

**FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2019**

Table of Contents	Page N°
Statement of the Secretary-General's Responsibilities and Presentation of the Financial Statements	2
Statement on Internal Control	3 – 8
Secretary-General's Statement	9 – 21
Opinion of the External Auditor	22 – 23
Financial Statements	24 – 79

STATEMENT OF THE SECRETARY-GENERAL'S RESPONSIBILITIES

AND

PRESENTATION OF THE FINANCIAL STATEMENTS

The Secretary-General's Responsibilities

The Secretary-General is required by the Financial Regulations to maintain such accounts as are necessary and to prepare financial statements for each year showing: the statement of the Organization's income and expenditure for all funds; the status of appropriations; and the statements of the Organization's assets and liabilities at the close of the year. He is also required to give such other information as may be necessary to indicate the Organization's current financial position.

To fulfil this responsibility, the Secretary-General is responsible for establishing detailed financial rules and procedures to ensure: effective financial administration; the exercise of economy; and the effective custody of the Organization's physical assets. The Secretary-General is also required to maintain an internal financial control which shall provide an effective examination of financial transactions to ensure: the regularity of the receipt, custody and disbursement of all funds; and the conformity of commitments or obligations with the appropriations or other financial provisions voted by the Executive Council, or with the purposes, rules or provisions relating to the Fund concerned.

Presentation of the Financial Statements for the year 2019

The following appended financial statements, comprising Statements I, II, III, IV and V, and the Notes to the Financial Statements were properly prepared in accordance with the Financial Regulations and the International Public Sector Accounting Standards, and are hereby certified correct.

W. Zhang
Assistant Secretary-General
17 June 2020

P. Taalas
Secretary-General
17 June 2020

STATEMENT ON INTERNAL CONTROL FOR 2019

1. Scope of responsibility

As Secretary-General of the World Meteorological Organization (WMO), I am accountable, in accordance with the responsibility assigned to me, in particular, in Article 22 (a) of the Convention, Regulation 200 (1) of the General Regulations and Article 13 of the Financial Regulations, for maintaining a sound system of internal control that supports the achievement of the Organization's policies, aims and objectives, as set by the WMO Members.

2. Purpose of the system of internal control

The system of internal control is designed to reduce and manage rather than eliminate the risk of failure to achieve the Organization's objectives. Therefore, it can only provide a reasonable and not absolute assurance of effectiveness. It is based on an on-going process designed to identify the principal risks, to evaluate the nature and extent of those risks and to manage them efficiently, effectively and economically. WMO Secretariat is charged with the responsibility for establishing a network of processes with the objective of controlling the operations of WMO in a manner that provides the governing bodies with reasonable assurance that:

- The Organization's plan, programmes, goals, and objectives are achieved;
- Resources are acquired economically and employed profitably;
- The Secretariat's resources (including its people, systems, data/information) are adequately protected;
- The actions of directors, officers, and employees are in compliance with the Organization's policies, standards, plans and procedures, and all relevant laws and regulations;
- Data and information published either internally or externally is accurate, reliable, and timely.

Risk management and the management of internal controls are functions of management and are an integral part of the overall process of managing operations. As such, it is the responsibility of WMO Secretariat at all levels to:

- Identify and evaluate the exposures to possible risks that relate to their particular sphere of operations;
- Specify and propose policies, plans, operating standards, procedures, and systems to be used to minimize, and/or mitigate the risks associated with the exposures identified;
- Establish practical controlling processes that require and encourage employees to carry out their duties and responsibilities in a manner that helps achieve the control objectives outlined in the preceding paragraph;
- Maintain the effectiveness of the controlling processes that have been established and foster continuous improvement to these processes.

3. Capacity to handle risk

Strategic and operational planning: The 2020-2023 WMO Strategic Plan defines Organization-wide Long-Term Goals, Strategic Objectives and priorities and the 2020-2023 Operating Plan provides a comprehensive reference for all constituencies and is a single source for regular budget and departmental allotments as well as for monitoring and evaluation. The strategic and operational planning process has been streamlined. The new annual work plan for 2020 has been developed to serve as a corporate tool for budgeting, monitoring and risk management. Directors of Departments have been assigned lead responsibility for the Long-term goals and their key objectives have been reflected in the Senior Management Compacts.

The organizational performance as well as the performance of the Senior Managers are monitored and reported to the Board of Directors on a regular basis.

Monitoring and evaluation: Continuous efforts were made to improve the mechanisms for monitoring and evaluation data collection through the WMO Community Platform and other mechanisms (e.g. surveys, WIS). Monitoring data on the Key Performance Indicators for 2016-2019 was collected and a Performance Assessment Report developed and presented to Congress. Risk management was integrated in the WMO planning and monitoring processes.

WMO Reform (Restructuring of the Secretariat): The WMO constituent body reform has been approved by the Congress as planned in 2019. In October 2019, the Special Adviser to the WMO Reform has been designated. The restructuring of the Secretariat was undertaken in line with the governance reform, coupled with measures being taken with a view to aiming at streamlining and efficiency gains. The new structure of the Secretariat has been formalized in February 2020, including delegation of authority to Senior Managers (Directors). Consequently, internal controls have been adapted accordingly. The Secretariat Change Management Committee was active.

Risk Management: The WMO Enterprise Risk Management (ERM) process, initiated in 2006 as an integral part of the system of internal control, is integrated in planning, monitoring and evaluation processes and key organizational processes (Standing Instructions), as recommended by the Audit Committee. The ERM is based on the WMO Risk Management Policy approved by the Executive Council in 2011 and on the Risk Management Framework introduced in 2012. This streamlined risk management process has been described in Standing Instruction Chapter 1, which new edition is being finalised to include new Secretariat Structure. Risk Management responsibility is transferred to the Director of the Cabinet Office for the Secretary-General, who is also the 2nd line of defence in WMO internal controls system.

The risk management processes (transparent and automatized when possible) has been put in place at corporate, department and process/project levels within the WMO Secretariat, as follows:

- (1) Operating Plan (OP) - corporate and department levels: specific Performance Indicators and risk assessment included in the OP (at the level of strategic objectives). The annual work plan has been developed for 2020 to serve as a corporate tool for monitoring and risk management, as stated above.
- (2) WMO reform – corporate level: to address associated risks, the Transition Plan adopted by the Executive Council in 2018 was implemented, including change management and risk management plans, and the Constituent Body Reform Task Force comprised of the members of Executive Council oversaw transition process.
- (3) Key organizational processes – corporate, department and process levels: risk control matrices have been introduced for all key organizational processes, except for travel. Process owners have responsibility to manage risks; Directors of departments (1st line of defence) accountable for compliance with instructions; Controller function established in 2019 is responsible for compliance verification; the Assistant Secretary-General (ASG) (2nd line of defence in 2019) is responsible for compliance assurance.
- (4) *Project management – corporate, department and project level: step-by-step process with clear responsibilities is stipulated in the Chapter 13 of the Standing Instructions; this includes risk management at project level. Corporate electronic project planning and monitoring tool (ePM) is operational since October 2018; project managers have obligation to identify, record in the ePM and manage project risks. Project Management Board (PMB) quarterly reviews high risks, measures and actions taken reported by directors of departments.*

- (5) Political, reputational, fraud and other high risks emerging from the above processes are being addressed at the Executive Management and Committee of Directors, as appropriate.

The new edition of Chapter 1 of the Standing Instructions will consolidate the above processes. The WMO Risk Management Framework (2013, WMO-No. 1111) will subsequently be revised to apply relevant aspects of the "COSO" framework for internal control and risk management, recommended by External Auditor and the Audit Committee.

Publications: The Publications Board continues to plan and monitor production of WMO publications on a quarterly basis (virtually) and ensures quality, timeliness and efficiency of production with respect to the publishing policy, regulations and mandatory publications approved by Congress. The Publications Board advises the Secretary-General on the production schedule and associated risks. This publishing process is streamlined and well documented.

Procurement: The Procurement and Contracts Committee has continued to review relevant procurement cases and advises the Secretary-General on appropriate procurement actions.

Investments: The Investment Committee monitors the investments of WMO to ensure they are consistent with the WMO Investment Policy, and reports to Secretary-General any variations from the policy, the reasons therefor and remedial actions. The WMO cash position during 2019 continued to remain sound. The WMO Secretariat monitored cash balances on a frequent basis. The exchange rate fluctuations and interest rates were carefully monitored to limit risks of investment.

4. Review of effectiveness

My review of the effectiveness of the system of internal controls is informed by the work of programme managers within the WMO Secretariat, who have responsibility for the identification and maintenance of the internal control framework in their areas of responsibility. I derive assurance from statements on internal control signed by key WMO managers/officers. These statements recognize their responsibility for having and maintaining in their areas well-functioning system of internal controls aimed at preventing and/or detecting instances of fraud and major errors. The statement includes their actions taken on identified risks in key organizational processes as well as their actions taken on the Internal Oversight Office (IOO), the Joint Inspection Unit (JIU) and External Audit recommendations.

The WMO Secretariat is subject to internal audit by IOO. The work of the IOO is informed by an assessment of the risks to which the Secretariat is exposed, and annual internal audit plans are noted by the WMO Audit Committee and approved by me. The Director of IOO provides me with an annual accountability report. The Audit Committee and the External Auditor of WMO review this report. The opinion of the Director of IOO presents an overall assessment of the systems of governance, risk management and internal control in WMO. It is based upon: (i) the results of internal oversight engagements completed in 2019 (see Annex), including assessment of the framework and processes for the management of risk; (ii) the results of external oversight exercises undertaken by the External Auditor, the JIU, etc.; and (iii) prior audit results and corrective actions taken and reported by management. The Director of IOO has concluded that IOO can provide reasonable assurance on the system of internal controls operating during 2019. He has also drawn attention to a few issues that merit further attention to achieve some improvements.

I am further advised by the WMO Audit Committee, responsible for assessing whether major issues reported by the IOO and the External Auditor have been satisfactorily addressed. The Audit Committee reports to the Executive Council on important matters pertaining to the Organization's controlling processes.

5. Significant internal control matters arising during the year

During 2019, I have addressed the concerns identified through the internal feedback process and internal and external audits.

On the basis of the improvements in the internal control design introduced in 2018, the internal control environment has been further reinforced through the revision of the Standing Instructions in the areas of finance, procurement, human resources management and project management. In line with the three lines of defence introduced in December 2018, ASG and the Controller ad interim assumed the functioning of the second line of defence, addressed the concerns identified in 2019 and ensured the implementation of the internal control in these areas.

Special efforts were made to implement the open recommendations of the External Auditor. Out of the thirteen open recommendations issued by the External Auditor, eleven have fully been implemented, fully addressing the concerns in the areas of procurement, IT, finance and project management. The remaining two recommendations on travel process and access rights for Oracle E-Business Suite were partially implemented in 2019. Continuous efforts will be made to fully implement the two open recommendations in 2020.

Appropriate personal actions were taken to ensure continuous management and controls in the administration. The Assistant Secretary-General continued to assume the management responsibility for the administration in 2019. A new Chief of the Finance Division was appointed on 1 March 2019. The Legal Counsel assumed the position of Chief of the Human Resources Division in interim after the departure of the previous incumbent.

Following the WMO constituent body reform approved by eighteenth Congress, the restructuring of the Secretariat was initiated, and delegation of authority through Senior Management Compacts has been introduced. Measures were taken to ensure that the internal controls be effective during the transition. Further adaption in the control environment, in particular in Standing Instructions, will be introduced in 2020.

As recommended by the Audit Committee, the WMO Enterprise Risk Management process put in place was operational in 2019. Further improvements will be introduced to align risk management, the Controller's functions and quality management in 2020, as recommended by the External Auditor.

Lessons learnt from past IT projects implemented in previous years, as well as from the comprehensive review of IT costs carried out in 2018, have been taken into account for designing and implementation of subsequent IT projects.

WMO took actions aimed at concluding the agreement with the United Nations whereby the United Nations Dispute Tribunal acts as the neutral first instance of the internal justice system of WMO. The agreement has been signed in January 2020. The WMO internal legislation will be adapted to the new internal justice system in 2020.

The recommendations of IOO and the External Auditor are being addressed to avoid such a situation with open issues. Generally, I consider that the areas that are not yet fully addressed do not impair my capacity to issue the Statement on Internal Controls.

6. Statement

I am committed to ensure continuous improvement of the system of internal controls and to address weaknesses in internal controls noted during the year. I am also encouraged by the continuing implementation of oversight recommendations during the past year. However, even effective internal control, no matter how well designed has inherent limitations, including the possibility of circumvention, and therefore can provide only reasonable assurance. Further, because of changes of conditions, the effectiveness of internal control may vary over time. Based on the above, I conclude that the WMO Secretariat had an adequate system of internal control for the year ended 31 December 2019, and up to the date of the approval of the financial statements.

P. Taalas
Secretary-General
17 June 2020

Annex

Internal audits completed in 2019

<i>Engagement</i>	<i>Report Number</i>
<i>Gender Equality and Mainstreaming</i>	2019-01
<i>Oracle Enhancements</i>	2019-02
<i>WMO Offices in Americas</i>	2019-03
<i>Afghanistan Early Warning System Project</i>	2019-04
<i>Accounts Payable Process</i>	2019-05
<i>Advisory – Language Services</i>	2019-06

SECRETARY-GENERAL'S STATEMENT

INTRODUCTION

1. In accordance with Article 14 of the Financial Regulations, I have the honour to submit to the Executive Council (hereinafter "the Council"), for approval, the financial statements of the World Meteorological Organization (WMO) for the year ended 31 December 2019. The External Auditor has given his opinion and report on the 2019 financial statements, both of which are also submitted to the Council, as required by Financial Regulation 15.10 and the Annex to the Financial Regulations.

FINANCIAL ANALYSIS

Summary

2. WMO has serviced its Members in 2019 on the basis of its dedicated staff. By the end of 2019, the total number of fixed-term and permanent staff employed by the WMO Secretariat was 326 as compared to 303 a year ago.

3. WMO prepares its financial statements in accordance with the International Public Sector Accounting Standards (IPSAS), under which revenues are recognized in the year to which they relate, in accordance with the Organization's accounting policies, and expenses are recognized in the year in which the goods or services are delivered. Consequently, expenses in any one year may be higher or lower than the revenue in that year.

4. WMO administers the activities of seven entities external to WMO; however WMO does not exercise full operational and financial control of these entities. The financial statements, and the corresponding analysis below, include three of those entities which are required to be accounted for as Joint Ventures or Associates under IPSAS and does not include the other four entities. More details are provided in Notes 4.15 and 4.16.

5. IPSAS requires the financial statements to provide information by segment. A segment is a distinguishable activity or group of activities for which financial information is reported separately. WMO classifies all projects, operations and fund activities into five segments: (i) General Fund; (ii) Regular Budget Support Funds; (iii) Event Funds; (iv) Development, Technical Assistance and Technical Cooperation Funds; and (v) National Technical Support Funds. WMO reports on the transactions of each segment for the year and on the balances held in each segment at the end of the year. Further details can be found in Note 9.

6. Table 1 below provides a high-level summary of the financial performance for 2019 and the financial position at the end of 2019. These figures include all activities for both the General Fund and Trust Funds with separate figures highlighted for the General Fund.

Table 1: Financial Highlights (Swiss Francs thousands)

Financial Performance	2019	2018
Total WMO Revenue	<u>90,833</u>	<u>87,805</u>
Total WMO Expenses	<u>98,876</u>	<u>94,932</u>
Annual WMO Surplus/(Deficit)	<u>(8,043)</u>	<u>(7,127)</u>
General Fund Annual IPSAS Surplus (Deficit)	<u>(3,971)</u>	<u>(3,824)</u>
Financial Position	2019	2018
Total WMO Assets	<u>221,141</u>	<u>210,173</u>
Total WMO Liabilities	<u>223,599</u>	<u>185,635</u>
WMO Net Assets	<u>(2,458)</u>	<u>24,538</u>
Gross Assessed Contributions Receivable	<u>28,377</u>	<u>19,645</u>
General Fund Net assets	<u>(24,498)</u>	<u>(1,574)</u>
General Fund Cash and Cash Equivalents ¹	<u>19,486</u>	<u>25,982</u>

Financial Performance

7. The financial performance for 2019 is disclosed in Statement II - Statement of Financial Performance. This shows that the overall IPSAS deficit was CHF 8.0 million in 2019, representing an increase in the annual deficit of CHF 0.9 million (13%) from the IPSAS deficit of CHF 7.1 million in 2018. The slightly increased deficit resulted mainly from IPSAS basis losses recognized in the Regular Budget Support Funds segment, which recognized a deficit in 2019 as compared to a surplus in 2018. The decrease in this fund segment was the result of lower levels of contributions without conditions in 2019 as compared to 2018. The movements in both revenue and expenses are explained in the following paragraphs.

¹ Amounts exclude funds held in trust for other entities

Table 2 – Comparative Revenue Analysis (Swiss Franc thousands)

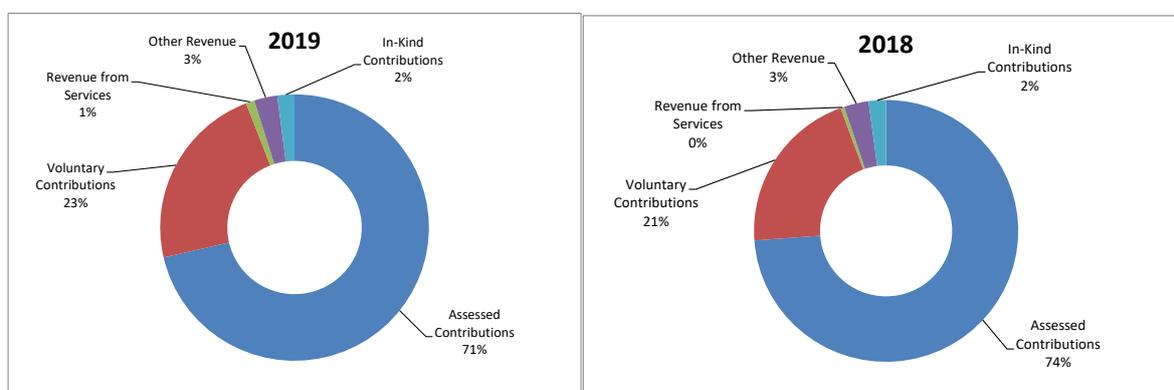
Revenue Category	2019	2018	Difference	Change (%)
Assessed Contributions	64,852	64,833	19	-
Voluntary Contributions	20,654	18,058	2,596	14.3
Revenue from Services	922	401	521	129.9
Other Revenue	2,535	2,643	(108)	(4.1)
In-Kind Contributions	1,870	1,870	-	-
Total Revenue	90,833	87,805	3,028	3.4

8. As can be seen from Table 2 above, the overall increase in revenue was the result of the following:

- (a) A CHF 2.6 million (14.3%) increase in revenue from voluntary contributions. It should also be noted that, in addition, total deferred revenue increased by CHF 13.8 million (25.6%) from 31 December 2018 to 31 December 2019, meaning that there was a significant increase in overall voluntary contributions to WMO; much of which will be implemented in future years and
- (b) A CHF 0.5 million (129.9%) increase in revenue from services, which is a growing element of WMO revenue. The overall increase of this revenue element can be further seen from the increase in unearned revenue from exchange transactions from 31 December 2018 to 31 December 2019, which is further discussed in paragraph 16(c) below.

9. During 2019, in-kind contributions have been recognized in respect of land and an interest-free loan provided by the Swiss authorities, in accordance with IPSAS. WMO also receives services in-kind from Members related to the support provided for WMO meetings held in their countries and support from Members to the regional WMO offices.

Chart 1 – Comparative Revenue by Category



10. Chart 1 above shows the composition of revenue for 2019 and 2018 by the category of revenue. As can be seen from the chart, the percentage of revenue by category has remained consistent from year-to-year, with the largest portion of revenue being derived from assessed contributions at 71% and 74% for 2019 and 2018, respectively.

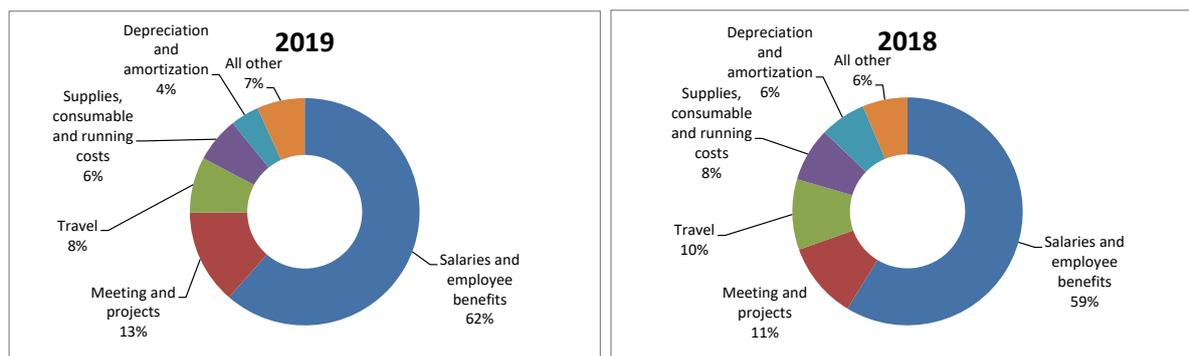
Table 3 – Comparative Expenditure Analysis (Swiss Franc thousands)

Expense Category	2019	2018	Difference	Change (%)
Salaries and employee benefits	60,759	55,745	5,014	9.0
Meeting and projects	13,260	10,280	2,980	29.0
Travel	7,868	9,508	(1,640)	(17.2)
Supplies, consumable and other running costs	6,334	7,253	(919)	(12.7)
Depreciation and amortization	3,995	6,142	(2,147)	(35.0)
In-kind expenses	1,870	1,870	-	-
Finance costs	1,806	1,605	201	12.5
Fellowships	821	1,158	(337)	(29.1)
Other expenses	1,612	1,356	256	18.9
Impact of joint ventures	551	15	536	3,573.3
Total Expense	98,876	94,932	3,944	4.2

11. As can be seen from Table 3, total expenses for 2019 were 4.2% higher than 2018. The most significant elements of the increase in expense were as follows:

- (a) increase of CHF 5.0 million (9.0%) in salaries and employee benefits expense resulting primarily from an increase in professional staff within the WMO Secretariat as well as the recognition of a provision related to outstanding claims related to the Geneva post adjustment for UN System Organizations and
- (b) increase of CHF 3.0 million (29.0%) in meetings and projects expense due to increases related to the implementation of project activities through implementing partners, primarily related to activities funded by voluntary contributions; which were offset by
- (c) decrease of CHF 1.6 million (17.2%) in travel related expense, primarily resulting from a decrease in the number of days of meetings funded by WMO as well as a reduction in both the number and average cost of air tickets purchased.
- (d) decrease of CHF 2.1 million (35.0%) in depreciation and amortization expense resulting from the fact that a number of assets related to components of the WMO Headquarters building became fully depreciated by the end of 2018; and
- (e) decrease of CHF 0.9 million (12.7%) in supplies, consumables and other running costs resulting from the capitalization of certain IT costs in 2019 related to the development of the Community Platform and overall reductions in IT costs incurred.

Chart 2 – Comparative Expense by Category



12. Chart 2 above shows the composition of expense for 2019 and 2018 by the category of expense. As can be seen from the chart, the percentage of expense by category has remained relatively consistent from year-to-year, with a small increase in expenses related to meetings and projects offset by a decrease in expenses related to travel. Additionally, there have been expected decreases in expenses associated with both supplies, consumables and other running costs as well as depreciation and amortization. It should be noted that salaries and employee benefit related expenses have remained relatively stable at 59% to 62% for the two years, including the recognition of a provision of CHF 2.1 million related to outstanding claims related to the Geneva post adjustment for UN System Organizations.

13. The annual net deficit for the year increased by CHF 0.9 million to CHF 8.0 million in 2019 from CHF 7.1 million in 2018. The annual net deficit by fund group was as follows:

- a. The General Fund annual net deficit remained stable in 2019 at CHF 4.0 million, compared to CHF 3.8 million for 2018.
- b. The Regular Programme Support Funds experienced an annual net deficit in 2019 of CHF 1.0 million as compared to a net surplus of CHF 2.4 million in 2018 (a decline of CHF 3.4 million) as result of lower levels of contributions without conditions in 2019 as compared to 2018. Many of the activities related to contributions without conditions in 2018 were finally implemented in 2019.
- c. The Development, Technical Assistance and Technical Cooperation Funds experienced a decline in the annual net deficit of CHF 2.7 million, which was primarily due to the completion of a number of activities that had been originally funded by contributions for which revenue had not been deferred.

14. The General Fund has experienced a net deficit nearly every year since the adoption of IPSAS. Although the General Fund is intended, from a cash perspective, to have neither a net surplus or net deficit over time, the small net deficit in the General Fund is expected for the following reasons:

- (a) The non-cash depreciation expense of the WMO Headquarters building in excess of the related net debt payments averages between CHF 2 million and CHF 3 million per year, thus naturally incurring an annual net deficit on an IPSAS basis.
- (b) The long-term employee benefits expense as determined by the Organization's actuaries exceeds the amount of "pay-as-you-go" payments for these liabilities by between CHF 1.5 million and CHF 2.0 million per year, thus naturally incurring an annual net deficit on an IPSAS basis.

15. Therefore, the net deficit experienced in the General Fund is expected and does not, in the short- or medium-term pose a risk to the financial health of WMO. The ongoing deficits related to the long-term employee benefit liabilities needs to be monitored and addressed in the medium- to long-term to ensure the ongoing financial health of the General Fund.

Financial Position

Table 4 – Summary of Financial Position (Swiss Franc thousands)

	2019	2018	Difference	Change (%)
Current Assets	135,999	130,174	5,825	4.5
Non-Current Assets	85,142	79,999	5,143	6.4
Total Assets	221,141	210,173	10,968	5.2
Current Liabilities	75,790	73,549	2,241	3.0
Non-Current Liabilities	147,809	112,086	35,723	31.9
Total Liabilities	223,599	185,635	37,964	20.5
Net Assets (Deficit) / Equity	(2,458)	24,538	(26,996)	(110.0)

16. The financial position as at 31 December 2019 is disclosed in Statement I - Statement of Financial Position and is summarized in Table 4 above. In 2019, the net assets of the Organization decreased by CHF 27.0 million (110.0%) and moved from a Net Asset position to a Net Deficit position. The decrease in net assets and move to a net deficit position resulted mainly from:

- a. Increases in employee benefit liabilities resulting from a further decline in the reference interest rates and improvements made to the assumptions and methodologies utilized in the calculation of these long-term liabilities;
- b. Increases in deferred revenue on voluntary contributions resulting from increased amounts of voluntary contributions during 2019 for which the conditions had not been satisfied by 31 December 2019. Such contributions are expected to become revenue in future periods;
- c. Increases in unearned revenue on exchange transactions resulting from increased amounts of service revenue arrangements during 2019 for which the activities had not been completed by 31 December 2019. Such unearned revenue is expected to become revenue in future periods; which were offset by
- d. Increases in contributions receivable from both assessed and voluntary contributions, which are expected to convert to cash in future periods.

17. Cash holdings decreased by CHF 4.3 million from CHF 87.7 million at 31 December 2018 to CHF 83.4 million at 31 December 2019. The Segment Reporting in Note 9.1 shows that the cash holding for the General Fund amounted to CHF 34.3 million (2018: CHF 40.8 million) which includes cash of CHF 14.9 million (2018: 14.8 million) held in trust for the unconsolidated entities and joint ventures and associates administered by WMO, giving net cash holding for the General Fund as at 31 December 2019 of CHF 19.4 million (2018: 26.0 million), which is sufficient for operations of approximately three months. By the end of April 2020, payments of arrears of assessed contributions amounting to CHF 8.0 million, relating to 2019 and prior years, were received. The composition of the General Fund cash balance as at 31 December 2019 is shown in Table 5 below.

Table 5 – Composition of General Fund cash balance (Swiss Franc millions)

	2019	2018
Assessed contributions received in advance from Members	9.2	9.8
Advances to Working Capital Fund	6.6	6.6
Accounts payable	2.7	3.2
Open commitments	1.0	6.4
Total General Fund cash balance 31 December	19.5	26.0

18. Trust funds had strong cash balances due to the budgetary policy in respect to voluntary funded projects. Expenditure cannot commence until respective pledged contributions have

been received. Cash balances relating to voluntary funded contributions increased by CHF 2.2 million from CHF 46.9 million at the end of 2018 to CHF 49.1 million at 31 December 2019, primarily due to increased voluntary contributions in 2018, much of which was deferred.

19. The Statement of Financial Position as at 31 December 2019 shows that contributions receivable increased by CHF 18.6 million (49.5%) from CHF 37.7 million at 31 December 2018 to CHF 56.3 million at 31 December 2019. The increase represents an increase CHF 8.1 million in net assessed contributions receivable and an increase of CHF 10.6 million in net voluntary contributions receivable.

20. Of the CHF 56.3 million in outstanding contributions receivable at 31 December 2019, CHF 20.3 million relates to assessed contributions receivable. This amount represents over 30% of the annual regular budget. The attention of the Members of WMO to timely payment of assessed contributions is crucial to the operational efficiency of the Organization.

21. All of the amounts recorded as contributions receivable, revenues and or deferred revenues may not ultimately be received. For this reason, WMO recognizes adequate and appropriate provisions for doubtful accounts and provision for refunds to donor² in accordance with IPSAS.

22. WMO's liabilities for employee benefits totaled CHF 91.5 million at 31 December 2019, an increase of CHF 20.6 million (29.1%) from CHF 70.9 million at 31 December 2018. The majority of the employee benefit liabilities are calculated by professional actuaries. The increase in the liability was primarily driven by the actuarial loss resulting from a decrease in the discount rate during 2019 as well as improvements made to the assumptions and methodologies utilized in the calculation of these long-term liabilities.

23. The employee benefits liabilities are not funded. Further information on employee benefits is provided in Note 4.9.

24. Deferred revenue represents voluntary contributions received by WMO that include conditions related to the specific performance of services that, if unmet, would result in the return of funds to the donor. Deferred revenue totaled CHF 67.5 million at 31 December 2019, which represented a CHF 13.7 million (25.6%) increase from the balance of CHF 53.8 million at 31 December 2018. The increase resulted from increases on contributions to WMO, most of which contained conditions, that will become revenue in future years.

² Provision for delayed collection of assessed contributions from Members is shown in Note 4.2.

Net Assets/Equity

25. The changes in net assets and equity are disclosed in Financial Statement III – Statement of changes in Net Assets/Equity. The movement in net assets during the year is summarized in Table 6 below.

Table 6: Movement in Net Assets (Swiss Francs thousands)

	2019	2018
Net Assets at 1 January	24,538	22,157
(Deficit) during year	(8,043)	(7,127)
Contribution to the Working Capital Fund	1	1
Actuarial gain/(loss) during year	(18,803)	9,721
Other changes during year	(151)	(214)
Net Assets / (Deficit) at 31 December	<u>(2,458)</u>	<u>24,538</u>

26. The Organization's total current assets of CHF 136.0 million represent 179% of its total current liabilities of CHF 75.8 million (see Statement I) at 31 December 2019, which demonstrates the Organization's ability to meet its short term liquidity needs.

27. The Net Assets/Equity position of the General Fund is in a net deficit position at 31 December 2019 of CHF 24.5 million as compared to a net deficit position at 31 December 2018 of CHF 1.6 million. This net deficit position is primarily the result of the unfunded employee benefit liabilities. The increase in the net deficit of the General Fund during 2019 was primarily due to the significant increase in the employee benefit liabilities as a result of the large actuarial loss recognized during 2019. The increase in the General Fund net deficit also resulted by the expected annual net deficit as discussed in paragraph 14 above.

Working Capital

28. In Resolution 42 (Cg-XV), Congress fixed the principal of the Working Capital Fund at CHF 7.5 million. The balance of the fund was CHF 6.6 million at 31 December 2019. The shortfall is being funded from interest earned on short-term investments of the capital. During 2019 and 2018, the Fund earned less than CHF 5,000 of interest per year. Unpaid advances to this Fund due from Members amounted to CHF 1,601 at 31 December 2019 and 2018.

Cash Flow

29. The cash flow is disclosed in Statement IV - Statement of Cash Flow. Overall, the cash balance held to support WMO's requirements decreased by CHF 4.2 million (4.8%) to CHF 83.4 million at 31 December 2019 from CHF 87.7 million at 31 December 2018. The Statement of Cash Flow summarizes the cash inflows and outflows during the year.

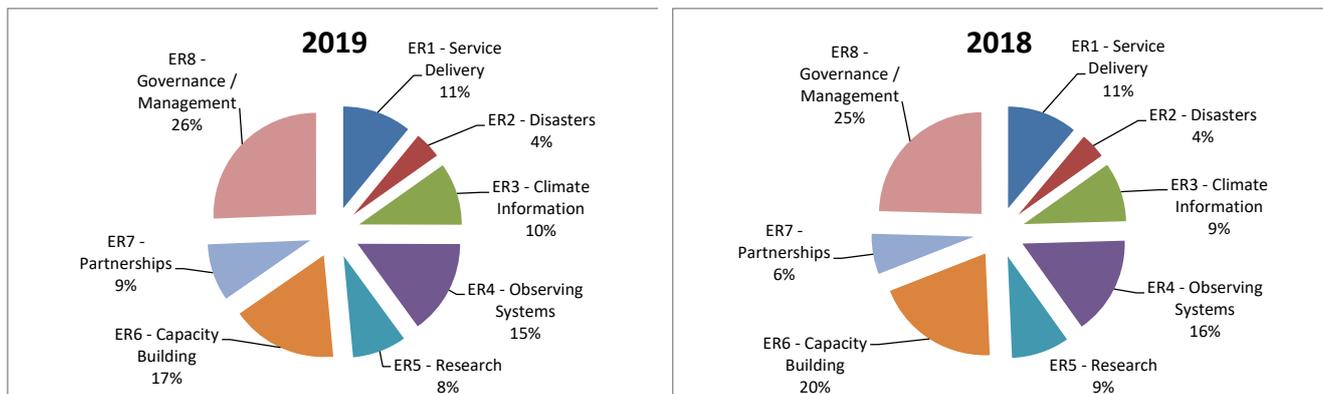
BUDGETARY ANALYSIS

30. The budget figures for the General Fund are disclosed in Statement V - Statement of Comparison of Budget and Actual Amounts for the year ended 31 December 2019.

31. The 2019 annual budget has been prepared on the modified cash basis. Under the modified cash basis and as shown in Statement V, expenditure is recognized when purchase orders/contracts are issued to suppliers/contractors. Expenditure in Statement II - Statement of Financial Performance - is recognized in accordance with IPSAS in the year in which the goods or services are received. In order to facilitate comparison between expenditure in Statements II and V, a Statement of Comparison is shown in Note 8 which reconciles the expenditure recognized on the modified cash basis to expenditure on the IPSAS basis.

32. Statement V shows that WMO General Fund expenditure amounted to CHF 66.0 million in 2019, or 103.7% of the budget of CHF 63.7 million. The implementation rates by Expected Result varied from 92.9% for Expected Result 8 to 139.8% for Expected Result 7. Figure 3 shows the relative compositions of total expenditure by Expected Result during 2019 and 2018.

Chart 3: Comparative Expenditure by Expected Results



Explanations of variances in Statement V between the 2019 approved budget and the actual expenditure in 2019

33. The over-expenditures of CHF 2.4 million presented in the 2019 Regular Budget Statement V are balanced by the unspent balance accumulated from 2018 and the biennium 2016-2017. The budget performance of 2019 has resulted in the full implementation at 100% of the total appropriations approved by 17th Congress for the seventeenth Financial Period (2016-2019). Budget transfers between appropriation parts required during the seventeenth financial period represents 1.7 percent of the total maximum expenditure authorized for the financial period, which is below three percent stipulated in the Financial Regulation 4.2.

34. The allocation of additional funds in 2019 carried over from prior years allowed for the implementation of priority unplanned activities and projects like the development of the Community Platform, new activities supporting public private engagement, and the Global Weather Display Corner project. Those projects and the deficit of CHF 1.7 million in administrative costs apportioned by Expected Results largely contributed to the overall 2019 budgetary deficit of CHF 2.4 million and its corresponding distribution by Expected Results. The budget variances by Expected result are described below:

35. Expected Result 1

The over-expenditure of Expected Result 1 by CHF 673.2K is explained by additional requirements in the implementation of the GFCS Programme for delivering services in cross-

cutting priority projects. Cross-cutting resources in Expected Result 3 were reallocated to support this area.

36. Expected Result 2

The over-expenditure of Expected Result 2 by CHF 283.2K is explained by the investment in accessibility to live information and warnings from Members and GMAS (Global Weather Display Corner project) and extensive support in multiple areas of the Tropical Cyclone Programme.

37. Expected Result 3

The under-expenditure of Expected Result 3 by CHF 280.2K is explained by the shifting of resources to implement cross-cutting projects implemented in the Expected Result 1. Climate and Hydrology Programmes were implemented as planned.

38. Expected Result 4

The over-expenditure of Expected Result 4 by CHF 164.3K is explained by the development of Space-based observing system, cross-cutting coordination in satellite area and supporting training activities on the OSCAR system.

39. Expected Result 5

The under-expenditure of Expected Result 5 by CHF 49.7K is explained by savings in the WCRP Programme due to the separation of one staff as result of the Early Retirement and Voluntary Separation Programme (VSP/ERP). The Research Programmes contributing to the Expected Result 5 were implemented as planned.

40. Expected Result 6

The over-expenditure of Expected Result 6 by CHF 1,168.8K relates to the actual operating costs of the Regional Offices, and the development and shifting of resources to the Field Offices, including relocation projects. Other adjustment of resources for the development of the project management and coordination area budgeted as part of Resource Mobilization Programme also contributed to the overall deficit in the Expected Result 6.

41. Expected Result 7

The over-expenditure of Expected Result 7 by CHF 1,706.3K is explained by the development of modern tools (the Community Platform) for improving the communication of WMO experts and partners, to digitize processes and centralized databases. The development of public private engagement activities and costs related to filling a new position in the New York Office to deliver high level visibility of WMO in the UN system also contributed to the deficit as compared to the budget.

42. Expected Result 8

The under-expenditure of Expected Result 8 by CHF 1,298.3K is mainly due to the staff vacancies as a result of the Early Retirement and Voluntary Separation Programme (VSP/ERP) in the Language Services, and vacancies in management positions in the administration area budgeted in the Governance Programme. Additional savings were materialized as a result of more effective management of the Congress budget in 2019.

43. Administrative costs

The budget and the expenditure of administrative costs (charged against Expected Result 0 in the system) are apportioned proportionately to the Expected Results 1 to 8. The over-expenditure in the apportioned costs budget by CHF 1.7 million resulted mainly from (i) increased requirements for ICT and building maintenance operating costs as compared to the approved budget (CHF 0.4 million) and from high priority IT projects (the Modern Workspace Project) (CHF 0.1 million) (ii) additional cost amounting to CHF 0.6 million in administration costs related to United Nations system-wide coordination and cooperation, temporary assistance in periods of peak workload and bank charges and (iii) the higher staff costs as compared to the standard costs due to long-serving staff with seniority in the administration (CHF 0.6 million).

ENHANCING TRANSPARENCY AND ACCOUNTABILITY

44. WMO continues to prepare the financial statements in accordance with IPSAS. In accordance with IPSAS requirements, and reflecting the nature of WMO's business, revenue from assessed contributions, voluntary contributions received as well as pledges of voluntary contributions confirmed in writing are recognized as revenue or deferred revenue. In accordance with the accrual basis of accounting, expense recognition occurs at the time of delivery of goods or services by the supplier or service provider and are recorded in the accounting records and recognized in the financial statements of the year to which they relate. By adopting and implementing IPSAS, including continuous monitoring and implementation of relevant changes, WMO enhanced its ability to produce relevant and useful financial information, thereby improving the transparency and accountability with which it manages its resources.

45. Continued compliance with IPSAS remains a priority as the scope of IPSAS is constantly updated to reflect best practice.

46. During 2019, WMO maintained a number of measures to enhance transparency and accountability described below:

- On a regular basis and during meetings of the Management chaired by the Secretary-General, financial and budget matters were considered and senior management received financial, budgetary and other briefings on resource management, with a focus on risk management;
- The Investment Committee meet to review the Organization's cash situation, based on which appropriate treasury decisions were made as well as recommendations for changes to the investment policy, where necessary, were made.
- Online budget and finance information by departments/offices and Expected Results was provided through the WMO portal to managers and staff.

47. WMO's framework of oversight includes the Internal Oversight Office, dealing with internal audit, inspections and investigations; the WMO Audit Committee and the External Auditor. The Secretary-General issues a Statement on Internal Control in the context of the presentation of the annual financial statements. Internal controls are designed to maximize the effective and efficient use of resources and to safeguard its assets. During 2019, the position of Controller was created and the position was filled on an ad interim basis.

RISK MANAGEMENT

48. WMO manages risk proactively. A risk profile and register have been constructed for the Organization to identify any major risks affecting its strategy and mandate. The profile presents the potential impact and likelihood of risks to WMO. The risk register also allows WMO to identify appropriate mitigation actions and assigns responsibility for managing and mitigating risks.

49. WMO's activities expose it to a variety of financial risks. Financial risk management is carried out by a central treasury function using guidelines set out by the Investment Committee. WMO's financial risk management policies seek to minimize, where feasible, potential adverse effects on the financial performance of WMO. Established policies cover areas of risk such as foreign exchange, interest rate and the investing of funds. The objectives of the investment policy are the preservation of capital, provide liquidity and to increase income through rates of return. The major emphasis of this policy is the preservation of the value of cash resources.

50. WMO's treasury policy on liquidity ensures the maintenance of sufficient cash to meet WMO's commitments as and when they fall due. As at 31 December 2019 the majority of the cash balances were available within one day's notice to provide maximum liquidity and enable WMO to react quickly to any signs of a financial crisis.

51. WMO's credit risk is minimized by ensuring that cash is placed with major financial institutions that have been accorded acceptable investment grade ratings by a primary rating agency. Contributions receivable comprise primarily amounts due from sovereign nations. WMO's market risk is low since the implementation of WMO's plan and budget is not dependent on or impacted by interest earnings. Although currency risks exist and are increasing due to the increased amount of voluntary contributions in currencies other than the Swiss Franc, these risks are mitigated through implementation of the foreign currency management policy. Balances are received and held primarily in Swiss Francs which is the predominant currency of payment and the official currency of WMO. Further information is provided in Note 5 to the Financial Statements.

SUSTAINABILITY

52. In the light of the global spread and impact of COVID-19, and mindful of the importance of taking mitigating measures against the virus, the World Meteorological Organization has decided to postpone a series of events and meetings that were scheduled to take place from March through to June. The decision is in line with the precautionary approach adopted by other international organizations in the face of the serious global situation, and seeks to ensure the safety of staff and delegates. WMO is making alternative arrangements to ensure progress in the efficient implementation of its business and the work of its constituent bodies.

53. WMO continues to evaluate the consequences of any potential reduction in contributions, and whether it would lead to a consequential reduction in the scale of operations and number of beneficiaries assisted. Having considered WMO's projected activities and the corresponding risks, I continue to be confident that WMO has adequate resources to continue to operate in the medium term.

54. The Organization will continue to report on the "going concern" basis in preparing WMO's financial statements for 2019. This assertion is supported by: (i) the increase in approved maximum expenditures for 2020-2024; (ii) the net assets held at the end of the period and contributions received in 2019; (iii) the projected level of contributions for the year 2020; and (iv) the trend in donor support that has been sustaining WMO's mandate since its inception in 1950.

RESPONSIBILITY

55. As required under Article 14 of the Financial Regulations, I am pleased to submit the following financial statements which have been prepared in accordance with IPSAS. I certify, that to the best of my knowledge and information, all transactions during the year have been properly entered in the accounting records and that these transactions together with the following financial statements and notes, details of which form part of this document, fairly present the financial position of WMO at 31 December 2019:

Statement I	Statement of Financial Position as at 31 December 2019
Statement II	Statement of Financial Performance for the Year Ended 31 December 2019
Statement III	Statement of Changes in Net Assets for the Year Ended 31 December 2019
Statement IV	Statement of Cash Flow for the Year Ended 31 December 2019
Statement V	Statement of Comparison of Budget and Actual Amounts for the Year Ended 31 December 2019
Notes to the Financial Statements	

P. Taalas
Secretary-General
17 June 2020

EXTERNAL AUDITOR'S AUDIT OPINION

To the WMO Executive Council

Opinion

SFAO has audited the financial statements of the World Meteorological Organization (the Organization), which comprise the statement of financial position as at 31 December 2019, the statement of financial performance, the statement of changes in net assets/equity, the statement of cash flow and the statement of comparison of budget and actual amounts for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In the opinion of SFAO, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at 31 December 2019, and its financial performance and cash flows for the year then ended in accordance with the International Public Sector Accounting Standards (IPSAS) and the Organization's Financial Regulations.

Basis for Opinion

SFAO conducted its audit in accordance with International Standards on Auditing (ISAs). Its responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of its report. SFAO is independent of the Organization in accordance with the ethical requirements that are relevant to its audit of the financial statements in Switzerland, and it has fulfilled its other ethical responsibilities in accordance with these requirements.

SFAO believes that the audit evidence it has obtained is sufficient and appropriate to provide a basis for its opinion.

Responsibilities of the Secretary-General for the financial statements

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

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

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

Auditor's responsibilities for the audit of the financial statements

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

As part of an audit in accordance with ISAs, SFAO exercises professional judgment and maintains professional scepticism throughout the audit. It also:

- Identifies and assesses the risks of material misstatement of the financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence that is sufficient and appropriate to provide a basis for its opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control.
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Secretary-General.
- Concludes on the appropriateness of the Secretary-General's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organization's ability to continue as a going concern. If SFAO concludes that a material uncertainty exists, SFAO is required to draw attention in its auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify its opinion. Its conclusions are based on the audit evidence obtained up to the date of its auditor's report. However, future events or conditions may cause the Organization to cease to continue as a going concern.
- Evaluates the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

SFAO communicates with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that it identifies during its audit.

Berne, 25 May 2020

SWISS FEDERAL AUDIT OFFICE

(External Auditor)

(Eric-Serge Jeannet)
Deputy Director

(Andreas Baumann)
Head of the Competence Centre

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2019**

P. Taalas
Secretary-General
17 June 2020

STATEMENT I

WORLD METEOROLOGICAL ORGANIZATION STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2019 (in thousand of Swiss Francs)

	Note No.	2019	2018 (Restated)
ASSETS			
Current assets			
Cash and cash equivalents	4.1	83,417	87,654
Assessed contributions receivable	4.2	20,073	12,031
Voluntary contributions receivable	4.2	21,274	19,466
Inventories	4.3	79	61
Advances for projects and meetings	4.4	8,407	7,077
Other receivables	4.5	2,749	3,885
		135,999	130,174
Non-current assets			
Assessed contributions receivable	4.2	302	288
Voluntary contributions receivable	4.2	14,652	5,879
Property, plant and equipment	4.6	68,809	72,137
Intangible assets	4.7	351	116
Interest in joint ventures and associates	4.16	1,028	1,579
		85,142	79,999
Total assets		221,141	210,173
LIABILITIES			
Current liabilities			
Payables and accruals	4.8	4,386	4,369
Employee benefits	4.9	5,194	5,357
Contributions received in advance	4.10	9,200	9,777
Unearned revenue from exchange transactions	4.11	2,861	83
Deferred revenue	4.12	35,094	37,009
Borrowings	4.13	1,442	1,442
Provisions	4.14	2,751	698
Funds held in trust	4.15	14,862	14,814
		75,790	73,549
Non-current liabilities			
Employee benefits	4.9	86,347	65,572
Deferred revenue	4.12	32,412	16,745
Borrowings	4.13	29,050	29,769
		147,809	112,086
Total liabilities		223,599	185,635
Net assets		(2,458)	24,538
NET ASSETS/EQUITY			
Capital fund	Stat.III	7,024	7,023
Accumulated surplus / (deficit)	Stat.III	(532)	7,511
Employee benefits reserves	4.17	(8,950)	10,004
		(2,458)	24,538

The accompanying notes form an integral part of these financial statements.

STATEMENT II

WORLD METEOROLOGICAL ORGANIZATION STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 31 DECEMBER 2019 (in thousand of Swiss Francs)

	Note No.	2019	2018 (Restated)
Revenue			
Assessed contributions (Non-exchange)	6.1	64,852	64,833
Voluntary contributions (Non-exchange)	6.2	20,654	18,058
Revenue from Services	6.3	922	401
Other revenue	6.4	2,535	2,643
In-kind contributions (services) (Non-exchange)	6.5	1,870	1,870
Total Revenue		90,833	87,805
Expenses			
Salaries and employee benefits	7.1	60,759	55,745
Meetings and projects	7.2	13,260	10,280
Travel	7.3	7,868	9,508
Supplies, consumables and other running costs	7.4	6,334	7,253
Depreciation and amortization	4.6/4.7	3,995	6,142
In-kind expenditure (services)	7.5	1,870	1,870
Finance costs	7.6	1,806	1,605
Fellowships	7.7	821	1,158
Other expenditures	7.8	1,612	1,356
Movement in share of Net Assets/Equity of joint ventures and associates	4.16	(199)	133
Interest in joint ventures and associates	4.16	750	(118)
Total Expenses		98,876	94,932
Surplus/(deficit) for the year		(8,043)	(7,127)

The accompanying notes form an integral part of these financial statements.

STATEMENT III

WORLD METEOROLOGICAL ORGANIZATION
STATEMENT OF CHANGES IN NET ASSETS/EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019

(in thousand of Swiss Francs)

	Capital Fund	Accumulated surplus	Employee benefits reserve (Note 4.17)	Total net assets
Net assets at 31 December 2018	7,023	7,511	10,004	24,538
Movements in fund balances and reserves in 2019:				
Contribution to the Working Capital Fund	1	-	-	1
Payments against reserves	-	-	(3,181)	(3,181)
Service charge for employee benefits	-	-	3,030	3,030
Gain (loss) arising from actuarial valuation of liability for employee benefits at 31 December 2019	-	-	(18,803)	(18,803)
Surplus (deficit) for the year	-	(8,043)	-	(8,043)
Total movements during the year	1	(8,043)	(18,954)	(26,996)
Net assets 31 December 2019	7,024	(532)	(8,950)	(2,458)

STATEMENT OF CHANGES IN NET ASSETS/EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018

(in thousand of Swiss Francs)
(restated)

	Capital Fund	Accumulated surplus	Employee benefits reserve (Note 4.17)	Total net assets
Net assets at 31 December 2017	7,022	14,638	497	22,157
Movements in fund balances and reserves in 2018:				
Contribution to the Working Capital Fund	1	-	-	1
Payments against reserves	-	-	(3,103)	(3,103)
Service charge for employee benefits	-	-	2,889	2,889
Gain (loss) arising from actuarial valuation of liability for employee benefits at 31 December 2018	-	-	9,721	9,721
Surplus (deficit) for the year (restated)	-	(7,127)	-	(7,127)
Total movements during the year	1	(7,127)	9,507	2,381
Net assets 31 December 2018	7,023	7,511	10,004	24,538

The accompanying notes form an integral part of these financial statements

STATEMENT IV

WORLD METEOROLOGICAL ORGANIZATION
STATEMENT OF CASH FLOW
FOR THE YEAR ENDED 31 DECEMBER 2019
(in thousand of Swiss Francs)

	2019	2018 (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES		
Surplus/ (deficit) for the year	(8,043)	(7,127)
Amortization of discount on long-term loan	758	775
Change in discount on receivables	117	15
Depreciation and amortization	3,995	6,142
Interest and service charge for employee benefits	3,753	3,534
Net movement in employee benefits reserve	(151)	(214)
Increase (decrease) in provision for doubtful receivables	589	249
Interest in joint ventures	551	15
(Increase) decrease in inventories	(18)	2
(Increase) decrease in gross short-term contributions receivable	(10,527)	4,181
(Increase) decrease in gross long-term contributions receivable	(8,904)	(2,297)
(Increase) decrease in advances for projects and meetings	(1,330)	(3,736)
Increase (decrease) in contributions received in advance	(577)	(938)
Increase (decrease) in unearned revenue from exchange transactions	2,778	83
Increase (decrease) in deferred revenue	13,752	15,670
Increase (decrease) in funds held in trust	48	3,453
(Increase) decrease in other receivables	1,224	1,397
Increase (decrease) in payables and accruals	17	1,446
Increase (decrease) in provisions	2,053	667
Increase (decrease) in employee benefits liabilities	(1,944)	(2,211)
Net cash flows from operating activities	(1,859)	21,106
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(530)	-
Purchase of intangible assets	(372)	-
(Increase) decrease in short-term investments	-	-
Net cash flows from investing activities	(902)	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Contribution to Working Capital Fund by new Members	1	1
Increase (decrease) in undiscounted long-term borrowing	(1,477)	(1,477)
Net cash flows from financing activities	(1,476)	(1,476)
Net increase (decrease) in cash and cash equivalents	(4,237)	19,630
Cash and cash equivalents at beginning of year	87,654	68,024
Cash and cash equivalents at end of year	83,417	87,654

The accompanying notes form an integral part of these financial statements

STATEMENT V

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
FOR THE TWELVE MONTHS ENDING 31 DECEMBER 2019

(in thousands of Swiss Francs)

	Expected Result	Budget amount		% of annual budget spent	Differences: final budget and actual
		Original	Expenditure* on comparable basis		
1	Enhanced capabilities of Members to deliver and improve access to high-quality weather, climate, water and related environmental predictions, information, warnings, and services in response to users' needs and to enable their use in decision-making by all relevant societal sectors.	6,501.8	7,175.0	110.4	(673.2)
2	Enhanced capabilities of Members to reduce risks and potential impacts of hazards caused by weather, climate and water and related environmental elements.	2,529.3	2,812.5	111.2	(283.2)
3	Enhanced capabilities of Members to produce better weather, climate, water and related environmental information, predictions and warnings to support in particular disaster risk reduction, climate impact and adaptation strategies.	6,816.2	6,536.0	95.9	280.2
4	Enhanced capabilities of Members to access, develop, implement and use integrated and interoperable Earth- and space-based observation systems for weather, climate and hydrological observations, as well as related environmental and space weather observations, based on world standards set by WMO.	9,736.0	9,900.3	101.7	(164.3)
5	Enhanced capabilities of Members to contribute to and draw benefits from the global research capacity for weather, climate, water and the related environmental science and technology development.	5,666.4	5,616.6	99.1	49.7
6	Enhanced capabilities of National Meteorological and Hydrological Services (NMHSs), in particular in developing and least developed countries, to fulfil their mandates.	9,908.2	11,077.0	111.8	(1,168.8)
7	New and strengthened partnerships and cooperation activities to improve NMHSs' performance in delivering services and to increase the value of the contributions of WMO within the United Nations system, relevant international conventions and national strategic issues.	4,289.1	5,995.4	139.8	(1,706.3)
8	An effective and efficient Organization.	18,218.8	16,920.5	92.9	1,298.3
	Total expenditures	63,665.8	66,033.3	103.7	(2,367.5)

* Including actuals and obligations as per UNSAS

Notes to the Financial Statements at 31 December 2019

NOTE 1: PURPOSES OF THE ORGANIZATION

- (a) To facilitate world-wide cooperation in the establishment of networks of stations for the making of meteorological observations as well as hydrological and other geophysical observations related to meteorology, and to promote the establishment and maintenance of centres charged with the provision of meteorological and related services;
- (b) To promote the establishment and maintenance of systems for the rapid exchange of meteorological and related information;
- (c) To promote standardization of meteorological and related observations and to ensure the uniform publication of observations and statistics;
- (d) To further the application of meteorology to aviation, shipping, water problems, agriculture and other human activities;
- (e) To promote activities in operational hydrology and to further close cooperation between Meteorological and Hydrological Services; and
- (f) To encourage research and training in meteorology and, as appropriate, in related fields and to assist in coordinating the international aspects of such research and training.

NOTE 2: ACCOUNTING POLICIES

Basis of Preparation

1. The financial statements of the World Meteorological Organization (WMO) have been prepared on the accrual basis of accounting in accordance with the International Public Sector Accounting Standards (IPSAS) using the historic cost convention and the inclusion of long-term receivables and long-term borrowings at amortized cost.

2. On 1 January 2019, IPSAS 40 – Public Sector Combinations, came into force; however, there was no impact on WMO's financial statements.

3. As of 31 December 2019, the date of the Statement of Financial Position, the following IPSAS Standards had been issued, but had not taken effect:

- IPSAS 41 – Financial instruments and
- IPSAS 42 – Social benefits

IPSAS 41 and IPSAS 42 will come into force in periods beginning on or after 1 January 2022. The potential effects of these standards are being evaluated.

4. In accordance with IPSAS requirements, and reflecting the nature of WMO's business, revenue from assessed contributions and voluntary contributions received or confirmed in writing are recognized as non-exchange transactions as per IPSAS 23 - Revenue from Non-Exchange Transactions. WMO considers that there are restrictions on the use of all contributions, and that some of these restrictions meet the definition of a condition as described under IPSAS 23. Certain revenue arrangements meet the definition of exchange transactions under IPSAS 9 – Revenue from Exchange Transactions and are accounted for in accordance with this standard.

5. In accordance with the accrual basis of accounting, expense recognition occurs at the time of delivery of goods or services by the supplier or service provider and are recorded in the accounting records and recognized in the financial statements of the periods to which they relate.

6. The Statement of Cash Flow is prepared using the indirect method.

7. The functional and reporting currency of WMO is the Swiss Franc (CHF). Transactions in currencies other than CHF are translated into CHF at the prevailing United Nations Operational Rates of Exchange (UNORE) at the time of transaction. Assets and liabilities in currencies other than CHF are translated into CHF at the prevailing UNORE year-end closing rate. Resulting gains or losses are accounted for in the Statement of Financial Performance.

Cash and Cash Equivalents

8. Cash and cash equivalents are held at nominal value and comprise cash on hand and cash at banks.
9. Interest revenue is recognized as it accrues.

Financial Instruments

10. Financial instruments are recognized when WMO becomes a party to the contractual provisions of the instrument until such time as when the rights to receive cash flows from those assets have expired or have been transferred and WMO has transferred substantially all the risks and rewards of ownership.
11. Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in active markets. Receivables comprise contributions receivable in cash and other receivables. Receivables are stated at amortized cost.
12. All non-derivative financial liabilities including borrowings are recognized initially at fair value, and subsequently measured at amortized cost using the effective interest method.

Contributions and Receivables

13. Assessed contributions are recognized as revenue on the first day of the year to which they relate. Full provision is made against all unpaid contributions of Members who are deprived of the right to vote at sessions of WMO's constituent bodies.
14. Revenue from non-exchange transactions, such as voluntary contributions, is recognized as revenue at the time the agreement with the donor becomes binding unless the agreement includes conditions related to specific performance and the return of unexpended balances is the norm. Agreements containing such conditions require initial recognition of a liability and deferral of revenue recognition until such time as the liability is discharged through performance of the specific conditions included in the agreement.
15. Revenue from exchange transactions is recognized as revenue by reference to the stage of completion of the arrangement when such stage of completion can be reliably measured. Where the stage of completion of an arrangement cannot be reliably measured, revenue is recognized only to the extent of the expenses recognized that are recoverable.
16. Receivables are valued at amortized cost less allowances for estimated irrecoverable amounts and are discounted if cash flows are not expected within 12 months from the reporting date and if the impact of discounting is material.

17. In-kind contributions of services that directly support approved operations and activities, which have budgetary impact and can be reliably measured, are recognized and valued at fair value. These contributions include use of premises, utilities, transport and personnel. They are treated as both revenue and expense in the Financial Statements.

18. Donated Property, Plant and Equipment (PPE) are valued at fair market value and recognized as PPE and revenue, except heritage assets, which are not recognized.

Inventories

19. WMO's publications (which are distributed free-of-charge) and souvenirs on hand at the end of the financial year are recorded as inventories. Publications are valued at lower of cost or current replacement cost, and souvenirs at lower of cost or net realizable value.

20. Publications and souvenirs are expensed when they are sold or distributed.

21. Inventory is reviewed at the end of each financial year for obsolescence. Obsolete publications are held at nil value until their disposal. Slow moving publications are considered to be impaired and are reduced by 50% to reflect expected replacement cost.

Property, Plant and Equipment

22. Property, Plant and Equipment (PPE) with unit cost CHF 5,000 and above are capitalized and reported at historical cost less accumulated depreciation and any accumulated impairment losses. Depreciation on PPE is recognized over each asset's estimated useful life using the straight line method. The estimated useful lives for PPE classes are as follows:

Class	Component	Useful life (in years)
Communications and IT equipment		3
Vehicles		5
Machinery and equipment		5
Furniture and fixtures		8
Headquarters Building	Various components	5-99

23. Impairment reviews for all PPE are undertaken on a regular basis; there was no indication of impairment during 2019.

Intangible Assets

24. Intangible assets are stated at historical cost less accumulated amortization and any impairment losses.

25. Publications titles are not considered to be intangible assets as they do not meet the provisions of IPSAS 31 – ‘Intangible Assets’. Consequently, development costs for new titles are expensed as they are incurred in accordance with IPSAS 12 – ‘Inventories’.

26. Amortization is provided over the estimated useful life using the straight line method. The estimated useful lives for intangible asset classes are as follows:

Classes	Estimated useful life (years)
Software externally acquired	3
Software internally developed	6
Licenses and rights	3

Operating Leases

27. Leases which are not categorized as finance leases, with the balance of risk and reward remaining with lessor, are considered to be operating leases.

28. Expense incurred under an operating lease is charged on a straight-line basis over the life of the lease.

Employee Benefits

29. WMO recognizes the following categories of employee benefits:

- Short-term employee benefits due to be settled within twelve months after the end of the accounting period in which employees render the related service;
- Post-employment benefits;
- Other long-term employee benefits; and
- Termination benefits.

Employee benefits are recognized as expenses on an accrual basis. Similarly, terminal payments to staff members, including repatriation grant, repatriation travel and removal on repatriation are expensed on an accrual basis.

30. Unrealized actuarial gains/losses are taken directly to reserves in the period in which they occur.

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

32. The plan exposes participating organizations to actuarial risks associated with the current and former employees of other organizations participating in the Fund, with the result that there is no consistent and reliable basis for allocating the obligation, plan assets, and costs to individual organizations participating in the plan. WMO and the UNJSPF, in line with the other participating organizations in the Fund, are not in a position to identify WMO's proportionate share of the defined benefit obligation, the plan assets and the costs associated with the plan with sufficient reliability for accounting purposes. Hence WMO has treated this plan as if it were a defined contribution plan in line with the requirements of IPSAS 39. WMO's contributions to the plan during the financial period are recognized as expenses in the statement of financial performance.

Provisions and Contingent Liabilities

33. Provisions are made for future liabilities and charges where WMO has a present legal or constructive obligation as a result of past events and it is probable that WMO will be required to settle the obligation.

34. Other commitments, which do not meet the recognition criteria for liabilities, are disclosed in the notes to the financial statements as contingent liabilities when their existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events which are not wholly within the control of WMO.

Fund Accounting and Segment Reporting

35. The financial statements are based on a fund accounting basis, showing at the end of the period the consolidated position of all WMO funds. A fund is a self-balancing accounting entity established to account for the transactions of a specified purpose or objective. Funds are segregated for the purpose of conducting specific activities or attaining certain objectives. Fund balances represent the accumulated residual of revenue and expenses.

36. A segment is a distinguishable activity or group of activities for which financial information is reported separately. WMO classifies all projects, operations and fund activities into five segments: (i) General Fund; (ii) Regular Programme Support Funds; (iii) Event Funds; (iv) Development, Technical Assistance and Technical Cooperation Funds; and (v) National Technical Support Funds. WMO reports on the transactions of each segment during the financial period, and on the balances held at the end of the period.

37. Under the General Fund, the Organization provides services to support Members and to support the implementation of the Purposes of the Organization in Note 1. These activities are funded by assessed contributions and miscellaneous income. The General Fund segment includes: (a) the accounting entity established in accordance with WMO Financial Regulation 9.1 for the purpose of accounting for contributions and advances of Members and expenditures authorized against them; (b) indirect support cost recoveries; (c) sales of publications and souvenirs; (d) rental of office space, conference facilities and parking space; (e) miscellaneous income; (f) the Working Capital Fund, which is established in accordance with Financial Regulations 9.3 to 9.6; (g) contributions received which are not designated to a specific

programme category or project; and (h) the Recruitment and Termination Benefits Reserve and the Post-Retirement Benefits Reserve.

38. Regular Budget Support Funds encompass contributions from Members, usually National Meteorological and Hydrological Services (NMHSs), which complement limited regular resources to enable WMO to implement technical programmes, projects, awards and prizes. The provision of funds is usually supported by a general letter of agreement or memorandum of understanding between WMO and contributing Members, who are represented in the governance bodies of such activities.

39. Event Funds support specific events and activities. They represent one-time contributions from various sources towards specific events, in Geneva or in Member countries. The cooperation is based on exchanges of letters. Reporting is through acknowledgment letters showing contributions toward the overall achievement of the events.

40. Development, Technical Assistance, and Technical Cooperation Funds represent projects for activities in countries or groups of countries. Contributions are from Members' NMHSs, governments, and development agencies under specific agreements with elaborate project plans. The projects require rigorous monitoring of financial and program implementation. WMO's obligations are defined and detailed with regard to management of, and reporting on, resources provided and project achievements.

41. National Technical Support Funds represent technical support activities which are defined by contributing countries, in coordination with WMO. Contributions of Members are used in accordance with the specific terms of the agreement establishing the fund, often in support of modernization of domestic NMHSs, the foreign aid policies and to support WMO-related activities of the contributing country. Funding may exceed the cost of activities identified, in anticipation of future activities to be elaborated. Contributions may be provided on a one-time basis or augmented periodically according to national budget processes and taking into account spend rates and/or identified requirements. Funds may also be used to contribute to activities under other segments (as may be agreed by the contributor).

42. Inter-segment transfers include revenue and expense arising from transfers between segments. Such transfers are accounted for at cost and eliminated on consolidation.

43. Joint ventures are accounting entities established jointly by WMO and other international public sector organizations in pursuit of objectives of mutual interest under arrangements that specify each venture's ownership interest. WMO accounts for its share of the ownership of each joint venture's net assets, as an asset if positive or liability if negative, based on WMO's proportion of the annual contributions made by all owner entities.

Budget Comparison

44. WMO's budget is prepared on a commitment basis and the financial statements are prepared on an accrual basis. In the Statement of Financial Performance (Statement II), expenses are classified based on the nature of expenses whereas in the Statement of Comparison of Budget and Actual Amounts (Statement V)

expenditures are classified by the expected result in which the expenditures have to be charged.

45. The Executive Council approves the biennial budget which includes budgeted amounts for direct costs, programme support costs and management and administration. Budgets may be subsequently amended by the Executive Council.

46. The Statement of Comparison of Budget and Actual Amounts, Statement V, compares the final budget to actual amounts calculated on the same basis as the corresponding budgetary amounts. As the bases used to prepare the budget and financial statements differ, Note 8 provides a reconciliation between the actual amounts presented in Statement V to the actual amounts presented in the Statement of Financial Performance, Statement II.

Critical Accounting Estimates

47. Preparing financial statements in accordance with IPSAS requires WMO to make estimates, judgments and assumptions in the selection and application of accounting policies and in the reported amounts of assets, liabilities, revenues and expenses. For this reason, actual results may differ from these estimates. Accounting estimates and underlying assumptions are reviewed on an on-going basis and revisions to estimates are recognized in the year in which the estimates are revised and in any future year affected. Significant estimates and assumptions that may result in material adjustments in future years include: actuarial measurement of employee benefits; selection of useful lives and the depreciation/amortization method for property, plant and equipment/intangible assets; impairment on assets; timing of the recognition of deferred revenue; classification of financial instruments; and provisions, contingent assets and liabilities. Changes in estimates are reflected in the year in which they become known.

48. Expense includes estimated expenditure by project implementing partners who were not able to provide complete statements of expenditure in 2019 against advances made to them. Where deferred income was released based on such estimated expenditure, income from voluntary contributions was estimated to the same extent.

49. In preparation of the 2019 financial statements, some minor adjustments with immaterial effect were made to prior year comparative numbers in order to remove rounding differences. Small rounding differences may occur due to the presentation of some amounts in millions of Swiss francs.

50. The Organization's equity consists of accumulated surplus and reserves which form its net assets. The equity is managed in accordance with the Financial Regulations adopted by the World Meteorological Congress.

51. Investment guidelines issued by the Secretary-General provide that primary consideration be given to the security of the assets with due regard to maximizing revenue earned from investments. Funds not needed for immediate cash flow requirements may be invested in short-term deposits.

NOTE 3: CHANGE IN ACCOUNTING POLICY AND RESTATEMENT

52. During 2019, a change to the accounting policy related to the recognition of the annual leave liability was made in order to better align the accounting with the underlying annual leave benefit. Prior to 2019, the annual leave liability was determined based upon the present value of the projected days of annual leave accumulated at each employee's end of service with WMO. From 2019, in recognition of the usage of accrued annual leave in the periods immediately following the reporting date, the annual leave liability has been calculated based upon the current annual leave days accumulated by each staff member, valued at the current relevant daily salary. In accordance with IPSAS 3, the comparative financial statements of 2018 have been restated to be in conformity with the revised accounting policy. The impact on the 2018 comparative financial statements is as follows:

Statement of Financial Position Line Item	Originally Reported	Adjustment	Restated
Employee Benefit liability – current	3,344	2,013	5,357
Employee Benefit liability – non-current	66,496	(924)	65,572
Accumulated surplus	10,982	(975)	10,007
Employee Benefit reserves	10,118	(114)	10,004

Statement of Financial Performance Line Item	Originally Reported	Adjustment	Restated
Salaries and employee benefits	56,661	(446)	56,215

53. During 2019, it was identified that a pledge for a voluntary contribution that was recorded as a receivable as at 31 December 2018 had actually been cancelled in December 2015. As the pledge should have been written off prior to 1 January 2018, the adjustment to eliminate the outstanding pledge has been recognized as a decrease in the opening fund balance as at 1 January 2018. The impact on the 2018 comparative financial statements is as follows:

Statement of Financial Position Line Item	Originally Reported	Adjustment	Restated
Voluntary contributions receivable – current	21,035	(1,569)	19,466
Voluntary contributions receivable – non-current	6,806	(927)	5,879
Accumulated surplus	10,007*	(2,496)	7,511

* Adjusted for the impact of the change in accounting policy referred to above.

54. As the revenue associated with this agreement had been recognized in prior years, there was no impact on the Statement of Financial Performance. The related notes, including the segment disclosures, have been updated to reflect this restatement. For segmental purposes, the adjustment was made against the Development, Technical Assistance, and Technical Cooperation Funds segment.

55. During 2019, it was identified that certain costs amounting to CHF 470 000 that had been utilized in project implementation through an implementing partner had originally been reflected as consultant expenses under salaries and employee benefits. To more accurately reflect the underlying nature of these expenses, they have been reclassified in the 2018 Statement of Financial Performance. The impact on the 2018 comparative financial statements is as follows:

Statement of Financial Performance Line Item	Originally Reported	Adjustment	Restated
Salaries and employee benefits	56,215*	(470)	55,745
Meetings and projects	9,810	470	10,280

* Adjusted for the impact of the change in accounting policy referred to above.

NOTE 4: ASSETS AND LIABILITIES

Note 4.1: Cash and Cash Equivalents

	2019	2018
<i>Swiss Francs (thousands)</i>		
Unrestricted cash:		
Cash on hand	28	24
Deposits with banks – Swiss Francs	19,458	25,958
Deposits with banks – other currencies	-	-
Total unrestricted cash	19,486	25,982
Restricted cash:		
Deposits with banks – Swiss Francs	40,278	38,062
Deposits with banks – other currencies	23,653	23,610
Total restricted cash	63,931	61,672
Total cash	83,417	87,654

56. Restricted cash is for projects as well as funds held in trust for entities to which WMO provides administrative support but which are not under WMO's control, as shown in Note 9.1.

57. WMO Investment policy uses Moody's Baseline Credit Assessment (BCA) to measure the financial strength of banks. WMO has deposited funds in line with this policy with an aim to avoid negative interest where possible. The WMO Investment Committee meets at least once per quarter and monitors the investments of WMO to ensure they are in line with WMO Investment Policy. The following table provides an analysis of cash balances by rating of the financial institutions:

Baseline Credit Assessment (BCA)	aaa	%	aa3- a-	%	baa3- baa	%	ba- ba1	%	Cash on hand	Total
2019*	951	1	60,739	73	21,651	26	48	.	28	83,417
2018*	774	1	62,492	71	24,345	28	19	.	24	87,654

(* Amounts in thousands of Swiss Francs)

58. Cash required for immediate disbursement is maintained in cash and bank current accounts. Balances held in deposit accounts are available at short notice. Cash and deposits are held on behalf of the Organization, including General Fund; Regular Programme Support Funds; Event Funds; Development, Technical Assistance and Technical Cooperation Funds; National Technical Support Funds and non-WMO entities administered by WMO.

Note 4.2: Contributions Receivable

	2019	2018 (restated)
	<i>Swiss francs (thousands)</i>	
Current receivables:		
Assessed contributions with restrictions	28,075	19,356
Less: provision for delayed collection	<u>(8,002)</u>	<u>(7,325)</u>
Sub- total: current assessed contributions	<u>20,073</u>	<u>12,031</u>
Voluntary contributions with conditions	20,114	19,385
Voluntary contributions with restrictions	1,160	-
Contributions for services IPSAS 9	-	81
Less: provision for delayed collection	-	-
Sub-total: current voluntary contributions	<u>21,274</u>	<u>19,466</u>
Total current contributions receivable	<u>41,347</u>	<u>31,497</u>
Non-current receivables :		
Assessed contributions with restrictions	302	289
Less: discounting of cash flow not expected within 12 months	-	(1)
Sub-total: non-current assessed contributions	<u>302</u>	<u>288</u>
Voluntary contributions with conditions	14,443	5,879
Voluntary contributions with restrictions	327	-
Less: provision for delayed collection	-	-
Less: discounting of cash flow not expected within 12 months	(118)	-
Sub-total: non-current voluntary contributions	<u>14,652</u>	<u>5,879</u>
Total non-current contributions receivable	<u>14,954</u>	<u>6,167</u>
Total net contributions receivable	<u>56,301</u>	<u>37,664</u>

59. Contributions receivable (net of provisions for delayed collection and discounting) show an overall increase of CHF 18.6 million, resulting from an increase of CHF 8.1 million in unpaid assessed contributions from CHF 12.3 million at 31 December 2018 to CHF 20.4 million at 31 December 2019, as well as an increase of CHF 10.6 million in unpaid voluntary contributions confirmed in writing from CHF 25.3 million at 31 December 2018 to CHF 35.9 million at 31 December 2019.

60. Voluntary contributions with restrictions relate to funding which is received for specific trust funds.

The movement of the provision for delayed collection of contributions is as follows:

	2018	Utilization	Increased (Decreased)	2019
	<i>Swiss Francs (thousands)</i>			
Assessed contributions	7,325	-	677	8,002
Voluntary contributions	-	-	-	-
Total	7,325	-	677	8,002

61. The age analysis of the unpaid assessments from Members is as follows:

Assessed contributions outstanding as at 31 December 2019					
<i>Swiss Francs (thousands)</i>					
	(1980- 2016)	2017	2018	2019	Total
Total	5,768	1,152	3,691	17,766	28,377

Contributions outstanding as at 31 December 2018					
<i>Swiss Francs (thousands)</i>					
	(1980- 2015)	2016	2017	2018	Total
Total	5,101	958	1,451	12,135	19,645

62. Provisions are made against all unpaid contributions due from Members who were deprived of their right to vote at sessions of WMO's constituent bodies as of 31 December 2019. Any Member in arrears for more than two consecutive years is subject to the provisions of Resolution 37 (Cg-XI), Suspension of Members for failure to meet financial obligations. Members' contributions are not written off, nor are the Members released from their obligations.

63. Current contributions receivable are for confirmed contributions that are due within twelve months while non-current contributions receivable are those that are due after 12 months from the date of the financial statements, and include agreements signed between WMO and some Members concerning payment of arrears of their assessed contributions, in accordance with Financial Regulation 8.8.

64. Of the total gross receivables from voluntary contributions at 31 December 2019, CHF 1.5 million are subject to restrictions requiring that the contribution be utilized to support WMO administered trust funds designated by the donor. The remaining receivables from voluntary contributions totalling CHF 34.6 million contain conditions requiring specific performance and the return of funds not utilized in accordance with the agreement with the donor and are offset by a liability (deferred revenue).

65. There were contingent assets at 31 December 2019 in the amount of CHF 1.5 million (2018: CHF 5.9 million). This represents agreements which had been entered into with donors for contributions for future years but where the funding for that future year is still subject to some parliamentary budget approval.

Note 4.3: Inventories

66. The following tables show the movements of inventory items during the year. The first table shows the total value of inventories – publications and souvenirs – as presented in the Statement of Financial Position. The second table shows a reconciliation of inventories which reflects the opening balance and the additions during the year reduced by the value of items sold or distributed and write offs/impairments made during the year.

<u>Inventories</u>	2019	2018
	<i>Swiss Francs (thousands)</i>	
Publications	8	8
Souvenirs	71	53
Total	79	61
	2019	2018
<u>Inventory Reconciliation</u>		
Opening inventory	61	63
Purchases	40	7
Total Inventory available for sale or distribution	101	70
Less : Sold or distributed	22	9
Closing inventory	79	61

67. For publications, valuation includes costs incurred up to the point of sale or distribution. They include paper, CDs, editing and outsourcing where relevant.

68. Inventory on hand up to and including 3 years is valued at the lower of cost or current replacement cost for publications, and at lower of cost or net realisable value for souvenirs; inventory on hand for 4 and 5 years is valued at 50% of cost; inventory on hand over 5 years is fully provided for.

Note 4.4: Advances for projects and meetings

	2019	2018
	<i>Swiss Francs (thousands)</i>	
Advances for projects	8,394	7,065
Advances for organization of meetings	13	12
Total advances for projects and meetings	8,407	7,077

69. Advances for projects and meetings represent operating advances to projects and support to institutions for the organization of WMO meetings held outside of Geneva, based on Letters of Agreement in which the recipient organization commits, inter alia, to providing an accounting for the advance within three months of the conclusion of the meeting. The advances are recognized as expense at the point in time when either the accounting is received, or the project is completed or the meeting is held. The increase in advances in projects is due to increased activities and the timing of reporting of expenditure for advances to projects in the various funds as can be seen in Note 9.1 under Segment Reporting.

Note 4.5: Other receivables

	2019	2018
	<i>Swiss Francs (thousands)</i>	
Sundry debtors	290	413
Education grant advances	644	528
Refunds due on taxes	741	1,275
Prepaid expenses	520	641
Deposits with UNDP Headquarters	591	700
Other assets	130	583
	2,916	4,140
Less : Provision for write-offs	(167)	(255)
Total other receivables	2,749	3,885

The movement of the provision for write-offs during 2019 is as follows:

	2018	Utilization	Increased (Decreased)	2019
	<i>Swiss Francs (thousands)</i>			
Provision for write-offs	255	(86)	(2)	167

70. Sundry debtors are amounts due from Members for costs of the Organization's constituent body sessions in excess of costs of the same sessions if they had been held in Geneva.

71. Employees of WMO are entitled to grants for the education of their eligible dependents. Staff may request an advance at the beginning of the school year. The amount of the advance which is accrued at the end of the year is based on the number of months of attendance relative to the school year.

72. Refunds due on taxes represent: (a) advances made to enable staff to pay income taxes required by their home country governments; and (b) taxes withheld by governments from interest earned on deposit accounts that are domiciled in their jurisdictions.

73. Prepaid expenses include advance payments to providers of IT services, telecommunications services, advance payments of stipends to fellows, etc.

74. Deposits to UNDP Headquarters represent required advance payments to enable any UNDP country offices to provide services requested by WMO, as well as costs incurred by WMO in implementing UNDP projects. The services include arrangements for travel of participants sponsored by WMO to WMO events, most of them international.

75. Other assets include amounts recoverable from other United Nations System Organizations under secondment arrangements, amounts receivable from Members under agreements for hosting sessions of WMO constituent bodies.

76. Provisions for write-offs were made for sundry debtors and claims for reimbursements of government taxes that are unlikely to be recovered.

Note 4.6: Property, Plant and Equipment (PPE)

	2019					
	Headquarters Building	Computer Equipment	Furniture and Fixtures	Machinery and Equipment	Vehicles	Total
	<i>Swiss Francs (thousands)</i>					
Cost						
Opening balance 01.01.2019	107,215	813	245	3,035	428	111,736
Additions	317	-	-	186	27	530
Disposals/Adjustment	-	-	-	-	(99)	(99)
Closing balance 31.12.2019	107,532	813	245	3,221	356	112,167
Accumulated depreciation						
Opening balance 01.01.2019	(35,208)	(813)	(245)	(2,974)	(359)	(39,599)
Disposals/Adjustment	-	-	-	-	99	99
Depreciation charge for the year	(3,783)	-	-	(49)	(26)	(3,858)
Closing balance 31.12.2019	(38,991)	(813)	(245)	(3,023)	(286)	(43,358)
Net book value/ (closing balance) 31.12.2019	68,541	-	-	198	70	68,809

	2018					
	Headquarters Building	Computer Equipment	Furniture and Fixtures	Machinery and Equipment	Vehicles	Total
	<i>Swiss Francs (thousands)</i>					
Cost						
Opening balance 01.01.2018	107,215	813	245	3,035	558	111,866
Additions	-	-	-	-	-	-
Disposals/Adjustment	-	-	-	-	(130)	(130)
Closing balance 31.12.2018	107,215	813	245	3,035	428	111,736
Accumulated depreciation						
Opening balance 01.01.2018	(29,338)	(813)	(245)	(2,921)	(465)	(33,782)
Disposals/Adjustment	-	-	-	-	130	130
Depreciation charge for the year	(5,870)	-	-	(53)	(24)	(5,947)
Closing balance 31.12.2018	(35,208)	(813)	(245)	(2,974)	(359)	(39,599)
Net book value/ (closing balance) 31.12.2018	72,007	-	-	61	69	72,137

77. PPE are capitalized if their unit cost is equal to or greater than the threshold limit set at CHF 5,000. They are depreciated over the asset's estimated useful life using the straight line method. The threshold level is reviewed periodically.

78. Assets are reviewed annually to determine if there is any impairment in their value. The reviews that were undertaken in 2019 did not result in any of the PPE being impaired in value.

79. During 2019, improvements were made to the WMO headquarters building. A number of these improvements, including related to security enhancements, had not yet been completed. As such, related costs in the amount of CHF 56,000 have been capitalized but are not yet depreciating.

Note 4.7: Intangible Assets

	2019			
	Licenses and Rights	Software Internally developed	Software Externally acquired	Total Intangible Assets
	<i>Swiss Francs (thousands)</i>			
Cost				
Opening balance 01.01.2019	100	81	1,775	1,956
Additions	-	372	-	372
Disposals	-	-	-	-
Closing balance 31.12.2019	100	453	1,775	2,328
Accumulated Amortization				
Opening balance 01.01.2019	(100)	(81)	(1,659)	(1,840)
Disposals/adjustments	-	-	-	-
Amortization charge for the year	-	(21)	(116)	(137)
Closing Balance 31.12.2019	(100)	(102)	(1,775)	(1,977)
Net book value/ (closing Balance) 31.12.2019	-	351	-	351
	2018			
	Licenses and Rights	Software Internally developed	Software Externally acquired	Total Intangible Assets
	<i>Swiss Francs (thousands)</i>			
Cost				
Opening balance 01.01.2018	100	81	1,775	1,956
Additions	-	-	-	-
Disposals	-	-	-	-
Closing balance 31.12.2018	100	81	1,775	1,956
Accumulated Amortization				
Opening balance 01.01.2018	(100)	(81)	(1,464)	(1,645)
Disposals/adjustments	-	-	-	-
Amortization charge for the year	-	-	(195)	(195)
Closing Balance 31.12.2018	(100)	(81)	(1,659)	(1,840)
Net book value/ (closing Balance) 31.12.2018	-	-	116	116

80. Intangible assets are capitalized if their cost exceeds the threshold of CHF 5,000 except for internally developed software where the threshold is CHF 50,000. The capitalized value of the internally developed software excludes those costs related to research and maintenance costs.

81. During 2019, the implementation cost for the Community Platform was capitalized as most elements of the elements were placed into service during 2019. These elements began amortizing as of the date placed in service. At 31 December 2019, an aggregate cost of CHF 82,000 related to the Community Platform was still under development and had not begun amortizing (nil at 31 December 2018).

Note 4.8: Payables and Accruals

	2019	2018
	<u>Swiss Francs (thousands)</u>	
Vendor payables	3,598	2,321
Accruals	707	1,878
Other liabilities	81	170
Total payables and accruals	<u>4,386</u>	<u>4,369</u>

82. Payables to vendors relate to amounts due for goods and services for which invoices have been received.

83. Accruals are liabilities for the cost of goods and services that have been received or provided to WMO and which have not been invoiced by suppliers as of the reporting date.

Note 4.9: Employee Benefits

Employee benefits comprise:

- Post-Employment Benefits

84. Post-employment benefits are defined benefit plans consisting of United Nations Joint Staff Pension Fund (UNJSPF), After-Service Health Insurance Plan (ASHI) and Repatriation Grant and related benefits.

85. Arrangements relating to the UNJSPF are set out in paragraphs 107 to 117.

86. ASHI is a plan that allows eligible retirees and their eligible family members to participate in the United Nations Staff Mutual Insurance Society (UNSMIS), with a portion of the monthly premium paid by WMO.

87. Repatriation benefits consist of a repatriation grant lump sum, travel of the staff member and eligible dependants and shipment of their personal effects. The Organization pays the amounts due for repatriation grant, travel and relocation expenses for the entitled staff members.

- Other Long-Term Employee Benefits

88. Other long-term employee benefits include accumulated balances of annual leave and, where applicable, compensation payments in the case of death, injury or illness attributable to performance of duties.

89. As the accumulated balance of annual leave is generally not wholly utilized in the 12 months following the balance sheet date, it is considered by IPSAS 39 as an "other long term employee benefit". During 2019, there was a change in the accounting policy for of the annual leave balance resulting from the measurement of annual leave based on the value of the number of accumulated leave days as of year-end rather than using an actuarial basis to determine the present value of the commutation of annual leave at the date of separation from service. The impact of applying actuarial valuation was deemed to be immaterial. Further information can be found in Note 3.

	2019	2018
	<i>Swiss Francs (thousands)</i>	
After-service health insurance	81,812	61,145
Repatriation grant	5,589	5,673
Accumulated annual leave	4,140	4,111
Total benefits	91,541	70,929
Current liabilities - Short-term benefits	5,194	5,357
Non-current liabilities - Long-term benefits	86,347	65,572
Total benefits	91,541	70,929

Actuarial Valuations of Post – Employment and Other Separation – Related Benefits

90. Liabilities arising from post-employment benefits and other separation-related benefits are determined by a professional independent actuary. These employee benefits are established for staff members who are entitled to such benefits under WMO Staff Regulations and Staff Rules. A full actuarial valuation was carried out as at 31 December 2019. The prior valuation performed on 31 December 2018 was also a full actuarial valuation.

91. The CHF 20.6 million (30.8%) increase in the post-employment and other separation-related liabilities is mainly due to the following:

- a) An increase of 5.6% arising from one additional year of service and interest on liabilities amounting to CHF 3.8 million;
- b) A decrease of 3.0% following payment of benefits amounting to CHF 2.0 million
- c) An increase of 28.2% due to a net actuarial loss on the benefits of CHF 18.8 million, composed of:
 - Decrease of the discount rate leading to an increase of the liabilities of 6.8%;
 - Change in period of attribution of the ASHI liability resulting in an increase of the liability by 12.6%;
 - Change in the underlying basis of the ASHI benefit from base salary to pensionable remuneration resulting in an increase of the liability by 9.6%
 - Changes to actuarial assumptions harmonized with the UN system and macroeconomic factors, including disability, mortality and retirement rates, medical trend rates and salary/pension increases, resulting in a net increase of the liability by 7.4%;
 - Changes to actuarial assumptions due to WMO specific experience, including general experience adjustments, turnover rates and active staff member election rates, resulting in a net decrease of the liability by 8.2%;

92. The accrued benefit obligation represents that portion of the present value of future benefits that had been accrued from the staff members' date of entry on duty until 31 December 2019, the date of valuation. Active staff members' benefits are considered fully accrued when they reach their dates of full eligibility for benefits.

Actuarial Assumptions and Methods

93. During each actuarial study, WMO in conjunction with the actuary, reviews and selects assumptions that will be used by the actuaries in the year-end valuation to determine the expense and contribution requirements for WMO's after-service benefit plans (post-employment benefits and other separation-related benefits).

94. The following assumptions have been used to determine the value of post-employment and other separation-related employee liabilities for WMO at 31 December 2019:

- Economics assumptions

ASHI

Discount rate: 0.50 % (2018: 0.80%)

The discount rate is estimated to approximate the single equivalent rate such that the present value of the plan's cash flows (i.e. expected as from 31 December 2019; for 2018 as from 31 December 2018) using the single rate that equals the present value of those cash flows using the spot rate at each maturity of the AA Corporate Bonds yield as at 31 December 2019 (2018: 31 December 2018) for the relevant currency (primarily CHF, with approximately 5% each in EUR and USD). The reference spot rates are based upon the Aon yield curve and were provided by the UN Headquarters.

Pensionable Remuneration Increase Rate: 2.50% (2018: 2.95%)

Salary increase rate:

The salary increase rate as per UNJSPF salary scale has been applied, as per following sample rates (0.30% higher for all rates in 2018) :

Age	General service staff	Professional staff
20	6.53%	8.77%
30	6.17%	6.77%
40	4.97%	4.97%
50	4.57%	3.97%
60	4.17%	3.67%

Healthcare cost increase rate:

As at 31 December 2019, the health care cost increase rate has been set to a constant rate for the future of 3.00% which is line with the long term nominal medical trend rates as per the UN guidelines. As at 31 December 2018, it was set to 2.95%.

Claim cost/ contribution rate:

The contributions rates applied as at 31 December 2019, which are unchanged compared to 31 December 2018, are the following:

	Payable by insured person	Payable by WMO
Retired member only	3.4%	6.8%
Retired member with one dependent	4.4%	8.8%
Retired member with more than one dependent	4.8%	9.6%

Repatriation

Salary increase rate:	Same as ASHI
Discount rate (using US dollar yield curve*):	2.80% (2018: 4.00%)
Travel cost increase rate:	2.00% (2018: 2:00%)

**the spot rates have been provided by UN Headquarters*

- Demographic assumptions

The tables of the United Nations Joint Staff Pension Fund have been applied for both 2019 and 2018 with respect to mortality, disability and early retirement rate, as these are based on the demographic experience of the UN Joint Staff Pension Fund. Turnover rates are based upon WMO specific experience for 2019 while they were based upon UNJSPF tables for 2018. The following provides the details relating to the demographic assumptions:

Disability:	UNJSPF tables for 2019 (none for 2018)
Mortality:	UNJSPF tables – The post retirement mortality rates utilized are gender-distinct mortality rates with static longevity improvements applied
Retirement rates:	UNJSPF tables – The retirement rates are gender-distinct and vary based upon professional or general service staff and years of service.
Participation:	95% of future retirees are assumed to elect post-retirement medical coverage for 2019 (100% for 2018)
Spousal coverage:	60% of future retirees are assumed married at retirement and elect coverage for their spouse for both 2019 and 2018. Males are assumed to be 3 years older than spouse
Turnover rates:	Based upon WMO specific experience as summarized in the following table (based upon UNJSPF tables for 2018):

Age	Turnover Rate
-----	---------------

30	20%
35	12%
40	7%
45	7%
50	5%
55	8%
60+	10%

The turnover rates for those aged over 55 are only applied if the staff member is not yet eligible for ASHI

95. Reconciliation of Defined Benefit Obligation for 2019

	After service health insurance	Repatriation
<i>(Swiss Francs thousands)</i>		
Benefit obligation at 31 December 2018	61,145	5,673
Service cost for 2019	2,508	558
Interest cost for 2019	483	204
Benefits paid in 2019	(1,474)	(499)
Actuarial (gain)/loss	19,150	(347)
Benefit obligation at 31 December 2019	81,812	5,589

96. Reconciliation of Defined Benefit Obligation for 2018

	After service health insurance	Repatriation
<i>(Swiss Francs thousands)</i>		
Benefit obligation at 31 December 2017	69,473	5,438
Service cost for 2018	2,323	606
Interest cost for 2018	426	179
Benefits paid in 2018	(1,541)	(365)
Actuarial (gain)/loss	(9,536)	(185)
Benefit obligation at 31 December 2018	61,145	5,673

97. Reconciliation of recognized actuarial gains / losses

	After service health	Repatriation	Total
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	insurance		
	<i>(Swiss Francs thousands)</i>		
Actuarial gains at 31 December 2018	6,604	1,460	8,064
Movement during the year	(19,150)	347	(18,803)
Actuarial gains/(losses) at 31 December 2019	<u>(12,546)</u>	<u>1,807</u>	<u>(10,739)</u>

98. In the 2019 valuation of employee benefits liabilities, the actuaries have determined net actuarial losses under post-employment benefits and other separation-related benefits of CHF 18.8 million (2018: net actuarial gains of CHF 9.7 million). Of this amount, an actuarial loss of CHF 7.1 million relates to changes in financial assumptions, an actuarial gain of CHF 3.0 million relates to changes in demographic assumptions, and an actuarial loss of CHF 14.7 million relates to experience adjustments.

99. The total actuarial loss of CHF 18.8 million represents a net loss of CHF 19.1 million relating to After Service Health Insurance, offset by a net gain of CHF 0.3 million relating to Repatriation.

100. Annual Expense is comprised of the following:

	2019	2018
	<i>(Swiss Francs thousands)</i>	
Service cost	3,066	2,929
Interest cost	687	605
Total	<u>3,753</u>	<u>3,534</u>

101. The composition of the defined benefit obligation for ASHI between active staff members and retirees is as follows:

	31 December 2019	31 December 2018
	<i>(Swiss Francs thousands)</i>	
Active staff members	36,514	23,426
Retirees	45,298	37,719
Total ASHI obligation	<u>81,812</u>	<u>61,145</u>

After-Service Health Insurance – Sensitivity Analysis

102. Two of the principal assumptions in the valuation of the After-Service Health Insurance are: (i) the rate at which medical costs are expected to increase in the future; and (ii) the discount rate used to determine the present value of benefits that will be paid from the plan in the future.

103. A sensitivity analysis was undertaken to determine the impact of the above assumptions on the liability and service cost under IPSAS 39.

104. The effect of an increase of one percentage point and the effect of a decrease of one percentage point in the discount rates are shown below:

ASHI Benefit Obligation at 31 December 2019	Discount rate currently reflected	Discount rate increase +1%	Discount rate decrease -1%
Amount	81 812	- 17.9%	+ 24.0%
Repatriation Related Benefit Obligation at 31 December 2019	Discount rate currently reflected	Discount rate increase +1%	Discount rate decrease -1%
Amount	5,589	- 5.6%	+ 6.4%

105. The effect on the ASHI DBO of an increase of one percentage point and the effect of a decrease of one percentage point in the assumed medical cost trend rates are shown below:

ASHI Benefit Obligation at 31 December 2019	Healthcare cost currently reflected	Healthcare cost increase +1%	Healthcare cost decrease -1%
Amount	81 812	109,269	60,666
Effect	-	27,458	(21,146)
Service cost and interest cost 2019	Healthcare cost currently reflected	Healthcare cost increase +1%	Healthcare cost decrease -1%
Amount	2,991	3,543	2,547
Effect	-	552	(444)

Expected Costs during 2020

106. The expected contribution of WMO in 2020 to the employee benefit plan is CHF 2.5 million.

United Nations Joint Staff Pension Fund (UNJSPF)

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

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

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

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

111. The latest actuarial valuation for the Fund was completed as of 31 December 2017, and the valuation as of 31 December 2019 is currently being performed. A roll forward of the participation data as of 31 December 2017 to 31 December 2018 was used by the Fund for its 2018 financial statements.

112. The actuarial valuation as of 31 December 2017 resulted in a funded ratio of actuarial assets to actuarial liabilities, assuming no future pension adjustments, of 139.2%. The funded ratio was 102.7% when the current system of pension adjustments was taken into account.

113. After assessing the actuarial sufficiency of the Fund, the Consulting Actuary concluded that there was no requirement, as of 31 December 2017, for deficiency payments under Article 26 of the Regulations of the Fund as the actuarial value of assets exceeded the actuarial value of all accrued liabilities under the plan. In addition, the market value of assets also exceeded the actuarial value of all accrued liabilities as of the valuation date. At the time of this report, the General Assembly has not invoked the provision of Article 26.

114. Should Article 26 be invoked due to an actuarial deficiency, either during the ongoing operation or due to the termination of the Fund, deficiency payments required from each member organization would be based upon the proportion of that member organization's contributions to the total contributions paid to the Fund during the three years preceding the valuation date. Total contributions paid to the Fund during the preceding three years (2016, 2017 and 2018) amounted to USD 7,131.6 million, of which 0.4% was contributed by the WMO.

115. During 2019, contributions paid to the Fund by WMO amounted to CHF 10.4 million (2018 CHF 9.6 million), of which CHF 6.9 million was borne by WMO, and CHF 3.5 million by staff members. Expected contributions due in 2020 are approximately CHF 11.4 million, of which CHF 7.6 million is expected to be borne by WMO, and CHF 3.8 million is expected to be borne by staff members.

116. Membership of the Fund may be terminated by decision of the United Nations General Assembly, upon the affirmative recommendation of the Pension Board. A proportionate share of the total assets of the Fund at the date of termination shall be paid to the former member organization for the exclusive benefit of its staff who were participants in the Fund at that date, pursuant to an arrangement mutually agreed between the organization and the Fund. The amount is determined by the United Nations Joint Staff Pension Board based on an actuarial valuation of the assets and liabilities of the Fund on the date of termination; no part of the assets which are in excess of the liabilities are included in the amount.

117. The United Nations Board of Auditors carries out an annual audit of the Fund and reports to the Pension Board and to the United Nations General Assembly on the audit every year. The Fund publishes quarterly reports on its investments and these can be viewed by visiting the Fund at www.unjspf.org.

Note 4.10: Contributions received in advance

	2019	2018
	<i>Swiss Francs (thousands)</i>	
Assessed contributions received in advance	9,200	9,769
Other advance receipts	-	8
Contributions received in advance	9,200	9,777

118. Assessed contributions received in advance are for 2020 and later years.

Note 4.11: Unearned income from exchange transactions

	2019	2018
	<i>Swiss Francs (thousands)</i>	
Unearned income from exchange transactions	2,861	83

119. Unearned income from exchange transactions relates to funds received under agreements accounted for as exchange transactions for which the related service has not yet been performed and, as such, the related revenue has not yet been earned.

Note 4.12: Deferred revenue

	2019	2018
	<i>Swiss Francs (thousands)</i>	
Current:		
Contributions received	27,338	24,518
Contribution pledged	7,684	12,189
Office rental advances	72	302
Total current deferred revenue	35,094	37,009
Non-current:		
Contributions received	6,165	3,875
Contributions pledged	26,247	12,870
Total non-current deferred revenue	32,412	16,745
Total deferred revenue	67,506	53,754

120. Deferred revenue represents voluntary contributions which have been received, or pledges of voluntary contributions, when the written agreement with the donor becomes binding if the agreement included conditions related to specific performance of services to third parties and where the return of unexpended balances is the normal experience with the donor.

Note 4.13: Borrowings

	2019	2018
	<i>Swiss Francs (thousands)</i>	
Current	1,442	1,442
Non-current (amortized)	29,050	29,769
Total Borrowings	30,492	31,211

121. The headquarters building loan consists of borrowings made by WMO from the "Foundation des Immeubles pour les Organisations Internationales" (FIPOI). The undiscounted balance of the loan outstanding at 31 December 2019 was CHF 42,842,824 (CHF 44,320,124 at 31 December 2018). Of this amount, CHF 1,477,300 is payable in 2020, and the balance in subsequent years. The initial loan repayment period is 50 years, ending in 2048. No interest is payable on this loan. The loan is discounted based upon the effective interest method using the historical discount rate of 2.43%.

Note 4.14: Provisions

	2019	2018
	<i>Swiss Francs (thousands)</i>	
Litigation	2,115	-
Contributions refundable to donors	636	698
Total provisions	2,751	698

122. At 31 December 2019 there was a proceeding against the Organization with the United Nations Administrative Tribunal (UNAT) in which it was deemed probable that the case will be decided in favour of the staff members. The total estimate that the Agency would be liable for related to this case is approximately CHF 2.1 million, which has been recorded as a provision in these financial statements.

123. The movement of the provisions during 2019 is as follows:

	2018	Utilization	Reversal	Increased	2019
	<i>Swiss Francs (thousands)</i>				
Litigation	-	-	-	2,115	2,115
Contributions refundable to donors	698	(479)	(147)	564	636
Total	698	(479)	(147)	2,679	2,751

Note 4.15: Funds Held in Trust

124. Funds held in trust and joint ventures and associates are for entities for which WMO provides accounting and other administrative support, but of which the Organization has shared or no control under IPSAS 35. The financial statements of such entities are not consolidated in WMO's financial statements. WMO acts as a bank for all those funds since they do not maintain their own bank accounts. The balance towards these funds represents the cash held by WMO for these funds. At 31 December 2019, WMO held funds in trust for the Intergovernmental Panel on Climate Change (IPCC), the Group on Earth Observations (GEO), the Typhoon Committee – ESCAP, and the Tropical Cyclones Panel. WMO had joint control with other organizations over , the Joint WMO/ICSU/IOC Climate Research Fund (JCRF), the Global Climate Observing System (GCOS), and the Data Buoy Cooperation Panel (DBCP).

125. WMO has working relationships with the GEO, DBCP, the Typhoon Committee – ESCAP, the Tropical Cyclones Panel, IPCC, JCRF and GCOS. The Organization provides space, personnel administration, financial administration, procurement services and other administrative support to each of these entities which in turn provide technical and programmatic efforts in areas that assist WMO in carrying out its mandate. WMO negotiated agreements with DBCP, GEO, Typhoon Committee – ESCAP and the Tropical Cyclones Panel, to set up the reimbursement for the cost of services provided based on percentage charges.

126. WMO provides, without charge, space including meeting facilities and administrative support services to the Intergovernmental Panel on Climate Change (IPCC) which was established jointly by WMO and the United Nations Environment Programme. WMO provides financial support to IPCC including financing the salary of the IPCC Secretary. The services to JCRF and GCOS are free of charge.

127. WMO provides, without charge, space up to a maximum of 10 staff to the Group on Earth Observations (GEO).

Note 4.16: Interest in Joint Ventures and Associates

128. The Organization has no ownership interest in controlled entities. WMO is part-owner of joint ventures including the Joint WMO/ICSU/IOC Climate Research Fund (JCRF), the Global Climate Observing System (GCOS), and the Data Buoy Cooperation Panel (DBCP). In accordance with IPSAS, only those funds or entities of which WMO has control or joint control are consolidated by applying the equity method.

Proportion of Ownership

	<u>2019</u>	<u>2018</u>
Funds included as Joint Ventures:		
• Joint WMO/ICSU/IOC Climate Research Fund	85%	91%
• Global Climate Observing System	59%	37%
Funds included as Associates:		
• Data Buoy Cooperation Panel	50%	50%

129. The share of ownership is based either on the proportion of contributions made to each entity by contributors, where such method is defined in the arrangement, as is the case with the Joint WMO/ICSU/IOC Climate Research Fund and the Global Climate Observing System, or on an equal basis where the method of determining the share of ownership is not defined in the arrangement, as is the case with the Data Buoy Cooperation Panel.

WMO's share of Joint Ventures and Associates

	<u>2019</u>	<u>2018</u>
	<i>Swiss Francs</i>	
	<i>(Thousands)</i>	
Revenue	2,182	2,527
Expenses	<u>(2,932)</u>	<u>(2,409)</u>
	(750)	118
Add/ (minus):		
Movement in WMO's share in net assets/ equity	<u>199</u>	<u>(133)</u>
Surplus/(deficit) for year	(551)	(15)
Add:		
Opening balance of WMO's share of net assets/equity	<u>1,579</u>	<u>1,594</u>
Closing balance of WMO's share of net assets/ equity 31 December	<u><u>1,028</u></u>	<u><u>1,579</u></u>

Note 4.17: Employee Benefits Reserves

	2019	2018
	<i>Swiss Francs (thousands)</i>	
Recruitment and termination benefits reserve	-	-
Post-retirement benefits reserve	1,789	1,940
Net actuarial gain/(loss) arising from Actuarial Valuations of Employee Benefits	(10,739)	8,064
Total employee benefits reserves	(8,950)	10,004

130. Two reserves have been established by the Executive Council as facilities for funding and/or financing specific activities under specific circumstances. There are currently: the Recruitment and Termination Benefits Reserve and the Post-Retirement Benefits Reserve.

131. The Recruitment and Termination Benefits Reserve was established by Resolution 20 (EC-XXVII) to meet end-of-contract and recruitment costs, which are not specifically budgeted. The Reserve is funded from a 4 percent charge on payroll costs in accordance with Resolution 14 (EC-LXI). During 2018 and 2019, the amounts funded via the 4 percent charge on payroll costs were insufficient to meet the annual pay-as-you-go costs.

132. The Reserve for Post-Retirement Benefits was established by Resolution 7 (EC-LII) to meet after-service health insurance (ASHI) benefits of WMO's staff on a pay-as-you-go basis. It is funded from a 3 percent charge on payroll costs, with effect from 1 January 2009, in accordance with Resolution 14 (EC-LXI).

133. The Reserve for Employee Benefits also includes net actuarial gains and losses arising from the actuarial valuations of employee benefits which are determined by a professional actuary at the end of each financial period. During 2019, the actuary assessed an actuarial loss of CHF 18.8 million.

NOTE 5: RISK ANALYSIS

134. WMO was exposed to the following financial instruments at the reporting date. All of the below financial assets are considered Loans and Receivables and the financial liabilities are measured at amortized cost. Due to their underlying nature, the carrying value of the below financial instruments approximates their fair value. None of the financial instruments represent derivative financial instruments.

	2019	2018 (restated)
	<i>Swiss francs (thousands)</i>	
Financial Instruments		
Cash and cash equivalents	83,417	87,654
Short-term deposits	-	-
Assessed contributions receivable	20,375	12,319
Voluntary contributions receivable	35,926	25,345
Other receivables	290	413
Sub-total financial assets	<u>140,008</u>	<u>125,731</u>
Accounts payable	3,598	2,321
Loans payable	30,492	31,211
Sub-total financial liabilities	<u>34,090</u>	<u>33,532</u>
Financial instruments - net exposure	<u>105,918</u>	<u>92,199</u>

Credit Risk

135. Credit risk and liquidity risk associated with cash and cash equivalents are minimized substantially by ensuring that cash assets are placed with major financial institutions that have been accorded suitable investment grade ratings by a primary rating agency.

136. Contributions receivable comprise primarily amounts due from sovereign nations. Details of contributions receivable, including allowances for reductions in contribution revenue and doubtful accounts, are provided in Note 4.2. WMO does not hold any securities against contributions receivable. During 2019, 73% of the receivables related to the 2019 assessment were paid in full (81% at 31 December 2018 related to the 2018 assessment) and CHF 28.4 million of receivables were past due (CHF 19.6 million at 31 December 2018). A provision for delayed collection of assessed contributions of CHF 8.0 million existed at 31 December 2019 (CHF 7.3 million at 31 December 2018) and WMO has, as at 31 December 2019, Payment Agreements with Members involving outstanding contributions amounting to CHF 0.6 million (CHF 1.1 million at 31 December 2018).

137. Projects funded with voluntary contributions are implemented when contributions are received, thereby eliminating liquidity risk.

138. During 2019, the regular budget was funded by assessed contributions from Members, of which 68% was assessed on 10 Members (the same as 2018). The Organization faces a liquidity risk if those Members delay the payment of their contributions. Of the unpaid assessed contributions of CHF 28.4 million at 31 December 2019 (CHF 19.6 million at 31 December 2018), 57% represented contributions from one Member (36% in 2018).

Liquidity Risk

139. WMO's total of cash and equivalents at 31 December 2019 of CHF 83.4 million (CHF 87.7 million at 31 December 2018) was sufficient to meet its current liabilities at that date of CHF 75.8 million (CHF 73.5 million at 31 December 2018). On an on-going basis, it is anticipated that WMO will have sufficient liquidity to pay all debts due. The maturity of the final liabilities is reflected in Statement I – Statement of Financial Position.

140. Implementation of WMO's regular budget for the General Fund is done against the receipt of assessed contributions. In the event that a shortfall of contributions arises then the Organization can draw funding down from the Working Capital Fund pending receipt of assessed contributions.

141. Implementation of activities in Regular Budget Support Funds; Event Funds; Development, Technical Assistance and Technical Cooperation Funds; and National Technical Support Funds are funded by voluntary contributions and cannot commence until the contribution has been received. Budgets are only allotted to the level of contributions received after a withholding of ten per cent is made to cover any fluctuations that may arise against legal obligations and commitments entered into.

142. These procedures are adequate to ensure that there is sufficient cash to meet contractual liabilities.

Market Risk

Interest Rate Risk

143. There was no exposure to interest rate risk during 2019, except normal exposure to bank interest.

Currency Risk

144. The WMO budget is funded by assessed contributions in Swiss Francs (CHF), the functional and reporting currency of the Organization. As at 31 December 2019, CHF 59.8 million (72%) of the total cash balance of CHF 83.4 million was held in CHF (Note 4.1). The remaining balance of CHF 23.6 million was held in other currencies (CHF 23.6 million at 31 December 2018). An increase or decrease of between 5 and 10 per cent of the levels of foreign currency to CHF can be summarized as follows:

Effect of exchange rate fluctuations between the Swiss Franc on other currencies					
<i>(Amounts in thousands)</i>					
Currency	Balance in foreign currency at:		CHF equivalent of balance at 31 December 2019	Effect in CHF of increase / decrease in the value of foreign currency	
	31 December 2019	31 December 2018		of +/- 5%	of +/- 10%
USD	20,879	19,744	20,357	1,018	2,036
JPY	17,322	17,405	154	8	15
GBP	987	1,548	1,261	63	126
EUR	1,505	1,479	1,638	82	164
SGD	316	498	228	12	23
Other	-	-	15	1	2
Total			23,653	1,184	2,366

145. WMO's net assets consist of its accumulated surplus, reserves for employee benefits, the capital of the Working Capital Fund, and the capital of award and prize funds. The surplus of the General Fund is managed in accordance with the provisions of Article 9 (Funds) of the Financial Regulations of WMO. Surplus arising from activities funded with voluntary contributions is managed in accordance with donor agreements. Reserves for employee benefits are managed in accordance with resolutions of the Executive Council. The Working Capital Fund is set aside to maintain sufficient levels of liquidity and to cover operational deficits should they occur.

Note 6: REVENUE

	<u>2019</u>	<u>2018</u>
6.1 Assessed contributions	<u>64,852</u>	<u>64,833</u>
6.2 Voluntary contributions		
Voluntary contributions - settled	20,578	19,063
Voluntary contributions - unsettled	2,074	144
Less: Refunds	(1,998)	(1,149)
Total voluntary contributions	<u>20,654</u>	<u>18,058</u>
6.3 Revenue from services	<u>922</u>	<u>401</u>
6.4 Other revenue		
Currency exchange differences		
Realized gain/(loss)	92	(305)
Unrealized gain/(loss)	(607)	53
Total currency exchange differences	<u>(515)</u>	<u>(252)</u>
Rental office facilities	2,337	1,861
Inter-fund contributions	307	501
Other income	67	204
Programme support cost income	280	259
Interest	29	46
Publications	30	24
Total other revenue	<u>2,535</u>	<u>2,643</u>
6.5 In-kind contributions	<u>1,870</u>	<u>1,870</u>

146. All of the voluntary contributions of CHF 22.7 million were subject to restrictions which, in general, relate to funds received for specific activities. Some of these restrictions rose to the level of conditions, thus requiring an initial deferral of revenue until such conditions were met.

147. During 2019 in-kind contributions have been recognized in respect of land and an interest free loan provided by the Swiss Authorities (FIPOI). In-kind contributions are expensed at the same time as they are recognized as revenue.

148. WMO also receives services in-kind from Members which are not recognized in these accounts as WMO did not have control over the services in-kind and could not measure the fair value of these services. The services in-kind which are provided by Members relate to the support provided for WMO meetings held in their countries.

149. WMO has offices in seven countries. Six of the Host Governments provide various services in-kind in relation to these offices including the provision of office premises, furniture and equipment, vehicles, support staff and support services. As the fair values of these in-kind services could not be measured accurately they are not recognized in these accounts.

Note 7: EXPENDITURE

	2019	2018 (Restated)
	<i>(in thousands of Swiss Francs)</i>	
7.1 Salaries and employee benefits		
Staff costs	53,547	49,494
Employee benefits	4,865	4,285
Consultancy costs	2,347	1,966
Total salaries and employee benefits	60,759	55,745
7.2 Meetings and projects		
Project expenditure	9,652	7,601
Organization of meetings	3,608	2,679
Total meetings and projects	13,260	10,280
7.3 Travel		
Staff travel	2,638	3,036
Travel of permanent representatives with WMO	234	357
Other third parties	4,996	6,115
Total travel	7,868	9,508
7.4 Supplies, consumables and other running costs		
IT - services, software and equipment (non-capitalized)	2,834	3,741
Building maintenance and security	1,863	1,724
Purchase of furniture and equipment (non-capitalized)	940	1,248
Utilities	128	140
Stationery and supplies	256	188
Other running costs	313	212
Total supplies, consumables and other running costs	6,334	7,253
7.5 In-kind expenditure		
Rental value of land and interest on FIPOI loan	1,870	1,870
7.6 Finance costs		
Change in provision for delay in collection of receivables	589	254
Discounting LT receivables and Loans	876	771
Write-offs	212	429
Bank charges	129	151
Total finance costs	1,806	1,605
7.7 Fellowships		
Fellowships	674	911
Training	147	247
Total fellowships	821	1,158
7.8 Other expenditures		
Other	1,001	701
Auditor's remuneration	140	135
Public information	147	192
Hospitality	92	68
Insurance	215	207
Staff training and development	17	53
Total other expenditure	1,612	1,356

NOTE 8: STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

150. Basis differences occur when the approved budget is prepared on a basis other than the accounting basis. WMO's budget and accounts are prepared using a different basis. The Statement of Financial Position, Statement of Financial Performance, Statement of Changes in Net Assets and Statement of Cash Flow are prepared on a full IPSAS accrual basis using a classification based on the nature of expenses in the Statement of Financial Performance, whereas the Statement of Comparison of Budget and Actual Amounts (Statement V) is prepared on a commitment accounting basis.

151. As required by IPSAS 24, the actual amounts presented on a comparable basis to the budget shall, where the financial statements and the budget are not prepared on a comparable basis, be reconciled to the actual amounts presented in the financial statements, identifying separately any basis, timing and entity differences. There may also be differences in formats and classification schemes adopted for presentation of financial statements and the budget.

152. Timing differences occur when the budget period differs from the reporting period reflected in the financial statements. There are no timing differences for WMO for purposes of comparison of budget and actual amounts.

153. Entity differences occur when the budget omits programmes or entities that are part of the entity for which the financial statements are prepared. Under entity differences, bilateral operations and trust funds form part of WMO activities and are reported in the financial statements although they are excluded from the budgetary process.

154. Presentation differences are due to differences in the format and classification schemes adopted for presentation of the Statement of Financial Performance by Segment (Note 9.2) and Statement V - Statement of Comparison of Budget and Actual Amounts.

155. The WMO Budget in Statement V applies only to the Regular Budget/General Fund as shown in Segment Reporting Note 9.2. The reconciliation between the actual amounts on a comparable basis in the Statement of Comparison of Budget and Actual Amounts (Statement V) and the actual amounts in the Statement of Financial Performance by Segment (Note 9.2) for the year ended 31 December 2019 is presented below:

		2019	2018 (Restated)
	Note	<i>Swiss Francs (thousands)</i>	
Actual amount on comparable basis (Statement V)		66,033	64,453
Plus :			
Basis difference - obligations for prior years and other differences		786	991
Depreciation and amortization	4.6/4.7	3,995	6,120
Write offs		89	139
Expense in-kind	7.5	1,870	1,870
Employee benefits: interest and current service cost less benefits paid	4.9	1,809	1,323
Loss on discounting long-term liabilities		758	776
Provisions		551	250
Expense of Special Accounts outside regular budget (not in Statement V)		2,014	2,426
Other adjustments		-	(7)
Less :			
Basis difference - obligations for goods and services not received in 2018 / 2017		784	1,543
Loan repayment	4.13	1,477	1,477
Actual amount in the Statement of Financial Performance by segment (General Fund Note 9.2)		75,644	75,321

156. Open commitments including open purchase orders and net cash flows from operating, investing and financing activities are presented as Basis differences. Revenue and non-fund relevant expenses that do not form part of the Statement of Comparison of Budget and Actual Amounts are reflected as presentation differences.

157. Budget amounts have been presented on a functional classification basis in accordance with the 2018-2019 biennium budget which presents a breakdown of the budget by year for purposes of the above comparison.

NOTE 9: SEGMENT REPORTING

Note 9.1 STATEMENT OF FINANCIAL POSITION BY SEGMENT
AS AT 31 DECEMBER 2019
(in thousands of Swiss Francs)

	GENERAL FUND	REG'L BUDGET SUPPORT FUNDS	EVENT FUNDS	DEVELOPMENT, TECH ASS. & TECH -COOP FUNDS	NATIONAL TECH SUPP. FUNDS	TOTAL	31 December 2018 (restated)
ASSETS							
Current Assets							
Cash and Cash equivalents	34,348	15,780	125	33,164	-	83,417	87,654
Assessed contributions receivable	20,073	-	-	-	-	20,073	12,031
Voluntary contributions receivable	-	3,089	-	18,185	-	21,274	19,466
Inventories	79	-	-	-	-	79	61
Advances for projects and meetings	244	1,004	-	7,101	58	8,407	7,077
Other receivables	2,107	4	-	638	-	2,749	3,885
Total current assets	56,851	19,877	125	59,088	58	135,999	130,174
Non-current assets							
Assessed contributions receivable	302	-	-	-	-	302	288
Voluntary contributions receivable	-	-	-	14,652	-	14,652	5,879
Property, plant and equipment	68,809	-	-	-	-	68,809	72,137
Intangible assets	351	-	-	-	-	351	116
Interest in joint ventures and associates	-	-	-	1,028	-	1,028	1,579
Total non-current assets	69,462	-	-	15,680	-	85,142	79,999
TOTAL ASSETS	126,313	19,877	125	74,768	58	221,141	210,173
LIABILITIES							
Current liabilities							
Payables and accruals	2,699	73	-	1,614	-	4,386	4,369
Employee benefits	5,194	-	-	-	-	5,194	5,357
Contributions received in advance	9,200	-	-	-	-	9,200	9,777
Unearned revenue from exchange transactions	-	-	-	2,861	-	2,861	83
Deferred revenue	72	8,122	-	26,900	-	35,094	37,009
Borrowings	1,442	-	-	-	-	1,442	1,442
Provisions	1,945	248	-	558	-	2,751	698
Funds held in trust	14,862	-	-	-	-	14,862	14,814
Total current liabilities	35,414	8,443	-	31,933	-	75,790	73,549
Non-current liabilities							
Employee Benefits	86,347	-	-	-	-	86,347	65,572
Deferred revenue	-	1,136	-	31,276	-	32,412	16,745
Borrowings	29,050	-	-	-	-	29,050	29,769
Total Non-current liabilities	115,397	1,136	-	31,276	-	147,809	112,086
TOTAL LIABILITIES	150,811	9,579	-	63,209	-	223,599	185,635
Net assets	(24,498)	10,298	125	11,559	58	(2,458)	24,538
NET ASSETS/EQUITY							
Capital funds	6,597	427	-	-	-	7,024	7,023
Accumulated surplus/(deficit)	(22,145)	9,871	125	11,559	58	(532)	7,511
Employee benefits reserves	(8,950)	-	-	-	-	(8,950)	10,004
Total net assets/equity	(24,498)	10,298	125	11,559	58	(2,458)	24,538

**Note 9.2 STATEMENT OF FINANCIAL PERFORMANCE BY SEGMENT
FOR THE YEAR ENDED 31 DECEMBER 2019**
(in thousands of Swiss Francs)

	GENERAL FUND	REG'L BUDGET SUPPORT FUNDS	EVENT FUNDS	DEVELOPMENT, TECH ASS. & TECH -COOP FUNDS	NATIONAL TECH SUPP. FUNDS	INTER- SEGMENT ELIMINATIONS	TOTAL	2018 (restated)
REVENUE								
Assessed contributions	64,852	-	-	-	-	-	64,852	64,833
Voluntary contributions								
Voluntary contributions received	13	6,761	113	13,691	-	-	20,578	19,063
Voluntary contributions - pledged	-	995	-	1,079	-	-	2,074	144
Less: Refunds	-	147	(4)	(2,141)	-	-	(1,998)	(1,149)
Total voluntary contribtutions	13	7,903	109	12,629	-	-	20,654	18,058
Revenue from Services	32	-	-	890	-	-	922	401
Other revenue	4,906	(321)	(10)	(1,838)	(29)	(173)	2,535	2,643
In-kind contributions	1,870	-	-	-	-	-	1,870	1,870
Total Revenue	71,673	7,582	99	11,681	(29)	(173)	90,833	87,805
EXPENSES								
Salaries and employee benefits	54,292	3,784	47	2,545	91	-	60,759	55,745
Meetings and Projects	1,803	3,095	4	8,312	217	(171)	13,260	10,280
Travel	5,040	1,055	71	1,702	-	-	7,868	9,508
Supplies, consumables and other running costs	5,433	381	-	518	4	(2)	6,334	7,253
Depreciation and amortization	3,995	-	-	-	-	-	3,995	6,142
In-kind expenditures	1,870	-	-	-	-	-	1,870	1,870
Finance costs	1,545	6	1	254	-	-	1,806	1,605
Fellowships	529	236	-	56	-	-	821	1,158
Other expenditures	1,137	61	3	411	-	-	1,612	1,356
Movement in share of Net Assets/Equity of JVs	-	-	-	(199)	-	-	(199)	133
Interest in joint ventures and associates	-	-	-	750	-	-	750	(118)
Total Expenses	75,644	8,618	126	14,349	312	(173)	98,876	94,932
SURPLUS/(DEFICIT) FOR THE YEAR	(3,971)	(1,036)	(27)	(2,668)	(341)	-	(8,043)	(7,127)

158. Some internal activities lead to accounting transactions that create inter-segment revenue and expense balances in the financial statements. Inter-segment transactions are reflected in the above tables to accurately present these financial statements and are then eliminated for consolidated reporting purposes.

159. Contributions for operations and other activities are recognized as revenue, or deferred revenue, when these contributions are confirmed in writing. Expenses are incurred gradually over time according to projects' and beneficiaries' needs.

160. Accumulated fund balances under programme category funds and bilateral operations and trust funds represent the unexpended portion of contributions that are carried forward to be utilized in future operational requirements of the programmes.

Note 10: Legal or Contingent Liabilities

161. Other than as discussed in Note 4.14, there were no legal liabilities at 31 December 2019 (2018: none). WMO was contingently liable for long-term liabilities related to employee benefits of persons who have been hired by WMO for entities which are administered by WMO. As of 31 December 2019, that liability amounted to CHF 3.9 million (2018: 2.0 million).

162. As at 31 December 2019, there was a claim against the Organization in which it has been determined that it is possible, but not probable, that the claim may ultimately be decided in favour of the claimant. The Organization has chosen not to disclose any potential liability if the claim is decided in favour of the claimant so as not to prejudice any potential judgement.

NOTE 11: LOSSES, EX-GRATIA PAYMENTS AND WRITE-OFFS

163. WMO Financial Regulation 13.4 provides that "The Secretary-General may with the approval of the President make such ex-gratia payments as he deems to be necessary in the interest of the Organization, provided that a statement of such payments shall be submitted to the Executive Council with the financial statements as detailed in Article 14.1". There were no ex-gratia payments made during 2019.

164. WMO Financial Regulation 13.5 provides that "The Secretary-General may, after full investigation, authorize the writing-off of losses of cash, stores and other assets, except unpaid contributions to the regular budget, provided that a statement of all such amounts written off shall be submitted to the External Auditor with the financial statements". During 2019, write-offs amounted to CHF 212,000. This amount consisted of: CHF 71,000 relating to claims for government tax reimbursements that have been denied; CHF 115,000 related to advances not expected to be realized; CHF 12,000 relating to long-outstanding amounts due from participants relating to travel allowances; CHF 15,000 relating to uncollectible receivables in respect to unpaid invoices; and (CHF 1,000) in respect to a correction of a 2018 write off. Write-offs in 2018 amounted to CHF 429,000.

NOTE 12: COMMITMENTS

NOTE 12.1 Operating Leases (WMO Lessee)

	2019	2018
	<i>Swiss Francs (thousands)</i>	
Under 1 year	67	70
1 – 5 years	136	216
Beyond 5 years	-	-
Total	203	286
Expense recognized	88	63

165. The leases cover 28 heavy-duty photocopiers and 2 heavy-duty printers. The lease for the photocopiers was renewed on 29 March 2018, effective 1 April 2018 for a duration of five years. The charge for the photocopiers under the new lease is based on usage by "paper click", with no additional charge for the toners. The lease for the printers was signed on 12 January 2018 with effect from 1 January 2018 for a duration of three years. Expense in 2019 amounted to CHF 88,000 representing CHF 7,000 on rental fees of printers and CHF 81,000 for photocopies (2018 expense was CHF 63,000 representing CHF 44,000 for rental fees and CHF 19,000 for photocopies).

NOTE 12.2 Operating Leases (WMO Lessor)

	2019	2018
	<i>Swiss Francs (thousands)</i>	
Under 1 year	1,105	1,600
1 – 5 years	549	486
Beyond 5 years	-	-
Total	<u>1,654</u>	<u>2,086</u>
Income recognized	<u>1,719</u>	<u>1,658</u>

166. At 31 December 2019, WMO was leasing out office space to seven tenants for which it recognized income amounting to CHF 1,719,000.

169. Key management personnel are the Secretary-General, the Deputy Secretary-General, and the Assistant Secretary-General, as they have the authority and responsibility for planning, directing and controlling the activities of WMO. The Executive Council is composed of 37 directors of National Meteorological or Hydrometeorological Services, serving in an individual capacity as representatives of the Organization and not as representatives of particular Members thereof.

170. The aggregate remuneration paid to key management personnel includes: net salaries, post adjustment, entitlements such as representation allowance and other allowances, assignment and other grants, rental subsidy, personal effect shipment costs, employer pension and current health insurance contributions, and termination indemnities.

171. Key management personnel are also qualified for post-employment benefits at the same level as other employees. These benefits cannot be reliably quantified.

172. Key management personnel are ordinary participants of the United Nations Joint Staff Pension Fund.

NOTE 14: EVENTS AFTER REPORTING DATE

173. WMO's reporting date is 31 December 2019. On the date of signing of these accounts, other than as stated in the following paragraphs, there have been no material events, favourable or unfavourable, incurred between the Statement of Financial Position date and the date when the financial statements have been authorized for issue that would have impacted these statements.

174. On January 30, 2020, the Director-General of the World Health Organization declared the outbreak of the COVID-19 novel coronavirus a "public health emergency of international concern" (PHEIC). On March 11, 2020, the Director-General of the World Health Organization revised the characterization of the COVID-19 outbreak as a pandemic.

175. Since that announcement, many local and national governments have implemented measures to contain the COVID-19 outbreak, including, inter alia, limiting public movement, prohibiting meetings and gatherings, closing national borders, and placing significant restrictions on travel.

176. On the date of signing these accounts, as the Organization is continuing to evaluate the impact of the COVID-19 outbreak, the financial impact of the COVID-19 outbreak is not yet estimable.

Authorization for issue

177. These financial statements are certified by the Secretary-General and Assistant Secretary-General of WMO, in accordance with the WMO Financial Regulations and Rules.

ANNEX A

	Name	Address
WMO	World Meteorological Organization	7 bis, avenue de la Paix 1211 Geneva 2 Switzerland
Legal Counsel	WMO Legal Counsel	7 bis, avenue de la Paix 1211 Geneva 2 Switzerland
Actuaries	Aon	avenue Edouard Rod 4 1260 Nyon Switzerland
Auditor	Director Swiss Federal Audit Office	Monbijoustrasse 45 CH-3003 Bern Switzerland
