



Financial Report and Statements

**for the biennium
ended 31 December 2011**

Nairobi, Kenya, 2012

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United Nations Human Settlements Programme

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United Nations Human Settlements Programme

Letter of transmittal

31 March 2012

In accordance with Financial Regulation 6.5 and Rule 106.1 of the United Nations, I have the honour to transmit the financial report and accounts of the United Nations Human Settlements Programme, including associated trust funds and other related accounts, for the biennium ended 31 December 2011, which I hereby approve.

Copies of these statements are made available to both the Advisory Committee on Administrative and Budgetary Questions and the Board of Auditors.

United Nations Human Settlements Programme (UN-HABITAT)



Joan Clos
Executive Director

The Chairman of the Board of Auditors
United Nations Headquarters
New York

Chapter I

Report of the Board of Auditors on the financial statements (Audit Opinion)

To be issued

Chapter II

Report of the Board of Auditors (Long-form report)

To be issued

Chapter III

Certification of the Financial Statements


31 March 2012

The financial statements of the United Nations Human Settlements Programme for the biennium ended 31 December 2011 have been prepared in accordance with financial rule 106.10 of the United Nations and financial rule 306.10 of the United Nations Human Settlements Foundation.

The summary of significant accounting policies applied in the preparation of these statements is included as notes to the financial statements. These notes, and the accompanying schedules, provide additional information and clarification of the financial activities undertaken by the United Nations Human Settlements Programme during the period covered by these statements.

The certification function defined in financial rules 105.5 and 105.7 to 105.9 of the United Nations is assigned to the United Nations Human Settlements Programme. Responsibility for the accounts and the performance of the approving function, as defined in Article VI and financial rule 105.6 of the Financial Regulations and Rules of the United Nations is assigned to the United Nations Office at Nairobi.

In accordance with the authority assigned to me, I hereby certify that the appended financial statements of the United Nations Human Settlements Programme for the biennium ended 31 December 2011 are correct.



Christopher Kirkcaldy
Chief Finance Officer
United Nations Office at Nairobi

Chapter IV

Administration's financial overview for the biennium ended 31 December 2011

Introduction

1. The Executive Director has the honour to submit herewith the financial report, together with the financial statements of the United Nations Human Settlements Programme, including associated trust funds and other related accounts, for the biennium ended 31 December 2011. The financial statements consist of eight statements supported by four schedules and notes to the financial statements. In accordance with financial rule 106.10, the accounts were transmitted to the Board of Auditors on 31 March 2012.
2. Comparative data for the biennium ended 31 December 2009, as appropriate, have been reflected in the financial statements.
3. In conformity with United Nations Secretariat reporting requirements:
 - (a) The interfund balances are not offset.
 - (b) The accounts receivable and accounts payable are reported without offset.
 - (c) Accrued liabilities for end-of-service benefits, comprising After Service Health Insurance (ASHI) annual leave, and repatriation benefits are presented as liabilities in the accounts.
4. Regular Budget funding insofar as it relates to the United Nations Human Settlement Programme is included on the face of the financial statements as well as in the notes. Details of Regular Budget allocations and expenditures are shown on Statements I and II as well as in Note 16.
5. The financial statements and schedules, as well as the notes thereon, are an integral part of the financial report.

Overview

6. Statements I to III show the UN-Habitat's combined financial position for the biennium ended 31 December 2011 compared with the biennium ended 31 December 2009:
 - 6.1. Total income increased by US\$ 95.3 million (28.4%) to US\$ 430.9 million.
 - 6.2. Total expenditure increased by US\$ 106.5 million (33.3%) to US\$ 426.9 million.
 - 6.3. The excess of income over expenditure before adjustments was US\$ 4.0 million, a decrease of US\$11.3 million.
 - 6.4. The excess of income over expenditure was offset by adjustments, including end of service and post retirement benefits accrual of US\$ 9.4 million, resulting in a reduction of total reserves and fund balances by US\$6.4 million (4.8%) to US\$127.3 million.
 - 6.5. The cash position (cash and term deposits, cash pools) as at 31 December 2011 increased by US\$17.5 million (8.3%) to US\$ 228.3 million.
 - 6.6. Total assets increased by US\$7.8 million (3.1%) to US\$262.1 million.
 - 6.7. Total liabilities increased by US\$14.1 million (11.7%) to US\$134.9 million.

Foundation Activities

7. The Governing Council, in its resolution 22/7 of 3 April 2009, approved the general purpose budget of US\$66,190,500 and endorsed the special purpose budget of US\$95,717,700 for the biennium 2010-2011. The Governing Council also approved an increase in the general purpose statutory reserve from US\$3,279,500 to US\$6,619,500. The Governing Council further authorized the Executive Director, in the event of a shortfall or a surplus in income, to adjust, in consultation with the Committee of Permanent Representatives, the level of allocations for programme activities in accordance with the actual level of income. The Governing Council also authorized the Executive Director to reallocate general-purpose resources between subprogrammes in an amount of up to 10% of the total general purpose budget. The Governing Council further authorized the Executive Director to reallocate, in consultation with the Committee of Permanent Representatives, amounts in excess of 10% and up to 25% of the total general-purpose budget.
8. UN-Habitat received pledges for its Foundation activities of US\$104.7 million for the biennium ended 31 December 2011 as compared to US\$125.3 million for the biennium ended 31 December 2009, a decrease of US\$20.6 million (16.5%).
9. Expenditure for Foundation activities of US\$126.1 million before the elimination of programme support costs is within the budget allocations of US\$146.4 million approved by the Executive Director as outlined in paragraph 7 above.

Technical Cooperation activities

10. UN-Habitat received contributions for its Technical Cooperation activities of US\$ 293.7 million for the biennium ended 31 December 2011 as compared to US\$173.0 million for the biennium ended 31 December 2009, an increase of 69.8%. An additional amount of US\$0.4 million was received for projects funded by UNDP.
11. Expenditure of US\$301.1 million before elimination of programme support costs is within the budget allocations of US\$356.7 million approved by the Executive Director.

End of service and post retirement benefits

12. UN-Habitat fully accrues for the end-of-service and post retirement benefits, comprising After Service Health Insurance (ASHI) liabilities, annual leave and repatriation benefits. UN-Habitat has been funding repatriation benefits at 8% of net salary but After Service Health Insurance (ASHI) and annual leave are not funded.
13. The estimated current liabilities as at 31 December 2011 as reflected in the 2011 actuarial study carried out by a consulting firm contracted on behalf UN-Habitat by the United Nations Secretariat have been reflected in the accounts. By fully charging these liabilities in the financial statements as at 31 December 2011, an amount of US\$19.5 million of cumulative unbudgeted expenditure (liabilities less funding) is being shown in Statements I and II. The increase is mainly due to the change of the discount rate used for valuation from 6.0% to 4.5%. The details are disclosed in Statement VIII and Note 13 to the Financial Statements.

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Chapter V

Financial Statements and related explanatory notes

United Nations Human Settlements Programme all funds summary
Statement of income and expenditure and changes in reserves and fund balances
for the biennium ended 31 December 2011
(Thousands of United States Dollars)

	Reference	Foundation	Technical Cooperation	End of Service and Post Retirement Benefits	Regular Budget	All funds eliminations	Total	
							2011	2009
Income								
Regular Budget Allocations	Note 16	-	-	-	24,677	-	24,677	23,999
Voluntary contributions	Schedules 5.2 & 7.2	104,678	293,718	-	-	-	398,396	298,299
Funds received under inter-organization arrangements	Notes 2 k (ii) & t (iii)	-	405	-	-	-	405	2,368
Income for services rendered		(179)	179	-	-	-	-	156
Interest income		3,473	3,750	-	-	-	7,223	10,324
Miscellaneous income	Note 3	319	23	-	-	(175)	167	458
Total income		108,291	298,075	-	24,677	(175)	430,868	335,604
Expenditure								
Staff and other personnel costs		69,226	86,832	-	21,409	-	177,467	149,872
Contractual services		20,840	82,188	-	551	-	103,579	82,836
Travel		8,907	4,692	-	106	(175)	13,530	12,858
Operating expenses		20,093	35,748	-	2,121	-	57,962	45,536
Acquisitions		878	13,882	-	-	-	14,760	8,822
Fellowships, grants and contributions		408	58,726	-	490	-	59,624	20,735
Programme support costs		-	(34)	-	-	-	(34)	(303)
Total expenditure	Schedules 5.1 & 7.1	120,352	282,034	-	24,677	(175)	426,888	320,356
Excess / (shortfall) of income over expenditure		(12,061)	16,041	-	-	-	3,980	15,248
Non-budgeted accrued expenses		-	-	(9,368)	-	-	(9,368)	86
Prior period adjustments	Note 4	7	(895)	-	-	-	(888)	(286)
Net excess / (shortfall) of income over expenditure		(12,054)	15,146	(9,368)	-	-	(6,276)	15,048
Savings on prior period obligations	Note 2 (k) (viii)	1,269	800	-	-	-	2,069	1,979
Transfer to reserves	Note 2 (o),(p) & (q)	(3,979)	(3,724)	-	-	-	(7,703)	(12,305)
Transfers from/(to) other funds		52	(52)	-	-	-	-	-
Refunds to member states and other donors	Note 5	(411)	(1,756)	-	-	-	(2,167)	(379)
Fund balances, beginning of biennium		78,372	47,886	(10,145)	-	-	116,113	111,770
Fund balances, end of biennium	Note 14	63,249	58,300	(19,513)	-	-	102,036	116,113
Reserves, beginning of biennium		7,916	9,596	2	-	-	17,514	4,986
Transfers to/ (from) reserves	Note 2 (o),(p) & (q)	3,979	3,724	(2)	-	-	7,701	12,528
Reserves, end of biennium	Note 14	11,895	13,320	-	-	-	25,215	17,514
Total reserves and fund balances	Note 14	75,144	71,620	(19,513)	-	-	127,251	133,627

United Nations Human Settlements Programme all funds summary
Statement of assets, liabilities, reserves and fund balances as at 31 December 2011
(Thousands of United States Dollars)

	Reference	Foundation	Technical Cooperation	End of Service and Post Retirement Benefits	Regular Budget	All funds eliminations	Total	
							2011	2009
Assets								
Cash and term deposits	Note 6	2,801	6,908	-	-	-	9,709	3,038
Cash pools	Note 6	103,946	114,603	-	-	-	218,549	207,726
Voluntary contributions receivable	Schedule 5.2	191	-	-	-	-	191	1,795
Interfund balances receivable	Note 7	5,879	8,743	3,779	-	-	18,401	27,586
Loans and accrued interest receivable	Note 17	2,251	-	-	-	-	2,251	-
Accounts receivable	Note 8	4,346	2,155	-	514	-	7,015	6,079
Balances relating to projects funded by donors	Note 9	-	4,370	-	-	-	4,370	7,672
Other assets	Note 10	994	661	-	-	-	1,655	486
Total assets		120,408	137,440	3,779	514	-	262,141	254,382
Liabilities								
Payments or contributions received in advance	Schedule 5.2	11	-	-	-	-	11	10
Unliquidated obligations	Note 11	27,021	57,307	-	514	-	84,842	75,565
Interfund balances payable	Note 7	13,829	6,063	-	-	-	19,892	28,165
Accounts payable	Note 12	2,406	1,513	-	-	-	3,919	4,166
End-of-service and post retirement benefits	Note 13	-	-	23,292	-	-	23,292	12,849
Other liabilities	Note 10	1,997	937	-	-	-	2,934	-
Total liabilities		45,264	65,820	23,292	514	-	134,890	120,755
Reserves and fund balances								
Reserves	Notes 2(o), (p), (q) & 14	11,895	13,320	-	-	-	25,215	17,514
Fund Balance	Notes 2(r) and 14	63,249	58,300	(19,513)	-	-	102,036	116,113
Total reserves and fund balances		75,144	71,620	(19,513)	-	-	127,251	133,627
Total liabilities, reserves and fund balances		120,408	137,440	3,779	514	-	262,141	254,382

United Nations Human Settlements Programme all funds summary
Statement of cash flows for the biennium ended 31 December 2011
(Thousands of United States Dollars)

	Reference	Foundation	Technical Cooperation	End of Service and Post Retirement Benefits	Regular Budget	Total 2011	2009
Cash flows from operating activities							
Net excess/(shortfall) of income over expenditure		(12,054)	15,146	(9,368)	-	(6,276)	15,048
(Increase)/decrease in:							
Contributions receivable		1,604	-	-	-	1,604	470
Loans and accrued interest receivable		(2,251)	-	-	-	(2,251)	-
Accounts receivable		(443)	(930)	-	437	(936)	(2,345)
Other assets		(758)	(411)	-	-	(1,169)	1,313
Interfund balances receivable		8,938	1,320	(1,073)	-	9,185	45,429
Balances relating to projects funded by donors		-	3,302	-	-	3,302	3,548
Increase (decrease) in:							
Contributions or payments received in advance		1	-	-	-	1	-
Unliquidated obligations		(19,704)	29,418	-	(437)	9,277	16,686
Accounts payable		1,124	(1,371)	-	-	(247)	(791)
Other liabilities		1,997	937	-	-	2,934	-
Interfund balances payable		(9,586)	1,313	-	-	(8,273)	(45,205)
End-of-service and post retirement benefits		-	-	10,443	-	10,443	629
Less: Interest income		(3,473)	(3,750)	-	-	(7,223)	(10,324)
Net cash flows from operating activities		(34,605)	44,974	2	-	10,371	24,458
Cash flows from investing activities							
(Increase)/decrease in Cash pools		32,003	(42,826)	-	-	(10,823)	(56,425)
Plus: Interest income		3,473	3,750	-	-	7,223	10,324
Net cash flows from investing activities		35,476	(39,076)	-	-	(3,600)	(46,101)
Cash flows from financing activities							
Savings on or cancellation of prior period obligations		1,269	800	-	-	2,069	1,979
Refunds to member States and other donors		(411)	(1,756)	-	-	(2,167)	(379)
Transfer to/(from) reserves		-	-	(2)	-	(2)	223
Transfers from/(to) other funds		52	(52)	-	-	-	-
Net cash flows from financing activities		910	(1,008)	(2)	-	(100)	1,823
Net Increase/ (decrease) in cash and term deposits		1,781	4,890	-	-	6,671	(19,820)
Cash and term deposits, beginning of biennium		1,020	2,018	-	-	3,038	22,858
Cash and term deposits, end of biennium	Note 6	2,801	6,908	-	-	9,709	3,038

United Nations Human Settlements Programme
Foundation activities
Statement of income and expenditure and changes in reserves and fund balances
for the biennium ended 31 December 2011
(Thousands of United States Dollars)

	Reference	Non-earmarked Foundation	Earmarked Foundation	Water and Sanitation Trust Fund	Palestinian Trust Fund	Experimental Reimbursable Seeding Operations (ERSO) Trust Fund	Programme Support	All funds eliminations	Total	
									2011	2009
Income										
Voluntary contributions	Schedule 5.2	33,999	52,151	12,025	6,503	-	-	-	104,678	125,292
Income for services rendered		-	-	-	-	-	5,539	(5,718)	(179)	17
Interest income		1,134	1,050	803	154	97	235	-	3,473	6,721
Miscellaneous income	Note 3	67	191	61	-	-	-	-	319	427
Total income		35,200	53,392	12,889	6,657	97	5,774	(5,718)	108,291	132,457
Expenditure										
Staff and other personnel costs		30,714	19,871	10,259	728	(6)	7,660	-	69,226	62,651
Contractual services		1,805	9,429	6,123	3,239	-	244	-	20,840	45,345
Travel		2,094	4,899	1,768	33	(1)	114	-	8,907	8,487
Operating expenses		5,404	9,778	3,371	190	239	1,111	-	20,093	16,848
Acquisitions		491	159	184	13	-	31	-	878	1,988
Fellowships, grants and contributions		-	408	-	-	-	-	-	408	482
Programme support costs		-	3,242	2,175	296	5	-	(5,718)	-	-
Total expenditure	Schedule 5.1	40,508	47,786	23,880	4,499	237	9,160	(5,718)	120,352	135,801
Excess / (shortfall) of income over expenditure		(5,308)	5,606	(10,991)	2,158	(140)	(3,386)	-	(12,061)	(3,344)
Prior periods' adjustments	Note 4	(165)	469	(294)	-	(2)	(1)	-	7	(178)
Net excess of income over expenditure		(5,473)	6,075	(11,285)	2,158	(142)	(3,387)	-	(12,054)	(3,522)
Savings on prior period obligations	Note 2 (k) (viii)	506	572	181	4	-	6	-	1,269	906
Transfers to reserves	Note 2 (o), (p), & (q)	(3,340)	-	-	(89)	(550)	-	-	(3,979)	(4,732)
Transfer from/ (to) other funds		16	36	-	-	-	-	-	52	-
Refunds to member states and other donors	Note 5	-	(399)	(12)	-	-	-	-	(411)	(79)
Fund balances, beginning of biennium		27,050	22,983	16,731	87	3,626	7,895	-	78,372	85,799
Fund balances, end of biennium		18,759	29,267	5,615	2,160	2,934	4,514	-	63,249	78,372
Reserves, beginning of biennium		3,279	-	3,404	249	12	972	-	7,916	3,184
Transfers to reserves	Note 2 (o), (p), & (q)	3,340	-	-	89	550	-	-	3,979	4,732
Reserves, end of biennium		6,619	-	3,404	338	562	972	-	11,895	7,916
Total reserves and fund balances		25,378	29,267	9,019	2,498	3,496	5,486	-	75,144	86,288

United Nations Human Settlements Programme
Foundation activities
Statement of assets, liabilities, reserves and fund balances as at 31 December 2011
(Thousands of United States Dollars)

	Reference	Non- earmarked Foundation	Earmarked Foundation	Water and Sanitation Trust Fund	Palestinian Trust Fund	Experimental Reimbursable Seeding Operations (ERSO) Trust Fund	Programme support	Total 2011	2009
Assets									
Cash and term deposits	Note 6	2,368	43	-	-	390	-	2,801	1,020
Cash pools	Note 6	38,251	36,356	18,885	4,510	791	5,153	103,946	135,949
Voluntary contributions receivable	Schedule 5.2	191	-	-	-	-	-	191	1,795
Interfund balances receivable	Note 7	-	3,024	1,566	370	551	368	5,879	14,817
Loans and interest receivable	Note 17	-	-	-	-	2,251	-	2,251	-
Accounts receivable	Note 8	365	1,581	2,369	1	-	30	4,346	3,903
Other assets	Note 10	216	276	493	-	-	9	994	236
Total assets		41,391	41,280	23,313	4,881	3,983	5,560	120,408	157,720
Liabilities									
Payments or contributions received in advance	Schedule 5.2	11	-	-	-	-	-	11	10
Unliquidated obligations	Note 11	2,395	10,094	12,105	2,383	1	43	27,021	46,725
Interfund balances payable	Note 7	12,998	345	-	-	486	-	13,829	23,415
Accounts payable	Note 12	462	769	1,144	-	-	31	2,406	1,282
Other liabilities	Note 10	147	805	1,045	-	-	-	1,997	-
Total liabilities		16,013	12,013	14,294	2,383	487	74	45,264	71,432
Reserves and fund balances									
Reserves	Notes 2(o),(p), (q) & 14	6,619	-	3,404	338	562	972	11,895	7,916
Fund balance	Notes 2(r) and 14	18,759	29,267	5,615	2,160	2,934	4,514	63,249	78,372
Total reserves and fund balances		25,378	29,267	9,019	2,498	3,496	5,486	75,144	86,288
Total liabilities, reserves and fund balances		41,391	41,280	23,313	4,881	3,983	5,560	120,408	157,720

United Nations Human Settlements Programme
Foundation activities
Status of allocations for the biennium ended 31 December 2011
(Thousands of United States Dollars)

	Allocation	Unliquidated Obligations	Disbursements	Total Expenditure	Unencumbered Balance
Programme activities					
Staff and other personnel costs	26,572	46	25,983	26,029	543
Contractual services	623	24	588	612	11
Travel	856	23	752	775	81
Operating expenses	2,420	43	2,102	2,145	275
Acquisitions	246	15	215	230	16
Total Programme activities	30,717	151	29,640	29,791	926
Non-earmarked projects					
Staff and other personnel costs	5,687	2,568	2,117	4,685	1,002
Contractual services	1,751	623	570	1,193	558
Travel	1,698	165	1,154	1,319	379
Operating expenses	3,712	401	1,907	2,308	1,404
Acquisitions	308	121	140	261	47
Sub-total	13,156	3,878	5,888	9,766	3,390
Total Non-earmarked Foundation	43,873	4,029	35,528	39,557	4,316
Earmarked Foundation					
Staff and other personnel costs	21,804	5,537	14,334	19,871	1,933
Contractual services	10,863	2,986	6,443	9,429	1,434
Travel	5,287	499	4,400	4,899	388
Operating expenses	13,110	4,485	5,287	9,772	3,338
Acquisitions	540	54	105	159	381
Fellowships, grants and contributions	1,073	245	163	408	665
Programme support costs	3,853	-	3,242	3,242	611
Total Earmarked Foundation	56,530	13,806	33,974	47,780	8,750
Water and Sanitation Trust Fund					
Staff and other personnel costs	11,147	2,227	8,032	10,259	888
Contractual services	9,779	6,578	(455)	6,123	3,656
Travel	1,731	178	1,590	1,768	(37)
Operating expenses	4,054	1,197	2,174	3,371	683
Acquisitions	376	70	114	184	192
Programme support costs	2,630	-	2,175	2,175	455
Total Water and Sanitation Trust Fund	29,717	10,250	13,630	23,880	5,837

United Nations Human Settlements Programme
Foundation activities
Status of allocations for the biennium ended 31 December 2011
(Thousands of United States Dollars)

	Allocation	Unliquidated Obligations	Disbursements	Total Expenditure	Unencumbered Balance
Palestinian Trust Fund					
Staff and other personnel costs	816	527	201	728	88
Contractual services	4,935	3,746	(507)	3,239	1,696
Travel	30	13	20	33	(3)
Operating expenses	259	45	145	190	69
Acquisitions	34	4	9	13	21
Programme support costs	366	-	296	296	70
Total Palestinian Trust Fund	6,440	4,335	164	4,499	1,941
Experimental Reimbursable Seeding Operations (ERSO) Trust Fund					
Staff and other personnel costs	-	-	(6)	(6)	6
Travel	-	-	(1)	(1)	1
Operating expenses	75	19	37	56	19
Programme support costs	5	-	5	5	-
Total Experimental Reimbursable Seeding Operations Trust Fund	80	19	35	54	26
Programme support					
Staff and other personnel costs	8,193	9	7,651	7,660	533
Contractual services	257	7	237	244	13
Travel	124	-	114	114	10
Operating expenses	1,127	2	1,109	1,111	16
Acquisitions	59	18	13	31	28
Total Programme support	9,760	36	9,124	9,160	600
Subtotal	146,400	32,475	92,455	124,930	21,470
Currency exchange losses					
Programme activities	-	-	951	951	(951)
Earmarked Foundation	-	-	6	6	(6)
Experimental Reimbursable Seeding Operations (ERSO) Trust Fund	-	-	183	183	(183)
Sub-total	-	-	1,140	1,140	(1,140)
Total Expenditure	146,400	32,475	93,595	126,070	20,330
Less: Elimination of Programme Support costs				(5,718)	
Net total Expenditure				120,352	

Statement IV

United Nations Human Settlements Programme
Foundation activities
Status of contributions and unpaid pledges as at 31 December 2011
(United States Dollars)

Countries/Organisations	Unpaid pledges as at 1 January 2010	Adjustments to prior periods pledges and receipts	Collections of prior periods' pledges	Pledges for 2010-2011	Revaluation	Collections for future periods	Collections of 2010-2011 pledges	Unpaid pledges
Human Settlements Foundation								
Non-earmarked foundation - Governments								
Afghanistan	-	-	-	500	-	-	500	-
Algeria	-	-	-	10,000	-	-	10,000	-
Angola	-	-	-	2,550	-	-	2,550	-
Argentina	2,336	-	2,336	3,000	-	-	3,000	-
Bangladesh	7,500	-	7,500	-	-	-	-	-
Barbados	-	-	-	6,000	-	-	6,000	-
Burkina Faso	-	-	-	31,169	-	-	31,169	-
Canada	-	-	-	148,823	-	-	148,823	-
Chile	-	-	-	10,000	-	5,000	15,000	-
Colombia	-	-	-	12,000	-	-	12,000	-
Finland	-	-	-	1,245,923	-	-	1,245,923	-
Ghana	-	-	-	14,147	-	-	-	14,147
Greece	-	-	-	30,000	-	-	30,000	-
India	-	-	-	160,000	-	-	80,000	80,000
Israel	-	-	-	20,000	-	-	20,000	-
Japan	148,364	-	148,364	203,342	-	-	106,970	96,372
Kenya	20,791	-	20,791	120,000	-	5,539	125,539	-
Norway	-	-	-	11,053,206	-	-	11,053,206	-
Pakistan	-	-	-	12,011	-	-	12,011	-
Panama	-	-	-	1,000	-	-	1,000	-
Republic of Korea	-	-	-	179,446	-	-	179,446	-
Russian Federation	-	-	-	20,000	-	-	20,000	-
Rwanda	5,000	10,000	15,000	-	-	-	-	-
Serbia	8,400	-	8,400	-	-	-	-	-
South Africa	-	-	-	45,250	-	-	45,250	-
Spain	-	-	-	9,158,500	-	-	9,158,500	-
Sri Lanka	-	-	-	45,000	-	-	45,000	-
Sweden	-	-	-	5,819,489	-	-	5,819,489	-
Tanzania, United Rep. of	-	-	-	5,928	-	-	5,928	-
Tunisia	-	-	-	1,399	-	-	1,399	-
Uganda	3,011	-	3,011	-	-	-	-	-
United Kingdom	1,600,000	-	1,600,000	1,580,000	-	-	1,580,000	-

United Nations Human Settlements Programme
Foundation activities
Status of contributions and unpaid pledges as at 31 December 2011
(United States Dollars)

Countries/Organisations	Unpaid pledges as at 1 January 2010	Adjustments to prior periods pledges and receipts	Collections of prior periods' pledges	Pledges for 2010-2011	Revaluation	Collections for future periods	Collections of 2010-2011 pledges	Unpaid pledges
United States of America	-	-	-	4,050,000	-	-	4,050,000	-
Zimbabwe	-	-	-	10,000	-	-	10,000	-
Total Non-earmarked	1,795,402	10,000	1,805,402	33,998,683	-	10,539	33,818,703	190,519
Earmarked Foundation – Governments								
Bahrain	-	-	-	200,000	-	-	200,000	-
Brazil	-	-	-	2,900,000	-	-	2,900,000	-
Burkina Faso	-	-	-	18,931	-	-	18,931	-
Canada	-	-	-	234,158	-	-	234,158	-
China	-	-	-	422,126	-	-	422,126	-
Egypt	-	-	-	570,000	-	-	570,000	-
Finland	-	-	-	119,010	-	-	119,010	-
France	-	-	-	662,900	-	-	662,900	-
Germany	-	-	-	629,251	-	-	629,251	-
Italy	-	-	-	414,779	-	-	414,779	-
Japan	-	-	-	569,287	-	-	569,287	-
Jordan	-	-	-	63,910	-	-	63,910	-
Kuwait	-	-	-	2,432,541	-	-	2,432,541	-
Nigeria	-	-	-	203,552	-	-	203,552	-
Norway	-	-	-	12,323,475	-	-	12,323,475	-
Republic of Korea	-	-	-	112,163	-	-	112,163	-
Russian Federation	-	-	-	780,000	-	-	780,000	-
Slovenia	-	-	-	13,459	-	-	13,459	-
Spain	-	-	-	13,655,043	-	-	13,655,043	-
Sweden	-	-	-	3,566,872	-	-	3,566,872	-
Sub-total	-	-	-	39,891,457	-	-	39,891,457	-
Earmarked Foundation - United Nations and other organisations								
Booyoung	-	-	-	300,000	-	-	300,000	-
Corporacion Andina de Fomento (CAF)	-	-	-	100,000	-	-	100,000	-
European Union	-	-	-	64,500	-	-	64,500	-

United Nations Human Settlements Programme
Foundation activities
Status of contributions and unpaid pledges as at 31 December 2011
(United States Dollars)

Countries/Organisations	Unpaid pledges as at 1 January 2010	Adjustments to prior periods pledges and receipts	Collections of prior periods' pledges	Pledges for 2010-2011	Revaluation	Collections for future periods	Collections of 2010-2011 pledges	Unpaid pledges
IBRD/World Bank International Development Research Centre (IDRC)	-	-	-	4,957,106	-	-	4,957,106	-
Joint United Nations Programme on HIV/AIDS - UNAIDS (KCO)	-	-	-	110,702	-	-	110,702	-
Lanxess Deutschland Gmbh	-	-	-	68,600	-	-	68,600	-
Siemens AG	-	-	-	2,775	-	-	2,775	-
UNEP/GEF Secretariat - Kenya	-	-	-	98,260	-	-	98,260	-
UNFCU - UNON Corporate Credit Card	-	-	-	830,000	-	-	830,000	-
UNFPA	-	-	-	6,100	-	-	6,100	-
UNIPV	-	-	-	122,795	-	-	122,795	-
United Nations Children's Fund	-	-	-	54,274	-	-	54,274	-
United Nations Development Programme	-	-	-	29,962	-	-	29,962	-
United Nations Environment Programme (UNEP)	-	-	-	124,184	-	-	124,184	-
United Nations General Trust Fund	-	-	-	60,000	-	-	60,000	-
United Nations High Commission for Refugees (UNHCR)	-	-	-	146,760	-	-	146,760	-
World Food Programme (WFP) Headquarters	-	-	-	50,000	-	-	50,000	-
Sub-total	-	-	-	15,000	-	-	15,000	-
Sub-total	-	-	-	7,141,018	-	-	7,141,018	-
Earmarked Foundation - Public Donors								
BASF AG	-	-	-	302,979	-	-	302,979	-
Bill & Melinda Gates Foundation	-	-	-	73,000	-	-	73,000	-
Bureau of Shanghai World Expo Coordination	-	-	-	1,823,057	-	-	1,823,057	-
Coca Cola - Atlanta	-	-	-	60,000	-	-	60,000	-
Coca-Cola Southeast Asia Inc.	-	-	-	269,925	-	-	269,925	-
Donation of People of Japan Fukuoka International Exchange Foundation (FIEF)	-	-	-	19,166	-	-	19,166	-
	-	-	-	1,455,365	-	-	1,455,365	-

United Nations Human Settlements Programme
Foundation activities
Status of contributions and unpaid pledges as at 31 December 2011
(United States Dollars)

Countries/Organisations	Unpaid pledges as at 1 January 2010	Adjustments to prior periods pledges and receipts	Collections of prior periods' pledges	Pledges for 2010-2011	Revaluation	Collections for future periods	Collections of 2010-2011 pledges	Unpaid pledges
Fundacao Euclides da CUNHA (FEC)	-	-	-	87,079	-	-	87,079	-
Gangwon Province, Korea	-	-	-	212,330	-	-	212,330	-
Hyundai Motor Company	-	-	-	395,579	-	-	395,579	-
Prefeitura da Cidade do Rio de Janeiro (PCRJ)	-	-	-	315,835	-	-	315,835	-
Veolia Environement	-	-	-	52,800	-	-	52,800	-
Ville de dakar	-	-	-	51,295	-	-	51,295	-
Sub-total	-	-	-	5,118,410	-	-	5,118,410	-
Total Earmarked Foundation Contributions	-	-	-	52,150,885	-	-	52,150,885	-
Total Human Settlement Foundation Contributions	1,795,402	10,000	1,805,402	86,149,568	-	10,539	85,969,588	190,519
Water and Sanitation Trust Fund								
Abu Dhabi Water and Electricity Authority (ADWEA)	-	-	-	3,514,075	-	-	3,514,075	-
Catal Cooperation Dev. Agency	-	-	-	134,810	-	-	134,810	-
BASF AG	-	-	-	327,644	-	-	327,644	-
Cadbury Kenya Ltd	-	-	-	10,000	-	-	10,000	-
Coca Cola Far East Ltd	-	-	-	50,000	-	-	50,000	-
Coca Cola India Pvt Ltd.	-	-	-	99,950	-	-	99,950	-
European Investment Bank	-	-	-	39,594	-	-	39,594	-
FHK	-	-	-	60,000	-	-	60,000	-
France	-	-	-	52,284	-	-	52,284	-
Global Environment and Technology Foundation	-	-	-	21,924	-	-	21,924	-
GOOGLE INC.	-	-	-	300,000	-	-	300,000	-
Italy	-	-	-	198,000	-	-	198,000	-
Japan Water Forum	-	-	-	18,800	-	-	18,800	-
Netherlands	-	-	-	1,700,000	-	-	1,700,000	-
Norway	-	-	-	4,293,388	-	-	4,293,388	-
SAERG	-	-	-	36,710	-	-	36,710	-
UNDAP of Tanzania	-	-	-	153,712	-	-	153,712	-

United Nations Human Settlements Programme
Foundation activities
Status of contributions and unpaid pledges as at 31 December 2011
(United States Dollars)

Countries/Organisations	Unpaid pledges as at 1 January 2010	Adjustments to prior periods pledges and receipts	Collections of prior periods' pledges	Pledges for 2010-2011	Revaluation	Collections for future periods	Collections of 2010-2011 pledges	Unpaid pledges
United Nations Environment Programme (UNEP)	-	-	-	20,000	-	-	20,000	-
United Nations Fund for International Partnership (UNFIP)	-	-	-	97,500	-	-	97,500	-
UNOPS - Switzerland	-	-	-	896,188	-	-	896,188	-
Total Water and Sanitation Trust Fund Contributions	-	-	-	12,024,579	-	-	12,024,579	-
Palestinian Trust Fund								
Bahrain	-	-	-	300,000	-	-	300,000	-
Department of Applied Agricultural Research (AAAID)	-	-	-	242,645	-	-	242,645	-
European Union	-	-	-	825,057	-	-	825,057	-
France	-	-	-	715,146	-	-	715,146	-
Saudi Arabia	-	-	-	4,415,954	-	-	4,415,954	-
VNG International	-	-	-	4,526	-	-	4,526	-
Total Palestinian Trust Fund Contributions	-	-	-	6,503,328	-	-	6,503,328	-
Total Contributions	1,795,402	10,000	1,805,402	104,677,475	-	10,539	104,497,495	190,519
				Statement IV		Statement V		Statement V
Ageing of unpaid pledges								
Categories				Less than six months	Six months to one year	More than one year	More than two years	Total
Governments				110,519	80,000	-	-	190,519
Total				110,519	80,000	-	-	190,519

United Nations Human Settlements Programme
Technical Cooperation activities
Statement of income and expenditure and changes in reserves and fund balances
for the biennium ended 31 December 2011
(Thousands of United States Dollars)

	Reference	Trust Funds	UNDP	Programme Support	All funds eliminations	Total 2011	2009
Income							
Voluntary contributions	Schedule 7.2	293,718	-	-	-	293,718	173,007
Funds received under inter-organization arrangements	Note 2 k(ii) & t(iii)	-	405	-	-	405	2,368
Income for services rendered		-	-	19,252	(19,073)	179	200
Interest income		3,481	-	269	-	3,750	3,603
Miscellaneous income	Note 3	22	1	-	-	23	31
Total income		297,221	406	19,521	(19,073)	298,075	179,209
Expenditure							
Staff and other personnel costs		74,115	507	12,210	-	86,832	66,358
Contractual services		81,265	268	655	-	82,188	36,858
Travel		4,374	67	251	-	4,692	4,254
Operating expenses		32,619	7	3,122	-	35,748	26,560
Acquisitions		13,617	128	137	-	13,882	6,834
Fellowships, grants and contributions		58,898	(172)	-	-	58,726	19,995
Programme support costs		18,979	60	-	(19,073)	(34)	(242)
Total expenditure	Schedule 7.1	283,867	865	16,375	(19,073)	282,034	160,617
Excess / (shortfall) of income over expenditure		13,354	(459)	3,146	-	16,041	18,592
Prior period adjustments	Note 4	(892)	-	(3)	-	(895)	(108)
Net excess/ (shortfall) of income over expenditure		12,462	(459)	3,143	-	15,146	18,484
Savings on prior period obligations	Note 2 (k) (viii)	245	522	33	-	800	1,073
Transfers to reserves	Note 2 (p)	(3,566)	-	(158)	-	(3,724)	(7,794)
Transfers from/(to) other funds		(52)	-	-	-	(52)	-
Refunds to member states and other donors	Note 5	(1,693)	(63)	-	-	(1,756)	(300)
Fund balances, beginning of biennium		41,121	-	6,765	-	47,886	36,423
Fund balances, end of biennium		48,517	-	9,783	-	58,300	47,886
Reserves, beginning of biennium		7,794	-	1,802	-	9,596	1,802
Transfers to reserves	Note 2 (p)	3,566	-	158	-	3,724	7,794
Reserves, end of biennium		11,360	-	1,960	-	13,320	9,596
Total reserves and fund balance		59,877	-	11,743	-	71,620	57,482

United Nations Human Settlements Programme
Technical Cooperation activities
Statement of assets, liabilities, reserves and fund balances as at 31 December 2011
(Thousands of United States Dollars)

	Reference	Trust Funds	UNDP	Programme support costs	Total	
					2011	2009
Assets						
Cash and term deposits	Note 6	6,908	-	-	6,908	2,018
Cash pools	Note 6	103,403	-	11,200	114,603	71,777
Interfund balances receivable	Note 7	7,892	38	813	8,743	10,063
Accounts receivable	Note 8	1,856	209	90	2,155	1,225
Balances relating to projects funded by donors	Note 9	-	4,370	-	4,370	7,672
Other assets	Note 10	588	-	73	661	250
Total assets		120,647	4,617	12,176	137,440	93,005
Liabilities						
Unliquidated obligations	Note 11	56,173	730	404	57,307	27,889
Interfund balances payable	Note 7	2,933	3,130	-	6,063	4,750
Accounts payable	Note 12	727	757	29	1,513	2,884
Other liabilities	Note 10	937	-	-	937	-
Total liabilities		60,770	4,617	433	65,820	35,523
Reserves and fund balances						
Reserves	Notes 2 (p) and 14	11,360	-	1,960	13,320	9,596
Fund balance	Notes 2 (r) and 14	48,517	-	9,783	58,300	47,886
Total reserves and fund balances		59,877	-	11,743	71,620	57,482
Total liabilities, reserves and fund balances		120,647	4,617	12,176	137,440	93,005

United Nations Human Settlements Programme
Technical Cooperation activities
Status of allocations for the biennium ended 31 December 2011
(Thousands of United States Dollars)

	Allocation	Unliquidated Obligations	Disbursements	Total Expenditure	Unencumbered Balance
Trust Funds					
Staff and other personnel costs	83,340	15,479	58,636	74,115	9,225
Contractual services	87,901	45,680	35,585	81,265	6,636
Travel	5,706	622	3,752	4,374	1,332
Operating expenses	47,419	7,540	25,079	32,619	14,800
Acquisitions	17,418	5,887	7,730	13,617	3,801
Fellowships, grants and contributions	72,233	21,404	37,494	58,898	13,335
Programme support costs	22,451	-	18,979	18,979	3,472
Sub-total	336,468	96,612	187,255	283,867	52,601
UNDP					
Staff and other personnel costs	941	166	341	507	434
Contractual services	475	342	(74)	268	207
Travel	144	21	46	67	77
Operating expenses	107	54	(47)	7	100
Acquisitions	175	174	(46)	128	47
Fellowships, grants and contributions	12	7	(179)	(172)	184
Programme support costs	177	-	60	60	117
Sub-total	2,031	764	101	865	1,166
Programme support					
Staff and other personnel costs	13,140	63	12,147	12,210	930
Contractual services	868	257	398	655	213
Travel	239	18	233	251	(12)
Operating expenses	3,794	7	3,112	3,119	675
Acquisitions	200	16	121	137	63
Sub-total	18,241	361	16,011	16,372	1,869
Sub-total	356,740	97,737	203,367	301,104	55,636
Currency exchange losses					
Programme Support	-	-	3	3	(3)
Total	356,740	97,737	203,370	301,107	55,633
Less: Elimination of programme support cost				(19,073)	
Net total Expenditure				282,034	

Statement VI

United Nations Human Settlements Programme
Technical Cooperation activities
Contributions for the biennium ended 31 December 2011
(United States Dollars)

Countries/Organisations	2011	2009
Trust fund		
Governments		
Afghanistan	551,009	1,587,267
Algeria	10,000	-
Australia	8,655,700	-
Burkina Faso	30,761	-
Cameroon	10,166	-
Canada	3,204,338	-
Colombia	269,705	146,732
Congo, Dem. Rep.	10,000	-
Cyprus	-	341,999
Egypt	2,779,161	3,142,161
Finland	66,740	592,482
France	-	15,251
Germany	42,449	-
Iran	491,006	500,000
Italy	1,239,575	2,054,636
Japan	107,629,420	25,048,308
Kenya	159,935	62,177
Libyan Arab Jamahiriya	1,653,903	-
Mali	19,572	-
Mexico	241,209	948,334
Morocco	228,523	662,835
Netherlands	-	679,341
Nigeria	130,566	682,932
Norway	2,264,537	1,072,356
Pakistan	3,460,000	-
Republic of Korea	-	3,000
Rwanda	10,000	-
South Africa	10,000	-
Spain	9,458,167	2,705,473
Sweden	4,967,274	2,021,137
Togo	9,970	-
Turkey	100,000	-
Uganda	10,000	-
United Kingdom	2,759,924	5,208,301
United States of America	-	3,623,835
Zambia	19,980	-
Zimbabwe	9,975	-
Total Governments	150,503,565	51,098,557
United Nations and other organizations		
African Union	-	50,000
Asian Development Bank (ADB)	2,842,573	6,824,733
AusAID	5,615,454	-
Canadian International Development Agency (CIDA)	8,679,334	13,723,886
CARE International UK	30,943	-
Corporacion Volver a la Gente	101,565	-
Council of Europe Development Bank	-	239,328
Department for International Development (DFID)	14,069,312	10,059,874
Department of the Interior and Local Government - Philippines	-	34,000
European Union	23,477,763	10,413,851
FSADU	58,364	-
Fundacao Euclides da CUNHA (FEC)	63,017	-

United Nations Human Settlements Programme
Technical Cooperation activities
Contributions for the biennium ended 31 December 2011
(United States Dollars)

Countries/Organisations	2011	2009
IBRD/World Bank	1,262,583	4,833,849
IFAD - Headquarters - Italy	-	660,000
IFRC - Switzerland	35,301	-
IFRC & RCS Sri Lanka	64,120	-
International Finance Corporation	-	29,313
International Fund for Agricultural Development - Kenya	-	660,000
Irish Aid	245,000	288,600
LIFT/UNOPS	1,092,012	-
MDG-F Secretariat	1,151,144	-
MDTF Pakistan	375,000	-
Municipality of Hani i Elezit	26,128	-
Norwegian Peoples Aid	-	1,249,975
NZAID	250,000	-
OIOS/IAD/UNHCR Audit Section	196,254	-
Swedish International Development Cooperation Agency (SIDA)	-	4,700,659
UNDG Haiti Reconstruction Fund	12,780,640	-
UNDG, Iraq Trust Fund, BRSP/UNDP	4,119,288	14,868,394
UNESCO Islamabad	137,715	-
UNFPA Pakistan	1,020,000	-
UNISDR	158,315	-
United Nations Assistance Mission in Afghanistan	-	159,044
United Nations Children's Fund	1,822,452	1,774,253
United Nations Children's Fund Somalia Country Office	-	205,970
United Nations Development Programme	14,311,810	25,252,358
United Nations Economic Commission for Asia and the Pacific	-	75,000
United Nations Environment Programme	-	20,000
United Nations General Trust Fund	9,207,989	4,231,017
United Nations High Commission for Refugees (UNHCR)	3,600,726	1,820,568
UNOCHA – Somalia	23,979	233,440
UNTFHS	514,263	-
USAID	29,724,494	10,257,830
World Food Programme	-	162,694
World Health Organization Sudan Office	1,356,589	-
Total United Nations and other organizations	138,414,127	112,828,636
Public Donors		
Al Fayhaa Union of Municipalities	40,980	-
American University of Beirut (AUB)	9,973	-
Art Consultancy Agency Riegelsberger	-	7,590
BASF Aktiengesellschaft	180,950	1,323,055
City of Munich	28,127	335,394
Construction Bureau of Jiangyin City	107,138	-
Fundacao Vale	107,000	-
Gobierno del Estado de Veracruz	-	183,673
Instituto de Promocion y Apoyo al Desarrollo	-	88,647
International Development Research Centre	-	1,618
International Federation of Red Cross and Red Crescent	-	2,040,141
IPSC	91,853	-
Japan Habitat Association (JHA)	30,000	-
Japan Platform	-	56,650
Katahira & Engineers International	38,384	1,739,106

United Nations Human Settlements Programme
Technical Cooperation activities
Contributions for the biennium ended 31 December 2011
(United States Dollars)

Countries/Organisations	2011	2009
Knorr Bremse Global Care	-	99,441
Miscellaneous Income to UN-Habitat	1,670	-
MRRD Afghanistan	894,920	-
Organization of the Islamic Conference	75,000	-
Organizzazione Overseas onlus	-	56,000
Prefeitura da Cidade do Rio de Janeiro (PCRJ)	2,452,973	-
Rotary	-	50,000
Sagittarius Mines, Inc.	-	20,833
Salvation Army (Sri Lanka)	740,964	967,697
UAE Red Crescent	-	821,722
VARA Broadcasting Corporation - Netherlands	-	6,326
Total Public Donors	4,799,932	7,797,893
Total Trust fund contributions	293,717,624	171,725,086
UNDP funded projects	-	1,282,373
Total contributions	293,717,624	173,007,459

Statement VI

United Nations Human Settlements Programme
End of Service and Post Retirement Benefits
Statement of income and expenditure and changes in reserves and fund balances
for the biennium ended 31 December 2011
(Thousands of United States Dollars)

	Reference	After Service Health Insurance	Annual Leave	Repatriation Benefits	Total	
					2011	2009
Non-budgeted accrued expenses		(9,262)	100	(206)	(9,368)	86
Net excess/ (shortfall) of income over expenditure		(9,262)	100	(206)	(9,368)	86
Transfers from reserves		-	-	-	-	221
Fund balances, beginning of biennium		(8,177)	(1,968)	-	(10,145)	(10,452)
Fund balances, end of biennium		(17,439)	(1,868)	(206)	(19,513)	(10,145)
Reserves, beginning of biennium		-	-	2	2	-
Transfers to reserves		-	-	(2)	(2)	2
Reserves, end of biennium		-	-	-	-	2
Total reserves and fund balances		(17,439)	(1,868)	(206)	(19,513)	(10,143)

Statement of assets, liabilities, reserves and fund balances as at 31 December 2011

(Thousands of United States Dollars)

Assets

Interfund balances	Note 7	-	-	3,779	3,779	2,706
Total assets		-	-	3,779	3,779	2,706

Liabilities

End-of-service and post retirement benefits	Note 13	17,439	1,868	3,985	23,292	12,849
Total liabilities		17,439	1,868	3,985	23,292	12,849

Reserves and fund balances

Reserves		-	-	-	-	2
Fund Balance	Notes 2(r) & 14	(17,439)	(1,868)	(206)	(19,513)	(10,145)
Total reserves and fund balances	Note 13	(17,439)	(1,868)	(206)	(19,513)	(10,143)
Total liabilities, reserves and fund balances		-	-	3,779	3,779	2,706

NOTES TO THE FINANCIAL STATEMENTS

Note 1. The United Nations Human Settlements Programme and its objectives

- (a) On 16 December 1974, the General Assembly adopted resolution 3327 (XXIX), by which it created the United Nations HABITAT and Human Settlements Foundation.
- (b) On 19 December 1977, the General Assembly adopted resolution 32/162, by which it established a secretariat (the United Nations Centre for Human Settlements (HABITAT)) and a Commission on Human Settlements.
- (c) On 21 December 2001, the General Assembly adopted resolution 56/206, by which, with effect from 1 January 2002, it transformed the United Nations Centre for Human Settlements, including the United Nations HABITAT and Human Settlements Foundation, into the United Nations Human Settlements Programme and the Commission on Human Settlements into the Governing Council of the United Nations Human Settlements Programme. By the same resolution, the General Assembly confirmed that the Executive Director of the United Nations Human Settlements Programme shall be responsible for the management of the United Nations HABITAT and Human Settlements Foundation.
- (d) The main objectives of the Programme are:
 - (i) To improve the shelter conditions of the world's poor and to ensure sustainable human settlements development;
 - (ii) To monitor and assess progress towards the attainment of the Habitat Agenda goals and the targets of the Millennium Declaration and the Johannesburg plan of implementation on slums, safe drinking water and sanitation;
 - (iii) To strengthen the formulation and implementation of urban and housing policies, strategies and programmes and to develop related capacities, primarily at the national and local levels;
 - (iv) To facilitate the mobilization of investments from international and domestic sources in support of adequate shelter, related infrastructure development programmes and housing finance institutions and mechanisms, particularly in developing countries and in countries with economies in transition.

Note 2. Summary of significant accounting and financial reporting policies of the United Nations

- (a) The accounts of the UN-HABITAT are maintained in accordance with the Financial Regulations and Rules of the United Nations as adopted by the General Assembly, the Rules formulated by the Secretary General as required under the Regulations, administrative instructions issued by the Under-Secretary General for Management or the Controller, including the special annex of the Financial Rules of the United Nations Human Settlements Programme and specific decisions of the Governing Council. They also take fully into account the United Nations System Accounting Standards, as adopted by the Administrative Committee on Coordination (ACC). The ACC has since been replaced by the Chief Executives Board on Coordination (CEB). The Organization follows International Accounting Standard 1 – Presentation of Financial Statements, on the disclosure of accounting policies, as modified and adopted by the CEB as stated below:
 - i) Going concern, consistency, and accrual are fundamental accounting assumptions. Where fundamental accounting assumptions are followed in financial statements, disclosure of such assumptions is not required. If a fundamental accounting assumption is not followed, that fact should be disclosed together with the reasons;
 - ii) Prudence, substance over form, and materiality should govern the selection and application of accounting policies;
 - iii) Financial statements should include clear and concise disclosure of all significant accounting policies which have been used;
 - iv) The disclosure of the significant accounting policies used should be an integral part of the financial statements. These policies should normally be disclosed in one place;
 - v) Financial statements should show comparative figures for the corresponding period of the preceding financial period;
 - vi) A change in an accounting policy that has a material effect in the current period or may have a material effect in subsequent periods should be disclosed together with the reasons. The effect of the change should, if material be disclosed and quantified.

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- (b) The Organization's accounts are maintained on a "fund accounting" basis. Each fund is maintained as a distinct financial and accounting entity with a separate self-balancing, double-entry group of accounts. Separate financial statements are prepared for each fund or for a group of funds of the same nature.
- (c) The financial period of the Organization is a biennium and consists of two consecutive calendar years for all funds.
- (d) Generally, income, expenditure, assets, and liabilities are recognized on the accrual basis of accounting. For voluntary contribution income, the policy in paragraph (k) (i) below applies.
- (e) The accounts of the Organization are presented in United States Dollars. Accounts maintained in other currencies are translated into United States Dollars at the time of the transactions, at rates of exchange established by the United Nations. In respect of such currencies, the financial statements shall reflect the cash, investments, unpaid pledges, and current accounts receivable and payable in currencies other than the United States Dollars, translated at the applicable United Nations rates of exchange in effect as at the date of the statements. In the event that the application of actual exchange rates at the date of the statements would provide a valuation materially different from the application of the Organization's rates of exchange for the last month of the financial period, a footnote will be presented quantifying the difference.
- (f) The Organization's financial statements are prepared on the historical cost basis of accounting, and are not adjusted to reflect the effects of changing prices for goods and services.
- (g) The Cash Flow Summary statement is based on the "Indirect Method" of cash flow as referred to in the United Nations System Accounting Standards.
- (h) The Organization's financial statements are prepared in accordance with the ongoing recommendations of the Working Party on Accounting Standards to the CEB.
- (i) The results of the Organization's operations presented in Statements I, II and III are combined by type of fund after the elimination of all instances of double counting of income and expenditure. Their presentation on a combined basis does not imply that the various separate funds can be intermingled in any way, since, normally, resources may not be utilized between funds.
- (j) Under resolution 32/162 of 19 December 1977, the regular budget of the United Nations meets part of the costs of the secretariat of the United Nations Human Settlements Programme. Details of the expenditure may be found in the financial report and audited financial statements of the United Nations. However for transparency, the status of the current period allocations from regular budget given to the United Nations Human Settlements Programme are included on Statement I and related assets and liabilities, if any, on Statement II.
- (k) Income:
 - i) Voluntary contributions from Member States or other donors are recorded as income on the basis of a written commitment to pay monetary contributions at specified times within the current financial period. Pledged contributions that remain outstanding for more than three years are reviewed and written off during the financial period when they would have been four years old. Outstanding pledges can only be carried in the UN-Habitat's books for more than four years upon a written commitment from the concerned donor to settle them within a defined time frame. Voluntary contributions made in the form of services and supplies that are acceptable to the Secretary-General are credited to income or noted in the financial statements;
 - ii) Income received under inter-organizational arrangements represents allocations of funding from agencies to enable the Organization to administer projects or other programmes on their behalf;
 - iii) Allocations from other funds represent monies appropriated or designated from one fund for the transfer to and disbursement from another fund;
 - iv) Income for services rendered includes reimbursements for salaries of staff members and other costs which are attributable to providing technical and administrative support to other organizations;
 - v) Interest income includes all interest earned on loans, deposits in bank accounts, investment income earned on marketable securities and other negotiable instruments and investment income earned in the Cash pools. All realized losses and net unrealized losses on short-term investments are offset against investment income. Investment income and costs associated with operation of investments in the Cash pools are allocated to the participating funds;

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- vi) Miscellaneous income includes sale of used or surplus property, refunds of expenditure charged to prior periods, income from net gains resulting from currency translations, settlements of insurance claims, monies accepted for which no purpose was specified, and other sundry income;
 - vii) Income relating to future financial periods is not recognized in the current financial period and is recorded as payments or contributions received in advance as referred to in item (n) (iii);
 - viii) Savings from the liquidation of prior periods' obligations relating to programme costs are credited directly to the fund balances. Savings relating to project costs are credited to the project.
- (l) Expenditure:
- i) Expenditure is incurred against authorized allotments. Total expenditure reported includes unliquidated obligations and disbursements;
 - ii) Expenditure incurred for non-expendable property is not charged to the budget of the biennium when acquired and is not capitalized. Inventory of such non-expendable property is maintained at historical cost;
 - iii) Expenditure for future financial periods is not charged to the current financial period and is recorded as deferred charges as referred to in item m (iv) and (vi) below.
- (m) Assets:
- i) Cash and term deposits represent funds held in demand deposit accounts and interest bearing bank deposits;
 - ii) Investments include marketable securities and other negotiable instruments acquired by the Organization to produce income. Short-term investments are stated at the lower of cost or market value; long-term investments are stated at cost. Cost is defined as the nominal value plus/minus any unamortized premium/discount. If the market value of the short term investments is lower than the book value, the book value is adjusted accordingly. (See also note 6);
 - iii) Cash pools comprise participating funds' share of cash and term deposits, short-term and long-term investments and accrual of investment income, all of which are managed in these pools. The investments in the Cash pools are similar in nature and are accounted for as stated in item (m) (ii) above. Share in the Cash pools is reported separately in each of the participating funds' statement and its composition and the market value of its investments are disclosed in Note 6;
 - iv) Deferred charges comprise expenditure items that are not properly chargeable to the current financial period. They will be charged as expenditure in a subsequent period. These expenditure items include commitments approved by the Controller for future financial periods in accordance with Financial Rule 106.7. Such commitments are restricted to administrative requirements of a continuing nature and to contracts or legal obligations where long lead-times are required for delivery;
 - v) Interfund balances reflect transactions between funds, and are included in the amounts due to and from the Technical Cooperation Funds, Trust Funds, other Special Accounts, the United Nations General Fund and other United Nations Funds which are normally settled periodically dependent upon availability of cash resources;
 - vi) For the purpose of the balance sheet statements only, those portions of education grant advances that are assumed to pertain to the scholastic years completed as at the date of the financial statement are shown as deferred charges. The full amounts of the advances are maintained as accounts receivable from staff members until the required proofs of entitlement are produced, at which time the budgetary accounts are charged, and the advances settled;
 - vii) Maintenance and repairs of capital assets are charged against the appropriate budgetary accounts. Furniture, equipment, other non-expendable property, and leasehold improvements are not included in the assets of the organization. Such acquisitions are charged against budgetary accounts in the year of purchase. The value of non-expendable property is disclosed in note 15 to the financial statements.
 - viii) Loan and interest receivable represents the outstanding amount of loans including accrued interest.
- (n) Liabilities and reserves and fund balances:

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- i) Operating and other types of reserves are included in the “Reserves and fund balances” shown in the financial statements;
 - ii) Unliquidated obligations for future years are reported as deferred charges and as unliquidated obligations;
 - iii) Deferred income includes pledged contributions for future periods, payments and contributions received in advance, and other income received but not yet earned;
 - iv) Commitments of the Organization relating to prior, current, and future financial periods are shown as unliquidated obligations. Current period obligations related to trust funds remain valid for 12 months following the end of the biennium to which they relate. Obligations for most technical cooperation activities remain valid for 12 months after the end of each calendar year. Unliquidated obligations to funds of a multi-year nature remain valid until the completion of the project;
 - v) Contingent liabilities, if any, are disclosed in the notes to the financial statements;
 - vi) Accrued liabilities for end-of-service and post-retirement benefits comprise after-service health insurance (ASHI), unused annual leave and repatriation benefits. These are determined on an actuarial basis.
- (o) Financial reserve: As stated in rule 304.3.2 (b) of the Financial Rules of the Foundation, the purpose of the financial reserve is to guarantee the financial liquidity and integrity of the Foundation, to compensate for uneven cash flows, and to meet such other similar requirements as may be decided upon by the Governing Council.
- (p) Operating reserve: With regard to the Programme support costs account, and as stated in Administrative Instruction ST/AI/286, an operating reserve of 20% of the estimated annual programme support income is required to be held in a separate account at all times. This reserve is to protect against unforeseen shortfalls in delivery, inflation and currency adjustments or to liquidate legal obligations in case of abrupt terminations of activities financed from extrabudgetary resources. With regard to trust funds, and as stated in Administrative Instruction ST/AI/284, an operating cash reserve at a constant level of 15% of estimated annual planned expenditure will be maintained during the implementation of trust fund activities to cover shortfalls and will be utilized to meet the final expenditure under the trust fund, including any liquidating liabilities.
- (q) Loan fund reserve: as stated in rules 304.3.2 (e) of the financial rules of the Foundation, the purpose of the loan fund reserve is to provide and maintain security to those borrowings incurred by the Foundation and to maintain a sound cash flow situation in the Foundation Loan Fund account.
- (r) Earmarked fund balance: Funds designated for specified project activities are not available for the non-earmarked project and programme expenditure of the Foundation.
- (s) A provision to meet contingent liabilities for compensation payments under Appendix D to the Staff Rules of the United Nations for the personnel financed from trust funds and the Foundation has been made and is calculated on the basis of 1 per cent of net base salary.

- (t) Technical cooperation activities:
- i) The technical cooperation financial statements report on activities financed by voluntary contributions and funds received under inter-organizational arrangements from UNDP and other sources;
 - ii) Voluntary contributions from Member States or other donors for technical cooperation activities are recorded as income upon receipt of cash, including amounts received pending the identification of specific projects;
 - iii) The allocation of funds received under inter-organizational arrangements from UNDP is determined by taking into account interest and other miscellaneous income against total expenditure;
 - iv) Interest and miscellaneous income for technical cooperation trust funds are credited to the trust funds concerned;
 - v) Unliquidated obligations for the current period in respect to all technical cooperation activities remain valid for twelve months following the end of the calendar year, rather than the biennium, to which they relate. However in accordance with UNDP reporting requirements, executing agencies may retain unliquidated obligations beyond 12 months when a firm liability to pay still exists. Savings from liquidation or cancellation of prior period obligations are credited to individual projects as a reduction of the current period expenditure in accordance with the UNDP reporting requirements;
 - vi) Distribution of interest income for trust funds is calculated at year end using the percentage participation of each fund based on the monthly average fund balance.
- (u) The United Nations Human Settlements Programme is a member organization participating in the United Nations Joint Staff Pension Fund, which was established by the General Assembly to provide retirement, death, disability and related benefits. The Pension Fund is a funded, multiemployer defined-benefit plan.

An actuarial valuation of the Pension Fund's assets and pension benefits is prepared every two years. As there is no consistent and reliable basis for allocating the related liabilities/assets and costs to individual participating organizations, the United Nations Human Settlements Programme is not in a position to identify its share of the underlying financial position and performance of the Pension Fund with sufficient reliability for accounting purposes and hence has treated this plan as if it were a defined contribution plan. Thus the United Nations Human Settlements Programme share of the related net liability/asset position of the Pension Fund is not reflected in the financial statements.

The Organization's contribution to the Pension Fund consists of its mandated contribution at the rate established by the General Assembly, currently 7.9 per cent for the participant and 15.8 per cent for the Organizations, respectively, of the applicable pensionable remuneration, together with its share of any actuarial deficiency payments under Article 26 of the Regulations of the Pension Fund. Such deficiency payments are payable only if and when the 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 Pension Fund as at the valuation date. As at the reporting date for the current financial statements, the General Assembly had not invoked this provision.

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Note 3. Miscellaneous income (Thousands of United States Dollars)

	Foundation activities	Technical Cooperation activities	All funds eliminations	Total	
				2011	2009
Gain on currency exchange transactions	92	23	-	115	458
Unspecified contributions	33	-	-	33	-
Carbon emissions offsets	175	-	(175)	-	-
Other sundry income	19	-	-	19	-
Total	319	23	(175)	167	458

Note 4. Prior period adjustments (Thousands of United States Dollars)

	Foundation activities	Technical Cooperation activities	Total	
			2011	2009
Adjustments to prior period expenditure	32	(84)	(52)	(938)
Adjustments to prior period pledges	10	(810)	(800)	-
Adjustments to prior period programme support	-	-	-	654
Write-offs	(35)	(1)	(36)	(2)
Total	7	(895)	(888)	(286)

Note 5. Refunds to member states and other donors (Thousands of United States Dollars)

	Foundation activities	Technical Cooperation activities	Total	
			2011	2009
Government of Iraq	-	(140)	(140)	-
Australian Red Cross	-	-	-	(102)
Government of Netherlands	-	(21)	(21)	(33)
International Bank for Reconstruction & Dev.	(50)	-	(50)	-
Ministerie van Buitenlandse Zaken	-	-	-	(118)
UNDP Head Quarters	-	(56)	(56)	-
Swedish International Development Cooperation Agency SIDA	(270)	-	(270)	-
UNDG, Iraq Trust Fund, BRSP/UNDP	-	(1,015)	(1,015)	(80)
United Nations High Commission for Refugees	-	(278)	(278)	-
United Nations Economic Commission for Africa (UNECA)	(19)	-	(19)	-
United Nations Trust Fund	(40)	-	(40)	(46)
Government of Belgium c/o PM of Belgium to The United Nations	(11)	-	(11)	-
Swedish National Police Board	(21)	-	(21)	-
Department for International Development (DFID)	-	(161)	(161)	-
UNDP Res Rep Maldives	-	(63)	(63)	-
UNISDR	-	(2)	(2)	-
UNESCO Islamabad	-	(20)	(20)	-
Total	(411)	(1,756)	(2,167)	(379)

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**Note 6. Convertible and non-convertible cash and term deposits and Cash pools
as at 31 December 2011 (Thousands of United States dollars)**

	Reference	Cash pools (a)	Cash and term deposits
Foundation activities			
United States dollars denominated		89,027	2,700
Euro denominated		14,919	-
Indian Rupees denominated (c)		-	101
Total	Statement V	103,946	2,801
Represented by:			
Cash and term deposits US\$ denominated		10,118	2,700
Cash and term deposits Euro denominated (d)		7,155	-
Cash and term deposits Indian Rupees denominated		-	101
Short term investments at lower or cost or market value (b)		27,183	-
Long term investments		59,174	-
Accrued interest receivable		316	-
Total		103,946	2,801
Technical Cooperation activities			
United States dollars denominated	Statement VII	114,603	6,908
Represented by:			
Cash and term deposits		13,025	6,908
Short term investments at lower of cost or market value (b)		32,732	-
Long term investments		68,566	-
Accrued interest receivable		280	-
Total		114,603	6,908
Total Foundation and Technical Cooperation activities	Statement II	218,549	9,709

(a) Investments are placed in the Headquarters joint investment pools. Treasury, United Nations Secretariat, is solely responsible for the investment policy and participating offices are only responsible for their own cash flow/liquidity planning. Treasury invests in different securities, with varying due dates and interest rates. Hence, it is not practical to indicate due dates and interest rates against the investment pools. See note 22 for more information.

(b) When the market value of the short-term investments is lower than cost, the book value is adjusted accordingly. Long term investments are reported at book value. No change was made during this period.

(c) The exchange rate used to determine the United States dollar equivalent was 1 US\$ =52.8 Indian Rupees. In local currency amount, Indian Rupees were 5,311,994 at 31 December 2011.

(d) The Euro cash pool comprises cash and term deposits of €5,538,176 and accrued interest receivable of €76,008. The UN operational exchange rate as at 31 December 2011 was 1 US\$ = 0.774 Euro.

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Note 7. Interfund balances (Thousands of United States Dollars)

	Foundation activities	Technical Cooperation activities	End of Service and Post-Retirement Benefits	Total	
				2011	2009
Interfund balances receivable	5,879	8,743	3,779	18,401	27,586
Interfund balances payable	(13,829)	(6,063)	-	(19,892)	(28,165)
Net interfund receivable/(payable)	(7,950)	2,680	3,779	(1,491)	(579)
The net interfund payable is due to UNON				(1,491)	(579)
Net interfund payable				(1,491)	(579)

The interfund accounts reflect transactions between the Foundation and Technical Cooperation activities, United Nations General Fund and other funds which are settled periodically.

Note 8. Accounts receivable (Thousands of United States Dollars)

	Foundation activities	Technical Cooperation activities	Regular Budget	Total	
				2011	2009
Staff members	485	290	-	775	1,061
UN agencies/entities	3,570	1,791	514	5,875	4,660
Vendors	31	11	-	42	83
Governments	194	13	-	207	-
Others	66	50	-	116	275
Total	4,346	2,155	514	7,015	6,079
Ageing:					
Less than six months	4,203	1,856	514	6,573	5,138
Six months to one year	38	21	-	59	458
More than one year	33	80	-	113	162
More than two years	72	198	-	270	321
Total	4,346	2,155	514	7,015	6,079

Note 9. Balances relating to projects funded by donors

The amount of \$4.4 million shown in Statement II as "Balances relating to projects funded by donors" represents the amount receivable from UNDP, in accordance with existing arrangements, of which \$0.7 million is related to unliquidated obligations.

Note 10. Other assets (Thousands of United States Dollars)

Other assets	Foundation activities	Technical Cooperation activities	Total	
			2011	2009
Commitments against future years	794	516	1,310	-
Education grant advances	200	128	328	296
Other	-	17	17	190
Total	994	661	1,655	486
Other liabilities				
Other liabilities	Foundation activities	Technical Cooperation activities	2011	2009
Future year obligations related receivable	1,203	421	1,624	-
Commitments against future years	794	516	1,310	-
Total	1,997	937	2,934	-

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Note 11. Unliquidated obligations (Thousands of United States Dollars)

	Foundation activities	Technical Cooperation activities	Regular Budget	Total	
				2011	2009
Prior periods	7,560	1,598	-	9,158	6,037
Current period	19,461	55,709	514	75,684	69,528
Total	27,021	57,307	514	84,842	75,565

Note 12. Accounts payable (Thousands of United States Dollars)

	Foundation activities	Technical Cooperation activities	Total	
			2011	2009
Staff members	372	196	568	509
UN agencies/entities	1,364	1,248	2,612	2,812
Vendors	86	26	112	532
Governments	312	-	312	147
Others	272	43	315	166
Total	2,406	1,513	3,919	4,166

Note 13. End-of-service and post-retirement benefits (Thousands of United States Dollars)

	Total	
	2011	2009
After Service Health Insurance	17,439	8,177
Annual Leave	1,868	1,968
Repatriation Benefits	3,985	2,704
Total	23,292	12,849
Less: provision already made	(3,779)	(2,706)
Net liability not funded	19,513	10,143

(a) End-of-service and post-retirement benefits comprise after-service health insurance (ASHI) coverage, annual leave, and repatriation benefits. As disclosed in Note 2 (n) (vi), all three liabilities are determined on the basis of an actuarial valuation. A valuation was carried out as at 31 December 2011.

(b) After-service health insurance (ASHI)

- i) Upon end-of-service, staff members and their dependents may elect to participate in a defined benefit health insurance plan of the United Nations, provided they have met certain eligibility requirements, including ten years of participation in a United Nations health plan for those who were recruited after 1 July 2007, and five years for those who were recruited prior to this date. This benefit is referred to as ASHI.
- ii) The major assumptions used by the actuary to determine the liabilities for ASHI as at 31 December 2012 were a discount rate of 4.5%, current and future years rate of inflation of 2.5%; health care escalation rates of 8.0% in 2012, grading down to 4.5% in 2027 and later years for both USA non-Medicare and non-USA medical plans, 7.0% in 2012 grading to 4.5% in 2027 and later years for USA Medicare plans, 5.0% in 2012 grading to 4.5% in 2027 and later years for USA dental plans; and retirement, withdrawal and mortality assumptions consistent with those used by the United Nations Joint Pension Fund (UNJSPF) in making its own actuarial valuation.
- iii) Contribution from retirees and a portion of the contributions from active staff are deducted from the gross liability in order to arrive at the Organization's residual liability in accordance with cost sharing ratios authorized by the General Assembly. These ratios require that the Organization's share shall not exceed one-half for non-USA health plans, two-thirds for USA health plans, and three-quarters for the Medical Insurance Plan. This refinement in determination of plan participant contributions is reflective of the fact that both active and retired staff participate in the same

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health insurance plans and that their collective contributions serve to meet the approved cost sharing ratios.

- iv) On the basis of the assumptions outlined in (ii) and (iii) above, the present value of the estimated accrued liability as at 31 December 2011 was estimated at US\$17,439,000.
- v) Further to the assumptions in (b)(ii) above, it is estimated that the present value of the liability would increase by 26.2% or decrease by 19.8% if medical trend costs are increased or decreased by 1.0% respectively, with all other assumptions held constant. Similarly, it is estimated that the accrued liability would decrease by 20.2% and increase by 27.4% if discount rate is increased or decreased by 1.0% respectively.

(c) Annual leave

- i) Upon end-of-service, staff members may commute unused leave days up to a maximum of sixty working days for those holding a fixed term or continuing appointments. This benefit is referred to as annual leave benefits.
- ii) The major assumptions used by the actuary were a discount rate of 4.5%; annual salary increases ranging from 9.1% to 4.0% based on age and category of staff members; and an annual rate of increase in accumulated annual leave balances of 12.5 days for 1 to 3 years of service, 3.0 days for 4-6 years of service and 0.1 days for 7 and later years of service.
- iii) On the basis of these assumptions, the present value of the accrued liability for annual leave as at 31 December 2011 was estimated at US\$1,868,000.

(d) Repatriation benefits

- i) Upon end-of-service, staff who meet certain eligibility requirements, including residency outside their country of nationality at the time of separation, are entitled to a repatriation grant which is based upon length of service, and travel and removal expenses. These benefits are collectively referred to as repatriation benefits.
- ii) The major assumptions used by the actuary were a discount rate of 4.5%; annual salary increases ranging from 9.1% to 4.0% based on age and category of staff members, and travel cost increases of 2.5% per annum.
- iii) On the basis of these assumptions, the present value of the accrued liability for repatriation benefits as at 31 December 2011 was estimated at US\$3,985,000.

Note 14. Reserves and fund balances (Thousands of United States Dollars)

	Foundation activities	Technical Cooperation activities	End of Service and Post-Retirement Benefits	Total	
				2011	2009
Financial reserve	6,619	-	-	6,619	6,944
Loan fund reserve	550	-	-	550	-
Operating reserve	4,726	13,320	-	18,046	10,568
Other reserves*	-	-	-	-	2
Total reserves	11,895	13,320	-	25,215	17,514
Loan fund balance	2,642	-	-	2,642	3,000
Earmarked fund balance	37,161	48,517	-	85,678	81,546
Cumulative surplus/(deficit)	23,446	9,783	(19,513)	13,716	31,567
Total fund balances	63,249	58,300	(19,513)	102,036	116,113
Total reserves and fund balances	75,144	71,620	(19,513)	127,251	133,627

* The other reserve represents excess collection of repatriation benefit funds over the liability as per the actuarial valuation.

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Note 15. Non-expendable property (Thousands of United States Dollars)

In accordance with United Nations accounting policies, non-expendable property is not included in the fixed assets of the Organization but is charged against current appropriations when acquired.

	Total	
	2011	2009
Headquarters		
Computer equipment	1,594	979
Office equipment	12	11
Radio and telecommunication equipment	55	23
Audio visual/photographic equipment	97	49
Transportation equipment	201	189
Furniture	568	610
Document and reproduction equipment	13	156
Medical equipment	17	-
Total Headquarters	<u>2,557</u>	<u>2,017</u>
Regional and out posted offices	571	566
Projects	11,471	7,012
Total OAHs	<u>12,042</u>	<u>7,578</u>
Total	<u>14,599</u>	<u>9,595</u>
Summary		
Opening balance	9,595	10,401
Acquisitions	3,248	1,986
Disposals:		
Write-offs	(30)	(31)
Sales	(13)	-
Donations	(83)	(1,102)
Transfers to other offices/missions	(2)	(52)
Other	-	(8)
Prior period adjustments [^]	1,884	(1,599)
Closing balance	<u>14,599</u>	<u>9,595</u>

[^] Inventory in the database adjusted to physical count as at 31 December 2011

Note 16: Status of the Regular Budget funds allocations (exclusive of staff assessments) as at 31 December 2011 (Thousands of United States Dollars).

	Allocation	Unliquidated Obligations	Disbursements	Total Expenditure	
				2011	2009
United Nations General Fund					
Staff and other personnel costs	21,124	30	21,357	21,387	20,793
Operating expenses	2,210	101	1,998	2,099	2,106
Sub-total	<u>23,334</u>	<u>131</u>	<u>23,355</u>	<u>23,486</u>	<u>22,899</u>
Special Account for Supplementary Development Activities					
Staff and other personnel costs	94	-	22	22	70
Contractual services	757	193	358	551	633
Travel	145	15	91	106	117
Operating expenses	60	3	19	22	22
Fellowships, grants and contributions	948	172	318	490	258
Sub-total	<u>2,004</u>	<u>383</u>	<u>808</u>	<u>1,191</u>	<u>1,100</u>
Total	<u>25,338</u>	<u>514</u>	<u>24,163</u>	<u>24,677</u>	<u>23,999</u>

Note 17: Experimental Reimbursable Seeding Operations Trust Fund

- (i) An amount of US\$2,750,000 has been allocated for reimbursable seeding operations under the Loan Fund account.
- (ii) A Loan Fund Reserve has been established at the level of 20% of disbursed reimbursable seeding operations under the Loan Fund account to provide and maintain security to those borrowings incurred by the Foundation and to maintain a sound cash flow situation in the Foundation Loan Fund.
- (iii) Interest income from loan operations is recognized as income in the year when earned.
- (iv) As at 31 December 2011, five loans had been disbursed. The maturity dates of the loans receivable is as follows: **(Thousands of United States Dollars)**

5 years or less		796
Greater than 5 years up to 10 years		340
Greater than 10 years		1,108
		2,244
Add: Accrued interest		7
Loan and interest receivable		2,251

- (v) These loans bear interest at a weighted average rate of 4.2%.

Note 18: Change in accounting policies:

a) Regular Budget funding

UN-Habitat's funding from Regular Budget, previously reported as a note to the financial statements, is now reported on the face of the financial statements. The assets and liabilities related to regular budget funding are wholly owned by the UN secretariat and are reported in Volume I of its financial statements. However those specific to the expenditure that has been recorded have been reflected on statement II. Management judges that this policy provides a more complete presentation of the financial results of UN-Habitat. The comparatives for the biennium ended 31 December 2009 have been restated on Statements I and II as shown below.

Statement I
Statement of income and expenditure and changes in reserves and fund balances
(Thousands of United States Dollars)

	As originally reported	Inclusion of Regular Budget	Restated
Regular budget allocations	-	23,999	23,999
Total Income	311,605	23,999	335,604
Total Expenditure	296,357	23,999	320,356

b) Treatment of advances to implementing agencies

UN-Habitat's advances to implementing agencies, previously recorded directly against the unliquidated obligation are now recorded as receivables and the obligation is reduced upon receipt of the expenditure report from the implementing agency.

c) Treatment of local Imprest bank accounts

UN-Habitat's bank balances on local imprest accounts for UN-Habitat's offices away from Headquarters, previously recorded to receivable accounts are now recorded in the ledgers as bank balances. Management believes that this properly classifies the cash related to imprest accounts resulting in a better presentation on the financial statements.

The changes in (b) and (c) above affect the Statement of assets, liabilities, reserves and fund balances for both the Foundation activities (statement V) and the Technical Cooperation activities (statement VII) as well as the all funds summary (statement II). Comparatives for the biennium ended 31 December 2009 for these statements have been restated as shown below.

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Statement II
Statement of assets, liabilities, reserves and fund balances
(Thousands of United States Dollars)

	As originally reported	OAHs Bank Balances Reclassification	Advances to Implementing agencies	Regular Budget	Restated
Cash and term deposits	1,888	1,150	-	-	3,038
Accounts Receivable	2,883	(1,150)	3,395	951	6,079
Unliquidated obligations	71,219	-	3,395	951	75,565

Statement V
Statement of assets, liabilities, reserves and fund balances
(Thousands of United States Dollars)

	As originally reported	OAHs Bank Balances Reclassification	Advances to Implementing agencies	Restated
Cash and term deposits	928	92	-	1,020
Accounts Receivable	1,308	(92)	2,687	3,903
Unliquidated obligations	44,038	-	2,687	46,725

Statement VII
Statement of assets, liabilities, reserves and fund balances
(Thousands of United States Dollars)

	As originally reported	OAHs Bank Balances Reclassification	Recording of Advances to Implementing agencies	Restated
Cash and term deposits	960	1,058	-	2,018
Accounts Receivable	1,575	(1,058)	708	1,225
Unliquidated obligations	27,181	-	708	27,889

The All Funds Summary Statement of cash flows (Statement III) for the biennium ended 31 December 2009 has been restated accordingly.

Note 19: Contingent liabilities:

As 31 December 2011, UN-Habitat had no reportable contingent liabilities.

Note 20: Treatment of future years' commitments

During the period ended 31 December 2011, UN-Habitat implemented the recording of commitments against future years' as liabilities in its books. In the past these were recorded as current liabilities.

This change is in line with new instructions on this subject given by the UNHQ. Management believes that this properly discloses in its Financial Statements the commitments UN-Habitat makes to its partners through various agreement instruments. The amount involved is being shown as commitments against future years' on note 10 and reflected on the balance sheet under other liabilities with an offset being shown under other assets.

Given the impracticality of obtaining comparative figures, the financial statements for previous periods have not been restated.

Note 21: Contributions in kind

During the biennium 2010-2011 ended 31 December 2011, United Nations Human Settlements Programme received voluntary contributions in kind for various goods and services from governments and other organizations. The estimated fair value of such contributions in kind was US\$4,663,956.

Note 22: Cash pools

(a) Background:

- i) The United Nations Treasury centrally invests surplus funds on behalf of the United Nations Secretariat, including the United Nations Human Settlements Programme ("UN-Habitat"). Such surplus funds are combined in one of three internally managed Cash pools, which invest in major segments of the money and fixed income markets. Pooling the funds has a positive effect on overall investment performance and risk, because of economies of scale, and by the ability to spread yield curve exposures across a range of maturities;
- ii) Investment activities of all the cash pools are guided by the principles contained in the Investment Management Guidelines ("Guidelines"). An Investment Committee periodically assesses compliance with the Guidelines and makes recommendations for updates thereto, and also reviews performance of the various Cash pools.

(b) Investment management objectives:

Further to the Guidelines, investment objectives of all the Cash pools, in order of priority, are the following:

- i) Safety: ensure the preservation of capital;
- ii) Liquidity: ensure sufficient liquidity to enable the United Nations and participating entities to readily meet all operating requirements. Only assets which have a readily available market value and can be easily converted to cash are held;
- iii) Return on Investment: attain a competitive market rate of return taking into account investment risk constraints, and the cash flow characteristics of the pool. Benchmarks determine whether satisfactory market returns are being achieved in the Cash pool.

(c) Cash pools:

- i) UN-Habitat participates in the following Cash pools:
 - (1) Offices away from Headquarters (OAH) pool which has investments only in United States dollars, and is for use by funds whose main books of accounts are maintained in one of the OAHs.
 - (2) Euro pool which has investments only in Euros, and is for use by funds in OAHs who may have a surplus of Euros from their operations.
- ii) The Cash pools invest in a variety of securities. Such securities may include, but are not restricted to, bank deposits, commercial paper, supranational securities, government agency securities and government securities with maturities of 5 years or less. The Cash pools do not invest in derivative instruments, asset-backed, mortgage-backed or equity products;
- iii) Investment transactions are accounted for on a settlement date basis. Investment income is recognized on the accrual basis; transaction costs that are directly attributable to the investment activity of the Cash pools are expensed as incurred in the Cash pools and the net income is distributed proportionately to the funds participating in the Cash pools;
- iv) Gains and losses on the sale of investments are calculated as the difference between the sales proceeds and book value and are reflected in the net income distributed to the Cash pool participants.

(d) Financial information pertaining to the OAH and Euro Cash pools:

- i) As at 31 December 2011, the OAH and Euro Cash pools held total assets of \$1,956.0 million; of this amount \$218.5 million was due to UN-Habitat, as reflected against the Cash pool line in statement II – Statement of assets, liabilities and reserves and fund balances;
- ii) Financial information of the OAH and Euro Cash pools as at 31 December 2011 is summarized in table 1.

Table 1
Summary of assets and liabilities of the Cash pools as at 31 December 2011

(Thousands of United States dollars)

	OAH Pool	Euro Pool	Total
Assets			
Short-term investments a/	627,484	122,754	750,238
Long-term investments b/	940,267	152,256	1,092,523
Total investments	1,567,751	275,010	1,842,761
Cash	2	106,815	106,817
Accrued investment income	3,842	2,530	6,372
Total assets	1,571,595	384,355	1,955,950
Liabilities			
Payable to UN-Habitat	203,630	14,919	218,549
Payable to other funds participating in the Cash pools	1,367,965	369,436	1,737,401
Total liabilities	1,571,595	384,355	1,955,950
Net assets	-	-	-

Summary of net income of the Cash pools for the biennium ended 31 December 2011

(Thousands of United States dollars)

	OAH Pool	Euro Pool c/	Total
Net income			
Interest income	40,714	4,355	45,069
Realized gains on sales of securities	10,080	478	10,558
Securities lending income d/	559	-	559
Net income from operations	51,353	4,833	56,186

a/ Lower of book value or fair value.

b/ Book value.

c/ Excludes gains or losses arising on revaluation of the underlying Euro currency based investments.

d/ Securities lending refers to the short-term loan of securities owned by the United Nations to other parties, and for which a fee is paid to the United Nations. The terms of the loan are governed by an agreement, which requires the borrower to provide the United Nations with collateral of a value greater than the loaned security.

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(e) Composition of the OAH and Euro Cash pools:

Table 2 shows a breakdown of investments held in the OAH and Euro Cash pools by type of instrument:

Table 2
Investments of the Cash pools by type of instrument as at 31 December 2011
(Thousands of United States dollars)

<i>OAH pool</i>	<i>Book value</i>	<i>Fair value a/</i>
Bonds		
Government agencies	989,127	990,001
Non-United States sovereigns and supranationals	325,031	326,577
Subtotal	1,314,158	1,316,578
Commercial paper	74,978	74,981
Term deposits	178,615	178,615
Total investments	1,567,751	1,570,174
<i>Euro pool</i>	<i>Book value</i>	<i>Fair value a/</i>
Bonds		
Government agencies	93,819	93,764
Non-United States sovereigns and supranationals	103,672	104,055
Subtotal	197,491	197,819
Term deposits	77,519	77,519
Total investments	275,010	275,338
<i>Total of Cash pools</i>	<i>Book value</i>	<i>Fair value a/</i>
Bonds		
Government agencies	1,082,946	1,083,765
Non-United States sovereigns and supranationals	428,703	430,632
Subtotal	1,511,649	1,514,397
Commercial paper	74,978	74,981
Term deposits	256,134	256,134
Total investments	1,842,761	1,845,512

a/ Fair value is determined by the independent custodian based on valuations of securities that are sourced from third-parties.

(f) Financial risk management:

The OAH and Euro Cash pools are exposed to a variety of financial risks including credit risk, liquidity risk, currency risk and market risk (which includes interest rate risk and other price risks), as described below:

i) Credit risk:

The Guidelines require that investments not be made in issuers whose credit ratings are below specifications, and also provide for maximum concentrations with given issuers. These requirements were met at the time the investments were made. The credit ratings used are those determined by the major credit-rating agencies; Standard & Poor's and Moody's are used to rate bonds and commercial paper, and the Fitch Individual Rating is used to rate term deposits.

The credit ratings of the issuers whose securities were held in the OAH and Euro Cash pools are shown in table 3.

Table 3
Investments of the Cash pools by credit ratings as at 31 December 2011
 (Thousands of United States dollars)

<i>OAH pool</i>	<i>Total a/</i>	<i>Ratings</i>
Bonds	1,314,158	S&P: 41.4% AAA and 58.6% AA+/AA-; Moody's: 94.7% Aaa and 5.3% Aa1/Aa3.
Commercial paper	74,978	S&P: A-1+; Moody's: P-1.
Term deposits	178,615	Fitch: 60.8% A/B and 39.2% B.
Total investments	1,567,751	

<i>Euro pool</i>	<i>Total a/</i>	<i>Ratings</i>
Bonds	197,491	S&P: AAA; Moody's: Aaa.
Term deposits	77,519	Fitch: B.
Total investments	275,010	

a/ Represents the book value of securities as at 31 December 2011.

(ii) Liquidity risk:

The OAH and Euro Cash pools are exposed to liquidity risk associated with the requirement of participants to make withdrawals on short notice. It maintains sufficient cash and marketable securities to meet commitments as and when they fall due. The major portion of the pools' cash and cash equivalents and investments are available within one day's notice to support operational requirements. Hence, the pools are able to respond to withdrawal needs in a timely manner, and liquidity risk is considered to be low.

(iii) Currency risk:

Currency risk is the risk that the value of investments denominated in non-United States dollars will fluctuate due to changes in foreign exchange rates versus the United States dollars. The OAH pool has no currency risk as all its investments are in United States dollars. The Euro pool is exposed to currency risk through holding of securities in Euros. Accordingly, funds participating in the Euro pool are exposed to currency risk to the extent that their share of investments exceeds their operational requirements for Euros.

(iv) Interest rate risk:

Interest rate risk is the risk of variability in investments' values due to change in interest rates. In general, as interest rate rises, the price of a fixed rate security falls, and vice versa. Interest rate risk is commonly measured by the fixed rate security's duration, with duration being a number expressed in years. The larger the duration, the greater the interest rate risk;

The OAH and Euro pools are exposed to interest rate risk as their holdings comprise interest bearing securities. As at 31 December 2011, the pools invested primarily in securities with shorter terms to maturity, with the maximum term being less than 4 years. The average durations of the OAH pool and Euro pool were 0.89 years and 0.93 years respectively, which are considered to be indicators of low interest rate risk;

Table 4 shows how fair value of the OAH and Euro Cash pools as at 31 December 2011 would increase or decrease should the overall yield curve shift in response to changes in interest rates. The impact of a shift up or down of up to 200 basis point in the yield curve is shown, (100 basis points equals 1 percent). However in view of the current interest rate environment, the basis point shifts should be considered to be illustrative.

Table 4
Sensitivity of the Cash pools to interest rates as of 31 December 2011

<i>Shift in yield curve (Basis points)</i>	<i>Change in fair value (USD millions)</i>		
	<i>OAH pool</i>	<i>Euro pool</i>	<i>Total</i>
-200	28	5	33
-150	21	4	25
-100	14	3	17
-50	7	1	8
0	0	0	0
50	-7	-1	-8
100	-14	-3	-17
150	-21	-4	-25
200	-28	-5	-33

v) Other price risk:

The OAH and Euro Cash pools are not exposed to significant other price risk, as they do not sell short, or borrow securities, or purchase securities on margin, all of which limits the potential loss of capital.