The Organisation is assessing the preliminary impact of this standard.

II. SIGNIFICANT ACCOUNTING POLICIES

Cash, Cash Equivalents, and Investments

24. 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.

25. Interest revenue is recognized as it accrues, taking into account the effective yield.

Financial Instruments

26. Financial instruments are recognized when ICAO becomes a party to the contractual provisions of the instrument and until the rights to receive, or the obligation 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.

27. 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.

28. Following the forward-looking impairment model, ICAO assesses the ECL allowance 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.

29. 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

30. 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 measured 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 measured at either cost or current replacement cost, whichever is lowest.

31. 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.

32. 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

33. Assessed contributions are recognized as revenue on the first day of the year to which they relate. Assessed contributions receivable represent the uncollected amounts from the Member States at the reporting date, and are measured at amortized cost, net of an ECL allowance determined in accordance with IPSAS 41.

34. Other receivables include primarily uncollected amounts from voluntary contributions owed by donors, amounts for goods or services provided to other entities, amounts receivable for leased-out assets and receivables from staff. These receivables are measured at amortized cost, net of an ECL allowance determined based on recoverability and aging.

Heritage Assets

35. Heritage items held by ICAO are assessed against the definition of an asset in accordance with IPSAS. These items are not recognized in the financial statements because they do not provide service potential as defined in the IPSAS conceptual framework, as their display is incidental and does not contribute to achieving ICAO's operational objectives. Appropriate disclosure is made in the notes to the financial statements.

36. Under the ICAO policies on Property Management, the Organization has established processes and procedures for the management of heritage items, including the final determination as to whether an item is deemed to be a heritage item. Heritage items are held in controlled access storage until such time as a decision is taken in relation to the placement of an item. Heritage items are included in the Organization's annual physical inventory process, and formal confirmations that heritage items are held by ICAO are provided to donors upon request.

Property, Plant and Equipment

37. Property, plant and equipment (PP&E) are measured 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:

Class	Estimated Useful Life (Years)
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 measured 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:

Class	Estimated Useful Life (Years)
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 obsolescence and the deterioration of the intangibles as well as other events or circumstances where carrying amounts may not be recoverable.

Leases

45. The Organization recognizes right-of-use (ROU) assets and corresponding lease liabilities for leases with non-cancellable terms exceeding twelve months and/or where the total value of the remaining lease payments exceeds CAD 25,000. Lease liabilities are discounted using market reference interest rates at the date of recognition, specifically the Canadian National Bank rate for Canadian dollar (CAD) leases, and the United States Federal Reserve Bank prime borrowing rate for United States dollar (USD) and other currency leases. The Organization applies the recognition exemptions permitted under IPSAS 43 for short-term leases and leases of low-value assets, with related payments recognized as expenses over the lease term. Right-of-use assets are presented separately from property, plant and equipment in the statement of financial position, with additional disclosures provided in the leases note.

Advanced Receipts

46. 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 pending satisfaction of related conditions or delivery of goods by ICAO to third parties; and
- Assessments received from Member States before the year to which they relate.

Employee Benefits

47. 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.

48. Current employee benefits that are accrued but not paid at the reporting date are recognized as current liabilities within the statement of financial position.

49. 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.

50. 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.

51. 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.

52. 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.

53. 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.

54. 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 contributions to the Fund as if they were to 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

55. Assessed contributions represent a legal obligation of Member States. These contributions are revenue from non-exchange transactions recognized at the start of the period to which the assessments relate.

56. Voluntary contributions are revenue from non-exchange transactions recognized when a binding agreement is in place and the Organization obtains control of the resources. Revenue is recognized immediately where no enforceable conditions are attached. Where enforceable conditions are specified in the agreement requiring that the resources be used as specified or returned, revenue is recognized as the conditions are satisfied, typically based on the incurrence of eligible expenditures in accordance with the terms of the agreement. Until such conditions are met, a liability is recognized.

57. 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. These amounts 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.

58. 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.

59. 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 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.

60. 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.

61. 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 rights to use premises, where ICAO does not obtain control of the underlying asset, the arrangement is treated as an in-kind contribution under IPSAS 23. Revenue is recognized at the fair rental value for the period of use, with a corresponding expense recognized over the same period.

Provisions and Contingent Liabilities

62. 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 represents the best estimate of the expenditure required to settle the present obligation at the reporting date, taking into account risks and uncertainties surrounding the obligation. Provisions are presented within accounts payable and accrued liabilities in the statement of financial position and are disclosed separately in the note.

63. 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

64. 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.

65. 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.

66. 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.

67. 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 Special Purpose Reserve Fund (former Operational Reserve renamed as per C-DEC 235/14), 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.

- **Strategic Fund** was established by the Council to supplement the Regular Budget and allow interested States to contribute beyond their assessed dues. The Fund represents unearmarked voluntary contributions to support implementation of the ICAO Business Plan 2026–2028 (C- DEC 235/14).

68. 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.

69. The Capacity Development and Implementation Programme (CDIP) activities encompass civil aviation capacity building and infrastructure projects implemented in Member States within the framework of Management Service Agreements (MSA), Trust Fund arrangements and Civil Aviation Purchasing Services Agreements (CAPS) which are designed to cover a broad range of services, the costs of which are recovered from administrative fees in line with the cost recovery principle. ICAO also enters into Lump Sum Agreements with Member States for the provision of specific services or products for a fixed contract amount, with any under or over recovery of actual expenditure accounted

for in the AOSC Fund. Since 2020, ICAO has also offered implementation packages (iPacks) to Member States.

NOTE 2: ASSETS AND LIABILITIES

Note 2.1: Cash and Investments

70. Funds are held in bank accounts and managed 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)

	2025	2024
Cash in banks	33 641	32 262
Term deposits	223 370	223 511
Cash and Cash Equivalents before ECL	**257 011**	**255 774**
Investments	**258 174**	**265 180**
Cash and Investments before ECL	**515 185**	**520 954**
Less: ECL allowance	(425)	-
Cash and Investments net of ECL allowance	**514 761**	**520 954**

71. In 2025, cash balances denominated in USD earned an average interest rate of 3.642 per cent (2024: 4.464 per cent) while cash balances denominated in CAD earned an average interest rate of 2.928 per cent (2024: 4.801 per cent). Term deposits (including those classified as investments) were primarily held in USD and CAD and earned average interest rates of 4.640 per cent and 2.977 per cent, respectively (2024: 5.498 per cent and 4.906 per cent). As at 31 December 2025, investments had an average term maturity of 236 days (2024: 207 days).

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

Cash, cash equivalents, and investments by currency
(Thousands of CAD)

	2025		2024	
Canadian dollars (CAD)	65 094	13%	59 845	11%
United States dollars (USD)	427 216	83%	442 392	85%
Other Currencies	22 875	4%	18 717	4%
Total	**515 185**	**100%**	**520 954**	**100%**

73. As at 31 December 2025, CAD 364.5 million (2024: CAD 384.3 million) represents cash and investments restricted for use in CDIP activities and other funds subject to restrictions, including legislative and contractual arrangements, such as unexpended balances in the PKD Fund, International Registry Fund, Joint Finance Funds and Trust Funds. This amount includes CAD 15.0 million (2024: CAD 17.7 million) held on behalf of the MBP. The remaining cash, cash equivalents and investments, totaling CAD 150.3 million (2024: CAD 136.6 million), are held for ICAO's Regular Activities.

Note 2.2: Assessed Contributions Receivable from Member States

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

Net assessed contributions receivable
(Thousands of CAD)

	2025	2024
Current	16 582	17 794
Non-current	2 335	459
Total	**18 917**	**18 253**

75. The gross and net contributions receivable are as follows:

Assessed contributions receivable
(Thousands of CAD)

	2025	2024
Assessed contributions receivable	25 969	28 944
Less:		
ECL allowance	(7 052)	(10 691)
Net Assessed Contributions Receivable	**18 917**	**18 253**

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

Year of Assessment	2025	%	2024	%
2025*	16 511	63.6		
2024	1 450	5.6	17 373	60.0
2023	720	2.8	2 027	7.0
2022	617	2.3	987	3.4
2021 and earlier	6 671	25.7	8 557	29.6
Total	**25 969**	**100**	**28 944**	**100**

** The USD portion of the 2025 Assessment receivable has been revalued at the 31 December 2025 exchange rate. The historical amount is CAD 16.9 million (refer to Table B).*

77. The decrease in the gross amount of assessments receivable in 2025 is primarily attributable to improved collections during the Assembly year and the impact of exchange rate movements.

78. Current assessed contributions receivable are due within twelve months. Non-current contributions receivable are from States that have agreements with the Council to settle arrears over up to twenty years without interest (Group A), and States without agreements but with outstanding assessments exceeding three years (Group B).

79. The ECL allowance determined in accordance with IPSAS 41 to the assessed contributions receivable is shown in the table below.

ECL Allowance
(Thousands of CAD)

	2024	Utilization	Increase/ (Decrease)	2025
Total ECL allowance	10 691		(3 639)	7 052

80. The total ECL allowance includes CAD 6.4 million relating to assessed contributions receivable from Member States with extended payment arrangements (Group A) and those with significant arrears (Group B). Although these receivables are valid and properly recognized, impairment has been recognized to reflect the increased credit risk associated with these balances, in accordance with IPSAS 41.

81. The ECL allowance includes CAD 0.7 million owed to ICAO by the former Socialist Federal Republic of Yugoslavia. A United Nations General Assembly resolution[2] determined the allocation of

[2] General Assembly resolution A/RES/63/249

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

82. There were no write-offs of assessed contributions receivable during 2025.

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

Receivables, advances, and other current assets
(Thousands of CAD)

	2025	**2024**
Receivables from delegations	730	808
Receivables from United Nations Agencies	1 421	1 273
Receivables Training	2 312	1 976
Receivables Other	1 597	2 373
Refundable deposit CDIP	2 806	-
Receivable from EU*	-	1 667
Receivables PKD membership fees	662	729
Subtotal financial assets (financial instruments)	**9 528**	**8 826**
ECL allowance	**(2 485)**	**(2 379)**
Net financial instruments	**7 043**	**6 447**
Advances to United Nations Agencies	3 113	664
Advances to suppliers for CDIP	4 142	6 015
Advances to employees	1 498	1 474
Recoverable taxes	2 149	448
Prepaid expenses	1 146	872
Subtotal non-financial instruments	**12 049**	**9 473**
Total Receivables, advances and other current assets	**19 092**	**15 920**

Details may not add to totals due to rounding
**Conditional voluntary contribution fully offset by revenue recognized in accordance with IPSAS-23 (Note 2.8).*

83. 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. Under the IPSAS 41 impairment model, these receivables are subject to an ECL allowance of CAD 2.5 million, as presented in the table below. This total includes CAD 2.3 million relating to balances outstanding for more than two years.

ECL Allowance
(Thousands of CAD)

	2024	Utilization	Increase/ (Decrease)	2025
Total ECL allowance	2 379		106	2 485

84. Receivables from United Nations Agencies include CAD 1.4 million (2024: CAD 1.3 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 2025, ICAO continued pursuing the claim. As at the reporting date, recovery efforts remain ongoing and there is uncertainty regarding the outcome of these efforts and the Organization's ability to collect the outstanding balance.

85. Other receivables mainly include amounts due for revenue-generating activities. The decrease in the balance in 2025 is partially attributable to a reduction in outstanding invoices for publications.

86. In 2025, ICAO joined the Quantum consortium, a UN-developed technological ecosystem used by multiple UN agencies. This transition introduced several operational changes, including the outsourcing of payroll processing to UNDP as a service provider and expanded options for making payments on ICAO's behalf. Participation in the Quantum consortium allows ICAO to benefit from shared services, standardized processes and enhanced system capabilities. Advances to United Nations agencies represent cash advances provided to UNDP in support of this arrangement.

87. Advances to suppliers for CDIP are made for high-value contracts requiring upfront funding, as specified in the respective agreement. These advances are secured by bank guarantees, which mitigate credit risk associated with these balances. The decrease in the balance reflects advance payments made in 2024 for which the contractual conditions were subsequently met, resulting in their recognition as expenses in the current year.

88. Advances to employees are for education grants, rental subsidies, travel, and other staff entitlements.

89. The increase in recoverable taxes is due to delays submitting 2025 tax claims. The claims were subsequently submitted in the second quarter of 2026.

90. The details of the non-current portion of receivables are presented in the table below:

Receivables non-current
(Thousands of CAD)

	2025	**2024**
Receivables from EU*	-	241
Receivables from AFCAC	-	66
ECL allowance	-	(3)
Total	**-**	**304**

**Conditional voluntary contribution fully offset by recognized in accordance with IPSAS-23 (Note 2.8).*

Note 2.4: Inventories

91. 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.

92. The table below shows the carrying amount of inventories as at 31 December.

Inventories
(Thousands of CAD)

	Publications	Printing supplies	Commissariat	APAC Souvenir Shop	Total
Opening inventory as at 1 January 2024	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**
Purchased/produced	741	291	415		1 447
Sold/consumed	(753)	(281)	(398)	(1)	(1 432)
Impairments and write-offs	(14)		(2)		(16)
Total inventory as at 31 December 2025	**49**	**56**	**288**	**1**	**393**

Details may not add to totals due to rounding

93. Publications, printing supplies, Commissariat, and APAC Regional Office's souvenir boutique items and quantities derived from ICAO's inventory tracking systems were validated through physical stock counts in 2025.

94. Inventories are measured at the lower of cost and net realizable value or current replacement cost, as applicable. Any write-downs are recognized as expenses in the period. During 2025, impaired inventories included obsolete publications and damaged Commissariat goods for CAD 16 thousand (2024: CAD 6 thousand). These write-downs are recognized as expenses for the period and included in "general operating expenses" in the statement of financial performance.

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

95. 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 control over their acquisition, physical location, use and disposal.

96. In 2025, PP&E items were reclassified to align with the current year presentation. These reclassifications arose from a review of asset classifications undertaken in connection with the implementation of the ERP system, to better reflect the nature and use of the assets. In particular, items previously classified as *Machinery and equipment* are now presented under *IT equipment*. The reclassification has no impact on total property, plant and equipment or net assets.

97. An impairment review was conducted, and no material impairment was identified.

98. The following table presents PP&E recognized in the financial statements.

Property, plant and equipment: 2025
(Thousands of CAD)

	Furniture & Fixtures	IT Equipment	Motor Vehicles	Machinery & equipment	Leasehold Improvements	Leasehold Improvements & others under development	Total
Cost as at 1 Jan 2025	**246**	**4 438**	**743**	**3 378**	**6 381**	**208**	**15 395**
Reclassification	(41)	1 984	-	(1 943)	-	-	-
Adjusted Cost as at 1 Jan 2025	**205**	**6 422**	**743**	**1 435**	**6 381**	**208**	**15 395**
Additions	8	415	119	-	120	-	663
Transfer/adjustment	-	-	-	-	-	(3)	(3)
Disposals	-	(8)	(183)	-	(163)	-	(354)
Cost as at 31 Dec 2025	**213**	**6 829**	**679**	**1 435**	**6 339**	**205**	**15 700**
Accumulated depreciation as at 1 Jan 2025	**(127)**	**(3 483)**	**(469)**	**(2 260)**	**(4 689)**	**-**	**(11 027)**
Reclassification		(1 173)	-	1 173	-	-	-
Depreciation	(16)	(417)	(72)	(88)	(127)	-	(720)
Transfer/Adjustment	-	-	-	-	-	-	-
Disposals	-	1	181	-	163	-	345
Accumulated depreciation as at 31 Dec 2025	**(143)**	**(5 073)**	**(360)**	**(1 173)**	**(4 653)**	**-**	**(11 402)**
Net carrying amount as at 1 Jan 2025	119	955	275	1 118	1 692	208	4 368
Net carrying amount as at 31 Dec 2025	**70**	**1 756**	**320**	**262**	**1 686**	**205**	**4 299**

Details may not add to totals due to rounding

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

	Furniture & Fixtures	IT Equipment	Motor Vehicles	Machinery & equipment	Leasehold Improvements	Leasehold Improvements & others under development	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

99. ICAO owns assets categorized as heritage assets because of their cultural, educational, or historical significance. These assets have been donated by Member States, organizations and companies over the years. 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. During 2025, one sculpture was donated and installed at ICAO Headquarters. Additionally, an aircraft model was donated to the Organization.

Note 2.6: Intangible Assets

100. An impairment review of intangible assets was performed during the year. As a result, six fully amortized assets were derecognized. In addition, two intangible assets, with a total historical cost of CAD 0.4 million and a net book value of CAD 0.2 million, were fully impaired in 2025. These assets remain recognized at a nil carrying amount at the reporting date pending formal approval for derecognition.

101. The following table presents the carrying amount of intangible assets recognized in the financial statements.

Intangible assets: 2025
(Thousands of CAD)

	Software	Licenses & rights	Software Developed Internally	Other Intangible Assets	Software under development	Total
Cost as at 1 Jan 2025	**1 681**	**151**	**1 657**	**184**	**2 333**	**6 007**
Additions	-	633	-	-	176	809
Transfer	-	-	1 089	-	(1 089)	-
Disposals	(516)	(144)	(185)	-	(32)	(876)
Cost as at 31 Dec 2025	**1 166**	**640**	**2 561**	**184**	**1 389**	**5 939**
Accumulated amortization as at 1 Jan 2025	**(1 190)**	**(151)**	**(854)**	**(48)**	**-**	**(2 244)**
Amortization	(120)	(367)	(419)	(11)	-	(917)
Disposals	516	144	185	-	-	844
Impairment	(62)	-	(186)	-	-	(247)
Accumulated amortization as at 31 Dec 2025	**(856)**	**(374)**	**(1 274)**	**(58)**	**-**	**(2 564)**
Net carrying amount as at 1 Jan 2025	491	-	803	136	2 333	3 763
Net carrying amount as at 31 Dec 2025	**310**	**266**	**1 287**	**125**	**1 389**	**3 376**

Details may not add to totals due to rounding

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

Note 2.7: Financial Instruments

2.7.1 Financial Assets and Liabilities

102. The table below presents financial instruments related to Regular Activities, excluding funds for which ICAO does not assume the associated risks. The columns titled Other Regular Activities and CDI projects refer to operations for which associated risks are borne by the respective projects or funds.

Financial Instruments
(Thousands of CAD)

	2025				2024			
	*Regular Activities /*1*	*Other Regular Activities /*2*	*CDI Projects*	*Total*	*Regular Activities /*1*	*Other Regular Activities /*2*	*CDI Projects*	*Total*
Cash and cash equivalents	76 939	35 803	143 896	**256 639**	69 094	24 357	162 323	**255 774**
Investments	73 362	11 227	173 533	**258 121**	73 542	20 313	171 325	**265 180**
Assessed contributions receivable (current)	16 582	-	-	**16 582**	17 794	-	-	**17 794**
Assessed contributions receivable (non-current)	2 335	-	-	**2 335**	459	-	-	**459**
Receivables (current)	3 535	684	2 824	**7 043**	5 193	1 218	36	**6 447**
Receivables (non-current)	-	-	-	**-**	304	-	-	**304**
Sub-total financial assets	**172 753**	**47 714**	**320 253**	**540 720**	**166 386**	**45 888**	**333 684**	**545 958**
Accounts payable and accrued liabilities /*3	13 150	16 902	8 596	**38 649**	11 701	20 456	5 999	**38 157**
Sub-total financial liabilities	**13 150**	**16 902**	**8 596**	**38 649**	**11 701**	**20 456**	**5 999**	**38 157**
Financial instruments - net exposure	**159 603**	**30 811**	**311 657**	**502 071**	**154 685**	**25 432**	**327 685**	**507 800**

Details may not add to totals due to rounding

**1 Excludes funds where risks are not assumed by ICAO.*
**2 Includes Joint Finance funds, Public Key Directory, International Registry, earmarked voluntary contributions and funds held on behalf of MBP.*
**3 Excludes provisions presented within accounts payable and accrued liabilities (Note 2.9), CAD 1.1 million in 2025 (2024: CAD 0.8 million).*

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

2.7.2 Market Risk

104. Market risk is the risk arising from fluctuations in 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 risk. 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 their operational currency.

105. 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, to minimize exposure to 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 exchange rate risk is largely mitigated.

106. For CDIP activities financed from project agreements and Joint Financing Funds, the operational currency is USD. Exchange gains or losses resulting from the use 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 project expenditures when purchase orders pertaining to CDIP are denominated in currencies other than 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 United Nations Operational Rate of Exchange (UNORE) and the spot rate in effect on the date the currencies are purchased. For Regular Activities financed from project agreements or voluntary contributions, the functional currency is CAD; for some of these activities, exchange gains or losses resulting from the use 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.

107. At 31 December 2025, financial instruments for which ICAO is exposed to market risk are denominated as follows:

Financial instruments denomination

(Thousands of CAD)

Currency	***USD***	***Others***	***CAD***	***Total***
Cash and cash equivalents, and investments	**110 474**	**14 235**	**25 592**	**150 301**
Percent of cash and cash equivalents by currency	74%	9%	17%	100%
Assessed contributions receivable (current)	6 730		9 852	16 582
Assessed contributions receivable (non-current)	1 301		1 033	2 335
Receivables and advances (current)	2 967	74	494	3 535
Receivables and advances (non-current)	-	-	-	-
Sub total receivables	**10 998**	**74**	**11 380**	**22 452**
Percent of assets by currency	49%	0%	51%	100%
Accounts payable and accrued liabilities	**1 663**	**317**	**11 170**	**13 150**
Percent of accounts payable and accrued liabilities by currency	13%	2%	85%	100%
Net risk 2025	**119 809**	**13 992**	**25 802**	**159 603**
Net risk 2024	**105 484**	**3 771**	**45 430**	**154 685**

Details may not add to totals due to rounding

108. The sensitivity analysis in the table below shows the effect of ±5 per cent change in exchange rates between CAD and USD and other currencies in which financial instruments are held on net assets/equity and the 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)

	2025			**2024**		
	USD	**Others**	**Impact on Net Assets**	**USD**	**Others**	**Impact on Net Assets**
Net risk	119 809	13 992		105 484	3 771	
Impact +5%	5 990	700	6 690	5 274	189	5 462
Impact -5%	(5 990)	(700)	(6 690)	(5 274)	(189)	(5 462)

109. ICAO also has a limited exposure to interest rate risk. 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 2024) is financed from investment income. Therefore, any decrease or increase in investment income would have a minimal impact on funds available to finance the Regular Budget. ICAO does not use 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

110. 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.

111. 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 ECL allowance was calculated utilizing the weighted long-term average loss for similar grades calculated by an independent rating agency. 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 2025	473 679	37 345	3 040	1 121	515 185
Balance at 31 December 2024	479 151	37 890	3 578	335	520 954

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

112. The ECL allowance on cash, cash equivalents and investments amounted to CAD 0.4 million in 2025 (2024: nil) and primarily relates to cash balances held by the Dakar Regional Office. During the year, the financial institution holding this account was acquired by a Regional Financial Group, which is not rated by the major international credit rating agencies. As a result, the credit risk associated with this deposit was reassessed and an ECL allowance was recognized in accordance with IPSAS 41. Cash balances held in this account will continue to be monitored and aligned with operational requirements to limit exposure to credit risk.

ECL Allowance
(Thousands of CAD)

	2024	Utilization	Increase/ (Decrease)	2025
Total ECL allowance	-		425	425

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 2025, ICAO's total cash, cash equivalents and investments amounted to CAD 514.8 million (2024: CAD 521.0 million), which were sufficient to settle current liabilities totaling CAD 413.4 million (2024: CAD 419.0 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 event 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, to enable borrowing, if authorized. Thus far, it has not been necessary for ICAO to resort to such option.

Note 2.8: Advanced Receipts

119. Advanced receipts represent amounts received in advance of the satisfaction of related conditions or delivery of goods and services and are recognized as liabilities at the reporting date. ICAO receives advance funding in respect of contributions to CDIP, voluntary contributions and services to be delivered in future periods.

Advanced receipts
(Thousands of CAD)

	2025	**2024**
Current		
Deferred revenue CDIP	314 839	330 064
Assessed contributions received in advance	12 661	9 489
Deferred revenue voluntary contributions	26 744	19 690
Deferred revenue pending provision of services	3 094	4 441
ARGF Publication Sales	536	904
Public Key Directory	3 561	3 217
Other advances	842	2 252
Sub-total	**362 277**	**370 058**
Non-current		
Deferred revenue voluntary contributions	-	240
Total	**362 277**	**370 298**

120. A voluntary contribution of CAD 13.2 million (€8.2 million) was received from the Government of France, in instalments during 2022-2025, to finance renovations to the premises of the European and North Atlantic (EUR/NAT) Office. The renovation works are expected to commence in the second half of 2026 and to be completed in 2028. The unutilized balance of amounts received is recognized as a liability at the reporting date, as revenue is recognized only upon satisfaction of the related conditions in accordance with the agreement.

Note 2.9: Accounts Payable and Accrued Liabilities

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

Accounts payable and accrued liabilities
(Thousands of CAD)

	2025	**2024***
Current		
Trade, employee, and other payables	18 145	13 529
Funds held on behalf of MBP (see note 2.1 restricted cash)	14 993	17 731
Accrued liabilities and other provisions	5 408	6 984
Lease liability (note 6.1)	455	-
Sub-total current	**39 001**	**38 244**
Non-current		
Accrued liabilities and other provisions	725	725
Total	**39 726**	**38 969**

* *Certain comparative information has been reclassified to conform with the current year's presentation. This reclassification had no impact on total accounts payable and accrued liabilities.*

122. Trade, employee, and other payables include amounts invoiced for goods and services received but unpaid as of 31 December 2025. They also include employee-related payables consisting of approved disbursements for employee entitlements, as well as payroll deductions to be remitted to external parties. Accrued liabilities represent invoices for services received that had not been settled as of 31 December 2025, as well as provisions for anticipated losses. The balance also includes the current portion of lease liabilities, representing lease payments due within the next twelve months in accordance with IPSAS 43.

123. 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 1.1 million (2024: CAD 0.8 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.

124. As indicated in paragraph 84, 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. As of 31 December 2025, ICAO obtained an update actuarial estimate of the obligation for future payments to these beneficiaries. Given the uncertainty regarding recovery from UNDP, ICAO has maintained a provision of CAD 0.8 million.

Provisions
(Thousands of CAD)

	Administration of Justice	Commercial	Other	Total
Provisions as at 31 December 2024	**-**	**-**	**813**	**813**
Additional provisions made	265	-	-	265
Amounts reversed	-	-	-	-
Amounts used	-	-	-	-
Provisions as at 31 December 2025	265	-	813	1 078
Current	265	-	88	353
Non-current	-	-	725	725
Total	265	-	**813**	**1 078**

Note 2.10: Employee Benefits

125. Employee benefit liabilities comprise after service health insurance (ASHI), end-of-service benefits for annual leave and repatriation benefits payable to ICAO staff members as determined by actuarial valuation, and other current liabilities relating to repatriation and annual leave for CDIP international experts.

Employee benefits liabilities
(Thousands of CAD)

	2025	2024
Current		
Accumulated Annual Leave	1 621	1 488
Repatriation	2 198	2 453
ASHI	2 601	2 844
Other benefits for international experts	1 967	1 720
Sub-total	**8 387**	**8 505**
Non-current		
Accumulated Annual Leave	11 805	11 732
Repatriation	15 172	15 990
ASHI	94 084	106 252
Sub-total	**121 061**	**133 974**
Total	**129 448**	**142 479**

2.10.1 Defined-benefit Plans

126. ICAO provides the following defined-benefit plans to its employees and former employees:

127. 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.

128. 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 the MBP fund and an administrative fee is paid to Cigna.

129. 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.

130. 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.

131. 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

132. The movement of employee benefits liabilities during 2025 and comparative movements for 2024 are as follows:

Actuarial valuation 2025: movement in post employment benefits liabilities
(Thousands of CAD)

	Balance 1 Jan 2025	**Benefits Paid**	**Current Service (net of employee contributions)**	**Interest Cost**	**Actuarial Loss/(Gain)**	**Balance 31 Dec 2025**
Post-retirement plan (ASHI)	109 096	(2 270)	3 171	4 631	(17 943)	96 685
End of service – annual leave	13 220	(492)	549	474	(326)	13 425
End of service – repatriation benefits	18 444	(1 200)	694	603	(1 170)	17 370
Other employee benefits – international experts	1 719	(124)	372			1 967
Total	**142 479**	**(4 086)**	**4 786**	**5 708**	**(19 439)**	**129 448**

Details may not add to totals due to rounding

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

133. Comparative analyses of actuarial losses (and gains) for 2025 and 2024 are as follows:

Actuarial gains and losses 2025
(Thousands of CAD)

Actuarial Adjustments 2025	**ASHI**	**Annual Leave**	**Repatriation Grant**	**Total**
Loss (Gain) due to experience	(3 592)	(251)	(1 034)	(4 877)
Loss (Gain) due to changes in demographic assumptions	(1 418)	1	3	(1 414)
Loss (Gain) due to changes in financial assumptions	(12 933)	(76)	(139)	(13 148)
Total Loss (Gain) on Accrued Benefit Obligation as at December 31, 2025	**(17 943)**	**(326)**	**(1 170)**	**(19 438)**

Details may not add to totals due to rounding

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

134. Actuarial gains/losses for annual leave and repatriation benefits, together with current service costs and interest costs, including those for ASHI and excluding those of international experts, which are charged to the CDIP, total CAD 8.6 million in 2025 (2024: CAD 12.8 million) and are included in the expense of the Revolving Fund. In 2025, the experience adjustments for annual leave and repatriation grants (as noted in the table in paragraph 133 above) are mostly a result of the exchange rate update. The accumulative ASHI actuarial gain amounted to CAD 32.6 million at the end of 2024 and is increased by ASHI actuarial gain of CAD 17.9 million in 2025. At the end of 2025, the accumulative ASHI actuarial gain of CAD 50.5 million is recorded against reserve in the Revolving Fund.

2.10.3 Employee Benefits Liabilities – Sensitivity Analysis

135. 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 2025
(Thousands of CAD)

	Increase of 1% in Discount rate	Decrease of 1% in Discount rate
ASHI		
Effects: Current service cost + interest cost	(498)	607
Effects: Accrued benefit obligation	(14 241)	18 291
Repatriation Grant		
Effects: Current service cost + interest cost	25	(38)
Effects: Accrued benefit obligation	(1 156)	999
Annual Leave		
Effects: Current service cost + interest cost	44	(50)
Effects: Accrued benefit obligation	(852)	976

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

136. 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 2025
(Thousands of CAD)

	Increase of 1% in Trend rate	Decrease of 1% in Trend rate
Effects: Current service cost + interest cost	1 719	(1 313)
Effects: Accrued benefit obligation	17 505	(13 927)

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)

137. 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 2025
(Thousands of CAD)

	1 Year Further Mortality Table	1 Year Closer Mortality Table
Effects: Current service cost + interest cost	246	(246)
Effects: Accrued benefit obligation	3 423	(3 409)

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)

138. 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.

139. During 2025 and 2024, there were no major changes to the health plan.

2.10.4 Cost during Current and Future Periods

140. The expected contribution by ICAO to the defined benefits plan in 2026 is CAD 6.7 million, which is determined by the independent actuary based on expected benefit payments for 2025.

141. The costs in the table below 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 shipment of personal effects) payable on separation from service.

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 2026	2 713	1 681	2 276	6 670
Actual cost 2025	2 270	492	1 200	3 962
Actual cost 2024	2 022	832	1 156	4 010

142. 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.

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

	2025	**2024**
ASHI	10.00 years	9.80 years
Annual Leave	7.80 years	7.70 years
Repatriation Grant	7.40 years	7.60 years

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

	2025	**2024**
ASHI	16.7 years	16.9 years
Annual Leave	6.8 years	6.9 years
Repatriation Grant	7.2 years	7.4 years

2.10.5 Actuarial Assumptions and Methods

145. 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 2025.

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	4.28 per cent for accounting and funding based on composite CAD and USD government bond rates weighted based on currency of post-employment liability (2024: 4.18 per cent).
Medical and Dental Trend Rates	Assumed increases in drug costs and other health-care costs range from 8.30 per cent to 3.40 per cent over a period of 11 years (2024: 7.40 per cent to 3.30 per cent, 11 years), annual increase in health-care costs range from 9.5 per cent to 3.85 per cent over a period of 7 years (2024: 9.0 per cent to 3.85 per cent, 8 years), annual increase for dental 3.85 per cent in USD (2024: 3.85 per cent) and 3.40 per cent in CAD (2024: 3.30 per cent).
Expected Return on Assets	Not applicable.
Exchange Rate Used	USD 1.00 for CAD 1.367 (CAD 1.442 in the 2024 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 1.6 thousand for drugs (CAD 2.7 thousand in 2024), from CAD 0.6 thousand to CAD 1.3 thousand for dental (CAD 0.4 thousand to CAD 1.6 thousand in 2024), and from CAD 1.3 thousand to 3.6 thousand for health care (CAD 0.8 thousand to CAD 8.6 thousand in 2024).
Age Variation of Medical and Dental Costs	Assumed annual increase for: ➢ 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 2024). ➢ 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 (no change from 2024). ➢ 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 2024). Assumed decreases for: ➢ Dental care by 0.5 per cent per year (no change from 2024). ➢ Cost of drugs at age 65 for those covered by a public drug plan in Canada by 65 per cent (no change from 2024).
Annual Administrative Costs	For the first three months in 2025 is USD 28.96 per Certificate per month, then: from 1 April 2025 – 31 March 2026 (one year contract extension): USD 31.71 per month, per Certificate. Inflation at 2.40 per cent (USD) and 2.00 per cent (CAD) per year, (USD: 2.5 and CAD: 2.00 per cent in 2024).

Mortality Table	2017 UN ASHI headcount-weighted mortality table. Reset of mortality improvement period to 20 years (through to 2045). Reduction in the number of years of longevity improvement since 2017 by 5 years, so the improvement scale will only be applied for 3 years rather than the full 8 years since 2017.
Withdrawal Rates	2025 UNJSPF assumptions vary by General Service vs Professional, starting in 2019. Modify withdrawal rates for Professional staff: males with 0-1 year of service, 1-2 years of service, 2-3 years of service, 3+ years of service and females with 0-1 year of service, 2-3 years of service, 3+ years of service. Reduce withdrawal rates for General Service staff: males with 0-1 year of service and 3+ years of service and females with 0-1 year of service and 2-3 years of service
Retirement Age	2025 UNJSPF assumptions vary by General Service vs Professional, starting in 2019. All participants with Normal Retirement Age (NRA) of 60: reduce retirement rates at ages 63 and younger and increase retirement rates at age 65. All participants with NRA of 62: modify some retirement rates at ages 64 and younger, and increase the rate at age 65. Professional staff with NRA of 65: decrease the rate at age 65. General Service staff with NRA of 65: increase for female staff at age 65.
Coverage of Dependents at Retirement	60 per cent (same in 2024). Wives are assumed to be four years younger than their male spouses (same in 2024). 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	3.73 per cent (AL) 3.53 per cent (RG) per year (3.65 and 3.37 per cent respectively in 2024) 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) (no change from 2024).
Salary Increase	2.60 per cent per year, based on UNJSPF assumptions (no change from 2024).
Net Accrual in Annual Leave Balance	From 7.5 days during the first year to none for 30 years of service and more, up to a maximum of 60 days (no change from 2024).
Withdrawals Due to Voluntary Leave	15 per cent (no change from 2024).
Removal of Effects on Repatriation	USD 18.0 thousand per employee with eligible family members, USD 13.0 thousand per employee without eligible family members (no change from 2024). Inflation at 2.40 per cent (USD) (2.50 per cent in 2024) and 2.00 per cent (CAD) per year (no change from 2024).
Travel Costs	CAD 8.3 thousand per employee (CAD 8.1 thousand per employee in 2024). Inflation at 2.40 per cent (USD) (2024: 2.50 per cent) and 2.00 per cent (CAD) per year (no change from 2024).

146. 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.

147. 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.

148. The 2025 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 that these costs will vary by age. The per capita claims costs were calculated based on actual claims and enrolment experience for calendar years 2022 to 2025 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 2025 estimated medical inflation.

149. 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 2025 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 any future changes in these exchange rates.

150. 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 2025 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.

151. The 2025 valuation is based on unchanged 2024 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, 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, respectively, at time of retirement.

152. 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

153. The liability for post-employment benefits is not fully funded, and no plan assets are held in the Revolving Fund established for this purpose. Expenditures relating to the Organization's contributions to the ASHI are currently funded on a "pay-as-you-go" basis. With effect from 1 January 2024, the Organization's share of ASHI premiums for retirees is prorated among the Regular Budget, ARGF and AOSC. 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. As of 31 December 2025, cash in the amount of CAD 2.5 million is held in the Revolving Fund (CAD 1.8 million at 31 December 2024). The increase reflects the implementation of C-DEC 232/3, paragraph 13(c), under which funding is supplemented through a pay-as-you-accrue approach applied to payroll costs for AOSC and ARGF, in addition to the initial funding approved by the 37th Assembly from the 2009 cash surplus. 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")

154. 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.

155. 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.

156. The latest actuarial valuation for the Fund was completed as at 31 December 2023, and the valuation as of 31 December 2025 is currently being performed. A roll forward of the participation data as of 31 December 2023 to 31 December 2024 was used by the Fund for its 2024 financial statements.

157. The actuarial valuation as at 31 December 2023 reported a funded ratio of actuarial assets to actuarial liabilities of 111.0% when future expected pension adjustments (cost-of-living indexation on benefits) were taken into account. The reported funded ratio was 152.0% 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.

158. 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.

159. 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 (2022, 2023 and 2024) amounted to USD 10,191.9 million, of which 0.65 per cent was contributed by ICAO.

160. During 2025, contributions paid to the Fund by ICAO amounted to USD 24.1 million equivalent to CAD 33.6 million (USD 22.7 million equivalent to CAD 31.1 million in 2024). Contributions due in 2026 are expected to be at the same level.

161. 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.

162. 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

163. 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 scheme 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

164. 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 3.3 million (CAD 2.2 million in 2024).

165. The user charges collected by ICAO on behalf of servicing governments under the Arrangement on Joint Financing of the North Atlantic Height Monitoring System were fully settled in 2025 (CAD 1.1 million included in the liability in 2024). A new Arrangement has been developed but has not yet entered into force, as it is pending ratification by all signatory States. The disposition of any remaining balances will be determined once the new Arrangement enters into force or otherwise as agreed by the parties.

Note 2.12: Net Assets (Net Accumulated Deficit)

166. Net assets represent the residual interest in the Organization's assets after deducting all liabilities and comprise the accumulated deficit and reserves at the reporting date. Movements in net assets are presented in Statement III.

Reserves
(Thousands of CAD)

	2025	2024
Regular Activities		
Accumulated actuarial gain/(loss) on ASHI (Note 2.10.2)	50 508	32 565
Carry forward of Appropriations (Note 4) - Commitments	18 869	17 996
Restricted Surplus for WCF[3]	8 075	8 075
Special Purpose Reserve	8 519	13 203
Operational reserve for ARGF, TRAINAIR PLUS and Commissariat	7 771	7 113
Restricted surplus for ARGF	2 662	2 955
Amounts reserved in the Incentive Fund	69	126
Reserved deficit for unrealized differences	(3 706)	(360)
Sub-total	92 767	81 673
Translation difference	-	(22)
Total	**92 767**	**81 651**

167. The decrease in the Special Purpose Reserve is mainly attributed to a transfer of CAD 2.4 million to the Regular Budget Fund as per Resolution A41-28, and the utilization of CAD 6.3 million. This was partially offset by a transfer of CAD 4.0 million from the Regular Budget Fund to the Special Purpose Reserve in 2025 (C- DEC 235/14) to fund 2026-2028 Regular Budget.

168. The reserved deficit for unrealized differences represents the unrealized gains and losses on assets and exchange differences that are recognized in net assets until realized.

169. A balance of CAD 7.8 million (CAD 7.1 million in 2024) 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.

170. The Restricted surplus for ARGF in the amount of CAD 2.7 million (2024: CAD 3.0 million) is earmarked for ongoing projects.

171. The reduction in the Incentive Fund balance relates to the 2025 portion transferred to 2023-2025 Regular Budget, as per Resolution A41-28.

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

NOTE 3: REVENUES AND EXPENSES

Note 3.1: Contributions – In-Kind

172. 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.

173. 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)

	2025	2024
Canada	24 636	24 035
Egypt	142	72
France	896	836
Peru	456	606
Senegal	363	341
Thailand	2 654	2 345
Total	**29 147**	**28 235**

174. 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 2.0 million (CAD 2.1 million in 2024) from the Government of Quebec towards the provision of offices in the Bell Tower in Montreal, for the Capacity Development and Implementation Bureau.

175. Staff services and travel, provided free of charge by States for Regular Activities and estimated at CAD 19.6 million in 2025 (CAD 14.7 million in 2024), are not recognized in the statement of financial performance as the Organization elected only to disclose them in the Notes.

176. 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.

177. Other buildings occupied by ICAO are subject to lease arrangements within the scope of IPSAS 43, including certain right-of-use arrangements fully subsidized by the Host Country. Further details of these arrangements are presented in Note 6.1.

Note 3.2: Revenue

178. The main sources of revenue recognized during the year are contributions for CDIPs that were implemented during the year and assessed contributions (refer to Note 5.3).

179. Total revenue related to contributions for project agreements recognized during the year is presented below:

Contributions for project agreements
(Thousands of CAD)

	2025	**2024***
CDI Project Agreement	118 623	102 264
Public Key Directory	2 288	2 503
Others	98	63
Total	**121 009**	**104 830**

** Certain comparative information has been reclassified to conform with the current year's presentation. This reclassification had no impact on total revenue, surplus/(deficit), or net assets.*

180. Assessed contributions of CAD 129.7 million (2024: CAD 114.8 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)

	2025	2024
Assessments on States as resolved by the Assembly	109 665	104 566
Exchange Differences*	16 480	11 675
Assessment (table B)	126 145	116 241
Increase/(decrease) from cumulative discount on non-current receivables	3 601	(1 455)
Amount reported in Statement II: assessed contributions	**129 746**	**114 786**

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

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

Revenue-generating activities
(Thousands of CAD)

	2025	**2024***
Revenue from provision of services	11 735	9 884
Royalties	2 385	2 307
Revenue from shipping	357	347
Advertisement, exhibition and sponsorship	4 420	4 359
Licensing revenue	3 984	3 716
User charge/ subscription fee revenue	1 026	1 029
Revenue from rental of premises/equipment	2 920	3 783
Revenue from sale of goods	3 206	4 935
Total	**30 033**	**30 360**

**Certain comparative information has been reclassified to conform with the current year's presentation. A total amount of CAD 120 thousand has been reclassified to "Other revenue", as detailed in Note 9; this reclassification had no impact on total revenue, surplus/(deficit), or net assets.*

182. Revenue from voluntary contributions includes unconditional contributions recognized when control is obtained, and conditional contributions recognized as the related conditions are satisfied. Donated rights-of-use arrangements for premises are recognized as revenue at the fair value of the rental benefit for the reporting period.

183. 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 2025 amounted to CAD 0.3 million from the CAAC and CAD 0.6 million from the Government of Mexico (CAD 0.3 million and CAD 0.5 million in 2024) and are included as voluntary contributions in the statement of financial performance.

Voluntary contributions
(Thousands of CAD)

	2025	**2024**
Donated right-of-use arrangements – premises (Note 3.1)	29 147	28 235
Voluntary contributions	10 501	10 948
Total	**39 648**	**39 183**

184. Other revenue comprises the following:

Other revenue
(Thousands of CAD)

	2025	**2024***
Interest income**	6 919	8 487
Service fees	522	1 394
Exchange gains***	271	11 828
Others	616	43
Total	**8 328**	**21 752**

**Certain comparative information has been reclassified to conform with the current year's presentation. An amount of CAD 323 thousand was reclassified as detailed in Note 9; this reclassification had no impact on total revenue, surplus/(deficit), or net assets.*
***The interest income excludes CAD 11.8 million (CAD 11.0 million in 2024) reported under administrative fee revenue in AOSC, and CAD 3.0 million (CAD 3.4 million in 2024) reported under CDI advance 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).*

185. The decrease in interest income is primarily attributed to a reduction in advance receipts for CDIPs (Note 2.8).

Note 3.3: Expenses

3.3.1 Salaries, Employee Benefits and Project Personnel

186. 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)

	2025	2024*
Professional and General Service Staff	139 314	133 655
Project Personnel – National Professional	27 155	20 857
Consultancies & Contractors	16 250	17 182
CDIP OPAS Experts	10 451	8 934
CDIP International Field Experts	4 579	3 141
Project Personnel – National Admin Support	1 220	1 563
Others	1 729	1 155
Total	**200 698**	**186 487**

**Certain comparative information has been reclassified to conform with the current year's presentation. In particular, an amount of CAD 1,239 thousand was reclassified as detailed in Note 9; this reclassification had no impact on total expenses, surplus/(deficit), or net assets.*

3.3.2 Subcontracts, Supplies, and Consumables

187. Expenses of CAD 50.2 million for subcontracts, supplies and consumables (2024: CAD 49.3 million) primarily cover the procurement of goods and services for CDIPs.

3.3.3 General Operating Expenses

General operating expenses
(Thousands of CAD)

	2025	**2024***
Contribution In-Kind - Premises	29 147	28 235
IT Hardware/Software Maintenance and Purchases	13 741	11 385
Professional Services and UN Shared Services	6 752	4 981
Outsourcing Services	4 745	4 063
Rental and Maintenance of Premises	4 483	4 933
Depreciation and Amortization	2 479	1 469
Others	3 172	2 638
Total	**64 519**	**57 704**

** Certain comparative information has been reclassified to conform with the current year's presentation. In particular, an amount of CAD3,526 thousand was reclassified as detailed in Note 9; this reclassification had no impact on total expenses, surplus/(deficit), or net assets.*

188. General operating expenses include ongoing costs to support operations, infrastructure, and administrative and technical functions. In 2025, these expenses amounted to CAD 64.5 million (2024: CAD 57.7 million), an increase of CAD 6.8 million, reflecting broad-based growth across most cost categories. The increase was driven primarily by higher IT-related expenditures (CAD 2.3 million), mostly associated with the implementation of ICAO's enterprise-wide digital transformation initiative, including system modernization, cybersecurity enhancements, and related external support. Professional services and UN shared services also increased by CAD 1.7 million, mainly due to greater reliance on UNDP services in connection with the implementation of Quantum.

3.3.4 Travel

189. Travel expenses relate to mission travel, including airfares, daily subsistence allowances and terminal allowances, amounting to CAD 15.6 million in 2025 (2024: CAD 13.5 million). An amount of CAD 653 thousand has been reclassified to conform with the current year's presentation. This reclassification had no impact on total expenses, surplus/(deficit), or net assets (Note 9).

3.3.5 Other Expenses

Other expenses
(Thousands of CAD)

	2025	2024*
Exchange losses**	6 856	311
Bank and Service Clearing Account (SCA) fees	536	458
Interest on lease liability	444	-
Hospitality	10	16
Total	**7 846**	**785**

**Certain comparative information has been reclassified to conform with the current year's presentation. In particular, an amount of CAD 1,136 thousand has been reclassified as detailed in Note 9; this reclassification had no impact on total expenses, surplus/(deficit), or net assets.*
***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

190. The Organization recognizes exchange gains and losses on accounts payable and accounts receivable denominated in currencies other than its functional currency based on the applicable UNORE 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 or deficit. The effect of exchange gains and losses is recognized as a component of revenue and expenses on the statement of financial performance.

Exchange (gains)/losses
(Thousands of CAD)

	2025	**2024**
Realized exchange (gains)/losses	4 499	(3 659)
Unrealized exchange (gains)/losses	2 086	(7 853)
Total Exchange (gains)/losses*	**6 585**	**(11 512)**

* Includes CAD 271 thousand of exchange gain reported under Other Revenue.

NOTE 4: STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

191. 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 2025.

192. The Original Budget (CAD 145.7 million) on Statement V is comprised of the budget approved by the Assembly (appropriations) for the year (CAD 122.8 million), 2024 appropriations carried over to 2025 to cover outstanding commitments (CAD 18.0 million) and carryover of unutilized appropriations from the prior year (CAD 4.9 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.

193. In Statement V, the difference of CAD 6.0 million between the budget as approved by the Assembly (CAD 122.8 million) and the actual revenue and transfers on comparable basis (CAD 128.8 million) is due to the increase in miscellaneous income (CAD 2.4 million) and increase from cumulative discounted receivables (CAD 3.6 million), which were not budgeted for. The budget difference of CAD 16.5 million between actual revenue and transfers on comparable basis as reported in Statement V (CAD 128.8 million) and that reported in Table A (CAD 145.3 million), comprising revenue (CAD 142.9 million) and transfers (CAD 2.4 million) for the Regular Budget, is mainly attributable to exchange gains (CAD 16.5 million) resulting from the split assessment system adopted by the Organization under which Member States are assessed partly in CAD and in USD.

194. Statement V compares the Original Budget for the Regular Budget (CAD 145.7 million) and the actual expenditures on a comparable basis (CAD 144.2 million); this results in a carryover of unutilized appropriations to the following year of CAD 1.5 million. The budget difference of CAD 9.1 million between actual expenditures on a comparable basis (CAD 144.2 million) and the corresponding expenses recorded under the General Fund in Table A at the UNORE (CAD 153.3 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 15.0 million); (b) the reduction due to the Special Purpose 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 2025 Regular Budget (CAD 6.4 million); (c) the recognition of outstanding commitments, for budget utilization purposes, foreseen to be incurred only in the following year (CAD 18.9 million); and (d) the net currency exchange negative difference from the revaluation of assets and liabilities recognized on the IPSAS basis (CAD 6.6 million).

195. 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

196. 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 2025 is presented below:

Reconciliation between actual amounts on comparable basis to statement of cash flow
(Thousands of CAD)

	Operating	Investing	Financing	Total
Actual on a Comparable Basis (Statement V):				
Revenue Regular Budget	128 809	-	-	128 809
Revenue AOSC	27 004	-	-	27 004
Expenses Regular Budget	(144 200)	-	-	(144 200)
Expenses AOSC	(14 794)	-	-	(14 794)
Budget Differences: (par. 193 and 194 above)				
i) Net exchange differences on budgeted assessments and expenses	1 440	-	-	1 440
ii) Outstanding commitments not requiring an outlay of funds	18 869	-	-	18 869
iii) Currency exchange - revaluation of balance sheet items	(6 565)	-	-	(6 565)
iv) Transfer from other Funds	(2 421)	-	-	(2 421)
Entity Differences (par. 197 below)	(9 048)	-	-	(9 048)
Presentation Differences (par. 198 below)	(25 135)	27 350	(444)	1 771
Actual Amounts in the Statement of Cash Flow (Statement IV)	**(26 041)**	**27 350**	**(444)**	**865**

Details may not add to totals due to rounding

197. **Entity differences** occur when the approved publicly available budget omits programmes or Funds that are part of an entity for which the financial statements are prepared. Entity differences represent revenue (CAD 170.8 million) less expenses (CAD 179.9 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.

198. **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

199. 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, expenses, 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.

200. The Regular Activities segment includes CAD 13.8 million (2024: CAD 9.6 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. The inter-segment eliminations, totalling CAD 0.9 million (CAD 0.7 million in 2024), are reflected as revenue-generating activities (CAD 0.7 million) and other revenue (CAD 0.2 million). Corresponding Regular Activities segment expenses are presented as subcontractors (CAD 0.7 million) and travel (CAD 0.2 million). The amount due from the CDIP segment to the Regular Activities segment is fully settled in 2025 (CAD 2.7 million at 31 December 2024). These amounts are eliminated for presentation purposes.

NOTE 5.2

INTERNATIONAL CIVIL AVIATION ORGANIZATION

FINANCIAL POSITION BY SEGMENT

AT 31 DECEMBER 2025

(Thousands of CAD)

	Notes	Regular Activities		Capacity Development and Implementation Programme Activities		Elimination		Total	
		2025	2024	2025	2024	2025	2024	2025	2024
ASSETS									
CURRENT ASSETS									
Cash and cash equivalents	2.1	112 743	93 451	143 896	162 323			**256 639**	**255 774**
Investments	2.1	84 588	93 855	173 533	171 325			**258 121**	**265 180**
Assessed contributions receivable from Member States	2.2	16 582	17 794					**16 582**	**17 794**
Inter-segment balances			2 653				(2 653)		
Receivables, advances and other current assets	2.3	9 859	8 957	9 233	6 963			**19 092**	**15 920**
Inventories	2.4	393	394					**393**	**394**
		224 165	217 104	326 662	340 611		(2 653)	**550 827**	**555 062**
NON-CURRENT ASSETS									
Assessed contributions receivable from Member States	2.2	2 335	459					**2 335**	**459**
Receivables	2.3		304						**304**
Property, plant and equipment	2.5	4 299	4 368					**4 299**	**4 368**
Intangible assets	2.6	3 376	3 763					**3 376**	**3 763**
Investments	2.1								
Right-of-use assets		5 629						**5 629**	
		15 639	8 894					**15 639**	**8 894**
TOTAL ASSETS		239 804	225 998	326 662	340 611		(2 653)	**566 466**	**563 956**
LIABILITIES									
CURRENT LIABILITIES									
Advanced receipts	2.8	47 438	39 994	314 839	330 064			**362 277**	**370 058**
Accounts payable and accrued liabilities	2.9	30 317	32 158	8 684	6 086			**39 001**	**38 244**
Employee benefits	2.10	6 420	6 785	1 967	1 720			**8 387**	**8 505**
Inter-segment balances					2 653		(2 653)		
Credits to contracting/servicing governments	2.11	3 281	2 233					**3 281**	**2 233**
		87 456	81 170	325 490	340 523		(2 653)	**412 946**	**419 040**
NON-CURRENT LIABILITIES									
Advanced receipts	2.8		240						**240**
Employee benefits	2.10	121 061	133 974					**121 061**	**133 974**
Accounts payable and accrued liabilities	2.9			725	725			**725**	**725**
Lease liabilities		5 414						**5 414**	
		126 475	134 214	725	725			**127 200**	**134 939**
TOTAL LIABILITIES		213 931	215 384	326 215	341 248		(2 653)	**540 146**	**553 979**
NET ASSETS									
Accumulated deficit		(66 215)	(71 059)	1 300	(615)			**(64 915)**	**(71 674)**
Surplus / (deficit) of the year		(679)		(853)				**(1 532)**	
Reserves	2.12	92 767	81 673		(22)			**92 767**	**81 651**
NET ASSETS/(ACCUMULATED DEFICIT)		25 873	10 614	447	(637)			**26 320**	**9 977**
TOTAL LIABILITIES AND NET ASSETS		239 804	225 998	326 662	340 611		(2 653)	**566 466**	**563 956**

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 2025
(Thousands of CAD)

	Notes	Regular Activities		Capacity Development and Implementation Programme Activities		Elimination		Total	
		2025	2024*	2025	2024*	2025	2024*	2025	2024*
REVENUE									
Contributions for project agreements	3.2	2 288	2 503	118 721	102 352		(25)	**121 009**	**104 830**
Assessed contributions	3.2	129 746	114 786					**129 746**	**114 786**
Other revenue generating activities	3.2	30 750	30 826			(717)	(466)	**30 033**	**30 360**
Other voluntary contributions	3.2	39 648	39 075		108			**39 648**	**39 183**
Administrative fee revenue		25 755	20 973			(13 801)	(9 572)	**11 954**	**11 401**
Other revenue	3.2	8 243	21 907	245	52	(160)	(207)	**8 328**	**21 752**
TOTAL REVENUE		236 430	230 070	118 966	102 512	(14 678)	(10 270)	**340 718**	**322 312**
EXPENSES									
Salaries, employee benefits and project personnel	3.3	154 412	147 988	46 286	38 499			**200 698**	**186 487**
Subcontracts, supplies and consumables	3.3	560	450	50 324	49 300	(717)	(490)	**50 167**	**49 260**
General operating expenses	3.3	63 340	57 126	1 179	578			**64 519**	**57 704**
Travel	3.3	11 051	10 337	4 696	3 370	(160)	(199)	**15 587**	**13 508**
Training		(5)		3 438	1 618			**3 433**	**1 618**
Administrative overhead charges				13 801	9 467	(13 801)	(9 467)		
Other expenses	3.3	7 751	404	95	495		(114)	**7 846**	**785**
TOTAL EXPENSES		237 109	216 305	119 819	103 327	(14 678)	(10 270)	**342 250**	**309 362**
SURPLUS/(DEFICIT) FOR THE YEAR		**(679)**	**13 765**	**(853)**	**(815)**			**(1 532)**	**12 950**

** Certain comparative information has been reclassified to conform with the current year's presentation. This reclassification had no impact on total revenue, surplus/(deficit), or net assets.*
Details may not add to the totals due to rounding

NOTE 6: COMMITMENTS AND CONTINGENCIES

Note 6.1: Lease and Contractual Commitments

Leases

201. IPSAS 43 *Leases* became effective on 1 January 2025, replacing IPSAS 13 *Leases*. The Standard includes a transition provision permitting ICAO to limit its application to agreements previously identified as leases under IPSAS 13. ICAO elected to apply the practical expedient of not to reassess whether existing contracts contain a lease at the date of initial application. Accordingly, contracts previously assessed under IPSAS 13 have been carried forward based on that assessment unless modified.

202. The Organization did not have significant lease commitments under IPSAS 13 as at 31 December 2024. Accordingly, no reconciliation between prior operating lease commitments and the lease liability recognized at the date of initial application of IPSAS 43 is presented. The lease liability recognized at 1 January 2025 reflects the present value of remaining lease payments for arrangements brought within the scope of IPSAS 43 at transition.

203. ICAO has a fifteen-year lease under IPSAS 13 for the office accommodation in Mexico City, expiring in 2038, which is fully subsidized by the Government of Mexico. The lease includes a rental escalation clause based on the *National Consumer Price Index (INPC),* for the immediately preceding year. In accordance with IPSAS 43, lease payments have been measured using the index in effect at the initial application, and the impact of future indexation has not been included in the measurement of the lease liability.

204. ICAO occupies premises in Beijing, China for the Asia and Pacific Regional Office, which is provided free of charge by the Government of China. This arrangement was previously assessed as a lease under IPSAS 13 and has been recognized as a right-of-use asset and corresponding lease liability under IPSAS 43. Upon entry into force of the IPSAS 43 amendments and IPSAS 47, the arrangement will be assessed to determine the appropriate accounting treatment for right-of-use arrangements provided without consideration.

205. ICAO rents premises in Nairobi, Kenya, for the Eastern and Southern Africa Regional Office. This arrangement is signed with the United Nations Office at Nairobi and is valid for five years commencing on 1 January 2023 and ending on 31 December 2027. This arrangement was previously assessed as a lease under IPSAS 13 and is recognized as a right-of-use asset and corresponding lease liability under IPSAS 43.

206. ICAO also has leases covering printer and copier equipment located at the headquarters in Montreal, Canada, which are non-cancellable and are scheduled to end in 2027 and in 2038. ICAO does not anticipate renewing the leases at the end of the lease period.

207. In accordance with IPSAS 43 Leases, the space in Mexico City, Nairobi, and Beijing and the printer/copier equipment are considered to be right-of-use assets. The corresponding lease liabilities and right-of-use assets were recognized at 1 January 2025 by class of asset (premises and equipment). The lease liability was established at the discounted value of the remaining lease payments at 1 January 2025. The right-of-use asset value was established as equal to the lease liability in accordance with the transition provisions in the Standard.

Right-of- Use Asset
(Thousands of CAD)

	Premises	Equipment	Total
Historic cost at 01 January 2025	**6 367**	**113**	**6 480**
Disposals	-	-	-
Historic cost at 31 December	6 367	113	6 480
Accumulated depreciation	-	-	-
Adjust depreciation for disposals	-	-	-
Revaluation	257	-	257
Depreciation current period	572	21	593
Total accumulated depreciation	829	21	850
Net carrying value at 01 January	6 367	113	6 480
Net carrying value at 31 December 2025	**5 538**	**92**	**5 630**

Lease liability
(Thousands of CAD)

	Premises	Equipment	Total
Historic cost at 01 January 2025	**9 705**	**124**	**9 830**
Discount	(3 339)	(11)	(3 349)
Disposals	-	-	-
Historic cost at 31 December 2025	6 367	113	6 480
Accumulated Amortization	-	-	-
Revaluation	(257)	-	(257)
Accumulated Lease Payments	(774)	(23)	(798)
Plus: Accumulated interest expense	441	3	444
Total accumulated Amortization	(591)	(20)	(611)
Net carrying value at 01 January	6 367	113	6 480
Net carrying value at 31 December 2025	**5 776**	**93**	**5 869**
Current portion (Note 2.9)			**455**
Non-current portion			**5 414**

Lease liability maturity analysis
(Thousands of CAD)

	2025
Due in less than 1 year	455
Due in 1-5 years	1 750
Due after 5 years	3 664
	5 869

208. The Organization has entered into other operating agreements for offices provided to ICAO by host Governments on a free-of-charge or nominal-fee basis including memoranda of understanding for space in United Nations shared locations. The in-kind rental value equivalent has been estimated and accounted for as in-kind contribution in the statement of financial performance.

209. At the reporting date, ICAO had entered into a lease arrangement that had not yet commenced, namely the amended lease for office premises in the Bell Tower in Montreal, effective in 2026 (Note 3.1). This arrangement is fully subsidized by the Government of Quebec. As the lease had not commenced as at 31 December 2025, no lease liability has been recognized. Upon commencement, the arrangement will be assessed in accordance with IPSAS 43 and its amendments.

210. The amendments to IPSAS 43 leases and IPSAS 47 Revenue effective as of 1 January 2027 require the recognition of leases provided on a free-of-charge or nominal-fee basis as donated right-of-use

assets with a corresponding credit recognized either as non-exchange revenue or as a liability where the arrangement includes enforceable conditions. ICAO will implement these amendments in 2027.

Leasing arrangements where ICAO is the lessor

211. The future minimum lease revenues under non-cancellable operating leases total CAD 2.7 million for 2025 (2024: CAD 2.5 million). These lease revenues comprise the rental of premises to Delegations and other organizations.

Contractual commitments

212. 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)

	2025	**2024**
Property, plant and equipment	254	418
Intangible	2 805	1 600
Goods and services	13 619	7 115
Total open contractual commitments	**16 678**	**9 133**

Note 6.2: Contingent Liabilities

213. In accordance with IPSAS, contingent liabilities are disclosed for pending claims where the likelihood of an obligation and the potential outflow of resources cannot be measured reliably. As at 31 December 2025, claims have been brought by former and current staff members. Based on the information available at the reporting date, it is not possible to determine whether these matters will result in a liability for the Organization.

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 2025	16	4 024	346	1 267	5 636	171	-
Year 2024	12	2 638	378	854	3 870	121	-

214. 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 Board (SMB) of the Secretariat. The SMB, chaired by the Secretary General, serves as the principal executive coordination, advisory, and decision-making forum of the Organization and comprises senior officials, including Directors, Regional Directors and designated Chiefs, in accordance with its Terms of Reference, replacing the former Senior Management Group (SMG).

215. Key management personnel have the authority and responsibility for planning, directing, and controlling the activities of ICAO, as well as for the establishment of policies. The total remuneration reported above is paid to the President of the Council and members of the Senior Management Board.

216. The increase in the number of individuals disclosed as key management personnel reflects the revised governance structure of the Secretariat following the establishment of the Senior Management Board. The year 2024 only included the President of the Council and SMG members.

217. The aggregate remuneration paid to key management personnel includes net salaries, post adjustment, entitlements such as representation allowance, repatriation, education grants, and employer pension and current health insurance contributions. Outstanding advances against entitlements are composed of education grant advances.

218. 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, they are not included in the table above.

219. Key management personnel are ordinary members of UNJSPF with the exception of a number of D-1 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

220. Except as otherwise noted in these statements for revenue from non-exchange transactions, including contributions in-kind, all transactions 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

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

NOTE 9: RECLASSIFICATIONS

222. Certain prior-year amounts have been reclassified to conform to the current year's presentation. These reclassifications result from a comprehensive review of general ledger accounts within the legacy system, conducted in preparation for the ERP system implementation. The primary objective was to simplify and streamline financial reporting by aligning account classifications with the nature of the underlying balances. As part of this initiative, several accounts—particularly those pertaining to revenue and expenses—were reclassified. These changes have no impact on 2024 revenue, expenses, surplus/(deficit), or net assets. The reclassifications are summarized in the table below.

Reclassifications
(In thousands of CAD)

	Notes	Statement II	
		Revenue	**Expenses**
Balances per 2024 financial statements		**322 312**	**309 362**
REVENUE			
Revenue-generating activities	3.2	(120)	
Administrative fee revenue	St. II	443	
Other revenue	3.2	(323)	
EXPENSES			
Reclassification salaries, employee benefits and project personnel	3.3.1		(1 239)
General operating expenses	3.3.3		3 526
Travel	3.3.4		653
Meetings	St. II		(1 804)
Other expenses	3.3.5		(1 136)
Reclassified 2024 balances		**322 312**	**309 362**

PART IV: TABLES (UNAUDITED)

Table A

INTERNATIONAL CIVIL AVIATION ORGANIZATION

REGULAR ACTIVITIES BY FUND
ASSETS, LIABILITIES, NET ASSETS AT 31 DECEMBER 2025 AND
REVENUE, EXPENSES AND SURPLUS (DEFICIT) FOR 2025
(Thousands of CAD)

	Regular Budget	Capital Fund	Revolving Fund	Ancillary Revenue Generation Funds	Administrative/Operational Services Cost Funds	AVSEC Activities	AFI Plan Fund	Environment Funds	Joint Finance Funds
ASSETS									
CURRENT ASSETS									
Cash and cash equivalents	10 478	(50)	2 471	840	39 100	9 032	261	5 192	3 108
Investments	49 382			13 500					
Assessed contributions receivable from Member States	16 582								
Inter-fund balances	(43)	55		(14)					
Receivables, advances and other current assets	4 125			4 075	(17)	105		9	297
Inventories				393					
	80 524	5	2 471	18 794	39 083	9 137	261	5 201	3 405
NON-CURRENT ASSETS									
Assessed contributions receivable from Member States	2 335								
Receivables									
Property, plant and equipment		4 299							
Intangible assets		3 376							
Investments									
Right-of-use assets		5 629							
	2 335	13 304							
TOTAL ASSETS	**82 859**	**13 309**	**2 471**	**18 794**	**39 083**	**9 137**	**261**	**5 201**	**3 405**
LIABILITIES									
CURRENT LIABILITIES									
Advanced receipts	12 671			2 347					24
Accounts payable and accrued liabilities	10 478	454		1 525	147	28		188	
Employee benefits			6 420						
Inter-fund balances									
Credits to contracting/servicing governments									3 281
	23 149	454	6 420	3 872	147	28		188	3 305
NON-CURRENT LIABILITIES									
Advance receipts									
Employee benefits			121 061						
Accounts payable and accrued liabilities									
Lease liabilities		5 414							
		5 414	121 061						
TOTAL LIABILITIES	23 149	5 868	127 481	3 872	147	28		188	3 305
NET ASSETS									
Accumulated surplus/(deficit)	29 532	7 441	(175 518)	4 853	38 936	9 517	197	6 885	100
Transfers to/from other funds	(1 579)			(364)		(408)	64	(1 872)	
Reserves	31 757		50 508	10 433					
NET ASSETS/(ACCUMULATED DEFICIT)	59 710	7 441	(125 010)	14 922	38 936	9 109	261	5 013	100
TOTAL LIABILITIES AND NET ASSETS	**82 859**	**13 309**	**2 471**	**18 794**	**39 083**	**9 137**	**261**	**5 201**	**3 405**
REVENUE									
Contributions for project agreements									
Assessed contributions	129 746								
Other revenue generating activities	39			31 235					
Other voluntary contributions						716		2 957	70
Administrative fee revenue	267				25 444			87	
Other revenue	12 819	53	4 670	622	1 560	530	15	175	(34)
TOTAL REVENUE	142 871	53	4 670	31 857	27 004	1 246	15	3 219	36
EXPENSES									
Salaries, employee benefits and project personnel	116 571	(141)	8 627	15 229	12 487	968	9	946	25
Subcontracts, supplies and consumables	234			95	215	46			
General operating expenses	23 964	441		12 747	1 804	53	15	11	
Travel	5 795			1 724	154	1 366	144	77	12
Training									
Administrative overhead charges						38		44	
Other expenses	6 702	444		816	134	(9)		15	(43)
TOTAL EXPENSES	153 266	744	8 627	30 611	14 794	2 462	168	1 093	(6)
NET SURPLUS/(DEFICIT) FOR THE YEAR	**(10 395)**	**(691)**	**(3 957)**	**1 246**	**12 210**	**(1 216)**	**(153)**	**2 126**	**42**

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 2025 AND
REVENUE, EXPENSES AND SURPLUS (DEFICIT) FOR 2025
(Thousands of CAD)

	Capacity Building and Implementation Fund	Public Key Directory	Regional Sub-Office	Safe Fund	Strategic and Transformational Fund	Other Funds	Total	Elimination/ Adjustments	2025	2024*
ASSETS										
CURRENT ASSETS										
Cash and cash equivalents	7 409	4 771	1 377	6 923	1 963	15 515	108 392	4 351	112 743	93 451
Investments						11 227	74 108	10 480	84 588	93 855
Assessed contributions receivable from Member States							16 582		16 582	17 794
Inter-fund balances							(1)	1		2 653
Receivables, advances and other current assets		452	31			124	8 778	1 081	9 859	8 957
Inventories							393		393	394
	7 409	5 223	1 408	6 923	1 963	26 866	208 252	15 913	224 165	217 104
NON-CURRENT ASSETS										
Assessed contributions receivable from Member States							2 335		2 335	459
Receivables										304
Property, plant and equipment							4 299		4 299	4 368
Intangible assets							3 376		3 376	3 763
Investments										
Right-of-use assets							5 629		5 629	
							15 639		15 639	8 894
TOTAL ASSETS	7 409	5 223	1 408	6 923	1 963	26 866	223 891	15 913	239 804	225 998
LIABILITIES										
CURRENT LIABILITIES										
Advanced receipts		3 561				62	18 664	28 774	47 438	39 994
Accounts payable and accrued liabilities	38	1 662	8	431	9	359	14 903	15 414	30 317	32 158
Employee benefits							6 420		6 420	6 785
Inter-fund balances										
Credits to contracting/servicing governments							3 281		3 281	2 233
	38	5 223	8	431	9	421	43 268	44 188	87 456	81 170
NON-CURRENT LIABILITIES										
Advanced receipts										240
Employee benefits							121 061		121 061	133 974
Accounts payable and accrued liabilities										
Lease liabilities							5 414		5 414	
							126 475		126 475	134 214
TOTAL LIABILITIES	38	5 223	8	431	9	421	169 743	44 188	213 931	215 384
NET ASSETS										
Accumulated surplus/(deficit)	7 086		2 251	6 578	1 954	25 424	(34 764)	(28 511)	(63 275)	(63 910)
Transfers to/from other funds	285		(851)	(86)		952	(3 855)	236	(3 619)	(7 149)
Reserves						69	92 767		92 767	81 673
NET ASSETS (ACCUMULATED DEFICIT)	7 371		1 400	6 492	1 954	26 445	54 148	(28 275)	25 873	10 614
TOTAL LIABILITIES AND NET ASSETS	7 409	5 223	1 408	6 923	1 963	26 866	223 891	15 913	239 804	225 998
REVENUE										
Contributions for project agreements		2 288					2 288		2 288	2 503
Assessed contributions							129 746		129 746	114 786
Other revenue generating activities							31 275	(525)	30 750	30 826
Other voluntary contributions	3 559		685	868	754	8 003	17 612	22 036	39 648	39 075
Administrative fee revenue						851	26 648	(893)	25 755	20 973
Other revenue	243	211	36	305	69	1 854	23 131	(14 888)	8 243	21 907
TOTAL REVENUE	3 802	2 499	721	1 173	823	10 708	230 700	5 730	236 430	230 070
EXPENSES										
Salaries, employee benefits and project personnel	565	463	113	259	353	4 457	160 927	(6 515)	154 412	147 988
Subcontracts, supplies and consumables			2	217		263	1 072	(512)	560	450
General operating expenses	3	1 876	432	556	1	1 052	42 954	20 386	63 340	57 126
Travel	346	53	50	647		684	11 051		11 051	10 337
Training						8	8	(13)	(5)	
Administrative overhead charges	219	97	3	59	50	295	805	(805)		
Other expenses	53	10	3	(12)	(10)	(338)	7 765	(14)	7 751	404
TOTAL EXPENSES	1 186	2 499	603	1 726	394	6 421	224 582	12 527	237 109	216 305
NET SURPLUS/(DEFICIT) FOR THE YEAR	2 616		118	(553)	430	4 287	6 118	(6 797)	(679)	13 766

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 2025

(Thousands of CAD)

	General Fund								
Member States Assembly Resolutions A41-28 and A41-29	Scales 2025	Assessments 2025	Assessments Received for 2025	Balance of Assessments Receivable for 2025	Balance of Prior Years' Assessments Receivable	Total Balances Receivable	Cumulative Exchange	Total Adjusted Balances Receivable	Contributions Received in Advance
Afghanistan	0.06	76		76	206	282	1	283	
Albania	0.06	76	76						
Algeria	0.08	101	( )	101		101	(2)	99	
Andorra	0.06	76	76						
Angola	0.06	76	76						76
Antigua and Barbuda**	0.06	76		76	997	1 073	173	1 246	
Argentina	0.52	656	656						
Armenia	0.06	76	76						72
Australia	1.66	2 094	2 094						1 239
Austria	0.56	706	706						
Azerbaijan	0.16	202	202						
Bahamas	0.06	76	76						
Bahrain	0.08	101	101						
Bangladesh	0.12	151	151						
Barbados	0.06	76	76						
Belarus	0.06	76	76						2
Belgium	0.68	858	858						
Belize	0.06	76	76						
Benin	0.06	76	76						3
Bhutan	0.06	76	76						
Bolivia (Plurinational State of)	0.06	76		76		76	(2)	74	
Bosnia and Herzegovina	0.06	76	76						
Botswana	0.06	76	76						
Brazil	1.56	1 968	1 968						
Brunei Darussalam	0.06	76	76						
Bulgaria	0.06	76	76						
Burkina Faso	0.06	76	76						3
Burundi	0.06	76	46	30		30		30	
Cabo Verde	0.06	76	76						
Cambodia	0.06	76	76						
Cameroon	0.06	76	76						3
Canada	2.17	2 737	2 737						1 885
Central African Republic	0.06	76	76						3
Chad	0.06	76	76						3
Chile	0.44	555	( )	555		555	(12)	543	
China	13.71	17 295	17 295						
Colombia	0.30	378	377	1		1		1	
Comoros	0.06	76	76						3
Congo	0.06	76	76						3
Cook Islands	0.06	76	76						
Costa Rica	0.06	76	76						71
Côte d'Ivoire	0.06	76	76						3
Croatia	0.06	76	76						
Cuba	0.07	88	88						
Cyprus	0.06	76	76						
Czechia	0.24	303	303						
Democratic People's Republic of Korea	0.06	76	75	1		1		1	
Democratic Republic of the Congo	0.06	76	76						
Denmark	0.41	517	517						
Djibouti**	0.06	76		76	1 117	1 193	192	1 385	
Dominica	0.06	76	76		355	355	6	361	
Dominican Republic	0.06	76	76						71
Ecuador	0.06	76	76						3
Egypt	0.19	240	240						
El Salvador	0.06	76	76						
Equatorial Guinea	0.06	76	76						
Eritrea	0.06	76		76	41	116	(2)	115	
Estonia	0.06	76	76						
Eswatini	0.06	76	76						
Ethiopia	0.42	530	530						
Fiji	0.06	76	76						
Finland	0.38	479	479						
France	3.43	4 327	4 327						
Gabon	0.06	76	76						3
Gambia	0.06	76		76	206	282	1	283	

Table B
(continued)

INTERNATIONAL CIVIL AVIATION ORGANIZATION

REGULAR PROGRAMME
ASSESSMENTS RECEIVABLE FROM MEMBER STATES
AND CONTRIBUTIONS RECEIVED IN ADVANCE
AS AT 31 DECEMBER 2025

(Thousands of CAD)

	General Fund								
Member States Assembly Resolutions A41-28 and A41-29	Scales 2025	Assessments 2025	Assessments Received for 2025	Balance of Assessments Receivable for 2025	Balance of Prior Years' Assessments Receivable	Total Balances Receivable	Cumulative Exchange	Total Adjusted Balances Receivable	Contributions Received in Advance
Georgia	0.06	76	76						71
Germany	4.78	6 030	6 030						
Ghana	0.06	76	32	43		43		43	
Greece	0.24	303	303						2
Grenada *	0.06	76	76		111	111	3	114	
Guatemala	0.06	76	76						
Guinea **	0.06	76		76	18	93	5	99	
Guinea-Bissau	0.06	76	76						3
Guyana	0.06	76	76						
Haiti**	0.06	76		76	305	380	4	384	
Honduras	0.06	76	75				( )		
Hungary	0.29	366	366						458
Iceland	0.06	76	76						
India	0.99	1 249	1 249						
Indonesia	0.51	643	643						
Iran (Islamic Republic of)	0.32	404		404	387	791	(3)	787	
Iraq	0.09	114	109	5		5	( )	5	
Ireland	0.64	807	807						
Israel	0.47	593	593						578
Italy	2.28	2 876	2 876						
Jamaica	0.06	76	76						
Japan	6.26	7 897	7 897						
Jordan	0.06	76	76						71
Kazakhstan	0.11	139	139						
Kenya	0.07	88	88						96
Kiribati	0.06	76		76	74	150	(1)	149	
Kuwait	0.18	227	227						
Kyrgyzstan	0.06	76	76						
Lao People's Democratic Republic	0.06	76	76						
Latvia	0.06	76	76						36
Lebanon	0.06	76		76	269	345	3	348	
Lesotho	0.06	76		76	70	145	(1)	145	
Liberia**	0.06	76		76	22	98	7	105	
Libya	0.06	76		75		75	(2)	74	
Lithuania	0.06	76	76						
Luxembourg	0.47	593	593						
Madagascar	0.06	76	76						3
Malawi	0.06	76		76	687	763	15	778	
Malaysia	0.42	530	530						
Maldives	0.06	76	76						
Mali	0.06	76	76						3
Malta	0.06	76	76						
Marshall Islands	0.06	76	1	75		75	(2)	73	
Mauritania	0.06	76	76						3
Mauritius	0.06	76	76						
Mexico	1.05	1 325	1 325						
Micronesia (Federated States of)	0.06	76	76						1
Monaco	0.06	76	76						
Mongolia	0.06	76	76						
Montenegro	0.06	76	76						
Morocco	0.09	114	114						
Mozambique	0.06	76		76	41	116	(2)	115	
Myanmar	0.06	76		76		76	(2)	74	
Namibia	0.06	76	76						
Nauru	0.06	76	31	45		45	( )	45	
Nepal	0.06	76	76						
Netherlands	1.54	1 943	1 943						1 482
New Zealand	0.30	378	378						354
Nicaragua	0.06	76	76						
Niger	0.06	76	76						3
Nigeria	0.13	164	164						
North Macedonia	0.06	76	76						
Norway	0.52	656	656						
Oman	0.11	139	139						
Pakistan	0.13	164	164						

Table B
(continued)

INTERNATIONAL CIVIL AVIATION ORGANIZATION

REGULAR PROGRAMME
ASSESSMENTS RECEIVABLE FROM MEMBER STATES
AND CONTRIBUTIONS RECEIVED IN ADVANCE
AS AT 31 DECEMBER 2025

(Thousands of CAD)

	General Fund								
Member States Assembly Resolutions A41-28 and A41-29	Scales 2025	Assessments 2025	Assessments Received for 2025	Balance of Assessments Receivable for 2025	Balance of Prior Years' Assessments Receivable	Total Balances Receivable	Cumulative Exchange	Total Adjusted Balances Receivable	Contributions Received in Advance
Palau	0.06	76		76	952	1 028	38	1 067	
Panama	0.11	139	139						
Papua New Guinea	0.06	76	76						2
Paraguay	0.06	76	76						
Peru	0.15	189	189						
Philippines	0.27	341	341						
Poland	0.61	769	769						
Portugal	0.34	429	429						425
Qatar	1.59	2 006	2 006						
Republic of Korea	3.16	3 986	3 986						
Republic of Moldova	0.06	76	76						71
Romania	0.23	290	290						
Russian Federation	1.89	2 384	2 274	110		110		110	
Rwanda	0.06	76	76						3
Saint Kitts and Nevis	0.06	76	76						
Saint Lucia	0.06	76	76						
Saint Vincent and the Grenadines	0.06	76	55	21		21	(1)	20	
Samoa	0.06	76	76						
San Marino	0.06	76	76						
Sao Tome and Principe	0.06	76	76		1 200	1 200	141	1 341	
Saudi Arabia	1.07	1 350	1 350						
Senegal	0.06	76	76						3
Serbia	0.06	76	76						
Seychelles	0.06	76	76						
Sierra Leone **	0.06	76		76	27	103	9	112	
Singapore	0.76	959	959						1 139
Slovakia	0.11	139	139						117
Slovenia	0.06	76	76						
Solomon Islands	0.06	76	76						
Somalia	0.06	76	74	2		2	( )	2	
South Africa	0.21	265	265						
South Sudan	0.06	76	76						
Spain	1.67	2 107	2 107						
Sri Lanka	0.07	88	88						
Sudan	0.06	76	76						
Suriname	0.06	76		76		76	(2)	74	
Sweden	0.61	769	769						
Switzerland	0.96	1 211	1 211						
Syrian Arab Republic	0.06	76		76	741	817	23	839	
Tajikistan	0.06	76	76						
Thailand	0.45	568	568						
Timor-Leste	0.06	76	76						
Togo	0.06	76	76						3
Tonga	0.06	76	76						
Trinidad and Tobago	0.06	76	76						
Tunisia	0.06	76	76						
Türkiye	1.37	1 728	1 728						
Turkmenistan	0.06	76	76						
Tuvalu	0.06	76	17	59		59	(1)	58	
Uganda	0.06	76	76						
Ukraine	0.06	76	76						
United Arab Emirates	1.98	2 498	2 498						
United Kingdom of Great Britain and Northern Ireland	3.73	4 705	4 705						4 306
United Republic of Tanzania	0.06	76	76						
United States of America	21.70	27 374	13 687	13 687		13 687	(303)	13 383	
Uruguay	0.06	76	76						
Uzbekistan	0.06	76	76						3
Vanuatu	0.06	76	76						1
Venezuela (Bolivarian Republic of)	0.12	151	( )	151	139	291	(1)	290	
Viet Nam	0.17	214	214						
Yemen	0.06	76		76	140	215	( )	215	
Zambia	0.06	76	76						1
Zimbabwe	0.06	76	76						
The former Socialist Federal Republic of Yugoslavia (1)	0.00				501	501	197	698	
TOTAL (****)	100.00	126 145	109 266	16 880	8 607	25 487	482	25 969	12 688

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 2025.

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

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 2025 AND THE SECRETARY GENERAL'S COMMENTS IN RESPONSE TO THE REPORT OF THE EXTERNAL AUDITOR

FOREIGN RELATIONS

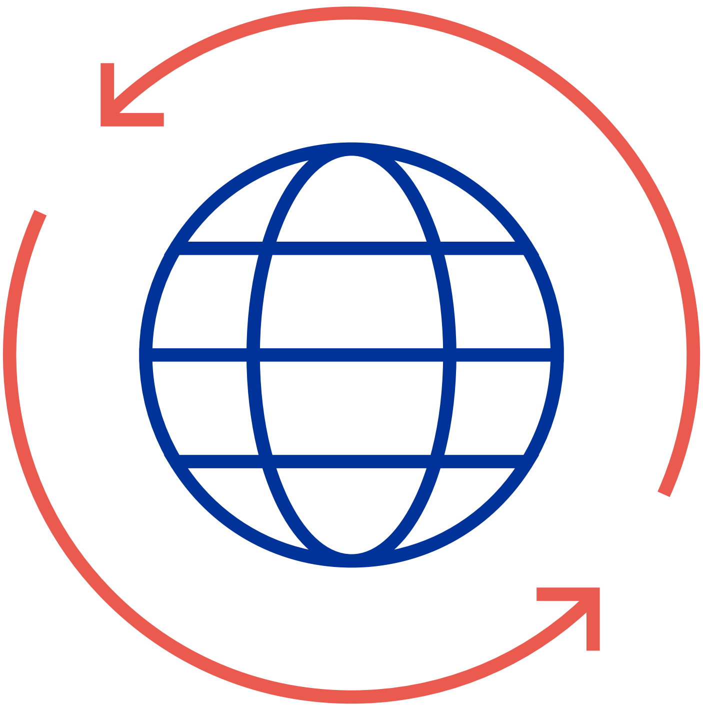
Audit of the 2025 Financial Statements

International Civil Aviation Organization (ICAO)

SFAO-25802

EXTERNAL AUDITOR'S REPORT

22.05.2026



EIDGENÖSSISCHE FINANZKONTROLLE
CONTRÔLE FÉDÉRAL DES FINANCES
CONTROLLO FEDERALE DELLE FINANZE
CONTROLLA FEDERALA DA FINANZAS
SWISS FEDERAL AUDIT OFFICE

TABLE OF CONTENT

Executive Summary **3**

1 Execution of the audit **5**

2 Internal Control System **7**

3 Significant findings on the financial statements **17**

4 Audit differences **24**

5 Follow-up of previous recommendations **25**

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.

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PRIORIZATION OF SFAO RECOMMENDATIONS

SFAO prioritizes its recommendations based on 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 and the likelihood of the risks are assessed.

AUDIT

Audit of the 2025 Financial Statements

International Civil Aviation Organization (ICAO)

EXECUTIVE SUMMARY

1. The Swiss Federal Audit Office (SFAO) has completed the audit of the 2025 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 thanks 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 the engagement.

3. SFAO conducted the audit in accordance with the International Standards on Auditing (ISA), the ICAO Financial Regulations and the risk analysis and audit approach set out in the audit planning report dated 5 December 2025.

4. ICAO has completed the implementation of its new ERP system which supports the organization's core financial, human resources and administrative processes. The implementation represents a significant change to the organization's control environment and information system landscape. SFAO audited the completeness and accuracy of the migration. The organization has successfully prepared the financial statements using the new system's reporting features. However, certain areas of the internal control system need to be strengthened to replace manual and supervisory workarounds that are still necessary to maintain transaction integrity and reporting continuity. This includes obtaining assurance over IT general controls, internally and externally (through Service Organization Controls report or agreed-upon procedures).

Unqualified audit opinion

5. SFAO issued an unqualified audit opinion on the 2025 financial statements. These financial statements have been prepared in accordance with the ICAO Financial Regulations and the International Public Sector Accounting Standards (IPSAS). SFAO identified some audit differences that were not considered significant.

6. 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 the year 2026.

Recommendations for improvement

7. This report contains SFAO's main findings with regards to accounting, the IT environment and the internal control system (ICS). It contains four new recommendations.

8. SFAO followed up on recommendations made in previous external audits. It concluded that management had implemented 8 of the 18 recommendations in 2025. SFAO agreed to extend the target date for one recommendation. Three of the ten outstanding recommendations are overdue.

Handover to new External Auditors

9. SFAO will complete its 6-year term as External Auditor as at 30 June 2026. SFAO shall assure a smooth handover to the new External Auditors, the French Court of Auditors. An initial meeting was held in February 2026. It will be followed by formal handover procedures planned to take place in Berne, Switzerland in June 2026. These procedures meet the guidance promulgated by the UN Panel of External Auditors.

1 EXECUTION OF THE AUDIT

1.1 Audit objectives and scope

10. 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 2025.

11. 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.

12. 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 to obtain reasonable assurance whether the financial statements are free from material misstatements.

13. SFAO performed audit work at ICAO's headquarters in August, September and December 2025 and April 2026. 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

14. SFAO conducted a risk assessment for the purposes of the audit. Based on this analysis, it identified the focus areas that represent significant risks or require a specific audit response. They are included in the audit planning report dated 5 December 2025. SFAO implemented the audit approach as planned.

15. 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.

16. The following table presents the potential risks of misstatement of the financial statements. The results of SFAO's audit procedures are set out in the relevant sections.

#	Description of risk	Audit findings
1	*Impact of the economic situation* The geopolitical environment and the economic situation at the Member States may have consequences on the organization's activities and cash balances.	§ 84–87
2	*Management override of controls* This risk is considered as significant as per ISA requirements.	§ 55–62
3	*Application of IPSAS* The financial statements may not comply with IPSAS requirements.	§ 82–83, 88–97
4	*ERP system* The IT systems may not be adequately designed or maintained, increasing the risk of errors or fraud. Erroneous or incomplete migration from the ERP system Agresso to Quantum.	§ 55–69

#	Description of risk	Audit findings
5	*Revenue recognition* 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. Revenue recognition is considered a significant risk.	§ 70–73, 103–106
6	*Procurement* Expenses may not be accounted for correctly (period cut-off, completeness, existence). Wasteful or improper expenditure.	§ 80–81, 103–108
7	*Payroll* Staff related expenses may not be accounted for completely.	§ 75–79
8	*Treasury* Payments may not be justified or authorized. Assets may not exist.	§ 101–102

1.3 Communication with management and governing bodies

17. 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 excellent cooperation and transparent communication during the audit. This is significant as key personnel were heavily involved in implementing and running the new ERP system during the audit.

18. SFAO communicated the audit results to Finance Branch (6 May 2026) and the Secretary General (8 May 2026). Their comments have been considered in the present report. SFAO discussed the audit results with EAAC (21 May 2026) and will present them to the Finance Committee (15 June 2026) and the Council (19 June 2026).

19. Other minor issues which were clarified and discussed with the relevant person during the audit are not mentioned in this report.

1.4 Collaboration with the Office of Internal Oversight

20. 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 considered. SFAO maintained a regular exchange with OIO to coordinate the audit and oversight functions within the organization. It would like to emphasize the excellent cooperation with OIO.

1.5 Audit recommendations

21. SFAO identified significant areas for improvement. This report contains the main findings relating to accounting, the IT environment and the internal control system. This report contains four new recommendations. SFAO also followed up on recommendations made in previous external audits. Details can be found in chapter 5.

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 rotation basis. SFAO considered the work done by OIO to avoid duplication in their respective work.

24. Because of the ERP system migration in 2025, SFAO had to split its audit approach into two parts: one approach for Q1/2025 (ERP system Agresso) and another approach for Q2-Q4/2025 (ERP system Quantum).

25. For Q1/2025, SFAO could rely on the audit comfort gained during the previous audits on Agresso and applied rotation throughout the processes.

26. For Q2-Q4/2025, SFAO tested the design of each business process. The service provider for Quantum, the United Nations Development Programme (UNDP), did not deliver third-party assurance for outsourced services by an independent auditor (i.e., ISAE 3402 reports). Therefore, SFAO could not rely on the automated controls in Quantum, nor could it test their effectiveness. It only tested the effectiveness of the compensating manual controls performed by ICAO's personnel.

Process | Overall assessment	2022	2023	2024	Q1/2025	Q2-Q4/2025
Entity-level controls	●	●	●	●	●
IT general controls	■	■	■	●	▲
Revenue recognition	●	●	●	●	●
Procurement / Purchase to pay	–	●	–	–	■
Payroll	●	●	●	●	■
Treasury and cash management	●	–	–	–	●
Fixed assets	■	–	–	–	●
Travel claims	●	–	–	–	●
Closing and financial statements	●	●	●	–	●

Key	
▲	There are a material deficiency and an urgent need to act.
■	There is room for improvement which should be implemented by Management.
●	The results meet the expectations of SFAO.
–	The process has not been covered during the external audit (rotation principle).

27. 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 no comments to make on this matter.

2.1 Entity-level controls

28. 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

29. To ensure good governance and ethics within the organization, ICAO has implemented 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.). 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, the Policy on Interactions with External Parties and the Procurement Code provide additional frameworks. The ICAO Participant Guide includes a Code of Conduct for the prevention of harassment, including sexual harassment, applicable to all participants at conferences, meetings and events, including the Assembly.

30. The Ethics Advisor is independent from all other services and functions and reports administratively to the Secretary General. He plays a key advisory role in implementing the ethics framework and ethics training programmes with the aim of fostering and promoting a culture of ethics, integrity, accountability, transparency, and respect within ICAO. In 2025, he launched its last online training course for ICAO personnel, which marks the completion of the 3-year project to develop and roll out ten mandatory online ethics courses. He submits an annual report to the Council.

31. The ICAO accountability framework promotes a clear understanding of the distribution of responsibilities and a culture of accountability. The framework establishes accountability pillars, such as the control environment, ethics standards and integrity, control activities, performance and risk management, and monitoring and oversight.

32. In November 2024, ICAO appointed a new Ombudsperson, after the previous Ombudsperson retired. He is fully independent and does not hold any management position at ICAO. In addition, in 2025, ICAO established a network of volunteer Trustful Workplace Ambassadors (TWAs) within the different Bureaus, Offices, and Regional Offices, and overseen by the Ombudsperson. The TWAs will act as a complementary, confidential and neutral, informal resource to personnel and will provide colleagues with a safe place to discuss workplace concerns and conflicts, and to explore relevant options and processes before they decide on how to proceed. Additionally, TWAs will support the Ombudsperson and Ethics Office with education and outreach initiatives.

33. ICAO has established procedures for identifying, addressing and avoiding actual, potential and perceived conflicts of interest. Any activity outside ICAO must be authorized by the Secretary General. ICAO has developed an annual financial disclosure program administered by the Ethics Advisor. In December 2024, the Ethics Office organized, together with the Office of Internal Oversight (OIO), Ombudsperson and the Specialist, Administrative Law, Policy, and Disciplinary Matters (SLDPM), ICAO's first anti-fraud and anti-corruption awareness campaign. In December 2025 the second campaign was organized. The organization has a regulated process for protection against retaliation, which is also administered by the Ethics Advisor. Based on an agreement, at the request of the complainant, the United Nations Ethics Office (UNEO) conducts independent reviews of no prima facie determinations in alleged cases of retaliation or threat of retaliation assessed by the ICAO Ethics Advisor. UNEO also conducts preliminary

assessments of requests for protection against retaliation involving the President of the Council, the Secretary General or the ICAO Ethics Advisor.

34. ICAO has outsourced the receipt, handling and investigation of allegations of misconduct to the Investigations Division of the United Nations Office of Internal Oversight Services (OIOS). Therefore, all ICAO personnel must report all misconduct-related concerns directly to OIOS. The rules and procedures for further disciplinary and administrative measures are defined. However, the costs seem to be rather high for a small number of cases. SFAO also refers to the ongoing recommendation in the EAAC annual report 2024 (C-WP/15633, recommendation 6: "ICAO should review the cost-effectiveness and benefits of continuing investigation provision with UN-OIOS.").

35. ICAO has established a process of administration of justice by an internal Appeals Board. In 2023, ICAO decided to transfer the jurisdiction of the Appeals Board to the United Nations Dispute Tribunal (UNDT), which would serve as ICAO's first instance level of justice for employment-related disputes. This transition came into force in 2026. Decisions of the Appeals Board may be appealed to the United Nations Appeals Tribunal (UNAT). ICAO has established an inter-office advisory group to reinforce ICAO's internal informal dispute resolution mechanisms and assist management in proactively addressing issues through a centralized, coordinated, multidimensional approach. This group is composed of the C/OIO, the Ombudsperson and the Ethics Advisor, and is chaired by the SLDPM.

36. In 2026, the Secretary General established the Strategic Portfolio Management Office (SPMO) responsible for various activities and oversight functions such as strategic and business planning, result-based management, portfolio management, enterprise risk management. The centralization of these tasks within a single office presents valuable opportunities for enhanced focus. ICAO is also developing a Business Plan implementation dashboard, to share with the Council in 2026.

ASSESSMENT BY SFAO

37. ICAO has an effective control environment. The new Ombudsperson is fully independent from the organization, and he does not hold an operational position within it. The cost-benefit ratio of outsourcing misconduct investigations to OIOS should be evaluated as recommended by the EAAC. The establishment of the SPMO shall strengthen ICAO's organizational activities.

Risk assessment

38. ICAO has established an Enterprise Risk Management and Internal Control Framework (ERM Framework). This framework aims to provide a coordinated, structured and methodical approach to managing risks. It defines the process, procedures, and roles and responsibilities for risk assessment and management. After employing a consultant for several years to assist with the implementation and execution of risk management, ICAO hired an ERM Officer in August 2025. ERM is now attached to the Office of the Secretary General (OSG), within SPMO.

39. Risk registers are maintained at the bureau/office level, and at the Transformational Objective portfolio, programme and project levels. These are then consolidated into the ICAO-wide corporate risk register.

40. The ERM Reference Group, comprised of the Senior Management Group and chaired by the Secretary General, reviews and approves the corporate risk register. The corporate risk assessment update is performed twice a year. The EAAC reviewed the corporate risk register in 2025. The Council receives an annual progress report on ERM. In 2025, the ERM Reference Group and other Secretariat governance groups composed of the same senior managers were replaced by a new Senior Management Board (SMB).

41. At the request of the Secretary General, OIO carried out a maturity assessment of ICAO's risk management process in 2025. For this advisory assignment, OIO used the reference maturity model for

risk management from the United Nations. It identified good practices in the ERM process, as well as areas for improvement. It assessed the maturity level between “developing” (level 2 out of 5) and the early stages of “established” (level 3). SFAO refers to OIO’s report for detailed results.

ASSESSMENT BY SFAO

42. ICAO has made continuous progress concerning its ERM. To strengthen the risk culture within the organization and recover knowledge previously owned by an external consultant, ICAO recruited an ERM officer. The integration within the SPMO represents an improvement. As highlighted by OIO in its maturity assessment report, further improvements are needed for ERM processes.

Control activities

43. The Financial Policies and Procedures Manual (FPPM) document key control activities that impact financial statements. This manual is process-oriented rather than risk- and control-oriented. It is updated at least annually.

44. Following the migration to the new ERP system in 2025, all control activities require complete redesign. ICAO is aiming to rely on automated controls within the new ERP system Quantum, which is managed by UNDP. Currently, UNDP does not provide third-party assurance to other Quantum consortium partners like ICAO. Therefore, ICAO cannot rely on automated controls and must perform compensating manual controls. These manual controls consume time that ICAO could otherwise allocate to other business activities.

ASSESSMENT BY SFAO

45. The design of the control activities meets the objective of having an effective internal control system in place. However, in the absence of third-party assurance, ICAO must perform cost inefficient compensating manual controls.

Information and communication

46. Information and communication mainly relate to the ICAO information systems. Information comes from various sources. The main system used was the ERP system Agresso until Q1/2025, then the ERP system Quantum from Q2/2025 onward.

47. Migrating to the new ERP system significantly impacts the control environment, IT general controls and business processes (refer to chapters 2.2, 2.3 and 2.5 for detailed comments).

48. SFAO also followed up on its recommendations made during the performance audits in the IT domain, including the ERP system migration.

Monitoring of internal controls

49. The ERM Framework defines the risk and internal control process. It is based on the three-lines model as defined by the Institute of Internal Auditors (IIA).

50. The first-line function consists of the heads of bureaus and offices.

51. In 2024, the ERM function was assigned to the Finance Branch (FIN). In 2025, this function moved back to OSG. FIN transformed the former Payroll Unit to a new “Financial Monitoring and Support” (FMS) unit reporting to the Chief Financial Services Section (FSV). The unit focuses on performing second-line controls for payroll process as a major risk area after the migration to Quantum.

52. OIO acts as the third-line function within the organization and works independently from management. OIO establishes its own risk-based oversight work program and submits it to the Council for approval. OIO presents its reports to the EAAC and an annual report on the performance and activities of the office to the Council.

53. All bureaus and offices provide an annual Management Assurance Statement and Declaration (MASD), which are then consolidated to prepare the Statement of Internal Control (SIC) on behalf of the Secretary General.

ASSESSMENT BY SFAO

54. ICAO has established a concept for monitoring internal control. FIN supports the second line function, which has been transferred back to OSG in 2025, to further strengthen the ICS within the organization.

2.2 IT general controls

55. The IT general controls (ITGC) audit includes an assessment of applications relevant to financial data. SFAO examined the ERP systems Agresso and Quantum, its database and the underlying Windows servers.

IT general controls on Agresso (Q1/2025)

56. 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 migration to the new ERP system Quantum in April 2025, SFAO did not carry out detailed procedures relating to change management.

IT Logical Access

57. Based on a sample, SFAO noted that access management was controlled (entry, exit, modification) and that technical and procedural aspects were implemented (passwords, multi-factor authentication, guidelines, etc.). In 2025, ICAO did not perform the periodic review of user access rights in Agresso. Given the controls in place within the management processes and the compensating audit procedures performed, SFAO did not consider this finding to be significant for the overall assessment of the ITGC on Agresso. SFAO refrained from issuing a recommendation in view of the replacement of system by Quantum. However, SFAO would like to reiterate that the periodic review of user's access rights for all financially relevant systems must be performed to prevent any action that could compromise data confidentiality and integrity. In addition, SFAO confirmed that access rights in Agresso were restricted to read-only access following the migration.

IT Operations

58. SFAO found that operational management was in place with regards to batch and job management, backups, and user services (help desk). SFAO did not identify any outstanding issues in this area. SFAO considered that operations management was adequate.

ASSESSMENT BY SFAO

59. SFAO considers the ITGC on Agresso to be existent and effective despite the missing review of access rights.

IT general controls on Quantum (Q2 to Q4/2025)

60. As part of ITGC standard procedures, SFAO assessed the new IT processes (change management, access rights management, and operations) following the migration to the new Quantum ERP system hosted and maintained by UNDP. In its 2025 audit report on the ERP system implementation, SFAO recommended that ICAO define the IT future team to support the ERP system in an approved document and clear future responsibilities between UNDP and ICAO, specifically the responsibilities for the execution and assessment of the IT general controls. ICAO issued a document that clearly delineates the responsibilities of ICAO and UNDP, as well as the structure of IT management. The recommendation is considered implemented. However, SFAO noted that the ITGC have not been defined. Therefore, SFAO was unable to obtain evidence to conclude on the overall effectiveness of ITGC. Indeed, SFAO was not provided with third-party assurance such as assurance reports (ISAE 3402, ISAE 3000, etc.) from the service provider (UNDP) and evidence at ICAO level is either missing or incomplete.

ASSESSMENT BY SFAO

61. In the absence of evidence and the inability to audit to the extent necessary, SFAO had to consider the ITGCs as ineffective. It was therefore necessary to adopt a financial audit approach that does not rely on the automated controls in Quantum.

RECOMMENDATION 1 — PRIORITY 1

SFAO recommends that ICAO implement IT general controls to ensure the reliability of the system and maintain stable and secure operations in the outsourcing situation. Collaboration with the service provider UNDP is necessary to ensure adequate design and effectiveness of these controls in accordance with the respective responsibilities. The effectiveness of outsourced controls could be confirmed by an independent party either through a Service Organization Controls report (e.g., ISAE 3402, ISAE 3000, etc.) or other agreed-upon procedures.

COMMENT BY THE SECRETARY GENERAL

The recommendation is accepted.

ICAO reached out formally in December 2025 to UNDP management to require that the Quantum consortium get appropriate external and independent certification (e.g., ISAE 3402, ISAE 3000, etc.) or other agreed-upon procedures. Furthermore, ICAO teams are following up with other consortium partners and through the UN CEB HLCM and BIG on that matter.

Unit: ADB/ICT

Target Date: 31.12.2027

2.3 Migration to the new ERP system Quantum

General comment

62. ICAO migrated to the new ERP system Quantum on 1 April 2025, as decided by the ERP Project Board, under high time pressure. According to ICAO, postponing the migration would have resulted in additional undesirable costs and other scheduling constraints. Prior to the launch, OIO completed a Rapid Assessment as of 28 March 2025 of the readiness for the planned rollout of Quantum on 7 April 2025.

63. Since data migration is essential when changing ERP systems, SFAO ensured that migrated data from general ledger and subledger (AP, AR, FA, HR) were correctly and completely migrated to the new system Quantum.

64. SFAO found that the data had been properly migrated and basic functionalities were in place. Nevertheless, at the time of the go-live, the new system still faced (bugs) that needed to be fixed, and not all functionalities were available. For example, not all accounts receivable (AR) features had been implemented, accounting entries were missing, and workarounds were required. To complement standard reports (such as trial balance, account activity analysis, etc.), ICAO's specific reporting functions were implemented later in 2025 (including statement of financial position, statement of financial performance and associated notes).

General Ledger

65. SFAO verified and agreed with the General Ledger migration. All variances resulting from data transformation for the merging of the CC/UC balances in Agresso have been justified.

66. The General Ledger migration was complex due to the accounting treatment specifications in the previous ERP system Agresso. This complexity includes mapping adjustments, merging two general ledgers (CC and UC clients) into one, issues with multi-currency accounting (mainly CAD and USD) and differences in the treatment of the same transactions between CC and UC (e.g., deferred income on other voluntary contributions). Therefore, the migration had to be carried out in several stages. ICAO documented these different stages in a brief note and in a detailed Excel file.

Subledgers

67. SFAO checked the reconciliation performed by ICAO of the balances between Agresso and Quantum for the following subledgers: accounts receivable balance, accounts payable balance, fixed assets master data and balance, and payroll master data. SFAO concluded that the migration of the subledgers was correct.

68. For the accounts receivable and accounts payable, ICAO created different clearing accounts in Quantum and imported in them the balances from both the General Ledger and the subledgers. This should result in a zero-balance for each account. Migration was an opportunity to clean the AP and AR balances. As a result, ICAO did not migrate some positions from the AP subledger unless it became certain of their accuracy. The remaining balances for these accounts showed remaining items to be further explained. These balances were not significant.

Decommissioning and archiving of Agresso

69. As expected, access rights in Agresso were limited to "read-only". SFAO did not identify any transactions in this ERP system after the migration. The archiving concept of Agresso and its implementation remain pending with a target objective to finalize it by 2027. SFAO reminds that financial data must remain available for reading according to the applicable financial rules.

2.4 Business processes in the ERP system Agresso (Q1/2025)

70. For the period from 1 January to 31 March 2025, SFAO tested the effectiveness of key controls in the business processes according to the rotation plan (see § 25). In 2025, it focused on the processes related to revenue recognition for other voluntary contributions and payroll. For these 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.

71. For the other processes not included in the rotation plan (revenue recognition for other sources of revenue, procurement, treasury and cash management, fixed assets and travel claims), it checked that these processes had not changed significantly compared to 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.

72. For all the processes, SFAO concluded that the internal controls regarding reliability of financial reporting were adequately designed and applied.

2.5 Business processes in the ERP system Quantum (Q2 to Q4/2025)

73. The implementation of the new ERP system Quantum on 1 April 2025 represented a significant change to ICAO's control environment and information system landscape. ICAO has adjusted the design of the key controls accordingly. SFAO tested the new design of each business process, and the effectiveness of the manual key controls therein for the period from 1 April to 31 December 2025. It noted the following findings.

No third-party assurance from the service provider UNDP

74. SFAO could not rely on the automated controls built into the ERP system Quantum for auditing purposes because UNDP has not provided third-party assurance on ITGC and outsourced processes (ERP system Quantum and system UNall used for travel claims). Therefore, the control effectiveness of the automated controls could not be verified. SFAO could only rely on the manual controls implemented at ICAO and had to perform substantive compensating audit procedures (testing of numerous samples of transactions).

Payroll – Additional work for ICAO personnel

75. The design of the key controls has been adjusted after the implementation of Quantum. Part of the payroll process is outsourced to UNDP. As UNDP does not provide ICAO with third-party assurance on its controls operating effectiveness, ICAO must perform compensating manual controls, including key performance indicators (KPI) checks, in addition to the automated controls in Quantum. This results in additional work for ICAO personnel despite the automatization that Quantum should provide. At the time of the audit, the manual and supervisory workarounds did not fully mitigate the risk of misstatement in the financial statements.

Payroll – No approval workflow for the changes of HR master data

76. Changes to the HR master data are carried out by ICAO personnel. According to the internal control in place, the HR Officer normally validates these changes. However, changes can be made without HR Officer approval (bypass of the validation control), even by the outsourcing partner UNDP. An approval workflow does not exist in Quantum. In May 2025, ICAO escalated this issue to UNDP, but the implementation of this change for ICAO as single "legal entity" within Quantum appears to be complex, because any change would affect all Quantum partners, for whom such change is irrelevant due to their respective business models. At the time of the audit, a list of all personnel that is authorized to make such changes was not available. Furthermore, ICAO did not receive any log of all changes made.

ASSESSMENT BY SFAO

77. The absence of an approval workflow, a list of staff authorized to modify personnel data, and a log of these effective changes increases the risk of errors or fraud in payroll processing.

RECOMMENDATION 2 — PRIORITY 1

SFAO recommends that ICAO work with UNDP to assess the feasibility review to implement a system-based approval process for any changes in the employee master data, to ensure data integrity, security and reliability.

COMMENT BY THE SECRETARY GENERAL

The recommendation is accepted.

With the support of UNDP, ICAO will assess the feasibility of implementing approval process and compare it to solutions documenting changes, as previously done in the legacy system (Agresso).

Unit: ADB/ICT

Target Date: 31.12.2026

Payroll – Strengthening HR compensating controls

78. Each month, the Financial Monitoring and Support unit (FMS) manually calculates the payroll disbursements in an Excel file and compares them with the UNDP calculation. Any variance between the two calculations is investigated. When a discrepancy is identified, the FMS team reviews Human Capital Management (HCM) and checks whether a change in HR data explains the difference. If such a change is found in HCM, the manual calculation of FMS is updated accordingly. This control would detect if a change in HCM was not considered by UNDP. However, it would not detect if wrong data with financial impact are entered into HCM or assess whether the modification in HCM was appropriate and accurate.

ASSESSMENT BY SFAO

79. There is no compensating control in place to mitigate the risk of wrong data being entered into HCM. ICAO does not use an automated report listing all changes made to the amount paid. SFAO urges ICAO to check if such a report is available or to request it from UNDP at short notice. Based on this report, ICAO should retrospectively check the validity of the changes. SFAO tested a sample of data entered into HCM through substantive testing. It did not find any errors.

RECOMMENDATION 3 — PRIORITY 1

SFAO recommends that ICAO strengthen the compensating controls over changes to employee master data to ensure that all modifications are appropriate and accurate until the validation workflow is built into the system.

COMMENT BY THE SECRETARY GENERAL

The recommendation is accepted.

ICAO will enhance and document compensating controls over changes to employee master data.

Unit: ADB/ICT/HR

Target Date: 31.10.2026

Purchase to Pay – Good receipts approval

80. All goods receipts must be validated by the respective requisitioning entities before payment can be released (good receipt note, GRN). Since there is no approval workflow in Quantum, this approval is obtained outside of the system, e.g. by email.

ASSESSMENT BY SFAO

81. The absence of an automated approval workflow increases the risk that a transaction is not checked (missing oversight) or that an error occurs when entering the data into the accounts payable subledger. Setting up such an approval workflow would require extra customization and cost for ICAO.

RECOMMENDATION 4 PRIORITY 2

SFAO recommends that ICAO assess the cost-benefit ratio of the customization of a good receipt note (GRN) approval in the ERP system Quantum.

COMMENT BY THE SECRETARY GENERAL

The recommendation is accepted.

Presently, this functionality does not exist in Quantum. With the support of UNDP, ICAO will assess the feasibility of implementing GRN approval process.

Unit: ADB/ICT

Target Date: 31.12.2027

3 SIGNIFICANT FINDINGS ON THE FINANCIAL STATEMENTS

82. SFAO concluded that the 2025 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.

83. During the year, the implementation of the new ERP system resulted in a significant increase in workload. The organization has made significant effort to produce high quality financial reporting. It has successfully prepared the financial statements using the new ERP system's reporting facilities. The financial statements comply with the standards in terms of presentation and transparent disclosure. SFAO noted some findings, which are presented below, and identified some audit differences (see § 135).

3.1 Going concern assumption

84. The 2025 financial statements have been prepared on a going concern basis. According to the 2026 cash forecast prepared by management, the organization will maintain sufficient cash balances to meet its operating needs until the end of the year 2026. This projected cash level is expected to represent approximately four to six months of expenditure throughout the year.

85. The Working Capital Fund (WCF), which serves as a buffer in case of liquidity problems, amounts to USD 8.0 million (CAD 10.9 million). This is equivalent to about one month's expenditure for the regular program. In addition, ICAO has informal borrowing authority of up to CAD 3.0 million.

86. ICAO shows positive net assets of CAD 26.3 million at the end of 2025, compared to CAD 10.0 million at the end of 2024, despite a deficit for the year of CAD 1.5 million. This increase is mainly due to the actuarial gain on ASHI (CAD 17.9 million).

ASSESSMENT BY SFAO

87. Nothing has come to the attention of SFAO showing material uncertainties with regards to the organization's ability to continue as a going concern until the end of the year 2026.

3.2 Implementation of new IPSAS standards in 2025

88. Four new IPSAS standards have been applicable since 2025.

IPSAS 43 (leases)

89. ICAO established a lease policy and calculated the lease liability and right-of-use asset as at 1 January 2025. It used the modified retrospective method for the transition, so the prior year figures were not restated. SFAO reviewed and agreed with the policy and commented as follows on the calculation.

90. To simplify the calculation method, ICAO defined only one interest rate per currency for calculating the right-of-use and the lease liability. According to the standard, it should have defined different rates based on the type of asset (e.g., premises or equipment) and the lease duration. Furthermore, the increase in rental space for a regional office during 2025 has been considered in the opening balance as at 1 January 2025. It should have been considered as an adjustment of the cost during 2025. In addition, the depreciation for another contract was not calculated for the full year. Finally, the right-of-use was

revalued at year-end. As a non-monetary asset, it shall be kept at historical cost and its depreciation for the year shall be calculated based on the historical value after conversion in CAD.

91. In total, according to SFAO calculation, the right-of-use should increase by CAD 0.3 million and its depreciation should decrease by the same amount. As this amount is not significant, it has not been corrected.

92. During the audit, the presentation of the right-of-use asset and the lease liability in the cash-flow statement was corrected to reflect the non-cash characteristics of the leases.

IPSAS 44 (non-current assets held for sale and discontinued operations)

93. This new IPSAS does not apply to ICAO in 2025.

IPSAS 45 (property, plant and equipment)

94. The major change in IPSAS 45 was related to the recognition and measurement of heritage assets. SFAO reviewed and agreed with the ICAO policy. Heritage assets are not accounted for due to their symbolic value, but they are adequately disclosed in the 2025 financial statements.

IPSAS 46 (measurement)

95. SFAO reviewed and agreed with the ICAO policy. IPSAS 46 does not impact on the ICAO 2025 financial statements.

New IPSAS standards applicable in 2026 and later

96. Many other accounting standards will become effective in 2026 or later. Their implementation will require significant work from ICAO, especially in terms of restating certain accounting transactions. In particular, the new IPSAS 47 Revenue and IPSAS 48 Transfer Expenses standards are effective as at 1 January 2026. Furthermore, IPSAS 43 Leases, which was introduced in 2025, will already undergo a revision as at 1 January 2027 regarding concessionary leases. Note 1 to the 2025 financial statements provides a detailed overview of these new standards.

ASSESSMENT BY SFAO

97. The new IPSAS standards were correctly applied to the 2025 financial statements. A few minor misstatements in the lease calculation were identified during the audit but they were not considered significant. Implementing future IPSAS standards will require significant additional efforts from ICAO.

3.3 Functional currencies

Change in functional currencies

98. Until 2024, ICAO's financial statements included two functional currencies (CAD and USD). The translation into the presentation currency (CAD) was done at the closing rate for the statement of financial position and at the average rate for the statement of financial performance. The resulting translation difference was recognized in equity and amounted to less than CAD 0.1 million.

99. With the implementation of the new ERP system Quantum in 2025, ICAO reassessed its functional currencies. It determined that Capacity Development and Implementation Programme (CDIP) and the Joint Financing Funds are no longer considered foreign operations, and ICAO is now working with a single functional currency (CAD). Consequently, there is no more translation difference between functional and presentation currencies. All foreign currency gains and losses are now included in the statement of

financial performance. This significantly simplifies the ERP system configuration and the accounting procedures. ICAO disclosed the discontinuation of the second functional currency as a change in accounting policy.

ASSESSMENT BY SFAO

100. CDIP activities and the Joint Financing Funds continue to operate mainly in USD. In such circumstances, IPSAS 4 does not provide for a change in functional currencies. However, ICAO has demonstrated that changing the accounting method does not have a significant impact on the 2025 financial statements, nor has it had a significant impact in recent years. SFAO has reviewed and agreed with ICAO's accounting policy change. According to IPSAS 3, a change in accounting policies should result in a restatement. However, no restatement has been made due to the non-significant impact on the financial statements. ICAO adequately disclosed the change in the notes to the financial statements.

3.4 Cash, cash equivalents and investments

Bank confirmations

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

102. ICAO accounted for the expected credit loss on cash, cash equivalents and investments at CAD 0.4 million as at 31 December 2025. This risk mainly arises from the unrated bank used for the WACAF regional office.

3.5 Receivables, advances and other current assets

Receivable from UNDP for compensation payments made by ICAO

103. ICAO makes monthly payments to surviving spouses of project personnel who died while working on projects funded by UNDP and reports this expenditure to UNDP through the Project Clearing Account (PCA). The annual cost was CAD 0.1 million in 2025. Since 2010, UNDP has not reimbursed these amounts to ICAO.

104. In 2024, SFAO recommended that ICAO further pursue the recovery of those claim compensations from UNDP, which ICAO did. The review of this claim is ongoing with the support of the Legal Bureau. ICAO contacted UNDP in May 2025 and February 2026 but did not receive any answer.

105. As at 31 December 2025, the receivable had accumulated to CAD 1.4 million. In addition, a provision of CAD 0.8 million, unchanged from 2024, represents the actuarial estimate of the liabilities for future payments due to these beneficiaries. This provision shall be estimated by the actuary on a regular basis, e.g. at least every two or three years.

ASSESSMENT BY SFAO

106. The payments made on behalf of UNDP remain at the expense of ICAO, as UNDP stopped reimbursement payments since 2010. Since the claim against UNDP is still open, the valuation of this receivable (full allowance) and the provision for future payments in ICAO's financial statements are correct. SFAO maintains its recommendation to pursue recovery of this claim further.

Cut-off of medical insurance expenses

107. ICAO paid for medical insurance for national professionals, since some projects included these new benefits to be paid to this staff category. The insurance premium was paid for the period from 1 July 2025 to 30 June 2026. However, at year-end, ICAO did not account for the cut-off entry for the prepaid expenses relating to 2026, amounting to CAD 0.6 million. This resulted in an audit difference.

Timing of an advance to supplier

108. ICAO recorded an advance to a supplier in December 2025, even though the payment of CAD 0.4 million was not made until January 2026. The advance to supplier and the related accounts payable must be reversed at year-end. This resulted in an audit difference (presentation only).

3.6 Property, plant and equipment

Migration of fully depreciated items

109. Due to an error on the data load file during the migration to the new ERP system, some assets were incorrectly marked as fully depreciated even though they had a residual value. Therefore, no depreciation was calculated and accounted for from 1 April to 31 December 2025. The depreciation expense for these inventory assets in 2025 has been understated, and the net book value of these fixed assets has been overstated by CAD 0.2 million.

ASSESSMENT BY SFAO

110. Since the impact of understating the depreciation for the current year and overstating the fixed assets is not significant (CAD 0.2 million), SFAO does not report this issue as an audit difference. ICAO shall correct the misstatement in the upcoming year.

3.7 Accounts payable and accrued liabilities

Litigation

111. As at 1 January 2026, the United Nations Dispute Tribunal (UNDT) replaced the ICAO Appeals Board. ICAO is facing several legal disputes filed by former employees on CDIP projects, who claim additional payments beyond the considerations provided for in their contracts. ICAO considers that any financial liabilities in relation to these claims will be absorbed by the governments concerned, in accordance with the underlying project agreements, related instruments and understandings. In addition, ICAO is facing several claims for various disputes before the UN Appeals Tribunal (UNAT), the UNDT and the former ICAO Appeals Board. ICAO considers that, for most of these claims, an outflow of resources is possible but not probable, except for one case in which ICAO has recorded a provision based on its best estimate of the expected outflow.

ASSESSMENT BY SFAO

112. ICAO's estimate for the litigation and arbitration cases is reasonable. The provision accounted for as at 31 December 2025 is accurate and the disclosure is appropriate.

3.8 Employee benefits

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

After-Service Health Insurance (ASHI)

114. ASHI is part of the 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, managed through a nonconsolidated fund and by an advisory body, the Health and Life Insurance Committee (HLIC).

115. 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. Since Cigna is not ISAE 3402 certified, additional assurance actions are required by ICAO.

116. 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.

117. 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 several 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.

118. 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.

119. The liabilities for ASHI were estimated at CAD 96.7 million as at 31 December 2025 and were recorded in the revolving fund, which has accumulated annual gains and deficits since its inception. The liabilities decreased by CAD 12.4 million or 11 % in 2025.

120. 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 expenses 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, to mitigate the significant impact on the organization's future financial position and cash flows.

ASSESSMENT BY SFAO

121. The actuarial assumptions used to calculate ASHI liabilities are plausible and comply with IPSAS 39. The unfunded ASHI liabilities represent a potential financial risk to the organization. SFAO encourages ICAO to closely monitor the situation 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.

122. The figures for benefits paid have not been furnished in full to the actuarial firm due to the timing of an internal elimination entry. Consequently, the actuarial valuation showed understated actuarial gains and overstated employer contributions by CAD 0.6 million. This led to an increase in expenses by the same amount (audit difference).

Annual leave

123. The annual leave liabilities have been calculated using an actuarial calculation method that includes various assumptions such as salary increases and expected changes in the annual leave balance. The annual leave is granted based on the number of service days completed and can be used at any time during the following year. It represents an ordinary vacation balance.

124. 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 as at 31 December, the use of 31 December data would provide 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.

ASSESSMENT BY SFAO

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

Repatriation and other benefits for international experts

126. 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.

ASSESSMENT BY SFAO

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

United Nations Joint Staff Pension Fund (UNJSPF)

128. 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.

129. The characteristics of the UN pension scheme are described in 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. The valuation as at 31 December 2025 is currently being performed.

ASSESSMENT BY SFAO

130. 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.

3.9 Credits to contracting/servicing governments

North Atlantic Height Monitoring System agreement

131. 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 as at 31 December 2025. 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.

3.10 General operating expenses

Implementation and operation costs for the new ERP system

132. In 2023, ICAO signed a Memorandum of Understanding (MoU) with UNDP for the implementation of the new ERP system Quantum. In 2025, UNDP invoiced ICAO for implementation and operation costs related to this project in the amount of CAD 3.0 million (2023 and 2024: CAD 6.0 million in total). Since ICAO has no control over the ERP system, the criteria for recognizing it as an intangible asset are not met. Additionally, this 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

133. The accounting treatment is correct. SFAO again draws ICAO's attention to the risk associated with the 6-months' notice clause to terminate the MoU.

4 AUDIT DIFFERENCES

134. 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 material if it exceeds CAD 3.2 million in total.

4.1 Summary of corrected and uncorrected misstatements

135. SFAO found two audit differences, which management decided to correct during the audit. SFAO identified further misstatements, each of which individually and collectively less than CAD 3.2 million. They were not considered significant to the 2025 financial statements and were therefore not corrected.

Description	(Deficit) / Surplus for the year (millions of CAD)	Net assets (millions of CAD)
Balance before audit differences	**(0.906)**	**26.320**
Corrected audit differences		
Cut-off of advance to supplier, CAD 0.423 million (refer to § 108)	–	–
Correction on ASHI valuation, CAD 0.626 million (refer to §122)	(0.626)	–
Presentation of right-of-use and lease liability in the cash-flow statement, CAD 6.222 million (refer to § 92)	–	–
Balance after corrected audit differences (as per financial statements)	**(1.532)**	**26.320**
Uncorrected audit differences		
Lease calculation as per IPSAS 43, CAD 0.285 million (refer to §91)	0.285	0.285
Cut-off of medical insurance expenses, CAD 0.577 million (refer to § 107)	0.577	0.577
Impact of the audit differences from previous year that have been corrected during the current year		
None	–	–
Balance after all audit differences	**(0.670)**	**27.182**

4.2 Insufficient information or incorrect presentation

136. SFAO found some minor misstatements in the disclosures in the 2025 financial statements. Management corrected all of them during the audit.

5 FOLLOW-UP OF PREVIOUS RECOMMENDATIONS

137. SFAO followed up on outstanding recommendations from previous external audits (financial statements and performance audits). Of the 18 recommendations, 8 have been implemented in the last 12 months and 10 remained open as at 30 April 2026. SFAO agreed to extend the target date for one recommendation. Three recommendations are overdue. The details are available in the tool "TeamMate+", which is managed by OIO.

5.1 Recommendations implemented

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

Audit report and recommendations (ICAO's internal reference)
Project Management "NAM19801" of the ICAO Technical Cooperation Programme (EA-REP-2021-C) Rec 1: CDI – automated query of the actual project costs
Audit of the 2022 financial statements (ER-REP-2022-B) Rec 8: CDI – recognition of the overhead fees on CDI projects
New ERP System Implementation – Interim Audit Results (EA-REP-2023-B) Rec 1: ADB/ICT – coverage of business requirements by the Quantum solution
Audit of the 2023 financial statements (EA-REP-2023-C) Rec 4: CDI – four-eyes principle for the fund check
Implementation on the ICT strategy and action plan 2022-2025 – interim results (EA-REP-2024-A) 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
Consultants at ICAO Headquarters (EA-REP-2025-C) Rec 3: ADB – procurement of services across units

5.2 Recommendations pending

139. According to SFAO, the following recommendations were still open as at 30 April 2026. This list also includes the recommendations that have an implementation deadline after this date.

Audit report and recommendations (ICAO's internal reference)
Audit of the 2021 financial statements (EA-REP-2021-A) Rec 9: ADB/PCL – simplification of the fixed assets process (overdue, target date 30 June 2025)
Audit of the 2022 financial statements (ER-REP-2022-B) Rec 6: ADB/PCL – tool for the inventory of non-IT equipment (overdue, target date 30 June 2025)

Audit report and recommendations (ICAO’s internal reference)
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 (overdue, target date 31 December 2025)
Audit of the 2023 financial statements (EA-REP-2023-C)
Rec 7: FIN – recovery of claims compensation from UNDP (target date extension agreed to 31 December 2027)
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 (target date 31 December 2026)
Safety and Security Oversight Programs (EA-REP-2025-B)
Rec 2: ADB/ICT – clarification of roles and responsibilities (target date 31 July 2027)
Rec 3: ADB/ICT – usage of data analyses (target date 31 December 2026)
Consultants at ICAO Headquarters (EA-REP-2025-C)
Rec 1: ADB – assessment of risks related to deployment of consultants (target date 30 June 2026)
Rec 2: ADB – identification of synergies (target date 30 September 2026)
Rec 4: ADB – monitoring of resources (target date 30 September 2026)

Bern, 22 May 2026

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