

FINANCIAL STATEMENTS

AND

REPORT OF THE EXTERNAL AUDITOR

FOR THE FINANCIAL PERIOD ENDING 31 DECEMBER 2009



DOCUMENTATION
for the 37th Session of the Assembly in 2010

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Published in separate English, Arabic, Chinese, French, Russian
and Spanish editions by the
INTERNATIONAL CIVIL AVIATION ORGANIZATION
999 University Street, Montréal, Quebec, Canada H3C 5H7

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**Doc 9942, *Financial Statements and Report of the External
Auditor for the financial period ending 31 December 2009***

Order Number: 9942

Not for sale

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**FINANCIAL STATEMENTS AND
REPORT OF THE EXTERNAL AUDITOR FOR THE
FOR THE YEAR ENDED 31 DECEMBER 2009**

INTERNATIONAL CIVIL AVIATION ORGANIZATION

FINANCIAL STATEMENTS FOR THE PERIOD ENDING 31 DECEMBER 2009

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**PART I: REPORT OF THE SECRETARY GENERAL, CERTIFICATION, APPROBATION
AND SUBMISSION OF THE FINANCIAL STATEMENTS FOR THE YEAR 2009**

INTERNATIONAL CIVIL AVIATION ORGANIZATION
REPORT OF THE SECRETARY GENERAL, CERTIFICATION, APPROBATION AND
SUBMISSION OF THE FINANCIAL STATEMENTS FOR THE YEAR 2009

1. The Financial Statements of the International Civil Aviation Organization for the year ended 31 December 2009 reflect the results of operations of ICAO and the financial performance of projects and activities managed by ICAO on behalf of third parties. The Funds reported in the Financial Statements have been grouped to distinguish between those used for ICAO's own operational activities and those that are administered on behalf of third parties, but all are presented in the Financial Statements in Canadian dollars. There have been some minor changes in presentation format for 2009 itemized in the Notes to the Financial Statements. However, in 2010 the presentation formats will change significantly as ICAO moves to full International Public Sector Accounting Standards (IPSAS) compliance.

2. The magnitude of ICAO's financial operations, in terms of expenditures incurred, is indicated below against each Fund or group of Funds, and a graphical summary is provided in Figure 1. Summary information relating to income, expenditures, assets and liabilities in the main ICAO Funds and the combined total of all Funds are shown in Statements I and II. Statement III reflects the Cash Flow Statement, extended this year to include all funds. Statement IV presents appropriations and expenditure by Strategic Objective and Supporting Implementation Strategy for the Regular Programme General Fund. Statement V reflects the change in accumulated surplus for all Fund groups. The report also provides highlights of ICAO's financial activities in 2009. All amounts in this report, the Financial Statements and Notes to the Financial Statements are reported in thousands of Canadian dollars unless otherwise specified.

	Total Expenditure excluding administrative overhead (in thousands of Canadian dollars)	
	<u>2009</u>	<u>2008</u>
The expenditure relating to ICAO Funds comprises:		
a) Regular Programme Funds appropriated by the Assembly or by the Council;	73 636	67 256
b) Other Proprietary Funds, including Aviation Security Plan of Action, the Universal Safety Oversight Audit Programme, the International Financial Facility for Aviation Safety Fund (IFFAS) and other Funds/Special Accounts;	31 693	30 563
c) The Technical Co-operation Programme comprising:		
i) Trust Fund, Management Service Agreements Funds, provided by various contributors for Technical Co-operation Projects executed by ICAO and ICAO objectives implementation mechanism;	62 496	67 703
ii) Civil Aviation Purchasing Service Funds provided by various contributors for civil aviation purchases on their behalf; and	37 336	4 281
iii) United Nations Development Programme Funds, mainly contributed by governments to UNDP under cost-sharing arrangements.	5 478	3 823
d) Other Trust Funds for the activities managed or administered on behalf of third parties, including Joint Financing Agreements, France-ICAO/Cooperation, and the Public Key Directory.	43 702	56 462
Total	<u>254 341</u>	<u>230 088</u>

3. A comparison of overall expenditure (including administrative overhead), in millions of Canadian dollars, for all ICAO activities during the last two years is provided in the figures below.

FIGURE 1: TOTAL EXPENDITURE - ALL FUND GROUPS

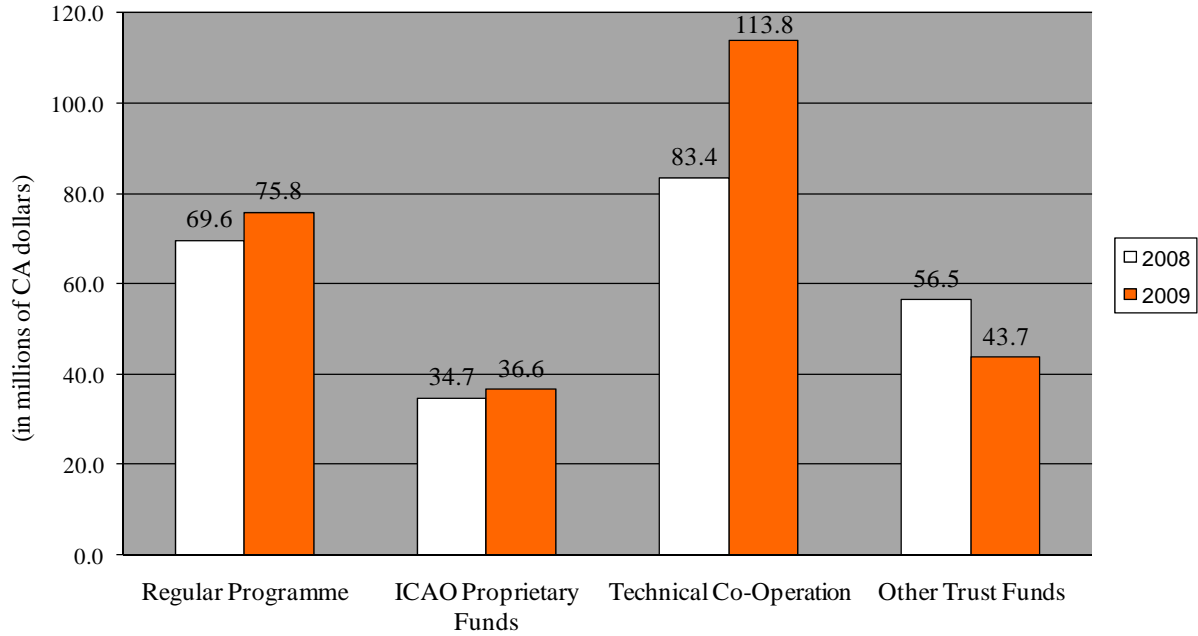


FIGURE 2: TECHNICAL CO-OPERATION PROGRAMME FUNDS

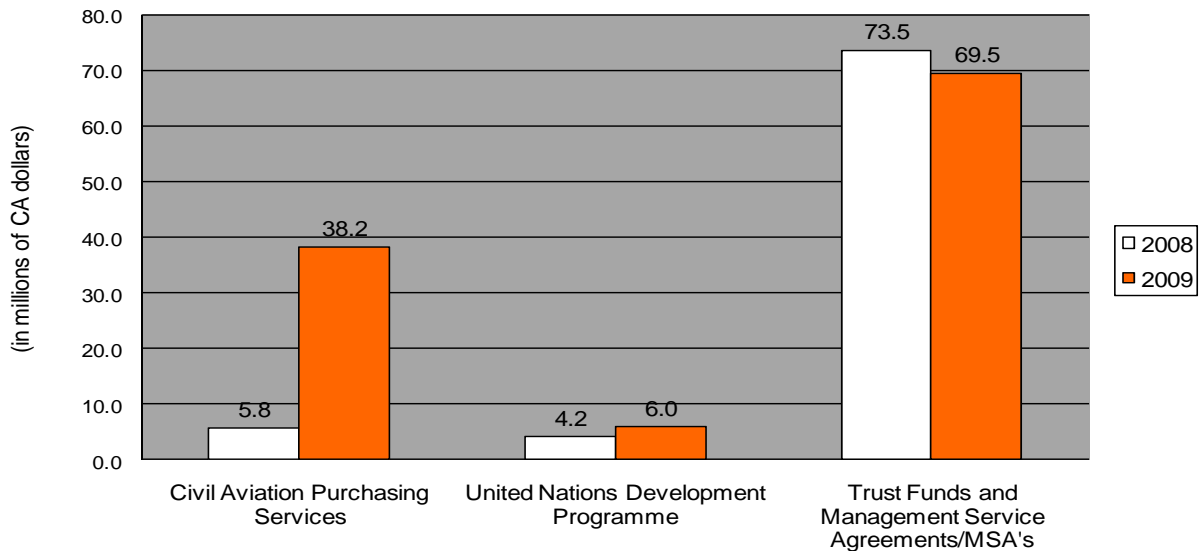
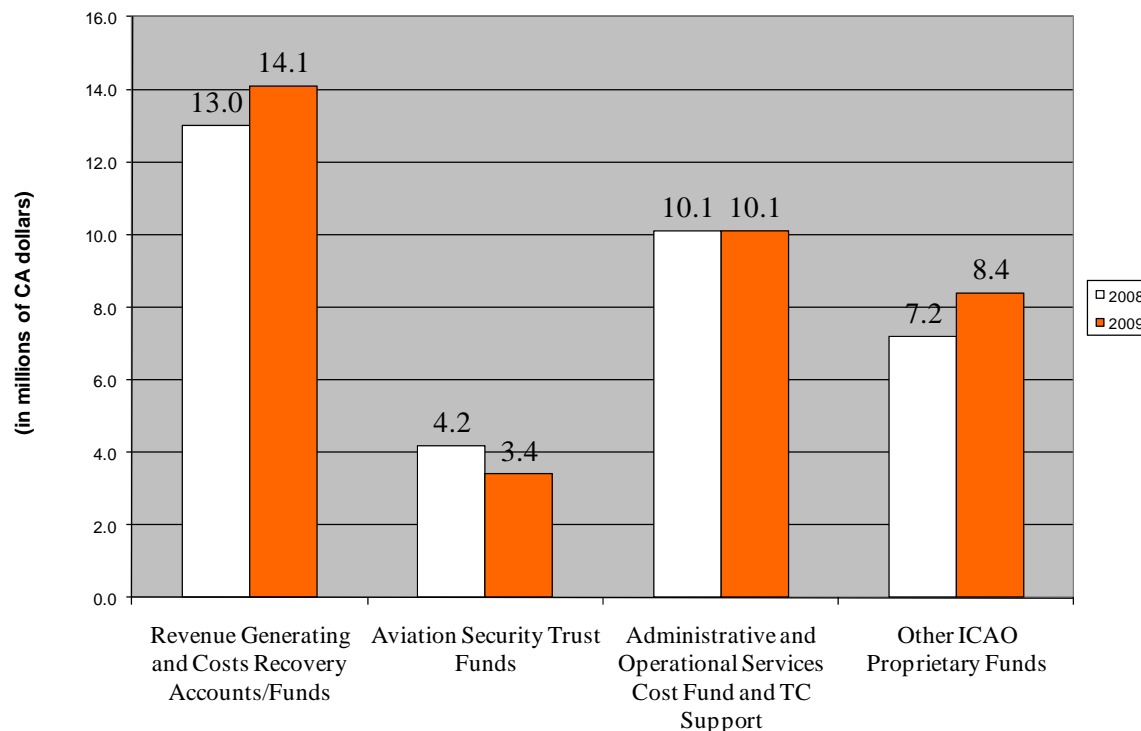


FIGURE 3: OTHER PROPRIETARY FUNDS

4. REGULAR PROGRAMME

4.1 Appropriations

4.1.1 The 36th Session of the Assembly in 2007, under Clause C of Resolution A36-29, voted appropriations in the amount of \$ 80 085 for the year 2009. Details of appropriations, transfers, actual expenditure and unobligated balances of appropriations by Strategic Objective and Supporting Implementation Strategies are given in Statement IV. Actual expenditure is stated at the United Nations operational rate of exchange. The budgetary result for 2009, in thousands of Canadian dollars, is summarized as follows:

Original appropriations	\$ 80 085
Carried over from 2008	11 324
Decrease in appropriations	(1 652)
2009 Outstanding commitments	(4 771)
Triennium Commitments	(3 056)
Deferred Activities (to 2010)	(59)
Carried over to 2010	<u>(6 048)</u>
Revised appropriations	<u>\$ 75 823</u>

4.1.2 Carry over from 2008. In accordance with Financial Regulation 5.6 and 5.7, an amount of \$ 11 324 was approved by Council to supplement the 2009 appropriations, financed by savings from 2008 (C-DEC 186/8 and C-DEC 186/12).

4.1.3 Decrease in Appropriations. The Council also approved the following transfers of appropriations to the following proprietary funds amounting to \$ 1 652:

- a) \$ 253 to the Group on International Aviation and Climate Change (GIACC) – Environmental Fund;
- b) \$ 662 to the ICT Fund for the Integrated Resources Information System (IRIS) project;
- c) \$ 661 to the International Public Sector Accounting Standards (IPSAS) Fund; and
- d) \$ 76 (2009 appropriations, from Organizational Re-alignment) to the Temporary Staff Salaries Fund (TSSF) for language requirements.

4.1.4 2009 Outstanding Commitments. Under the IPSAS, outstanding commitments are no longer to be recognized as expenses until the goods/services have been received. The value of purchase obligations entered into in 2009, but delivery against which is only expected in 2010, including other commitments, is \$ 3 442. In addition, employee entitlements estimated at \$ 17 445 million at the end of the year represent an obligation to the whole Organization as noted in the 2009 Financial Statements. These employee entitlements consisting primarily of accrued leave and repatriation grants were earned in 2009 and prior years and it is foreseen that an amount of \$1 329 will be paid to staff separating from ICAO in 2010. These amounts to be paid in 2010, totaling \$ 4 771 have been reserved and carried forward to 2010, pursuant to Financial Regulation 5.7.

4.1.5 Triennium Commitments. The Council had approved funding for activities that span the entire triennium such as Split Assessment, Regional Office study, language requirements, among others (C-DEC 182/13 and C-DEC 184/8). Since the duration of these activities will extend up to 2010, an unspent amount of \$ 3 056 (from the previously approved \$ 4 195) still needs to be reserved for 2010.

4.1.6 Deferred Activities. The Secretary General has approved the carry-over of deferred items as authorized by Financial Regulation 5.6 for an amount of \$ 59. These carry-overs are necessitated by the deferral of special implementation projects and renovations of the Mexico Office.

4.1.7 Transfers. In 2009, in compliance with Financial Regulation 5.9, the Council approved transfers of appropriations between Strategic Objectives and Supporting Implementation Strategies that exceed the 10 per cent threshold.

4.1.8 Carry over to 2010. In compliance with Financial Regulation 5.6, the Council approved a carry-over of appropriations from 2009 to 2010 that exceed the 10 per cent threshold. This totals \$ 6 048 and is for the following:

Strategic Objective/Supporting Implementation Strategy	Amount	Purpose
SO C: Environment	205.0	DGCA Climate Group
SO A: Safety	112.2	Mexico Regional Office: Mission to Haiti (\$ 20); RASG-PA meetings in 2010 (\$ 32.2); State Assistance visits (\$ 60)
SIS Mgt. and Admin.	392.3	2010 ENV meetings and electronic voting system (approved, C-DEC 188/8)
SIS Mgt. and Admin.	100.0	RCC – communications and co-operation with regional bodies
SO A: Safety	2 938.0	Safety projects (ANB)
SO A: Safety	527.5	Recruitment of priority (new) posts
SO B: Security	127.5	Recruitment of priority (new) posts
SO C: Environment	204.1	Recruitment of priority (new) posts
SO D: Efficiency	856.8	Recruitment of priority (new) posts
SIS Mgt. and Admin.	172.6	Recruitment of priority (new) posts
SO B: Security	40.5	2010 Reorganization costs
SO D: Efficiency	61.9	2010 Reorganization costs
SIS Mgt. and Admin.	<u>309.3</u>	2010 Reorganization costs
	<u>\$ 6 047.7</u>	

4.1.9 As a result of the increases and transfers outlined above, the final approved appropriation for the year amounted to \$ 75 823.

4.2 **Key initiatives being implemented from 2008 onward**

4.2.1 **Assessment and Reporting Currencies**

Assessments on Contracting States and other estimated sources of income are established in Canadian dollars for 2008 and this continued for 2009. In 2010 a split assessment is being introduced with about three quarters payable in Canadian dollars and one quarter payable in U.S. dollars. To ensure consistency and comparability between the approved budgets and the Accounts and Funds of the Organization, transactions are reflected in Canadian dollars and the Financial Statements are presented in Canadian dollars from 2008 onwards. This change is applicable to proprietary Funds of the Organization, while Funds administered on behalf of third parties such as those established to manage Technical Co-operation Projects (TCP) are recorded in U.S. dollars, but presented in Canadian dollars for combined Financial Statements. During 2009 the continued fluctuation of the Canadian dollar against the U.S. dollar (from CAD 1.219 at the beginning of the year to CAD 1.038 at the end of the year) made for a difficult treasury and funds management situation.

4.2.2 **New Enterprise Resource Planning (ERP) System**

The Organization approved the implementation of a new Enterprise Resource Planning (ERP) system from Agresso from 2007. The functionality includes the recording and presentation of all financial transactions and information that is being used for the preparation of the Financial Statements from 2008 onward. The Agresso Financial Modules were live from January 2008 (Phase I) along with Procurement and Project Management modules. Phase II started in April 2008 and its estimated date of completion is mid 2010. The Scope of Phase II includes budget planner, fixed assets, sales of publications, travel, human resources and payroll. Phase III which is the rollout of Agresso to Regional Offices and some Field offices is taking place during 2010.

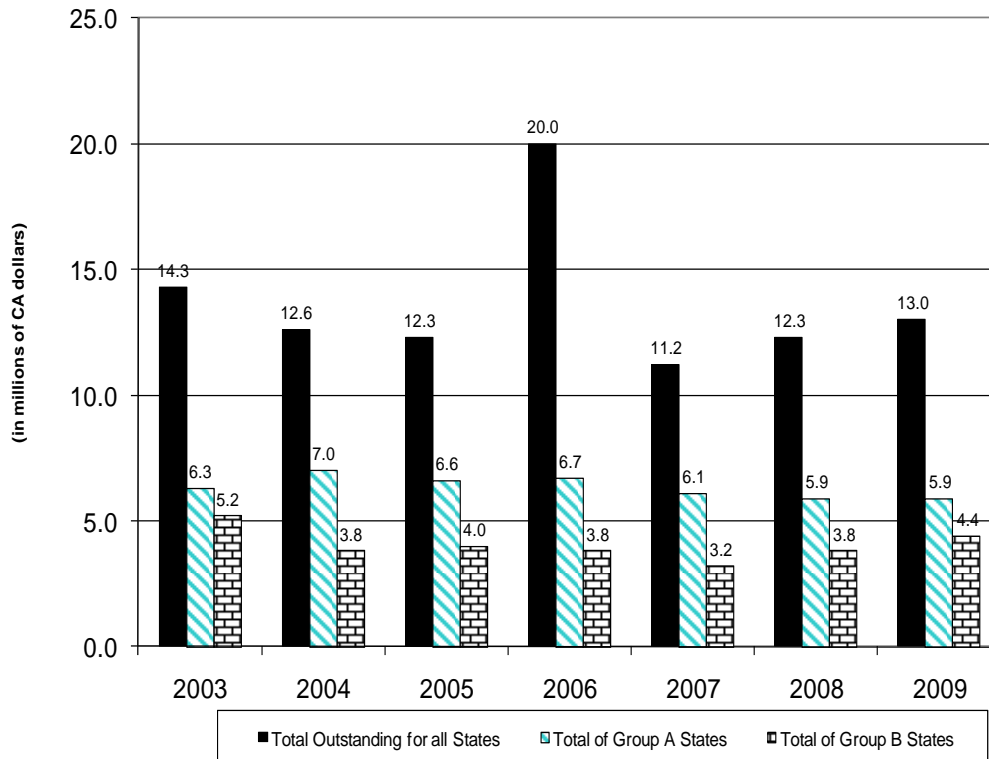
4.2.3 **Adoption of International Public Sector Accounting Standards**

As reported in the Notes to the Financial Statements, the United Nations (UN) and the UN system's Chief Executive Board (CEB) have adopted International Public Sector Accounting Standards (IPSAS) to be implemented gradually by UN organizations. One organization adopted IPSAS in 2008 and other organizations will implement these standards from 2010 to 2014. IPSAS are a set of independently developed accounting standards, which require adoption of accounting on a 'full accruals' basis. Full accrual is considered best accounting practice by international organizations for the public as well as the private sector. IPSAS include detailed requirements and guidance, which provide support for financial statements' consistency and comparability. IPSAS is being implemented at ICAO gradually during the triennium (2008-2010). The Notes to the Financial Statements provide an overview of the impact of IPSAS adoption on the content and presentation of the Financial Statements.

4.3 **Income and Assessments**

4.3.1 The appropriations for the year 2009 approved by the 36th Session of the Assembly were to be financed by assessments on Contracting States of \$ 74 060, miscellaneous income of \$ 1 917 and Ancillary Revenue Generation Fund (ARGF) surplus of \$ 4 108 for a total of \$ 80 085. The composition of actual income totalling \$ 78 805 is presented in Statement I.

4.3.2 During the year 2009 assessments totalling \$ 71 670 were received and a balance of \$ 2 390 remained outstanding at the year-end against the current year's assessments. At the beginning of the year, \$ 12 277 was receivable from States in respect to 2008 and prior years; payment of \$ 1 642 was received, leaving a balance outstanding of \$ 10 635. The assessments receivable for all years totalled \$ 13 031 as at 31 December 2009 (including the Working Capital Fund). Details are provided in Schedule A. The percentage of receipts of contributions for the last four years in relation to the amount assessed averaged 94 per cent. Figure 4 shows the status of the assessed contributions receivable at the end of each year since 2003.

FIGURE 4**ASSESSMENTS RECEIVABLE FROM CONTRACTING STATES AS AT 31 DECEMBER**

4.3.3 Of the total outstanding contributions of \$ 13 031 as at 31 December 2009 (\$ 13 025 excluding the Working Capital Fund), \$ 219 pertained to a State represented on the Council.

	<u>Number of States 2009</u>	<u>Amount outstanding as at 31 December 2009</u>	<u>Number of States 2008</u>	<u>Amount outstanding as at 31 December 2008</u>
Group A: States that have concluded agreements with the Council to liquidate their arrears over a period of years	26	\$ 5 932	26	\$ 5 979
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	10	\$ 4 407	8	\$ 3 838
Group C: States with contributions in arrears for less than three full years	14	\$ 1 291	10	\$ 970
Group D: States with contributions outstanding only for the current year	<u>27</u>	<u>\$ 894</u>	<u>47</u>	<u>\$ 965</u>
Sub-total	77	\$ 12 524	91	\$ 11 752
The Former Socialist Federal Republic of Yugoslavia	-	<u>\$ 501</u>	-	<u>\$ 501</u>
Total Outstanding Contributions	<u>77</u>	<u>\$ 13 025</u>	<u>91</u>	<u>\$ 12 253</u>

4.3.4 As at 31 December 2009, 26 States had concluded agreements to liquidate their arrears over a period of years. The agreements provide for these States to effect payment of the current year's contribution as well as an annual instalment payment towards the prior years arrears. The note on Schedule A indicates the States that had not complied with the terms of their agreements at 31 December 2009.

4.3.5 Major contributions (*) received for the Regular Programme and other Proprietary Funds for 2009 are summarized as follows:

MAJOR CONTRIBUTORS – 2009				
Contracting State	Regular Programme		Proprietary Funds	Total
	Assessment Received	Contributions In-Kind (Premises)	Contributions In Cash and In Kind Including AVSEC	
United States of America	18 515		3 751	22 266
Canada	1 770	13 787	190	15 747
Japan	8 702		458	9 160
Germany	5 073		416	5 489
France	3 703	784	443	4 930
United Kingdom	4 251		80	4 331
China	2 718		423	3 141
Italy	2 659		476	3 135
Republic of Korea	1 755		502	2 257
Spain	1 703		134	1 837
Thailand	400	1 220		1 620
Netherlands	1 407		8	1 415
Total	52 656	15 791	6 881	75 328

(*) Twelve highest contributions

4.4 **Surplus**

4.4.1 The cumulative surplus for the Regular Programme as at 31 December 2009 reflected in Statement V amounted to \$ 14 469. Cumulative surplus less assessments receivable from Contracting States of \$ 13 031 resulted in a cash surplus of \$ 1 438 as at 31 December 2009.

4.5 **Cash Balances**

4.5.1 The cash balance held in the General Fund as at 31 December 2009 amounted to \$ 21 362 (including the balance in the Working Capital Fund) and is reflected in Statement III. The Council did not change the level of the Working Capital Fund in 2009 under the authority granted by the Assembly under Assembly Resolution A36-34.

4.6 **Forward Purchase of Currency**

4.6.1 In order to minimize risks and protect the budget against the consequence of potential exchange rate fluctuations, United States dollars as well as EUROS, were forward purchased with the approval of the Council. The objective of stabilizing United States dollar-related expenditures and EURO expenditures to a level within the budget was achieved. Further details are provided in the Notes to the Financial Statements.

5. OTHER ICAO PROPRIETARY FUNDS

5.1 Administrative and Operational Services Cost Fund (AOSC Fund)

5.1.1 The AOSC Fund is established to meet the costs of administration and operations of the Technical Co-operation Programme (TCP), and is primarily financed from administrative overhead charges on UNDP, CAPS, Trust Fund and MSA projects. The financial results for the AOSC Fund are reported in Schedule B and B.1 and the budgetary comparison is presented in the following table:

FIGURE 5
AOSC FUND BUDGET AND EXPENDITURES FOR 2009
(in thousands of CA Dollars)

	Submitted to the Assembly	Revised Budget 2009 ²	Expenditure/ Income 2009 ³	Balance of Revised Budget
Appropriation/Expenditure Major Programme	\$ 9 827 ¹	\$ 9 742	\$ 10 012	\$ 270
Income	-----	\$ 9 411	\$ 9 195	
Excess/(Deficit) of Income over Expenditure	-----	(\$ 331)	(\$ 817)	

¹ Approved by the Assembly in 2007 (A36)

² Noted by the Council at its 188th Session (C-WP/13464). Amounts converted to CA Dollars at 2009 UN Average Rate of Exchange of 1 USD = 1.148 CAD.

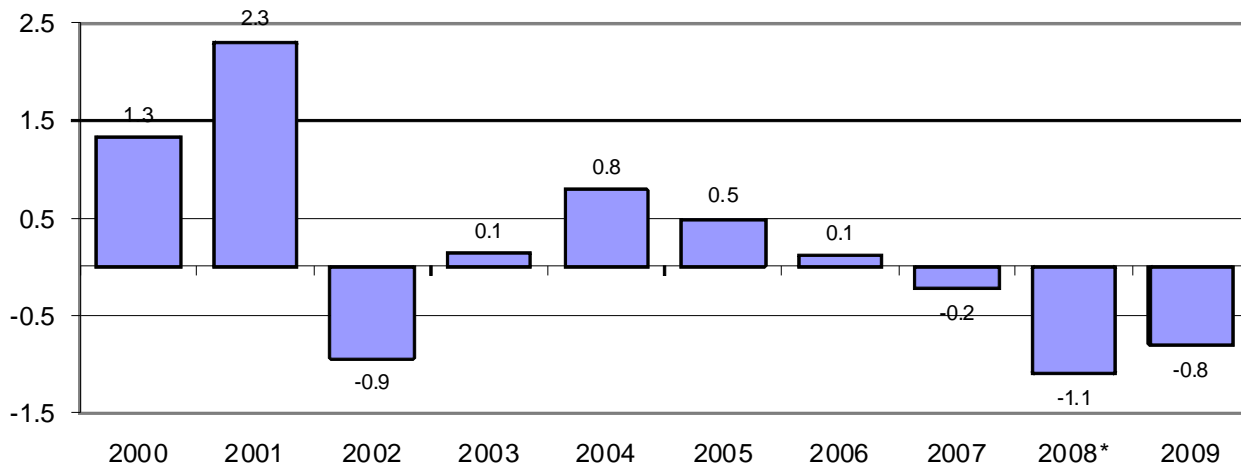
³ Not including Efficiency and Effectiveness Fund

5.1.2 As indicated in Figure 5, the Assembly approved the Indicative Budget Estimates (expenditure) of the AOSC Fund amounting to \$ 9 827 for the financial year 2009. During the year, pursuant to Financial Regulation 9.5, the Secretary General submitted to the Council an update of the 2009 Budget Estimates (expenditure) for 2009 in C-WP/13464. The revised estimated expenditures for 2009 amounted to \$ 9 742 and the estimated income to \$ 9 411.

5.1.3 Total expenditures presented in the Financial Statements for the TCP excluding administrative overhead charges amounted to \$ 105 310 in 2009 compared with \$ 75 809 in 2008. During 2009, programme expenditures for projects included equipment expenditures amounting to \$ 40 408 as compared to \$ 16 599 in 2008, the difference being mainly attributable to the first full recording of expenditures on an IPSAS basis. The AOSC Fund income from recovery of administrative overhead amounted to \$ 8 465 in 2009 compared to \$ 7 620 in 2008. The AOSC Fund total income for 2009 was \$ 9 195 representing an increase of \$ 307 compared with 2008. The actual AOSC Fund expenditures, on the other hand, amounted to \$ 10 012 representing an increase of \$ 92 compared to 2008. Although the revised budget noted by Council at its 188th Session had estimated a deficit of \$ 331, the AOSC Fund did not fully recover its costs for the year 2009 and incurred a shortfall of \$ 817 before taking into account a currency revaluation loss, which results from the conversion of AOSC funds from USD to CAD at the UN rate on 31 December 2009, of \$ 1 939. This amount was deducted from the balance of the AOSC Fund, now amounting to \$ 2 677 at the end of 2009.

Figure 6 reports on the trend in the annual excess (shortfall) over the last ten years.

FIGURE 6
AOSC FUND SURPLUS AND SHORTFALL AS AT 31 DECEMBER
(in millions of CA dollars)



* Note that the 2008 amount does not include the 2008 AOSC currency gain of \$ 939 and the 2009 amount does not include the currency loss of \$ 1 939.

5.1.4 During the 35th Session of the Assembly, the Administrative Commission recommended that the question of sharing of costs between the Regular Programme and the Technical Co-operation Programme be reported to the Council for review. The Council has considered this issue and instructed the Secretary General to progressively allocate the identifiable costs to the AOSC Fund and the Regular Programme, as appropriate, in order to minimize the amount of cross-funding that was occurring between these Funds. During 2009, costs of \$ 216 relating to Regular Programme support that have been funded by the AOSC Fund were charged to the Regular Programme, while an amount of \$ 331 of Technical Co-operation Programme support costs funded by Regular Programme were charged to the AOSC Fund. The net transfer of costs for 2009 amounting to \$ 115 has been recorded in the accounts of the AOSC Fund, in addition to the amount of \$ 2 048 for personnel working outside the Technical Co-operation Bureau funded by the AOSC Fund.

6. TECHNICAL CO-OPERATION PROGRAMME FUNDS (NON-PROPRIETARY FUNDS)

6.1 The Technical Co-operation Programme, a permanent priority activity of ICAO as stated in Assembly Resolution A36-17, 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), 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. The Technical Co-operation Programme Funds are reported in Schedule C.

6.2 The Financial Regulations and Rules of the United Nations Development Programme (UNDP) provide that executing agencies, which are organizations of the United Nations system, transmit to the UNDP Administrator the accounts of funds allocated to them by the UNDP Administrator and the Report of the External Auditor thereon for submission to the UNDP Executive Board. The accounts for 2009 in respect of the UNDP projects executed by ICAO are included in Schedule C.1 of the Financial Statements of the Organization and the Report of the External Auditor accordingly encompasses the UNDP project accounts. These accounts are submitted for approval by the Assembly and subsequent submission to the Administrator of the UNDP.

7. OTHER TRUST FUNDS

7.1 The Public Key Directory Fund (PKD)

The Fund was established by the Council in 2005 (C-DEC 174/1). ICAO supervises the development of the project to support interoperability of electronic-enhanced machine readable passports, which includes the establishment of a Public Key Directory (PKD) under the aegis of ICAO to manage exchange of electronic keys for decryption of the digital signatures imbedded in the 'e-passports'. Up to the end of 2009, sixteen States contributed to the PKD fund. The PKD Development or "Establishment" contract was awarded to a private company, for complete design and development of the ICAO Public Key Directory. ICAO has commenced (Phase 2) the second part of the project, a PKD Operations Phase Contract. Transactions are reflected in Schedule D to the Financial Statements.

7.2 Joint Financing Agreements

ICAO supervises the operation of air navigation services provided by the Governments of Denmark and Iceland, the costs of which are recovered by user charges and assessments on Contracting governments. In addition, ICAO is responsible for the administration of the funds, related to services, provided by the United Kingdom to monitor minimum vertical separation in the North Atlantic Regions, the costs of which are recovered through user charges. Funds are received from the United Kingdom and distributed by ICAO for the North Atlantic Height Monitoring System Fund and for the Administrative Fee for Joint Financing Fund whereas for the Danish Joint Financing Agreement and the Icelandic Joint Financing Agreement the funds are received directly by parties involved. Transactions are reflected in Schedule D to the Financial Statements.

8. REPORT OF THE EXTERNAL AUDITOR

8.1 The External Auditor has expressed an unqualified opinion on the Financial Statements for 2009. The Auditor did not note anything of substance following the audit of the Financial Statements that merited being brought to the attention of the Council/Assembly, beyond the items mentioned in the Audit Opinion which follows in Part II of this report. This Audit Opinion recommends three amendments to the Financial Statements that were accepted by the Secretariat. It also includes an observation on the delays in the collection of amounts receivable from Contracting States which is further detailed in paragraph 4.3 in this Part I of the Financial Statements. This explains why the usual Part V of this report is not required.

9. CERTIFICATION, APPROBATION AND SUBMISSION OF THE FINANCIAL STATEMENTS FOR THE YEAR 2009:

The Secretary General is required by the Financial Regulations to maintain such accounting records as are necessary and to submit Financial Statements showing the income and expenditure of all the International Civil Aviation Organization Funds during the financial year and their respective financial positions at the end of the year, as well as the status of appropriations (Regular Programme General Fund) and credits not budgeted for by the Assembly. He is also required to give such other information as may be appropriate to indicate the current financial position of the Organization.

Management is responsible for the preparation and integrity of the Financial Statements in this report. These statements have been prepared in accordance with United Nations System Accounting Standards (UNSAS), and necessarily include certain amounts that are based on management's best estimate and judgement. Financial information contained throughout the report is consistent with that in the Financial Statements. Management considers that the Financial Statements present fairly the financial position of the Organization, the results of its operations and its cash flows and the information disclosed in this report is presented in accordance with 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 audit. The External Auditors have audited the Financial Statements, including the schedules and notes, and their report indicates the scope of their audit and their opinion on the Financial Statements.

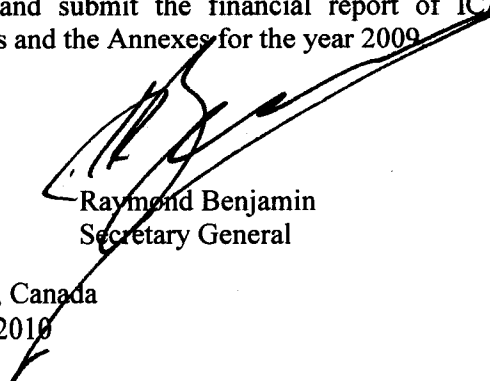
The Council has the responsibility to consider and to recommend the Financial Statements to the Assembly for approval and has the power to request amendments to these statements after issuance by the Secretary General.

As Chief, Finance Branch of the International Civil Aviation Organization, I hereby certify the Financial Statements included in this document.



Rahul Bhalla
Chief, Finance Branch

As the Secretary General of the International Civil Aviation Organization, I hereby approve and submit the financial report of ICAO, accompanied by the Financial Statements, the Schedules and the Annexes for the year 2009.



Raymond Benjamin
Secretary General

Montreal, Canada
19 April 2010

PART II: AUDITOR'S REPORT/OPINION OF THE EXTERNAL AUDITOR

- République Française -

Cour des comptes

Le Premier président

Paris, 18 MAI 2010

To the Assembly of the International Civil
Aviation Organization

AUDIT OPINION

We have reviewed the financial statements of the International Civil Aviation Organization (income and expenditure; assets, liabilities and fund balances; cash flow; appropriations; cumulative surplus) for the financial period ending on 31 December 2009, the accompanying tables and notes, and the system for keeping accounts. Within the general framework of Article 61 of the Chicago Convention and by virtue of Article XII of the ICAO Financial Regulations, the maintenance of accounting records and the preparation of financial statements is the responsibility of the Secretary General of the Organization. By virtue of Article XII, the accounting principles generally accepted within ICAO are the United Nations System Accounting Standards (UNSAS), which provide for the gradual adoption during the 2008/2010 period of the International Public Sector Accounting Standards (IPSAS).

We are responsible for expressing an opinion, based on our audit, of the financial statements and the system for keeping accounts in view of the applicable accounting standards.

We conducted our audit in accordance with the Common Auditing Standards of the Panel of External Auditors of the United Nations, the specialised agencies and the International Atomic Energy Agency and conforming to international standards on auditing.

These standards require that our work be organized and performed so as to give a reasonable assurance that the financial statements do not contain any significant inaccuracies as regards the presentation of the net assets, the financial position and the results of operations. The nature of ICAO's activities and its economic and legal environment, as well as the probability of any inaccuracies, were taken into account when drawing up the audit procedures. The efficiency of the internal accounting control system, the documents supporting the data presented and the financial statements were examined principally by means of spot checks during the audit. The audit also looked at the accounting standards followed, significant estimates made by ICAO's management, and the general presentation of the financial statements.

We believe that our audit constitutes a reasonable basis for our opinion.

No reservations were issued as a result of our audit.

Our opinion, which is based on the findings of our audit, is that the financial statements comply with the Financial Regulations and that, based on the UNSAS principles, they give a true picture of the net assets, financial position and results of operations of ICAO at 31 December 2009.

The few comments made during the audit have been expressed as recommendations in a management letter sent to the Secretary General.

Without wishing to detract from the opinion expressed above, we would draw the Assembly's attention on the following points:

On the one hand, three amendments were made at our request to the financial statements for the 2009 financial period, to improve their clarity and exhaustiveness, namely:

- the recognition of surpluses in non-proprietary funds as advance receipts (and no longer as cumulative surpluses) in statement I, and the corresponding amendment of statement V, which no longer shows a "surplus" for non-proprietary funds since any "surplus" should legally be returned to the partner governments;

- the deletion of the intermediate columns showing subtotals prior to elimination for inter-fund transfers in statement II, which led to recognizing the same income and expenditure twice;

- extension of the scope of the cash flow analysis to all ICAO funds in statement III rather than limiting it only to the Regular Programme Fund and the Working Capital Fund.

On the other hand, paragraph 6.5 of the ICAO Financial Regulations stipulates that assessments from Member States are considered as fully due and payable upon the expiry of thirty days from the date of notification by the Secretary General, or as of the first day of the financial year to which they relate, whichever is the later: in 2009, the average time taken to pay these contributions was 133 days (or 174 days if the time is weighted according to the amount due).


Didier MIGAUD

PART III: FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

INTERNATIONAL CIVIL AVIATION ORGANIZATION

STATEMENT OF INCOME AND EXPENDITURE
FOR THE PERIOD ENDING 31 DECEMBER 2009
(expressed in thousands of Canadian dollars)

	Note	Regular Programme General Fund and Working Capital Fund		Other ICAO Proprietary Funds (Refer Schedule B&E)		Technical Co-operation Programme Funds (Refer Schedule C)		Other Trust Funds (Refer Schedules D)		Elimination		Total	
		2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
		INCOME AND EXPENDITURE											
INCOME													
Assessed Contributions		74 060	74 184					553	546			74 613	74 730
Voluntary Contributions				5 996	4 084		117	640	747			6 636	4 949
Sales of publication	5			5 214	5 465							5 214	5 465
Other Revenue Producing Activities	5			6 064	6 292							6 064	6 292
Contributions for Project Agreement				12		132 509	135 512			(4)		132 518	135 512
Administrative Fee Revenue		234	213	8 999	8 094					(9 092)	(8 306)	141	
Internal Revenue				1 796	1 849					(1 796)	(1 849)		
Interest Income		84	634	124	786	1 500	4 339	18	84			1 726	5 843
User Charge Revenue		44	44	382	669			29 583	44 651			30 009	45 363
Other/Miscellaneous Income	6	4 383	3 953	1 776	2 540	7 506	6 080	31	72	(4 660)	(3 947)	9 036	8 698
TOTAL INCOME		78 805	79 029	30 362	29 778	141 515	146 049	30 825	46 101	(15 552)	(14 102)	265 956	286 853
EXPENDITURE													
Staff/Expert Salaries and Costs		59 977	57 762	22 721	23 516	48 899	43 767	494	480			132 092	125 525
General Operating Expenses	6	9 243	6 383	9 223	8 094	1 507	1 722	71	67	(4 110)	(3 851)	15 934	12 415
Travel	7	2 885	2 259	2 483	2 338	3 381	3 189	8	95			8 756	7 880
Outsourcing ARGF	5	2 187	2 321							(2 187)	(2 321)		
Meetings		828	432	153	52							981	484
Sub-Contracts						9 068	9 493					9 068	9 493
Technical Training						1 920	912					1 920	912
Equipment	8	392	134	148	270	40 408	16 599					40 948	17 004
Grants and Other Transfers				552	96					(552)	(96)		
Service Cost								42 965	55 820			42 965	55 820
Administrative Overhead Charges				234	213	8 465	7 620	4		(8 702)	(7 834)		
Other expenses		312	281	1 074	146	127	126	165				1 678	554
TOTAL EXPENDITURE		75 823	69 572	36 588	34 727	113 775	83 429	43 706	56 462	(15 552)	(14 102)	254 341	230 088
NET EXCESS (SHORTFALL) OF INCOME OVER EXPENDITURE		2 981	9 456	(6 226)	(4 949)	27 740	62 619	(12 881)	(10 361)			11 615	56 767
Foreign currency revaluation gain / (loss)	9	(3 643)	4 929	(6 340)	6 753	(25 425)	28 687	(666)	677			(36 074)	41 046
SURPLUS/(DEFICIT) FOR THE PERIOD		(661)	14 385	(12 567)	1 804	2 315	91 307	(13 546)	(9 684)			(24 460)	97 814

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

INTERNATIONAL CIVIL AVIATION ORGANIZATION
STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCES
AS AT 31 DECEMBER 2009
(expresses in thousands of Canadian dollars)

	Note	Regular Programme General Fund and Working Capital Fund		Other ICAO Proprietary Funds (Refer Schedule B&E)		Technical Co-operation Programme Funds (Refer Schedule C)		Other Trust Funds (Refer Schedule D)		Elimination		Total	
		2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
ASSETS													
CURRENT ASSETS													
Cash and Cash Equivalents	10	21 362	26 017	26 379	34 706	160 709	195 465	3 619	5 030			212 069	261 219
Assessed Contributions Receivable from Contracting States (Schedule A)	11	13 031	12 277									13 031	12 277
Inter-fund Balances	2		611	987	13 775	93	3 504		215	(1 080)	(18 105)		
Inventories	12			231	232							231	232
Receivables and Advances	13	2 993	4 023	4 135	4 619	30 688	16 398	15 372	3 885			53 189	28 925
Receivable from Regional Bodies: ECAC	14	416										416	
Receivable from Regional Bodies: AFCAC	14	1 084	1 024									1 084	1 024
Other Current Assets	15	2 932	1 668	73	48	789	1 014					3 794	2 730
TOTAL CURRENT ASSETS		41 818	45 620	31 806	53 380	192 279	216 381	18 992	9 130	(1 080)	(18 105)	283 814	306 407
NON-CURRENT ASSETS													
Property, Plant, and Equipment		1 145	1 145									1 145	1 145
Derivative Asset	17	650	9 068									650	9 068
TOTAL NON-CURRENT ASSETS		1 795	10 213									1 795	10 213
TOTAL ASSETS		43 613	55 833	31 806	53 380	192 279	216 381	18 992	9 130	(1 080)	(18 105)	285 609	316 621
LIABILITIES													
CURRENT LIABILITIES													
Contributions Received in Advance (Schedule A)	11	801	616									801	616
Unliquidated Obligations	3		187		1 585		15 287						17 058
Accounts Payable		5 430	7 257	1 841	5 915	25 283	20 890	39	471			32 592	34 533
Inter-fund Balances	2	999			6 806	78	11 071	3	227	(1 080)	(18 105)		
Due to Regional Bodies: ECAC	14		42										42
Credits to Contracting/service Governments (schedule D)								17 519	4 203			17 519	4 203
Advance Receipts				1 011	1 415	159 251	162 527	1 430	4 230			161 692	168 172
Deferred Revenue				50		7 196	5 913					7 245	5 913
Other Current and Financial Liabilities	16	299	712	1 180	841	472	693					1 951	2 247
TOTAL CURRENT LIABILITIES		7 529	8 814	4 081	16 563	192 279	216 381	18 992	9 130	(1 080)	(18 105)	221 801	232 784
TOTAL LIABILITIES		7 529	8 814	4 081	16 563	192 279	216 381	18 992	9 130	(1 080)	(18 105)	221 801	232 784
NET ASSETS/EQUITY													
Accumulated Surplus/(Deficit)		21 500	26 627	27 481	36 615							48 981	63 242
Other Reserves		14 584	20 392	243	202							14 827	20 594
TOTAL NET ASSETS/EQUITY		36 084	47 019	27 725	36 817							63 809	83 836
TOTAL LIABILITIES AND NET ASSETS/EQUITY		43 613	55 833	31 806	53 380	192 279	216 381	18 992	9 130	(1 080)	(18 105)	285 609	316 621

The accompanying notes and schedules are an integral part of the financial statements.
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INTERNATIONAL CIVIL AVIATION ORGANIZATION

STATEMENT OF CASH FLOW
FOR THE PERIOD ENDING 31 DECEMBER 2009
(expressed in thousands of Canadian dollars)

	Regular Programme General Fund and Working Capital Fund		Other ICAO Proprietary Funds		Technical Co-operation Programme Funds		Other Trust Funds		Total	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES:										
Net excess (shortfall) of income over expenditure (Statement I)	2 981	9 456	(6 226)	(4 949)	27 740	62 619	(12 881)	(10 361)	11 615	56 766
(Increase) decrease in contributions receivable	(754)	(1 057)							(754)	(1 057)
(Increase) decrease in other accounts receivable	1 030	(1 325)	484	(1 832)	(14 290)	(13 544)	(895)	8 945	(13 671)	(7 756)
(Increase) decrease in other assets	(1 740)	(315)	(24)	590	225	(764)			(1 539)	(489)
(Increase) decrease in inter-fund balances receivable	611	(611)	12 788	11 456	3 411	(3 504)	215	(32)	17 025	7 309
Increase (decrease) in contributions received in advance	186	(4 095)							186	(4 095)
Increase (decrease) in unliquidated obligations	(187)	(1 969)	(1 585)	(1 266)	(15 287)	(17 000)			(17 059)	(20 235)
Increase (decrease) in accounts payable	(2 282)	(606)	(3 735)	4 965	4 172	(15 268)	(432)	420	(2 277)	(10 489)
Increase (decrease) in inter-fund balances payable	999	(526)	(6 808)	6 806	(10 993)	(13 817)	(224)	227	(17 026)	(7 310)
Less : Interest income	(84)	(634)	(124)	(786)	(1 500)	(4 339)	(18)	(84)	(1 726)	(5 843)
Other credit balances and provisions		402	(354)	1 415	1 260	6 375	13 420	2 671	14 326	10 863
(Increase) decrease in derivative asset/liability	8 418	(8 906)							8 418	(8 906)
Other adjustments to reserves and fund balances	(8 418)	8 906							(8 418)	8 906
Foreign currency revaluation gain / (loss)	(3 643)	4 929	(6 340)	6 753	(25 425)	28 687	(666)	677	(36 074)	41 046
NET CASH FLOWS FROM OPERATING ACTIVITIES	(2 883)	3 648	(11 924)	23 152	(30 687)	29 445	(1 481)	2 463	(46 975)	58 709
CASH FLOWS FROM INVESTING ACTIVITIES:										
Interest income	84	634	124	786	1 500	4 339	18	84	1 726	5 843
NET CASH FLOWS FROM INVESTING ACTIVITIES	84	634	124	786	1 500	4 339	18	84	1 726	5 843
CASH FLOWS FROM FINANCING ACTIVITIES:										
Adjustment of prior periods' obligations/expenditures etc.			1 445	595	241		(5)	5	1 681	600
Refund of contributions					(5 546)	(1 663)			(5 546)	(1 663)
Transfers (to)/from other funds	(1 856)	(8 792)	2 029	8 886	(265)	(119)	57	(20)	(35)	(45)
Increase (Decrease) in Working Capital Fund		(7)								(7)
NET CASH FLOWS FROM FINANCING ACTIVITIES	(1 856)	(8 799)	3 474	9 481	(5 570)	(1 782)	52	(15)	(3 900)	(1 115)
NET INCREASE (DECREASE) IN CASH AND TERM DEPOSITS	(4 655)	(4 517)	(8 326)	33 419	(34 757)	32 002	(1 411)	2 532	(49 151)	63 436
CASH AND TERM DEPOSITS, BEGINNING OF PERIOD	26 017	30 534	34 706	1 287	195 465	163 463	5 030	2 499	261 219	197 783
CASH AND TERM DEPOSITS, END OF PERIOD	21 362	26 017	26 379	34 706	160 709	195 465	3 619	5 030	212 069	261 219

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STATEMENT III

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

**REGULAR PROGRAMME GENERAL FUND
STATEMENT OF APPROPRIATIONS
FOR THE PERIOD ENDING 31 DECEMBER 2009**

(expressed in thousands of Canadian Dollars)

Strategic Objective /Supporting Implementation Strategy	Appropriations									Expenditures	Balance
	Original A36-29	Carry-over from Prior Year ^a	Decrease of Appropriations ^a	2009 Outstanding Commitments ^b	Balance Triennium Commitments ^a	2009 Activities Deferred to 2010 ^c	Transfers among SO/SIS ^d	Carried over to following year ^e	Revised	Total	
A. Safety	15 014	1 770	-	(1 077)	-		1 545	(2 843)	14 409	14 409	-
B. Security	6 532	62	-	(38)	-		(1 952)	(168)	4 436	4 436	-
C. Environment	1 672	294	(253)	(8)	-		143	(464)	1 384	1 384	-
D. Efficiency	21 436	637	-	(747)	(106)	(34)	63	(1 653)	19 596	19 596	-
E. Continuity	2 114	27	-	(111)	-		(462)	0	1 568	1 568	-
F. Rule of Law	658	358	-	(16)	-		47	0	1 047	1 047	-
Sub-Total	47 426	3 148	(253)	(1 997)	(106)	(34)	(616)	(5 128)	42 440	42 440	0
Management & Administration	18 582	5 070	(1 323)	(2 249)	(982)	(25)	1 955	(750)	20 278	20 278	-
Programme Support	14 001	3 106	-	(525)	(1 968)		(1 339)	(170)	13 105	13 105	-
Sub-Total	32 583	8 176	(1 323)	(2 774)	(2 950)	(25)	616	(920)	33 383	33 383	0
Total	80 009	11 324	(1 576)	(4 771)	(3 056)	(59)	(0)	(6 048)	75 823	75 823	0
Organizational Realignment	76	-	(76)						-		
TOTAL	80 085	11 324	(1 652)	(4 771)	(3 056)	(59)	(0)	(6 048)	75 823	75 823	0

^a Approved by Council at its 186th session (C-DEC 186/8 and C-DEC 186/12). Fin. Reg. 5.6

^b Approved by the Secretary General, Fin. Regulation 5.7

^c Approved by the Secretary General, Fin. Regulation 5.6.

^d Approved by Secretary General, Fin. Reg. 5.9 (Approval by Council in May 2010).

^e Approved by Secretary General, Fin. Reg. 5.6 (Approval by Council in May 2010).

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INTERNATIONAL CIVIL AVIATION ORGANIZATION

STATEMENT V

STATEMENT OF CUMULATIVE SURPLUS
AS AT 31 DECEMBER 2009
(expressed in thousands of Canadian dollars)

	Regular Programme General Fund and Working Capital Fund		Other ICAO Proprietary Funds (Refer Schedule B and E)		Total ICAO Funds	
	2009	2008	2009	2008	2009	2008
CUMULATIVE SURPLUS						
Cumulative Surplus, Beginning of year	19 596	19 201	36 615	25 332	56 212	44 533
Net excess(shortfall) of Income over Expenditure	2 981	9 456	(6 226)	(4 949)	(3 245)	4 507
Foreign currency revaluation gain / (loss)	(3 643)	4 929	(6 340)	6 753	(9 983)	11 682
Transactions not recognized in Statement of Income/Expenditures						
Adjustment for prior year's expenditure			(291)		(291)	
Write-offs						
Cancellation of prior year's unliquidated obligation			1 558	(19)	1 558	(19)
Regular Programme appropriations carry over from prior year	11 324	5 964			11 324	5 964
Outstanding commitments	(4 771)	(1 167)			(4 771)	(1 167)
Regular Programme appropriations carry over to following year	(9 163)	(10 157)			(9 163)	(10 157)
Refund of contribution						
Refund of interest						
Transfer to / from other funds	(1 856)	(8 792)	2 029	8 886	174	94
Transfer to / from reserved surplus						
Reserved from/to Joint Financing						
To and from Incentive Scheme Reserved Surplus			(40)		(40)	
Change in accounting policy			178	595	178	595
Translation Adjustment						
Derivative liability		162				162
Reserved in Incentive Scheme for Long-outstanding Arrears			(1)	17	(1)	17
Sub-total	14 469	19 596	27 481	36 615	41 951	56 211
Contributed capital relating to land and buildings	1 145	1 145			1 145	1 145
Working Capital Fund						
Beginning balance	5 886	5 893			5 886	5 893
Adjustment		(7)				(7)
Balance end of year	5 886	5 886			5 886	5 886
Total Cumulative Surplus at end of year	21 500	26 627	27 481	36 615	48 981	63 242
RESERVED SURPLUS						
Reserved in Regular Programme for Derivative Asset						
Beginning balance						
Transfers (to)/from Regular Programme	650	9 068			650	9 068
Balance end of year	650	9 068			650	9 068
Reserved AOSC / Joint Financing Funds Surplus						
Beginning balance						
Translation Adjustment						
Transferred to/from reserve						
Balance end of year						
Regular Programme Appropriations Carried Forward						
Beginning balance	11 324	5 964			11 324	5 964
Transferred to Regular Programme for current year	(11 324)	(5 964)			(11 324)	(5 964)
Appropriations carried forward to future year	13 934	11 324			13 934	11 324
Balance end of year	13 934	11 324			13 934	11 324
Reserved in Incentive Scheme for Long-Outstanding Arrears						
Beginning balance			202	201	202	201
Transferred to/from reserve			40		40	
Cancellation of prior year's unliquidated obligation			1	19	1	19
Expenditures				(17)		(17)
Balance end of year			243	202	243	202
Reserved Surplus at end of year	14 584	20 392	243	202	14 827	20 594
TOTAL BALANCE OF FUNDS	36 084	47 019	27 725	36 817	63 809	83 836

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

INTERNATIONAL CIVIL AVIATION ORGANIZATION
REGULAR PROGRAMME
ASSESSMENTS RECEIVABLE FROM CONTRACTING STATES
AND CONTRIBUTIONS RECEIVED IN ADVANCE
AS AT 31 DECEMBER 2009

(in thousands of Canadian dollars)

Contracting States Assembly Resolutions A36-32 and A36-29	General Fund						Total Balances Receivable **	Contributions Received in Advance
	Scales 2009	Assessments 2009	Contributions Received for 2009	Balance of Assessments Receivable for 2009	Balance of Prior Years' Assessments Receivable	Balance of Advances due to the Working Capital Fund		
AFGHANISTAN	0.06	44		44	71		115	
ALBANIA	0.06	44	44					
ALGERIA	0.08	59	59					
ANDORRA	0.06	44	9	36			36	
ANGOLA	0.06	44	44					11
ANTIGUA AND BARBUDA	0.06	44		44	579	1	625	
ARGENTINA	0.31	230	230					
ARMENIA	0.06	44	44					
AUSTRALIA	1.71	1 266	1 266					
AUSTRIA	0.71	526	526					
AZERBAIJAN	0.06	44	44					
BAHAMAS	0.06	44	44					
BAHRAIN	0.09	67		67	1		67	
BANGLADESH	0.08	59		59	59		119	
BARBADOS	0.06	44	44					
BELARUS *	0.06	44		44	84		129	
BELGIUM	0.80	592	592					
BELIZE	0.06	44		44			44	
BENIN *	0.06	44	44		54		54	
BHUTAN	0.06	44	44					
BOLIVIA	0.06	44		44	45		89	
BOSNIA AND HERZEGOVINA	0.06	44	1	44			44	
BOTSWANA	0.06	44		44			44	
BRAZIL	0.89	659	659					
BRUNEI DARUSSALAM	0.06	44		44	45		89	
BULGARIA	0.06	44	44					1
BURKINA FASO *	0.06	44	44		144		144	
BURUNDI	0.06	44	44					
CAMBODIA	0.06	44	44		161		161	
CAMEROON	0.06	44	44					
CANADA	2.39	1 770	1 770					
CAPE VERDE	0.06	44		44			44	
CENTRAL AFRICAN REPUBLIC *	0.06	44	44		315		315	
CHAD	0.06	44	44					9
CHILE	0.25	185	185					
CHINA	3.67	2 718	2 718					
COLOMBIA	0.20	148	148					
COMOROS	0.06	44	44		318		318	
CONGO *	0.06	44	44		281		281	
COOK ISLANDS	0.06	44	44		79		79	56
COSTA RICA	0.06	44	44					
COTE D'IVOIRE *	0.06	44	44		93		93	
CROATIA	0.06	44	44					
CUBA	0.07	52	52					1
CYPRUS	0.06	44	44					
CZECH REPUBLIC	0.22	163	163					
DEMOCRATIC PEOPLE'S REPUBLIC OF KOREA	0.06	44	44					
DEMOCRATIC REPUBLIC OF THE CONGO *	0.06	44		44	425		469	
DENMARK	0.54	400	400					
DJIBOUTI	0.06	44		44	596		640	
DOMINICAN REPUBLIC	0.06	44	44					
ECUADOR	0.06	44	44					1
EGYPT	0.16	118	118					7
EL SALVADOR	0.06	44	44					
EQUATORIAL GUINEA	0.06	44	44					
ERITREA	0.06	44		44	45		89	
ESTONIA	0.06	44	44					48
ETHIOPIA	0.06	44	44					7
FIJI	0.06	44	44					
FINLAND	0.47	348	348					
FRANCE	5.00	3 703	3 703					
GABON *	0.06	44	44		79		79	
GAMBIA *	0.06	44		44	326		371	
GEORGIA	0.06	44	44		314		314	
GERMANY	6.85	5 073	5 073					

INTERNATIONAL CIVIL AVIATION ORGANIZATION
REGULAR PROGRAMME
ASSESSMENTS RECEIVABLE FROM CONTRACTING STATES
AND CONTRIBUTIONS RECEIVED IN ADVANCE
AS AT 31 DECEMBER 2009

(in thousands of Canadian dollars)

Contracting States Assembly Resolutions A36-32 and A36-29	General Fund				Balance of Assessments Receivable for 2009	Balance of Prior Years' Assessments Receivable	Balance of Advances due to the Working Capital Fund	Total Balances Receivable **	Contributions Received in Advance
	Scales 2009	Assessments 2009	Contributions Received for 2009	Assessments Receivable for 2009					
GHANA	0.06	44	44						
GREECE	0.44	326	326						
GRENADA *	0.06	44		44	236		280		
GUATEMALA	0.06	44	37	8			8		
GUINEA	0.06	44	44		154		154		
GUINEA-BISSAU *	0.06	44	44		572		572		
GUYANA	0.06	44	44						8
HAITI	0.06	44		44	150		195		
HONDURAS	0.06	44	6	38			38		
HUNGARY	0.19	141	141						147
ICELAND	0.06	44	44						
INDIA	0.55	407	188	219			219		
INDONESIA	0.28	207	207						
IRAN (ISLAMIC REPUBLIC OF)	0.19	141	136	5			5		
IRAQ	0.06	44		44	957		1 002		
IRELAND	0.50	370	370						
ISRAEL	0.45	333	333						352
ITALY	3.59	2 659	2 659						
JAMAICA	0.06	44	44						
JAPAN	11.75	8 702	8 702						
JORDAN	0.06	44	44						6
KAZAKHSTAN	0.06	44	20	24			24		
KENYA	0.06	44	1	43			43		
KIRIBATI	0.06	44		44	45		89		
KUWAIT	0.18	133	133						8
KYRGYZSTAN *	0.06	44		44	160		205		
LAO PEOPLE'S DEMOCRATIC REPUBLIC	0.06	44	44						
LATVIA	0.06	44	44						
LEBANON	0.06	44	44						
LESOTHO	0.06	44		44	1		45		
LIBERIA	0.06	44	44		212		212		
LIBYAN ARAB JAMAHIRIYA	0.06	44		44	20		64		
LITHUANIA	0.06	44	44						48
LUXEMBOURG	0.36	267	267						
MADAGASCAR	0.06	44	44						
MALAWI *	0.06	44		44	280		324		
MALAYSIA	0.55	407	407						
MALDIVES	0.06	44	44						
MALI	0.06	44	44						
MALTA	0.06	44	44						
MARSHALL ISLANDS	0.06	44		44	149		194		
MAURITANIA	0.06	44	44						
MAURITIUS	0.06	44	44						
MEXICO	1.63	1 207	1 207						
MICRONESIA (FEDERATED STATES OF)	0.06	44		44	103		147		
MONACO	0.06	44	44						
MONGOLIA	0.06	44	44						
MONTENEGRO	0.06	44		44	71	4	119		
MOROCCO	0.08	59	59						
MOZAMBIQUE	0.06	44	44						4
MYANMAR	0.06	44	42	2			2		
NAMIBIA	0.06	44	44						
NAURU	0.06	44		44	439		483		
NEPAL	0.06	44	41	3			3		
NETHERLANDS	1.90	1 407	1 407						
NEW ZEALAND	0.36	267	267						
NICARAGUA	0.06	44	44						
NIGER	0.06	44	44						
NIGERIA	0.06	44	44						
NORWAY	0.55	407	407						
OMAN	0.11	81	81						
PAKISTAN	0.16	118	83	35			35		
PALAU	0.06	44		44	175		220		
PANAMA	0.06	44	44						17
PAPUA NEW GUINEA	0.06	44		44	80		125		

INTERNATIONAL CIVIL AVIATION ORGANIZATION
REGULAR PROGRAMME
ASSESSMENTS RECEIVABLE FROM CONTRACTING STATES
AND CONTRIBUTIONS RECEIVED IN ADVANCE
AS AT 31 DECEMBER 2009

(in thousands of Canadian dollars)

Contracting States Assembly Resolutions A36-32 and A36-29	General Fund				Balance of Assessments Receivable for 2009	Balance of Prior Years' Assessments Receivable	Balance of Advances due to the Working Capital Fund	Total Balances Receivable **	Contributions Received in Advance
	Scales 2009	Assessments 2009	Contributions Received for 2009	Balance of Assessments Receivable for 2009					
PARAGUAY	0.06	44	44						
PERU	0.10	74	74						5
PHILIPPINES	0.17	126	113	12			12		
POLAND	0.41	304	304						
PORTUGAL	0.45	333	333						
QATAR	0.24	178	178						
REPUBLIC OF KOREA	2.37	1 755	1 755						
REPUBLIC OF MOLDOVA	0.06	44	44			111		111	
ROMANIA	0.08	59	59						
RUSSIAN FEDERATION	0.79	585	585						
RWANDA	0.06	44	44			4		4	
SAINT KITTS & NEVIS	0.06	44		44		118		163	
SAINT LUCIA	0.06	44	37	8				8	
SAINT VINCENT AND THE GRENADINES	0.06	44	1	43				43	
SAMOA	0.06	44	44						
SAN MARINO	0.06	44	44						
SAO TOME AND PRINCIPE *	0.06	44		44		531		576	
SAUDI ARABIA	0.69	511	511						
SENEGAL	0.06	44	44						23
SERBIA	0.06	44	44						
SEYCHELLES	0.06	44	42	2		42		44	
SIERRA LEONE	0.06	44	44			232		232	
SINGAPORE	1.20	889	889						
SLOVAKIA	0.06	44	44						
SLOVENIA	0.07	52	52						
SOLOMON ISLANDS	0.06	44	10	35		94		129	
SOMALIA	0.06	44		44		648	1	694	
SOUTH AFRICA	0.45	333	333						
SPAIN	2.30	1 703	1 703						
SRI LANKA	0.08	59	59						1
SUDAN	0.06	44		44		150		195	
SURINAME *	0.06	44		44		238		283	
SWAZILAND	0.06	44	44						
SWEDEN	0.75	555	555						
SWITZERLAND	0.97	718	718						8
SYRIAN ARAB REPUBLIC	0.06	44		44		4		49	
TAJIKISTAN	0.06	44	38	7				7	
THAILAND	0.54	400	400						1
the former Socialist Federal Republic of Yugoslavia	0.00					501		501	
THE FORMER YUGOSLAV REPUBLIC OF MACEDONIA	0.06	44		44				44	
TIMOR-LESTE	0.06	44		44		45		89	
TOGO	0.06	44	44						
TONGA	0.06	44		44				44	
TRINIDAD AND TOBAGO	0.06	44		44				44	
TUNISIA	0.06	44	44						
TURKEY	0.43	318	318						
TURKMENISTAN	0.06	44		44				44	
UGANDA	0.06	44	44						7
UKRAINE	0.06	44	44						
UNITED ARAB EMIRATES	0.88	652	652						
UNITED KINGDOM	5.74	4 251	4 251						
UNITED REPUBLIC OF TANZANIA	0.06	44	44						1
UNITED STATES OF AMERICA	25.00	18 515	18 515						
URUGUAY	0.06	44	44						25
UZBEKISTAN	0.06	44	44	1				1	
VANUATU	0.06	44	44	1				1	
VENEZUELA	0.15	111	111						1
VIET NAM	0.09	67	67						
YEMEN	0.06	44	44						
ZAMBIA	0.06	44	9	35				35	
ZIMBABWE	0.06	44	27	18				18	
TOTAL **	100.00	74 060	71 670	2 390	10 635	6	13 031	801	

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

* States which had not met their obligations according to the terms of their agreements as at 31 December 2009.

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

III-9
INTERNATIONAL CIVIL AVIATION ORGANIZATION

SCHEDULE B

OTHER ICAO PROPRIETARY FUNDS
STATEMENT OF INCOME AND EXPENDITURE AND CHANGES IN FUND BALANCES
FOR THE PERIOD ENDING 31 DECEMBER 2009
(in thousands of Canadian dollars)

	Revenue Generating and Cost Recovery Funds	Aviation Security Plan of Action (Refer Annex A)	Universal Safety Oversight Audit Programme Funds	Funds for Support of Technical Co- operation (Refer Schedule B.1)	Others (Refer Annex B)	TOTAL	
						2009	2008
INCOME AND EXPENDITURE							
INCOME							
Voluntary Contributions	100	3 613	548		1 580	5 841	3 797
Sales of publication	5 214					5 214	5 465
Other Revenue Producing Activities	6 063	1				6 064	6 292
Contributions for Project Agreement				12		12	
Administrative Fee Revenue	393			8 465	141	8 999	8 092
Internal Revenue	1 796					1 796	1 850
Interest Income	31	21		13	48	113	714
User Charge Revenue					382	382	669
Other/Miscellaneous Income	898	138	29	705	7	1 776	2 540
TOTAL INCOME	14 494	3 773	576	9 196	2 157	30 196	29 418
EXPENDITURE							
Staff/Expert Salaries and Costs	5 425	2 484	527	9 049	5 170	22 655	23 458
General Operating Expenses	7 776	80		345	1 021	9 223	8 094
Travel	290	798	39	45	1 310	2 483	2 338
Meetings	45	34			74	153	52
Equipment	140			6	2	148	270
Administrative Overhead Charges					234	234	213
Other expenses	395	9		624	45	1 074	146
TOTAL EXPENDITURE	14 071	3 407	566	10 069	7 857	35 970	34 573
NET EXCESS (SHORTFALL) OF INCOME OVER EXPENDITURE	423	367	10	(873)	(5 700)	(5 773)	(5 155)
Foreign currency revaluation gain / (loss)	(540)	(1 093)	(105)	(1 977)	(2 173)	(5 888)	6 117
SURPLUS/(DEFICIT) FOR PERIOD	(117)	(726)	(95)	(2 850)	(7 872)	(11 661)	962
ASSETS, LIABILITIES, AND NET ASSETS/EQUITY							
ASSETS							
CURRENT ASSETS							
Cash and Cash Equivalents	5 703	5 368	129	2 148	10 474	23 824	31 174
Inter-fund Balances	947				40	987	13 774
Inventories	231					231	232
Receivables and Advances	1 738	153	97	1 872	276	4 135	4 619
Other Current Assets	15	9		43	7	73	48
TOTAL CURRENT ASSETS	8 634	5 530	227	4 063	10 797	29 251	49 848
TOTAL ASSETS	8 634	5 530	227	4 063	10 797	29 251	49 848
LIABILITIES							
CURRENT LIABILITIES							
Unliquidated Obligations							1 585
Accounts Payable	533	65	135	359	749	1 841	5 915
Inter-fund Balances							6 756
Advance Receipts	1 011					1 011	1 415
Deferred Revenue	50					50	
Other Current and Financial Liabilities	128	6		1 024	23	1 180	841
TOTAL CURRENT LIABILITIES	1 722	71	135	1 383	771	4 081	16 513
TOTAL LIABILITIES	1 722	71	135	1 383	771	4 081	16 513
NET ASSETS/EQUITY							
Accumulated Surplus/(Deficit)	6 913	5 459	92	2 680	9 783	24 926	33 133
Other Reserves					243	243	202
TOTAL NET ASSETS/EQUITY	6 913	5 459	92	2 680	10 026	25 170	33 335
TOTAL LIABILITIES AND NET ASSETS/EQUITY	8 634	5 530	227	4 063	10 797	29 251	49 848

Details may not add to totals due to rounding

INTERNATIONAL CIVIL AVIATION ORGANIZATION

TCB/ADMINISTRATIVE AND OPERATIONAL SERVICES COST FUND
SCHEDULE OF INCOME, EXPENDITURE, ASSETS, LIABILITIES AND FUND BALANCES
FOR THE PERIOD ENDING 31 DECEMBER 2009

(in thousands of Canadian dollars)

	TCB Efficiency / Effectiveness / Fund	Administrative and Operational Services Cost Fund	TOTAL	
			2009	2008
INCOME AND EXPENDITURE				
INCOME				
Contributions for Project Agreement		12	12	
Administrative Fee Revenue		8 465	8 465	7 620
Interest Income		13	13	47
Other/Miscellaneous Income		705	705	1 139
TOTAL INCOME		<u>9 196</u>	<u>9 196</u>	<u>8 806</u>
EXPENDITURE				
Staff/Expert Salaries and Costs	33	9 016	9 049	9 281
General Operating Expenses	24	321	345	609
Travel		45	45	203
Equipment		6	6	32
Other expenses		624	624	11
TOTAL EXPENDITURE	<u>57</u>	<u>10 012</u>	<u>10 069</u>	<u>10 136</u>
NET EXCESS (SHORTFALL) OF INCOME OVER EXPENDITURE	<u>(57)</u>	<u>(817)</u>	<u>(873)</u>	<u>(1 330)</u>
Foreign currency revaluation gain / (loss)	(38)	(1 939)	(1 977)	999
SURPLUS/(DEFICIT) FOR PERIOD	<u>(94)</u>	<u>(2 756)</u>	<u>(2 850)</u>	<u>(331)</u>
ASSETS, LIABILITIES, AND NET ASSETS/EQUITY				
ASSETS				
CURRENT ASSETS				
Cash and Cash Equivalents	12	2 136	2 148	42
Inter-fund Balances				9 118
Receivables and Advances		1 872	1 872	1 614
Other Current Assets		43	43	14
TOTAL CURRENT ASSETS	<u>12</u>	<u>4 051</u>	<u>4 063</u>	<u>10 788</u>
TOTAL ASSETS	<u>12</u>	<u>4 051</u>	<u>4 063</u>	<u>10 788</u>
LIABILITIES				
CURRENT LIABILITIES				
Unliquidated Obligations				4 259
Accounts Payable	9	350	359	275
Advance Receipts				630
Other Current and Financial Liabilities		1 024	1 024	
TOTAL CURRENT LIABILITIES	<u>9</u>	<u>1 374</u>	<u>1 383</u>	<u>5 164</u>
TOTAL LIABILITIES	<u>9</u>	<u>1 374</u>	<u>1 383</u>	<u>5 164</u>
NET ASSETS/EQUITY				
Accumulated Surplus/(Deficit)	3	2 677	2 680	5 624
TOTAL NET ASSETS/EQUITY	<u>3</u>	<u>2 677</u>	<u>2 680</u>	<u>5 624</u>
TOTAL LIABILITIES AND NET ASSETS/EQUITY	<u>12</u>	<u>4 051</u>	<u>4 063</u>	<u>10 788</u>

Details may not add to totals due to rounding

INTERNATIONAL CIVIL AVIATION ORGANIZATION
TECHNICAL CO-OPERATION PROGRAMME FUNDS
SCHEDULE OF INCOME, EXPENDITURE, ASSETS, LIABILITIES AND FUND BALANCES
FOR THE PERIOD ENDING 31 DECEMBER 2009
(in thousands of Canadian dollars)

	United Nations Development Programme (Refer to Schedule C.1)	Trust Funds and Management Service Agreements (Refer to Schedule C.2)	Civil Aviation Purchasing Services Funds (Refer to Schedule C.3)	Total	
				2009	2008
INCOME AND EXPENDITURE					
INCOME					
Voluntary Contributions					117
Other Revenue Producing Activities					
Contributions for Project Agreement		108 736	23 773	132 509	135 512
Interest Income		1 220	279	1 500	4 339
Other/Miscellaneous Income	4 897	1 771	838	7 506	6 080
TOTAL INCOME	4 897	111 727	24 891	141 515	146 049
EXPENDITURE					
Staff / Expert Salaries and Costs	3 861	44 698	341	48 899	43 767
General Operating Expenses	127	1 309	71	1 507	1 722
Travel	192	3 189		3 381	3 189
Sub-Contracts	746	8 386	(64)	9 068	9 493
Technical Training	299	1 622		1 920	912
Equipment	246	3 177	36 985	40 408	16 599
Administrative Overhead Charges	552	7 043	870	8 465	7 620
Other expenses	7	117	3	127	126
TOTAL EXPENDITURE	6 030	69 539	38 206	113 775	83 429
NET EXCESS (SHORTFALL) OF INCOME OVER EXPENDITURE	(1 133)	42 188	(13 316)	27 740	62 619
Foreign currency revaluation gain / (loss)	2 679	(20 394)	(7 710)	(25 425)	28 687
SURPLUS/(DEFICIT) FOR THE PERIOD	1 546	21 794	(21 025)	2 315	91 307
ASSETS, LIABILITIES, AND NET ASSETS/EQUITY					
ASSETS					
CURRENT ASSETS					
Cash and Cash Equivalents	30	129 965	30 714	160 709	195 465
Inter-fund Balances	93			93	3 504
Receivables and Advances	2 085	22 974	5 629	30 688	16 398
Other Current Assets	179	610		789	1 014
TOTAL CURRENT ASSETS	2 387	153 549	36 343	192 279	216 381
TOTAL ASSETS	2 387	153 549	36 343	192 279	216 381
LIABILITIES					
CURRENT LIABILITIES					
Contributions Received in Advance (Schedule A)					15 287
Unliquidated Obligations					20 890
Accounts Payable	1 568	18 682	5 033	25 283	11 071
Inter-fund Balances		63	15	78	162 527
Advance Receipts	578	127 431	31 243	159 251	5 913
Deferred Revenue		7 142	53	7 196	693
Other Current and Financial Liabilities	241	231		472	
TOTAL CURRENT LIABILITIES	2 387	153 549	36 343	192 279	216 381
TOTAL LIABILITIES	2 387	153 549	36 343	192 279	216 381
NET ASSETS/EQUITY					
Accumulated Surpluses/(Deficit)					
Translation Adjustment					
TOTAL NET ASSETS/EQUITY	2 387	153 549	36 343	192 279	216 381
TOTAL LIABILITIES AND NET ASSETS/EQUITY	2 387	153 549	36 343	192 279	216 381

Details may not add to totals due to rounding

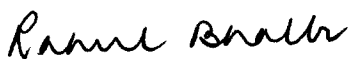
INTERNATIONAL CIVIL AVIATION ORGANIZATION

UNITED NATIONS DEVELOPMENT PROGRAMME
SCHEDULE OF THE STATUS OF FUNDS
FOR THE PERIOD ENDING 31 DECEMBER 2009

(in thousands of Canadian dollars)

	2009	2008
OPERATING FUND		
Fund balance at beginning of year	(2 921)	(1 903)
Adjustment	1 454	
Adjusted Fund balance at beginning of year	(1 467)	(1 903)
Add:		
Cash drawings from UNDP	5 040	6 096
Project Clearing Account		(719)
Miscellaneous income and exchange adjustments	2 499	(770)
Translation Adjustment	87	(1 454)
Miscellaneous items charged/refunded to UNDP	37	
	7 664	3 153
	6 197	1 250
Deduct:		
Expenditure during the year (Schedule C.1.1)		
For projects		
Disbursements	5 478	3 824
Unliquidated obligations		
Support costs	552	347
Total expenditure	6 030	4 171
	167	(2 921)
Fund balance at end of year	<u>167</u>	<u>(2 921)</u>
REPRESENTED BY:		
Cash in banks, on hand and in transit		3 896
Due from other Funds	93	3 502
Accounts receivable and sundry debit balances	2 294	2 147
	2 387	9 545
	2 387	9 545
Less:		
Due to other Funds		
Accounts payable and sundry credits balances	2 220	12 466
Unliquidated obligations - current year		12 466
	2 220	12 466
Fund balance at end of year	<u>167</u>	<u>(2 921)</u>

Certified:

R. Bhalla
Chief, Finance Branch

Approved:


R. Benjamin
Secretary General

INTERNATIONAL CIVIL AVIATION ORGANIZATION

UNITED NATIONS DEVELOPMENT PROGRAMME
EXPENDITURE BY COUNTRY AND REGION
FOR THE PERIOD ENDING 31 DECEMBER 2009

(in thousands of Canadian dollars)

<u>COUNTRY</u>	<u>2009</u>	<u>2008</u>
Colombia	1	(85)
Ecuador	482	157
Equatorial Guinea	621	438
Iraq	271	470
Somalia	4,101	2,828
Country Total	5 478	3 808
<u>REGION</u>		
REGIONAL FOR LATIN AMERICA		16
SUB-TOTAL	5 478	3 824
Support costs	552	347
GRAND TOTAL	6 030	4 171

Details may not add to totals due to rounding

INTERNATIONAL CIVIL AVIATION ORGANIZATION
TRUST FUNDS AND MANAGEMENT SERVICE AGREEMENTS
SCHEDULE OF INCOME, EXPENDITURE AND FUND BALANCES
FOR THE PERIOD ENDING 31 DECEMBER 2009
(in thousands of Canadian dollars)

Fund	Type of Fund	Advance Receipts Balance as at 01.01.2009	Adjustment	Income		Expenditure		Transfer from or to Other Funds	Refund of Contributions	Unrealized Exchange Gain/Loss and Translation Adjustment	Advance Receipts Balance as at 31.12.2009
				Contributions	Interest and Other Income	Project Costs	Administrative Overhead				
Oman	TF	359		636	(10)	466	44			(112)	361
Pakistan	MSA	33		59	2	24	2			(14)	52
Panama	MSA	13 852	(4)	2 741	(2)	1 087	112	(38)		(1 961)	13 390
Panama	TF	18 139	(172)	10 331	291	6 521	206	(109)		(3 269)	18 484
Peru	MSA	978	(1)	27 358	47	6 437	743	(72)		(1 183)	19 949
Philippines	MSA	84		38		64	7			(11)	40
Philippines	TF	3 388	(16)	2 300	31	1 869	239	(32)		(524)	3 040
Portugal	TF	(1)									(1)
Qatar	MSA	11								(2)	9
Regional for Africa	MSA	6 101	(40)	2 634	25	3 010	300	(219)		(827)	4 364
Regional for Africa	TF	2									2
Regional for Asia	MSA	334	(2)	55	2	150	12	102	(10)	(56)	263
Regional for Asia	TF	2 756	(24)	1 642	16	1 712	222	(54)		(410)	1 991
Regional for Europe	MSA	90	(2)	63	1	35	3			(15)	99
Regional for Europe	TF	98	(1)	63		101	9			(13)	36
Regional for Europe and Middle East	MSA	452	(5)	627	10	615	61			(57)	351
Regional for Latin America	MSA	71	(1)	359	3	319	11			(32)	69
Regional for Latin America	TF	2 942	(20)	1 973	22	1 535	207	43		(441)	2 777
Republic of Korea	MSA	32		31		6	1			(7)	47
Romania	MSA	52				6	1			(10)	34
Russian Federation	MSA	4				1					2
Rwanda	MSA	33	(1)			13	1			(4)	16
Saudi Arabia	MSA	2 779	(37)	6 311	697	6 439	427	(34)	(30)	(779)	2 041
Seychelles	MSA	12		209		79	8			(25)	108
Singapore	MSA	37		47		13	20	(1)		(6)	46
Singapore	TF	183	(1)		1	103	10		1	(59)	3
Somalia	TF	11 160	(275)	5 602	64				(3 472)	(1 843)	11 236
South Africa	MSA	579	(2)		3	241	24			(50)	266
Sri Lanka	MSA	265	(3)		1	3	1			(39)	221
Sri Lanka	TF	12								(2)	10
Sudan	MSA	47								(7)	40
Syrian Arab Republic	MSA	213	(2)		1					(32)	181
Thailand	MSA	1 597	(5)	260	68	722	30		(955)	(33)	179
Thailand	TF	47								(35)	7
Trinidad and Tobago	TF	11								(2)	9
UN Department of Peacekeeping Operations	MSA	7				3				(1)	3
United Nations Mission in Kosovo	MSA	697	(7)		(2)	53	5			(93)	538
Uganda	MSA	170			1	90	9			(19)	53
United Republic of Tanzania	MSA	14			(4)				(16)	1	(6)
Uruguay	TF	7				1				(1)	5
Venezuela (Bolivarian Republic of)	MSA	(136)	(9)	610	7	601	448		(122)	(167)	(868)
Viet Nam	MSA	9				1				(1)	7
Viet Nam	TF	17								(3)	15
Yemen	MSA	264			2	158	16			(19)	74
Lump-Sum Contracts	LS	329	(3)	515	2	627	54	271		(56)	378
Total		111 539	(1 071)	109 288	2 439	62 496	7 043	756	(5 546)	(20 465)	127 403

Details may not add to totals due to rounding

INTERNATIONAL CIVIL AVIATION ORGANIZATION

CIVIL AVIATION PURCHASING SERVICE FUNDS
 SCHEDULE OF INCOME, EXPENDITURE AND FUND BALANCES
 FOR THE PERIOD ENDING 31 DECEMBER 2009
 (in thousands of Canadian dollars)

Fund	Advance Receipts Balance as at 01.01.2009	Adjustment	Income		Expenditure		Transfer from or to Other Funds	Unrealized Exchange Gain/Loss and Translation Adjustment	Advance Receipts Balance as at 31.12.2009
			Contributions	Interest and Other Income	Project Costs	Administrative Overhead			
Afghanistan	5 427	(31)		313	2 759	2		(782)	2 165
Angola	(22)		66	1		59		3	(12)
Bangladesh	302	(3)		2				(45)	256
Bolivia	5							(1)	5
Brazil	17						(16)	(2)	
Canada	47							(7)	39
Cape Verde	47	(1)						(7)	41
Costa Rica	16 493	(18)	3 120	24	8 788	121	(978)	(1 261)	8 470
Cuba	27		3					(5)	27
Democratic People's Republic of Korea	8							(1)	6
Egypt	(3)								(2)
Ethiopia	(68)	(15)	13 866	(375)	7 765	67		(1 258)	4 318
Fiji	18			(1)	9	1		(2)	6
Guinea	52							(8)	45
India	30							(4)	25
Lebanon	24 748	(40)		1 087	14 260	119		(3 381)	8 035
Lesotho	173	(2)		1	11	1		(22)	137
Libyan Arab Jamahiriya	80	(1)				1		(13)	65
Lithuania	(5)							1	(4)
Macao Special Administrative Region of China	440	(2)		2				(65)	375
Mozambique	26							(4)	21
Myanmar	774	(7)		2	35		(27)	(111)	595
Nigeria	82	(1)	109	3	82	11		(25)	75
Oman								(2)	(2)
Pakistan	1 611	(2)	5 706	(32)	1 457	432		(343)	5 052
Philippines			29		12	1		(2)	14
Republic of Moldova	2								2
Russian Federation	61							(9)	52
Rwanda	4							(1)	4
Seychelles	446		874	(11)	976	45		(89)	200
Sudan	121	(1)		1				(18)	102
Suriname	8							(1)	6
Syrian Arab Republic	719	(10)		5	(272)			(146)	839
Trinidad and Tobago	(30)	(2)		1	(201)				169
United Nations Mission in Kosovo	41				(2)			(7)	35
Uruguay	1 743	(7)		93	1 658	7		(100)	64
Yemen	22							(3)	18
Total	53 446	(145)	23 773	1 118	37 336	870	(1 022)	(7 721)	31 243

Details may not add to totals due to rounding

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INTERNATIONAL CIVIL AVIATION ORGANIZATION

SCHEDULE D

OTHER TRUST FUNDS MANAGED ON BEHALF OF THIRD PARTIES
SCHEDULE OF INCOME, EXPENDITURE, ASSETS, LIABILITIES AND FUND BALANCES
FOR THE PERIOD ENDING 31 DECEMBER 2009

(in thousands of Canadian dollars)

	Public Key Directory	France - ICAO Cooperation	Danish Financing Agreement Fund	Icelandic Joint Financing Agreement Fund	North Atlantic Height Monitoring System Fund	Total	
						2009	2008
INCOME AND EXPENDITURE							
INCOME							
Assessed Contributions			462	91		553	546
Voluntary Contributions	640					640	747
Interest Income	2	1	7	4	4	18	84
User Charge Revenue			6 106	22 217	1 260	29 583	44 651
Other/Miscellaneous Income	15				16	31	72
TOTAL INCOME	656	1	6 576	22 312	1 280	30 825	46 101
EXPENDITURE							
Staff / Expert Salaries and Costs	483	(1)			11	494	480
General Operating Expenses	71					71	67
Travel	7		1	1		8	95
Service Cost							
Estimated service costs for current year			9 092	37 552	1 682	48 326	52 193
Settlement of service costs for prior year			24	(5 166)	(219)	(5 362)	3 627
Administrative Overhead Charges	4					4	
Other expenses			163		2	165	
TOTAL EXPENDITURE	565	(1)	9 280	32 387	1 476	43 706	56 462
NET EXCESS (SHORTFALL) OF INCOME OVER EXPENDITURE	92	1	(2 704)	(10 074)	(196)	(12 881)	(10 361)
Foreign currency revaluation gain / (loss)	(158)	(19)	(197)	(113)	(179)	(666)	677
SURPLUS/(DEFICIT) FOR THE PERIOD	(66)	(18)	(2 901)	(10 187)	(376)	(13 546)	(9 684)
ASSETS, LIABILITIES, AND NET ASSETS/EQUITY							
ASSETS							
CURRENT ASSETS							
Cash and Cash Equivalents	439	164	1 532	315	1 169	3 619	5 030
Inter-fund Balances							215
Assessments Receivable			83	16		99	38
Receivables and Advances			3 821	11 240	212	15 273	3 847
TOTAL CURRENT ASSETS	439	164	5 436	11 571	1 382	18 992	9 130
TOTAL ASSETS	439	164	5 436	11 571	1 382	18 992	9 130
LIABILITIES							
CURRENT LIABILITIES							
Accounts Payable			39			39	471
Inter-fund Balances					3	3	227
Credits to Contracting Governments (schedule D.1)			32	292		324	874
Credits to Servicing Governments			5 364	11 280	551	17 195	3 329
Advance Receipts	439	164			827	1 430	4 230
TOTAL CURRENT LIABILITIES	439	164	5 436	11 571	1 382	18 992	9 130
TOTAL LIABILITIES	439	164	5 436	11 571	1 382	18 992	9 130
TOTAL LIABILITIES AND NET ASSETS/EQUITY	439	164	5 436	11 571	1 382	18 992	9 130

Details may not add to totals due to rounding

INTERNATIONAL CIVIL AVIATION ORGANIZATION
SCHEDULE OF ASSESSMENTS, BALANCES RECEIVABLE AND CREDITS TO CONTRACTING GOVERNMENTS
IN RESPECT OF DANISH JOINT FINANCING AGREEMENT
FOR THE PERIOD ENDING 31 DECEMBER 2009

(in thousands of Danish Kroner)

	Balances at beginning of period (Credits)	Assessments for 2009	Contributions received	Transfer from (to) Icelandic Joint Financing Agreement	Balances at end of period Receivable	(Credits)
Belgium	(77)	3				74
Canada		165	83		83	
Cuba	(2)	1				2
Denmark		15			14	
Egypt		6		6		
Finland	(6)	6				
France	(97)	133		(31)	66	
Germany		209		172	37	
Greece	(10)	7				3
Iceland		43		43		
Ireland		34		17	17	
Italy		51	51			
Japan	(15)	(2)				17
Kuwait		4		4		
Netherlands		85	85			
Norway	1	9			10	
Russian Federation	(62)	(1)				62
Singapore		11	11			
Spain		16		16		
Sweden		12		12		
Switzerland	134	62		13	183	
United Kingdom		403		403		
United States		1 121		1 120	1	
	(133)	2 391	230	1 775	412	159
Equivalent in U.S. dollars	(26)	445	42	328	80	31
Equivalent in Canadian dollars	(27)	462	44	340	83	32

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SCHEDULE D.1

Details may not add to totals due to rounding

INTERNATIONAL CIVIL AVIATION ORGANIZATION
SCHEDULE OF ASSESSMENTS, BALANCES RECEIVABLE AND CREDITS TO CONTRACTING GOVERNMENTS
IN RESPECT OF ICELANDIC JOINT FINANCING AGREEMENT
FOR THE PERIOD ENDING 31 DECEMBER 2009

(in thousands of United States dollars)

	Balances at beginning of period (Credits)	Assessments for 2009	Contributions received (refunded)	Transfer to (from) Danish Joint Financing Agreement	Balances at end of period Receivable	Credits
Belgium						
Canada		12	6		6	
Cuba	(3)					3
Denmark						
Egypt	(1)	(1)		1		1
Finland	(18)	1				17
France		14		(6)	8	
Germany	(43)	11		32		
Greece	(23)	1				22
Iceland	(23)	5		8		10
Ireland	(4)	1		3	1	
Italy		6	6			
Japan	(26)	9				16
Kuwait	(6)	1		1		5
Netherlands		10	10			
Norway						
Pakistan	(4)	2				2
Russian Federation	(34)	10				24
Singapore	(1)	3	2			
Spain	(10)			3		7
Sweden	(10)	1		2		6
Switzerland	5	(7)		2		
United Kingdom	(246)	2		76		169
United States	(218)	7		210		
Amount in U.S. dollars	(663)	88	25	333	15	281
Equivalent in Canadian dollars	(688)	91	26	346	16	292

Details may not add to totals due to rounding

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SCHEDULE D.1
(continued)

INTERNATIONAL CIVIL AVIATION ORGANIZATION

INTERNATIONAL FINANCIAL FACILITY FOR AVIATION SAFETY FUND
 SCHEDULE OF INCOME, EXPENDITURE, ASSETS, LIABILITIES AND FUND BALANCES
 FOR THE PERIOD ENDING 31 DECEMBER 2009
 (in thousands of Canadian dollars)

	<u>2009</u>	<u>2008</u>
INCOME AND EXPENDITURE		
INCOME		
Voluntary Contributions	155	287
Interest Income	10	72
TOTAL INCOME	<u>166</u>	<u>359</u>
EXPENDITURE		
Staff/Expert Salaries and Costs	67	58
Grants and Other Transfers	552	96
TOTAL EXPENDITURE	<u>619</u>	<u>154</u>
NET EXCESS (SHORTFALL) OF INCOME OVER EXPENDITURE	<u>(453)</u>	<u>204</u>
Foreign currency revaluation gain / (loss)	(452)	637
SURPLUS/(DEFICIT) FOR PERIOD	<u>(906)</u>	<u>841</u>
ASSETS, LIABILITIES, AND NET ASSETS/EQUITY		
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	2 555	3 532
TOTAL CURRENT ASSETS	<u>2 555</u>	<u>3 532</u>
TOTAL ASSETS	<u>2 555</u>	<u>3 532</u>
LIABILITIES		
CURRENT LIABILITIES		
Inter-fund Balances		51
TOTAL CURRENT LIABILITIES		<u>51</u>
TOTAL LIABILITIES		<u>51</u>
NET ASSETS/EQUITY		
Accumulated Surplus/(Deficit)	2 555	3 481
TOTAL NET ASSETS/EQUITY	<u>2 555</u>	<u>3 481</u>
TOTAL LIABILITIES AND NET ASSETS/EQUITY	<u>2 555</u>	<u>3 532</u>

Certified



Bhalla Rahul
 Chief, Finance Branch

Approved:



Walter Amaro
 Secretary, IFFAS Governing Body

INTERNATIONAL CIVIL AVIATION ORGANIZATION**NOTES TO THE FINANCIAL STATEMENTS**

31 December 2009

(in thousands of Canadian dollars)

1. THE ORGANIZATION'S MANDATE

The International Civil Aviation Organization (ICAO) is a specialized agency of the United Nations system established by the Convention on International Civil Aviation signed on 7 December 1944. Its aims and objectives are to develop the principles and techniques of international air navigation and to foster the planning and development of international air transport.

2. STRUCTURE OF THE FINANCIAL STATEMENTS**a) Overall Basis of Presentation**

The Financial Statements are presented under UNSAS, in a revised format, in preparation for full adoption of International Public Sector Accounting Standards (IPSAS) in 2010. During 2008, ICAO changed its accounting policy for the recording of expenditures to an accrual basis.

This is the second time ICAO is presenting its Financial Statements in Canadian dollars. Figures are shown in thousands of Canadian dollars unless otherwise indicated, and are in accordance with the provisions of the ICAO Financial Regulations.

The year 2009, is also the second year ICAO is using the Agresso Enterprise Resource Planning (ERP) system to record and report the financial data.

With the gradual introduction of IPSAS, adoption of a Canadian dollar budget and the Agresso Financial Systems, there was a need to group funds according to currency and purpose. There were two separate clients (companies) set up in the Agresso system – the first client was defined with a base currency of CAD and has been referred to as either the Regular Programme client or the Proprietary Funds client. The second client was defined with a base currency of USD and has been referred to as either the Technical Cooperation Programme client, or the Non-Proprietary Funds client. The ICAO Finance team used the current classification of Proprietary versus Non-Proprietary fund from the official accounts to distinguish which funds to put into which client.

The only further (presentation) changes in 2009 Financial Statements were at the request of the external auditors:

- i) In Statement V, the Net Assets/Equity figures for Non-Proprietary Funds have been moved to the assets section (Receivables and Advances) or liabilities section (Advance Receipts) to better reflect ownership and IPSAS.
- ii) The Statement of Cash Flow (Statement III) has been extended to include all funds.
- iii) The sub-total column for Proprietary Funds has been removed, since it did not reflect cross fund eliminations (particularly with the introduction of the ARGF fund).

These Notes identify the significant policies adopted by ICAO as well as any key points of interest and explanations of the most significant figures contained in the Statements and Schedules.

b) Fund and Account Grouping

The accounts of the Organization are maintained on a 'fund accounting' basis, with separate funds

established for general and specific activities under the governance and/or monitoring of the Council of ICAO. The Funds are established and administered in accordance with the Financial Regulations adopted by the Council and the Assembly.

The Funds have been grouped for presentation purposes, and the financial statements are shown on a combined basis after the elimination of all interfund balances, income and charges. Their presentation on a combined basis does not imply that the various separate Funds can be intermingled in any way, since resources of one Fund may not be utilized for the purposes of another Fund.

In Statements I and II, ICAO shows proprietary and non proprietary funds together with further details in supporting Schedules A to E. The ICAO Proprietary Funds comprise the Regular Programme and Other Proprietary Funds. In Statement I, ICAO shows:

- the **Regular Programme General Fund** which is financed by contributions from Contracting States according to the scale of assessments determined by the Assembly, by miscellaneous income, by the ARGF surplus, and by any advances made from the Working Capital Fund.
- the **Working Capital Fund** which was established by the Assembly for purposes of making advances as necessary to the General Fund to finance budgetary appropriations pending receipt of contributions from Contracting States and other Funds in specific cases.

In Schedules B and E, **Other Proprietary Funds** are presented:

- The **Ancillary Revenue Generation Fund (ARGF)**, which was established on 1 January 2008 to hold all revenue generating and cost recovery activities in one fund.
- **Aviation Security Plan of Action** (details of which are shown in Annex A). This comprises earmarked funds as well as Special Accounts/Funds established in 2002 to reflect Council approval of the Aviation Security Plan of Action (ASPA), comprising projects to be financed from funds within the Aviation Security Trust Funds. Activities relating to the ASPA projects are funded from general as well as earmarked contributions.
- The **Universal Safety Oversight Audit Programme Fund (USOAP)**, was launched on 1 January 1999 pursuant to Assembly Resolution A32-11, to promote global aviation safety through auditing Contracting States, on an ongoing basis, to determine the status of States' implementation of safety oversight and relevant ICAO Standards and Recommended Practices (SARPs), associated procedures, guidance material and safety-related practices. The USOAP funds comprise earmarked funds for experts seconded by the United States, Republic of Korea, Switzerland, Austria and Germany.
- The **Administrative and Operational Services Cost Fund (AOSC)**, which was established under the provisions of Article IX of the ICAO Financial Regulations to support the Technical Cooperation Programme. The AOSC Fund is utilized to meet the full cost of administration, operation and support of technical cooperation programmes. This Fund is primarily financed from administrative overhead charges to the United Nations Development Programme (UNDP), Trust Funds and Management Service Agreements, and Civil Aviation Purchasing Service Funds. It is presented together with the TCB Efficiency and Effectiveness Fund in Schedule B and B.1.
- **Other Proprietary Funds** such as the Administrative Fee for Joint Financing, the Comprehensive Regional Implementation Plan for Aviation Safety in Africa (AFI) Fund, the Environmental Fund, the International Registry Fund and the Temporary Staff Salaries Fund, all of which are shown in Annex B.

- The **International Financial Facility for Aviation Safety Fund (IFFAS)** is contained in Schedule E. It was established by the Council in 2002, in accordance with the principles and guidelines contained in Assembly Resolution A33-10, with the objective of financing safety-related projects for which States cannot otherwise provide or obtain the necessary financial resources.

Non-proprietary Funds include the **Technical Co-operation Programme (TCP)** Funds and other Trust Funds. **Technical Co-operation Programme Funds** are shown in Schedules C. They reflect the technical co-operation projects administered by ICAO on behalf of third parties and financed by governments and other contributors. They include UNDP arrangements and projects managed under Trust Funds agreements, Management Service Agreements (MSA) and Civil Aviation Purchasing Services Agreements (CAPS). The financial transactions relating to the UNDP programme comply with both ICAO and UNDP directives. Trust Fund and MSAs are designed to cover a broad range of technical co-operation services and the CAPS agreements are designed to provide procurement services. ICAO also enters into Technical Co-operation agreements referred to as Lump Sum Contracts with Contracting States. These contracts differ from MSA and Trust Fund agreements in that they are for a short duration and for a fixed contract amount. Under or over recovery of actual expenditure is reflected in the AOSC Fund.

Other Trust Funds are shown in Schedule D. They comprise funds for special activities managed by ICAO on behalf of third parties, including:

- The **Public Key Directory Fund (PKD)** is a cost-recovery fund established by the Council (C-DEC 174/1) in 2005 to report on the activities of a project to support interoperability of electronic-enhanced machine readable passports.
- The **France – ICAO Cooperation Fund** – created by the combination of 4 existing funds (previously classified as Proprietary Funds).
- The **Danish and Icelandic Joint Financing Agreements** reflect the transactions of the Funds established to report on 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 user charges and assessments on Contracting governments.
- The **North Atlantic Height Monitoring System Fund** was established in 1995 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 through user charges on all civil aircraft making crossings of the North Atlantic.

3. INCOME AND EXPENDITURE RECOGNITION POLICIES

(a) The following policies apply to the **Recognition of Income (Revenue)**:

i) **Assessed Contributions**

Income from assessed contributions represents a legal obligation of Contracting States, which is recognized as income in the year for which the assessment is levied. No provision is being made for delays in the collection of assessed contributions.

ii) **Non-Assessed Contributions and Earmarked Contributions**

Income from such contributions is recognized when cash is received, except when otherwise specified by agreement.

iii) **User Charges**

Income from user charges is recognized on an accrual basis.

iv) **AOSC Income**

Effective 1 January 2008, a revised policy for recognition of overhead fees for Technical Co-operation projects was introduced. Under UNSAS, ICAO would record 100% of the fee at the time the purchase order was raised. Under IPSAS for expenditures, ICAO now takes 90% of the fee when the purchase order is raised to reflect the work performed to that point and the remaining 10% on delivery.

Also effective 1 January 2008, changes were made to the way ICAO recognizes income deriving from Professional Liability Insurance arrangements. Up until 2007, the fluctuation in the excess of income over costs had been significant and the excess credit had been accumulating as a payable in the balance sheet. Since 2008 it has been decided to recognize prior years' credit as income and only retain the current year as a liability in the Balance Sheet.

(b) Effective 1 January 2008, significant changes were made to policy on the **Recognition of Expenditure:**

ICAO changed its accounting policy for expenditure recognition in order to adopt progressively during the triennium 2008-2010 the accrual basis of accounting in accordance with International Public Sector Accounting Standards (IPSAS), which represent the accounting standards to be implemented by the United Nations Organizations during the period from 2008 to 2014.

Before 2008, the Organization's expenditures included amounts for goods and services received, as well as amounts of legal obligations arising from orders placed and contracts awarded during the financial year for which funds have been provided in approved budgets of the current year. The amounts pertaining to the outstanding legal obligation for goods and services yet to be received by the Organization were reflected as liabilities, mainly under unliquidated obligations. Any unliquidated obligation which remained from twelve to twenty-four months after the end of the financial year of its establishment was cancelled if no more valid, credited to surplus and reflected as an adjustment of prior year's unliquidated obligations.

There are no further unliquidated obligations contained in the 2009 Financial Statements.

Under joint financing agreements, service costs for the current year are estimated by the Governments providing the services and approved by the Council. Adjustments to estimated service costs for a given year are approved by Council and are accounted for in the year of settlement.

4. **ADOPTION OF INTERNATIONAL PUBLIC SECTOR ACCOUNTING STANDARDS (IPSAS)**

The United Nations (UN) and the UN System's Chief Executive Board (CEB) have approved the replacement of the United Nations System Accounting Standards (UNSAS) with the International Public Sector Accounting Standards (IPSAS) to be applied to the accounts and the Financial Statements of UN Organizations. IPSAS is being implemented at ICAO gradually during the triennium (2008-2010).

The implementation of IPSAS will have a significant impact on the content and presentation of the Organization's Financial Statements. With the adoption of IPSAS, major changes are being made to the statements and the accounts. These changes will include how the Organization reports its financial activities, the recognition of additional assets such as equipment and also additional liabilities such as after service benefits payable to employees. Also, the concept of services rendered and goods received (delivery principle) will be applied for the recognition of revenue and expenditures.

In order to adopt progressively the accrual basis of accounting in accordance with IPSAS, the obligation concept, including Unliquidated Obligations (ULOs), is no longer applied in ICAO's Financial Statements.

Effective 1 January 2008, amounts of legal obligations arising from orders placed and contracts awarded during the financial year for which goods or services were not received are no longer recognized as ULOs and expenditure of the current year but are instead recognized in the year the goods are received and services rendered.

UNSAS allow organizations to gradually adopt IPSAS. An organization is deemed to comply with UNSAS, so long as the organization complies with the IPSAS individual standard(s) in its entirety and all remaining UNSAS requirements. This means that ICAO can gradually implement specific IPSAS standards and still comply with UNSAS. The most significant changes yet to be implemented is the introduction of IPSAS standards for Revenue Recognition and Employee Benefits, which is taking place from 1 January 2010.

5. **ANCILLARY REVENUE GENERATION FUND (ARGF)**

At the beginning of 2008 the Ancillary Revenue Generation Fund was established to consolidate the various income generating functions in ICAO.

Several items which had previously appeared in the Regular Programme now appear under this fund. Sales of Publications income totaling \$ 5 214 in 2009 (\$5 465 in 2008) is the largest item, but separately under the heading of Other Revenue Producing Activities, income of \$ 6 064 in 2009 (\$6 292 in 2008) is reported.

Under Expenditures in Statement I, the line Outsourcing ARGF refers to the billing by ARGF to the Regular Budget for services with the equivalent amount included in Revenue for ARGF (total \$ 2 187 versus \$2 321 in 2008).

6. **MISCELLANEOUS INCOME / GENERAL OPERATING EXPENSES**

The Regular Programme miscellaneous income for 2009 includes \$ 4 108 of revenue transfer from the ARGF which is included under General Operating Expense in the ARGF. These items are eliminated in the combined Financial Statement.

The significant increase in Regular Programme General Operating Expenses is mainly due to increased IT hardware purchases (of \$ 790), hardware maintenance (of \$ 102), IT training in Sharepoint and Microsoft 2007 (of \$791) and language outsourcing (of \$ 428).

7. **TRAVEL COSTS**

Travel costs for the Regular Programme at \$2 904 for 2009 (\$2 259 for 2008) are higher mainly due to increases in the number of safety and security audits.

8. **EQUIPMENT PURCHASES**

The Equipment line totalling \$ 40 948, represents equipment purchased and delivered in 2009, mostly for Technical Co-operation Projects. It is higher than the \$17 004 figure from 2008 because most of the purchases at the beginning of 2008 had already been taken as expenditures (unliquidated obligations) in 2007 under UNSAS. The 2009 figure reflects the impact of the adoption of the delivery principle in accordance with IPSAS.

9. **FOREIGN CURRENCY REVALUATION**

Within the Agresso system, two “companies” were established, one recording in Canadian dollars for the ICAO Proprietary Funds and one recording in United States dollars for Technical Co-operation Funds and other Trust Funds. However the combined Financial Statements are presented only in Canadian Dollars. Any other currency amounts (most notably U.S. dollars) are converted to Canadian at the time of the

transaction for revenue and expenditure items (to recognize realized exchange gains/losses) and at the UN rate on 31 December 2009 for Balance Sheet monetary items (to recognize unrealized exchange gains/losses).

The Foreign Currency revaluation loss totaling \$ 36 074 in Statement I is the result of the appreciation of the Canadian Dollar against the U.S. Dollar during 2009. The net loss is shown in Statement I as a separate item, to show the impact of the conversion of U.S. Dollars to Canadian Dollars for presentation purposes in 2009 and 2008. It is an exchange loss on the monetary assets held in currencies other than Canadian Dollars as at 31 December 2009, which explains why the TCP figure is very high with their cash holdings of US Dollars, almost entirely on behalf of project sponsors. It also includes exchange differences due to the timing of interfund movements and currency purchases during the year.

In the Regular Programme, the main components of the \$3 643 currency revaluation loss were the conversion of Assessed Contribution Arrears (\$1 800) and the Working Capital Fund (\$1 080) since both these balances are denominated in U.S. Dollars.

10. CASH AND CASH EQUIVALENTS

Funds are deposited in banks on a pooled investment basis and funds not needed for immediate requirements are invested in term deposits.

As at 31 December 2009, the term deposits had an average interest rate of 0.47 % (1.4% in 2008) and an average term maturity of 52 days (59 days in 2008).

Lower rates were the major factor explaining the major fall in interest income during 2009. Total cash holding for all funds were:

	<u>2009</u>	<u>2008</u>
Cash in banks	\$ 91 028	\$ 51 781
Term deposits	<u>\$124 041</u>	<u>\$ 209 438</u>
Total	<u>\$212 069</u>	<u>\$ 261 219</u>

11. GENERAL FUND ASSESSED CONTRIBUTIONS RECEIVABLE

The aging of assessed contributions receivable from contracting states as at 31 December 2009 and 2008 is summarized as follows:

<u>Years</u>	<u>2009</u>	<u>2008</u>
1982-2003	\$ 7 377	\$ 7 748
2004	307	307
2005	518	518
2006	520	521
2007	697	841
2008	<u>1 216</u>	<u>-</u>
Total previous years	<u>\$ 10 635</u>	<u>\$ 9 935</u>
Current year	<u>2 390</u>	<u>2 317</u>
Total Assessed Contributions Receivable	\$ 13 025	\$ 12 252
Working Capital Advances Receivable	<u>6</u>	<u>25</u>
Total	<u>\$ 13 031</u>	<u>\$ 12 277</u>

12. INVENTORIES

Inventories from the Commissariat totalling \$ 231 are shown in the Financial Statements, within the ARGF at the lower of cost or replacement value.

Inventories belonging to the Sale of Publications area are made up of ICAO published documents for sale. The total value as at 31 December 2009 was \$ 759 at the lower of costs or replacement value, compared with \$ 819 at the end of 2008. This figure will be recorded within the Financial Statements from 2010 onwards in accordance with IPSAS.

13. RECEIVABLES AND ADVANCES

The balance of accounts receivable and advances for all funds comprises:

	<u>2009</u>	<u>2008</u>
Employees	\$ 2 286	\$ 1 842
UN Agencies	3 071	2 602
User Charges (Joint Financing Dues)	15 273	3 847
Others *	<u>32 559</u>	<u>20 634</u>
Total	<u>\$ 53 189</u>	<u>\$ 28 925</u>

* Others mainly represents advances to suppliers against P.O.'s (\$20 million) and TCP receivables for receipts due (\$9 million). Prior to 2008, invoices were manually issued to TCP Project contributors, but were not recorded as Receivables. Starting in 2008 these amounts were invoiced and recorded and are shown as Deferred Revenue and Receivables in Statement II.

14. DUE TO/FROM REGIONAL BODIES

a) Negotiations and discussions between ICAO and African Civil Aviation Commission (AFCAC) for the settlement of amounts owed by AFCAC continued. In 2010, ASECNA informed ICAO it would settle the debt on behalf of its AFCAC Member States. Effective 1 January 2007, AFCAC assumed full responsibility for financial transactions and operations previously performed by ICAO on its behalf. No payments were made by AFCAC in 2009. The U.S. Dollar balance as at 31 December 2009 has been revalued to CAD 1 084.

b) ICAO provides certain secretariat services for the European Civil Aviation Conference (ECAC). The costs are met initially from the General Fund and the expenses are recoverable from ECAC. With the introduction of Agresso, ECAC was created as a separate fund. The net amount receivable for all transactions effected on ECAC's behalf by ICAO was \$416 compared with a payable of \$42 at 31 December 2008.

15. OTHER CURRENT ASSETS

An amount of \$ 2 522 pertains to Canadian Federal and Provincial Sales Taxes recoverable by ICAO, which is much higher than previously, with one item of taxes on Medical Insurance Premiums accounting for \$ 744 of the total.

16. LIABILITY FOR STAFF LITIGATION

At the end of 2008, an amount of \$ 406 was set aside to cover possible staff litigation cases, claims or extraordinary payments. This would cover any administrative Tribunal cases and pension restoration cases. Of this amount, \$ 185 remains at end December 2009, \$ 120 of which pertains to a single pension restoration case, and the remainder is sufficient to cover any new liabilities which arise from 2009.

17. EXCHANGE RISK HEDGING

(a) Forward currency purchase contracts

The organization enters into derivative financial instruments in the form of forward currency contracts to manage the foreign exchange exposure of the United States dollars and Euros so as to stabilize costs at the budgeted rate of exchange. The difference between the United Nations Operational Rate of Exchange (UNORE) and the forward purchase contract rate is charged to expenditure when the contract is exercised. At the end of the year, any unrealized gain or loss resulting from the difference between the UNORE and the rate of exchange negotiated in forward contracts held for hedging purposes and not yet exercised, sold or terminated at the end of the year is recorded as an asset or liability relating to derivatives and the corresponding amount is reported as reserved surplus.

In early 2008 ICAO entered into forward purchase contracts for the purchase of USD 54 598 for the 2008 to 2010 triennium at an average exchange rate of USD 0.995 to CAD 1.00. These contracts led to both realized and unrealized currency gains/losses.

(b) Realized Gains

Of the forward currency purchase contracts mentioned above, in 2009, USD 18 299 were received at an actual cost of CAD 18 288 contributing a realized gain of \$2 666. Similarly in 2009 Euro 2 387 were received at an actual cost of CAD 3 636, contributing a realized gain of \$ 178. The sum of these gains is \$ 2 843 (\$ 932 in 2008) and is reflected as reductions in the expenditure lines (prorated) in Statement I and not as a separate item.

(c) Unrealized Gains

As at 31 December 2009, the UNORE for the U.S. Dollar to Canadian Dollar was \$ 1.038. Applying this rate to the amount of forward contracts still held and not exercised, resulted in an unrealized gain of \$ 707. Similarly at 31 December 2009, the UNORE for the Euro was 1.498. Applying this rate to the amount of forward contracts held and not exercised resulted in an unrealized loss of \$ 57. The sum of the gain and the loss was recorded as a derivative asset of \$ 650, whilst in 2008 there was an equivalent derivative asset of \$ 9 068.

(d) Hedging on specific commitments

Purchase Orders pertaining to CAPS and MSA agreements are sometimes denominated in currencies other than U.S. Dollars. In order to limit exposure to currency fluctuations, a policy on hedging was adopted in 2003, whereby funds are purchased in the currency of the commitment at the time that the Purchase Order is issued, in those cases where currency fluctuation could have a material impact on the financial position. An exchange gain or loss is recognized equivalent to the difference between the UN rated of exchange and the spot rate in effect on the date that the funds are purchased.

18. CONTRIBUTIONS IN KIND

(a) Regular Programme

The Organization does not record contributions in kind in the accounts.

Under separate agreements between the Governments of Canada, Egypt, France, Peru, Senegal, Thailand and Mexico and the Organization, these Governments undertake to bear all or part of the costs of the rental of the premises located in their respective countries. The Government of Canada also bears the major part of the cost of operations and maintenance of the Headquarters premises. Contributions in kind are not recorded in the accounts but presented for information purposes below.

The estimated fair value of the contributions in kind, based on the lease contracts or on the estimated market value when there is no lease, is shown as follows:

	<u>2009</u>	<u>2008</u>
Canada	\$ 13 787	\$ 13 818
Egypt	134	157
France	784	1 017
Peru	260	306
Senegal	54	45
Thailand	<u>1 220</u>	<u>1 263</u>
	<u>\$ 16 239</u>	<u>\$ 16 606</u>

The Government of Mexico provides a contribution in cash towards the rental of the Regional Office in Mexico City. The contribution in 2009 amounted to \$ 112 (\$ 158 in 2008). Included in the contribution from Canada is an amount equivalent to \$ 1 909 (\$ 1 876 in 2008) from the Government of Quebec towards provision of premises in the Bell Tower office in Montreal.

b) Other ICAO Proprietary Funds

Below is the value of contributions in kind (composed of staff services and travel) provided by States for each of the following group of Funds:

	<u>2009</u>	<u>2008</u>
Aviation Security Plan of Action	\$ 429	\$ 426
ICAO Universal Safety Oversight Audit Programme Fund	\$ 1 135	\$ 951

These contributions are valued based on the cost to the donating State.

19. END OF SERVICE AND POST-RETIREMENT BENEFITS

The Organization's employees are entitled, under their conditions of employment, to payment for unused annual leave, as well as termination and repatriation benefits based on the number of years of service. In addition, the Organization provides certain health care benefits to eligible retirees. The Organization does not recognize in its financial accounts the liabilities for after-service health insurance costs, or for other types of end-of-service payments payable to staff members when they leave the Organization e.g. accumulated annual leave. Therefore, ICAO has not created any reserve to fund these liabilities. Such expenses are reported as current year expenditure when staff members separate and payments become due.

a) End of service benefits

End of service benefits comprise termination indemnity, repatriation grant, removal of personal effects, travel on separation and accrued leave. The liability is estimated at \$ 17 445 as at 31 December 2009 (\$ 18 400 as at 31 December 2008). The estimate for leave and termination indemnity is based on historical experience over the last 7 years. The other estimates for separation payments are based on the actual entitlements for professional staff at 31 December 2009, valued at the average historical cost of the benefit. The actual amount paid in the current year amounted to \$ 1 679 (\$ 1 717 in 2008).

b) Post-retirement benefits

The liability resulting from the after-service health insurance that the Organization may have to pay to its staff members in future years has been determined by actuarial valuation in March 2010. The actuarial valuation of the liability for health benefits in future years (including both medical and dental care) is estimated at \$ 56 324 (\$ 57 029 in 2008).

Health insurance coverage is available to qualified retired employees. The total payment made in 2009 was \$ 1 045 for health care benefits in respect of all eligible retirees (\$ 880 in 2008).

20. PARTICIPATION IN THE UNITED NATIONS JOINT STAFF PENSION FUND (UNJSPF)

ICAO is a member organization participating in the United Nations Joint Staff Pension Fund which was established by the United Nations General Assembly to provide retirement, death, disability and related benefits. The Pension Fund is a fully funded defined benefit plan. The financial obligation of the organization to the UNJSPF consists of its mandated contribution at the rate established by the United Nations General Assembly together with any share of any actuarial deficiency payments under Article 26 of the Regulations of the Fund. Such deficiency payments are only payable if and when the United Nations General Assembly has invoked the 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. At the time of this report the United Nations General Assembly has not invoked this provision.

The payments made to UNJSPF relating to the contributions of the participants and the Organization for 2009 amounted to \$ 20 438, including two restoration cases amounting to \$703 (\$ 18 033 in 2008). Two thirds of the amount is ICAO's employer contributions.

There was a further accrual of \$ 120 relating to a further case of restoration of pension rights of a staff member who had left ICAO and then rejoined.

21. LONG-TERM LEASE COMMITMENTS

As at 31 December 2009, the Organization had an average commitment of approximately \$ 4 400 per annum for 8 years, for a total commitment of \$35 200 relating to its share of the basic rent and operating and maintenance costs of the Headquarters premises.

As at 31 December 2009, the Organization had outstanding purchases and long term lease agreements for the supply of equipment and rental of facilities which are due between 2010 and 2014. The total commitment amounts to \$ 495. The committed payments under leases for telephone systems, equipment and photocopiers are as follows:

2010	2011	2012	2013	2014	TOTAL
\$ 132	\$ 125	\$ 118	\$ 103	\$ 17	\$ 495

22. COMMITMENTS AGAINST FUTURE FINANCIAL PERIODS

At the end of December, ICAO issues contracts for the forthcoming year for field projects. These are contractual commitments which do not become expenditures until services are rendered or goods delivered.

Commitments that were not accrued in the accounts of the current period, as at 31 December 2009 for the UNDP Fund amounted to \$ 535 for internationally recruited staff contracts.

Commitments relating to international and national staff contracts as at 31 December 2009 for the Trust Funds and MSAs amounted to \$ 11 894, mainly for projects in South America, Europe and the Middle East.

Commitments to suppliers for items ordered but not yet delivered total \$ 82 million.

23. CONTINGENT LIABILITIES

A number of legal actions and claims have been brought against the Organization in relation to Technical Co-operation Projects in South America. These are mainly claims by individuals demanding additional payments under local labour laws beyond what was provided for under their contract of employment. The total of such claims is U.S. \$1 018. It is unlikely that ICAO would incur financial liabilities given that the Governments concerned have committed in the underlying project agreements to absorb any financial liability which may arise from such claims.

There are also some cases pending before the Advisory Joint Appeals Board, which would not represent a liability at this time. In the opinion of management, the final outcome of these claims is not determinable and, accordingly, these items are not recorded in the accounts. Settlements, if any, resulting from the resolution of these claims will be accounted for in the year in which the liability is determined.

24. NON-EXPENDABLE PROPERTY (NEP)

The cost of NEP, which includes furniture, vehicles, computers and other office equipment, is charged to expenditure in the year the items are ordered. NEP is defined as any item having a cost of five thousand Canadian dollars or more and whose life expectancy exceeds one financial year. The cost of non-expendable property includes items held at the ICAO Headquarters in Montreal as well as those held at the seven Regional Offices. These items and other items are owned by the Organization, which exercises full control over their acquisition, physical location, use and disposal. The values are listed below.

The cost of Non-Expendable Property (NEP) owned by the Organization as at 31 December 2009, is not shown in Statement II with the exception of the ICAO owned share of the Paris office premises having a historical cost value in 2008 and 2009 of \$ 1 145.

The Non-Expendable Property values are shown in the table below:

	Opening Balance 1 January 2009	Additions	Disposals	Closing Balance 31 December 2009
Furniture	\$ 53	-	-	\$ 53
Equipment	2 580	\$ 41	(\$ 120)	\$ 2 501
Vehicles	480	-	(\$ 58)	\$ 422
Total	\$ 3 113	\$ 41	(\$ 178)	\$ 2 976

No depreciation is calculated on NEP since the cost of these items is directly charged to expenditure.

PART IV: ANNEXES (UNAUDITED)

Annexes A and B: Related to ICAO Proprietary Funds**Annex A Aviation Security Plan of Action Related Funds**

- 1) **The Aviation Security Trust Fund** (known as the AVSEC Mechanism) was established in 1989 aimed at strengthening the aviation security functions within the Secretariat to support the implementation of an aviation security programme. It comprised earmarked funds received in 1989 from, inter alia, the United Kingdom and the United States, for specific purposes, such as the funding of professional posts in the aviation security field, and non-earmarked funds received from States as voluntary contributions for the General Trust Fund established in 1990 to finance general implementation activity of the AVSEC Mechanism.
- 2) **The Aviation Security Plan of Action Fund** was introduced in 2002 as the Enhanced AVSEC Mechanism fund, which superseded the General Trust Fund, to record the revenue and expenses for projects approved by the Council in C-WP/11799 following the High-level Ministerial Conference on Aviation Security held in February 2002 to address the events that took place on 11 September 2001. The Earmarked Training Programme comprises funds received from Belgium under the former AVSEC Mechanism for specific projects that are generally related to the implementation of the AVSEC Plan of Action.
- 3) **The Korea Expert Fund** was established in 2003 to provide voluntary funding for an Aviation Security Expert to support the AVSEC Plan of Action.
- 4) **Other Earmarked AVSEC Funds** - The Awareness Training Programme was established in 2004 by Canada to earmark voluntary funding for specific agreed-upon aviation security projects in the North American, Central American and Caribbean (NACC) and South American (SAM) regions as specified in various agreements with ICAO.
- 5) **The National Projects Fund** is part of the funds received from Belgium under the former AVSEC Mechanism. It was established in 2003 for transactions relating to activities outside the scope of the Plan of Action, but which are earmarked for specific projects.
- 6) **The Standardized Training Programme Fund** (formerly fund 6F, Belgian Trust Fund) was established in 1989 for Belgium to provide funds to support the activities of the Aviation Security Training Centre (ASTC) in Belgium, as well as to support ICAO in specific aviation security-related activities as approved by the Director of the ASTC. This fund also includes the income from sales of ICAO Aviation Security Training Packages.

Annex B Other ICAO Proprietary Funds

1. **The Administrative Fee for Joint Financing Agreements** was established by the Council (C-DEC 136/22) to recover, through an administrative fee, the full costs incurred by ICAO for facilities and services provided for the administration of the Danish and Icelandic Joint Financing Agreements. It is also used to recover costs of administering the North Atlantic Height Monitoring System Fund.
2. The **Comprehensive Regional Implementation Plan for Aviation Safety in Africa** (AFI Plan) was approved in 2007. The objectives in the plan are to increase ICAO leadership and accountability in the programme coordination and management across the AFI Region and to ensure effective implementation to rectify safety and infrastructure deficiencies. A fund was established in 2007 for this purpose.

3. **Environmental Fund** established to cover environmental related initiatives.
4. The **Incentive for Settlement of Arrears Account** was established in 1999 by Resolving Clause 2 of Assembly Resolution A32-27, and the continuation of the scheme was confirmed by the 35th Session of the Assembly in Resolution A35-27. Resolving Clause 3 of Resolution A35-27, which became effective on 1 January 2005, provides that part of payments from Contracting States with arrears of three full years or more will be retained in a separate account to finance expenditure on aviation security activities, and new and unforeseen projects related to aviation safety, and/or to the enhancement of the efficient delivery of ICAO programmes. Funds are provided from Transfers of the Regular Programme surplus.
5. The **Information and Communication Technology (ICT) Fund** was established in 2001 by the Assembly Resolution A33-24 to facilitate the modernization of ICAO's financial systems, the enhancement of ICAO's web sites and consolidation of file servers.
6. The **International Registry Account** which was previously called the Preparatory Commission of the International Registry Account was established by the Council in 2001. The international Registry Protocol took effect on 1 March 2006 and is a self-funding mechanism through user fees on a cost recovery basis. Funding for the work of the International Registry is provided by voluntary contributions from States and from other interested private parties. ICAO's role is to monitor the ongoing operations of the Registry.
7. The **Temporary Staff Salaries Fund (TSSF)** was set up to refinance the posts which were initially cut in the Triennium Budget.

INTERNATIONAL CIVIL AVIATION ORGANIZATION
OTHER ICAO PROPRIETARY FUNDS
SCHEDULE OF INCOME, EXPENDITURE, ASSETS, LIABILITIES AND FUND BALANCES
FOR THE PERIOD ENDING 31 DECEMBER 2009
(in thousands of Canadian dollars)

	AVIATION SECURITY PLAN OF ACTION					OTHER EARMARKED AVSEC FUNDS			TOTAL		
	Earmarked Training Programme	Enhanced Mechanism	Korea Expert	United Kingdom	United States	SUB - TOTAL	Awareness Training Programme	National Projects	Standardized Training Programme	2009	2008
INCOME AND EXPENDITURE											
INCOME											
Voluntary Contributions		2 978	45		528	3 551	62			3 613	1 863
Other Revenue Producing Activities		1				1				1	
Interest Income	3	15	1			19		1	2	21	166
Other/Miscellaneous Income		128				128			9	138	170
TOTAL INCOME	3	3 121	46		528	3 699	62	1	11	3 773	2 199
EXPENDITURE											
Staff/Expert Salaries and Costs		1 915	142		396	2 453			31	2 484	2 947
General Operating Expenses		80				80				80	91
Travel		699				699	61		38	798	1 203
Meetings		34				34				34	
Equipment											6
Other expenses		1			8	9				9	1
TOTAL EXPENDITURE		2 730	142		404	3 276	61		69	3 407	4 247
NET EXCESS (SHORTFALL) OF											
INCOME OVER EXPENDITURE	3	392	(96)		124	423	1	1	(58)	367	(2 048)
Foreign currency revaluation gain / (loss)	(169)	(756)	(31)	2	(15)	(969)	(19)	(41)	(65)	(1 093)	1 240
SURPLUS/(DEFICIT) FOR THE PERIOD	(165)	(364)	(127)	2	109	(545)	(18)	(40)	(123)	(726)	(808)
ASSETS, LIABILITIES, AND NET ASSETS/EQUITY											
ASSETS											
CURRENT ASSETS											
Cash and Cash Equivalents	827	3 817	55	15	55	4 770	78	240	281	5 368	6 920
Inter-fund Balances											20
Receivables and Advances		7	45	4	97	153				153	64
Other Current Assets		9				9				9	20
TOTAL CURRENT ASSETS	827	3 832	100	19	153	4 931	78	240	281	5 530	7 025
TOTAL ASSETS	827	3 832	100	19	153	4 931	78	240	281	5 530	7 025
LIABILITIES											
CURRENT LIABILITIES											
Accounts Payable		57			9	65				65	72
Inter-fund Balances											656
Other Current and Financial Liabilities		5				5	1			6	65
TOTAL CURRENT LIABILITIES		62			9	70	1			71	793
TOTAL LIABILITIES		62			9	70	1			71	793
NET ASSETS/EQUITY											
Accumulated Surplus/(Deficit)	827	3 771	100	19	144	4 861	77	240	281	5 459	6 232
TOTAL NET ASSETS/EQUITY	827	3 771	100	19	144	4 861	77	240	281	5 459	6 232
TOTAL LIABILITIES AND NET ASSETS/EQUITY	827	3 833	100	19	153	4 931	78	240	281	5 530	7 025

IV-3

ANNEX A
(Unaudited)

Details may not add to totals due to rounding

INTERNATIONAL CIVIL AVIATION ORGANIZATION
OTHER ICAO PROPRIETARY FUNDS
SCHEDULE OF INCOME, EXPENDITURE, ASSETS, LIABILITIES AND FUND BALANCES
FOR THE PERIOD ENDING 31 DECEMBER 2009

(in thousands of Canadian dollars)

								TOTAL		
	Administrative Fee Fund	AFI Plan Fund	Environmental Fund	Incentive for Settlement of Arrears Account	Information and Communication Technology (ICT) Fund	International Registry	Temporary Staff Salaries Fund (TSSF)	Other Funds	2009	2008
INCOME AND EXPENDITURE										
INCOME										
Voluntary Contributions		119	323			301	21	816	1 580	1 190
Administrative Fee Revenue								141	141	
Interest Income	2	17	2	3	12	1	10	1	48	402
User Charge Revenue	382								382	669
Other/Miscellaneous Income			1		2	2		1	7	57
TOTAL INCOME	383	135	325	3	14	304	32	959	2 157	2 318
EXPENDITURE										
Staff/Expert Salaries and Costs	370	1 248	560		606	269	1 339	777	5 170	5 257
General Operating Expenses	2	66	23		901	21	5	4	1 021	312
Travel	28	990	77	(1)		28		189	1 310	560
Meetings		24	49			1			74	6
Equipment		2							2	2
Administrative Overhead Charges	184							50	234	213
Other expenses	5	8						31	45	4
TOTAL EXPENDITURE	589	2 339	709	(1)	1 507	319	1 344	1 051	7 857	6 354
NET EXCESS (SHORTFALL) OF INCOME OVER EXPENDITURE	(205)	(2 203)	(384)	5	(1 493)	(15)	(1 313)	(92)	(5 700)	(4 036)
Foreign currency revaluation gain / (loss)	(156)	(805)	(93)	(43)	(570)	(26)	(432)	(47)	(2 173)	3 002
SURPLUS/(DEFICIT) FOR THE PERIOD	(361)	(3 009)	(477)	(38)	(2 063)	(41)	(1 744)	(139)	(7 872)	(1 035)
ASSETS, LIABILITIES, AND NET ASSETS/EQUITY										
ASSETS										
CURRENT ASSETS										
Cash and Cash Equivalents	179	2 859	382	556	3 589	319	1 955	636	10 474	16 619
Inter-fund Balances								40	40	4 634
Receivables and Advances	61	1	62			10		141	276	211
Other Current Assets								7	7	3
TOTAL CURRENT ASSETS	240	2 860	444	556	3 589	330	1 955	824	10 797	21 467
TOTAL ASSETS	240	2 860	444	556	3 589	330	1 955	824	10 797	21 467
LIABILITIES										
CURRENT LIABILITIES										
Unliquidated Obligations										1 585
Accounts Payable	1	57	4	5	490	3	3	185	749	647
Inter-fund Balances										4 860
Other Current and Financial Liabilities		23							23	26
TOTAL CURRENT LIABILITIES	1	79	4	5	490	3	3	185	771	7 118
TOTAL LIABILITIES	1	79	4	5	490	3	3	185	771	7 118
NET ASSETS/EQUITY										
Accumulated Surplus/(Deficit) Other Reserves	239	2 780	440	308 243	3 099	326	1 952	639	9 783 243	14 147 202
TOTAL NET ASSETS/EQUITY	239	2 780	440	551	3 099	326	1 952	639	10 026	14 349
TOTAL LIABILITIES AND NET ASSETS/EQUITY	240	2 860	444	556	3 589	330	1 955	824	10 797	21 467

IV-4

ANNEX B
(Unaudited)

Details may not add to totals due to rounding

— END —