
Financial Statements 2017

**as at and for the year ended 31 December 2017
(with Independent Auditor's Report)**





INDEPENDENT AUDITOR'S REPORT

To the Standing Committee of
IDLO - International Development Law Organization

Opinion

In our opinion, the financial statements of IDLO – International Development Law Organization are prepared, in all material respects, in accordance with the basis of accounting described in Note 2 to the financial statements.

What we have audited

IDLO's financial statements comprise:

- the balance sheet as at December 31, 2017;
- the statement of revenues and expenses for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

PricewaterhouseCoopers SpA

Sede legale e amministrativa: Milano 20149 Via Monte Rosa 91 Tel. 0277851 Fax 027785240 Cap. Soc. Euro 6.890.000,00 i.v., C.F. e P.IVA e Reg. Imp. Milano 12970880155 Iscritta al n° 119644 del Registro dei Revisori Legali - Altri Uffici: **Ancona** 60131 Via Sandro Totti 1 Tel. 0712132311 - **Bari** 70122 Via Abate Gimma 72 Tel. 0805640211 - **Bologna** 40126 Via Angelo Finelli 8 Tel. 0516186211 - **Brescia** 25123 Via Borgo Pietro Wuhler 23 Tel. 0303697501 - **Catania** 95129 Corso Italia 302 Tel. 0957532311 - **Firenze** 50121 Viale Gramsci 15 Tel. 0552482811 - **Genova** 16121 Piazza Piccapietra 9 Tel. 01029041 - **Napoli** 80121 Via dei Mille 16 Tel. 08136181 - **Padova** 35138 Via Vicenza 4 Tel. 049873481 - **Palermo** 90141 Via Marchese Ugo 60 Tel. 091349737 - **Parma** 43121 Viale Tanara 20/A Tel. 0521275911 - **Pescara** 65127 Piazza Ettore Troilo 8 Tel. 0854545711 - **Roma** 00154 Largo Fochetti 29 Tel. 06570251 - **Torino** 10122 Corso Palestro 10 Tel. 011556771 - **Trento** 38122 Viale della Costituzione 33 Tel. 0461237004 - **Treviso** 31100 Viale Felissent 90 Tel. 0422696911 - **Trieste** 34125 Via Cesare Battisti 18 Tel. 0403480781 - **Udine** 33100 Via Poscolle 43 Tel. 043225789 - **Varese** 21100 Via Albuzzi 43 Tel. 0332285039 - **Verona** 37135 Via Francia 21/C Tel. 0458263001 - **Vicenza** 36100 Piazza Pontelandolfo 9 Tel. 0444393311

www.pwc.com/it

Independence

We are independent of IDLO in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Emphasis of Matter – Basis of accounting and restriction on distribution and use

We draw attention to Note 2 to the financial statements, which describes the basis of accounting. The financial statements are prepared on a voluntary basis and to assist IDLO to present financial information relevant for the Standing Committee. As a result, the financial statements may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation of the financial statements in accordance with the basis of accounting described in Note 2 to the financial statements, and for such internal control as management 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, management is responsible for assessing IDLO's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate IDLO or to cease operations, or has no realistic alternative but to do so.

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

Auditor's responsibilities for the audit of the financial statements

Our 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 our 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, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our 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.

- Obtain 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 IDLO's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management'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 IDLO's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause IDLO to cease to continue as a going concern.

We communicate 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 we identify during our audit.

Rome, April 4, 2018

PricewaterhouseCoopers SpA

A handwritten signature in black ink, appearing to read "SC", is positioned above the printed name and title.

Scott Cunningham
(Partner)

International Development Law Organization
BALANCE SHEETS
For the Years Ended December 31 2017 and 2016 (Expressed in Euro)

	2017	2016
ASSETS		
Current assets		
Cash (Note 3)	5,329,623	4,068,796
Deposits (Note 3)	44,341,231	20,778,152
Accounts receivable (Note 4)	2,578,343	4,285,948
Prepaid expenses	369,596	222,856
Total current assets	52,618,793	29,355,752
Non current assets		
Fixed assets		
Furniture, fixtures, ICT and equipment, net of depreciation (Note 5)	275,894	359,841
Leasehold improvements, net of amortization (Note 5)	321,671	586,454
Total net fixed assets	597,565	946,295
Investments		
Investment portfolio (Note 6)	1,509,269	1,494,810
Donor Endowment funds (Note 6)	728,462	721,420
Provident Fund Investments (Note 8)	4,125,622	2,154,588
Total investments	6,363,353	4,370,818
Total non current assets	6,960,919	5,317,113
TOTAL ASSETS	59,579,712	34,672,865
LIABILITIES AND EQUITY		
Current liabilities		
Accounts payable and accrued expenses	1,456,213	1,661,280
Deferred revenue and grants received in advance (Note 7)	44,682,994	19,796,991
Provident Fund (Note 8)	4,185,838	3,962,658
Total current liabilities	50,325,045	25,420,929
Equity		
General reserve	8,526,205	7,530,516
Earmarked reserves (Note 9)	-	1,000,000
Total reserves	8,526,205	8,530,516
Donor Endowment funds (Note 6)	728,462	721,420
Total equity	9,254,667	9,251,936
TOTAL LIABILITIES AND EQUITY	59,579,712	34,672,865

International Development Law Organization
STATEMENTS OF REVENUES AND EXPENSES
For the Years Ended December 31 2017 and 2016 (Expressed in Euro)

	2017	2016
REVENUES (Note 12 and Schedule 1)		
Unrestricted grants	6,057,006	4,605,132
Earmarked grants	131,657	38,343
Restricted grants - programs	24,491,230	25,819,509
Other income	30,679,893	30,462,984
	24,267	65,693
Total revenues	30,704,160	30,528,677
EXPENSES (Note 13)		
Staff costs	5,836,341	6,053,819
Office expenses	1,304,935	1,473,231
Institutional Expenses	1,037,929	1,766,008
Depreciation	358,531	358,982
Program direct costs	21,793,268	22,715,911
Total expenses	30,331,004	32,367,951
RESULT	373,156	(1,839,274)
Realized and Unrealized gains or (losses) on investment portfolio	14,459	38,538
Realized and Unrealized gains or (losses) on endowment funds	7,042	19,532
Total Realized and Unrealized gains or (losses)	21,501	58,070
Financial expenses, write-offs and prior period adjustments		
Effect of foreign exchange rate movements	(367,562)	(55,443)
Account receivable & fixed assets write offs & prior period adjustments	(24,364)	4,612
Total financial and write off expenses	(391,926)	(50,831)
NET RESULT	2,731	(1,832,034)

International Development Law Organization

STATEMENT OF CASH FLOWS

For the Years Ended December 31 2017 and 2016 (Expressed in Euro)

CASH FLOWS FROM OPERATING ACTIVITIES	2017	2016
Surplus/(deficit) for the period	2,731	(1,832,034)
Depreciation	358,531	358,982
Loss on disposal of fixed assets	13,011	-
(Increase)/decrease in other debtors and prepayments	(146,741)	8,107
(Increase)/decrease in accounts receivable	1,707,605	(691,247)
(Increase)/decrease market value of investment portfolio	(14,459)	(8,475)
(Increase)/decrease market value of endowment funds	(7,042)	-
Increase/(decrease) in accounts payable	(205,067)	286,792
Increase/(decrease) in deferred revenues and grants received in advance	24,886,003	(12,873,042)
(Increase)/decrease in provident funds contributions	223,179	219,363
Net cash flows from operating activities	26,817,751	(14,531,555)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(22,812)	(139,176)
Increase/(decrease) in provident funds invested	(1,971,034)	-
Net cash flows from investing activities	(1,993,846)	(139,176)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENT	24,823,905	(14,670,731)
CASH AT BEGINNING OF YEAR	24,846,949	39,517,680
CASH AT END OF YEAR (Note 3)	49,670,854	24,846,949
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENT	24,823,905	(14,670,731)
Cash at the end of the year represented By:		
Cash at Bank	5,329,623	4,068,796
Deposits	44,341,231	20,778,152
Total Cash	49,670,854	24,846,949

International Development Law Organization
STATEMENTS OF CHANGES IN EQUITY
For the Years Ended December 31 2017 and 2016 (Expressed in Euro)

	Reserves		Total Reserves	Donor endowment funds		Total Donor Endowment Funds	Total Equity
	General Reserve	Earmarked Reserves		Arab Fund	Kuwait Fund		
Total fund balances January 1, 2016	9,382,082	1,000,000	10,382,082	422,631	279,257	701,888	11,083,970
Deficit of support & revenue over expenses on regular operations	(1,832,034)	-	(1,832,034)	-	-	-	(1,832,034)
Movement from retained earnings		-	-	-	-	-	-
Net change in endowment funds	(19,532)	-	(19,532)	11,761	7,771	19,532	-
Fund balances as at December 31, 2016	7,530,516	1,000,000	8,530,516	434,392	287,028	721,420	9,251,936
Total fund balances January 1, 2017	7,530,516	1,000,000	8,530,516	434,392	287,028	721,420	9,251,936
Excess of support & revenue over expenses on regular operations	2,731	-	2,731	-	-	-	2,731
Movement from retained earnings	1,000,000	(1,000,000)	-	-	-	-	-
Net change in endowment funds	(7,042)	-	(7,042)	4,240	2,802	7,042	-
Fund balances as at December 31, 2017	8,526,205	-	8,526,204	438,632	289,830	728,462	9,254,667

The International Development Law Organization (IDLO or the Organization), headquartered in Rome, Italy, Viale Vaticano 106, is an international intergovernmental organization.

IDLO enables governments and empowers people to reform laws and strengthen institutions to promote peace, justice, sustainable development and economic opportunity.

A Headquarters Agreement signed on 20 March 1992, amended 19 July 1993, ratified by the Italian Parliament on October 28, 1994 and effective as of December 1, 1994, regulates IDLO's relations with the host government, Italy.

On November 19, 2013 – the Minister of Foreign Trade and Development Cooperation of the Netherlands and the Director-General of the International Development Law Organization (IDLO), signed the Seat Agreement for the establishment of a Branch Office of IDLO in The Hague.

In addition to the headquarters in Rome and the Branch Office in The Hague, IDLO has its liaison offices to the United Nations in New York and Geneva; and country offices in Afghanistan, Honduras, Indonesia, Kenya, Kyrgyzstan, Liberia, Mali, Mongolia, Myanmar, Philippines, Somalia (based in Nairobi), South Sudan, Tajikistan, Tunisia, Uganda and Ukraine; and carries out programs in more than 40 countries on five continents.

IDLO receives voluntary contributions for institutional and/or program support from government agencies, multilateral organizations and private foundations. In 2017 IDLO received unrestricted budget support from four governmental donors (2016: five). Any significant reduction in the level of this support, if this were to occur, would have a material effect on IDLO's programs and activities.

IDLO is governed by an Assembly of Parties.

The thirty-three Parties to IDLO's Establishment Agreement are currently:

- | | |
|----------------|-----------------|
| • Afghanistan | • Netherlands |
| • Australia | • Norway |
| • Austria | • OPEC Fund for |
| • Bulgaria | International |
| • Burkina Faso | Development |
| • China | (OFID) |
| • Ecuador | • Pakistan |
| • Egypt | • Paraguay |
| • El Salvador | • Peru |
| • France | • Philippines |
| • Honduras | • Romania |
| • Italy | • Senegal |
| • Jordan | • Sudan |
| • Kenya | • Sweden |
| • Kuwait | • Tunisia |
| • Mali | • Turkey |
| • Mongolia | • United States |
| • Mozambique | • Vietnam |

The governance structure of the Organization, since March 28, 2008 is composed of:

THE ASSEMBLY OF PARTIES - composed of representatives of all IDLO's member parties, a member party being a state of intergovernmental organization that has signed the Agreement for the Establishment of IDLO. The Assembly is IDLO's highest decision-making body and it convenes in Rome once a year, holding its regular session in the last quarter of each year. The role of the Assembly is to determine the Organization's policies and oversee the actions of the Director-General. Its duties include the adoption of the budget and the accompanying management plan; the adoption of by-laws for the governance of the Organization and inter alia, for the personnel policies; the adoption of recommendations relating to the Organization's policies and management; the approval of the admission of new members of the Organization and the election of the President and Vice-President of the Assembly; and the appointment of the Director-General, *ad hoc* members of the Standing Committee, and the members of the Board of Advisers.

THE STANDING COMMITTEE reports to the Assembly and provides appropriate oversight of the Organization on behalf of the Member Parties between sessions of the Assembly. Following the adoption of the revisions to the Governance Documents in November 2017, it is comprised of the President of the Assembly, who shall be its chair, the Assembly's two Vice-Presidents (elected by the Assembly for 3-year terms, the State where IDLO is headquartered – Italy- serves as a permanent, ex officio Vice-President) one representative from each of four Parties who shall be elected by the Assembly in alternate years each for a two-year term. The Standing Committee is in charge of monitoring the proper implementation of

the budget, management plan, strategic plan, and other decisions of the Assembly, and preparing reports and recommendations for the Assembly. One of its functions is also the adoption of the financial statements.

Since the meeting of the Assembly of Parties held on November 28 and 29, 2017, the IDLO STANDING COMMITTEE is composed of the representatives of: USA (President), Mozambique (Vice-President), Italy (*ex officio* Vice-President), Pakistan, Kuwait, Ecuador and Peru (*ad hoc* members).

In addition to these governing bodies created under the Establishment Agreement, the AUDIT AND FINANCE COMMITTEE was established by the Assembly of Parties to assist the Assembly through the Standing Committee in their oversight responsibilities with respect to audit and compliance, the implementation of financial reporting, and maintenance of effective and efficient financial performance. It is composed of three or five members chosen from among the Assembly of Parties for a two-year term renewable once for a maximum appointment of four years. The Chairperson of the Audit and Finance Committee is appointed by the Assembly of Parties from among the members of the Committee itself and is required to have relevant financial expertise or have direct access to financial advice. The Audit and Finance Committee is composed of the representatives of Italy (Chair), USA, Egypt, Peru and Turkey.

A BOARD OF ADVISERS provides expert advice to the Assembly, the Standing Committee, and the Director-General. It includes between six and 10 individuals elected by the Assembly for a four-year term. All Board Members are selected based on their expertise and backgrounds in various disciplines that have an impact on the rule of law and development. They serve in their personal capacities and not as representatives of their governments or organizations. Meetings of the Board of Advisers are convened at least once a year, prior to the regular meeting of the Assembly.

The number of core staff employed by the Organization was 68 as at December 31, 2017 (2016: 66).

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of IDLO are prepared on an accrual basis.

The financial statements of IDLO are composed of the balance sheets, the statements of revenues and expenses, changes in equity and cash flow, and the explanatory notes. In addition, the financial statements are prepared to assist IDLO to present financial information relevant for the Standing Committee purposes.

Grant revenue recognition

In the Statement of Revenues and Expenses, grants recognized as revenue are classified as either unrestricted grants, earmarked grants or programs implemented. IDLO records revenue from unrestricted grants when they are received except that amounts received from donors with respect to future years are deferred to the year in which they relate. Grants restricted by the donor for operating purposes are deemed to be earned and are reported as revenues when expenditures are incurred in accordance with the specific restrictions of such donor. Such amounts received but not yet earned are reported as deferred revenue. Grants not restricted to specific programs but earmarked for a general purpose are deemed to be earned and are reported as revenues when expenditures are incurred.

Foreign exchange

IDLO conducts its operations in several currencies and has maintained its accounting records in Euro since 2007. Revenue and expense items in currencies other than Euro have been recorded at appropriate rates of exchange during the period. Assets and liabilities denominated in currencies other than Euro are translated in Euro using year-end exchange rates. Realized and unrealized foreign exchange gains and losses arising from the translation of assets and liabilities in currencies other than Euro are credited or charged to the Statement of Revenues and Expenses.

Functional allocation of expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Revenues and Expenses. Accordingly, certain costs have been allocated between project related costs, office expenses and institutional costs, such as governance, fundraising, program development and communication.

Cash

IDLO classifies as cash and cash equivalent its cash on hand and on accounts in banks.

Deposits

Deposits refer to short-term liquid investments purchased with a maturity of three months or less.

Investments

Investments are reported at fair value, based primarily on market quotes. The fair values are reviewed by Management. IDLO has an exposure to several risks including interest rate, market, and credit risks for both marketable and non-marketable securities. Due to the level of risk exposure, it is possible that near-term valuations changes for investment securities may occur to an extent that could materially affect the amounts reported in IDLO's financial statements. Both realized exchange and security gains and losses and unrealized exchange and security gains and losses are reflected in Statement of Revenues and Expenses.

Receivables and payables

Receivables are recorded at their estimated net realizable value. Payables are stated at face value.

Fixed assets and depreciation

Office equipment and furniture are recorded at cost and are depreciated over the estimated useful lives of the respective assets (five years) on a straight-line basis. Leasehold improvements are depreciated on a straight-line basis over the expected life of the leases (twelve and half years). Ordinary maintenance expenses on property are charged directly to operating expenses in the period in which they are incurred.

3 CASH AND DEPOSITS

The balances in 2017 have increased because IDLO received new program funds in advance from some donors in 2017.

The cash and deposits that are restricted for the use in Programs and for Provident Fund commitments as shown in the following table.

(expressed in Euros)	2017	2016
Cash at bank	5,329,623	4,068,796
Deposits	44,341,231	20,778,152
	49,670,854	24,846,949
Less:		
Deferred Program and Earmarked Revenue	44,682,994	19,796,991
Provident Fund commitment (see Note 8)	60,216	1,808,069
	44,743,210	21,605,060
Unrestricted Cash and Deposits	4,927,644	3,241,889

4 ACCOUNTS RECEIVABLES

As of December 31, 2017, Accounts Receivables amounted to €2,578,343 (2016: €4,285,947). 97% of the balance refers to outstanding amounts of grants not yet collected for specific projects that have been implemented which also includes funds advanced to sub grantees for program implementation. The balance of 3% relates to cash advances amounting to €682,252 (2016: €630,789) paid out to facilitate implementation of program activities. As of end of February 2018 approximately €725,000 of the total outstanding Accounts Receivable balances had been received by IDLO.

5 FIXED ASSETS

The following table presents the changes in fixed assets:

FIXED ASSETS (expressed in Euros)	Leasehold Improvements	Fixtures, Furniture, ICT & Equipment	TOTAL
COST			
Balance as of January 1, 2017	5,842,382	2,374,647	8,217,030
Additions	-	22,812	22,812
Disposals	(1,357)	(11,654)	(13,011)
Balance as of December 31, 2017	5,841,025	2,385,805	8,226,831
DEPRECIATION & AMORTIZATION			
Balance as of January 1, 2017	5,255,928	2,014,806	7,270,734
Depreciation	-	95,105	95,105
Amortization	263,426	-	263,426
Balance as of December 31, 2017	5,519,354	2,109,911	7,629,265
NET BOOK VALUE			
Balance as of December 31, 2017	321,671	275,894	597,565
Balance as of December 31, 2016	586,454	359,841	946,295

The additions of the period are related to the costs for improvements, refurbishments and equipment purchases for the headquarters building in Rome; there were some disposals of fixtures, furniture and ICT equipment in 2017 (2016 €0).

6 INVESTMENT PORTFOLIO AND ENDOWMENT FUNDS

UBS, the organization's third-party investment advisor, has managed the investments in accordance with IDLO's Investment Policy which specifies that a maximum of 20% of IDLO's investments can be held in equities and the rest must be held in fixed income securities.

The portfolio mixes of the investments as at 31 December 2017 and 2016 is reflected in the following table.

Investment Portfolio by Asset Class
(expressed in Euro)

	As at 31.12.17		As at 31.12.16		Variance	
	Value	Value %	Value	Value %	Change in	Value % of
Liquidity	65,789	2.94%	104,606	4.72%	(38,817)	(1.78%)
Bonds	1,733,346	77.46%	1,690,762	76.29%	42,585	1.17%
Equities	418,456	18.70%	364,127	16.43%	54,329	2.27%
Real Estate	20,140	0.90%	56,735	2.56%	(36,596)	(1.66%)
Total Asset Value	2,237,731	100%	2,216,230	100%	21,501	

The investment portfolio at year end December 31, 2017 had a market value of €2,237,731 (2016: €2,216,230) and represents the principal together with changes in market value during the year. Changes in the market value of the investment portfolio are reported in the Statements of Revenues and Expenses in the year in which the change occurs.

The movement in the investment portfolio in 2017 and 2016 consisted of:

Investment Portfolio Movement
(expressed in Euro)

	2017	2016
Funds held in Investments	1,487,768	1,436,740
Arab Endowment Fund	438,632	434,392
Kuwait Endowment Fund	289,830	287,028
Balance beginning of year	2,216,230	2,158,160
Realized & unrealized Gain or	21,501	58,070
Balance end of year	2,237,731	2,216,230
Comprised of:		
Regular Investments	1,509,269	1,494,810
Arab Fund	438,632	434,392
Kuwait Fund	289,830	287,028

The Donor Endowment Funds form part of the investment portfolio. The contributions from the Kuwait Fund for Arab and Economic Development (the "Kuwait Endowment") and from the Arab Fund for Economic and

Social Development (the "Arab Endowment") represent restricted endowments. The principal and interest earned in these Donor Endowment Funds represents funds subject to restrictions requiring that unless otherwise agreed with the donors, the principal be retained and invested for the long term.

7 DEFERRED REVENUE AND GRANTS RECEIVED IN ADVANCE

The deferred revenue balance of 44,682,994 euro includes grants for projects - 44,470,435 euro (2016 - 19,452,776 euro) and earmarked activities - 212,558 euro (2016 344,215 euro) received in 2017 and prior years but not utilized as at December 31, 2017.

8 PROVIDENT FUNDS

All eligible staff participate in the IDLO provident fund, which is a defined contribution plan. The balance is paid at retirement or separation of employment. Earlier withdrawal can be made under certain circumstances. This plan is funded by a mandatory seven percent contribution from employees' salaries, an additional fourteen percent matching contribution by IDLO and further voluntary contributions by each participant.

The balance of funds in the Provident Fund are either held in bank accounts with Banca Popolare di Sondrio (BPS) and UBS Switzerland AG (UBS) or invested with BNP Paribas. The movement in the value of Provident Fund holdings reflects the contributions described above, withdrawals, and changes in the market value of investments and is shown as part of the current liabilities.

Provident Fund Holdings
(expressed in Euro)

	2017	2016
Cash holdings		
BPS	3,150	-
UBS	1,751,777	-
Total Cash holdings	1,754,927	-
BNP Paribas investment funds	2,370,695	2,154,588
Total Provident Fund Holdings	4,125,622	2,154,588

Provident Fund Movement
(expressed in Euro)

Provident Fund Holdings at the beginning of the period	(3,962,657)
Advance & redemption payments	328,810
Forex movements & other adjustments	162,924
Accrued amounts	(714,915)
Provident Fund Holdings at the end of the period	(4,185,838)
Represented by:	
Cash holdings	
BPS	(3,168)
UBS	(1,811,975)
Total Cash holdings	(1,815,143)
BNP Paribas investment funds	(2,370,695)
Total Provident Fund Holdings	(4,185,838)

9 EQUITIES

The Standing Committee of IDLO approved on February 24, 2016 the earmarking of 1,000,000 euro of reserves for Program Development and Self-Funded Programs for use in the years 2016 and 2017.

10 TAXATION

The position of IDLO with respect to taxation in Italy is established in the Headquarters Agreement.

Article IX, Section 12 of the Headquarters Agreement exempts “the Organization, its properties, incomes and assets” from “all direct taxation and duties levied by the State, Regions and Municipalities”. Article IX, Section 13 establishes additional tax exemptions for the Organization, including an exemption from the payment of Value Added Tax on “substantial purchases”.

Article XV, Section 21 exempts “members of the staff who are not Italian nationals and who are not permanent residents” from “any form of direct taxation on salaries, emoluments, indemnities, pensions, and other benefits paid to them by or on behalf of the Organization”.

11 LEASE COMMITMENTS

IDLO has leases for office space. These leases are accounted for as operating leases with rental payments being expensed directly to the Statement of Revenues and Expenses.

As of December 31, 2017, the future rental minimum payments for all headquarters leases is as follows:

Corporate office lease commitments in Rome are as follows:

2018: € 387,987

2019: € 395,747

2020: € 205,788

Corporate office lease commitments in New York are as follows:

2018: \$ 32,259

Corporate office lease commitments in Geneva are as follows:

2018: CHF 10,875

Corporate office lease commitments in The Hague are as follows:

2018: € 228,482

2019: € 233,051

2020: € 237,713

2021: € 242,467

2022: € 247,316

2023: € 252,262

2024: € 110,154

12 REVENUES

Total revenues as of December 31, 2017 amount to €30,704,160 (2016: €30,528,677).

The balance is mainly composed of:

- Restricted grants revenue of €24,491,230 (2016: €25,819,509) being revenue recognized based on program implementation within the year.
- Unrestricted grants revenue of €6,057,006 (2016: €4,605,132) being funds received from donors during the year to support operational and institutional expenses during the year.

A breakdown of contribution's revenues by Donors is included as schedule 1 of the financial statements.

13 EXPENSES

Total expenses as of December 31, 2017 amount to €30,331,004 (2016: €32,367,951).

The balance is mainly composed of:

- Program direct costs for €21,793,268 (2016: €22,715,911);
- Staff costs for €5,836,341 (2016: €6,053,819);
- Office expenses for €1,304,935 (2016: €1,473,231);
- Institutional expenses for €1,037,930 (2016: €1,766,008).

International Development Law Organization
SCHEDULE 1
STATEMENTS OF CONTRIBUTION'S REVENUE
For the Years Ended December 31 2017 and 2016 (Expressed in Euro)

Donors	Unrestricted Grants	Earmarked Grants	Restricted Grants Programs Implemented	Total grants received & utilized 2017	Total grants received & utilized 2016
Bill and Melinda Gates Foundation	84,140			84,140	
East Europe Foundation (EEF)			4,341	4,341	
European Bank for Reconstruction and Development (EBRD)			781,859	781,859	717,382
European Union			123,933	123,933	694,667
FAO			579	579	44,607
Ford Foundation			437,838	437,838	408,445
Government of China	20,000			20,000	40,000
Government of Denmark (DANIDA)			943,720	943,720	985,432
Government of Ecuador					4,599
Government of Germany (GIZ)			32,226	32,226	37,006
Government of Italy	4,032,914	111,657	144,476	4,289,047	3,167,193
Government of the Netherlands		20,000	3,559,052	3,579,052	2,122,352
Government of Sweden (SIDA)	1,575,481		116,180	1,691,661	1,071,043
Government of Switzerland					82,502
Government of the United Kingdom (DFID)			202,836	202,836	
Government of the United States of America (US Department of State, INL & Institute of International Education)	344,471		15,999,867	16,344,339	18,954,291
Kuwait Fund for Arab Economic Development					3,955
OPEC Fund for International Development					219,949
Search for Common Ground (SFCG)					84,303
Tetra Tech			406,510	406,510	
UN Convention on Biological Diversity (UN CDB)			88,192	88,192	54,861
United Nations Development Programme (UNDP)			1,191,263	1,191,263	452,416
UNAIDS			125,743	125,743	1,294,634
ViiV Healthcare			332,614	332,614	
Total Revenue from Donors	6,057,006	131,657	24,491,230	30,679,893	30,462,984