

**FINANCIAL  
REPORT  
OF THE  
DIRECTOR**

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**and**

**REPORT OF  
THE EXTERNAL  
AUDITOR**

**1 January 2014 – 31 December 2014**

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## *Director's Comments*

In accordance with Financial Regulation 14.9 of the Pan American Health Organization (PAHO), I have the honor to present the Financial Report of the Pan American Health Organization for the financial reporting period 1 January 2014 through 31 December 2014.

The Financial Statements and Notes to the Financial Statements have been prepared in compliance with International Public Sector Accounting Standards (IPSAS) and PAHO's Financial Regulations and Financial Rules.

Although PAHO has adopted an annual financial reporting period as stipulated in Financial Regulation 2.2, the budgetary period remains a biennium (Financial Regulation 2.1). Therefore, for the purposes of actual vs. budget comparisons in the Director's Comments, the annual budget figures represent one half of the Biennial Program and Budget as an approximation of annual budgetary figures.

### **1. Overview**

During 2014, PAHO continued its leadership role in technical cooperation in the Region of the Americas by: providing leadership on matters critical to health and engaging in partnerships; stimulating the generation, dissemination and application of valuable knowledge; setting norms and standards and promoting their implementation; articulating ethical and evidence-based policy options; catalyzing change and building sustainable institutional capacity; and, monitoring and assessing trends of the health situation in the Region. In this regard, the Organization engaged in raising advocacy and awareness, and resource mobilization to address the regional collective public health priorities as set forth in the PAHO Strategic Plan and the Health Agenda for the Americas 2008-2017, while addressing the global health priorities as set out in the WHO Global Programme of Work.

In 2014, PAHO contributed to the enhanced positioning of health priorities on the political agenda at the country, sub-regional and regional levels through opportunities provided by official visits to Member States, meetings with United Nations Representatives, sub-regional integration leaders and leaders at the Ibero-American Summit, as well as by supporting and attending epidemiological issues happening in the Region. Key achievements include:

- The Strategy on Universal Access to Health and Universal Health Coverage (UHC) was unanimously approved by PAHO Member States. A roadmap for the political and strategic positioning of UHC, both regionally and globally, has been developed.
- In support of WHO's efforts to address the Ebola crisis, the Director of PAHO activated the PAHO Emergency Operations Centre and initiated the first ever formal implementation of the Incident Management System. PAHO, the IDB and the OAS signed an agreement to establish a disease outbreak trust fund to support Ebola preparedness efforts in the Region, and funds were mobilized from the Latin American Development Bank (CAF) and the Government of Brazil.
- PAHO's leadership and multi-sectoral collaboration on the Cholera Elimination Initiative in Haiti resulted in a pledge of \$50 million from the World Bank in support of sanitation interventions in rural Haitian communities.
- Successful price negotiations on HPV vaccines created opportunities for improved access for Member States

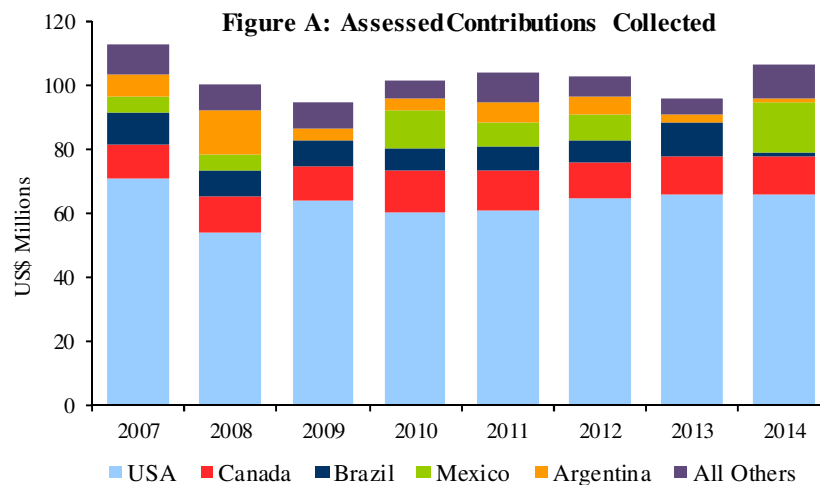
PAHO's work in disaster management seeks to increase the capacity of the health sector to prevent or reduce the health consequences of emergencies, disasters and crises. In 2014, the Organization mobilized just under \$17 million to implement disaster risk reduction, preparedness and response activities in Latin America and the Caribbean. Support was provided to respond to floods in Bolivia and Paraguay, drought and associated food security crisis in Guatemala and Honduras, and impacts of a weather trough in three Eastern Caribbean countries. PAHO also attended to humanitarian needs of displaced populations in Colombia and health recovery in Haiti, while supporting detection, prevention and clinical management of outbreaks including cholera, chikungunya and dengue in the country. The Organization developed innovative disaster risk reduction (DRR) strategies, fostering the incorporation of climate change adaptations for safe and green health facilities, strengthening national and regional disaster information management capacity through the development of the portal on Health and Disasters Knowledge Center, and implementing the Foreign Medical Teams initiative that became a global priority for WHO.

In 2014, revenue to the PAHO Regular Budget totaled \$103.6 million. Revenue for activities funded by the World Health Organization totaled \$57.8 million. Revenue from Voluntary Contributions for public health programs totaled \$877.8 million in

2014 as compared to \$356.9 million in 2013. Revenue from procurement activities on behalf of Member States increased from \$597.0 million in 2013 to \$676.4 million in 2014. The level of resources for the Organization’s three Procurement Funds represents 39% of the Organization’s total revenue. The Organization’s consolidated total revenue in 2014 reached \$1 726.7 million. The increase in revenue is primarily due to the increase in National Voluntary Contributions.

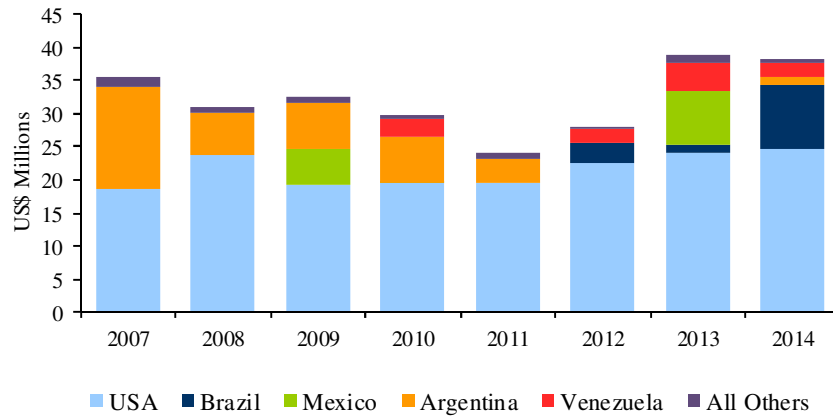
## 2. PAHO Regular Budget Segment: Financing

The PAHO Regular Budget Segment is comprised of the Member States’ Assessed Contributions and Miscellaneous Revenue. In accordance with Resolution CD52.R4 adopted by the 52nd Directing Council of the Pan American Health Organization, revenue from Assessed Contributions totaled \$105.6 million including the Tax Equalization Fund (\$9.4 million). Revenue from Assessed Contributions was recorded in full on 1 January 2014, the date it became due and payable. However, in order to ensure that resources are available to fund the Regular Budget, the Organization must carefully monitor and report on the cash flows from Assessed Contributions and other receivables due to the Organization. The cash receipts of current and prior years’ Assessed Contributions in 2014 totaled \$67.6 million and \$38.6 million, respectively. In 2014, the rate of collection of current year Assessed Contributions was 64%, compared with 66% for 2013. PAHO received payments toward 2014 Assessed Contributions from thirty-eight Member States. Thirty Member States paid their 2014 Assessed Contributions in full, eight Member States made partial payments toward their 2014 Assessed Contributions, and four Member States made no payment toward their 2014 Assessed Contributions.



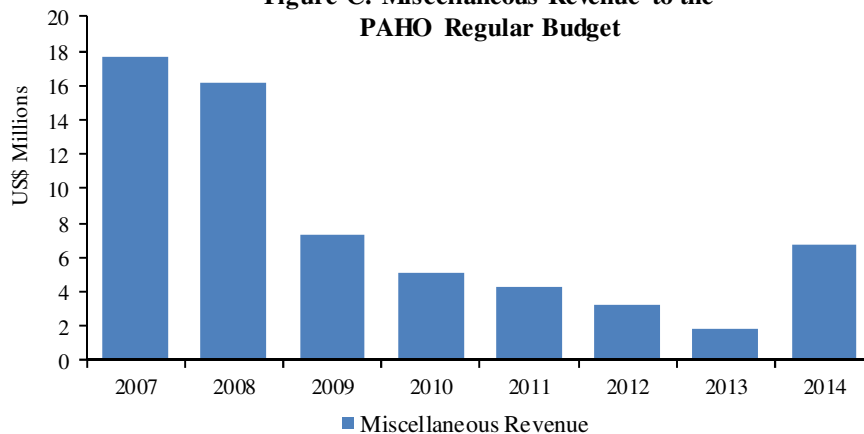
Total Assessed Contributions outstanding, including amounts due for previous financial periods, decreased from \$38.7 million on 31 December 2013 to \$38.1 million on 31 December 2014. Each year the Delegates to the Directing Council or the Pan American Sanitary Conference review at length the financial circumstances of those Member States who are in arrears in their Assessed Contributions and subject to Article 6.B of the PAHO Constitution. As of 1 January 2015, there were no Member States subject to Article 6.B.

**Figure B: Assessed Contributions Due**



According to Regulation 5.1, the Regular Budget appropriations shall be financed by Assessed Contributions from Member States, Participating States, and Associate Members and the budgetary estimate of Miscellaneous Revenue. Miscellaneous Revenue includes a portion of investment revenue earned on the funds administered by the Organization, other miscellaneous revenue, and the miscellaneous expenses associated with investment fees, previously funded by the Regular Budget. Total Miscellaneous Revenue to the PAHO Regular Budget for 2014 was \$6.7 million and is comprised of \$7.5 million in investment revenue, \$0.3 million in savings or cancellation of prior periods' obligations, investment management fees of \$0.5 million, a net loss of \$0.8 million on currency exchange, and the receipt of \$0.2 million in other miscellaneous revenue. The difference between the budgeted Miscellaneous Revenue for 2014 of \$3.0 million and the actual amount realized is due to the local investment of temporarily idle resources pertaining to National Voluntary Contributions.

**Figure C: Miscellaneous Revenue to the PAHO Regular Budget**



### 3. PAHO Regular Budget Segment: Implementation

Total expenses for PAHO Regular Budget activities in support of the implementation of international health programs reached \$93.8 million in 2014 compared to budgeted expense of \$99.2 million, resulting in a financial implementation rate of 95% for 2014. The Organization ended 2014 with a Financial Net Surplus from Operations of \$9.8million in the PAHO Regular Budget Segment, which is available for implementation in the second year of the biennium.

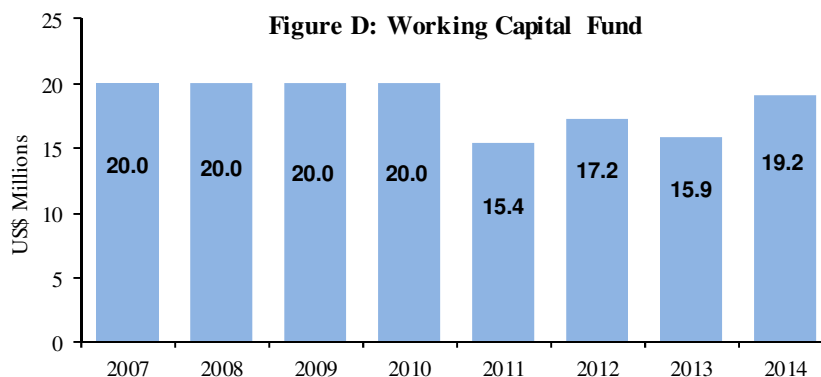
**Table 1. PAHO Regular Budget Segment: Financial Highlights (in millions of United States dollars)**

	Actual	Budgeted*
<b>Revenue:</b>		
2014 Assessed Contributions	105.6	105.6
Less: Tax Equalization	(9.4)	(9.4)
Other Revenue	0.7	-
Miscellaneous Revenue	6.7	3.0
<b>Total Revenue</b>	<b>103.6</b>	<b>99.2</b>
<b>Expenses:</b>		
2014 Operating Expenses	(93.8)	(99.2)
<b>Financial Net Surplus from Operations for 2014</b>	<b>9.8</b>	<b>-</b>

*\*For the purposes of actual vs. budget comparisons in this narrative, the budget figures represent one half of the Biennial Program and Budget to approximate annual budgetary figures.*

### 4. Working Capital Fund

As of 1 January 2014, the Organization’s Working Capital Fund was \$15.9 million. In 2014, the Director authorized the repayment of the \$10.0 million loan made to the Revolving Fund for Vaccine Procurement. In accordance with Financial Regulation 4.4, \$4.1 million was used to replenish the Working Capital Fund to its authorized level of \$20.0 million. In addition, the Director approved a \$0.8 million loan to the Master Capital Investment Fund. Therefore, the Working Capital Fund balance as of 31 December 2014 is \$19.2 million. Finally, the 52<sup>nd</sup> Directing Council approved an increase to the authorized level of the Working Capital Fund from \$20.0 million to \$25.0 million.





## 5. WHO Allocation and Other Sources Funds

The Pan American Health Organization implemented \$30.6 million from the WHO Regular Budget Allocation in support of the international health programs established by the World Health Assembly for the Region of the Americas. In addition, the Organization implemented \$27.2 million in Other Sources Funds from WHO. Therefore, total implementation of WHO funds during 2014 reached \$57.8 million. In comparison, during 2013, the Organization implemented \$42.5 million in WHO Regular Budget funds and \$29.4 million in Other Sources Funds from WHO for a total of \$71.9 million.

## 6. PAHO Voluntary Contributions

PAHO Voluntary Contributions are comprised of (1) the Voluntary Contributions Fund, which includes financial resources from governments, international organizations, and private and public sector organizations; (2) the National Voluntary Contributions Fund, which includes financial resources from governments exclusively for internal projects; (3) the Voluntary Contributions-Emergency Preparedness and Disaster Relief Fund, which includes financial resources from governments, international organizations, and private and public sector organizations; and (4) other funds.

During 2014, PAHO's total revenue from Voluntary Contributions reached \$877.8 million as compared to \$356.9 million in 2013. Revenue is composed of \$33.3million (2013: \$58.3 million) from governments for external projects, \$4.7million (2013: \$3.4 million) from international organizations, \$3.4million (2013: \$6.1 million) from private and public sector organizations, \$833.1 million (2013: \$286.6 million) from governments for internal projects, \$ 3.2 million (2013: \$2.1 million) for Emergency Preparedness and Disaster Relief, and \$0.1million (2013: \$0.4 million) from Other Voluntary Contributions.

In 2014, the largest partners/stakeholders with respect to the Voluntary Contributions Fund were as follows: Brazil (\$3.8 million), Canada (\$5.4 million), Luxemburg (\$1.6 million), Norway (\$1.9 million), Spain (\$1.5 million), the United States of America (\$16.0 million), the European Community (\$3.7 million), the Albert B. Sabin Institute (\$0.5 million), and the Global Alliance V.I. (GAVI) (\$0.8 million). The largest partners/stakeholders for Emergency Preparedness and Disaster Relief were the Government of the United Kingdom (\$1.0 million) and the European Community (\$2.1 million).

## 7. Procurement on Behalf of Member States

During 2014, the total financial activity realized for procurement services on behalf of Member States increased to \$676.3 million compared with \$597.0 million in 2013. Through extensive international bidding, PAHO is able to purchase vaccines, public health supplies and equipment, and literature on behalf of Member States and international institutions at affordable prices. Vaccine and syringe purchases through the **Revolving Fund for Vaccine Procurement**, which is a purchasing mechanism created to guarantee the quality and timely mobilization of vaccines at lower prices, increased from \$550.7 million in 2013 to \$602.8 million in 2014. This was due mainly to the increase in doses of traditional vaccines for Brazil such as Pentavalent, (Measles and Rubella), MR and (Measles, Mumps, and Rubella) MMR.

The **Regional Revolving Fund for Strategic Public Health Supplies** was created in 1999 in order to facilitate the procurement of strategic public health supplies at lower, more stable prices, to improve availability of strategic supplies, and to enhance planning capacity for procuring and distributing products. The Strategic Fund has historically focused on increasing access to public health products to treat and prevent communicable diseases (HIV/ADIS, malaria, Tuberculosis, Neglected Tropical Diseases). However, at the request of PAHO's Member States, beginning in 2013 the Organization has strengthened the Strategic Fund in order to better respond to Member States' needs and improve access to quality, essential medicines for Non-communicable Diseases (NCDs), particularly for hypertension, diabetes and cancer. Financial activity realized in the Fund increased from \$23.4 million in 2013 to \$61.1million in 2014. This increase was mainly due to multiple requests received at the end of 2013 (over \$15.0 million, which were delivered in the first semester of 2014 and reflected in activity for 2014) and the significant increase in procurement of antiretrovirals by Brazil, allowing Brazil to align their first line antiretroviral treatment with the latest WHO guidelines. The growth in use demonstrates that the Regional Revolving Fund for Strategic Public Health Supplies is providing significant value added to Member States and is improving access to quality and affordable essential Public Health Supplies in the Region.

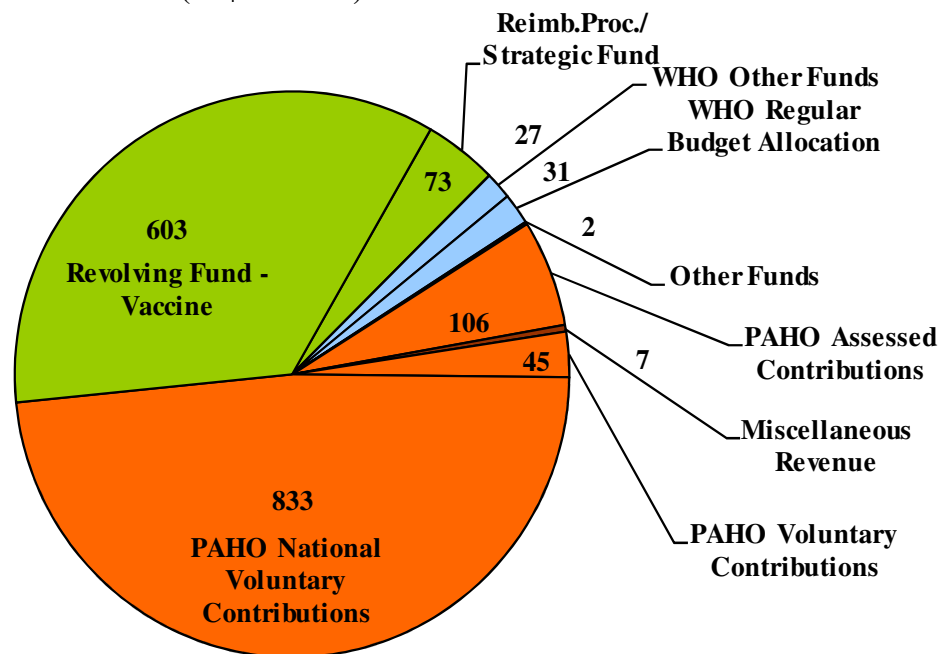
During the same period, funding for the purchase of medical supplies, medical equipment, and literature processed through the **Reimbursable Procurement on Behalf of Member States Fund**, decreased from \$22.9 million in 2013 to \$12.4 million in 2014 given that the Canine Rabies vaccine was incorporated in the Revolving Fund for Vaccine Procurement. Significant efforts have been made by all of the relevant administrative and technical units to reduce the use of Reimbursable Procurement and channel all procurement through both PAHO Revolving Funds.

The Member States with the largest volume of procurement purchases placed through the three procurement funds were Argentina, Bolivia, Brazil, Colombia, Cuba, Dominican Republic, Ecuador, El Salvador, Guatemala, Panama, Paraguay, Peru, and Venezuela.

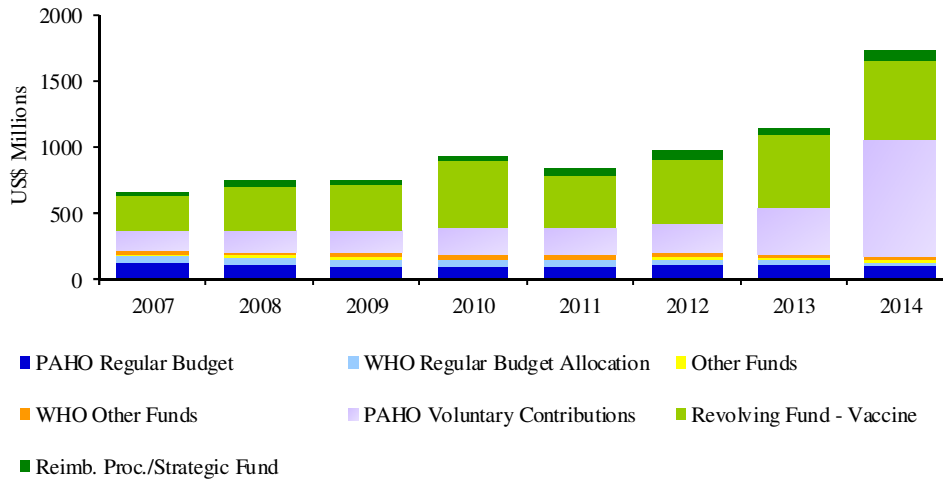
## 8. Total Regular Budget and Other Sources Funding Implementation

Total revenue in 2014 for all PAHO activities, net of eliminations, reached \$1 726.7 million, which represents a 34% increase from revenue for 2013 of \$1 139.5 million. As noted previously, the primary factor in the increase in total revenue was the increase in the procurement of vaccines and National Voluntary Contributions.

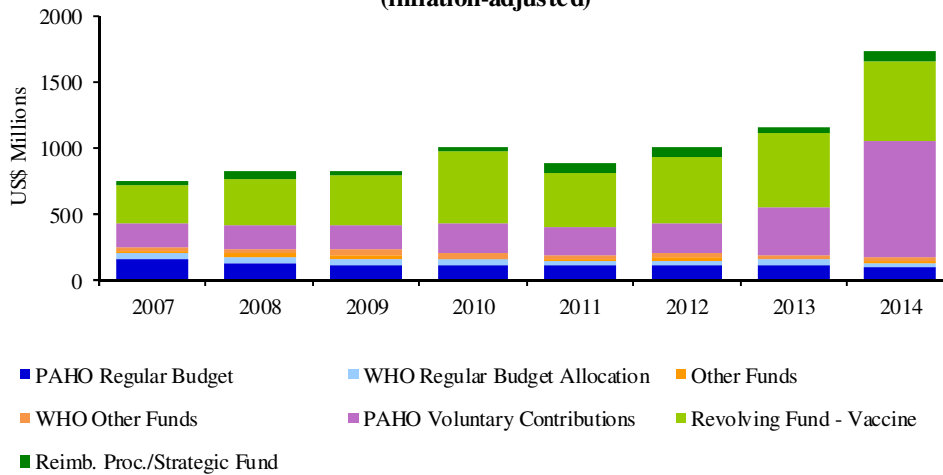
**Figure E: PAHO/AMRO Revenue for 2014 Program Activities**  
(US\$ millions)



**Figure F: Revenue by Source of Funds**



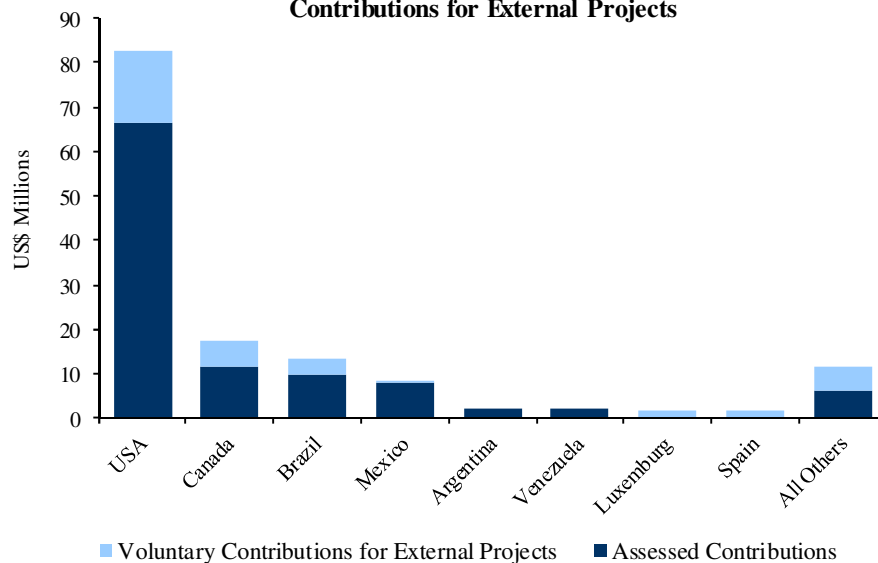
**Figure G: Revenue by Source of Funds  
(inflation-adjusted)\***



\* Consumer Price Index data provided by the U.S. Department of Labor Bureau of Labor Statistics

The chart below illustrates total revenue attributable to the largest governmental contributors to PAHO, including revenue from Assessed Contributions and Voluntary Contributions from governments for external projects. This chart indicates that the Organization relies heavily on a relatively small number of countries as the major source of financing for the Organization's activities.

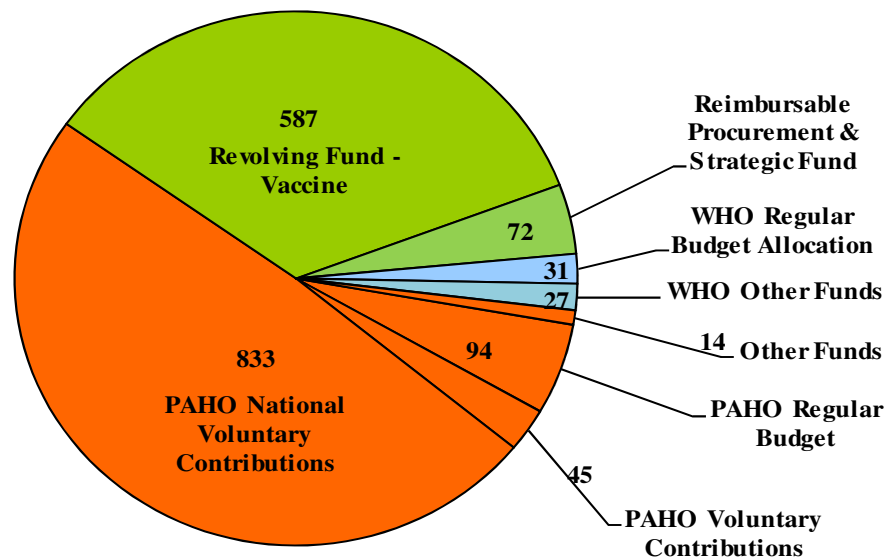
**Figure H: 2014 Assessed Contributions & Voluntary Contributions for External Projects**



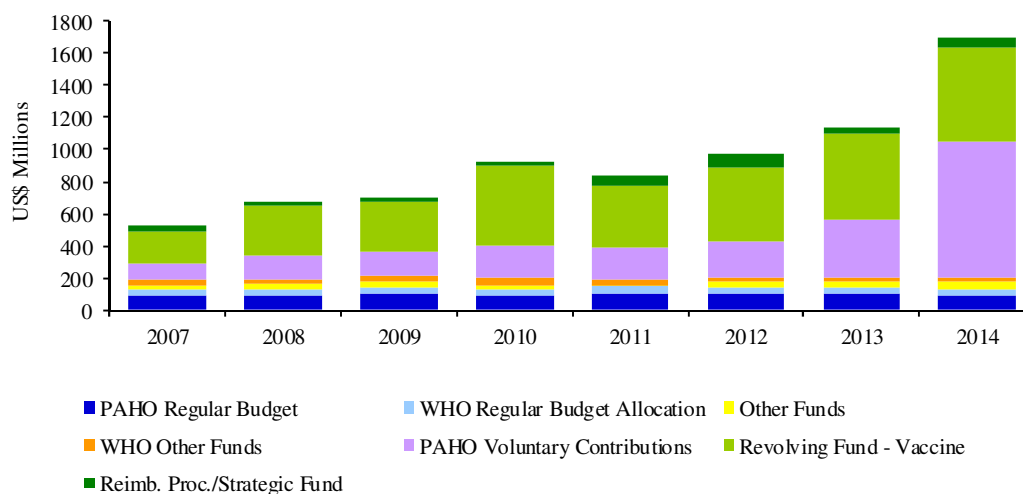
## 9. Expenses by Source of Fund

PAHO's total consolidated expenses, reflecting disbursements and accrued liabilities, increased by 33% to \$1 703.0 million in 2014 from \$1 142.1 million in 2013. This increase is attributable to the increase in the procurement of vaccines and implementation of National Voluntary Contributions projects.

**Figure I: PAHO/AMRO Expenses for 2014 Program Activities (US\$ millions)**



**Figure J: Expenses by Source of Funds**



The primary PAHO consolidated expense categories are shown below in millions of United States dollars:

**Table 2. PAHO Consolidated Expense Categories (Net of Eliminations)**

Staff and Other Personnel Costs	\$169.7
Supplies, Commodities, Materials	672.8
Equipment, Vehicles, Furniture, Intangible Assets, Depreciation and Amortization	(0.4)
Contractual Services	85.9
Travel	116.8
Transfers and Grants to Counterparts	647.0
General Operating and Other Direct Costs	11.2
<b>Total PAHO Expense</b>	<b>\$1 703.0</b>

The two most significant expense categories for the implementation of international health programs are Supplies, Commodities, Materials, and Transfers and Grants to Counterparts. The Supplies, Commodities, Materials category represents the procurement of vaccines, strategic public health medications, syringes, and medical supplies for Member States through the Procurement Funds. The Transfers and Grants to Counterparts category is primarily comprised of transfers to the Cuban Government under the Mais Medicos project.

## 10. Liquidity and Investment Management

The financial stability of the Organization depends not only upon the timely receipt of Assessed Contributions, Voluntary Contributions, and other receivables, but also on the effective management of the resources administered by the Organization. The PAHO Investment Committee has been delegated the authority to establish and implement appropriate investment policies, reflecting best practices and prudent financial management. The Investment Committee regularly reviews the investment portfolio's performance, keeping in mind the primary objective to preserve the capital value of resources and maintain adequate liquidity, while maximizing the yield on the portfolio. During 2014, the investment portfolio increased due to the local investment of idle resources attributable to National Voluntary Contributions. Investment revenue earned in 2014 totaled \$7.5 million.

The Statement of Financial Position reflects the actual market value of the investment portfolio as of the reporting date. This figure does not reflect an actual gain or loss, but the actual market value of individual instruments in the portfolio that are available for sale. Any “unrealized” gain or loss resulting from this market valuation would only be recognized in the Statement of Financial Performance should the instruments be sold.

Total cash and investments for the Organization at 31 December 2014 were \$673.6 million, an increase of \$116.2 million over the cash and investment balance as of 31 December 2013. The terms of the various investments in the portfolio reflect the nature and liquidity needs of the Organization and, therefore, are primarily short-term in duration (less than 12 months). These short-term investments are held to finance the Biennial Program and Budget activities, the procurement on behalf of Member States, the implementation of Voluntary Contributions agreements, and other activities. Long-term investments (from one to ten years) represent special funds held in reserve and other long-term liabilities of the Organization, including future entitlements of current staff members for termination and repatriation, and after-service health insurance.

## 11. Financial Statements

In accordance with IPSAS 1, a complete set of Financial Statements has been prepared as follows:

- *Consolidated Statement of Financial Position* measures the financial strength of PAHO and displays in monetary value the assets and liabilities as of the end of the financial reporting period.
- *Consolidated Statement of Financial Performance* shows how well PAHO used its assets to generate revenue. It is a general measure of PAHO’s financial health over a given period of time (12 months) and can be compared with similar organizations.
- *Consolidated Statement of Changes in Net Assets* shows all the activity in net assets during a financial period, thus reflecting the increase or decrease in PAHO’s net assets during the year.
- *Consolidated Cash Flow Statement* explains the changes in the cash position of PAHO by reporting the cash flows classified by operating, investing, and financing activities.
- *Comparison of Budget and Actual Amounts* reflects actual utilization of revenue in comparison with the Biennial Program and Budget Plan approved by the 52<sup>nd</sup> Directing Council in 2013.
- *Notes, comprising a summary of significant accounting policies and other relevant information.*

In order to provide the reader of PAHO’s Financial Statements with more detailed information to fully understand the breadth of the activities of the Organization and the consolidated Centers, an unaudited informational annex has been provided after the Report of the External Auditor. This annex includes summaries for the individual segments, Assessed Contributions, Voluntary Contributions, Procurement Funds, funding for the Regional Office of the Americas (AMRO)/World Health Organization, and Other Centers.

## 12. Other Highlights

### *EBOLA*

In August 2014, the Director General of the World Health Organization (WHO) declared the outbreak of Ebola Virus Disease (EVD) in West Africa to be an event of international public health importance as prescribed by the International Health Regulations. The Director General convened the Emergency Committee of the International Health Regulations (IHR) that prepared recommendations for countries in which there was no transmission of the disease. In these circumstances, the Director of the Pan American of Health Organization instructed the Secretariat to give priority to technical cooperation to enhance preparedness for response to a potential introduction of a case of EVD in Latin America and the Caribbean.

As a result of the detection of cases in countries outside those originally affected by the outbreak in West Africa (Spain and the United States of America), it became necessary to expand the Secretariat's preparations for response in the Region and to coordinate technical cooperation. In late October 2014, the Director set up a Task Force chaired by the AD and further activated the PAHO Emergency Operations Centre, initiating the first ever formal implementation of the Incident Management System, including recruitment of an experienced Incident Manager, supported by a dedicated team and coordinating with the Task Force. In addition, efforts were initiated to obtain funding for responding to the multiple requests for assistance by Member States of the Organization. Supported by regular funds from the Director, along with assistance from Brazil, over \$3 million was quickly mobilized and committed in support of technical missions, essential workshops, procurement of personal protection equipment (PPE) and immediate country needs. Partners, mainly the IDB, the World Bank, and Canada have were approached and discussions started for potential funding for 2015.

The Organization immediately implemented a Framework for Strengthening National Preparedness and Response for Ebola Virus Disease in the Americas. The Framework consists of three phases: 1) preparation, in which a WHO "checklist" was circulated to all Member States through the representative offices in the countries; 2) consultation with national authorities, in which technical missions were sent to 26 countries; and 3) follow-up, during which identified individual country needs would be addressed through a series of longer term projects. Analysis of Phase 2 is underway to better understand the findings and main recommendations of the first two stages. Phase 3 will be developed during the last week of January 2015 to identify special projects. In addition, three clinical management and infection prevention and control workshops for national trainers (one in Antigua and Barbuda for the Caribbean and two in Chile for Latin America) were completed, and three risk management workshops were organized in Barbados, Panama and Ecuador. An expert consultation on virology, laboratory diagnosis and biological risk management was held in Mexico. Another significant achievement was the preparation and approval of a Rapid Response Plan (RRT) for the immediate deployment of international technical experts should an Ebola suspected case appear in the Region.

### *Modernization of the PASB Management Information System*

Pursuant to the instructions of the 50th Directing Council of the Pan American Health Organization (PAHO) in 2010, the Pan American Sanitary Bureau (PASB) launched a project to modernize the PASB Management Information System (PMIS). The PMIS will play a critical role in providing effective support for delivering technical cooperation to Member States by leveraging available technology to maximize transparency, foster accountability through clearly defined roles and responsibilities, as well as facilitate the delegation of authority to improve the efficient execution of technical and administrative functions.

The PMIS project is currently on time and on budget. January 2014 represented the beginning of the implementation of the project. Phase 1, which encompassed the Human Resources System and Payroll, went live in January 2015 replacing many of the Human Resources legacy systems such as HR Express, HR Tracking, e-PPES (PAHO's Performance Planning and Evaluation System), and Leave Tracking. The planning, design, configuration, testing, training of staff, and deployment was completed in 13 months.

Phase 2, which began in mid-2014, encompasses the Finance, Budget, and Procurement modules of the system and will be implemented 1 January 2016. Phase 2 will replace the core legacy financial systems: AmpesOmis, AMS/FMS (Award Management System/Financial Management System), FAMIS (Financial Accounting Management Information System), ADPICs (Advance Purchasing Inventory Control System) and SOS (Simplified Online Search). The planning, and design portion of this

phase is now complete and the integrators are in the process of configuring the system. Testing will begin in late June and last through September.

### *Mais Medicos*

The Mais Médicos Project, as part of the larger National Program carrying the same name, continued to develop successfully throughout 2014, expanding the provision of basic health care to 3,785 municipalities in Brazil. This Project includes the recruitment and placement of 11,400 Cuban doctors among these municipalities and 34 indigenous health districts. The Project aims at developing strategies to ensure universal access to health care provided by the Brazil Unified Health System (SUS-Brazilian acronym). The National Program has some 3,000 additional medical doctors, both Brazilian and other foreign nationals, and aims to improve the infrastructure and expand access to medical education. These other components of the National Program are being executed directly by the Ministry of Health and the Ministry of Education. In all, close to 50 million people in Brazil are benefiting from the Program.

PAHO's added value to the Project has included the selection of Cuban medical professionals according to criteria established by the Government of Brazil, as well as the implementation of the Induction Module (a three-week course which covers information on SUS structure and protocols as well as additional training on Portuguese language). An additional Induction Module at the municipal level is carried out immediately after the initial Induction program. PAHO also monitors the registration of the participating Cuban doctors in the specialization course for Family Health, following the requirements established by the Brazilian Ministry of Education.

Total funds implemented by PAHO in 2014 pertaining to this Project amounted to \$710.5 million. All staff requirements for Project implementation have been fulfilled. A monitoring and evaluation system has been developed in line with agreements signed with both the Governments of Brazil and Cuba, taking into account PAHO's evaluation policy. The Project performance monitoring has been carried out by the Country Office and reviewed by the PAHO Regional Office. A detailed database built around each participating doctor and recording related technical and administrative information (particularly personal movements in and out of duty station in a given municipality) has been developed. It provides for sound management of the participating doctors and provides the basis for supporting disbursements to Cuba. The risk monitoring has been periodically reviewed by the Risk Committee conducted by the Director of Administration and included a contingency plan developed specifically around general elections in the last quarter of 2014.

By the end of 2014, all Brazilian municipalities that had requested to participate in the Program established by the Federal Government of Brazil were accommodated. Among the 11,400 participating doctors, 79.4% were located in highly vulnerable municipalities. Furthermore, only 1.68% of participating doctors have exited the Project and 100% were replaced within the period agreed between the two governments. 91.4% of the participating doctors are working in basic healthcare teams (traditional basic healthcare team, the family health teams, or the indigenous health districts). PAHO monitors the compliance of the municipalities with the commitment of providing lodging and food, as well as transportation to the participating doctors as a specific contribution to complement the effort of the Federal government in covering the salaries of these physicians.

## **13. Accounting Policies and Basis of Preparation**

The Financial Statements of the Pan American Health Organization (the Organization) have been prepared on the accrual basis of accounting in accordance with International Public Sector Accounting Standards (IPSAS), using the fair value valuation convention. Where an IPSAS does not address a particular issue, the appropriate International Financial Reporting Standard (IFRS) has been applied.

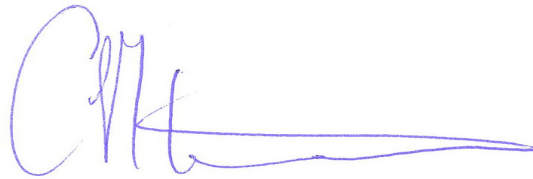
These Financial Statements were prepared under the assumption that the Organization is a going concern and will continue in operation and will meet its mandate for the foreseeable future (IPSAS 1). The Governing Bodies of the Organization have not communicated through any means that there is an intention to terminate the Organization or to cease its operations. Furthermore, at the time of the preparation of these Financial Statements and in accordance with IPSAS 14, Paragraph 18, the Executive Management of the Organization was not aware of any material uncertainties related to events or conditions that may cast significant doubt upon the ability of the Organization to continue as a going concern.



PAN AMERICAN HEALTH ORGANIZATION  
FINANCIAL REPORT OF THE DIRECTOR and REPORT OF THE EXTERNAL AUDITOR  
1 January 2014 – 31 December 2014

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The Financial Statements of the Organization were authorized for issue by the Director of the Organization under the authority vested in her by the Pan American Sanitary Conference as stated in the Resolution CSP28.R7 in September 2012. This issuance approval is dated X April 2015. No other authority has the power to amend the Financial Statements after issuance. (Reference: IPSAS 14, paragraph 26).



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**Carissa F. Etienne**

**Director**

**Pan American Health Organization**

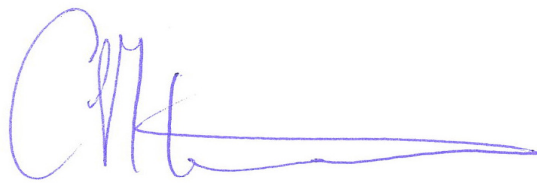
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## PAN AMERICAN HEALTH ORGANIZATION

**Letter of Transmittal**

**In accordance with the provisions of Regulation XIII of the Financial Regulations, I have the honor to submit the Financial Report of the Pan American Health Organization for the financial period 1 January 2014 to 31 December 2014.**



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**Carissa F. Etienne**

**Director**

**Pan American Health Organization**

**Certification of Financial Statements**

**The Financial Statements and supporting Notes are approved:**



Gerald C. Anderson

Director, i.e.

Area of Financial Resources Management



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Carissa F. Etienne

Director

Pan American Health Organization

**09 April 2015**

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# **Statement on Internal Control**

## **Scope of Responsibility**

As the Director of the Pan American Health Organization (PAHO), I have responsibility for maintaining a sound system of internal control that supports the achievement of PAHO's mandate and objectives, while safeguarding the funds and assets administered by PAHO, for which I am responsible, in accordance with the responsibilities entrusted to me in the PAHO Constitution, by the Governing Bodies, and in the Financial Regulations of the Organization.

Accountability is an integral component of PAHO's Results Based Management (RBM) framework and, as such, empowers managers to take the necessary steps to achieve their expected results, while requiring the exercise of due diligence in actions and decisions, and compliance with applicable regulations and rules. Delegation of Authority is a prerequisite for the successful implementation of RBM. Good governance is enabled by the appropriate delegation of authority and, as Director, I have approved a Delegation of Authority framework that delineates clear lines of authority over all available resources, both human and financial, and includes the responsibility and accountability of personnel across the Organization.

Accountability at PAHO carries with it the obligation to report on the discharge of one's delegated responsibilities through established mechanisms, including the annual certification of financial information and the evaluation of the status of the implementation of the biennial work plan.

## **The Purpose of the System of Internal Control**

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve expected results and strategic objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritize the risks to the achievement of the Organization's mandate and objectives, to evaluate the likelihood of those risks being realized and the impact should they be realized, and to manage them efficiently, effectively, and economically. The system of internal control has been in place at PAHO for the financial reporting period 1 January 2014 through 31 December 2014, and up to the date of the approval of the Financial Report of the Director.

The foundation for the system of internal control at PAHO lies in the Constitution of the Pan American Health Organization and the Financial Regulations. From this, the Organization has developed and employed additional tools to further inform and guide the control framework, such as the Country Cooperation Strategy (CCS), Staff Rules and Staff Regulations, the E-Manual and the Operations E-Manual for Country Offices and Specialized Centers, Personnel Performance and Evaluation System (PPES), Performance Monitoring and Assessment (PMA), and the Financial Accountability Framework.

## **Capacity to Handle Risk**

As the Director of PAHO, I have taken note that a system has been created of core and cross-functional teams which have overall responsibility for identifying and assessing risks associated with the implementation of the Program of Work and the overall operations of the Organization. Core teams include the Office of Internal Oversight and Evaluation Services, the Ethics Office, the Office of Legal Counsel, the Country and Sub-regional Coordination Office, the Department of Planning and Budget, the Department of Human Resources Management, and the Department of Financial Resources Management. These core teams are responsible for establishing the control environment, and providing the discipline and structure for the achievement of the primary objectives of the system of internal control.

Some examples of key cross-functional teams include the Integrity and Conflict Management System (ICMS), the Asset Protection and Loss Prevention Committee (APLPC), the Property Survey Committee, the PAHO Infrastructure Investment Projects Committee (PIIC), the Investment Committee, the Disaster Task Force, and the Epidemic Alert and Response Task Force.

## **Risk and Control Framework**

The risk and control framework is developed and implemented by the Governing Bodies and the Pan American Sanitary Bureau (PASB), the Secretariat of the Organization. These organs, as stipulated in Article 3 of the Constitution of PAHO, determine the Organization's general policies, including financial policy, and review and approve the multi-year strategy and biennial program and budget of the Organization.



The Secretariat provides regular reporting to the Governing Bodies on the financial, program and budgetary status of the Organization, including an annual report by the External Auditors of PAHO. Furthermore, the Office of Internal Oversight and Evaluation Services (IES) issues an annual report of its activities, with a status of outstanding audit recommendations. The Auditor General also provides the Director with an overall opinion on PAHO's internal control environment. For the financial reporting period 1 January 2014 through 31 December 2014, the Auditor General has concluded the following:

*“Based on the findings of its internal audits and its other internal oversight activities in 2014 (and in previous years), and taking into account the findings of other sources of assurance, IES’s overall opinion is that the PASB’s internal control environment provides reasonable assurance over the accuracy and timely recording of transactions, assets and liabilities; the mitigation of risks to the achievement of the Organization’s objectives; and the safeguarding of assets. Absolute assurance is, of course, impossible, owing to inherent limitations for most internal controls. The extent of compliance with internal controls may deteriorate (or improve) over time, and a range of factors (including error, fraud, and changes to operations and procedures) may render some internal controls temporarily inadequate.*”

*The Organization’s ever-changing risk profile implies a continuous evolution of internal controls. In particular, the PMIS modernization project is expected to bring a significant degree of automation to internal controls, embedding them into non-manual processes and thereby reducing risks in the execution of administrative tasks and financial transactions. Any large-scale information system project like the PMIS entails implementation risks, but it also offers an opportunity to replace paper transactions with automated processes and thereby to embed internal controls of a preventive nature in day-to-day operations. The PMIS should thereby promote enhancements to the visibility of transactions and to the efficiency and effectiveness of information flows in the PASB. It should also enhance the prevention (and detection) of exceptions to internal controls.*

*In current institutional governance theory, the concept of “three lines of defense” (based on military or perhaps sporting metaphors) is commonly used to describe the protection of the achievement of Organizational objectives. The “three lines of defense” model has been criticized on the grounds of possible over-simplification, but it provides an interesting way of perceiving institutional governance. The first and second “lines of defense” are provided by management: the first line consists of day-to-day, risk-mitigating internal control activities, and the second is based on higher-level managerial review activities, including ERM and policy development and compliance monitoring. The “third line of defense”, which operates behind management’s defenses, is the assurance provided by internal auditors (and others). Overall, IES has seen a gradual improvement in the PASB’s three “lines of defense” in recent years. For example, for the first line, the safeguarding of assets has been strengthened through enhanced management approval of transactions for the disposal of fixed assets. For the second line, management has brought clarity to policy matters by consolidating previously-fragmented policy statements in the PAHO/WHO E-manual. For the third line, the ongoing implementation of IES’s recommendations points to management’s commitment to the continuous enhancement of internal controls.*

*As in previous years, IES continues to advise management that, to further strengthen the PASB’s internal control environment, the links of risks to Organizational objectives and to risk-mitigating internal controls needs to be clearer. As discussed above, the development of a more clearly-defined Internal Control Framework and, in parallel, a more focused ERM process that prioritizes key risks and their mitigating measures would define more clearly the connections between the Organization’s objectives, risks, and risk-mitigating internal controls. (3 March 2015)”*

The Departments of Financial Resources Management (FRM) and Planning and Budget (PBU) submit monthly reports to Executive Management covering the Organization’s current financial position, the likelihood that financial and budgetary plans will be achieved, and the risks attached. These reports are discussed in detail in order that the members of Executive Management have appropriate and comprehensive information necessary to the decision-making process. In addition, a corporate Performance Management Assessment process (PMA) is conducted semi-annually, which involves Executive Management, Entity Managers, and technical staff to assess progress towards the program of work and the Strategic Plan.

A fully functional Enterprise Risk Management (ERM) system is critical to control the pace and manner of change in the Organization resulting from the adoption of new technology, the expansion of technical cooperation requirements of Member States, the growth in resources under administration, and adapting to UN transformation. In 2011, PAHO’s Executive Management team approved the conceptual framework of the ERM.

PAHO’s approach to risk management is an integral and systematic process not represented by a static risk register, but by a process that is continuously identifying, mitigating, monitoring, and communicating top risk events to the Organization. This type

of process requires a risk management framework, a risk governance policy, a risk assessment methodology, and Organization-wide training before comprehensive risk assessments can be performed. The completion of the comprehensive risk assessments is the foundation of a factual and accurate risk register.

In compliance with the ERM Policy, risk assessments were included as an integral part of the 2014-2015 biennial operational planning process, and the Risk Assessment Methodology was included in the Operational Planning Manual 2014-2015. All PAHO entities were required to identify the risks and mitigation actions for 2014-2015 projects and programs. These registers were included as a planning element of each entity's biennial work plan. The methodology is also published in the Operations E-Manual for Country Offices and Specialized Centers.

The ERM Program implemented in 2013 and early 2014 had successfully sensitized Executive Management and Managers throughout the Organization to the importance of integrating risk management into planning, budgeting, and evaluation processes. The specific risk register software tool used in this period to record enterprise risks, while well developed and sophisticated, presented a number of drawbacks in meeting PAHO's need to fully integrate risk management into PAHO's internal control framework. A new Risk Register tool was developed in-house, meeting the following requirements: aligns risks with PAHO's Strategic Plan, which is the basis for PAHO's planning and budgeting system; standardizes risk registry terminology and format; aligns with WHO's Risk Registry system, facilitating sharing and aggregation of data; aligns with other systems for audit and oversight, among others.

The first stage of the tool was completed and a consultant was hired to further its implementation. By 31 December 2014, most entities in headquarters, country offices and centers had been trained in its use. Over 400 risks were identified and recorded in the risk registry, and linked to an outcome of PAHO's Strategic Plan. The Office of the Director of Administration has recently appointed a new Advisor on Risk Management, which will support the completion of the ERM tool, the review of recorded risks, and the completion of the necessary mitigation and action plans for the 2014-15 biennial workplan.

### **Review of Effectiveness**

As the Director of the Pan American Health Organization, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the Office of Internal Oversight and Evaluation Services (IES), by the senior managers within the Organization who have responsibility for the development and maintenance of the internal control framework, and by the comments made by the External Auditors in their management letters and audit reports. I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Auditor General and the Audit Committee. A plan to address identified weaknesses and ensure continuous improvement of the system is in place.

The Auditor General reports directly to me. IES undertakes independent and objective assurance and advisory activities, which are designed to improve and add value to the Organization's operations. Using a systematic, risk-based approach, IES seeks to assist the Organization to achieve its objectives by auditing the effectiveness and efficiency of organizational governance, internal controls, operations, and processes. IES undertakes internal audit assignments, for which very precise objectives are established through an assessment of the relevant risks. On the conclusion of an oversight assignment, IES prepares a detailed report addressed to me, and copied to concerned individuals in the Secretariat. The assignment reports include findings and recommendations to help management address risks, maintain or enhance internal controls, and encourage effective governance. IES systematically follows up on all the recommendations it makes. In addition, IES provides support to evaluation activities throughout the Organization, recording and monitoring all evaluation assignments undertaken across the Organization.

The PAHO Audit Committee, which was established pursuant to Resolution CD49.R2, serves in an independent expert advisory capacity to assist the Director and PAHO's Member States. It provides independent assessment and advice on the operation of the Organization's financial control and reporting structures, risk management processes, and the adequacy of the Organization's systems of internal and external controls. The Audit Committee meets twice each year, and met in April and November of 2014.

The system of internal control has been in place for the year ending 31 December 2014 and up to the date of the approval of the Financial Report of the Director. However, with the significant growth in the Organization, a number of weaknesses in the system of internal control were identified that have necessitated additional work to be undertaken in order that adequate internal control assurances could be provided.

Significant Internal Control Issues	Actions Taken to Address Issues
<p><b>1. Corporate Administrative Systems -</b></p> <ul style="list-style-type: none"> <li>• The implementation of International Public Sector Accounting Standards (IPSAS) has further highlighted the weaknesses in the collection of legacy systems, which required significant modification and manual “work arounds” to meet the requirements of accrual accounting, asset capitalization and depreciation, and annual financial reporting. Furthermore, the systems cannot easily provide the range of integrated management reporting required of a dynamic and growing Organization.</li>   <li>• The implementation of an Enterprise Resource Planning (ERP) system, which would integrate Program Planning, Budget, Finance and Human Resource administration, will result in more accurate and comprehensive real-time information. However, it will also require an increased level of interaction with the ERP by all staff, providing accurate data and extracting necessary information in a decentralized environment. Given that the current systems are not fully integrated, much of this work is centralized at the Regional Headquarters. Therefore, the required competencies to fully realize the effectiveness of an ERP do not exist throughout the Organization.</li> </ul>	<p>After the completion of a business case for PMIS and following one of its recommendations, the PAHO Management Information System (PMIS) team identified, through a competitive procurement process, the best ERP solution and Systems Integrator for PAHO. As a result, two contracts were signed, one with Workday on 30 September 2013, and another with Collaborative Solutions as the Systems Integrator on 30 December 2013.</p> <p>While Workday will be implemented as the core ERP for PAHO covering Human Resources, Payroll, Procurement and Finance, other best of breed solutions will be part of the PMIS implementation for specific functional areas. Tidemark will cover Planning and Budgeting; In-tend will cover Tendering; Cornerstone will be used as PAHO’s Management Learning System; and, a Treasury workstation solution will be identified to provide the Treasury functionality not covered by Workday.</p> <p>It was agreed with the Systems Integrator that implementation will be completed in two phases. The first phase will address Human Resources and Payroll, and went live on 27 January 2015. The second phase will cover Finance and Procurement and will Go Live on 1 January 2016.</p> <p>The full extent of competency requirements will not be known until the ERP is implemented. However, a training plan was developed for Phase 1 based on the competency needs and gaps as identified during the design and test phase of the Implementation Plan for each Phase 1 module and system. The training plan will be continuously updated and enhanced as the various systems processes are implemented including Phase 2. An assessment of competency gaps will be performed post-implementation to address any remaining training requirements.</p>
<p><b>2. Project Implementation -</b>                      Effective implementation of the Program and Budget is critical to the reputation and sustained growth of the Organization. The balance of Voluntary Contributions commitments that remain unimplemented, as well as the funds returned to donors, has continued to be a concern. A balance of project acceptance and design, rational business practices, policies and procedures, and absorptive capacity of beneficiaries is required to reach optimal project implementation goals.</p>	<p>Effective implementation of the Program and Budget is critical to the reputation and sustained growth of the Organization. The balance of Voluntary Contributions commitments that remain unimplemented, as well as the funds returned to donors, has continued to be a concern. A balance of acceptance of grants to fund project, rational business practices, policies and procedures, and absorptive capacity of beneficiaries is required to reach optimal project implementation goals.</p> <p>Over the period 2008-2013, the amount that PAHO has returned to donors has decreased to less than 0.5% of the total Voluntary Contributions funds available to be implemented. PAHO continues to enhance the management controls of</p>

Significant Internal Control Issues	Actions Taken to Address Issues
	<p>Voluntary Contributions, relying on the Project Implementation Review Reports and the Financial Certification process to ensure optimal implementation of funds entrusted to the Organization.</p> <p>An assessment of the Voluntary Contributions Management Function was conducted in 2012. In 2013, PAHO's Executive Management adopted a Resource Management Framework (RMF), which will be implemented in 2015. The new RMF defines clear roles for the Resource Mobilization Business Process, to be led by the Department of External Relations, Partnerships and Resource Mobilization (ERP), and the Resource Utilization Business Process, to be led by the Department of Planning and Budget (PBU).</p> <p>The RMF is primarily focused on Voluntary Contributions. It is clear that in the current budgetary situation and the commitment made with the approval of the Strategic Plan 2014-2019, PAHO has to make a special effort to simplify processes, define roles and clear levels of accountability, enhance capacity for effective resource mobilization, and improve the delivery of product/services or objectives that were agreed upon with external partners. In summary, PAHO must develop internal capacity in project management.</p> <p>The Resource Utilization Business Process within the RMF refers to the implementation of resources according with the purposes of the grant within the period of the agreement and includes the following functions related to (a) technical design and budget development, (b) project start-up, (c) monitoring and reporting, (d) adjustments to the implementation plan based in the monitoring of findings, (e) progress reports to donors/partners, (f) project evaluation when is pertinent, (g) project closure; and (h) documentation to identify lessons learned.</p> <p>It is expected that the new Framework will enhance accountability, facilitate the effective management of projects (grants) of all sizes, improve resource coordination among the different offices and departments to meet our strategic goals by standardizing processes, reducing risks, and avoiding duplication of efforts, which will ultimately increase the impact of PAHO Technical Cooperation and the implementation of the Program and Budget.</p> <p>While the RMF is in the early stages of implementation, responsibility for the review of Voluntary Contributions agreements will be transferred to ERP, and PBU will devote its efforts to the simplification of processes in planning and institutionalizing the project management approach in PAHO.</p>

Significant Internal Control Issues	Actions Taken to Address Issues
<p><b>3. Succession Planning -</b>                      The ongoing retirement of senior managers has the potential to result in a loss of institutional knowledge.</p>	<p>In February 2014, EXM approved the Human Resource plans for all entities of the Organization, within the framework of the development of the 2014-2015 biennial work plans. This planning process foresees the timely replacement of positions that remain vacant during this biennium, including managerial positions. These plans are now in the implementation stage. In addition, the Organization contracted a consultant to produce a draft Human Resources Strategy to address succession planning, the right-sizing of the PAHO workforce, the balance among regional/country, technical/administrative, and staff/non-staff within PAHO’s Human Resource Structure. Under this Strategy, several task forces will be formed in 2015 to engage staff members in the elaboration of specific plans to be implemented beginning in the 2016-2017 biennium.</p>
<p><b>4. Emergency Response</b>                      PAHO, as the preeminent health agency in the Region of the Americas, must take a leadership role in addressing emergencies. The impact and severity of recent emergencies in the Region have highlighted the need to have a strong, centralized team of specialists to analyze and coordinate response requirements and information.</p>	<p>The implementation of PAHO’s institutional response to emergencies and disasters (IRED) policy, approved in 2012, continues to strengthen and enhance the ability to respond to emergencies and disasters in the Region. In 2013 and 2014, the Department of Emergency Preparedness and Disaster Relief (PED) provided technical support across the Region, including workshops in Panama and Barbados on PAHO Emergency Response Procedures for Representatives, Administrators and Disaster focal points of 22 country offices. Furthermore, PED was successful in mobilizing resources in response to Member States requests for support in emergency situations, including: support to internally displaced populations in Colombia, dengue in Honduras and Nicaragua, acute respiratory illness in Peru, severe floods in St. Vincent and the Grenadines, St. Lucia and Dominica, drought in Guatemala and Nicaragua, Cholera in Haiti, and severe floods in Bolivia and Paraguay.</p>
<p><b>5. International Economic Environment -</b>                      The prolonged challenging global economic environment presents several risks to the Organization’s ability to fund the Regular Budget:</p> <ul style="list-style-type: none"> <li>• Member States have continued to espouse a policy of zero to minimal nominal growth to the Regular Budget as a result of their own fiscal challenges.</li> <li>• The low interest rate environment has reduced the investment income earned and available to supplement the Member States’ Assessed Contributions.</li> <li>• Exchange rates in some primary countries have fluctuated significantly during the year, resulting in additional uncertainties regarding the value of the Regular Budget resources locally.</li> </ul>	<p>The Organization has a very conservative Investment Policy overseen by the Investment Committee. The Investment Committee meets in person at least twice each year to review the performance of the investment portfolio and regularly invites experts to these meetings to discuss the various risks in the portfolio, as well as their forecast of the economic environment. The Investment Committee has contracted with four investment managers to manage over \$260 million of the \$652 million portfolio, thus taking advantage of expertise, economies of scale and opportunities in the market in order to maximize the yield on available resources.</p> <p>The Organization continues to monitor exchange rates in the country offices, and manages the local currency bank balances accordingly. Exchange rate gains and losses are allocated based on the source of the funds. However, as the Regular Budget is denominated in US dollars, fluctuations in local exchange rates will still impact the country office’s “buying power”. Country Offices work closely with the Department of Planning and Budget to address these issues.</p>

Significant Internal Control Issues	Actions Taken to Address Issues
<p><b>6. Funding of Long-Term Employee Liabilities -</b>                      With the implementation of IPSAS in 2010, the Organization recognized the assets and liabilities of the Organization, resulting in a more transparent picture of the true financial status of the Organization. The long-term liabilities associated with After-Service Health Insurance (ASHI) and Termination and Repatriation Entitlements Plan (TAREP) were recorded on the Statement of Financial Position in 2010, and irrevocable trusts were established for the financial resources available to fund these liabilities (plan assets). While several initiatives have been implemented to provide some funding on both an annual and ad hoc basis, the Organization does not have a comprehensive plan to fully fund the ASHI liability over a determined period of time.</p>	<p>Currently, PAHO is assessing a 4% surcharge on staff payroll to provide funding towards the ASHI liability. Revenue from this surcharge totaled \$1.8 million in 2014. An additional \$1.0 million of investment income earned on the irrevocable trust assets was also credited to the Trust.</p> <p>PAHO must consider a plan in order to fund the liability within a determined period of time. The PAHO actuary has provided projections and recommendations to meet this objective based upon a strategy developed by PAHO and WHO that anticipates combining the liabilities and assets of the PAHO/WHO ASHI to achieve efficiencies in meeting funding objectives. It is expected that the funding strategy under consideration will enable PAHO to achieve full funding of the PAHO DBO liability within 5 to 10 years of WHO's current target of 2037, depending on assumptions about the future evolution of market rates of return and health care cost trends.</p>
<p><b>7. IT security of PAHO's Headquarters Network</b>                      The strength of the security controls in place to access the headquarters IT network presents risks to the integrity of the Organization's proprietary information.</p>	<p>A proactive Operational Security Assessment was undertaken in January 2014 to assess the PAHO Headquarters network. Access to the network was suspended over a long weekend in order to include both the element of surprise and allow the teams conducting the assessment to perform the work as quickly as possible, while minimizing impact on normal operations. The Organization kept staff informed of the different phases and progress of the Assessment through periodic updates.</p> <p>Two independent external security companies were contracted to work on the Assessment with PAHO. Each company submitted an individual assessment report. These reports include industry best practice-based security remediation recommendations. Based on this information, the Organization prepared a report to the Director on lessons learned.</p> <p>As a result of the Operational Security Assessment that took place in 2014, all of the recommendations made by the two external consultants' contract have either been completed or are in progress except for the implementation of content filtering/monitoring software which is lagging and presents a risk due to the fact that the firewalls are not blocking new threats. As a result of this Assessment and the subsequent implementation of the various recommendations, the Organization is equipped with a more solid and robust security system to access the IT network of the Organization.</p>

**Conclusion**

I am confident that as a result of the actions taken to address the significant issues noted above, the system of internal control will continue to be strengthened. Therefore, in my opinion, the Organization's system of internal control was effective throughout the financial reporting period 1 January 2014 through 31 December 2014, and remains so on the date I sign this statement.



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**Carissa F. Etienne**

**Director**

**Pan American Health Organization**

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# **Opinion of the External Auditor**

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DE ESPAÑA**

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The Pan American Health Organization

## Opinion of the External Auditor on the 2014 Financial Statements

I have audited the consolidated financial statements of the Pan American Health Organization for the year ended 31 December 2014. These comprise the Consolidated Statement of Financial Position, Consolidated Statement of Financial Performance, Consolidated Statement of Changes in Net Assets, Consolidated Statement of Cash Flow, Statement of Comparison of Budget and Actual Amounts and the related notes. These consolidated financial statements have been prepared following the Organization's accounting policies.

## Director's Responsibility for the Consolidated Financial Statements

The Director is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the International Public Sector Accounting Standards and the requirements of the Financial Regulations as authorized by either the Pan American Sanitary Conference or the Directing Council. The Director is also responsible for such internal control as she determines necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

## Auditor's Responsibility

My responsibility is to express an opinion on the consolidated financial statements based on my audit in accordance with Article XIV of the Financial Regulations. I conducted my audit in accordance with International Standards on Auditing of the International Federation of Accountants (IFAC), the Audit Standards and Guidelines formulated by the United Nations Board of Auditors and the International Standards of Supreme Audit Institutions (ISSAIs). Those standards require me and my staff to comply with ethical requirements and to plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the Pan American Health Organization's preparation and fair presentation of the consolidated financial statements in

order to design appropriate audit procedures. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Director, as well as the overall presentation of the financial statements.

In addition, I am required to obtain sufficient evidence to give reasonable assurance that the revenue and expenditure reported in the consolidated financial statements have been applied to the purposes intended by either the Pan American Sanitary Conference or the Directing Council and that the financial transactions are in accordance with the Financial Regulations and legislative authorities that govern them.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

## Opinion on financial statements

In my opinion:

- the consolidated financial statements present fairly, in all material respects, the financial position of the Pan American Health Organization as at 31 December 2014 and the results for the year then ended;
- the consolidated financial statements have been properly prepared in accordance with International Public Sector Accounting Standards and the Financial Regulations which govern them and the stated accounting policies; and
- the accounting policies have been applied on a basis consistent with that of the preceding financial period.

## Opinion on Regularity

In my opinion, in all material respects, the revenue and expenditure have been applied to the purposes intended by either the Pan American Sanitary Conference or the Directing Council and the financial transactions conform to the Financial Regulations and legislative authorities that govern them.

## Matters on which I report by exception

I have nothing to report in respect of the following:

- proper accounting records have not been kept by the Pan American Health Organization;
- I have not received all of the information and explanations I require for my audit;
- the information given in the Director's Comments for the financial year for which the financial statements are prepared is inconsistent with the financial statements;
- the Statement on Internal Control does not fairly reflect the systems of internal control I reviewed for my audit.

## External Auditor's Report

In accordance with Article XIV of the Financial Regulations and the Letter of Engagement, I have also issued an External Auditor's Report on my audit of the Pan American Health Organization's consolidated financial statements.

Madrid, April 9, 2015

A handwritten signature in blue ink, reading "Ramón A. de Miranda García". The signature is written in a cursive style with a horizontal line underneath the name.

Ramón Álvarez de Miranda García  
President of the Spanish Court of Audit

**Consolidated Statement of Financial Position**

*(Expressed in thousand US Dollars)*

	<u>Reference</u>	<u>31 December 2014</u>	<u>31 December 2013</u>
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	Note 3	137 683	165 717
Short Term Investments	Note 4.1	268 202	125 152
Accounts Receivable	Note 6.1	412 938	222 147
Inventories	Note 7	7 868	7 906
<b>Total Current Assets</b>		<b>826 691</b>	<b>520 922</b>
<b>Non-Current Assets</b>			
Long Term Investments	Note 4.2	267 753	266 546
Accounts Receivable	Note 6.2	52 985	36 145
Property, Plant and Equipment	Note 8.1	120 250	119 784
Intangible Assets	Note 9	1 728	2 433
<b>Total Non-Current Assets</b>		<b>442 716</b>	<b>424 908</b>
<b>TOTAL ASSETS</b>		<b>1 269 407</b>	<b>945 830</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Accrued Liabilities	Note 10	42 681	37 243
Accounts Payable	Note 11.1	9 259	5 056
Employee Benefits	Note 12	11 616	11 329
Deferred Revenue	Note 13.1	600 662	346 787
<b>Total Current Liabilities</b>		<b>664 218</b>	<b>400 415</b>
<b>Non-Current Liabilities</b>			
Accounts Payable	Note 11.2	15 089	15 089
Employee Benefits	Note 12	199 986	191 913
Deferred Revenue	Note 13.2	174 223	159 931
<b>Total Non-Current Liabilities</b>		<b>389 298</b>	<b>366 933</b>
<b>TOTAL LIABILITIES</b>		<b>1 053 516</b>	<b>767 348</b>
<b>NET ASSETS / EQUITY</b>			
<b>Fund Balances and Reserves</b>			
Fund Balances	Note 14	84 093	72 697
Reserves	Note 14	131 798	105 785
<b>NET FUND BALANCES and RESERVES</b>		<b>215 891</b>	<b>178 482</b>

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**Consolidated Statement of Financial Performance**

*(Expressed in thousand US Dollars)*

	<u>Reference</u>	<u>31 December 2014</u>	<u>31 December 2013</u>
<b>REVENUE</b>			
<b>Revenue from Non-Exchange Transactions</b>			
Assessed Contributions	<b>Note 15</b>	105 620	106 245
Voluntary Contributions	<b>Note 15</b>	877 773	356 906
Other Revenue	<b>Note 15</b>	57 353	68 992
<b>Revenue from Exchange Transactions</b>			
Procurement of Public Health Supplies	<b>Note 15</b>	676 374	596 967
Other Revenue	<b>Note 15</b>	10 760	11 610
Miscellaneous Revenue	<b>Note 15</b>	( 697)	( 1 264)
<b>TOTAL REVENUE</b>		<b><u>1 727 183</u></b>	<b><u>1 139 456</u></b>
<b>EXPENSES</b>			
Staff and Other Personnel Costs	<b>Note 16</b>	169 653	186 293
Supplies, Commodities, Materials	<b>Note 16</b>	672 834	600 802
Equipment, Vehicles, Furniture, Intangible Assets, Depreciation and Amortization	<b>Note 16</b>	( 426)	2 150
Contract Services	<b>Note 16</b>	86 368	100 056
Travel	<b>Note 16</b>	116 805	97 838
Transfers and Grants to Counterparts	<b>Note 16</b>	647 020	143 879
General Operating and Other Direct Costs	<b>Note 16</b>	11 201	11 098
<b>TOTAL EXPENSES</b>		<b><u>1 703 455</u></b>	<b><u>1 142 116</u></b>
<b>NET SURPLUS / (DEFICIT)</b>		<b><u><u>23 728</u></u></b>	<b><u><u>( 2 660)</u></u></b>



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**Consolidated Statement of Changes in Net Assets**

*(Expressed in thousand US Dollars)*

	<u>Reference</u>	<u>31 December 2014</u>	<u>31 December 2013</u>
<b>Net assets at the beginning of the year</b>		178 482	175 337
Settlement of Employee Benefit Liability	<b>Note 12.3.10</b>	11 329	11 639
Gain/(Loss) on Revaluation of Investments (Recognition) / De-recognition of Liability through Reserves	<b>Note 4.2</b>  <b>Note 24</b>	( 407 )  2 570	( 586 )  2 525
Fixed Assets Revaluation Adjustments	<b>Note 8.1</b>	189	( 60 )
Intangible Assets Adjustments	<b>Note 9</b>		( 80 )
Adjustments for closing of CAREC and CFNI			<u>(7 633 )</u>
<b>Total of items (revenue/expenses) recognized</b>		13 681	5 805
Surplus/(deficit) for the Financial Period		<u>23 728</u>	<u>(2 660 )</u>
<b>Total recognized revenue and expenses for the year</b>		<u>37 409</u>	<u>3 145</u>
<b>Net assets at the end of the year</b>		<u><b>215 891</b></u>	<u><b>178 482</b></u>

**Consolidated Cash Flow Statement**

*(expressed in thousand US dollars)*

	<u><b>31 December 2014</b></u>	<u><b>31 December 2013</b></u>
<b>Cash Flows from Operating Activities:</b>		
Surplus (Deficit) for the period	23 728	( 2 660)
Depreciation and Amortization	2 778	2 694
(Increase) / Decrease in Accounts Receivable	( 207 631)	( 15 211)
(Increase) / Decrease in Inventories	38	753
Increase / (Decrease) in Accrued Liabilities	5 438	18 455
Increase / (Decrease) in Accounts Payable	4 203	( 13 112)
Increase / (Decrease) in Employee Benefits	19 689	26 931
Increase / (Decrease) in Other Liabilities	2 570	2 525
Increase / (Decrease) in Deferred Revenue	268 167	( 75 410)
Transfer of Equity to CARPHA due to closing of CAREC and CFNI		( 7 633)
	<u><b>118 980</b></u>	<u><b>( 62 668)</b></u>
<b>Net Cash Flows from Operating Activities</b>		
<b>Cash Flows from Investment and Financing Activities:</b>		
(Increase) / Decrease in Short Term Investments	( 143 457)	119 906
(Increase) / Decrease in Long Term Investments	( 1 207)	( 51 003)
(Increase) / Decrease in Property, Plant and Equipment and Intangibles Assets	( 2 350)	( 1 435)
	<u><b>( 147 014)</b></u>	<u><b>67 468</b></u>
<b>Net Cash Flows from Investing Activities</b>		
<b>Net Increase / (Decrease) in Cash and Cash Equivalents</b>	<b>( 28 034)</b>	<b>4 800</b>
<b>Cash and Cash Equivalents at the beginning of the Year</b>	<u><b>165 717</b></u>	<u><b>160 917</b></u>
<b>Cash and Cash Equivalents at the end of the Year</b>	<u><u><b>137 683</b></u></u>	<u><u><b>165 717</b></u></u>

**Comparison of Budget and Actual Amounts**

*(Expressed in thousand US Dollars)*

**Reconciliation of Total Amounts on a Cash Basis**

<u>Category and Program Area</u>	<u>2014-2015 Budget Amount</u>	<u>2014 Disbursements</u>	<u>2014 Disbursements as % of Budget Amount</u>
<b>1. Communicable Diseases</b>			
1.1 - HIV/AIDS and STIs	6 061	2 561	42%
1.2 - Tuberculosis	1 500	302	20%
1.3 - Malaria and other Vector-Borne Diseases (including Dengue and Chagas)	1 500	551	37%
1.4 - Neglected Tropical and zoonotic diseases	6 983	3 017	43%
1.5 - Vaccine-preventable Diseases (including maintenance of Polio Eradication)	5 100	2 304	45%
<b>2. Non Communicable Diseases</b>			
2.1 - Non Communicable Diseases and Risk Factors	12 320	5 444	44%
2.2 - Mental Health and psychoactive substance use disorders	2 344	871	37%
2.3 - Violence and Injuries	1 500	458	31%
2.4 - Disabilities and Rehabilitation	1 500	467	31%
2.5 - Nutrition	6 200	2 277	37%

**Comparison of Budget and Actual Amounts**

*(Expressed in thousand US Dollars)*

**Reconciliation of Total Amounts on a Cash Basis**

<b>Category and Program Area</b>	<b>2014-2015 Budget Amount</b>	<b>2014 Disbursements</b>	<b>2014 Disbursements as % of Budget Amount</b>
<b>3. <i>Determinants of Health and Promoting Health throughout the Life Course</i></b>			
3.1 - Women, maternal, newborn, child, and adolescent and adult health and sexual and reproductive health	13 680	5 444	40%
3.2 - Aging and health	1 500	951	63%
3.3 - Gender, equity, human rights and ethnicity	4 759	1 256	26%
3.4 - Social determinants of health	9 352	3 817	41%
3.5 - Health and the environment	9 137	3 455	38%
<b>4. <i>Health Systems</i></b>			
4.1 - Health governance and financing, national health policies, strategies and plans	7 700	3 234	42%
4.2 - People-centered integrated health services	5 711	2 453	43%
4.3 - Access to medical products and strengthening regulatory capacity	8 305	3 143	38%
4.4 - Health systems information and evidence	17 418	7 283	42%
4.5 - Human resources for health	9 900	3 081	31%

**Comparison of Budget and Actual Amounts**

*(Expressed in thousand US Dollars)*

**Reconciliation of Total Amounts on a Cash Basis**

<b>Category and Program Area</b>	<b>2014-2015 Budget Amount</b>	<b>2014 Disbursements</b>	<b>2014 Disbursements as % of Budget Amount</b>
<b>5. Preparedness, Surveillance and Response</b>			
5.1 - Alert and response capacities	5 520	1 376	25%
5.2 - Epidemic and pandemic prone diseases	3 720	1 325	36%
5.3 - Emergency risk and crisis management	6 050	1 080	18%
5.4 - Food safety	2 680	1 169	44%
<b>6. Corporate Services/Enabling Functions</b>			
6.1 - Leadership and governance	54 235	23 691	44%
6.2 - Transparency, accountability, and risk management	2 790	1 253	45%
6.3 - Strategic planning, resource coordination, and reporting	21 960	9 431	43%
6.4 - Management and administration	39 602	22 065	56%
6.5- Strategic communications	10 073	4 664	46%
<b>Sub-Total</b>	<b>279 100</b>	<b>118 423</b>	<b>42%</b>
<b>Other Sources</b>	<b>284 000</b>	<b>107 492</b>	<b>38%</b>
<b>TOTAL</b>	<b>563 100</b>	<b>225 915</b>	<b>40%</b>

The 2014-2015 Budget amounts reflect the funding appropriated by the Governing Bodies for the Organization's Strategic Plan during the entire 2014-2015 biennium. The Effective Working Budget is comprised of the Pan American Health Organization's and the World Health Organization's regular budget only. The 2013 and 2014 disbursed amounts reflect the disbursements made in achieving the Organization's Strategic Plan during the biennium.

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## Notes to the Financial Statements at 31 December 2014

### 1. Mission of the Pan American Health Organization

The mission of the Organization is *“To lead strategic collaborative efforts among Member States and other partners to promote equity in health, to combat disease, and to improve the quality of, and lengthen, the lives of the peoples of the Americas.”*

The Pan American Health Organization (the Organization) is an international public health agency with more than 100 years of experience in working to improve health and living standards of the countries of the Americas. It serves as the specialized organization for health of the Inter-American System. It also serves as the Regional Office for the Americas of the World Health Organization and enjoys international recognition as part of the United Nations system.

The Pan American Sanitary Bureau (PASB) is the Secretariat of the Organization. The Bureau is committed to providing technical support and leadership to the Organization's Member States as they pursue their goal of Health for All and the values therein.

The headquarters of the Organization is located in Washington, D.C. In addition, there are Representation Offices throughout the Americas which are in charge of implementing the values, mission and vision of the Organization in the Western Hemisphere.

### 2. Accounting Policies

#### 2.1 Basis of Preparation

The financial statements of the Pan American Health Organization have been prepared on the accrual basis of accounting in accordance with the International Public Sector Accounting Standards (IPSAS), using the historical cost convention except for land and buildings which are shown at fair value. Where an IPSAS does not address a particular issue, the appropriate International Financial Reporting Standard (IFRS) has been applied.

The Financial Statements of the Organization were certified and approved for issue by the Director of the Organization under the authority vested in her by the Pan American Sanitary Conference as stated in the Resolution CSP28.R7 in September 2012. This issuance approval is dated 09 April 2015. No other authority has the power to amend the Financial Statements after issuance. (Reference: IPSAS 14, paragraph 26).

The Organization previously prepared its financial statements on the modified cash basis under the United Nations' System Accounting Standards (UNSAS). Based on the decision to change to accrual accounting under IPSAS, amendments to the Financial Regulations and Rules were made and adopted by the Directing Council at its 49<sup>th</sup> meeting on 28 September 2009 and by the 145<sup>th</sup> Executive Committee on 2 October 2009, to become effective 1 January 2010. The first time adoption of International Public Sector Accounting Standards effective 1 January 2010 reflected the change from a modified cash basis of accounting to an accrual basis of accounting. The accounting period is 1 January through 31 December. The financial period 1 January through 31 December 2014 represents the FIRST year of the 2014 – 2015 biennium, which is the third biennium when the IPSAS standards were implemented.

The functional and reporting currency of the Organization is the United States Dollar (US\$). Disclosed amounts in the Financial Statements and Explanatory Notes are rounded in order to be expressed in thousands. The rounding practice may result in tables that may not sum precisely to the rounded totals.

These financial statements were prepared on the assumption that the Organization is a going concern and will continue in operation and will meet its mandate for the foreseeable future (IPSAS 1). The Governing Bodies of the Organization have not communicated any intention to terminate the Organization or to cease its operations.

In accordance with IPSAS 1, a complete set of financial statements has been prepared as follows:

- a. Consolidated Statement of Financial Position
- b. Consolidated Statement of Financial Performance
- c. Consolidated Statement of Changes in Net Assets
- d. Consolidated Cash Flow Statement
- e. Comparison of Budget and Actual Amounts
- f. Notes, comprising a summary of significant accounting policies and other relevant information.



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In compliance with IPSAS 1, paragraph 28, the Organization has fully adopted IPSAS. The chart below presents where in the financial statements, each standard was implemented. For the standards that were not, or have not yet been implemented, there is either a reason or an explanation provided.

IPSAS		Financial Statement or Note Where the Standard was Implemented	Reason for not being implemented
No.	Title		
1	Presentation of Financial Statements	<ul style="list-style-type: none"> <li>All financial statements and Notes to the Financial Statements</li> </ul>	
2	Cash Flow Statements	<ul style="list-style-type: none"> <li>Cash Flow Statement</li> </ul>	
3	Accounting Policies, Changes in Accounting Estimates and Errors	<ul style="list-style-type: none"> <li>Accounting Policies – Note 2</li> </ul>	
4	The Effects of Changes in Foreign Exchange Rates	<ul style="list-style-type: none"> <li>Accounting Policy – Note 2.18</li> <li>Cash and Cash Equivalents – Note 3 and Note 5.4</li> </ul>	
5	Borrowing Costs		Not applicable – The Organization does not borrow funds.
6	Consolidated and Separate Financial Statements	<ul style="list-style-type: none"> <li>Accounting Policy - Note 2.22</li> </ul>	Not applicable – The Organization does not have regional centers to consolidate. Effective January 1, 2013.
7	Investments in Associates		Not applicable – The Organization does not have any Associates
8	Interests in Joint Ventures		Not applicable – The Organization does not have Joint Ventures
9	Revenue from Exchange Transactions	<ul style="list-style-type: none"> <li>Statement of Financial Performance</li> <li>Accounting Policy – Note 2.17</li> </ul>	
10	Financial Reporting in Hyperinflationary Economies		Not applicable according to the current economic circumstances of the Organization
11	Construction Contracts		Not applicable – The Organization does not implement construction contracts
12	Inventories	<ul style="list-style-type: none"> <li>Statement of Financial Position</li> <li>Accounting Policy - Note 2.7</li> <li>Inventories – Note 7</li> </ul>	
13	Leases	<ul style="list-style-type: none"> <li>Statement of Financial Position</li> <li>Accounting Policies – 2.9</li> <li>Expenses – Note 16</li> </ul>	
14	Events After the Reporting Date	<ul style="list-style-type: none"> <li>Events After the Reporting Date – Note 22</li> </ul>	
15	Financial Instruments: Disclosure and Presentation	<ul style="list-style-type: none"> <li>Accounting Policy - Note 2.3</li> <li>Financial Instruments – Note 5 (interpreted in conjunction with IAS 39)</li> </ul>	
16	Investment Property		Not applicable – The Organization does not have investment property to report

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IPSAS		Financial statement or Note where the Standard was Implemented	Reason for not being implemented
No.	Title		
17	Property, Plant and Equipment	<ul style="list-style-type: none"> <li>• Accounting Policy – Note 2.8</li> <li>• Property Plant and Equipment – Note 8</li> </ul>	
18	Segment Reporting	<ul style="list-style-type: none"> <li>• Accounting Policy – Note 2.19</li> <li>• Segment Reporting – Note 18</li> </ul>	
19	Provisions, Contingent Liabilities and Contingent Assets	<ul style="list-style-type: none"> <li>• Accounting Policy - Note 2.15 and Note 2.16</li> </ul>	
20	Related Party Disclosures	<ul style="list-style-type: none"> <li>• Related Parties - Note 21</li> </ul>	
21	Impairment of Non-Cash Generating Assets	<ul style="list-style-type: none"> <li>• Accounts Receivable – Note 6</li> <li>• Inventories – Note 7</li> <li>• Property, Plant and Equipment – Note 8</li> </ul>	
22	Disclosure Information about the General Government Sector		Not applicable – The Organization is an international organization
23	Revenue from Non-Exchange Transactions	<ul style="list-style-type: none"> <li>• Statement of Financial Performance</li> <li>• Accounting Policy – Note 2.17</li> <li>• Revenue – Note 15</li> <li>• Segment Reporting – Note 18</li> </ul>	
24	Presentation of Budget Information in Financial Statements	<ul style="list-style-type: none"> <li>• Comparison of Budget and Actual Amounts</li> <li>• Accounting Policy – Note 2.20</li> </ul>	
25	Employee Benefits	<ul style="list-style-type: none"> <li>• Accounting Policy – Note 2.14</li> <li>• Employee Benefits – Note 12</li> </ul>	
26	Impairment of Cash-Generating Assets		Not applicable – The Organization does not have any cash generating assets
27	Agriculture		Not applicable - The Organization is not currently involved in agricultural activities
28	Financial Instruments: Presentation	<ul style="list-style-type: none"> <li>• Accounting Policy – Notes 2.3, 2.4 and 2.5</li> <li>• Cash and Cash Equivalent – Note 3</li> <li>• Investments – Note 4</li> <li>• Financial Instruments – Note 5</li> </ul>	
29	Financial Instruments: Recognition and Measurement	<ul style="list-style-type: none"> <li>• Accounting Policy – Notes 2.3, 2.4 and 2.5</li> <li>• Cash and Cash Equivalent – Note 3</li> <li>• Investments – Note 4</li> <li>• Financial Instruments – Note 5</li> </ul>	

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30	Financial Instruments: Disclosures	<ul style="list-style-type: none"> <li>• Accounting Policy – Notes 2.3, 2.4 and 2.5</li> <li>• Cash and Cash Equivalent – Note 3</li> <li>• Investments – Note 4</li> <li>• Financial Instruments – Note 5</li> </ul>	
31	Intangible Assets	<ul style="list-style-type: none"> <li>• Statement of Financial Position</li> <li>• Accounting Policy – Note 2.10</li> <li>• Note 9</li> </ul>	
32	Service Concession Arrangements: Guarantor		Not applicable - Effective date for this IPSAS is January 1, 2014.

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**Transitional Provisions**

Number	IPSAS	Adoption
1	Presentation of Financial Statements	The Organization's financial statements and its respective Notes disclose comparative information to the previous financial period (2013).
2	Cash Flow Statements	Not Applicable
3	Accounting Policies, Changes in Accounting Estimates and Errors	Not Applicable
4	The Effects of Changes in Foreign Exchange Rates	Following IPSAS 4, paragraph 67, Transitional Provisions, the financial statements of the Organization do not disclose the cumulative currency exchange translation differences that existed at the date of first adoption of IPSAS. In regards to paragraphs 68 and 69, of the same Transitional Provisions, possible currency exchange translation differences are not considered material due to the fact that the funds of the Organization are mainly retained in US Dollars.
5	Borrowing Costs	Not applicable – The Organization does not borrow funds.
6	Consolidated and Separate Financial Statements	Not applicable – Effective 1 January 2013, the Organization does not have regional centers to consolidate.
7	Investments in Associates	Not applicable – The Organization does not have Associates
8	Interest in Joint Ventures	Not applicable – The Organization does not have Joint Ventures
9	Revenue from Exchange Transactions	Not applicable
10	Financial Reporting in Hyperinflationary Economies	Not applicable
11	Construction Contracts	Not applicable
12	Inventories	Not applicable
13	Leases	Not applicable
14	Events After the Reporting Date	Not Applicable
15	Financial Instruments: Disclosure and Presentation	Not Applicable
16	Investment Property	Not applicable – The Organization does not have any investment property to report.
17	Property, Plant, and Equipment	<p>Transitional provisions have been applied in the initial recognition of property, plant, and equipment (PP&amp;E) which were purchased or donated before 1 January 2010. Except for land and buildings, assets (PP&amp;E) acquired prior to 1 January 2010 were expensed at the date of purchase and have not been recognized as assets in 2010 or 2011. The Organization will revalue its land and buildings in a periodic basis, including leased property. External experts will be utilized to determine updated market value.</p> <p>The Organization recognized the effect of the initial recognition of PP&amp;E as an adjustment to the opening balance of accumulated surpluses or deficits in 2010. In regards to IPSAS 17, paragraph 99, Transitional Provision, the Organization did not recognize the accumulated depreciation of buildings in 2010.</p>

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Number	IPSAS	Adoption
18	Segment Reporting	Not Applicable
19	Provisions, Contingent Liabilities and Contingent Assets	In accordance to transitional provisions from IPSAS 19, the Organization recognized the provisions and contingent liabilities as adjustments to opening balances of accumulated surpluses or deficits in 2010.
20	Related Party Disclosure	Not Applicable
21	Impairment of Non-Cash-Generating Assets	Transitional provisions for Impairment of Non-Cash Generating Assets (IPSAS 21) were considered in the preparation of the 2010 financial statements with no disclosure required.
22	Disclosure of Information about the General Government Sector	Not applicable
23	Revenue from Non-Exchange Transactions (Taxes and Transfers)	Transitional provisions from IPSAS 23 (Revenue from Non-Exchange Transactions) do not apply to the Organization's financial statements since those provisions basically deal with a five year grace period allowed prior to the adoption of this standard; the Organization adopted this standard the first day of adopting IPSAS in 2010.
24	Presentation of Budget Information in Financial Statements	Not applicable
25	Employee Benefits	In accordance with provisions for first time adoption of IPSAS 25, the Organization has disclosed the Defined Benefit Obligation (DBO) for current and former staff (active and inactive), less plan assets already recorded in the books of the Organization. In addition, any gain or loss due to the implementation of IPSAS 25 was recognized as opening accumulated surplus or deficit, accordingly, in 2010.
26	Impairment of Cash-Generating Assets	Transitional provisions were not applied in regards to this standard; since, the Organization does not disclose any cash generating assets.
27	Agriculture	Not applicable
28	Financial Instruments: Presentation	Effective 1 January 2013 the Organization implemented this standard.
29	Financial Instruments: Recognition and Measurements	Effective 1 January 2013 the Organization implemented this standard.
30	Financial Instruments: Disclosures	Effective 1 January 2013 the Organization implemented this standard.
31	Intangible Assets	<p>Per IPSAS 31, Paragraph 28, and beginning in 2011, the Organization capitalized Intangible Assets primarily considering the expected future economic benefit and that the cost or fair value of the asset could be measured reliably.</p> <p>Attending Paragraphs 70 and 129 of IPSAS 31, the Organization will not disclose Intangible Assets which cost was expensed before the adoption of IPSAS.</p> <p>The Organization did not apply transitional provisions (IPSAS 31 Paragraphs 128 to 131) to retrospectively recognize its Intangible Assets.</p>
32	Service Concession Arrangements: Guarantor	Not applicable.- Effective date for this IPSAS is January 1, 2014.

The financial statements and supporting Notes are expressed in thousand U.S. dollars.

## **2.2 Cash and Cash Equivalents**

Cash and cash equivalents, which are financial assets, comprise cash on hand, cash at banks, money markets and short-term deposits with original maturities of 90 days or less. For an investment to qualify as a cash equivalent, it must be readily convertible to a known amount of cash and be subject to an insignificant risk of changes in value.

Short-term deposits are stated at amortized cost using the effective interest method, with interest income recognized on an effective yield basis.

Cash and Cash Equivalents are held for purposes of meeting short-term cash commitments rather than for investment purposes.

## **2.3 Investments**

Investments are financial assets and are recognized when the Organization becomes a party to the contractual provisions of the investment. Investments are classified as either available for sale or held to maturity. Available for sale investments are accounted for on a purchase date basis. Held to maturity investments are recognized on settlement date.

Investments are classified as being available for sale where the Organization has not committed to hold such items to maturity. Available for sale items are stated at fair value (including transaction costs that are directly attributable to the acquisition of the financial asset) with value changes recognized in the Statement of Changes in Net Assets. Available for sale assets are actively traded on the market and the valuation of these assets is determined by price quotes on the open market for identical financial instruments. Impairment losses are recognized when the book value of an asset exceeds the fair market value on an other than temporary basis. PAHO monitors the fair market value of its investments monthly and investigates the underlying cause of a decline in value. The investment policy specifies credit rating limitations. If the impairment is a result of a credit downgrade below investment policy guidelines, the investment must be liquidated.

Impairment charges and interest calculated using the effective interest method are recognized in the surplus or deficit. When an available for sale asset is disposed of, the cumulative gain or loss previously recognized in the Statement of Changes in Net Assets is included in the surplus or deficit for the period.

Held to maturity investments are financial assets with fixed or determinable payments and fixed maturity that the Organization has the intention and ability to hold to maturity. Held to maturity investments are comprised of U.S. agency paper such as Federal National Mortgage Association (Fannie Mae) and Federal Home Loan Mortgage Corporation (Freddie Mac). Held to maturity investments are stated at amortized cost using the effective interest method, with interest income recognized on an effective yield basis in the Statement of Financial Performance.

The effective interest method is applied by determining the interest rate that is required to exactly discount all of the future cash flows associated with the bond to arrive at the initial carrying value of the bond (inclusive of any costs necessarily incurred in its acquisition.) Therefore, where a bond is acquired at a discount to its nominal value, that discount will increase the effective interest rate and be recognized over the life of the bond.

## **2.4 Loans and Receivables**

Loans and other receivables that have fixed or determinable payments and are not quoted in an active market are classified as loans and receivables. Loans and other receivables are stated at amortized cost calculated using the effective interest method, less any impairment.

Interest income is recognized on the effective interest basis, other than for short-term receivables where the recognition of interest would be immaterial.

## 2.5 Risk Management Policies

The Organization holds funds not required for immediate operating needs as investments in order to earn revenue on surplus liquidity which, in accordance with Financial Regulations X and XI, and Financial Rules X and XI of the Pan American Health Organization, funds a portion of the Regular Program Budget. Investments are made subject to the Organization's Investment Policy, which prescribes guidelines intended to protect invested principal, maintain adequate liquidity and realize a return commensurate with investment risk constraints. Policy guidelines define duration, diversity and credit quality, which are consistent with limiting credit, market and interest rate risk exposures. The Organization's credit risk is mitigated by Investment Policies which stipulate limits on the amount of credit exposure to any one counterparty, limiting investments on a single non-government issuer to no more than 25%.

In accordance with the Investment Policy requirements, internally managed investments are restricted to A1/P1 and AAA/Aaa rated financial instruments. Fixed Income Notes consist primarily of U.S. Agency Paper which carries the implicit guarantee of the U.S. Government.

Funds placed with external investment managers are restricted to instruments rated A1/P1 or A- or A3 credit quality or higher in accordance with their mandates. Mechanisms are in place to divest the portfolio of an investment that falls below the minimum requirements. In the event a security's rating falls below the minimum requirements for credit quality, the external manager immediately notifies PAHO and initiates actions to liquidate the security.

Maximum maturity for the short-term investment of operating cash is not to exceed one year. Long-term investment of strategic funds is limited to an effective maturity of no more than five years.

Depository accounts are held at financial institutions with investment grade ratings by primary rating agencies, where such ratings exist. In those instances where no rating is available, the overall financial strength of the institution is evaluated prior to depositing funds within the institution. Non-US dollar accounts are monitored daily to ensure that balances are kept at minimum operating requirements levels.

The PAHO Investment Committee approves financial instruments, as well as partner financial institutions, in accordance with the Investment Policy guidelines noted above in order to mitigate credit risk.

## 2.6 Accounts Receivable

Accounts receivables are non-derivative financial assets with fixed or determinable payments that are not traded in an active market. Current receivables are for amounts due within twelve months of the reporting date, while non-current receivables are those that are due more than twelve months from the reporting date of the financial statements. Receivables are stated at amortized cost calculated using the effective interest method, less any impairment losses (which are recognized in the Statement of Financial Performance). However, for current receivables there is no material difference between the amortized costs and so these receivables have been recognized at cost (less any impairment losses).

**Receivables from exchange transactions** are recognized when the Organization is owed assets or services (usually in the form of cash) arising from a transaction that directly gives approximately equal value to another entity in exchange (IPSAS 9).

**Receivables from non-exchange transactions** are established when the Organization is owed assets or services (usually in the form of cash) that arise from a transaction that does not directly give approximately equal value in exchange; or the Organization has given value to another entity without directly receiving approximately equal value in exchange (IPSAS 23).

The main types of receivables are:

- **Assessed Contributions (non-exchange transactions)**  
These contributions are formal commitments from Member and Participating States and Associate Members for the biennial budget period. Assessed contributions are recognized as receivables when they become due and payable on 1 January of each year. There is no provision in the Financial Regulations to write-off an assessed contribution; therefore no impairment loss has been recognized.

- **Tax Equalization Fund (non-exchange transactions)**  
Receivables under the Tax Equalization Fund are due from Member States that levy income tax on emoluments received from the Organization by their nationals or others liable to such taxes. The credit from the staff assessment plan is charged with the estimated amount to be levied by those Member States.

Under the Tax Equalization Fund, the assessed contributions of all Members are reduced by the income generated by the staff assessment plan. In determining the reduction of assessed contributions to be applied to the Member States concerned, the Tax Equalization Fund is credited with the revenue from the staff assessment plan, the credits being recorded in the name of individual Members States, in proportion to their assessments for the biennium.

Those amounts which have been charged are, in turn, used by the Organization to reimburse income tax paid by the staff concerned.

- **Voluntary Contributions (non-exchange transactions)**  
The Organization enters into Voluntary Contribution agreements which are comprised of (1) the Voluntary Contributions Fund, which includes financial resources from governments, international organizations, and private and public sector organizations; (2) the National Voluntary Contributions Fund, which was established on 1 January 2010 and includes financial resources from governments exclusively for internal projects; and (3) the Voluntary Contributions-Emergency Preparedness and Disaster Relief Fund, which includes financial resources from governments, international organizations, and private and public sector organizations. Upon signature by both parties and approval by the Organization's Office of Legal Counsel of the agreements, the full value of the agreement is recognized as a receivable and as deferred revenue (Note 2.13)

To determine the current portion of the accounts receivable from Voluntary Contributions as of 31 December 2014, the Organization applied the average percentage of cash received in 2012, 2013 and 2014 compared to the 1 January 2012, 2013 and 2014 accounts receivable for the Voluntary Contributions agreements. The non-current portion of accounts receivable will be the balance of the total accounts receivable amount for Voluntary Contribution agreements, less the current portion.

- **Procurement of Public Health Supplies (exchange transactions)**  
The Procurement of Public Health Supplies is critical to the Organization in order to achieve its mission of supporting Member States through technical cooperation for public health programs, including the procurement of vaccines and syringes, medical supplies, diagnostic kits, medications and equipment.

The accounts receivable from the Member States in the Procurement of Public Health Supplies is comprised by two funds: Revolving Fund for Vaccine Procurement and Regional Revolving Fund for Strategic Public Health Supplies. Receivables are established for each participating Member State upon notification that goods were delivered by the supplier and payment to the supplier has been approved. This triggers an invoice being raised addressed to the relevant Member State.

- **Inter-Organization Funding Activities**  
The Inter-organization accounts receivable represents the amount due to the Organization from the World Health Organization as the net result of inter-agency transactions.



- **Regular Advances to Staff**

Advances are made to individuals in accordance with the Financial Regulations and Rules of the Organization for entitlements (i.e., education grants, travel, settlements of income tax, insurance claims, etc.) and are recognized as receivables, until they are charged to expense upon receipt of the required claim or supporting documentation.

The Organization will establish allowances for doubtful accounts based on the evidence that certain receivables are uncollectable. A formal procedure has to be followed, based on the delegation of authority regarding the amounts to be written-off, prior to offsetting the uncollectable receivable against the established allowance.

## **2.7 Inventories**

Medications and medical supplies owned and controlled by the Organization are recorded as inventories with the intention that they are held for distribution in the ordinary course of operations. They are valued at the lower of cost or net realizable value at the end of the financial period. The Organization-owned medications and medical supplies quantities, derived from the Organization's tracking systems, are validated by physical stock counts. These medications and medical supplies are expensed when distributed directly by the Organization or once they are handed over to government institutions or non-government institutions. Inventories held for distribution without charge are valued at the lower of cost or replacement cost. Inventories are held at the PROMESS warehouse in Haiti, a strategic storage facility. If the Organization receives inventories acquired through non-exchange transactions, they will be valued at fair value of acquisition. The cost formula, due to the specific circumstances in Haiti, is "First to expire First out" for the inventories of pharmaceutical drugs and medications.

The Expanded Textbook and Instructional Materials Program (PALTEX) was established by the Pan American Health Organization (PAHO) in the mid 1960's as a technical cooperation program aimed at improving the quality of health science educational processes in Latin America. PALTEX is a publishing program that acquires, produces, and distributes quality textbooks and instructional materials in Spanish and Portuguese at affordable prices.

Inventories, procured with Voluntary Contributions on behalf of a project, do not form part of the Organization's inventory. The Organization is simply the implementing agent and is only responsible for the disposition of the items within the terms of the agreement. If the items are not consumed within the project period, the final disposition would be determined by the donor. At no time does the Organization retain control of these items; therefore, the correct accounting treatment is to expense these items at the time of purchase.

## 2.8 Property, Plant and Equipment

Property, plant, and equipment assets with a value greater than the \$20 000 threshold are recognized as non-current assets in the Statement of Financial Position. They are initially recognized at cost, unless acquired through a non-exchange transaction, in which case they are recognized at fair value as at the date of acquisition. The Organization applies the cost model to its plant and equipment, i.e. the items are carried at cost, less accumulated depreciation and any accumulated impairment losses. The Organization applies the revaluation model to land and permanent buildings only.

The Organization considers all its Property, Plant and Equipment to be non-cash generating assets.

Depreciation is charged on property, plant, and equipment (except for land) to write-down the cost/fair value of the asset, to its residual value, over the estimated useful life using the straight line method with a full year's depreciation charged in the year of acquisition. In 2014, during the design of the new Enterprise Resource Planning system, it was determined that, for the depreciation calculation of the acquisition year, the new system will support only half year depreciation instead of the usual full year that had been applied previously. In order to fully leverage the automation capabilities of the new ERP, the decision was made to change the depreciation policy to half year. The estimated useful lives for fixed assets classes are as follows:

<u>Assets Class and Description</u>	<u>Estimated Useful Life (years)</u>
Permanent Buildings	40 years
Computer Equipment	3 years
Office Equipment	3 years
Motor Vehicle	5 years
Audio Visual Equipment	3 years
Lease-hold Improvements	3 years
Office Fixture and Fittings	3 years

Property, plant, or equipment, procured with Voluntary Contributions on behalf of a project, are not the Organization's assets and are meant solely for the use of the project beneficiary. The Organization is the implementing agent and is simply responsible for the disposition of the items within the terms of the agreement. The Organization does not retain ownership of these items; therefore these items are expensed at the time of purchase. If the items are not consumed within the project period, the final disposition would be determined by the donor.

Transitional provisions were applied in the initial recognition of Property, Plant, and Equipment (PP&E) which were purchased or donated before 1 January 2010. Except for land and buildings, assets acquired prior to 1 January 2010 were expensed at the date of purchase and were not recognized as assets. The Organization will revalue its land and buildings on a periodic basis, including leased property. External experts will be utilized to determine updated market value. All improvements, renovations, etc. made to the buildings since the prior appraisal will be expensed in the year they occur and will be included in the future revaluation. Movements on revaluation are reflected in revaluation surplus/deficit shown in Note 14.9 and are included within the PAHO Regular Budget Fund balance.

The Organization recognized the effect of the initial recognition of Property, Plant, and Equipment (PP&E) as an adjustment to the opening balance of accumulated surpluses or deficits. In regards to IPSAS 17, paragraph 99, Transitional Provision, the Organization did not recognize the accumulated depreciation of buildings that were recognized as it was not practical to do so.

Leasehold improvements are recognized as assets and valued at cost, and depreciated over the lesser of the remaining useful life of the improvements or the lease term.

Donated land and buildings are valued at fair market value and recognized as non-current assets.

Impairment reviews are undertaken for all assets at least annually.

## 2.9 Leases

The Organization is the owner and lessor of the land parcel for the building at 2121 Virginia Avenue, N.W., Washington, D.C.

The Organization is the lessee for the first two floors of the same building mentioned above under an operating lease. The Organization also leases various office premises for the Representation Offices throughout the Americas. These are all cancelable agreements. Total annual lease payments have been disclosed in Note 16 on Expenses as a footnote.

Assets held under finance leases are included within Property, Plant and Equipment and are depreciated on a straight line basis over their estimated useful lives. Assets are recognized at fair value or, if lower, the present value of the minimum lease payments. Where assets are provided to PAHO with no or nominal lease payments the fair value of the asset has been recognized.

A liability is also recognized for the same amount. Rental payments are apportioned between the finance element, which is charged in the statement of financial performance, and the capital element, which reduces the lease liability.

## 2.10 Intangible Assets

Intangible assets, which are above the pre-established thresholds of \$30 000 for intangible assets purchased externally and \$100 000 for intangible assets developed in-house, are stated at historical cost less accumulated amortization and any impairment losses. Amortization is determined for intangible assets over their estimated useful life using the straight line method. Amortization is charged on Intangible Assets to write down the cost/fair value of the asset, to its residual value, over the estimated useful life using the straight line method with a full year's amortization charged in the year of acquisition. The estimated useful lives for intangible assets classes are as follows:

<u>Class</u>	<u>Estimated useful life (years)</u>
Software acquired externally	7
Internally developed software	5
Licenses and rights, copyrights and other intangible assets	3

## 2.11 Accounts Payable

Accounts Payables are financial liabilities in respect of goods or services that have been received by the Organization and are recognized at amortized cost, which for payables is equal to cost. Accounts payable include the following:

- Amounts due to donors, partners, and stakeholders representing the unspent Voluntary Contributions for expired agreements.
- The inter-organization accounts payable represent the amount due from the Organization to the World Health Organization as the net result of inter-agency transactions.
- Invoices received and approved for payment but not yet paid.

## **2.12 Accrued Liabilities**

Accrued liabilities are financial liabilities in respect of goods or services that have been received or provided to the Organization during the reporting period and which have not yet been invoiced or invoices have been received but not approved for payment. They are recognized at amortized cost, which for accruals is equal to cost.

## **2.13 Deferred Revenue**

Deferred revenue derives from legally binding agreements between the Organization and partners, such as governments, international organizations and private and public institutions, where the partners provide funding to the Organization to support technical cooperation initiatives (voluntary contributions).

Deferred revenue is recognized when (1) a contractual agreement is confirmed in writing by both parties-i.e., the Organization and the donors, partners, or stakeholders, and (2) the funds are conditional. Conditionality of voluntary contribution agreements is determined by factors like:

- The agreement has a stated purpose.
- Funds provided under the agreement must be used for activities as required/described in the agreement.
- The agreement has a budget.
- The agreement has an effective date and an end date.
- The agreement requires technical and financial reporting.
- Any unused funds, upon completion, will be returned to the donor, partner or stakeholder.

Revenue is recognized in the Statement of Financial Performance based on the level of funds implemented during the financial period.

Funds received from governments and institutions participating in the Procurement of Public Health Supplies, in advance of the procurement of the goods, are treated as deferred revenue. Once confirmation is received that goods were delivered by the supplier and payment to the supplier has been approved, the revenue is recognized in the Statement of Financial Performance.

To determine the current portion of the Deferred Revenue of Voluntary Contribution, the Organization used a three year average of the percentage of expense for Voluntary Contributions against the opening balance of Deferred Revenue for the Voluntary Contributions. For future financial periods, the Organization will use an average percent based on the three prior years of data to determine the current portion of Deferred Revenue. The non-current portion of the Deferred Revenue will be the balance of the total Deferred Revenue amount less the current portion.

## **2.14 Employee Benefits**

The Organization recognizes expenses and liabilities in respect of the following employee benefits:

- 1) Employee benefits earned in the current financial period are current liabilities recognized at an undiscounted cost.
- 2) Post-employment benefits e.g. ASHI, are recognized at present value of the liability.
- 3) Other separation-related employee benefits are recognized at present value of the liability.

The Organization periodically contracts the actuarial services of external experts to provide confident figures on the liabilities regarding employee benefits. This information is used to calculate different contribution percentages to be applied for staff costs. The Organization also uses this information for investment purposes to ensure the Plan's investments meet the liquidity requirements of the respective liabilities.

## 2.15 Provisions and Contingent Liabilities

Provisions are made for future liabilities and expenses where the Organization has a present legal or constructive obligation as a result of past events, and it is probable that the Organization will be required to settle the obligation, and the value can be reliably measured.

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

## 2.16 Contingent Assets

In accordance with IPSAS 19, Contingent Assets will be disclosed when there is enough information that the inflow of economic benefits or service potential is probable.

## 2.17 Revenue

Revenue comprises gross inflows of economic benefits or service potential received and receivable by the Organization during the year, which represents an increase in net assets (IPSAS 23). The Organization recognizes revenue following the established criteria by IPSAS 9, "Revenue from Exchange Transactions," and IPSAS 23, "Revenue from Non-Exchange Transactions."

Exchange transactions are transactions in which the Organization receives assets or services, or has liabilities extinguished, and directly gives approximately equal value primarily in the form of cash, goods, services, or use of assets to another entity in exchange (IPSAS 9).

In a non-exchange transaction, the Organization either receives value from another entity without directly giving approximately equal value in exchange, or gives value to another entity without directly receiving approximately equal value in exchange (IPSAS 9).

The main sources of revenue for the Organization include but are not limited to: Assessed Contributions, Voluntary Contributions, Procurement of Public Health Supplies, Other Revenue, and Miscellaneous Revenue.

- **Revenue from Assessed Contributions (non-exchange transactions)**  
Revenue from assessed contributions is recognized as of 1 January of each year when the Member States' assessed contribution commitment to the Organization is incurred.
- **Revenue from Voluntary Contributions (non-exchange transactions)**  
Voluntary Contributions, confirmed in writing by both parties, are recognized as receivables and deferred revenue (liabilities) because these funding agreements are conditional. As the Voluntary Contribution projects are implemented, the deferred revenue is then recognized as revenue. Voluntary Contributions categories are explained in Note 2.6.
- **Revenue from the Procurement of Public Health Supplies (exchange transactions)**  
Revenue is recognized in respect of the procurement of public health supplies because the Organization bears the risks and rewards of the purchased goods. Revenue on these transactions is recognized upon the notification that goods were delivered by the supplier and payment to the supplier has been approved. The Procurement of Public Health Supplies is comprised by three funds: Revolving Fund for Vaccine Procurement; Reimbursable Procurement; and the Regional Revolving Fund for Strategic Public Health Supplies. (See Note 2.6 Accounts Receivables, in respect of the Revolving Funds, and Note 2.13 Deferred Revenue, in respect of Reimbursable Procurement).

- **Other Revenue (non-exchange transactions)**

As the Regional Office of the Americas (AMRO) of the World Health Organization, the Organization receives funding allocations from WHO for the implementation of technical cooperation activities.

Funds received by the Organization from WHO include the following allocations:

  - Allocations of WHO regular budget
  - Allocations of WHO voluntary contributions
  - Allocations of other WHO internal funds
  
- **Other Revenue (exchange transactions)**

The Organization, under its different specific mandates, carries out other technical cooperation activities for which revenue is separately disclosed. These activities include the following: Sales of services and program support costs.

When necessary, as per IPSAS 18, internal transfers will be eliminated to avoid duplication of revenue.
  
- **Miscellaneous Revenue (exchange transactions)**

Miscellaneous revenue includes foreign currency revaluations, exchange rate gains and losses, interest earned, realized gains and losses, and gains and losses from the sale of property, plant, and equipment.
  
- **Special Activities Segment**

Special Activities are activities approved by the Organization's Governing Bodies for specific objectives and entitlements. (i.e. staff entitlements, terminal entitlements, after-service health insurance.) Therefore, all employee benefits liabilities have been included in this segment.

## 2.18 Foreign Currency Transactions and Balances

The functional and reporting currency of the Organization is the United States dollar (US\$). Transactions in currencies other than US\$ are translated into US\$ at the prevailing market rate at the time of the transaction. The Organization has determined that the United Nations Operational Rates of Exchange (UNORE) are aligned closely with the prevailing market rates due to the frequent analysis and adjustments and thus function as an approximation of the market rate at the time of the transaction. At the end of each reporting period, the Organization analyzes the performance of the UNORE in comparison with the prevailing market rate in order to determine the alignment and make any required adjustments. Assets and liabilities in currencies other than US\$ are translated into US\$ at the prevailing market rate at the end of the reporting period. Resulting gains or losses are accounted for in the Statement of Financial Performance within Miscellaneous Revenue.

## 2.19 Segment Reporting

A segment is a distinguishable activity or group of activities for which financial information is reported separately in order to evaluate an entity's past performance in achieving its objectives and for making decisions about the future allocation of resources. The Organization classifies all projects, operations and fund activities into five segments: 1) Core Activities Segment; 2) Partnership Activities Segment; 3) Enterprise Activities Segment; 4) Special Activities Segment; and 5) Consolidated Sub-regional Centers Activities Segments, and the Inter-Party Transactions. The Organization reports on the transactions and balances of each segment during the financial period.

Every financial period the Organization processes internal transactions, not involving the use of cash (transfers), within any given segment and between different segments. (i.e. Program Support Cost, Provision for Termination and Repatriation Entitlements, After Service Health Insurance, Master Capital Investment Fund, etc.). The effect of these transfers is an over-statement (duplication) of both revenue and expense by the same amount, which are valued at the cost incurred at the time of the

original transaction. The Inter-Party Transactions column in the Statement of Financial Performance allows for the elimination of such duplication.

The following segments were identified in order to provide a better understanding of the different activities of the Organization:

**Core Activities Segment**—Activities critical to the Organization’s Strategic Plan which are mandated and appropriated by the Organization’s Governing Bodies. (i.e. Activities funded with assessed contributions and other revenue for Regular Budget activities.)

**Partnership Activities Segment**—Activities aligned with the Organization’s Strategic Plan and supported by partners, donors, and stakeholders. (i.e. Activities developed in partnership with external donors who provide the voluntary contributions and to whom the technical and financial reports are provided.)

**Enterprise Activities Segment**—Activities performed by the Organization to strengthen technical cooperation with the ministries of health and facilitate their access to essential public health supplies. (i.e. Procurement activities funded by the Member States for the access to essential public health supplies.)

**Special Activities Segment**—Activities approved by the Organization’s Governing Bodies for specific objectives and entitlements. (i.e. staff entitlements, terminal entitlements, after-service health insurance.)

**Consolidated Sub-Regional Centers Activities Segment** – The Organization does not have regional centers to consolidate. Effective January 1, 2013.

**Intra-Party Transactions** – internal transfers. According to IPSAS 18, the Organization eliminates these activities.

## 2.20 Budget Comparison

The Organization’s budget and financial statements are prepared using different accounting bases. The Statement of Financial Position, Statement of Financial Performance, Statement of Changes in Net Assets, and Cash Flow Statement are prepared on a full accrual basis, whereas the Comparison of Budget and Actual Amounts is prepared on a cash basis.

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

The Organization’s Governing Bodies approve the Biennial Program and Budget Plan which includes assessed contributions, projected voluntary funds, and estimated miscellaneous income. The Biennial Program and Budget Plan may subsequently be amended by the Governing Bodies.

The Comparison of Budget and Actual Amounts compares the final budget to actual amounts disbursed, calculated on the same Strategic Objective categories as the corresponding budgetary amounts. Timing differences occur when the budget period differs from the reporting period reflected in the financial statements. There are timing differences for the Organization for purposes of comparison of budget and actual amounts because the budget is prepared on a biennial basis and the financial statements are prepared on an annual basis. Furthermore, other differences result from depreciation and amortization.

Entity differences occur when the budget omits programs or entities that are part of the entity for which the financial statements are prepared. Presentation differences are due to differences in the format and classification schemes adopted for the presentation of the Statement of Financial Performance and the Comparison of Budget and Actual Amounts.

## 2.21 In-Kind Contributions

In-kind contributions of services that support approved operations and activities, including use of premises, utilities, personnel, transportation services, etc., are identified by categories of services under the respective Member State providing the in-kind contribution during the reporting accounting period. These are not recognized in the financial statements because the fair value of the services or assets cannot be reliably measured.

Donated land and permanent buildings are recognized on the Statement of Financial Position at fair market value.

Donated inventories are capitalized subject to the materiality and conditions of the goods. The Organization will only accept donated goods in alignment with its core activities.

## 3. Cash and Cash Equivalents

	<u>31 December 2014</u>	<u>31 December 2013</u>
Cash on Hand, US\$	56 703	62 105
Cash on Hand, Other Currencies	19 223	65 661
Money Market Funds	65 583	38 769
Less: Plan Assets	<u>( 3 826)</u>	<u>( 818)</u>
<b>Total</b>	<b><u><u>137 683</u></u></b>	<b><u><u>165 717</u></u></b>

## 4. Investments

### 4.1 Short-Term Investments

Short-term investments are those with final maturities at purchase between 91-365 days.

	<u>31 December 2014</u>	<u>31 December 2013</u>
Certificates of Deposit	<u><u>268 202</u></u>	<u><u>125 152</u></u>

Accrued interest of \$ 568 347 (2013: \$ 92 238) is included in the balance of short-term investments in the Consolidated Statement of Financial Position



## 4.2 Long-Term Investments

Long-term fixed income notes within the Organization's general portfolio are held to maturity and stated at amortized cost using the effective interest method. Long-term fixed income notes within the ASHI/TAREP portfolio, comprising the plan assets held in an irrevocable trust, are stated at fair value with value changes recognized in the fund balance.

	<u>31 December 2014</u>	<u>31 December 2013</u>
<b>Net Increase in Long-term Investments</b>		
Increase (decrease) in Long-term Investments	1 207	51 003
Unrealized Net (Gains)/Losses	<u>407</u>	<u>586</u>
<b>Net Increase in Long-term Investments</b>	<u><u>1 614</u></u>	<u><u>51 589</u></u>
<b>Cash Flows from Long-term Investments</b>		
Interest Revenue	2 026	2 026
Realized Net Gains/(Losses)	<u>143</u>	<u>( 37)</u>
<b>Total</b>	<u><u>2 169</u></u>	<u><u>1 989</u></u>

	<u>31 December 2014</u>		<u>31 December 2013</u>	
	<u>Cost</u>	<u>Market</u>	<u>Cost</u>	<u>Market</u>
Fixed Income Notes	51 395	50 549	51 348	47 040
Managed Portfolios	<u>267 345</u>	<u>267 288</u>	<u>265 771</u>	<u>266 122</u>
<b>Total</b>	<u><u>318 740</u></u>	<u><u>317 837</u></u>	<u><u>317 119</u></u>	<u><u>313 162</u></u>

	<u>31 December 2014</u>	<u>31 December 2013</u>
<b>Reconciliation of Long-term Investments</b>		
Fixed Income Notes (Market)	50 862	47 358
Less: Plan Assets (see note 12.3.5)	( 50 862)	( 47 358)
Managed Portfolio (Market)	<u>267 753</u>	<u>266 546</u>
<b>Total for Long-term Investments</b>	<u><u>267 753</u></u>	<u><u>266 546</u></u>

Long-term fixed income instruments held in the two portfolios are issued by U.S. Government agencies and backed by the full faith and credit of the U.S. Government. Although the credit rating of the U.S. Government was downgraded from its historical AAA rating by one credit rating agency in 2012, there is no evidence to suggest that the borrower will default on these obligations. Accrued interest of \$313 520 has been included in the balance of long-term investments and recognized on the Statement of Financial Performance as Miscellaneous Revenue

Managed Portfolios are classified as available for sale and stated at fair value with value changes recognized in the fund balance. The market value above includes accrued interest of \$464 856 (2013: \$424 734) and recognized on the Statement of Financial Performance as Miscellaneous Revenue.

Total gains (losses) on managed portfolios are comprised of the cumulative gain or loss previously recognized in the Statement of Changes in Net Assets and the incremental change in value at the point of sale or maturity. Total gains (losses) are recognized in the surplus or deficit for the period. In accordance with IPSAS accounting principles, a cumulative gain of \$223 731 recognized in the Statement of Changes in Net Assets was recognized during 2014.

## 5. Financial Instruments

### 5.1 Nature of Financial Instruments

Details of the significant accounting policies and methods adopted, including the criteria for recognition and de-recognition, the basis of measurement, and the basis on which gains and losses are recognized in respect of each class of financial asset and financial liability, are set out in Note 2.3.

#### Financial Instruments and Method of Valuation

	<b>2014</b>	<b>2014</b>	<b>2013</b>	<b>2013</b>
	<b>Amortized</b>	<b>Fair Market</b>	<b>Amortized</b>	<b>Fair Market</b>
	<b>Cost</b>	<b>Value</b>	<b>Cost</b>	<b>Value</b>
<b>Cash and Cash Equivalents</b>	141 509		166 535	
<b>Short-term Investments</b>				
Certificates of Deposit (held to maturity)	268 202		125 152	
<b>Long-term Investments</b>				
Fixed Income Notes (held to maturity)				
Fixed Income Notes (Plan Assets)		50 862		47 358
Managed Portfolios (available for sale)		267 753		266 546
<b>Total</b>	<b>409 711</b>	<b>318 615</b>	<b>291 687</b>	<b>313 904</b>

### 5.2 Interest Rate Risk

The Organization is exposed to interest rate risk through both short-term and long-term investments. Principal amounts are stated at amortized cost for investments held to maturity and at fair value for investments available for sale.

	<b>Effective</b>	<b>Effective</b>	<b>Floating</b>	<b>Non-Interest</b>
	<b>Maturity</b>	<b>Interest Rate</b>	<b>Interest</b>	<b>Bearing</b>
<b>Total Cash and Cash Equivalents</b>	<90 days	0.05%	79 440	62 069
<b>Short-term Investment</b>				
Certificates of Deposit	44 days	3.77%	268 202	
<b>Long-term Investments</b>				
Plan Assets	8.12 years	2.41%	50 862	
Managed Portfolios	1.56 years	0.94%	267 753	
<b>Total</b>			<b>586 817</b>	<b>62 069</b>

The Organization holds certain fixed income notes that the issuer has a right to redeem prior to its maturity date.

**Callable Instruments**

Issuer	Principal	Rate	Maturity	Call Dates
Federal Home Loan Bank	5 000 000	2.50%	5-Jul-22	Next call date 23 Jan 2015
Federal Home Loan Mortgage Corporation	5 000 000	2.10%	23-Aug-22	Next call date 23 Feb 2015
Federal Home Loan Bank	4 200 000	2.14%	5-Dec-22	Next call date 23 Jan 2015
Federal Farm Credit Bank	10 800 000	2.39%	6-Mar-23	Next call date 23 Mar 2015
Federal National Mortgage Associaton	10 000 000	2.50%	27-Mar-23	Next call date 27 Mar 2015
Federal Home Loan Mortgage Corporation	6 340 000	2.50%	17-Apr-23	Next call date 17 Apr 2015
Federal Farm Credit Bank	5 200 000	2.33%	1-May-23	Next call date 5 Jan 2015
Federal Home Loan Corporation	<u>5 200 000</u>	2.63%	13-Jun-23	Next call date 13 Mar 2015
<b>Total</b>	<u><u>51 740 000</u></u>			

Changes in market interest rate impact the fair value and future cash flows of investment instruments. This impact is irrelevant for held to maturity investments, but would affect the Statement of Financial Position for available for sale fixed rate investments and the Statement of Financial Performance for floating rate available for sale investments. The portion of PAHO's available for sale portfolio comprised of floating rate instruments is insignificant and rate fluctuations would not have a material effect. However, a market rate shift for fixed rate available for sale investments could materially impact the Statement of Financial Position.

A fluctuation of market interest rates of 100 basis points would have the following impact on the fair market value of fixed rate available for sale investments:

Fair Market Value of fixed rate investments at 12-31-14	Increase of 100 basis points	Change in Fair Market Value	Decrease of 100 basis points	Change in Fair Market Value
267 965	263 351	(4 614)	270 375	2 410

**5.3 Credit Risk**

The maximum credit risk represents the carrying amount of loans and receivables. PAHO's investment guidelines stipulate limits on the amount of credit exposure to any one counterparty. However, there may be some counterparty risk associated with the concentration of financial instruments and cash deposits in the banking sector. These significant concentrations in the banking sector equal 55% of the total cash, short-term and long-term investments.

The minimum credit quality requirements for all investments, as defined by the Investment Policy, falls within the investment grade range. Although the credit rating of the U.S. Government was downgraded from its historical AAA rating by one credit rating agency in 2012, there is no evidence to suggest that the borrower will default on these obligations.

PAHO's long-term investments and managed portfolios are held as follows:

Investment Type	2014	2013
Money Market Funds	8 878	3 280
Government & US Agency Issues	240 623	253 308
Mortgage- and Asset-backed Securities	18 961	6 497
Corporate Notes	51 451	47 899
Municipal Government Bonds	1 795	2 248
<b>Total Long Term Investments</b>	<b>321 709</b>	<b>313 231</b>

#### 5.4 Exchange Rate Risk

The Statement of Financial Position does not reflect significant exposure to exchange rate risk as foreign currency deposits at any given time are either immaterial or are designated for foreign currency expenditures. During the course of the year, a considerable portion of expenditures (48%) is disbursed in currencies other than the United States dollar. These disbursements are not hedged, but are met by local currency receipts and the purchase of local currency as needed in the market at the time of disbursement.

Contributions may be received in foreign currency, provided the amount can be absorbed by country offices within a thirty day window. The majority of funds held in Brazilian accounts are committed to specific programs that stipulate disbursements in local currency within six months. An exception to the Cash Management Guidelines, which limit the balance of local currency maintained locally, has been approved by the Investment Committee for the Brazilian program to eliminate the need to enter the market to buy or sell local currency. It is, therefore, not anticipated that Brazilian deposits would be subject to exchange rate risk.

The Organization holds certain fixed income notes that the issuer has a right to redeem prior to its maturity date.

## 6. Accounts Receivable

### 6.1 Accounts Receivable - Current

	<u>31 December 2014</u>	<u>31 December 2013</u>
Assessed Contributions	38 106	38 712
Voluntary Contributions	295 367	114 913
Procurement Funds	62 076	50 447
Balance due from the World Health Organization		
due to inter-office transactions	1 362	1 473
Balance due from the PAHO Foundation	561	530
Expanded Textbook and Instructional Materials	50	48
Regular Advances to Staff	5 760	5 069
Prepaid Expenses	6 989	8 824
Miscellaneous Receivables	2 667	2 131
<b>Total</b>	<b><u>412 938</u></b>	<b><u>222 147</u></b>

### 6.1.1 Accounts Receivable from Assessed Contributions

#### Statement of Assessed Contributions as of 31 December 2014

(Expressed in thousand US Dollars)

	Arrears	2014	Total 2014	Total 2013
<b>PAHO</b>				
Antigua and Barbuda				
Argentina		1 282	1 282	
Aruba				16
Brazil		9 563	9 563	1 447
Colombia		1	1	
Costa Rica		9	9	
Curacao				17
Dominica				
El Salvador	110	109	219	110
France		19	19	2
Grenada				63
Guatemala				1
Guyana		1	1	3
Haiti				
Mexico				7 966
Panama				137
Peru		36	36	662
Puerto Rico		81	81	81
Saint Lucia				
Saint Vincent and The Grenadines				42
United Kingdom		6	6	3
United States		24 756	24 756	23 956
Uruguay				
Venezuela		2 133	2 133	4 206
<b>TOTAL</b>	<b>110</b>	<b>37 996</b>	<b>38 106</b>	<b>38 712</b>

### 6.1.2 Accounts Receivable from Voluntary Contributions

	<u>31 December 2014</u>	<u>31 December 2013</u>
<b>Voluntary Contributions</b>		
Voluntary Contributions - Emergency		
Preparedness and Disaster Relief	481	979
Voluntary Contributions	18 247	14 290
Voluntary Contributions - National Voluntary Contributions	276 639	99 644
<b>Total</b>	<b><u>295 367</u></b>	<b><u>114 913</u></b>

### 6.1.3 Accounts Receivable from the Procurement of Public Health Supplies

The Accounts Receivable from Member States in the Procurement of Public Health Supplies is comprised by two funds: Revolving Fund for Vaccine Procurement and Regional Revolving Fund for Strategic Public Health Supplies.

Receivables under the category of Procurement of Public Health Supplies are considered to be current assets as follows:

#### a. Revolving Fund for Vaccine Procurement

The establishment of the Revolving Fund for Vaccine Procurement was authorized by Resolution CD25 R27 of the 25<sup>th</sup> Directing Council (1977). The Revolving Fund finances the procurement of vaccines for participating Member States/Institutions unable to deposit funds with the Organization in U.S. currency in advance of procurement.

#### b. Regional Revolving Fund for Strategic Public Health Supplies

The Regional Revolving Fund for Strategic Public Health Supplies was established in 1999 by the Director under the authority vested in him by Financial Regulation 9.3 (originally 6.7), following the request of the Organization's Member States. The objectives of the Fund include reducing the cost of strategic public health supplies, making these supplies continuously available to the participating Member States, assisting the Member States in improving their planning capabilities to use these supplies, and broadening the scope of the Member States' public health programs. Specific details on the governments and institutions are not disclosed in these financial statements although such information can be found in the additional annexes.

Receivables from the Procurement of Public Health Supplies are as follows:

	<u>31 December 2014</u>	<u>31 December 2013</u>
<b>Procurement of Public Health Supplies</b>		
Revolving Fund for Vaccine Procurement	60 303	47 740
Regional Revolving Fund for Strategic Public Health Supplies	<u>1 773</u>	<u>2 707</u>
<b>Total</b>	<u><u>62 076</u></u>	<u><u>50 447</u></u>

### 6.2 Accounts Receivable Non-Current

	<u>31 December 2014</u>	<u>31 December 2013</u>
Voluntary Contributions	45 635	28 679
Termination and Repatriation Entitlements (see Note 12.3.2)	<u>7 350</u>	<u>7 466</u>
<b>Total</b>	<u><u>52 985</u></u>	<u><u>36 145</u></u>

### 6.2.1 Accounts Receivable from Voluntary Contributions Non-Current

	<u>31 December 2014</u>	<u>31 December 2013</u>
<b>Voluntary Contributions</b>		
Voluntary Contributions	7 095	5 021
National Voluntary Contributions	<u>38 540</u>	<u>23 658</u>
<b>Total</b>	<u><u>45 635</u></u>	<u><u>28 679</u></u>

### 7. Inventories

	<u>31 December 2014</u>	<u>31 December 2013</u>
PROMESS	788	1 116
Expanded Textbook and Instructional Materials Program	<u>7 080</u>	<u>6 790</u>
<b>Ending Balance of inventory</b>	<u><u>7 868</u></u>	<u><u>7 906</u></u>

#### 7.1 Inventories PROMESS

The following table shows the movement of the PAHO inventory for medications and medical supplies at the PROMESS warehouse in Port-au-Prince, Haiti, during the financial period. The table shows the reconciliation of the inventory which reflects the pending balance and additions during the period reduced by the value of the goods distributed during the year.

	<u>31 December 2014</u>	<u>31 December 2013</u>
<b>PROMESS</b>		
Beginning inventory	1 116	1 164
Additions	968	1 045
Distributions	<u>(1 296 )</u>	<u>(1 093 )</u>
<b>Ending Balance of inventory</b>	<u><u>788</u></u>	<u><u>1 116</u></u>

In addition to the PAHO inventory, the PROMESS warehouse provides warehousing services for essential public health medications and medical supplies to international agencies and non-government organization (NGOs) who are providing assistance to the Haitian government. Furthermore, PROMESS also warehouses the medications and medical supplies provided by donors, partners and stakeholders through the Organization to the Haitian government.

**7.2 Inventories Expanded Textbook and Instructional Materials Program**

	<u>31 December 2014</u>	<u>31 December 2013</u>
PALTEX		
Beginning inventory	6 791	7 495
Additions	2 842	3 347
Distributions	( 3 235)	( 4 162)
Write-Offs	( 144)	( 14)
Allowance for Obsolete/Damage Inventory	826	124
<b>Ending Balance of inventory</b>	<b><u>7 080</u></b>	<b><u>6 791</u></b>



## 8. Property, Plant and Equipment

### 8.1 General Information

The category of property, plant and equipment consists of permanent and temporary buildings, computer, office and audio visual equipment, motor vehicles, leasehold improvements, office fixture and fittings and mobile buildings as well as land. Net acquisitions (after disposals) for the year totaled \$2 332 237 (2013: \$522 722).

Additions or reductions in fixed assets are reported in the Statement of Financial Position, while the depreciation expenses for the period are reported in the Statement of Financial Performance. As indicated in note 2.8, the depreciation for assets acquired during 2014 was calculated using half year instead of full year. This policy change was made in order to fully leverage the automation capabilities of the new ERP system that is being implemented by the Organization.

Buildings, computer, office and audio visual equipment, motor vehicles, leasehold improvements, office fixture and fittings and mobile buildings are capitalized if their cost is greater or equal to the threshold limit set at \$20 000. They are depreciated over the asset's estimated useful life using the straight line method. The threshold level is reviewed periodically. Assets are reviewed annually to determine if there is any impairment in their value.

	Land	Perma- nent Build- ings	Computer Equipment	Office Equip- ment	Motor Vehicles	Audio Visual Equip- ment	Lease- hold Improve- ments	Office Fixture and Fittings	Mobile Buildings	Total
Cost as of 1 January	62 563	62 543	380	32	1 211	227	266	79		127 301
Additions		1 862	277		99	90			27	2 355
Disposals					( 23)					( 23)
Impairments										
Adjustments					41			( 79)		( 38)
Net Revaluations										
<b>Cost as of 31 December</b>	<b>62 563</b>	<b>64 405</b>	<b>657</b>	<b>32</b>	<b>1 328</b>	<b>317</b>	<b>266</b>		<b>27</b>	<b>129 595</b>
Depreciation as of 1 January		6 169	268	32	614	152	266	16		7 517
Charged in current period		1 592	126	5	258	90			2	2 073
Disposals					( 18)					( 18)
Adjustments			( 51)	( 5)	( 117)	( 38)		( 16)		( 227)
Net Revaluations										
Depreciation as of 31 December		7 761	343	32	737	204	266		2	9 345
<b>Net book value as of</b>										
<b>31 December 2014</b>	<b>62 563</b>	<b>56 644</b>	<b>314</b>		<b>591</b>	<b>113</b>			<b>25</b>	<b>120 250</b>
Net book value as of										
31 December 2013	62 563	56 374	112		597	75		63		119 784

## 8.2 Transferred Assets with Conditions

In accordance with the donation document filed in Public Record, the Government of Brazil, Development Company for the New Capital of Brazil, Successors and Assigns granted PAHO the ownership of the land upon which the PAHO/WHO Representative Office buildings in Brazil are located. The document further stipulates that PAHO may not transfer, rent or lend the donated land under penalty of revocation of the donation. In the event that the land is sold for the same purpose (i.e., establishment of a headquarters facility), PAHO must obtain the written consent of the Government and pay the Government the present value of the land. This does not include the buildings and other immovable property thereon. Because of the restriction on the sale of the land and the requirement to pay the Government of Brazil the present value of the land, the Organization recognized such property in the Statement of Financial Position, as both an asset and as a liability. (Note 11.2)

## 9. Intangible Assets

The Organization separately discloses Intangible Assets that are: (a) Available for use and subject to amortization; and, (b) Under development and that have not been completed.

	<u>31 December 2014</u>	<u>31 December 2013</u>
<b>Intangible Assets Available for use</b>		
Cost as of 1 January	3 689	2 160
Additions		1 529
Adjustments		
Cost as of 31 December	<u>3 689</u>	<u>3 689</u>
Amortization as of 1 January	1 256	551
Charged in current period	705	705
Adjustments		
Amortization as of 31 December	<u>1 961</u>	<u>1 256</u>
<b>Net book value as of 31 December for Intangible Assets</b>		
<b>Available for use</b>	<u>1 728</u>	<u>2 433</u>
<b>Intangible Assets under Development</b>		
<b>Total Intangible Assets</b>	<u>1 728</u>	<u>2 433</u>

## 10. Accrued Liabilities

	<b>31 December 2014</b>	<b>31 December 2013</b>
Accrued Liabilities-Regular Budget Fund	4 086	2 544
Accrued Liabilities-Other Sources - PAHO	35 000	30 651
Accrued Liabilities-Other Sources - WHO	3 595	4 048
<b>Total</b>	<b>42 681</b>	<b>37 243</b>

## 11. Accounts Payable

### 11.1 Accounts Payable Current

	<b>31 December 2014</b>	<b>31 December 2013</b>
Assessed Contributions Received in Advance	196	1
Voluntary Contributions Expired Agreements	1 676	818
Voluntary Contributions Pending Signature of Agreement	1 077	
Miscellaneous	6 310	4 237
<b>Total</b>	<b>9 259</b>	<b>5 056</b>

### 11.2 Accounts Payable-Non Current

Liability Restricted Assets-Land in Brasilia, Brazil (Note 8.2)	15 089	15 089
<b>Total</b>	<b>15 089</b>	<b>15 089</b>

## 12. Employee Benefits

Under the Staff Rules of the Pan American Health Organization, the Organization provides employee benefits which can be categorized as short-term liabilities and others which can be categorized as long-term liabilities. The employee benefits which are categorized as short-term liabilities are education grant, education grant travel, and assignment grant. The employee benefits which can be categorized as long-term liabilities include certain terminal payments, such as payment for annual leave, repatriation grant, repatriation travel, or other separation indemnities, as appropriate.

In order to accrue the funds required for these short-term liabilities and long-term liabilities, the Organization has established three funds. The Staff Entitlements Fund, established in January 2008, funds the short-term liabilities of education grant, education grant travel, and assignment grants. The After-Service Health Insurance Fund, established in 2010, reflects the financing and liability of the Organization for the current and prior staff members' health insurance for future years. The Termination and Repatriation Entitlements Fund, established in April 1972, reflects the financing and liability of the Organization for terminal entitlements, including annual leave, repatriation grant, repatriation travel, and household removal.

As of 31 December 2014, the status of the current and non-current employee benefits liabilities is as follows:

	<b>After-Service Health Insurance Fund</b>	<b>Termination and Repatriation Entitlements Fund</b>	<b>Total 2014</b>	<b>Total 2013</b>
Current liability	9 611	2 005	11 616	11 329
Non-current Liability	199 986		199 986	191 913
Non-current (Asset) (Note 6.2)		( 7 350)	( 7 350)	( 7 466)
<b>Total</b>	<b>209 597</b>	<b>( 5 345)</b>	<b>204 252</b>	<b>195 776</b>

- The gains and losses (unexpected changes in surplus or deficit) are recognized over time via the Corridor Method.
- The expected rate of return on assets was set based on the e-tool of Aon Hewitt Corporation previously known as Aon Hewitt Associates LLC, (30-year time horizon for ASHI only) and the current portfolio.
- There is no reimbursement right.
- The expected Organization's contributions during 2015 are estimated at \$11 411 056 for After-Service Health Insurance and \$2 004 864 for Termination and Repatriation Entitlements.

## 12.1 Actuarial Valuations of Post-Employment and Other Separation-Related Benefits

Post-employment benefits and Other Separation-Related Benefits are defined benefit plans of After-Service Health Insurance and Termination and Repatriation Entitlements. During 2013, the rate of contribution of these two long-term liability funds were 4% of net salaries plus post adjustment being credited to the Termination and Repatriation Fund and 4% of the net salaries credited to the After-Service Health Insurance.

The WHO/PAHO Staff Health Insurance Plan (SHI) allows eligible retirees, beneficiaries, and their eligible family members to participate in the Plan. The Termination and Repatriation Entitlements Fund finances the end-of-service payments for the Organization's staff members upon separation. These benefits which include accrued annual leave, household removal, repatriation grant, repatriation travel, and termination indemnities are payable when staff members leave the Organization's employment.

The assets shown for the After-Service Health Insurance Plan do not include any part of the assets held in the aggregate World Health Organization (WHO) Staff Health Insurance Fund (SHI) managed by the WHO. The staff members of the WHO and its administered entities, including the Organization, contribute to this SHI Fund. However, the Fund's assets have not been irrevocably allocated between WHO, the Organization (i.e. PAHO) and the rest of the WHO and its administered entities. Therefore, under IPSAS 25, no portion of the Fund qualifies as a plan asset for the Organization's After-Service Health Insurance Fund.

The Defined Benefit Obligation as of 31 December 2014, as calculated by Aon Hewitt Corporation, increased to \$13 308 393 for terminal entitlements and \$318 823 083 for after-service health insurance. The Termination and Repatriation Fund had assets of \$10 649 984; therefore the net liability was \$2 658 409 as of 31 December 2014. As the Organization's After-Service Health Insurance Fund had assets of \$44 038 517, the net liability for the After-Service Health Insurance increased to \$274 784 566 as of 31 December 2013.

One of the significant contributory factors in the increases in these two obligations was the decrease in the discount rate utilized to calculate the present value of the future commitments. The discount rate decreased from five and one-tenth per cent (5.1%) for the 31 December 2013 actuarial valuation to four and two-tenths per cent (4.2%) for the 31 December 2014 actuarial valuation due to the change in the global economic climate by the end of 2014. The liabilities include the costs for 2014, less benefit payments made during the year.

## 12.2 Other Long-Term Employee Benefits

Other long-term employee benefits consist of home leave travel which is accrued on a monthly basis. Employees entitled to this benefit are meant to earn it and take it every two years.

## 12.3 Actuarial Assumptions and Methods

Each year the Organization identifies and selects assumptions and methods that will be used by the actuaries in the year-end valuation to determine the expense and contribution requirements for the Organization's after-service benefit plans (post-employment benefits and other terminal entitlement benefits). Actuarial assumptions are required to be disclosed in the financial statements in accordance with IPSAS 25. In addition, each actuarial assumption is required to be disclosed in absolute terms.

### 12.3.1 Actuarial Assumptions

The following assumptions and methods have been used to determine the value of post-employment and other separation-related employee liabilities for the Organization at 31 December 2014.

Assumption	After Service Health Insurance Fund	Termination and Repatriation Entitlements Fund
Accounting Standard	International Public Sector Accounting Standard 25; first adopted by the Organization at 1 January 2010	
Measurement Date	31 December 2014	
Discount Rate	4.2 %	3.2 %
Expected Rate of Return on Assets	3.3 %	3.3 %
General Inflation	2.5 %	2.5 %
Medical Costs Increases	7.2% in 2015, decreasing to 6.9% in 2016, decreasing by 0.3% each year until 4.5% in 2024 and subsequent years.	Not Applicable
Future Contribution Rate Changes	Rates are assumed to increase by 4% per year in 2015 through 2041, and by 1% per year thereafter, compounded geometrically.	Not Applicable
Average Retirement Age	Average remaining years of service: 9.58	Average remaining years of service: 8.44
Life Expectancy	Based on the mortality tables of the UN Joint Staff Pension Fund.	Not Applicable
Average Medical Costs	\$9 092 per person per year in 2014	Not Applicable

The following tables provide additional information and analysis on employee benefits liabilities calculated by actuaries.

### 12.3.2 Reconciliation of Funded Status

	After-Service Health Insurance Fund	Termination and Repatriation Entitlements Fund	Total 2014	Total 2013
Defined Benefit Obligation (DBO)				
Inactive	199 050		199 050	173 134
Active	119 773	13 308	133 081	113 360
Defined Benefit Obligation including actuarial loss	<b>318 823</b>	<b>13 308</b>	<b>332 131</b>	<b>286 494</b>
Less: Plan Assets	( 44 038)	( 10 650)	( 54 688)	( 48 176)
Net Defined Benefit Obligation including actuarial loss	<b>274 785</b>	<b>2 658</b>	<b>277 443</b>	<b>238 318</b>
Less: Unrecognized Actuarial Gain/(Loss)	( 69 569)	( 8 003)	( 77 572)	( 47 712)
Unrecognized Prior Service Credit/(Cost)	4 381		4 381	5 170
<b>Net Liability/(Asset) Recognized in the     Statement of Financial Position</b>	<b>209 597</b>	<b>( 5 345)</b>	<b>204 252</b>	<b>195 776</b>
<b>Split between:</b>				
Current Liability	9 611	2 005	11 616	11 329
Non-Current Liability / (Asset)	199 986	( 7 350)	192 636	184 447
<b>Net Liability/(Asset) Recognized in the Statement of Financial Position</b>	<b>209 597</b>	<b>( 5 345)</b>	<b>204 252</b>	<b>195 776</b>

### 12.3.3 Annual Expense for Calendar Year 2014

	After-Service Health Insurance Fund	Termination and Repatriation Entitlements Fund	Total 2014	Total 2013
Current Service Cost	6 617	1 479	8 096	9 929
Interest Cost	13 816	360	14 176	12 982
Expected Return on Assets	( 1 654)	( 407)	( 2 061)	( 1 519)
Amortization of (Gain)/Loss	1 457	688	2 145	6 695
Recognition of Prior Service Cost	( 790)		( 790)	( 789)
<b>Total Expense Recognized in the Statement of Financial Performance</b>	<b>19 446</b>	<b>2 121</b>	<b>21 566</b>	<b>27 298</b>

### 12.3.4 Reconciliation of Defined Benefit Obligation

	After-Service Health Insurance Fund	Termination and Repatriation Entitlements Fund	Total 2014	Total 2013
<b>Defined Benefit Obligation as of 1 January</b>	275 399	11 096	<b>286 495</b>	<b>318 507</b>
Service Cost	6 617	1 479	8 096	9 929
Interest cost	13 816	360	14 176	12 982
Less: Benefits Paid	( 10 760)	( 2 210)	( 12 970)	( 12 982)
Add: Contributions by Plan Participants	( 224)		( 224)	( 215)
Less: Plan Amendments	1 864		1 864	1 557
Add: Actuarial (Gain) / Loss	32 111	2 583	34 694	( 43 283)
<b>Defined Benefit Obligation including Actuarial Loss as of 31 December</b>	<b>318 823</b>	<b>13 308</b>	<b>332 131</b>	<b>286 495</b>
Less: Plan Assets	( 44 038)	( 10 650)	( 54 688)	( 48 176)
<b>Net Defined Benefit Obligation including Actuarial Loss as of 31 December</b>	<b>274 785</b>	<b>2 658</b>	<b>277 443</b>	<b>238 319</b>
<b>Less: Unrecognized Gain/(Loss)</b>				
Unrecognized Net (Loss) at End of Prior Year	( 41 043)	( 6 670)	( 47 713)	( 92 854)
(Loss) Arising during Current Year				
Actuarial (Loss) on Defined Benefit Obligation	( 32 111)	( 2 583)	( 34 694)	43 283
Actuarial (Loss) on Plan Assets	2 128	562	2 690	( 4 837)
Gain Recognized during Current Year	1 457	688	2 145	6 695
<b>Unrecognized Actuarial (Loss) at End of Year</b>	<b>( 69 569)</b>	<b>( 8 003)</b>	<b>( 77 572)</b>	<b>( 47 713)</b>
<b>Unrecognized Prior Service Credit</b>	<b>4 381</b>		<b>4 381</b>	<b>5 170</b>
<b>Net Liability Recognized in the Statement of Financial Position as of 31 December</b>	<b>209 597</b>	<b>( 5 345)</b>	<b>204 252</b>	<b>195 776</b>

### 12.3.5 Reconciliation of Plan Assets

	<b>After-Service Health Insurance Fund</b>	<b>Termination and Repatriation Entitlements Fund</b>	<b>Total 2014</b>	<b>Total 2013</b>
Plan Assets as of 1 January	38 495	9 681	48 176	49 679
Benefits Paid	( 10 984)	( 2 210)	( 13 194)	( 13 197)
Contributions by Plan Participants	1 864		1 864	1 557
Contributions by the Employer	5 713	2 210	7 923	8 635
PAHO/WHO SHI Fund Contribution	5 168		5 168	4 820
Expected Return on Assets	1 654	407	2 061	1 519
Actuarial Gain / (Loss) - on Plan assets	2 128	562	2 690	( 4 837)
<b>Plan Assets as of 31 December</b>	<b>44 038</b>	<b>10 650</b>	<b>54 688</b>	<b>48 176</b>
Made up of:				
Long Term Investments - Fixed Income Notes (Note 4.2)	40 957	9 905	50 862	47 358
Cash and Cash Equivalents (Note 3)	3 081	745	3 826	818
	<b>44 038</b>	<b>10 650</b>	<b>54 688</b>	<b>48 176</b>



### 12.3.6 Sources of Change in Past Service Liability Since Prior Valuation

	After-Service Health Insurance Fund	Termination and Repatriation Entitlements Fund	Total 2014	Total 2013
Value as of 31 December Previous Year	275 398	11 096	286 494	318 507
Value as of 31 December Current Year	318 823	13 309	332 132	286 495
Change	43 425	2 213	45 638	( 32 012)
<b>Sources of Change:</b>				
Expected Change	11 314	( 370)	10 944	11 271
Benefit Payments Different Than Expected during Current Year				14
Change in Separation Assumption for Short-Term Staff				
Miscellaneous Demographic Experience	114	359	473	103
Rehires/Transfers in during Year	312	133	445	606
Loss on Termination Idemnity and NAPs Payments Agreement by WHO to pay AMRO Administrative Expenses				243
Claims and Administrative Expense Experience	( 13 130)		( 13 130)	
Plan Change-Increase in Participant Contribution Rates				1 183
Movement in Exchange Rate				( 3 476)
Change in Medical Trend				( 3 476)
*Changes in Discount Rates (Prior year over current year)	41 672	302	41 974	( 42 088)
Removal of 1% inflation for Household removal Lump Sum				
Change in TAREP Assumptions		1 903	1 903	
Change in UNJSPF Assumptions	3 143	( 114)	3 029	
Total Change in Valuation	43 425	2 213	45 638	( 32 012)

\*Decrease in discount rate from 5.1% to 4.2% for After Service Health Insurance and 3.6% to 3.2% for Termination and Repatriation Entitlements

### 12.3.7 After-Service Medical Plan - Sensitivity Analysis

Three of the principal assumptions in the valuation of the After-Service Medical Plan are: 1) the rate at which medical costs are expected to increase in the future; 2) the return on the assets; and 3) the discount rate used to determine the present value of benefits that will be paid from the plan in the future. Because the medical inflation rate and the discount rate have a very significant impact on the determination of the Organization's long-term valuation, it is helpful to conduct sensitivity analysis on them. The sensitivity analysis identifies the impact which the medical inflation rate and the discount rate variables will have on the total valuation. The Aon Hewitt Corporation determined the impact of increasing or decreasing assumptions on the valuation.

**12.3.8 Medical Sensitivity Analysis - After - Service Health Insurance \***

	<b>Current Medical Inflation Assumption Minus 1%</b>	<b>Current Medical Inflation Assumption</b>	<b>Current Medical Inflation Assumption Plus 1%</b>
2014 Service Cost plus Interest Cost	17 122	20 433	24 687
Defined Benefit Obligation as of 31 December 2014	274 519	318 823	374 259

**12.3.9 Discount Rate Sensitivity Analysis – After - Service Health Insurance \***

	<b>Discount Rate Assumption Minus 1%: 4.1%</b>	<b>Current Discount Rate Assumption: 5.1%</b>	<b>Discount Rate Assumption Plus 1%: 6.1%</b>
Defined Benefit Obligation as of 31 December 2014	377 494	318 823	273 049

\*The Sensitivity Analyses above do not address the Termination and Repatriation Entitlements Fund because the benefits from this Fund are distributed upon retirement or shortly thereafter.

**12.3.10 Settlement of Employee Benefit Liability**

<b>Termination and Repatriation Entitlements Plan</b>	<b>31 December 2014</b>	<b>31 December 2013</b>
Settlement of Benefits	2 210	3 490
<b>After- Service Health Insurance</b>		
Administrative Expenses paid by the Organization	223	215
SHI Fund Contribution	5 168	4 820
Contribution to PAHO's ASHI Fund paid by the Organization	3 728	9 119
<b>Total</b>	<b>11 329</b>	<b>11 639</b>

**12.4 United Nations Joint Staff Pension Fund**

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

The Organization's financial obligation to the UNJSPF consists of its mandated contribution, at the rate established by the United Nations General Assembly (currently at 7.9% for participants and 15.8% for member organizations) together with any share of any actuarial deficiency payments under Article 26 of the Regulations of the Pension Fund. Such deficiency payments are only payable if and when the United Nations General Assembly has invoked the provision of Article 26, following determination that there is a requirement for deficiency payments based on an assessment of the actuarial sufficiency of the Pension Fund as of the valuation

date. Each member organization shall contribute to this deficiency an amount proportionate to the total contributions which each paid during the three years preceding the valuation date.

The actuarial valuation performed as of 31 December 2013 revealed an actuarial deficit of 0.72% ((compared to a deficit of 1.87% in the 2011 valuation) of pensionable remuneration, implying that the theoretical contribution rate required to achieve balance as of 31 December 2013 was 24.42% of pensionable remuneration, compared to the actual contribution rate of 23.7%. The next actuarial valuation will be conducted as of 31 December 2015.

At 31 December 2013, the funded ratio of actuarial assets to actuarial liabilities, assuming no future pension adjustments, was 127.5% (130.0% in the 2011 valuation). The funded ratio was 91.2% (86.2% in the 2011 valuation) when the current system of pension adjustments was taken into account.

After assessing the actuarial sufficiency of the Fund, the Consulting Actuary concluded that there was no requirement, as of 31 December 2013, for deficiency payments under Article 26 of the Regulations of the Fund as the actuarial value of assets exceeded the actuarial value of all accrued liabilities under the Fund. In addition, the market value of assets also exceeded the actuarial value of all accrued liabilities as of the valuation date. At the time of this report, the General Assembly has not invoked the provision of Article 26.

During 2014, contributions paid to UNJSPF amounted to \$16 332 644 (2013: \$17 323 250) by the Organization and \$8 169 166 (2013: \$8 664 067) by the participants, including \$2 843 (2013: \$2 442) in pension restoration payments.

### 13. Deferred Revenue

#### 13.1 Deferred Revenue – Current

	<u>31 December 2014</u>	<u>31 December 2013</u>
Voluntary Contributions		
Voluntary Contributions - Emergency Preparedness and Disaster Relief	611	1 546
Voluntary Contributions	19 302	20 464
National Voluntary Contributions	369 666	174 925
Procurement of Public Health Supplies		
Revolving Fund for Vaccine Procurement	158 411	97 997
Regional Revolving Fund for Strategic Public Health Supplies	44 374	45 754
Reimbursable Procurement	8 298	6 101
<b>Total</b>	<b><u>600 662</u></b>	<b><u>346 787</u></b>

#### 13.2 Deferred Revenue – Non-Current

	<u>31 December 2014</u>	<u>31 December 2013</u>
Voluntary Contributions		
Voluntary Contributions	24 566	26 046
National Voluntary Contributions	149 657	133 885
<b>Total</b>	<b><u>174 223</u></b>	<b><u>159 931</u></b>

### 14. Fund Balances and Reserves

Fund balances represent the unexpended portion of contributions that are intended to be utilized in future operational requirements of the programs or projects.

Reserves are established by the Governing Bodies as facilities for funding and/or financing the Organization's programs and projects. They currently are:

- Working Capital Fund
- Holding Account
- Tax Equalization Fund
- Master Capital Investment Fund
- Special Fund for Program Support Costs
- Voluntary Contributions – Emergency Preparedness and Disaster Relief
- Governing Bodies Authorized Fund
- Special Fund for Health Promotion
- Budgetary Surplus Fund
- Epidemic Emergency Fund
- Food Safety Five – Years Plan Fund
- PMIS Funding PAHO IPSAS Surplus Fund
- Revenue Surplus Fund
- IPSAS Surplus Fund

## Summary of Fund Balances and Reserves

	<u>Balance as of</u> <u>31 December 2014</u>	<u>Balance as of</u> <u>31 December 2013</u>
<b>Fund Balances:</b>		
Strategic Public Health Supplies-Capitalization	7 581	5 926
PAHO After-Service Health Insurance	(209 597 )	(201 032 )
Voluntary Contributions	49	48
Income from Services	4 290	3 727
Provision for Staff Entitlements	532	555
Revolving Fund for Vaccine Procurement	131 963	126 028
PAHO Regular Budget	125 341	113 265
Provision for Termination and Repatriation Entitlements	1 963	1 662
PAHO Post Occupancy Charge	6 533	7 464
Expanded Textbook and Instructional Materials Program	<u>15 438</u>	<u>15 054</u>
	<b>84 093</b>	<b>72 697</b>
<b>Reserves:</b>		
Working Capital Fund	19 174	15 864
Holding Account	132	9 142
Tax Equalization Fund	1 554	( 968 )
Master Capital Investment Fund	8 551	9 483
Special Fund for Program Support	70 862	48 853
Voluntary Contributions - Emergency Preparedness and Disaster Relief	2 709	2 684
Governing Bodies Authorized Fund	9 152	4 601
Special Fund for Health Promotion	1 189	1 340
Budgetary Surplus Fund	773	
Epidemic Emergency Fund	465	1 000
Food Safety Five-Years Plan Fund	326	405
PMIS Funding PAHO IPSAS Surplus Fund	9 539	9 000
Revenue Surplus Fund	5 090	
IPSAS Surplus Fund	<u>2 282</u>	<u>4 381</u>
	<b>131 798</b>	<b>105 785</b>
<b>Total</b>	<b><u>215 891</u></b>	<b><u>178 482</u></b>

### 14.1 Working Capital Fund

The Working Capital Fund was established for the primary purpose of providing funds as required to finance the Regular Budget pending receipt of contributions from Member and Participating States and Associate Members.

The 37th Directing Council (1993), noting that since 1978-1979 the budget of the Organization had grown from \$64 849 990 to \$159 457 717 in 1994-1995, authorized the Director to increase gradually the level of the Working Capital Fund from \$11 000 000 to an authorized level not to exceed \$15 000 000. The 44th Directing Council (2003) increased the authorized level of the Working

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Capital Fund from \$15 000 000 to \$20 000 000. The 53<sup>rd</sup> Directing Council, per Resolution CD53.R10 dated 2 October 2014, approved an increase in the authorized level from \$20 000 000 to \$25 000 000.

In accordance with Financial Regulation 4.5, any deficit of revenue over expenses of the Regular Budget appropriation at the end of the current budgetary period shall be funded first by the Working Capital Fund to the extent possible, and then by borrowing or by other authorized means. Non-budgetary items such as depreciation, amortization and contributions in-kind do not constitute part of the Regular Budget and, therefore, are excluded from revenue and expense for the purposes of calculating the Regular Budget Appropriation surplus or deficit.

	<b>Total as of 31 December 2014</b>	<b>Total as of 31 December Biennium 2012-2013</b>
Balance as of 1 January - Biennium	15 864	15 360
Surplus / (Deficit)		(2 090 )
Non Budgetary Items *		2 931
Regular Budget Appropriation		
Surplus/(Deficit)		841
Prior year Adjustments		( 364 )
WHO De-recognition of prior year Expenses		( 275 )
Transfers of Fund Balances from CEC and CFNI		300
Transfers of Fund Balances from Income from Services Subfunds		2
Loan to the Master Capital Investment Fund	( 826 )	
Repayment of the Loan from the Revolving Fund for Vaccine Procurement	4 136	
<b>Balance as of 31 December</b>	<b>19 174</b>	<b>15 864</b>

\* Non-Budgetary Items are comprised of, but not limited to, depreciation, amortization and contributions in-kind.

## 14.2 Holding Account

The balance of this account was recorded in accordance with Financial Regulations in effect until the adoption of IPSAS in 2010, when the Regulations were revised. This balance will be utilized in future financial periods subject to decision by the Governing Bodies.

## 14.3 Tax Equalization Fund

The Tax Equalization Fund, as established by Resolution CD18.R7 of the 18th Directing Council (1968), is credited with the revenue derived from the staff assessment plan. The credits to the Fund are recorded in the name of each Member State in proportion to its assessment for the financial period concerned, and reduced by the amount needed to reimburse income taxes levied by the Member State on the Organization staff. Adjustments are made in the next financial period to take account of the actual charges in respect of amounts reimbursed to staff members who are subject to national taxes.

As stated in the accounting policy provided previously, Member States participating in the Tax Equalization Fund had the following balances at the end of the reporting period.

Member States	Balance 1 January 2014	Credits from the Tax Equalization Fund	Apportionment to Member States	Available to Cover Tax Reimbursements to Staff	Taxes Reimbursed to Staff	Balance 31 December 2014
Canada	( 11)	1 092	1 002	90	32	47
Colombia	17	96	96		1	16
United States	( 952)	5 421	( 3 879)	9 300	6 841	1 507
Venezuela	( 22)	199	169	30	24	( 16)
Other		2 312	2 312			
<b>Total</b>	<b>( 968)</b>	<b>9 120</b>	<b>( 300)</b>	<b>9 420</b>	<b>6 898</b>	<b>1 554</b>

There are no outstanding accounts receivable for the Tax Equalization Fund because the liabilities for the reimbursement of income taxes are included in the accounts receivable for assessed contributions due from the relevant Member States.

## 14.4 Master Capital Investment Fund

The Organization's Master Capital Investment Fund (MCIF) was established by Resolution CSP27. R19 of the 27<sup>th</sup> Pan American Sanitary Conference, 59<sup>th</sup> Session of the Regional Committee, in October 2007. This fund initially was created with two sub-funds, Real Estate and Equipment, and Information Technology, in lieu of the Organization's Building Fund and the Capital Equipment Fund, effective 1 January 2008. The purpose of the Fund is financing the repairs of the Organization's office buildings and the systematic replacement of computer and telecommunications equipment software and systems to support the information technology infrastructure of the Organization.

In 2012, according to Resolution CSP28.R17 of the 28th Pan American Sanitary Conference, 64th Session of the Regional Committee of WHO for the Americas, three additional sub-funds were authorized to be established: Real State Maintenance and Improvement, Revolving Strategic Real State, and Vehicle Replacement.

#### **14.5 Special Fund for Program Support Costs**

The Special Fund for Program Support Costs was established in 1976 by the Director under the authority of Financial Regulation 9.3 (originally 6.7) and subsequently reaffirmed by Resolution CSP20.R32 of the 20th Pan American Sanitary Conference (1978).

Trust Fund projects are charged a program support cost on a percentage of the direct project cost incurred, and this income is credited to the Fund. Other activities include sales of publications, support to fellowships and others. The Fund is used to provide support for indirect costs associated with non-regular budget activities or projects. Reimbursable Procurement is charged a service charge based on the value of procurement, and this income is also credited to this Fund.

#### **14.6 Special Fund for Natural Disaster Relief**

In accordance with Resolution CD24.R10 of the 24<sup>th</sup> Directing Council (1976), the Special Fund for Natural Disaster Relief was created to provide funds which can be used promptly by the Organization's Emergency Preparedness and Disaster Relief team.

#### **14.7 Governing Bodies Authorized Fund**

The 48<sup>th</sup> Directing Council, noting the revised document on proposed uses of program budget income exceeding the authorized effective working Regular Budget for the financial period 2006-2007 (Document CD48/22), resolved to establish the Governing Bodies Authorized Fund to fund proposed initiatives that will strengthen the Organization, that minimize added re-current costs, and are sustainable within normal operations and for which other funding resources are scarce or unavailable.

#### **14.8 Special Fund for Health Promotion**

The Directing Council at its 13<sup>th</sup> Meeting in 1961 established the Special Fund for Health Promotion with the objective of strengthening the health program of the Americas.

#### **14.9 Epidemic Emergency Fund**

The Epidemic Emergency Fund was established by Resolution CSP28.R16 of the 28th Pan American Sanitary Conference, 64th Session of the Regional Committee. This fund is used as a revolving fund to advance monies to affected countries in the advent of an epidemic outbreak or public health emergency. Advanced funds would be recovered from appeals and other forms of voluntary contributions received in response to the emergency.

#### **14.10 Food Safety Five-Year Plan Fund**

The Food Safety Five-Year Plan Fund was established by Resolution CSP28.R16 of the 28th Pan American Sanitary Conference, 64th Session of the Regional Committee. This fund supports food safety initiatives.

#### **14.11 Pan American Sanitary Bureau Management Information System (PMIS) Fund**

The Pan American Sanitary Bureau Management Information System (PMIS) Fund was established by Resolution CSP28.R16 of the 28th Pan American Sanitary Conference, 64th Session of the Regional Committee. The PMIS fund was established for the implementation of an enterprise resource planning (ERP) software for the Organization.



#### 14.12 IPSAS Surplus Fund

The IPSAS Surplus Fund was established by Resolution CSP28.R16 of the 28th Pan American Sanitary Conference, 64th Session of the Regional Committee. This fund will be used to meet future unforeseen strategic and/or administrative initiatives. Future proposals for the use of this reserve may also include increases of any other existing funds.

#### 14.13 Budgetary Surplus

Financial Regulations approved by Resolution CD49.R1 of the 49th Directing Council, 61st Session of the Regional Committee, stipulates that “Any balance of the Regular Budget appropriation not committed by the end of the current budgetary period, shall be used to replenish the Working Capital Fund to its authorized level, after which any balance will be available for subsequent use in accordance with the resolutions adopted by the Conference or Directing Council.”

#### 14.14 Revenue Surplus

Financial Regulations approved by Resolution CD49.R1 of the 49th Directing Council, 61st Session of the Regional Committee, stipulates that “Any excess of revenue over the Regular Budget appropriation at the end of a budgetary period shall be considered a revenue surplus and shall be available for use in subsequent periods to cover the unfunded portion of the Strategic Plan, as determined by the Director and with the concurrence of the Subcommittee on Program, Budget, and Administration.”

#### 14.15 Revaluation Surplus

##### Revaluation Surplus:

	31 December 2014			31 December 2013*		
	Land	Buildings	Total	Land	Buildings	Total
<b>Balance as of 1 January</b>	58 834	50 914	109 748	63 587	55 742	119 329
Depreciation						
Adjustment to Valuation						
Impairments						
Disposals						
Reclassifications				( 4 753)	( 4 828)	( 9 581)
<b>Balance as of 31 December</b>	<b>58 834</b>	<b>50 914</b>	<b>109 748</b>	<b>58 834</b>	<b>50 914</b>	<b>109 748</b>

\* Restated

There was no requirement for appraisals of land and buildings in 2014.

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## 15. Revenue

	2014		2013	
	Gross Revenue	Net Revenue	Gross Revenue	Net Revenue
<b>Revenue from Non-Exchange Transactions</b>				
<b>Assessed Contributions</b>				
PAHO Regular Budget	96 200	96 200	96 200	96 200
Tax Equalization Fund	9 420	9 420	10 045	10 045
<b>Subtotal</b>	<b>105 620</b>	<b>105 620</b>	<b>106 245</b>	<b>106 245</b>
<b>Voluntary Contributions</b>				
Voluntary Contributions	41 510	37 860	69 136	61 775
Voluntary Contributions - National Voluntary Contributions	833 086	793 311	286 594	272 925
Voluntary Contributions - Emergency				
Preparedness and Disaster Relief	3 177	2 972	2 039	1 911
Special Fund for Program Support	43 630	43 630	20 295	20 295
<b>Subtotal</b>	<b>921 403</b>	<b>877 773</b>	<b>378 064</b>	<b>356 906</b>
<b>Other Revenue</b>				
AMRO Regular Budget	30 629	30 629	42 464	42 464
AMRO Voluntary Funds for Health Promotion	22 416	22 416	21 649	21 649
Sasakawa Health Trust Fund			334	334
AMRO Special Account for Servicing Costs	3 722	3 722	4 279	4 279
AMRO Contribution for Renovation of Assets	500	500	850	
Staff Development and Learning Fund	86	86	266	266
AMRO Post Occupancy Charges	413		2 052	
<b>Subtotal</b>	<b>57 766</b>	<b>57 353</b>	<b>71 894</b>	<b>68 992</b>
<b>Revenue from Exchange Transactions</b>				
<b>Procurement of Public Health Supplies</b>				
Revolving Fund for Vaccine Procurement	602 844	596 214	550 648	548 060
Reimbursable Procurement on Behalf of Member States	12 391	11 968	22 903	22 221
Regional Revolving Fund for				
Strategic Public Health Supplies	61 139	60 618	23 416	23 310
Special Fund for Program Support	7 574	7 574	3 376	3 376
<b>Subtotal</b>	<b>683 948</b>	<b>676 374</b>	<b>600 343</b>	<b>596 967</b>
<b>Other Revenue</b>				
PAHO Regular Budget	668	( 332)	( 20)	( 20)
Voluntary Contributions	1	1		
Income for Services	4 549	4 264	3 353	2 851
Special Fund for Program Support	45	45	74	74
Expanded Textbook and Instructional Materials Program	5 729	5 729	6 506	6 506
Health Promotion	15	15	7	7
Provision for Termination and Repatriation Entitlements	2 686		3 848	
Provisions for Staff Entitlements	4 240		4 388	
PAHO Post Occupancy Charge	4 086		4 413	
After Service Health Insurance	1 762		1 816	
Master Capital Investment Fund	1 066	1 038	2 277	2 192
AMRO Terminal Payments Account	421		573	
AMRO Non-Payroll Statutory Entitlements	1 050		1 417	
<b>Subtotal</b>	<b>26 318</b>	<b>10 760</b>	<b>28 652</b>	<b>11 610</b>
<b>Miscellaneous Revenue</b>				
PAHO Regular Budget				
Interest Earned	7 536	7 536	2 792	2 792
Saving on or cancellation of prior periods' obligations	281	281		
Valuation Gains and Losses	( 751)	( 751)		
Investment Management Fees	( 521)	( 521)	( 594)	( 594)
Other Miscellaneous	177	177	( 431)	( 431)
Special Fund for Program Support	( 7 489)	( 7 489)	131	131
Expanded Textbook and Instructional Materials Program	70	70	( 3 162)	( 3 162)
<b>Subtotal</b>	<b>( 697)</b>	<b>( 697)</b>	<b>( 1 264)</b>	<b>( 1 264)</b>
<b>TOTAL REVENUE</b>	<b>1 794 358</b>	<b>1 727 183</b>	<b>1 183 934</b>	<b>1 139 456</b>

## 16. Expenses

	2014		2013	
	Gross Expenses	Net Expenses	Gross Expenses	Net Expenses
<b>Staff and Other Personnel Costs</b>				
International and National Staff	163 614	149 369	181 471	165 016
Consultants	16 117	16 117	16 011	16 011
Temporary Staff	4 167	4 167	5 266	5 266
<b>Subtotal</b>	<b>183 898</b>	<b>169 653</b>	<b>202 748</b>	<b>186 293</b>
<b>Supplies, Commodities, Materials</b>				
Vaccines / Syringes / Cold Chain	635 834	629 204	562 836	559 385
Medications and Medical Supplies	24 654	24 231	18 900	17 988
Other Goods and Supplies	19 920	19 399	23 535	23 429
<b>Subtotal</b>	<b>680 408</b>	<b>672 834</b>	<b>605 271</b>	<b>600 802</b>
<b>Equipment, Vehicles, Furniture, Intangible Assets, Depreciation and Amortization</b>				
Equipment, Vehicles, Furniture <sup>2</sup>	( 2 176)	( 3 204)	( 459)	( 545)
Intangible Assets <sup>2</sup>				
Depreciation / Amortization	2 778	2 778	2 695	2 695
<b>Subtotal</b>	<b>602</b>	<b>( 426)</b>	<b>2 236</b>	<b>2 150</b>
<b>Contract Services</b>				
Contracts	86 879	86 368	102 098	100 056
<b>Subtotal</b>	<b>86 879</b>	<b>86 368</b>	<b>102 098</b>	<b>100 056</b>
<b>Travel</b>				
Duty Travel	7 064	6 877	7 382	7 179
Courses and Seminars	109 928	109 928	90 659	90 659
<b>Subtotal</b>	<b>116 992</b>	<b>116 805</b>	<b>98 041</b>	<b>97 838</b>
<b>Transfers and Grants to Counterparts</b>				
Letters of Agreements	647 020	647 020	143 879	143 879
<b>Subtotal</b>	<b>647 020</b>	<b>647 020</b>	<b>143 879</b>	<b>143 879</b>
<b>General Operating and Other Direct Costs<sup>1</sup></b>				
Maintenance, Security and Insurance	11 201	11 201	12 027	11 098
<b>Subtotal</b>	<b>11 201</b>	<b>11 201</b>	<b>12 027</b>	<b>11 098</b>
<b>Indirect Support Costs</b>				
Program Support Costs	43 630		20 294	
<b>Subtotal</b>	<b>43 630</b>		<b>20 294</b>	
<b>Total Expenses</b>	<b>1 770 630</b>	<b>1 703 455</b>	<b>1 186 594</b>	<b>1 142 116</b>

Note<sup>1</sup> General Operating Expense and Other Direct Costs Include Lease Payments for \$2 208 645. (2013: \$2 114 260).

Note<sup>2</sup> The balance includes the capitalization of assets in the Statement of Financial Position.

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## 17. Comparison of Budget and Actual Amounts

Reconciliation between the actual amounts on a comparable basis in the Comparison of Budget and Actual Amounts and the actual amounts in the Cash Flow Statement for the year ended 31 December 2014 is presented below:

*(Expressed in thousand US Dollars)*

	31 December 2014			31 December 2013		
	Operating	Investing and Financing	Total	Operating	Investing and Financing	Total
<b>Actual amount on comparable basis (Statement V)</b>	( 225 914)		( 225 914)	( 498 149)		( 498 149)
Basis Differences						
Timing Differences						
Presentation Differences	1 901 777	( 147 014)	1 754 763	1 120 365	68 318	1 188 683
Entity Differences	(1 556 883)		(1 556 883)	( 685 734)		( 685 734)
<b>Actual amount in the Statement of Cash Flow</b>	<b>118 980</b>	<b>( 147 014)</b>	<b>( 28 034)</b>	<b>( 63 518)</b>	<b>68 318</b>	<b>4 800</b>

The budget and financial statements are prepared using a different accounting basis. The financial statements are prepared on an accrual basis and the Comparison of Budget and Actual Amounts is prepared on a cash basis. The chart above illustrates the actual amount of cash disbursements based on the budget, reconciled to the actual cash change in the Statement of Cash Flow.

Basis differences occur when comparing two different bases. There are no basis differences for the reconciliation of a cash budget position to a cash flow position. The Comparison of Budget and Actual Amounts reflects disbursements in comparison with the budget and does not include cash receipts, therefore, the cash receipts are reflected as a presentation difference. Entity differences are activities included in the financial statements and omitted from the budget.

## 18. Segment Reporting

### 18.1 Statement of Financial Position by Segments

	<b>Total Core Activities Segment</b>	<b>Total Partnership Activities Segment</b>	<b>Total Enterprise Activities Segment</b>	<b>Total Special Activities Segment</b>
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and Cash Equivalents	137 683			
Short Term Investments	268 202			
Owed From Other Segments *		236 100	397 611	79 283
Accounts Receivable	103 703	295 400	65 886	( 52 051)
Inventories	788		7 080	
<b>Total Current Assets</b>	<b>510 376</b>	<b>531 500</b>	<b>470 577</b>	<b>27 232</b>
<b>Non-Current Assets</b>				
LongTerm Investments	267 753			
Accounts Receivable		45 635		7 350
Net Fixed Assets	118 401			1 849
Intangible Assets	1 459		171	98
<b>Total Non-Current Assets</b>	<b>387 613</b>	<b>45 635</b>	<b>171</b>	<b>9 297</b>
<b>TOTAL ASSETS</b>	<b>897 989</b>	<b>577 135</b>	<b>470 748</b>	<b>36 529</b>
<b>LIABILITIES</b>				
<b>Current Liabilities</b>				
Accrued Liabilities	4 456	8 434	26 679	3 112
Owed To Other Segments *	712 994			
Accounts Payable	3 506	1 676	2 852	1 225
Employee Benefits				11 616
Deferred Revenue		389 579	211 083	
<b>Total Current Liabilities</b>	<b>720 956</b>	<b>399 689</b>	<b>240 614</b>	<b>15 953</b>
<b>Non-Current Liabilities</b>				
Accounts Payable	15 089			
Employee Benefits				199 986
Deferred Revenue		174 223		
<b>Total Non-Current Liabilities</b>	<b>15 089</b>	<b>174 223</b>		<b>199 986</b>
<b>TOTAL LIABILITIES</b>	<b>736 045</b>	<b>573 912</b>	<b>240 614</b>	<b>215 939</b>
<b>NET ASSETS / EQUITY</b>				
<b>Fund Balances and Reserves</b>				
Fund Balances	125 341	49	159 272	( 200 569)
Reserves	36 603	3 174	70 862	21 159
<b>NET FUND BALANCES and RESERVES</b>	<b>161 944</b>	<b>3 223</b>	<b>230 134</b>	<b>( 179 410)</b>

\* Owed to/from Other Segments is due to PAHO holding pooled cash on behalf of other segments. This cannot be allocated directly to a cash segment. These are eliminated on consolidation.

## Statement of Financial Position by Segments

Intra-Party Segment	Total 2014	Total 2013
	137 683	165 717
	268 202	125 152
( 712 994)	412 938	222 147
	7 868	7 906
( 712 994)	826 691	520 922
	267 753	266 546
	52 985	36 145
	120 250	119 784
	1 728	2 433
	442 716	424 908
( 712 994)	<b>1 269 407</b>	945 830
	42 681	37 243
( 712 994)	9 259	5 056
	11 616	11 329
	600 662	346 787
( 712 994)	664 218	400 415
	15 089	15 089
	199 986	191 913
	174 223	159 931
	389 298	366 933
( 712 994)	<b>1 053 516</b>	767 348
	84 093	72 697
	131 798	105 785
	<b>215 891</b>	178 482

## 18.2 Statement of Financial Performance by Segments

	<b>Total Core Activities Segment</b>	<b>Total Partnership Activities Segment</b>	<b>Total Enterprise Activities Segment</b>
<b>REVENUE</b>			
<b>Revenue from Non-Exchange Transactions</b>			
Assessed Contributions	96 200		
Voluntary Contributions		877 773	43 630
Other Revenue	30 629	22 416 *	3 722
<b>Revenue from Exchange Transactions</b>			
Procurement of Public Health Supplies			683 948
Other Revenue	668	1	10 323
Miscellaneous Revenue	6 722		( 7 419)
<b>TOTAL REVENUE</b>	<b>134 219</b>	<b>900 190</b>	<b>734 204</b>
<b>EXPENSES</b>			
Staff and Other Personnel Costs	103 007	28 920	14 906
Supplies, Commodities, Materials	1 287	13 232	663 053
Equipment, Vehicles, Furniture, Intangible Assets, Depreciation and Amortization	2 132		86
Contract Services	13 166	57 102	8 560
Travel	3 950	110 774	2 002
Transfers and Grants to Counterparts General Operating and Other	1 652	645 344	24
Direct Costs	3 641	1 698	5 027
Indirect Support Costs		43 630	
<b>TOTAL EXPENSES</b>	<b>128 835</b>	<b>900 700</b>	<b>693 658</b>
<b>NET SURPLUS/ (DEFICIT)</b>	<b>5 384</b>	<b>( 510)</b>	<b>40 546</b>

\*This amount represents the Voluntary Contributions received from WHO for implementation in the AMRO region



## Statement of Financial Performance by Segments

Total Special Activities Segment	Intra-Party Segment	Total 2014	Total 2013
9 420		105 620	106 245
	( 43 630)	877 773	356 906
999	( 413)	57 353	68 992
	( 7 574)	676 374	596 967
15 326	( 15 558)	10 760	11 610
		( 697)	( 1 264)
<b>25 745</b>	<b>( 67 175)</b>	<b>1 727 183</b>	<b>1 139 456</b>
37 065	( 14 245)	169 653	186 293
2 836	( 7 574)	672 834	600 802
( 1 616)	( 1 028)	( 426)	2 150
8 051	( 511)	86 368	100 056
266	( 187)	116 805	97 838
		647 020	143 879
835		11 201	11 098
	( 43 630)		
<b>47 437</b>	<b>( 67 175)</b>	<b>1 703 455</b>	<b>1 142 116</b>
<b>( 21 692)</b>		<b>23 728</b>	<b>( 2 660)</b>

## **19. Losses, Ex-Gratia Payments and Write-Offs**

In 2014, a total of \$2 600 was recorded as Losses/Damage of the PALTEX program as a result of physical inventory counts during annual visit to the points of distributions.

As of 31 December 2014, a total of \$59 554 was recorded as administrative waivers for courses and seminars implemented by the governments for which supporting documentation was not provided. (2013: \$8 974)

There were no write-offs or Ex-Gratia Payments to be reported. (2013: None)

## **20. Cases of Fraud and Presumptive Fraud**

In 2014, a total of 24 cases of fraud, theft and loss of property were reported. The PALTEX program had three cases involving the loss or theft of textbooks totaling \$21 032. This amount was recovered in full from the point of sales locations in question. Moreover, there were 18 cases involving the loss or theft of PAHO property from PAHO personnel in the country offices and Headquarters. The total cost of this lost or stolen property was \$10 800.

There was also one attempt to pass a fraudulent check in PAHO's name amounting to \$82 000, but this check did not go through. In addition, there were two cases involving the misuse of PAHO purchasing or travel credit cards numbers committed by people outside the Organization. In these two cases, the financial institutions concerned reimbursed the fraudulent charges, amounting to \$444.

## **21. Related Party and Other Senior Management Disclosure**

Key management personnel are the Director, Deputy Director, Assistant Director, and Director of Administration as they have the authority and responsibility for planning, directing and controlling the activities of the Organization.

The aggregate remuneration paid to key management personnel, as established by the United Nations International Civil Service Commission (ICSC), includes: gross salaries, post adjustment, entitlements such as representation allowance and other allowances, assignment and other grants, rental subsidy, personal effects shipment costs, income tax reimbursement, and employer pension and current health insurance contributions. These remunerations are provided in conformity with the standards established by the ICSC and are applicable to all United Nations personnel.

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

Key management personnel are ordinary members of the United Nations Joint Staff Pension Fund (UNJSPF).

## 21.1 Key Management Personnel

Key Management Personnel	<u>2014</u>	<u>2013</u>
Number of Positions	<u>4</u>	<u>4</u>
Compensation and Post Adjustment Entitlements	756	708
Pension and Health Plans	444	421
	271	116
<b>Total Remuneration</b>	<b><u>1 471</u></b>	<b><u>1 245</u></b>
<b>Outstanding Advances against Entitlements</b>	<b><u>          </u></b>	<b><u>120</u></b>

## 22. Events after Reporting Date

The Organization's reporting date is 31 December of each year. On the date of signing of these accounts by the External Auditor, there have been no material events, favorable or unfavorable, incurred between the date of the Statement of Financial Position and the date when the financial statements have been authorized for issue that would have impacted these statements.

## 23. Provisions

As at 31 December 2014, the Organization had not recognized any provisions.

## 24. (Recognition)/De-recognition of Liability through Reserves

The de-recognition of the Staff Health Insurance (SHI) liability to Reserves was the result of a 4% increase in first-tier rates of contribution to the SHI Fund during 2014, resulting in a reduction in the regional deficit for active staff. The regional deficit is covered by second-tier contributions (30% of the first tier rate) from active staff, in accordance with paragraph 395 of the WHO Staff Health Insurance Rules. The excess of second-tier contributions over the amount required to fund the regional deficit is reflected in the increase of the SHI reserve balance. The total de-recognition for 2014 was \$2 570 199 reflected in the Consolidated Statement of Changes in Net Assets.

## 25. In-Kind Contributions

Host governments and cooperating partners at the country level provide different in-kind contributions which are utilized by the Organization's Country Offices for their general and daily operations. These contributions are not recognized in the Organization's financial statements due to the complexity of standardizing a fair value throughout all the Organization's Country Offices. In-kind contributions received by the Organization include personnel, office premises, office services, use of office equipment and vehicles.

Country Office or Center	Services Received In-Kind				
	Personnel	Office Premises	Office Services	Office Equipment	Vehicles
Argentina	X				
Bahamas	X	X	X		
Barbados	X	X	X		
Belize	X		X		
Bolivia	X	X			
Brazil					
Chile	X	X			
Colombia					
Costa Rica	X	X	X		
Cuba	X				
Dominican Republic	X	X			
Ecuador	X				
El Salvador	X				
Guatemala	X				
Guyana	X	X	X		
Haiti	X				
Honduras	X				
Jamaica	X	X	X		
Mexico	X				
Nicaragua	X	X	X		
Panama	X	X	X		
Paraguay	X				
Peru					
Suriname	X	X	X		
Trinidad and Tobago	X	X	X		
Uruguay	X		X		
Venezuela	X				
PANAFTOSA	X	X	X	X	
BIREME	X	X	X		
CEPIS					
CLAP	X	X	X		
El Paso					

# **Report of the External Auditor**

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TRIBUNAL DE CUENTAS  
DE ESPAÑA

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The Pan American Health Organization

Long Form Report on the 2014 Financial  
Statements audit

The aim of the audit is to collaborate with the audited organization in order to reach its objectives, while supporting compliance with principles of transparency, legality and sound financial management.

The Spanish Court of Audit (SCA), headed by its President, provides external audit services to international organizations, working independently of its role as the Supreme Audit Institution of Spain. The President and the SCA are independent of the Spanish Government and ensure the proper and efficient spending of public funds and accountability to the Spanish Parliament. The SCA audits the accounts of all public sector bodies as well as political parties, collaborates in works related to its role as an active member of INTOSAI and EUROSAI and takes part in audit works within European Union projects and beyond.



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# 1. Executive Summary

## 1.1. Introduction

- 1 We have provided an unmodified audit opinion on the 2014 consolidated financial statements of the Pan American Health Organization (hereinafter PAHO) which present fairly, in all material respects, the financial position and the results of operations and cash flows for the financial period ended December 31, 2014; and we confirm that this audit revealed no weaknesses or errors which we considered to be material to the accuracy, completeness and validity of the consolidated financial statements.

## 1.2. Overall Results of the Audit

- 2 We have audited the consolidated financial statements of PAHO in accordance with the International Standards on Auditing of the International Federation of Accountants (IFAC), the Audit Standards and Guidelines formulated by the United Nations Board of Auditors and the International Standards of Supreme Audit Institutions (ISSAIs).
- 3 The audit opinion confirms that these financial statements: present fairly, in all material respects, the financial position as at December 31, 2014 and the results for the year then ended; have been properly prepared in accordance with the International Public Sector Accounting Standards (IPSAS) and the stated accounting policies; and, in all material respects, the transactions underlying the financial statements have been made in accordance with the Financial Regulations and applied to the purposes intended either by the Pan American Sanitary Conference or the Directing Council.
- 4 Our audit procedures are designed primarily for the purpose of forming an audit opinion. They included a review of the internal controls and accounting systems and procedures, only to the extent considered necessary for the effective performance of the audit. The audit work did not involve a detailed review of all aspects of PAHO's budgetary and financial information systems. Our findings

therefore should not be regarded as representing a comprehensive statement of all the weaknesses which exist, or all improvements which could be made to the systems and procedures operated.

- 5 The main observations and recommendations from our audit are set out below. Our recommendations are summarized in Annex A. Follow up of actions taken by management in response to the recommendations included in the 2013 Long Form Report are set out in Annex B.
- 6 The 2014 financial statements correspond to the third year of the Spanish Court of Audit's appointment as the external auditor of PAHO.
- 7 We would like to thank PAHO for their professional and constructive approach to the external audit relationship. We trust that PAHO's management keep consistently engaged with the audit process and seek to improve processes and procedures in response to our audit recommendations.

### 1.3. Summary of Main Findings

- 8 In this report we have commented upon the Organization's financial position and presented our findings with respect to Country Offices and governance matters.
- 9 Regarding Country Offices, we recognize the improvement in the management of Letters of Agreement compared to year 2013. We also noted the improvement in understanding IPSAS concepts.
- 10 In the Brazilian Country Office we have specifically analyzed the management of the *Mais Médicos* project during 2014, in particular regarding to its internal control framework. We conclude that this framework remains strong. However, some aspects of the management of this project should be improved, for instance, capacities of the on Cuban doctors' database and the management of unexpended balances of this project (BRS funds).
- 11 In regard to constitutionality lawsuits against the *Mais Médicos* project, we noted that the lawsuit against the *Medida Provisoria* was closed. However, there are still legal contingencies which may affect the project, since there are pending decisions from either the Brazilian Federal Supreme Court or other Brazilian Courts.

- 12 The PMIS project is being developed according to the estimated scheduled. Phase 1 was completed on time and phase 2 is ongoing. In this scenario, the project will be fully implemented on 1 January 2016. Nevertheless, there are potential risks which PAHO must take into account in order to achieve it. Those risks are related, among others, to the transfer of data between new and old systems, the launch of the Treasury workstation at the same time as the main functionalities of the ERP system, and the year-end and the 2014-2015 biennium closure.
- 13 Since PMIS is a critical project for the organization, we encourage PAHO to maintain institutional effort to respect the PMIS project timetable implementation.
- 14 As regards the staff management, we noticed that a relevant portion of key staff members is expected to reach its retirement age. One quarter of PAHO staff whose grade is P4 and above is reaching its retirement age in the next three years. This rate is even higher in the Country Offices, where this group represents 29% of staff whose grade is P4 and above.
- 15 Finally, we noticed that PAHO has difficulties with a knowledge transfer from the retirees. We also noted that the recruitment process of key staff usually takes a long period of time. As a consequence key staff posts remain vacant or with temporary *ad interim* appointment for a long time.

## 2. Financial review

16 The Director's Comments on the Financial Statements provide a comprehensive analysis of the financial performance of the Organization for 2014. We have reviewed the financial information provided and checked its consistency with the information contained in the Consolidated Financial Statements, and we present some further analysis to enhance the understanding of the users.

17 Based on our audit of the Consolidated Financial Statements we have identified several matters that we consider worth highlighting in this report:

- In the financial year 2014, the first year of the budgetary biennium, PAHO had a net surplus of 23.7 USD million. That represented a major reversal of the downward trend compared with the previous year. The main causes of this change are detailed below.
- Total revenue increased from 1,139.4 USD million in 2013 to 1,727.1 USD million, which is an increase of 51.5%.
- Revenues generated by Voluntary Contributions increased by 146% compared to the prior year, up to 877.7 USD million in 2014. As a result, this type of revenue became the largest source of revenue in the year 2014. This represents over 51% of total 2014 revenue. The primary reason of this increase was the implementation of *Mais Médicos* project, which contributed 706,923 USD million as revenue in 2014.
- During 2014, the total revenue from the Procurement of Public Health Supplies increased by 13%, to 676.3 USD million compared to 596.9 USD million in 2013. Through extensive international bidding, PAHO is able to purchase vaccines, public health supplies and equipment on behalf of Member States and international institutions at affordable prices. These revenues are the second largest relevant source of income, which represents 39% of the overall balance of revenues. The relative importance of this revenue source presents significant change compared to the previous year 2013 (52%).
- Miscellaneous Revenues increased in 2014 from negative 1.2 USD million at the end of 2013 to negative 0.7 USD million at 31 December 2014.

- PAHO's expenses increased by 49.1% from 1,142.1 USD million in 2013 to 1,703.4 million as at 31 December 2014.
- Staff and other personnel costs have decreased by 9%, from 186 USD million in 2013 to 169 USD million in 2014.
- Procurement expenses (supplies, materials and commodities) have increased by 12%. However, this increase is smaller than the percentage of total increase in expenditure. For instance, courses, seminars and travel costs have increased by 19.4%, from 97.8 USD million in 2013 to 116.8 USD million in 2014. Contract services have decreased from 100 USD million in 2013 to 86.3 USD million in 2014 (13.7%), and the value of non-current assets in Equipment, Vehicles, Furniture and Intangible Assets has also decreased from 2.1 USD million in 2013 to negative 0.4 USD million in 2014.
- The disbursements in grants and transfers to counterparts have increased by 349.7%, from 144 USD million in 2013 to 647 USD million in 2014, due to the implementation of the *Mais Médicos* Project in Brazil.
- PAHO's total current assets have increased by 305.7 USD million, from 520.9 USD million to 826.6 USD million.
- PAHO's cash balances decreased by 16.9% from 165.7 USD million in 2013 to 137.6 USD million in 2014. This partially offset a rise in short term investments (143 USD million), and an increase in the balance of Accounts Receivables - Current (190.7 USD million).
- There has been a general increase of the Account Receivable from Voluntary Contribution Funds. The current voluntary contributions grew by 157% and the non-current by 59%.
- PAHO has sufficient financial resources to meet its current obligations (216 USD million in Fund Balances and Reserves, 21.1% more than in 2013).
- The Long Term Investments balance stands at 267.8 USD million, which should be adequate to meet PAHO needs disclosed as long term liabilities.
- Employee benefits, current and non-current liabilities have increased by 4.1%. Thus, the amount of 203.2 USD million shown in 2013 has grown to a 211.6 USD million of liability.

- In a short-term perspective PAHO has enough resources to fund the employee benefits of the staff. However, future funding of this liability may be a financial challenge for PAHO. For that reason, we encourage progressing with planned steps to address this challenge.

## 3. Country Offices

### 3.1. Introduction

- 18 PAHO is present in more than 30 countries throughout the Region of the Americas. PAHO operations and project implementation at a country level is managed by its network of Country Offices and Centers and it funds its operations using regular budget allocations as well as specific project funds. The cumulative disbursements by these Offices in 2014 (including the impact of *Mais Médicos* project) were of about 846.6 USD million (2013: 351.7 USD million), which was a significant component of PAHO's reported activity. Therefore we carried out on-the-spot visits to obtain an assurance that locally managed operations, incurred expenditure and established control mechanisms are performed correctly.
- 19 Our selection of Country Offices was determined by a risk assessment which took into consideration the level of expenditure, the length of time since our previous audit visit and interviews with Headquarters' staff. We also took into consideration the recommendations of the Audit Committee and the results of control visits performed by the Office of Internal Oversight and Evaluation Services.
- 20 During 2014 we visited Brazil, Colombia and Cuba Country Offices. At the end of each visit, we provided our findings and recommendations to the PWR (PAHO-WHO representative) in those Country Offices. Management has been requested to respond and prepare a clear action plan to be implemented or followed up addressing the points that we have raised. It was the fifth consecutive year that external auditors have visited the Brazil Country Office. This Office is accountable for the largest proportion of PAHO's expenditure.
- 21 In addition, in the course of the audit fieldwork carried out in Headquarters (HQ) we have reviewed relevant documentation regarding the activity of all Country Offices.



### 3.2. *Mais Médicos* Project

- 22 The participation of PAHO in the *Mais Médicos* project derives from the *Termo de Cooperacao 80*, which was signed in April 2013 between PAHO and the Brazilian Department of Health. The aim of this project is to expand the Brazilian population's access to primary health care. In order to implement that agreement PAHO and the Cuban Government agreed on the participation of Cuban doctors in the Project. The implementation of the project, in terms of financial resources, amounted to at least 867,746,114 USD in December 2014, out of which at least 707,875,592 USD were disbursed in 2014.
- 23 We have analyzed the management of the *Mais Médicos* project during 2014, in particular regarding to its internal control framework. We conclude that this framework remains strong. However, some aspects of the management of this project should be improved.
- 24 One of the key elements of the current internal control framework of the project is a database used by the PWR/BRA to track and monitor the operational activity of Cuban doctors participating in the program. However, this database present some weak points:
- It was not able to provide historical data about the Cuban doctors' situation (e.g. is not possible to obtain a list of doctors' payroll information for any previous month). It was only able to inform about their situation at the moment of the consultation.
  - It contained personal and confidential information about Cuban doctors. Although PWR/BRA has designed a system of permissions and access rights to the database, a security protocol enabling remote access to the database (for instance from HQ) was lacking, which hampered the database's control and limited its usefulness.
  - The different incidents that may arise regarding Cuban doctors (e.g. replacement, sick leave, casualty, reassignments, etc.) were recorded in a spreadsheet (off system), as an incidents module had not yet been implemented.

- Successive adaptations and developments of this database were not reflected in the user’s manual.
  - There was no mechanism to cross check the accuracy of information included in this database with information deriving from other external sources about the Cuban doctors’ activity (e.g. data obtained from other entities, local authorities, government departments).
- 25 In regard to a constitutionality lawsuit against the project, we noted that the lawsuit against the *Medida Provisoria* was closed. However, new lawsuits have been filed against the Government. Thus, there are still legal contingencies for the project, since there are pending decisions from either the Brazilian Federal Supreme Court or other Brazilian Courts. Notwithstanding, PAHO has designed a contingency plan to face prospective judgments against the project.
- 26 PAHO has still not reached an agreement with any bank as regards opening of a banking mechanism which would enable fully meeting the needs of the Organization to manage the funds denominated in BRS. At present, the Organization struggles to obtain, on the one hand, flexible short term cash management instruments and on the other, a mechanism which would ensure a satisfactory return on investments, taking into account the especial conditions in Brazilian economy (high inflation rates).
- 27 Some expenses from *Mais Médicos* project (at least 1,141,558 USD), were funded by *Termos de Cooperação* other than TC 80, despite the fact that they were incurred for the implementation of the project. This fact limits the knowledge of the total amount of resources actually used in the project implementation.

In addition, we found some minor procedural findings in the management of some transactions of the project.

**Recommendation 1: We recommend that PAHO continues monitoring closely this project, in particular the compliance of its internal control procedures with established rules. PAHO should also monitor any lawsuits which may put the project at risk.**

**Recommendation 2: We recommend funding all expenses within the scope of the *Mais Médicos* project with specific obligations, thus avoiding the exceptions and the use of other *Termos de Cooperação* to fund activities of the project.**

**Recommendation 3:** We recommend improving the Cuban doctors' data base by enabling access to historical data on the Cuban doctors and developing an incidents module (e.g. replacements, sick leaves, casualties). Also, PAHO should update the user's manual for this application and its successive developments.

**Recommendation 4:** We recommend designing a security protocol for the access rights to the database (including remote access), defining the different permission levels and categories of users (both PWR/BRA and HQ). In any case, security and privacy of the Cuban doctors' data must be guaranteed.

**Recommendation 5:** We recommend periodical data confirmation exercises. The data included in the database on Cuban doctors' activity managed by PAHO should be periodically corroborated with data obtained from third parties (e.g. local authorities, government departments) to ensure its integrity.

**Recommendation 6:** We recommend exploring new options regarding the mechanism for managing of funds denominated in BRS. This mechanism should ensure an adequate equilibrium between liquidity requirements and the rate of return, at the lowest possible exposure risk.

## 4. Governance Matters

28 There are mechanisms on which the Governing Bodies of every international organization rely to supervise the effectiveness of its activity. We have analyzed these mechanisms as part of our audit.

### 4.1. Pan American Sanitary Bureau (PASB) Management Information System (PMIS)

#### 4.1.1. Background

29 The key dates in the process of modernizing the Pan American Sanitary Bureau (PASB) Corporate Management System have been the following:

- In 2008, the 48<sup>th</sup> Directing Council authorized performing an analysis for modernizing the Pan American Sanitary Bureau (PASB), named Management Information System (PMIS) Modernization Project.
- In 2010, the 50<sup>th</sup> Directing Council approved an implementation of the Enterprise Resource Planning System (ERP). The estimated budget for this project was 20.3 USD million.
- On 8<sup>th</sup> June 2011, the Director formally announced the launching of the PASB Management Information System (PMIS) implementation.
- In 2014 the Directing Council approved a 2.2 USD million increase in the project's budget. The current budget is 22.5 USD million. At the same time, the PMIS Core Team was established.
- From February 2014 to February 2015 phase 1 was developed: planning, architecture, configuration and prototype, testing, deployment and moving the Human Resources and Payroll areas into live production.
- Currently, phase 2 (July 2014 – December 2015) is being developed: planning, architecture, configuration and prototype. Testing and deployment of the

Finance, Procurement, Planning and Budgeting areas will be developed during 2015.

In this scenario, the Project is set to be ready by January 1<sup>st</sup>, 2016.

#### 4.1.2. Source of Funding

- 30 The original PMIS project budget was 20.3 USD million. This amount was presented to the 2010 Directing Council and consisted of:
- 10.0 USD million from the Holding Account, which contained surplus funds from the 2006-2007 biennium;
  - 10.3 USD million from the Post Occupancy Charge (POC) mechanism.
- 31 After the budget increase the current project cost forecast reaches 22.5 USD million, resulting in a difference of 2.2 USD million. This additional funding was obtained from the unappropriated balance of IPSAS Surplus (2.1 USD million) and from the unspent balance of approved projects from the Holding Account (0.1 USD million).
- 32 Main items that increased the foreseen budget by 2.2 USD million were: change orders for unanticipated requirements resulting in a more costly ERP implementation process (1.9 USD million) and custom reports and interfaces associated with those change orders (0.3 USD million). On the other hand, the increase needed for backfill (assuming one staff per functional area: 1.7 USD million) was partially offset by the cost reductions in other areas, like the change management contract and project manager contract (1.2 USD million) along with planning software (0.4 USD million).
- 33 At the end of February 2015, the cost already incurred has been 14.5 USD million. The main part of this amount was spent on ERP implementation and integration (7.1 USD million), project management and training (2.8 USD million) and additional staffing (backfill) (1.5 USD million). The available budget to be disbursed in 2015 is 8.0 USD million.

### 4.1.3. Audit Review

- 34 Phase 1 was completed on time according to the estimated timetable. However, until the launch of the PMIS system in its full functionality, the payroll management will be performed combining the use of the new (calculations) and old (payments, accounting) payroll IT systems. The transfer of data between the new and the old system should be considered as a potential high risk area.
- 35 Phase 2 is being developed according to the estimated timetable. Nevertheless, since the Treasury workstation was selected late and the purchase contract still awaits final approval, PAHO has planned to configure the phase 2 so that this module can be launched at a later date compared to main functionalities of the phase 2 ERP system.
- 36 However, there are still unresolved issues (e.g. functionalities of the travel agency, some interfaces with external applications, final data transfer from the FAMIS to PMIS, among others) which need to be addressed.
- 37 PAHO established a PMIS Core Team which is composed of experts from each operational PAHO areas corresponding to PMIS modules. In order to mitigate the negative effects of staff transfers to PMIS Core Team, the PMIS project budget included an amount (backfill) for hiring additional staff to replace key staff in operational units.
- 38 The staff involved in the development of phase 2 will bear a high pressure given the tight schedule, the number and importance of the issues to be addressed and the regular operations, taking also into account the year-end and 2014-2015 biennium closure.
- 39 We consider that a compliance with the PMIS project implementation schedule is a critical issue for the Organization. As we described in our last report, some of the current software applications used by the Organization are outdated and unable to provide in an efficient way the management information that is required for the purpose of producing financial statements based on IPSAS. This results in a complex and difficult process of preparing the financial statements, which engages manual operations and off system adjustments (e.g. depreciation of assets, accruals identification and write-offs, capitalization of tangible and intangible assets, etc.).

40 Related to the above mentioned, an additional risk to the project implementation exists and it is related to the contract with the system integrator. This contract expires on December 31, 2015, which means that PAHO would have to rely only on its own IT services at the critical moment of launching the PMIS system, unless the extension of the contract or conclusion of a follow-on contract is negotiated. During 2014, PAHO concluded a separate follow-on contract with the system integrator to provide support services for the phase 1 solution.

41 Any delay in the PMIS system implementation could increase the budget, which has already been increased.

**Recommendation 7: We recommend integrating the Treasury workstation in the PMIS project timeline. Besides, it would be necessary to plan the integration in phase 2 of the unresolved issues, mainly the final data transfer and the accounting closure at the end of 2015.**

**Recommendation 8: We recommend further reinforcing relevant operational units involved in phase 2 deployment with additional staff.**

**Recommendation 9: We recommend establishing a plan in order to ensure sufficient financial resources, in case of delays in the PMIS implementation. This may require a contract renewal or follow-on contract with the system integrator or hiring of additional staff to support units involved in the project implementation.**

**Recommendation 10: We recommend that PAHO focus its efforts in order to comply with the estimated deadlines as defined in the project schedule.**

## 4.2. Retiring staff: Replacement and transfer of knowledge

42 The average age of PAHO Staff Members has increased over the years. As a consequence, a relevant portion of key staff members are expected to reach retirement age in the near future.

43 Focusing on the higher categories staff, which usually supports the leadership and core activities of the Organization, we found that at the end of 2014, 25% of PAHO

staff whose grade is P4 and above will be reaching retirement age in the next three years (2015, 2016 and 2017). The rate is even higher in the Country Offices, where this proportion is 29% of staff whose grade is P4 and above.

- 44 At the moment, retiring staff members are only required to prepare a report to their supervisors before leaving the Organization. This report is not always standardized so its usefulness may vary.
- 45 We raised a number of observations and recommendations in our previous PAHO audit reports regarding the difficulties of the Organization transferring knowledge from the retirees. We also noted that the recruitment process of key staff usually takes a long period of time. As a consequence, key staff posts remain vacant, or with another staff member appointed *ad interim*, for a long time. This circumstance causes a high level of workload for the staff and entails a risk of losing strategic information about the Organization's operations.
- 46 A report of the development of the PASB (Pan-American Sanitary Bureau) Human Resources Strategy has been submitted to Subcommittee on Program, Budget and Administration. This document has 9 lines of action. In the 7th line, the document refers to steps to "*ensure continuity and succession*" by the implementation of "*succession management*".

**Recommendation 11: We recommend further developing the action line referring to "*succession management*", considering the possibility of preparing the replacement before the retiring staff leaves the Organization.**

**Recommendation 12: We recommend setting up a standard procedure for transferring the retiring staff's knowledge, including a template of the report to be prepared by the retiree.**

**Recommendation 13: We recommend improving the recruitment process of staff members, by shortening its maximum duration, especially in the administrative tasks, without harm to the transparency or openness of the competition.**



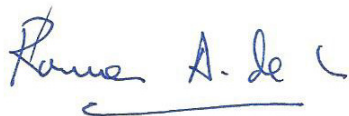
## 5. Follow up of prior year recommendations

- 47 In our report for 2013, we made a number of recommendations about PAHO's management. As part of our work we have followed up the progress that PAHO has made in their implementation. The detailed follow up, including both the response from PAHO and our comments thereon, is set out in Annex B.
- 48 Overall, we are of the opinion that PAHO has responded appropriately to our previous recommendations and is taking steps to address the issues raised. We conclude that PAHO has responded very positively to our recommendations, since all of them have been closed or are in progress. We also took note of the implementation of our recommendations on PMIS and *Mais Médicos* since both projects are critical to the Organization.

## Acknowledgement

- 49 We wish to record our appreciation for the co-operation and assistance provided by the Director and the staff of the Organization over the course of our audit.

Madrid, April 9, 2015



Ramón Álvarez de Miranda García

President of the Spanish Court of Audit

## Annex A. - Summary of Audit Recommendations

Recommendation 1: We recommend that PAHO continues monitoring closely this project, in particular the compliance of its internal control procedures with established rules. PAHO should also monitor any lawsuits which may put the project at risk.

Recommendation 2: We recommend funding all expenses within the scope of the *Mais Médicos* project with specific obligations, thus avoiding the exceptions and the use of other *Termos de Cooperaçao* to fund activities of the project.

Recommendation 3: We recommend improving the Cuban doctors' data base by enabling access to historical data on the Cuban doctors and developing an incidents module (e.g. replacements, sick leaves, casualties). Also, PAHO should update the user's manual for this application and its successive developments.

Recommendation 4: We recommend designing a security protocol for the access rights to the database (including remote access), defining the different permission levels and categories of users (both PWR/BRA and HQ). In any case, security and privacy of the Cuban doctors' data must be guaranteed.

Recommendation 5: We recommend periodical data confirmation exercises. The data included in the database on Cuban doctors' activity managed by PAHO should be periodically corroborated with data obtained from third parties (e.g. local authorities, government departments) to ensure its integrity.

Recommendation 6: We recommend exploring new options regarding the mechanism for managing of funds denominated in BRS. This mechanism should ensure an adequate equilibrium between liquidity requirements and the rate of return, at the lowest possible exposure risk.

Recommendation 7: We recommend integrating the Treasury workstation in the PMIS project timeline. Besides, it would be necessary to plan the integration in phase 2 of the unresolved issues, mainly the final data transfer and the accounting closure at the end of 2015.

Recommendation 8: We recommend further reinforcing relevant operational units involved in phase 2 deployment with additional staff.

Recommendation 9: We recommend establishing a plan in order to ensure sufficient financial resources, in case of delays in the PMIS implementation. This may require a contract renewal or follow-on contract with the system integrator or hiring of additional staff to support units involved in the project implementation.

Recommendation 10: We recommend that PAHO focus its efforts in order to comply with the estimated deadlines as defined in the project schedule.

Recommendation 11: We recommend further developing the action line referring to "*succession management*", considering the possibility of preparing the replacement before the retiring staff leaves the Organization.

Recommendation 12: We recommend setting up a standard procedure for transferring the retiring staff's knowledge, including a template of the report to be prepared by the retiree.

Recommendation 13: We recommend improving the recruitment process of staff members, by shortening its maximum duration, especially in the administrative tasks, without harm to the transparency or openness of the competition.

## Annex B. - Implementation of Prior Year Recommendations

We reviewed management's implementation of recommendations made in our 2013 long form report. We have summarized the response and provided our evaluation, based on the audit work we have undertaken in respect of internal controls.

RECOMMENDATION	MANAGEMENT RESPONSE	SCA COMMENT
<p><b>Recommendation 1</b></p> <p>We recommend that PAHO design a contingency plan for the Mais Médicos Project to face possible negative statements of both the Brazilian Federal Supreme Court, on the constitutionality of the project, and the Brazilian Labor Court, on the recognition of labor rights in Brazil for Cuban doctors. This contingency plan should include provisions to cope with the risks deriving from such negative statements (doctors' transportation, extraordinary expenses funding, liabilities, etc.).</p>	<p>The risk of negative decisions from Brazilian national courts is an essential consideration of the Working Group responsible for identifying, monitoring and mitigating risks related to the Mais Medicos Project. This Group meets quarterly. Additionally, there is close collaboration and monitoring between PAHO and the Brazilian Ministry of Health of all legal risks and pending cases. Finally, the respective legal Agreements signed with the Governments of Brazil and Cuba both contain clauses regarding termination and the closing of the projects in compliance with all legally binding obligations (including contracts, liabilities, etc.).</p>	<p>CLOSED</p>
<p><b>Recommendation 2</b></p> <p>We recommend that PAHO regularly check the compliance of the critical points of internal control framework of Mais Médicos Project</p>	<p>The critical points of the internal control framework for the Mais Medicos Project are guided by the Administrative Management Model of Mais Medicos (see attached), which is a dynamic document, updated based on the new TAs and the identified control needs of the Project. As part of the Model, a database has been created to track and monitor the doctors participating in the Program. This database is populated with data provided by the Ministry of Health of Brazil, as well as the information provided by the Embassy of Cuba with regard to personal information and status within the project (doctors arriving in country, location of participating doctors, leave status). PAHO will be reconciling this data periodically to ensure that the information from the various sources is accurate and complete. As part of the reconciliation process, reports from the International PAHO Consultants responsible for monitoring the activities of the doctors in the municipalities will also serve as</p>	<p>CLOSED</p>

RECOMMENDATION	MANAGEMENT RESPONSE	SCA COMMENT
	<p>a control against which this database will be reconciled.</p> <p>In addition, there is a working group responsible for identifying and monitoring the specific risks associated with the Project. This Group is scheduled to meet quarterly to assess any changes in the risk profile and mitigation measures. Furthermore, Project-specific management posts have been developed, including a dedicated internal audit post that will be responsible for the internal oversight of the Mais Medicos Project. In order to optimize the functioning of the critical control points, a Coordinator at the Regional Office is dedicated to ensuring that all officials responsible for the management and oversight of the Mais Medicos Project are working in a coordinated fashion and kept fully informed of the progress of the Project and can provide inputs into its improvement.</p>	
<p><b>Recommendation 3</b></p> <p>We recommend that PAHO continue reinforcing the training on IPSAS concepts and keep a close oversight of those units with a higher risk.</p>	<p>The FRM Country Accounting Services team (CAS) will continue to provide training to the country offices in expense recognition and calculations of accrued expenses. As noted by the SCA, significant improvements have been made in this area however continuous training is required due to changes in personnel in the country offices as well as other operational demands.</p> <p>Furthermore, CAS will implement a process to monitor the inclusion of fixed assets in the AMPES/OMIS registry and easily identify items to be capitalized and depreciated. A training session on this topic was scheduled for July 2014. The training covered the appropriate way to record assets in the registry, the use of the attached form, the importance of strong controls in this area and their impact on the financial statements.</p>	CLOSED
<p><b>Recommendation 4</b></p> <p>We recommend deciding the software modules that need to be purchased and their integration in the PMIS Project timeline</p>	<p>PAHO has contracts in place with all software modules that are part of the PMIS overall solution with the exception of the Treasury Workstation.</p> <p>The Treasury Software has been selected and the contract negotiations are under way.</p>	CLOSED
<p><b>Recommendation 5</b></p> <p>We recommend beginning the backfill process and hiring staff in the areas which have temporarily lent their key staff to the PMIS Project.</p>	<p>Funding has been provided for 2014 &amp; 2015 for the requested backfill of PAHO staff temporarily assigned to work as part of the PMIS team.</p>	CLOSED
<p><b>Recommendation 6</b></p> <p>We recommend that PAHO focus its efforts in order to comply with the estimated deadline.</p>	<p>PAHO successfully went live with phase I of the PMIS in late January 2015. PAHO has a detailed project plan phase II. The plan is constantly monitored and updated.</p>	CLOSED

RECOMMENDATION	MANAGEMENT RESPONSE	SCA COMMENT
<p><b>Recommendation 7</b></p> <p>In order to ensure success when the system to be fully operational, we recommend that PAHO create a Risk Management Unit to develop the management risk functions and to review the resources devoted to the fully development and maintenance of the Enterprise Risk Management.</p>	<p>The senior ERM position has been filled and the staff member assumed responsibilities in March 2015. Additionally a P3 position has been assigned to support the AM team with policy matters related to ERM, PMIS and audit recommendations.</p>	<p>CLOSED</p>
<p><b>Recommendation 8</b></p> <p>We recommend that PAHO review all LOAs still open with ending dates older than a year. After this review PAHO should determine the status of each LOA and should close LOAs totally implemented and request from the beneficiaries the final reports or the outstanding amounts to be returned to PAHO, when necessary.</p>	<p>The following actions were taken by the Department of Planning and Budget (PBU) in coordination with the Department of Financial Resources Management( FRM):</p> <ol style="list-style-type: none"> <li>a. PBU mapped all the LOAs that are still open in the system (total of 1,104 from 2002-2013).</li> <li>b. A report was prepared for the Director's consideration.</li> <li>c. FRM and PBU defined a course of action and timetable to close those LOAs.</li> <li>d. A message to all the PWRs has been sent for them to provide the reasons and status of the LOAs opened by 30 June 2014.</li> <li>e. PBU coordinated with ITS to establish a procedure to open the system in a controlled environment to close old LOAs.</li> <li>f. Based on the answers from PWRs, PBU will proceed with step (e).</li> <li>g. PBU and FRM will make a recommendation about those cases that cannot comply with the closing process for lack of any of the requirements defined in the current policy.</li> </ol> <p>PBU estimates that by September 2014 those LOAs that complied with all the requirements will be ready to be closed.</p> <p>For LOAs with special situations to resolve, the estimated date is 31 December 2014.</p> <p>Among the potential situations to resolve include: lack of technical report, lack of financial report, lack of reimbursement of resources, and the beneficiary institution no longer exists.</p>	<p>CLOSED</p>
<p><b>Recommendation 9</b></p> <p>We recommend that PAHO set deadlines for closing LOAs after their ending date.</p>	<p>The updated LOA policy has been submitted for the E-Manual Standing Committee approval.</p>	<p>CLOSED</p>
<p><b>Recommendation 10</b></p> <p>We recommend that the E-Manual and the new policy to be approved define the exclusions for the use of LOAs in a clearer way in order to avoid the misuse and the misunderstanding of this valuable cooperation instrument. We suggest the limits and differences between service contracts and LOAs be clarified.</p>	<p>An updated Letter of Agreement (LOA) Policy has been drafted and reviewed. However, in light of the recent determination to prepare an abbreviated process for LOA funds transferred to governmental entities for training and capacity building activities up to \$5,000.00, LEG, PBU and AM have been working extensively to ensure that the policy and any affected policies, as well as the FRM Handbook are appropriately modified.</p>	<p>IN PROGRESS</p>

RECOMMENDATION	MANAGEMENT RESPONSE	SCA COMMENT
<p><b>Recommendation 11</b></p> <p>We recommend setting an incentive to the allottees who reach their programmatic aims with the highest level of efficiency, allowing them to reuse a portion of the saved funds in the following biennium.</p>	<p>Incentives could be defined and set on the basis of performance and efficiency savings but not necessarily on the reuse of funds from savings. Funds such as RB expire at the end of the biennium and savings from one part of the Organization are used to bridge the funding gaps in another during the biennium in which the funds were allotted. This recommendation may not be feasible due to Financial Regulations and Rules of the Organization.</p>	<p>CLOSED</p>
<p><b>Recommendation 12</b></p> <p>We recommend improving the monitoring and the planning of the projects funded with regular budget in both financial and programmatic side to avoid the accumulation of expenses at the end of the biennium.</p>	<p>PBU will continue to work closely with entities to monitor the level of RB implementation on a regular basis and bring to the attention of the entity managers and report to EXM in the monthly budget implementation reports. During the six monthly performance review, special attention will be given to entities and projects with low implementation to ensure optimal implementation of funds and technical programs.</p>	<p>CLOSED</p>

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# **Unaudited Informational Annex**

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# **Segmented Information on the Statement of Financial Performance**

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PAN AMERICAN HEALTH ORGANIZATION  
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**Core Activities Segment**

	<b>PAHO Regular Budget</b>	<b>AMRO Regular Budget</b>	<b>PAHO Governing Bodies Projects</b>	<b>Total 2014</b>	<b>Total 2013</b>
<b>REVENUE</b>					
<b>Revenue from Non-Exchange Transactions</b>					
Assessed Contributions	96 200 000			96 200 000	96 200 000
Voluntary Contributions					
Other Revenue		30 629 294		30 629 294	42 464 261
<b>Revenue from Exchange Transactions</b>					
Procurement of Public Health Supplies					
Other Revenue	667 807			667 807	( 19 784)
Miscellaneous Revenue	6 722 152			6 722 152	1 897 984
<b>TOTAL REVENUE</b>	<b>103 589 959</b>	<b>30 629 294</b>		<b>134 219 253</b>	140 542 461
<b>EXPENSES</b>					
Staff and Other Personnel Costs	75 714 262	26 589 688	703 670	103 007 620	114 296 736
Supplies, Commodities, Materials	697 022	546 633	43 193	1 286 848	4 568 021
Equipment, Vehicles, Furniture, Intangible Assets, Depreciation and Amortization	1 968 337		163 762	2 132 099	2 168 858
Contract Services	8 932 311	863 928	3 369 654	13 165 893	9 973 442
Travel	2 281 069	1 589 799	78 797	3 949 665	7 750 108
Transfers and Grants to Counterparts	1 200 416	451 800		1 652 216	2 056 880
General Operating and Other Direct Costs	3 053 780	587 446	( 502)	3 640 724	4 381 305
Indirect Support Costs					
<b>TOTAL EXPENSES</b>	<b>93 847 197</b>	<b>30 629 294</b>	<b>4 358 574</b>	<b>128 835 065</b>	145 195 350
<b>NET SURPLUS / (DEFICIT)</b>	<b>9 742 762</b>		<b>(4 358 574)</b>	<b>5 384 188</b>	(4 652 889)

**Partnership Activities Segment**

	<b>PAHO Voluntary Contributions</b>	<b>PAHO National Voluntary Contributions</b>	<b>AMRO Voluntary Funds for Health Promotion</b>
<b>REVENUE</b>			
<b>Revenue from Non-Exchange Transactions</b>			
Assessed Contributions			
Voluntary Contributions	41 509 988	833 086 361	
Other Revenue			22 415 770
<b>Revenue from Exchange Transactions</b>			
Procurement of Public Health Supplies			
Other Revenue	524		
Miscellaneous Revenue			
<b>TOTAL REVENUE</b>	<b>41 510 512</b>	<b>833 086 361</b>	<b>22 415 770</b>
<b>EXPENSES</b>			
Staff and Other Personnel Costs	12 819 367	7 762 690	7 132 591
Supplies, Commodities, Materials	6 522 989	2 043 024	3 729 154
Equipment, Vehicles, Furniture, Intangible Assets, Depreciation and Amortization			
Contract Services	8 601 107	44 216 241	3 669 063
Travel	7 029 206	98 381 611	4 854 998
Transfers and Grants to Counterparts	2 245 723	640 066 529	2 855 945
General Operating and Other Direct Costs	641 597	840 560	174 019
Indirect Support Cost	3 649 999	39 775 706	
<b>TOTAL EXPENSES</b>	<b>41 509 988</b>	<b>833 086 361</b>	<b>22 415 770</b>
<b>NET SURPLUS / (DEFICIT)</b>	<b>524</b>		

**Partnership Activities Segment**

PAHO Epidemic Emergency Fund	PAHO Emergency Preparedness & Disaster Relief	<b>Total 2014</b>	Total 2013
	3 176 613	877 772 962	357 769 411
		22 415 770	21 982 602
		524	218
	<b>3 176 613</b>	<b>900 189 256</b>	379 752 231
94 646	1 110 602	28 919 896	32 766 916
69 405	867 465	13 232 037	11 657 872
165 995	448 887	57 101 293	81 952 203
188 754	319 511	110 774 080	89 058 777
7 719	167 820	645 343 736	141 767 699
8 931	32 915	1 698 022	2 235 680
	204 810	43 630 515	20 294 487
<b>535 450</b>	<b>3 152 010</b>	<b>900 699 579</b>	379 733 634
<b>( 535 450)</b>	<b>24 603</b>	<b>( 510 323)</b>	18 597

**Enterprise Activities Segment**

	PAHO Revolving Fund for Vaccine Procurement	PAHO Reimbursable Procurement on Behalf of Member States	PAHO Regional Revolving Fund for Strategic Public Health Supplies	PAHO Income From Services
<b>REVENUE</b>				
<b>Revenue from Non-Exchange Transactions</b>				
Assessed Contributions				
Voluntary Contributions				
Other Revenue				
<b>Revenue from Exchange Transactions</b>				
Procurement of Public Health Supplies	602 843 811	12 391 033	61 139 454	
Other Revenue				4 549 349
Miscellaneous Revenue				
<b>TOTAL REVENUE</b>	<b>602 843 811</b>	<b>12 391 033</b>	<b>61 139 454</b>	<b>4 549 349</b>
<b>EXPENSES</b>				
Staff and Other Personnel Costs				595 887
Supplies, Commodities, Materials	586 909 622	12 391 033	59 483 937	717 990
Equipment, Vehicles, Furniture, Intangible Assets, Depreciation and Amortization				
Contract Services				1 585 984
Travel				238 418
Transfers and Grants to Counterparts				
General Operating and Other Direct Costs				847 996
Indirect Support Costs				
<b>TOTAL EXPENSES</b>	<b>586 909 622</b>	<b>12 391 033</b>	<b>59 483 937</b>	<b>3 986 275</b>
<b>NET SURPLUS / (DEFICIT)</b>	<b>15 934 189</b>		<b>1 655 517</b>	<b>563 074</b>



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**Enterprise Activities Segment**

PAHO Special Fund for Program Support	PAHO Expanded Textbook and Instructional Materials Program	AMRO Special Account for Servicing Costs	<b>Total 2014</b>	Total 2013
43 630 479			43 630 479	20 294 877
		3 722 059	3 722 059	4 279 433
7 573 619			683 947 917	600 343 178
45 314	5 729 361		10 324 024	9 932 701
(7 489 572)	69 444		(7 420 128)	(3 161 996)
<b>43 759 840</b>	<b>5 798 805</b>	<b>3 722 059</b>	<b>734 204 351</b>	631 688 193
13 086 879	1 037 619	185 507	14 905 892	11 642 811
940 623	2 350 400	259 383	663 052 988	586 894 299
	85 714		85 714	85 714
3 526 876	1 385 168	2 062 413	8 560 441	4 360 867
1 539 724	217 003	6 885	2 002 030	673 208
23 600			23 600	
2 632 771	339 175	1 207 871	5 027 813	2 306 027
<b>21 750 473</b>	<b>5 415 079</b>	<b>3 722 059</b>	<b>693 658 478</b>	605 962 926
<b>22 009 367</b>	<b>383 726</b>		<b>40 545 873</b>	25 725 267

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**Special Activities Segment**

	PAHO Health Promotion	PAHO Food Safety Five-year Plan	PAHO PMIS Funding from PAHO IPSAS Surplus	PAHO Provision for Termination & Repatriation Entitlements	PAHO Provision for Staff Entitlements	PAHO Post Occupancy Charge	PAHO After Service Health Insurance
<b>REVENUE</b>							
<b>Revenue from Non-Exchange Transactions</b>							
Assessed Contributions							
Voluntary Contributions							
Other Revenue							
<b>Revenue from Exchange Transactions</b>							
Procurement of Public Health Supplies							
Other Revenue	14 611			2 685 534	4 239 839	4 086 055	1 761 984
Miscellaneous Revenue							
<b>TOTAL REVENUE</b>	<b>14 611</b>			<b>2 685 534</b>	<b>4 239 839</b>	<b>4 086 055</b>	<b>1 761 984</b>
<b>EXPENSES</b>							
Staff and Other Personnel Costs	76 767	19 217	227 856	4 594 277	4 262 571	46 919	19 445 867
Supplies, Commodities, Materials	44 540	3 063	1 204			112 942	
Equipment, Vehicles, Furniture, Intangible Assets, Depreciation and Amortization							
Contract Services	35 272	6 797	1 374 393			4 711 976	
Travel	9 470	48 914	57 399			71 420	
Transfers and Grants to Counterparts							
General Operating and Other Direct Costs	( 23)	709				73 197	
Indirect Support Costs							
<b>TOTAL EXPENSES</b>	<b>166 026</b>	<b>78 700</b>	<b>1 660 852</b>	<b>4 594 277</b>	<b>4 262 571</b>	<b>5 016 454</b>	<b>19 445 867</b>
<b>NET SURPLUS / (DEFICIT)</b>	<b>( 151 415)</b>	<b>( 78 700)</b>	<b>(1 660 852)</b>	<b>(1 908 743)</b>	<b>( 22 732)</b>	<b>( 930 399)</b>	<b>(17 683 883)</b>

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**Special Activities Segment**

PAHO Tax Equalization Fund	PAHO Master Capital Investment Fund	AMRO Contribu- tion for Renovation of Assets	AMRO Terminal Payments Account	AMRO Non- Payroll Statutory Entitlements	AMRO Staff Development and Learning Fund	AMRO Post Occupancy Charges Fund	Total 2014	Total 2013
9 420 000							9 420 000	10 045 000
		500 000			86 440	412 829	999 269	3 167 842
	1 066 268		421 268	1 050 134			15 325 693	18 738 864
<b>9 420 000</b>	<b>1 066 268</b>	<b>500 000</b>	<b>421 268</b>	<b>1 050 134</b>	<b>86 440</b>	<b>412 829</b>	<b>25 744 962</b>	<b>31 951 706</b>
6 898 110			421 268	1 050 134	21 626		37 064 612	44 041 660
	2 672 172				1 740		2 835 661	2 150 387
	(1 616 093)						(1 616 093)	( 18 597)
	1 026 974	500 000			1 160	395 000	8 051 572	5 811 286
					61 509	17 829	266 541	558 869
	760 516				405		834 804	54 800
								3 103 897
<b>6 898 110</b>	<b>2 843 569</b>	<b>500 000</b>	<b>421 268</b>	<b>1 050 134</b>	<b>86 440</b>	<b>412 829</b>	<b>47 437 097</b>	<b>55 702 302</b>
<b>2 521 890</b>	<b>(1 777 301)</b>						<b>(21 692 135)</b>	<b>(23 750 596)</b>

**Sub-Regional Consolidated Centers Activities Segment/Intra-party Segment**

	Total Sub- Regional Consolidated Centers Activity Segment*	Intra-Party Segment	Total 2014	Total 2013
<b>REVENUE</b>				
<b>Revenue from Non-Exchange Transactions</b>				
Assessed Contributions			105 620 000	106 245 000
Voluntary Contributions	(43 630 515)		877 772 926	356 906 281
Other Revenue	( 412 829)		57 353 563	68 992 087
<b>Revenue from Exchange Transactions</b>				
Procurement of Public Health Supplies	(7 573 619)		676 374 298	596 967 430
Other Revenue	(15 558 212)		10 759 836	11 610 133
Miscellaneous Revenue			( 697 976)	(1 264 012)
<b>TOTAL REVENUE</b>	<b>(67 175 175)</b>		<b>1 727 182 647</b>	1 139 456 919
<b>EXPENSES</b>				
Staff and Other Personnel Costs	(14 244 814)		169 653 206	186 293 427
Supplies, Commodities, Materials	(7 573 619)		672 833 915	600 801 673
Equipment, Vehicles, Furniture, Intangible Assets, Depreciation and Amortization	(1 028 165)		( 426 445)	2 150 392
Contract Services	( 510 931)		86 368 268	100 055 996
Travel	( 187 131)		116 805 185	97 838 200
Transfers and Grants to Counterparts			647 019 552	143 879 379
General Operating and Other Direct Costs			11 201 363	11 097 473
Indirect Support Costs	(43 630 515)			
<b>TOTAL EXPENSES</b>	<b>(67 175 175)</b>		<b>1 703 455 044</b>	1 142 116 540
<b>NET SURPLUS / (DEFICIT)</b>			<b>23 727 603</b>	(2 659 621)

\* Effective 1 January 2013, the Organization does not have regional centers to consolidate

# **Assessed Contributions**

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**Pan American Health Organization  
 Assessed Contributions and Payments Received**

*Annex*

*(expressed in US dollars)*

<b>Member State</b>	<b>Beginning Balance 1 January 2014</b>	<b>Assessed Contributions</b>	<b>Payments Received</b>	<b>Ending Balance 31 December 2014</b>
Antigua and Barbuda		21 164	21 164	
Argentina		2 316 496	1 034 550	1 281 946
Aruba	16 354	16 354	32 708	
Bahamas		59 644	59 644	
Barbados		43 290	43 290	
Belize		21 164	21 164	
Bolivia		47 138	47 138	
Brazil	1 447 121	9 563 242	1 446 965	9 563 398
Canada		11 607 064	11 607 064	
Chile		1 143 818	1 143 818	
Colombia		1 009 138	1 008 686	452
Costa Rica		212 602	203 659	8 943
Cuba		176 046	176 046	
Curacao	16 354	16 354	32 708	
Dominica		21 164	21 164	
Dominican Republic		247 234	247 234	
Ecuador		248 196	248 196	
El Salvador	109 668	109 668		219 336
France	2 108	210 678	193 950	18 836
Grenada	62 832	21 164	83 996	
Guatemala	547	161 616	162 163	
Guyana	3 028	21 164	23 067	1 125
Haiti		32 708	32 708	
Honduras		49 062	49 062	
Jamaica		89 466	89 466	
Mexico	7 966 322	7 966 322	15 932 644	
Netherlands		16 354	16 354	
Nicaragua		32 708	32 708	
Panama	137 346	151 996	289 342	
Paraguay		89 466	89 466	
Peru	661 856	661 856	1 287 540	36 172
Puerto Rico	80 808	80 808	80 808	80 808
Saint Kitts and Nevis		21 164	21 164	
Saint Lucia		21 164	21 164	
Saint Vincent and the Grenadines	42 328	21 164	63 492	
Sint Maarten		16 354	16 354	
Suriname		32 708	32 708	
Trinidad and Tobago		173 160	173 160	
United Kingdom	3 486	44 252	41 447	6 291
United States	23 955 653	66 486 090	65 686 090	24 755 653
Uruguay		205 868	205 868	
Venezuela	4 205 864	2 132 932	4 205 864	2 132 932
<b>TOTAL - PAHO</b>	<b>38 711 675</b>	<b>105 620 000</b>	<b>106 225 783</b>	<b>38 105 892</b>

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# **Procurement Funds**

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**Statement of Reimbursable Procurement on Behalf of Member States**

*Annex*

*(expressed in US dollars)*

This Statement of Reimbursable Procurement on Behalf of Member States, formerly known as Advances from Government and Institutions for Procurement, represents funds deposited with the Organization by governments and institutions/agencies under the jurisdiction of the minister of health for the purchase, on behalf of the ministry, of supplies, equipment, and literature which otherwise would be either unobtainable or subject to procurement difficulties in the countries concerned in 2014. A 4.25% service charge was applied to the net cost of the items purchased. In accordance with Resolution CD 50.R1 of the 50th Directing Council an increase of 0.5% to the previously established 3% was approved and by Resolution CD 52.R12 of the 52nd Directing Council an additional increase of 0.75% over the prior 3.5% was approved. In 2014 the service charges amounted to \$395 528, in accordance with Resolution CD28.R36 of the 28th Directing Council, this amount was included in the Special Account for Program Support Costs and has been used to defray part of the staff costs related to these procurement functions.

<b>Source of Funds</b>	<b>Accounts Receivable</b>	<b>Deferred Revenue</b>	<b>Revenue/ Expense<sup>1/</sup></b>
Argentina		804 142	
Bahamas			1 119
Barbados		23 937	
Belize		8 891	195 514
Bolivia		80 442	22 123
Brazil		3 717 864	3 414 585
Chile		734	6 400
Costa Rica		992	
Cuba		392 179	2 902 670
Dominican Republic		2 863	4 692
Ecuador		152 064	11 479
El Salvador		44 342	
Guatemala		2 705 144	3 452 647
Guyana		115 880	26 841
Honduras		422 110	61 024
Jamaica		32 968	
Nicaragua		1 710	128 894
Panama		68 935	55 109
Paraguay		1 918	
Peru		7 352	
Saint Kitts and Nevis		34 721	
Uruguay		37 057	825
Venezuela		734 759	1 179 184
<b>Sub-Total Reimbursable Procurement on Behalf of Member States</b>		<b>9 391 004</b>	<b>11 463 106</b>
<b>Accrued Liability</b>		<b>(1 092 735)</b>	<b>927 927</b>
<b>Total Reimbursable Procurement on Behalf of Member States</b>		<b>8 298 269</b>	<b>12 391 033</b>

<sup>1/</sup> In accordance with IPSAS, beginning 1 January 2010, PAHO has recognized as Deferred Revenue the contributions for procurement activities committed during the Financial Period. Revenue and Expense for the Financial Period are recognized based on the cost of the goods and services being delivered or performed during the Financial Period. Furthermore, an accrued liability of \$1 092 735 has been recognized for goods delivered at the end of 2014 and paid in 2015.

### Status of the Revolving Fund for Vaccine Procurement

(expressed in US dollars)

The establishment of the Revolving Fund for Vaccine Procurement, formerly known as the Revolving Fund for the Expanded Program on Immunization, was authorized by Resolution CD25.R27 of the 25th Directing Council (1977). The Revolving Fund finances the procurement of vaccines and syringes for Member States/Institutions unable to deposit funds with the Organization in U.S. currency in advance of procurement.

In accordance with the provisions of the Revolving Fund, the Director is authorized to transfer funds over and above a minimum Reserve Account Balance of \$100 000 to the Revolving Fund as additional capital for the Capitalization Account. In 2014, the Capitalization and Reserve Account reached \$131 962 602, including the 4.25% service charge earned \$16 720 070, the accrual of \$90 180, a \$205 026 charge for foreign exchange valuation losses, a \$671 035 charge for pricing variance, and the \$100 000 Reserve Balance. The \$10 000 000 transferred from PAHO in a previous biennium has returned to PAHO in 2014. In accordance with Resolution CD 50.R1 of the 50th Directing Council an increase of 0.5% to a previously established 3% was approved and by Resolution CD 52.R12 of the 52nd Directing Council an additional increase of 0.75% over the prior 3.5% was approved. In 2014 the 1.25% amounted to \$6 488 628 and was included in the Special Account for Program Support Costs.

	Revenue	Expense	Net
<b>Country Summary Totals</b>	599 641 415	582 921 345	16 720 070
Adjustment for Accrued Liability	3 407 422	3 407 422	
Adjustment for Accrued Capitalization		( 90 180)	90 180
<b>Pricing Variance</b>		671 035	( 671 035)
<b>Foreign Exchange Valuation Gain And Losses</b>	( 205 026)		( 205 026)
<b>Total</b>	<b>602 843 811</b>	<b>586 909 622</b>	<b>15 934 189</b>

	Balance 31 December 2013	Activity	Balance 31 December 2014
<b>Reserve Account Balance</b>	100 000		100 000
<b>Accounts Receivable</b>	(37 211 108)	(9 758 379)	(46 969 487)
<b>Accrued Accounts Receivable</b>	(10 485 627)	(2 840 981)	(13 326 608)
<b>Deferred Revenue</b>	102 621 215	61 070 707 <sup>1/</sup>	163 691 922
<b>Accrued Deferred Revenue</b>	(4 624 274)	( 656 621)	(5 280 895)
<b>Capitalization of the Revolving Fund</b>	115 928 413	15 934 189	131 862 602
<b>Transfer from PAHO</b>	10 000 000	(10 000 000)	
<b>Closing Fund Balance</b>	<b>176 328 619</b>	<b>53 748 915</b>	<b>230 077 534</b>

#### Funds Available for Future Revolving Fund Purchases

<b>Revolving Fund Balance as of 31 December 2014 (per above)</b>		<b>230 077 534</b>
<b>Plus: Amount due to Fund from Member States/Institutions (Gross)</b>	<b>60 296 095</b>	
<b>Less: Funds received in Advance from Member States/Institutions (Gross)</b>	<b>(158 411 027)</b>	<b>(98 114 932)</b>
<b>Balance of Capitalization Account</b>		<b>131 962 602</b>

<sup>1/</sup> The initial Deferred Revenue amount of \$61 070 707 minus the refunds to Governments of \$1 054 794 results in a Net Deferred Revenue figure of \$60 015 913.

## Statement of the Revolving Fund for Vaccine Procurement

(expressed in US dollars)

Source of Funds	Accounts Receivable	Deferred Revenue	Revenue <sup>1/</sup>	Expense <sup>1/</sup>
Anguilla	3 102		23 320	22 849
Antigua and Barbuda	33 415		43 944	43 004
Argentina		9 901 298	43 394 236	42 188 473
Aruba	53 199		244 482	238 047
Bahamas	235 054		986 695	959 290
Barbados	3 703		195 388	190 123
Belize		507 999	261 347	255 188
Bermuda	13 086		202 430	197 223
Bolivia	897 315	8 823 466	12 499 909	12 172 208
Bonaire	75		23 079	22 490
Brazil		57 245 788	140 374 663	136 479 695
British Virgin Islands	28 980		48 740	47 700
Cayman Islands	5 493		157 969	153 736
Chile	105 083		292 405	284 324
Colombia		57 403 573	92 102 476	89 508 110
Costa Rica	3 459 775	20	12 069 491	11 738 421
Curacao		25 454	160 288	156 245
Dominica	29 725		45 080	44 068
Dominican Republic	5 757 913	485	12 740 947	12 383 661
Ecuador		14 070 812	53 758 759	52 241 372
El Salvador	7 357 824		14 463 360	14 056 438
Grenada	22 006		103 416	101 762
Guatemala	5 333 720	78 912	21 368 577	20 769 856
Guyana	152 760	335 367	734 294	716 402
Haiti	299 231	84 004	2 733 456	2 662 416
Honduras		5 738 014	7 754 294	7 541 494
Jamaica	58 409		497 077	484 653
Montserrat	3 159		3 828	3 775
Nicaragua	3 012 703	186 030	6 163 401	5 999 656
Panama	938 250		20 331 134	19 757 208
Paraguay	9 093 254		17 835 631	17 345 020
Peru		6 149 638	73 551 758	71 497 617
Saint Kitts and Nevis	4 477		25 618	25 087
Saint Lucia	19 444		43 884	43 120
Saint Vincent and The Grenadines	30 082		37 282	36 579
Sint Maarten	58 403		58 403	56 818
Suriname	100 143	135	241 712	235 666
Trinidad and Tobago	1 190 657	71 553	2 761 655	2 684 072
Turks and Caicos Islands		3 248	31 032	30 465
Uruguay		328	9 610 115	9 341 286
Venezuela	8 669 047	3 065 798	51 665 840	50 205 728
<b>Total Revolving Fund for Vaccine Procurement</b>	<b>46 969 487</b>	<b>163 691 922</b>	<b>599 641 415</b>	<b>582 921 345</b>

<sup>1/</sup> In accordance with IPSAS, beginning 1 January 2010, PAHO has recognized as Deferred Revenue the contributions for procurement activities performed during the Financial Period. Revenue and Expense for the Financial Period is recognized based on the cost of the goods being delivered or performed during the Financial Period. Furthermore, an accrued liability of \$18 104 223 has been recognized for goods delivered at the end of 2014 and paid in 2015.

### Statement of the Regional Revolving Fund for Strategic Public Health Supplies

The Fund was established in 1999 by the Director under the authority vested in him by Financial Regulation 9.3 (originally 6.7), following the request of the PAHO Member States. The objectives of the Fund include reducing the cost of strategic public health supplies, making these supplies continuously available to the Member States, assisting the Member States in improving their planning capabilities to use these supplies, and broadening the scope of the Member States' public health programs. The Director approved the use of the 3% administrative service charge for the capitalization of the Fund effective 1 August 2005. This capitalization amounted to \$1 512 851 during the 2014 financial reporting period and reached a total amount of \$7 581 104 at the end of 2014. In accordance with Resolution CD 50.R1 of the 50th Directing Council an increase of 0.5% to the previously established 3% was approved and by Resolution CD 52.R12 of the 52nd Directing Council an additional increase of 0.75% over the prior 3.5% was approved. In 2014 the 1.25% amounted \$458 557 and was included in the Special Account for Program Support Costs. As of 31 December 2014, twenty-four Member States had indicated their commitment to participate in the Fund through an exchange of letters.

<u>Source of Funds</u>	<u>Accounts Receivable</u>	<u>Deferred Revenue</u>	<u>Revenue<sup>1/</sup></u>	<u>Expense<sup>1/</sup></u>
Argentina			601	592
Belize		65 219	37 374	36 372
Bolivia		1 532 639	1 658 960	1 616 548
Brazil		30 390 756	18 979 086	18 470 955
Chile		188	5 311	5 214
Colombia		3 747 161	4 950 675	4 814 284
Costa Rica		68 366	20 166	19 637
Dominican Republic	6 051	67 279	524 551	511 416
Ecuador		2 870 341	2 934 620	2 855 999
El Salvador		1 198 371	1 212 709	1 180 043
Guatemala		920 463	2 252 382	2 191 537
Honduras	612 899	1 821 022	1 512 868	1 473 739
Nicaragua		82 925	358 467	349 095
Panama		8 446		
Paraguay		888 148	539 477	525 162
Peru		847 630	507 114	494 100
Suriname		98		
Trinidad and Tobago		12 998	40 657	39 600
Uruguay		3 129	12 101	11 815
Venezuela	1 000 000	5 469 471	20 424 287	19 862 447
<b>Sub-Total Regional Revolving Fund for Strategic Public Health Supplies</b>	<b>1 618 950</b>	<b>49 994 650</b>	<b>55 971 406</b>	<b>54 458 555</b>
<b>Accrued Liability</b>	<b>153 981</b>	<b>(5 620 516)</b>	<b>5 168 048</b>	<b>5 025 382</b>
<b>Total Regional Revolving Fund for Strategic Public Health Supplies</b>	<b>1 772 931</b>	<b>44 374 134</b>	<b>61 139 454</b>	<b>59 483 937</b>

<sup>1/</sup> In accordance with IPSAS, beginning 1 January 2010, PAHO has recognized as Deferred Revenue the contributions for procurement activities received during the Financial Period. Revenue and Expense for the Financial Period is recognized based on the cost of the goods and services being delivered or performed during the Financial Period. The Fund's "Expense" of the \$1 655 517 in administrative service charge, was excluded from the \$59 483 937. Furthermore, an accrued liability of \$5 620 516 has been recognized for goods delivered at the end of 2014 and paid in 2015.

# **Voluntary Contributions**

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## Summary of Voluntary Contributions

(expressed in US dollars)

Source of Funds	PAHO Project ID	Accounts Receivable	Accounts Payable	Deferred Revenue	Revenue/ Expenses <sup>1/</sup>
<b>I. Government Financing</b>					
<b><i>Bolivia</i></b>					
Strengthening Implementation Program of Care, Accident and Emergency in La Paz - Bolivia	062043	651 332		651 332	
<i>Subtotal</i>		651 332		651 332	
<b><i>Brazil</i></b>					
Contribution of the Government to PANAFTOSA	063001	2 682 723		3 147 266	2 044 473
Contribution of the Government to BIREME SCIELO Books \ E-Publication Books of Academic Presses	063004			1	1 697 741
Improvement of Cooperation South-South in Humanitarian Operations in Health	063197				15 439
	063223			45 200	
<i>Subtotal</i>		2 682 723		3 192 467	3 757 653
<b><i>Canada</i></b>					
Support to a Vaccination Expansion Program in Haiti (PAPEV) PAHO/UNICEF	026129			114 791	916 772
Support to PAHO Regional Routine Immunization Program	026144				( 3 234)
Increased Access to Health Services through Performance-Based Contracting for Women, Children and those Displaced by the January 12, 2010 Earthquake Living in Camps	026148		15 189		471 354
Improved Health and Increased Protection from Communicable Diseases (IHPCD) for Women, Children and Excluded Populations in Situations of Vulnerability in Latin America and the Caribbean	026149		283		2 847 128
Public Health Innovation and Equity in Latin America and the Caribbean	109036	178			102 753
Ecohealth and Communicable Diseases in Latin America: Improving Technical Writing Skills of Young Researchers	109037				24 871
Evaluation Alcohol Control Policies in Peru and St. Kitts and Nevis	109039	54 958		154 248	71 944
Improvement of Reproductive Health in Haiti	278008			20 590	500 713
Counter - Terrorism Capacity Building Program	452003			1	1 055
A More Resilient Health Sector in the Americas	452004	429 923		437 325	459 190
<i>Subtotal</i>		485 059	15 472	726 955	5 392 546

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*Annex*

**Summary of Voluntary Contributions (Cont.)**

*(expressed in US dollars)*

Source of Funds	PAHO Project ID	Accounts Receivable	Accounts Payable	Deferred Revenue	Revenue/ Expenses <sup>1/</sup>
<b><i>Dominican Republic</i></b>					
Support for the National Tuberculosis Program	068007			3	58 000
<i>Subtotal</i>				3	58 000
<b><i>Ecuador</i></b>					
Eradication Program of AFTOSA Fever of AGROCALIDAD / ECUADOR	069022			119 477	230 823
<i>Subtotal</i>				119 477	230 823
<b><i>Honduras</i></b>					
Initiative for Strengthening Health Services in the Framework of the Alliance GAVI (FSS/GAVI)	074013			7 223	149 105
Strengthening the Tuberculosis (TAES) Strategy in Honduras	074014			16 061	372 806
<i>Subtotal</i>				23 284	521 911
<b><i>Guyana</i></b>					
Survey of Iron, Iodine and Vitamin A Status and Antibody Levels in Guyana	330010			68	4 132
<i>Subtotal</i>				68	4 132
<b><i>Italy</i></b>					
Support to National Health System (PROSEPU II)	261028		216 998		
<i>Subtotal</i>			216 998		
<b><i>Luxemburg</i></b>					
Joint Program to Contribute in the Achievement of the Development Objectives of the Millennium in the Departments of New Segovia, Chontales, Autonomous Region of the South Atlantic in Nicaragua	191110	186 233		442 885	1 557 791
<i>Subtotal</i>		186 233		442 885	1 557 791
<b><i>Mexico</i></b>					
Annex I to the Memorandum of Understanding between the Secretary of Health of United Mexican States and PAHO	076027			3 140	574 552
<i>Subtotal</i>				3 140	574 552
<b><i>Norway</i></b>					
HIV Prevention in Young People using a Human Rights Framework in Central America and the Caribbean	251035			37 384	1 881 527
<i>Subtotal</i>				37 384	1 881 527

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**Summary of Voluntary Contributions (Cont.)**

(expressed in US dollars)

Source of Funds	PAHO Project ID	Accounts Receivable	Accounts Payable	Deferred Revenue	Revenue/ Expenses <sup>1/</sup>
<b>Panama</b>					
Strengthen the National and Regional Mechanisms of Tobacco Product Control	079013	1 000 000		1 188 168	379 244
<i>Subtotal</i>		1 000 000		1 188 168	379 244
<b>Peru</b>					
Pan American Center for Sanitary Engineering and Environmental Sciences (CEPIS)	081001			10 485	( 3 187)
Regional Task Force on Water and Sanitation based in Peru - ETRAS	081040			204 909	201 162
<i>Subtotal</i>				215 394	197 975
<b>South Korea</b>					
Strengthening the Response Capacity, Access and Quality for the Korea Health Network (KHN) in El Alto, La Paz, Bolivia	456001	460 903		535 264	464 736
Strengthening the Prevention and Control for Tuberculosis and ITS Co-Morbidities in Northern Lima: Comas and Carabayllo, Peru	456002	360 000		800 000	
Strengthening the Component of Primary Health Care Services through the Promotion of Education Programs for the Population of Canton Duran, Guayas Province in Ecuador	456003			400 000	
Professionalization of Primary Health Care in the Health System in El Salvador	456004			80 000	
<i>Subtotal</i>		820 903		1 815 264	464 736
<b>Spain (Including Provincial Governments)</b>					
Spain Holding Account	230001			70 529	
Mobil Health Care Assistance - Bolivia	230099			459 972	
Spanish Fund Development 2007 Primary Health Care in Bolivia	230105			202 197	1 965
Provision for Remaining Funds of Joint Activities of the Spanish Fund	230151			533	
World Health Day Devoted to Older Adults	230154			12 404	( 404)
Vaccination Week of the Americas 2012, Programmed for the week of 21 to 28 April	230155			31 346	( 18 891)
Experts in Promotion of Health Services Forms	230156			3 762	
Support in Knowledge Management and Research	230157			11 818	( 9 056)
Guarantee the Access to the Reproductive Health Services and Promote the Reproductive Sexual Rights with Special Emphasis on the most Vulnerable Populations	230158			12 209	2 989
Promote Child Health through `Integrated Management of Childhood Illness`	230159			6 455	( 3 177)
Expert: International Health Regulations	230160			1 077	

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**Summary of Voluntary Contributions (Cont.)**

(expressed in US dollars)

Source of Funds	PAHO Project ID	Accounts Receivable	Accounts Payable	Deferred Revenue	Revenue/ Expenses <sup>1/</sup>
Meeting of the Andean Sub Regions and the Southern Cone on HIV Testing to take place in Colombia	230161			15 931	( 3 230)
Health Program Quality	230163			10 517	
Management of the Fund, Coordination and Monitoring of the Program External Relations	230164			3 426	
Expert Management and Coordination of the Fund	230165			15 457	( 999)
Project of Reconstruction of the Hospital "Heroes of Baire" in Cuba	230166			25 368	71 086
Strengthen the Coordination of Response of the Health Sector to Disasters in Latin America and the Caribbean	230168			98 082	24 849
Development Framework Cooperation Agreement Between the Kingdom of Spain and PAHO	230169			5 652 496	38 176
Improving the Situation of Children, Food Safety, and Nutrition in Guatemala	191095				( 12)
Supply and Distribution Health Products to 4 Health Institutions	191118			1 102 759	1 379 332
Operational Aspects of Spanish Fund for Sustainable Development Goals entered into Between UNDP, WHO and Other UN System Organizations	191119			9 431	10 569
<i>Subtotal</i>				7 745 769	1 493 197
<b>Sweden</b>					
Support to SIDA-PAHO Strategic Partnership on the Regional Health Programme in Central America 2008-2010 - Social Protection in Health	163135				( 1 681)
Implementation of Strategic Territorial Health Plans in Alta Verapaz, Huehuetenango, Ixil, Ixcán and Quiché	163141				45 062
Reduction of Vulnerabilities to Contribute to Rural Development in Five Municipalities of the Basins of the Coatan and High Suchiate Rivers in the Department of San Marcos in Guatemala	191103		29		496 328
<i>Subtotal</i>			29		539 709
<b>United Kingdom</b>					
Smart Health Care Facilities in the Caribbean	140065				187 961
Improving the Organisation of the Emergency Response Chain and the Quality of Medical Emergency Care at Department Level in HAITI	140069	1 866 731		2 440 343	85 830
<i>Subtotal</i>		1 866 731		2 440 343	273 791

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*Annex*

**Summary of Voluntary Contributions (Cont.)**

(expressed in US dollars)

Source of Funds	PAHO Project ID	Accounts Receivable	Accounts Payable	Deferred Revenue	Revenue/ Expenses <sup>1/</sup>
<i>United States of America</i>					
A Secure and Disaster Resilient Health Sector in the Americas	002131				( 1 375)
Improved Health Outcomes/Tuberculosis, Maternal, Neonatal Health in Latin America	002140	3 347 709		3 033 609	3 865 021
Amazon Malaria Initiative (AMI) and South American Infectious Diseases Initiatives (SAIDI): Components of the South America Regional Infectious Diseases Program (SARI)	002141	886 000		790 610	2 016 216
Strengthening Disaster Risk Reduction in Central and South America through Improved Administration and Management of Disaster Preparedness and Response Information	002142				24 089
Towards a More Resilient Health Sector in Latin America and the Caribbean	002143	685 000		618 390	266 610
Building Capacity and Networks to Address Emerging Infectious Diseases in the Americas - Year 5	028081				( 32 861)
Strengthening Immunization Programs in the Americas - Year 4	028088				( 2 865)
Protecting the Advances in Polio, Rubella and Measles Elimination: Strengthening Immunization Programs in the Americas	028089	1 320			3 382 053
Non-Communicable Disease Prevention and Health Promotion in the Region	028093	3 814			424 161
Surveillance and Response to Seasonal and Pandemic Influenza in the Region of the Americas	028097	1 927			1 065 534
Building Capacity and Networks to Address Emerging Infectious Diseases in the Americas	028101				555 841
Protecting the Advances in Polio, Rubella and Measles Elimination: Strengthening Immunization Programs in the Americas	028106	3 079 041		2 992 509	2 605 668
Non-Communicable Disease Prevention and Health Promotion in the Region	028094	260 987		248 887	70 991
Surveillance and Response to Seasonal and Pandemic Influenza in the Region of the Americas	028098	565 500		547 972	56 528
Building Capacity and Networks to Address Emerging Infectious Diseases in the Americas	028102	496 943		494 607	5 336
Reduction of Health Disparities in HIV Prevention and Care in Central America and the Caribbean	040037				751 549
Cooperative Agreement with the Pan American Health Organization - Year 3	240003				( 7 662)
Cooperative Agreement with the Pan American Health Organization - Year 4	240004	3 356			827 411
Support Regulatory Systems Strengthening in Latin America and the Caribbean	240005	649 016		633 409	116 607
<i>Subtotal</i>		9 980 613		9 359 993	15 988 852
<b>Total - Government Financing</b>		17 673 594	232 499	27 961 926	33 316 439

**Summary of Voluntary Contributions (Cont.)**

*(expressed in US dollars)*

Source of Funds	PAHO Project ID	Accounts Receivable	Accounts Payable	Revenue Received 1/ Received 1/	Revenue/ Expenses <sup>1/</sup>
<b>II. International Organizations</b>					
<i>European Community</i>					
Strengthening the Integration of the British & Dutch OCTs in the Regional Response within the PANCAP Framework	049068	1 642			1 098 945
Alert and Response Operations for Cholera and other Health Hazards in the Dominican Republic	049093				( 27)
Improve the Capacity of the Haitian Health Sector to Efficiently Manage Health Risks and Respond to Medical Emergencies at Local Level, HAITI	049099	126 364			447 092
Strengthening of Critical Maternal and Neonatal Services in Belize (the "Action")	049101	376 574		735 791	1 341 170
The Strengthening of the Prevention and Control of Dengue and Malaria in Belize (the "ACTION")	049105	208 537		408 544	570 178
Increase Access to Lifesaving Health Care and Safe Water and Response Capacity to Emergencies of Conflict - Affected Communities in Colombia	049108	351 220		523 721	67 019
Improve the Capacity of the Haitian Health Sector to Coordinate and Implement Adequate Rapid Response to Cholera Alerts and Outbreaks, HAITI (the "Action")	049109	121 951		608 951	
Justice Program and Social Inclusion	087015	113 349		434 351	20 882
Preparedness, Response and Early Recovery to Multi-Risk Scenarios and Mainstreaming of Risk Management into Development Planning	191113	26 178		3 578	116 718
Advancing and Strengthening the Methodological Tools and Practices Relating to the Application and Implementation of Health Technology Assessment (HTA)	481001	96 556		97 109	67 154
<i>Subtotal</i>		1 422 371		2 812 045	3 729 131
<i>Food and Agriculture Organization (FAO)</i>					
PAHO - FAO Antigua & Barbuda: Zero Hunger Challenge.	051017		88		129 079
<i>Subtotal</i>			88		129 079
<b>IDB</b>					
Prevention and Control of AH1N1 and Other Infectious Diseases in Latin America and the Caribbean	091028		5 668		
<i>Subtotal</i>			5 668		
<i>International Bank for Reconstruction and Development (World Bank)</i>					
Support to Health Sector Response to Earthquake Affected Population	199030			1 210	
<i>Subtotal</i>				1 210	

**Summary of Voluntary Contributions (Cont.)**

(expressed in US dollars)

Source of Funds	PAHO Project ID	Accounts Receivable	Accounts Payable	Deferred Revenue	Revenue/ Expenses <sup>1/</sup>
<b>Joint United Nations Program on AIDS (UNAIDS)</b>					
Regional 3-day Meeting on Promises Renewed in Addressing Inequalities in Sexual, Reproductive, Maternal and Child Health - A Call to Action (The "Activities")	332083				( 286)
<i>Subtotal</i>					( 286)
<b>United Nations Children's Fund (UNICEF)</b>					
Joint Programme to Assert the Rights of Indigenous Adolescent Girls in Guatemala	187095			112 450	31 138
A Promise Renewed for the Americas: Reducing Inequities in Reproductive and Maternal Child Health	187097		6 554		( 4 060)
Immunization Coverage Survey	187099				20 000
Helping Infants to Breathe	187100				9 974
Sanitation and Water for All Ministerial Dialogue on Water and Sanitation on 10 April 2014	187101				29 391
Reviewing Protocols for the Provision of Care for Survivors of Violence Against Children in LAC	187102			20 000	
<i>Subtotal</i>			6 554	132 450	86 443
<b>United Nations Development Program (UNDP)</b>					
Support for the Process of Legislative Development and Implementation for the Right to the Consultation and Participation of the Indigenous Populations	191112		133		16 200
Coordination of Health Services for Cholera-Affected Population	191116		11 087		( 11 066)
Contribution from United Nations Development Program UNDP to Facilitate the Conduct of the UNSCR 1540 High Level Meeting, 2nd - 3rd October, 2013, Grand Lucaya Hotel, Freeport, Grand Bahama	191117				1 000
Jamaica's Preparedness for the Possible Introduction of EBOLA into the Country	191123			5 000	
<i>Subtotal</i>			11 220	5 000	6 134
<b>United Nations Environment Programme (UNEP)</b>					
Strengthening National Capacity for Chemicals Management in the Bahamas through a National Coordination Mechanism, Comprehensive Situation Analysis and Development of National Integrated Plan for Chemical Safety	195003			77 850	45 561
<i>Subtotal</i>				77 850	45 561

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**Summary of Voluntary Contributions (Cont.)**

(expressed in US dollars)

Source of Funds	PAHO Project ID	Accounts Receivable	Accounts Payable	Deferred Revenue	Revenue/ Expenses <sup>1/</sup>
<b>United Nations Foundation (U.N.F.)</b>					
The Story of Eliminating Measles and Rubella in the Americas	389001				36 651
<i>Subtotal</i>					36 651
<b>United Nations International Strategy for Disaster Reduction (ISDR)</b>					
Global Facility for Disaster Reduction and Recovery	368005			24 224	101 187
<i>Subtotal</i>				24 224	101 187
<b>United Nations Office for the Coordination of Humanitarian Affairs (OCHA)</b>					
Rapid Response for Emergency Health Care and Safe Water in Flood-Affected Communities in the Municipalities of Novita and San Jose del Palmar, Colombia	401006		7 658		91 772
Scaling-up Response to Cholera Outbreak in High Priority Departments and Support to the National Coordination for Cholera Response in the Ministry of Health	401007			127 009	152 304
<i>Subtotal</i>			7 658	127 009	244 076
<b>United Nations Population Fund (UNFPA)</b>					
Strengthening of Adolescent-Friendly Health Services in Honduras	278012				38 096
Support for Strengthening Health Statistics as a Component of the National Health Information System of the Ministry of Health	278013			8 000	
<i>Subtotal</i>				8 000	38 096
<b>United Nations Trust Fund for Human Security (UNTFHS)</b>					
Food Insecurity: A Threat to the Human Security of Poqoman People Settled in the Dry Corridor	399005	283 772		482 704	213 866
Strengthening Human Security and Community Resilience by Fostering Peaceful Co-Existence in Peru	399006	189 727		295 570	25 643
Strengthening Human Security in the Central Municipalities of the Paraguayan Chaco	399007	297 511		444 046	
<i>Subtotal</i>		771 010		1 222 320	239 509
<b>Total - International Organizations</b>		2 193 381	31 188	4 410 108	4 655 581



**Summary of Voluntary Contributions (Cont.)**

(expressed in US dollars)

Source of Funds	PAHO Project ID	Accounts Receivable	Accounts Payable	Deferred Revenue	Revenue/ Expenses <sup>1/</sup>
<b>III. Private and Public Sector</b>					
<i>Albert B. Sabin Institute</i>					
Surveillance of Human Papilloma Virus (HPV) Related Disease in Jamaica	397006			10 713	97 071
Regional Trust Fund for Neglected Infectious Diseases and Actions to Combat Neglected Tropical Diseases and other Infectious Diseases	397010				( 612)
Assessment of Pneumococcal Conjugate Vaccine (PCV) Impact and Effectiveness Against Invasive Pneumococcal Disease and Bacterial Pneumonia and Morbidity and Mortality in Children in Colombia and Peru	397011		32 355		98 872
Dengue Epidemiological Surveillance Model to Define Vaccination Strategies in Latin America and the Caribbean	397012			123 681	238 980
Investigation of the Impact and Effectiveness of the 10-Valent Pneumococcal Conjugate Vaccine Against Invasive Pneumococcal Disease and X-Ray Confirmed Hospitalized Bacterial Pneumonia in Children in Colombia	397013	122 500		166 098	59 881
Evaluation of the Impact of Mass Albendazole Treatment in South and Southeast Mexico	397015	84 615		84 615	
<i>Subtotal</i>		207 115	32 355	385 107	494 192
<i>Andean Corporation of Promotion (CAF)</i>					
Strengthening of the Prevention and Control of Foot-and-Mouth Disease in Border Areas of Countries of the Andean Region: Contribution to the Fulfillment of the Commitments of Countries to the PHEFA	479001	10 000		10 000	25 000
<i>Subtotal</i>		10 000		10 000	25 000
<i>Bill Gates Foundation</i>					
Project Proposal to Transfer Tools, Methods and Lessons Learned from PAHO Pro-Vac Initiative in the Americas to other WHO Regions for the Promotion of Evidence-Based Policy Decisions Regarding new Vaccine Introduction in Low and Middle-Income Countries	365002			876 595	77 487
Cost Effectiveness Analysis of HPV Vaccine in Latin American Countries	365003				537
Development and Dissemination of Data Collection Methodologies for Economic Evaluations	365004			79 911	54 842

**Summary of Voluntary Contributions (Cont.)**

*(expressed in US dollars)*

Source of Funds	PAHO Project ID	Accounts Receivable	Accounts Payable	Deferred Revenue	Revenue/ Expenses <sup>1/</sup>
Second Workshop to Share Lessons Learned in the Development and Implementation of Computerized National Immunization Registries	365005				( 3 621)
Better Immunization Data Quality (DQ) and Electronic Immunization Registries (EIR)	365006	213 096		1 018 009	87 862
Combating STH via Integrated Child Health Services in Honduras	365007			100 000	
Disease Control Priorities Network	489001	5 490			5 490
<i>Subtotal</i>		218 586		2 074 515	222 597
<b>CDC Foundation</b>					
Bloomberg Initiative to Reduce Tobacco Use (GATS)	460001			18 367	85 236
<i>Subtotal</i>				18 367	85 236
<b>Colgate Palmolive Company</b>					
Community-Based Oral Health Interventions in Colombia and Ecuador	466001	122 364		184 700	116 697
<i>Subtotal</i>		122 364		184 700	116 697
<b>Conselho Nacional Pecuário (CNPIC)</b>					
Development of Activities Related to the Strengthening of the Laboratory of Reference for Vesicular Disease	467001	423 875		425 558	55 630
<i>Subtotal</i>		423 875		425 558	55 630
<b>Global Alliance V. I. (GAVI)</b>					
Injection Safety Project - Bolivia	387004			166 301	77 280
Support the Immunization Services (ISS) of Bolivia 2007-2009	387009			134 204	901
New Vaccine Support for Introduction of Pneumococcal and Rotavirus Vaccines in Guyana	387011				1 634
New Vaccines for Immunization Services Support in Bolivia	387012			14 920	( 1)
Contribution to Support the Introduction of New Vaccines and for Immunization Services Support in Nicaragua	387014				132
Health Systems Strengthening in Honduras	387015				192 678
Support the Introduction of new Vaccines by the Government of HAITI	387016	345 500		417 318	224 620
Pneumococcal Vaccine introduction Activities in Bolivia	387017			88 750	105 589
Implementation of the Health Systems Strengthening Programme of the Haiti Government	387018	2 162 073		3 089 266	210 649
Implementation of the Health Systems Strengthening Program in Cuba	387019	1 032 520		2 332 698	36 302
<i>Subtotal</i>		3 540 093		6 243 457	849 784

**Summary of Voluntary Contributions (Cont.)**

(expressed in US dollars)

Source of Funds	PAHO Project ID	Accounts Receivable	Accounts Payable	Deferred Revenue	Revenue/ Expenses <sup>1/</sup>
<b>International Diabetes Federation</b>					
<b>Japan Center for International Exchange "JCIE"</b>					
Implementation of a Regional Meeting on Human Health and Security	478001	2 875		24 887	3 052
<i>Subtotal</i>		2 875		24 887	3 052
<b>ORBIS International</b>					
LAC Regional Plan for the Prevention of Avoidable Blindness and Visual Impairment and Promotion of Eye Health 2014-2016	491001	140 000		166 509	43 491
<i>Subtotal</i>		140 000		166 509	43 491
<b>Open Society Institute (OSI)</b>					
Strengthening Capacity in Primary Prevention of Violence Against Women and Children in Latin America and the Caribbean Region	470001				1 466
<i>Subtotal</i>					1 466
<b>Pan American Health and Education Foundation (PAHEF)*</b>					
Pro-Vac Initiative: Multiyear Project Proposal for the Promotion of Evidence-Based Policy Decisions Regarding New Vaccine Introduction in Latin America and the Caribbean	144028		607		422 009
Healthy Kids, Healthy Communities: Supporting Community Action to Prevent Childhood Obesity	144034				( 108)
Pan American Forum for Action on Chronic Diseases	144041				( 111)
<i>Subtotal</i>			607		421 790
<b>Project High Hopes Global</b>					
Implementation and Assessment of Evidence Based Interventions for Infection Prevention and Control in Cuba	492001	93 225		211 310	
<i>Subtotal</i>		93 225		211 310	
<b>Program for Appropriate Technology in Health (PATH)</b>					
Effectiveness of a Monovalent Rotavirus Vaccine Against Severe Rotavirus Diarrhea in Bolivia	375009				15 122
<i>Subtotal</i>					15 122

\*PAHO Foundation, formerly known as PAHEF (Pan American Health and Education Foundation), works to mobilize resources and advocate the strategic agenda of PAHO. The Foundation is led by a board of directors comprised of health experts, business leaders, and philanthropists from the Americas. The Foundation is a 501(c)(3) organization governed by the laws for charitable organizations in the United States.

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**Summary of Voluntary Contributions (Cont.)**

(expressed in US dollars)

Source of Funds	PAHO Project ID	Accounts Receivable	Accounts Payable	Deferred Revenue	Revenue/ Expenses <sup>1/</sup>
<b><i>RAD-AID International</i></b>					
Improve the Availability and Quality of Radiological Health Services in Latin America and the Caribbean	477001	17 761		17 764	43 186
<i>Subtotal</i>		17 761		17 764	43 186
<b><i>Rockefeller Foundation</i></b>					
Eight Global Conferences on Health Promotion and Ultimately the Post-Millennial Development Goals Process	156019				43 295
Universal Health Coverage in the Americas	156020				231 158
Equity Health and Human Development Information - Institutionalization & Partnership Program	156021	25 000		205 895	44 105
<i>Subtotal</i>		25 000		205 895	318 558
<b><i>Sanofi Espoir Foundation</i></b>					
My Child Matters - Fight Childhood Cancer	484001	85 366		143 208	71 593
<i>Subtotal</i>		85 366		143 208	71 593
<b><i>Task Force For Global Health</i></b>					
Joining Forces to Control Soil-Transmitted Helminths in the Americas	471002			20 251	1 107
<i>Subtotal</i>				20 251	1 107
<b><i>Texas Children's Hospital</i></b>					
Language and Medical Content Editing for the WHO ETAT/CETEP Manuals (Participant and Facilitator Manuals) and the TCH/BCM Manuals (Participant and Facilitator Manuals)	459007		3 000		
<i>Subtotal</i>			3 000		
<b><i>The Global Fund (GFATM)</i></b>					
Strengthening and Improvement of Directly Observed Therapy (DOTS) AIDS Strategy in Haiti	191109			62 230	37 770
Bolivia Free of Malaria	191111			26 190	124 141
Strengthening Logistics Management Information Systems and ARV Forecasts: A Regional Approach	439002	100 027		250 000	
Use of the Epidemiological Intelligence with Social Participation, in order to Strengthen the Management of the Program, Improve the Access to the Diagnosis and Treatment, and carry out Effective Interventions for the Prevention of Malaria Control in Colombia	468003	32 085		65 984	37 864
<i>Subtotal</i>		132 112		404 404	199 775

**Summary of Voluntary Contributions (Cont.)**

*(expressed in US dollars)*

Source of Funds	PAHO Project ID	Accounts Receivable	Accounts Payable	Deferred Revenue	Revenue/ Expenses <sup>1/</sup>
<b><i>Vaccines Ambassadors</i></b>					
Health Recovery Activities in St Lucia and St Vincent and the Grenadines	480001				14 564
<i>Subtotal</i>					14 564
<b><i>Various Grantors (Undesignated Contributions)</i></b>					
Support to the Bioethics Program	215025				( 21)
Multi Activities Financed by Small Contributions to PAHO during 2014-2015	215060			32 260	48 226
<i>Subtotal</i>				32 260	48 205
<b><i>World Diabetes Foundation</i></b>					
Promoting Improved Primary Care and Prevention of Diabetes in two Northern Mexican Communities (Tijuana and Ciudad Juarez)	418007				15 433
Addressing the Burdens of Diabetes and Tuberculosis in the Americas with a View to Facilitating Screening for Tuberculosis Among People with Diabetes	418008	5 000		66 070	139 134
Capacity Building and Educational Project on Diabetes	418009	4 000		182 469	117 531
Fighting Against Diabetes in Honduras	418011	162 493		338 086	88 742
Pan American Conference on Diabetes and Pregnancy (Expert Meeting)	418012	150 000		260 932	4 068
<i>Subtotal</i>		321 493		847 557	364 908
<b>Total - Private and Public Sector</b>		5 339 865	35 962	11 415 749	3 395 953

**Summary of Voluntary Contributions (Cont.)**

*(expressed in US dollars)*

Source of Funds	PAHO Project ID	Accounts Receivable	Accounts Payable	Deferred Revenue	Revenue/ Expenses <sup>1/</sup>
<b>V. Other Voluntary Contributions</b>					
PAHO Regional Strategy and Plan of Action for an Integrated Approach to the Prevention and Control of Chronic Diseases, including Diet, Physical Activity and Health	474001		39 740		( 1 969)
Consolidation of the Hemispheric Plan for Foot-and-Mouth Disease Eradication (PHEFA)	476001	140 000		140 000	143 993
Helen Weyburn Support for Tuberculosis	454002			13 800	
Bequest from the Estate of Ms. Thelma G. Hottel for the Stella Maris School of Nursing in Zacapu, Michoacan, Mexico	454003			3 000	
<i>Subtotal</i>		140 000	39 740	156 800	142 024
<b>Total - Other Voluntary Contributions</b>		140 000	39 740	156 800	142 024
<b>Total</b>		25 346 840	339 389	43 944 583	41 509 997

Notes:

<sup>1/</sup> In accordance with IPSAS, beginning 1 January 2010, PAHO will recognize as Deferred Revenue the full commitment amount upon signature of Voluntary Contribution agreements. Revenue for the Financial Period is recognized based on the Expense reported during the Financial Period. There are certain special agreements for which Deferred Revenue is not recognized. Below is a reconciliation between Expense and Revenue:

Voluntary Contributions Expenses 2014	41 509 997
Project ID 215017 - Revenue is based on cash	524
Voluntary Contributions Revenue 2014	<u>41 510 521</u>

**Summary of Voluntary Contributions-National Voluntary Contributions**

(expressed in US dollars)

Source of Funds	PAHO Project ID	Accounts Receivable	Accounts Payable	Deferred Revenue	Revenue/ Expenses <sup>1/</sup>
<b>Government Financing</b>					
<i>Argentina</i>					
Managerial Support for National Health Development	059001			171 681	70 121
Action Plan for the Strengthening of Public Health in the Province "Entre Ríos"	059035	47 130		79 488	37 914
Intensified Surveillance ETI-IRAG in Argentina	059039		428		
Improved Monitoring of Clinical and Epidemiological Viral Factors in the Immune Response to the Infection by New Influenza A H1N1	059040		171		
Implementation of Five Priority Objectives of Strategy of Technical Cooperation of PAHO/WHO in Argentina - 2009 - 2011	059041	1 753 361		2 722 727	1 900 261
Implementation Diagnosis Tool WHO-AIMS in Argentina	059042			371	( 278)
Information System and Statistics	059043		592		
National Institute of Social Services for Retirees and Pensioners (PAMI)	059044	70 000		75 520	13 584
Central National Institute Unique Coordinator of Ablation and Implants (INCUCAI)	059045			999 000	666 000
Improvement of Maternal Health of Childhood of Women and Adolescence in the Province Mendoza	059046	477 000		690 722	263 278
Plan of Action to Strengthen Public Health in the Province	059047			29 875	5 896
<i>Subtotal</i>		2 347 491	1 191	4 769 384	2 956 776
<i>Bahamas</i>					
Environmental and Health Risk Assessment for Grand Bahamas	380004	62 227		445 627	16 600
<i>Subtotal</i>		62 227		445 627	16 600
<i>Belize</i>					
Strengthening of Critical Maternal and Neonatal Services in Belize	314004			41 799	144 201
<i>Subtotal</i>				41 799	144 201
<i>Brazil</i>					
Strengthening and Technical Support BVS-SP	165002	131 553		131 553	
Epidemiological and Environmental Surveillance	063166		181 827		2 552 623
Decentralized Management Qualification "United Health System"	063168		368 545		6 993 071
Program Qualification of Supplemental Health	063172	1 494 480		2 587 542	225 297

*Annex*

**Summary of Voluntary Contributions-National Voluntary Contributions (Cont.)**

*(expressed in US dollars)*

Source of Funds	PAHO Project ID	Accounts Receivable	Accounts Payable	Deferred Revenue	Revenue/ Expenses <sup>1/</sup>
Development and Organization of Health Systems and Services	063173	15 093 408		33 021 676	19 752 845
Support of the Implementation of the Policy of Strategic and Participatory Management of the United Health System	063174	2 797 464		5 859 773	8 121 090
Development of Human Resources in Health	063177			2 229 207	1 085 282
Development of Management System of Technology in Health	063178	5 967 922		8 774 083	6 202 672
Family Health - Food and Nutrition	063180			1 720 011	964 198
Environmental Health / Institutional Strengthening and Training Human Resources for FUNASA	063182			149 198	258 791
Quality Program "United Health System"	063183	1 699 550		6 811 414	2 931 172
Implementation of National Policies on Blood	063184	744 125		892 659	273 591
Strength of Objectives and Directives United Health System in Sao Paulo	063187			1 206 625	575 127
CANCER Network	063190	3 440 377		7 359 279	1 462 694
Health Surveillance, Promotion and Prevention	063191			4 879 793	1 816 197
Strengthening of Objectives and Directives of SUS in Bahia State	063192	1 117 866		1 353 412	645 944
Management of Work and Health Education	063194	43 267 438		62 128 225	10 296 189
Institutional Strengthening and Advisory Services of International Affairs of the Ministry of Health - AISA	063195			3 808 147	2 555 255
Economic - Industrial Complex of Health	063198			3 037 114	1 739 678
Support for the National Council of State Secretaries of Health Municipals "CONASS"	063199			4 018 572	1 541 675
Support for the National Council of State Secretaries of Health Municipals "CONASEMS"	063200	1 864 976		4 469 086	( 157 787)
Prevention and Control of Dengue in the Context of Integrated Management	063201	3 729 952		4 415 321	943 271
Strengthening of Actions and Health Surveillance	063205			4 148 406	1 704 616
Actions of Implementation of the Public Policies of Control of STD/HIV/AIDS and Viral Hepatitis Strengthened in the Context of Principals and Directives of the United Health System	063207	10 975 382		11 695 677	1 138 975
Protection and Promotion of the Indigenous Populations	063208	6 960 649		14 140 461	8 115 253
Decentralized Technical Cooperation Secretariat of Health of the State of PERNAMBUCO	063209	223 139		329 685	489 269
Institutional Strengthening of the National Health Council	063210			1 370 848	1 177 544



*Annex*

**Summary of Voluntary Contributions-National Voluntary Contributions (Cont.)**

*(expressed in US dollars)*

Source of Funds	PAHO Project ID	Accounts Receivable	Accounts Payable	Deferred Revenue	Revenue/ Expenses <sup>1/</sup>
Development and Qualification of the Pharmaceutical Assistance	063212	7 075 504		11 119 606	3 106 036
Strengthening of the Monitoring in Environmental Health and Health of the Employees of the United Health System	063213			4 461 468	1 604 838
Development of the Activities to Improve and Strengthen the Public Policies in Health Surveillance, Malaria Prevention and Control, Surveillance and Prevention of Hansen's Disease and other Diseases in Elimination, advocated by the United Health System	063214	4 475 942		5 998 253	2 232 888
Strengthening of the National Surveillance System in Health, Improving the Capacity for Management of the National System of Health Surveillance, Improving the Capacity for Management of the United Health System for the Reduction of the Morbidity and Mortality of the Zoonoses, Diseases of Vector-borne, Waterborne and Alimentary Transmission	063215	5 408 430		8 232 032	1 988 588
Strengthening of the Processes of Health Surveillance at the Federal Level in Contributing to the Reduction of the Morbidity and Mortality by Diseases in the Area of United Health System	063216	7 086 919		9 860 326	2 667 873
Strengthening of the National Laboratory System of Public Health and of the National Network of Alert and Response to Emergencies	063217	2 983 961		7 082 635	2 840 308
Strengthening of the Management of the National Surveillance System in Health	063218			5 538 120	3 098 220
Strengthening of Innovative Regulations in Health, with Emphasis on Ethics and Health Research	063219			2 689 196	5 005 167
Strengthening the Monitoring in Tuberculosis	063222	1 202 909		3 235 748	2 200 608
Surveillance Strengthening in Chronic Noncommunicable Diseases - DCNT	063224			2 337 687	1 806 649
Expansion of the Access of the Brazilian Population Basic Health Care	063226			3 438 244	952 380
Participation of Cuban Doctors in Brazil "Mais Medicos"Project	063227	177 535 897		248 639 432	706 923 212
Strengthening Network Management for Health Care of the State of Rio Grande do Sul	063229	1 495 007		1 495 007	
Healthy and Sustainable Territories for Environmental Health Action	063230	2 362 598		2 362 598	
<i>Subtotal</i>		309 135 448	550 372	507 028 119	817 831 299

**Summary of Voluntary Contributions-National Voluntary Contributions (Cont.)**

*(expressed in US dollars)*

Source of Funds	PAHO Project ID	Accounts Receivable	Accounts Payable	Deferred Revenue	Revenue/ Expenses <sup>1/</sup>
<b>Colombia</b>					
San Andrés Healthy Phase II	066061	20 018			
Improvement of the Conditions of Water and Sanitation in Indigenous Communities of the Departments of Vichada and Vaupes	066069		33 822		8 332
Agreement of Cooperation PAHO/Ministry of Health and Social Protection of Colombia	066072		629 502		10 333 478
Agreement No. 1 between the National Institute of Health (INS), Colombia, and PAHO/WHO	066073				34 418
Commitment Letter No. 2, between the National Institute of Health, Colombia, and PAHO/WHO	066074				24 712
National Survey of Nutritional Situation in Colombia	066075	3 364 172		3 803 719	
<i>Subtotal</i>		3 384 190	663 324	3 803 719	10 400 940
<b>Costa Rica</b>					
Integrated Development of the Strategic Functions of Human Resources of the Costa Rican Social Security Fund	065018	228 806		400 055	15 808
Promoting the Development and Strengthening National and Regional Mechanisms for the Control of Tobacco Products	065019			516 002	
<i>Subtotal</i>		228 806		916 057	15 808
<b>Ecuador</b>					
Control of Tuberculosis in Ecuador	069021			630 445	
<i>Subtotal</i>				630 445	
<b>El Salvador</b>					
Agreement of Technical Cooperation between the Common Fund for Health and Pan American Health Organization/World Health Organization, PAHO/WHO	070006			9 732	18 512
<i>Subtotal</i>				9 732	18 512
<b>Guatemala</b>					
Integrated Development Division Regulator, Surveillance and Health Control - Phase II	072017		44 448		
Acquisition of Biological, Reagents, Drugs, and Other Expenditures between the Ministry of Public Health and Social Welfare of the Republic of Guatemala and the Pan American Health Organization/World Health Organization	072018			10 296	134 299
<i>Subtotal</i>			44 448	10 296	134 299

*Annex*

**Summary of Voluntary Contributions-National Voluntary Contributions (Cont.)**

*(expressed in US dollars)*

Source of Funds	PAHO Project ID	Accounts Receivable	Accounts Payable	Deferred Revenue	Revenue/ Expenses <sup>1/</sup>
<b>Mexico</b>					
Implementation of the Healthy Housing Strategy - CHIAPAS	076025				182
Sustainability of Universal Coverage in Health: Share Experiences and Promote Progress	076026			47 488	17 073
Annex II to the Memorandum of Understanding Between the Secretary of Health of Mexico and the United States PAHO Concerning the Work Plan 2014	076028	20 483		211 179	927 130
Preparation of the Master Plans of DENGUE, Road Safety, and Renewed Primary Health Care of the System MesoAmerican of Public Health (SMSP)	076029			442 641	
<i>Subtotal</i>		20 483		701 308	944 385
<b>Peru</b>					
Managerial Support for National Health Development	081003			769 967	503 724
<i>Subtotal</i>				769 967	503 724
<b>Uruguay</b>					
Public Health School of Government Support to Reform Criminal Justice System and the Improvement of Living and Socioeconomic Rehabilitation of Persons Deprived of Freedom	087013			19 626	82 830
Center for International Cooperation in Tobacco Control	087014			13 779	11 282
	087017			37 726	25 707
<i>Subtotal</i>				71 131	119 819
<b>Venezuela</b>					
Attaining Birth Certificates	089014	20		125 032	
<i>Subtotal</i>		20		125 032	
<b>Total</b>		315 178 665	1 259 335	519 322 616	833 086 363

Notes:

<sup>1/</sup> In accordance with IPSAS, beginning 1 January 2010, PAHO will recognize as Deferred Revenue the full commitment amount upon signature of Voluntary Contribution agreements. Revenue for the Financial Period is recognized based on the Expenses reported during the Financial Period.

**Summary of Voluntary Contributions - Emergency Preparedness and Disaster Relief**

*(expressed in US dollars)*

Source of Funds	PAHO Project ID	Accounts Receivable	Accounts Payable	Deferred Revenue	Revenue/ Expenses <sup>1/</sup>
<b>I. Government Financing</b>					
<i>Australia</i>					
Health-Related Recovery Activities in St. Vincent & the Grenadines and St. Lucia	488001				35 218
<i>Subtotal</i>					35 218
<i>Canada</i>					
HAITI - PAHO - 2013 - Health and WASH Assistance	026153				47 217
Health Emergency Response and Recovery Needs: Flooding in Eastern Caribbean	452005			61 223	344 761
Disease Reduction through WATSAN Intervention in Cholera Treatment Facilities Integrated on the Health Public Systems in Vulnerable Commune (HT-14/H66279/R); Reinforcement of the Response to Cholera Outbreaks in the Considered High Priority Departments and Support to the Nation Coordination for Cholera Response in the Ministry of Health (HT- 14/H/67222/R); Prevention of Spread of Cholera through Vaccination (HT-14/H/37222/R)	452006				182 050
<i>Subtotal</i>				61 223	574 028
<i>Luxemburg</i>					
Strengthen the Clinical Management of Dengue Vector Control in Five Priority Departments	394002				1 596
<i>Subtotal</i>					1 596
<i>Spain</i>					
Response to the Swine Influenza A (H1N1) in Latin American and the Caribbean	230128		4 507		( 4 507)
Fund for Assistance in Humanitarian Contexts	230170			461 829	40 771
<i>Subtotal</i>			4 507	461 829	36 264

*Annex*

**Summary of Voluntary Contributions - Emergency Preparedness and Disaster Relief (Cont.)**

*(expressed in US dollars)*

<b>Source of Funds</b>	<b>PAHO Project ID</b>	<b>Accounts Receivable</b>	<b>Accounts Payable</b>	<b>Deferred Revenue</b>	<b>Revenue/ Expenses <sup>1/</sup></b>
<i>United Kingdom</i>					
Hurricane SANDY Response in Haiti	140066				4 135
Restoration of Health Services and WASH Standards in St. Vincent and St. Lucia	140068				371 618
<i>Subtotal</i>					375 753
<b>Total - Government Financing</b>			4 507	523 052	1 022 859
<b>II. International Organizations</b>					
<i>European Community</i>					
Caribbean Health Services Resilient to Impact of Emergencies and Disasters, Dominican Republic, Guyana, St. Lucia, Suriname, Grenada, Jamaica, Trinidad and Tobago	049100	222 475			808 796
Emergency Response to Dengue Outbreak in Honduras	049102		82		10 477
Ensure Emergency, Life-Saving Health Care Services and Clean Water to Reach Populations Affected by Internal Conflict in Colombia	049103	144 837		134 177	487 654
Emergency Response to Outbreaks of Severe Acute Respiratory Infections in Peru	049104				153 818
Restore Health Services, Safe Water and Proper Environmental Health Conditions in Flood-Affected Areas in St. Vincent & Grenadines and St. Lucia "The Action"	049106	64 903			269 015
Respond to the Urgent Health and WASH needs of the Flood-Affected Populations in Bolivia to Prevent Outbreaks and Other Health Threats	049107	95 084			399 392
<i>Subtotal</i>		527 299	82	134 177	2 129 152
<b>Total - International Organizations</b>		527 299	82	134 177	2 129 152

*Annex*

**Summary of Voluntary Contributions - Emergency Preparedness and Disaster Relief (Cont.)**  
 (expressed in US dollars)

Source of Funds	PAHO Project ID	Accounts Receivable	Accounts Payable	Deferred Revenue	Revenue/ Expenses <sup>1/</sup>
<i>Special Fund for Natural Disaster Relief</i>	463000				
<i>Subtotal</i>					
<b>Total - Special Fund</b>					
<b>Total</b>		527 299	4 589	657 229	3 152 011

Notes:

<sup>1</sup> In accordance with IPSAS, beginning 1 January 2010, PAHO will recognize as Deferred Revenue the full commitment amount upon signature of Voluntary Contribution agreements. Revenue for the Financial Period is recognized based on the Expense reported during the Financial Period. There are certain special agreements for which Referred Revenue is not recognized. Below is a reconciliation between Expense and Revenue:

Expense 2014	3 152 011
Interest Revenue PD	24 603
Voluntary Contributions Revenue	<u>3 176 614</u>

**Regional Office of the Americas (AMRO)  
World Health Organization**

**Regional Office of The Americas for the  
 World Health Organization  
 Statement of Financial Performance by Segment**

*(expressed by US dollars)*

	<b>AMRO Regular Budget</b>	<b>AMRO Special Account for Servicing Costs</b>	<b>AMRO Contribution for Renovation of Assets</b>	<b>AMRO Staff Development and Learning Fund</b>
<b>REVENUE</b>				
<b>Revenue from Non-Exchange Transactions</b>				
Assessed Contributions				
Voluntary Contributions				
Other Revenue	30 629 294	3 722 059	500 000	86 440
<b>Revenue from Exchange Transactions</b>				
Procurement of Public Health Supplies				
Other Revenue				
Miscellaneous Revenue				
<b>TOTAL REVENUE</b>	<b>30 629 294</b>	<b>3 722 059</b>	<b>500 000</b>	<b>86 440</b>
<b>EXPENSES</b>				
Staff and Other Personnel Costs	26 589 688	185 507		21 626
Supplies, Commodities, Materials	546 633	259 383		1 740
Equipment, Vehicles, Furniture, Intangible Assets, Depreciation and Amortization				
Contract Services	863 928	2 062 413	500 000	1 160
Travel	1 589 799	6 885		61 509
Transfers and Grants to Counterparts	451 800			
General Operating and Other Direct Costs	587 446	1 207 871		405
Indirect Support Costs				
<b>TOTAL EXPENSES</b>	<b>30 629 294</b>	<b>3 722 059</b>	<b>500 000</b>	<b>86 440</b>
<b>NET SURPLUS / (DEFICIT)</b>				



**Regional Office of The Americas for the  
 World Health Organization  
 Statement of Financial Performance by Segment**

*Annex*

*(expressed by US dollars)*

<b>AMRO Post Occupancy Charges Fund</b>	<b>AMRO Voluntary Funds for Health Promotion</b>	<b>Total<sup>1</sup> 2014</b>	<b>Total<sup>1</sup> 2013</b>
412 829	22 415 770	57 766 392	71 894 138
<b>412 829</b>	<b>22 415 770</b>	<b>57 766 392</b>	<b>71 894 138</b>
	7 132 591	33 929 412	45 240 144
	3 729 154	4 536 910	4 622 333
395 000	3 669 063	7 491 564	9 188 885
17 829	4 854 999	6 531 021	7 125 927
	2 855 944	3 307 744	2 080 045
	174 019	1 969 741	3 636 804
<b>412 829</b>	<b>22 415 770</b>	<b>57 766 392</b>	<b>71 894 138</b>

<sup>1</sup>Note - No eliminations are provided.

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## **Other Centers**

**1. Latin American and Caribbean Center on Health Sciences Information – (BIREME)**

*(Expressed in US Dollars)*

	<b>31 December 2014</b>	<b>31 December 2013</b>
Deferred Revenue available as of 31 December	407 400	829 724
Revenue Activity	365 041	510 234
Expenditure Activity	798 710	415 729

Other disbursements include \$2 183 484 under trust fund arrangements and \$410 922 from PAHO Regular Budget. (No accruals are included).

Revenue was received from sale of publications and other services.

**2. Latin America Center for Perinatology and Human Development – (CLAP)**

*(Expressed in US Dollars)*

	<b>31 December 2014</b>	<b>31 December 2013</b>
Deferred Revenue available as of 31 December	529 996	690 181
Revenue Activity	75 931	68 116
Expenditure Activity	236 116	

Other disbursements include \$1 126 172 under trust fund arrangements; \$271 051 from PAHO Regular Budget; and \$463 070 from WHO funds. (No accruals are included).

Revenue was received from sundry sales and other services.

**3. Pan American Foot-and-Mouth Disease Center – (PANAFTOSA)**

*(Expressed in US Dollars)*

	<b>31 December 2014</b>	<b>31 December 2013</b>
Deferred Revenue available as of 31 December	799 270	96 449
Revenue Activity	2 221 929	725 304
Expenditure Activity	1 619 881	911 485

Other disbursements include \$2 767 973 under trust fund arrangements; \$2 100 146 from Special Fund for Health Promotion and Food Safety; \$1 846 753 from PAHO Regular Budget; and \$150 814 from WHO funds. (No accruals are included).

Revenue was received from sale of laboratory services.

**The End**