



## **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 2011 to 31 December 2011.



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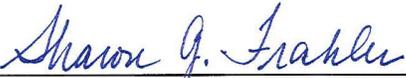
**Mirta Roses Periago**

**Director**

**Pan American Health Organization**

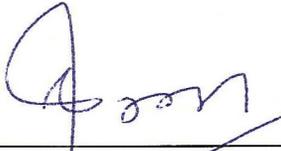
**Certification of Financial Statements**

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

  
\_\_\_\_\_  
Sharon G. Frahler

**Manager**

**Area of Financial Resources Management**

  
\_\_\_\_\_  
Mirta Roses Periago

**Director**

**Pan American Health Organization**

**02 April 2012**

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# **Statement on Internal Control**

## **Scope of Responsibility**

### **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 implementation of the biennial workplan.

### **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 2011 through 31 December 2011, 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), Personnel Rules, the E-Manual and the Manual for Country Office Operations, 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 created a system 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 Focus Support Office, the Area of Planning, Budget and Resource Coordination, the Area of Human Resources Management, and the Area 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 PAHO Infrastructure Investment Projects Committee (PIIP), 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 and budgetary status of the Organization, including an annual report by the External Auditors of PAHO. Furthermore, the Office of Internal Oversight and Evaluation 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 2011 through 31 December 2011, the Auditor General has concluded the following:

*“Based on the findings of its oversight activities in 2011 and in previous years, IES’s overall opinion is that PAHO’s internal control environment is adequate to provide reasonable assurance that transactions and activities are authorized and properly recorded. Absolute assurance is, of course, impossible, as internal controls have inherent limitations...The justification for every internal control should be the risk (or risks) to institutional objectives that the internal control purports to address. At present, the connections between the Organization’s objectives, risks, and internal controls are not as clearly articulated as they should be.”*

The Areas of Financial Resources Management and Planning, Budget and Resource Coordination 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.

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.

The Director of Administration initiated the deployment of a conceptual framework to implement an Enterprise Risk Management program for PAHO in 2011. 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 will then form the foundation of a factual and accurate risk register.

In April 2011, PAHO's Executive Management team approved the conceptual framework of the ERM, which is based upon ISO31000. Subsequently, the Office of Administration (AM) conducted two risk assessments in the Procurement and the Revolving Fund for Vaccine Procurement teams to test the methodology designed to ensure it was appropriate for the Organization. As a result of these exercises, the Director of Administration (AM) has approved the methodology to be employed and has scheduled risk assessments for the Areas of Financial Resources Management, Procurement and Supply Management, Information Technology Services, General Services Operations, and Human Resources Management to be completed in the spring of 2012. The focus of these risk assessments is at the strategic and operational levels of these Areas. A preliminary risk register will be published in the second quarter of 2012.

AM has also taken action to purchase and implement a Risk Management Information System that will be used to support the overall ERM effort in the Organization. This system was implemented in December 2011 and is fully functional. Furthermore, as part of the governance structure of ERM in PAHO, a senior risk committee has been established, comprised of officials from those Areas with primary risk identification and mitigation responsibilities. The committee will convene for its initial meeting subsequent to the publication of the initial risk register.

### **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, 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

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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 of the Office of Internal Oversight and Evaluation Services (IES) 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 and evaluating the effectiveness and efficiency of organizational governance, internal controls, operations, and processes. IES undertakes internal audit and evaluation 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.

As Regional Office of the Americas for the World Health Organization (WHO), PAHO is also subject to audit and evaluation by the WHO’s Office of Internal Oversight Services (WHO-IOS). The WHO-IOS develops its annual plan based on a risk assessment of the projects and programs administered by PAHO. The WHO-IOS employs an integrated audit approach which reviews the totality of the entity, whether country office, technical unit, or program, including financial and human resource management, program planning and budgeting, and collaboration with external partners and stakeholders. In 2011, the WHO- IOS has relied entirely on the audit and evaluation work of PAHO’s Office of Internal Oversight and Evaluation Services, and it is anticipated that the WHO-IOS will continue this practice in 2012.

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 March and November of 2011.

The system of internal control has been in place for the year ending 31 December 2011 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.

<b>Significant Internal Control Issues</b>	<b>Action Taken to Address Issue</b>
<p><b>1. Corporate Administrative Systems -</b> 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.</p> <p>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</p>	<p>The PAHO Management Information System (PMIS) team is in the process of selecting the ERP software and systems integrators. It is anticipated that modules for Finance, Procurement, Budget and Program Planning, and Management will be implemented in the next biennium. This would be followed by Human Resources and Payroll. Change Management and Communications strategies for the PMIS project will be coordinated with the systems integrators.</p> <p>The Financial Accountability Framework as implemented by the Area of Financial Resources Management monitors the basic controls in the country offices to ensure compliance with Financial Regulations and financial policies. The risk-based planning approach employed by the Office of Internal Oversight and Evaluation Services also provides feedback regarding the operations of the various offices. Training on specific finance topics (e.g. accrual accounting) is continuously provided for the country office staff. Included in the implementation plan for the ERP will be a Change Management and Communication Plan which will help to identify and</p>

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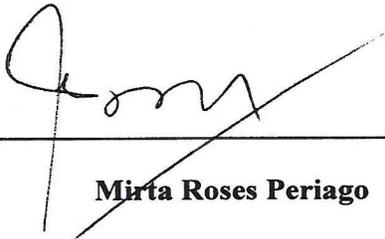
<p>Headquarters. Therefore, the required competencies to fully realize the effectiveness of an ERP do not exist throughout the Organization.</p>	<p>communicate the technical updating requirements of the various categories of staff throughout the Organization. A comprehensive Training Plan will be developed that combines training regarding the ERP requirements and capabilities, as well as technical competencies needed to meet the control requirements, whether financial, budgetary or administrative.</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>The Organization continues a systematic, coordinated review of voluntary contributions proposals, which includes corresponding inputs from country-based colleagues, as well as regional technical and administrative personnel. Processes are underway to implement an ERP which will facilitate improved monitoring of Voluntary Contributions' implementation. During 2011, the Area of Planning, Budget, and Resource Coordination implemented an online tool to identify Voluntary Contributions' coordinators with a view toward increasing accountability and coordination. Through improved clarity on this coordination function, it is anticipated that this should also result in greater accountability for Voluntary Contributions implementation.</p> <p>The Area of Financial Resources Management issues the Project Implementation Review report three times per year. This report illustrates the financial implementation status for those Voluntary Contributions agreements that will be expiring in the short-term. This provides the project coordinators with the opportunity to negotiate with the donors should an extension or reprogramming be required. In 2011, the review and confirmation of the Project Implementation Review reports formed an integral mandatory part of the annual certification process performed by all Allottees.</p>
<p><b>3. Succession Planning -</b>                  The imminent retirement of a significant proportion of senior managers has the potential to result in a loss of institutional knowledge.</p>	<p>The Organization is actively engaged in succession planning through the Human Resources Management biennial HR Plan for each PAHO entity, which requires the managers to plan for retirements and other staffing requirements. Furthermore, all senior managers are required to submit an "end of mission" report prior to changing roles, transferring to another United Nations organization, or retiring.</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, including the H1N1 crisis and the disaster in Haiti, have highlighted the need to have a strong, centralized team of specialists to analyze and coordinate response requirements and information.</p>	<p>PAHO instituted the Emergency Operations Center (EOC), which functions as a centralized location through which organizational coordination and control of health-related response activities by PAHO's Disaster Task Force and the Epidemic Alert and Response Task Force (EARTF) during emergencies and disasters in the Region can be accomplished. In order to meet the longer-term needs of the EOC, plans have been made to establish a permanent state-of-the-art "situation room" that will have the technology required to address the dynamic situations faced by the EOC. The new EOC site will be operational 1 June 2012.</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>	<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, but has been meeting more frequently to address various challenges. The Investment Committee regularly invites experts to these</p>

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<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>meetings to discuss the various risks in the portfolio, as well as their forecast of the economic environment. The Investment Committee selected two additional external portfolio managers to invest intermediate duration funds. The incremental earnings on these portfolios far exceed the associated investment fees, as well as the yield available on internally managed funds.</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 Area of Planning, Budget and Resource Coordination to address these issues.</p>
<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>The Director has approved a payroll surcharge to begin the funding of the significant liability attributable to After-Service Health Insurance benefits for current and future retirees of the Organization. In 2011, this surcharge provided \$1.8 million in revenue to the ASHI Trust. Investment income contributed another \$0.4 million to the ASHI Trust. The Director is also proposing to fund this liability with a portion of the surplus generated from the implementation of IPSAS. Furthermore, WHO and PAHO have agreed to increase the staff health insurance contribution rate by 10% in 2012, and by 4% in each subsequent year. However, in order to fund the liability over the next 30 to 40 years, additional consistent funding sources must be identified. The Organization will be contracting with an actuarial firm in 2012 to provide an analysis of the various options to meet this funding requirement. This comprehensive plan will be presented to the PAHO Governing Bodies for consideration in 2013.</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 2011 through 31 December 2011, and remains so on the date I sign this statement.


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**Mirta Roses Periago**  
**Director**  
**Pan American Health Organization**

# **Opinion of the External Auditor**

## **INDEPENDENT AUDITOR'S OPINION AND REPORT TO THE DIRECTING COUNCIL**

I have audited the consolidated financial statements of the Pan American Health Organization for the year ended 31 December 2011. 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 under the accounting policies set out within them.

### **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 International Public Sector Accounting Standards and the requirements of the Financial Regulations as authorised by the Pan American Sanitary Conference or the Directing Council. The Director is also responsible for such internal control as she determines is 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 issued by the International Auditing and Assurance Standards Board. 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.

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 audit procedures that are appropriate in the circumstances. 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 evidence sufficient to give reasonable assurance that the revenue and expenditure reported in the consolidated financial statements have been applied to the purposes intended by the Pan American Sanitary Conference or the Directing Council and 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 2011 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 except where disclosed in the financial statements.

## Opinion on Regularity

In my opinion, in all material respects, the revenue and expenditure have been applied to the purposes intended by 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:

Under the letter of engagement, I am required to report to you if, in my opinion:

- proper accounting records have not been kept by the Pan American Health Organization; or
- I have not received all of the information and explanations I require for my audit; or
- 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; or
- 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 Terms of Reference of the External Auditor, I have also issued an External Auditor's Report on my audit of the Pan American Health Organization's consolidated financial statements.



**Amyas C E Morse**  
**Comptroller and Auditor General, United Kingdom**  
**External Auditor**

**National Audit Office**  
**157-197 Buckingham Palace Road**  
**London, SW1W 9SP**  
13<sup>th</sup> April 2012

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**Consolidated Statement of Financial Position**

*(Expressed in thousand US Dollars)*

	<u>Reference</u>	<u>31 December 2011</u>	<u>31 December 2010</u>
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	Note 3	104 664	167 574
Short Term Investments	Note 4.1	270 577	175 060
Accounts Receivable	Note 6.1	266 334	171 363
Inventories	Note 7	1 153	841
<b>Total Current Assets</b>		<b><u>642 728</u></b>	<b><u>514 838</u></b>
<b>Non-Current Assets</b>			
Long Term Investments	Note 4.2	218 309	141 815
Accounts Receivable	Note 6.2	98 384	61 006
Property, Plant and Equipment	Note 8.1	103 457	105 220
Intangibles Assets	Note 9	2 116	
<b>Total Non-Current Assets</b>		<b><u>422 266</u></b>	<b><u>308 641</u></b>
<b>TOTAL ASSETS</b>		<b><u>1 064 994</u></b>	<b><u>823 479</u></b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Accrued Liabilities	Note 10	33 363	26 551
Accounts Payable	Note 11.1	28 245	13 445
Employee Benefits	Note 12	10 597	9 321
Deferred Revenue	Note 13.1	406 684	283 626
<b>Total Current Liabilities</b>		<b><u>478 889</u></b>	<b><u>332 943</u></b>
<b>Non-Current Liabilities</b>			
Accounts Payable	Note 11.2	19 563	18 961
Employee Benefits	Note 12	172 820	179 324
Deferred Revenue	Note 13.2	261 199	169 476
<b>Total Non-Current Liabilities</b>		<b><u>453 582</u></b>	<b><u>367 761</u></b>
<b>TOTAL LIABILITIES</b>		<b><u>932 471</u></b>	<b><u>700 704</u></b>
<b>NET ASSETS / EQUITY</b>			
<b>Fund Balances and Reserves</b>			
Fund Balances	Note 14	60 478	43 613
Reserves	Note 14	72 045	79 162
<b>NET FUND BALANCES and RESERVES</b>		<b><u>132 523</u></b>	<b><u>122 775</u></b>

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**Consolidated Statement of Financial Performance**

*(Expressed in thousand US Dollars)*

	<b>Reference</b>	<b>31 December 2011</b>	<b>31 December 2010</b>
<b>REVENUE</b>			
<b>Revenue from Non-Exchange Transactions</b>			
Assessed Contributions	<b>Note 15</b>	101 351	101 351
Voluntary Contributions	<b>Note 15</b>	197 085	199 797
Other Revenue	<b>Note 15</b>	77 489	80 066
<b>Revenue from Exchange Transactions</b>			
Procurement of Public Health Supplies	<b>Note 15</b>	455 891	541 150
Other Revenue	<b>Note 15</b>	5 143	5 029
Miscellaneous Revenue	<b>Note 15</b>	1 515	5 184
<b>TOTAL REVENUE</b>		<b>838 474</b>	<b>932 577</b>
<b>EXPENSES</b>			
Staff and Other Personnel Costs	<b>Note 16</b>	162 927	171 359
Supplies, Commodities, Materials	<b>Note 16</b>	468 716	571 212
Equipment, Vehicles, Furniture, Intangible Assets, Depreciation and Amortization	<b>Note 16</b>	( 423)	859
Contract Services	<b>Note 16</b>	106 588	84 142
Travel	<b>Note 16</b>	53 398	52 413
Transfers and Grants to Counterparts	<b>Note 16</b>	33 230	36 874
General Operating and Other Direct Costs	<b>Note 16</b>	11 885	10 404
<b>TOTAL EXPENSES</b>		<b>836 321</b>	<b>927 263</b>
<b>NET SURPLUS</b>		<b>2 153</b>	<b>5 314</b>

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**Consolidated Statement of Changes in Net Assets**

*(Expressed in thousand US Dollars)*

	<u>Reference</u>	<u>31 December 2011</u>	<u>31 December 2010</u>
<b>Net assets at the beginning of the year</b>		122 775	507 192
Change in accounting policy			(404 351 )
<b>Restated balance at the beginning of the year</b>		<u>122 775</u>	<u>102 841</u>
Settlement of Employee Benefit Liability	<b>Note 12.3.10</b>	10 824	10 150
Gain/(Loss) on Revaluation of Investments	<b>Note 4.2</b>	( 303 )	325
(Recognition) / De-recognition of Liability through Reserves	<b>Note 25</b>	(1 637 )	4 145
Fixed Assets Revaluation Adjustments	<b>Note 8.1</b>	<u>(1 289 )</u>	
<b>Total of items (revenue/expenses) recognized</b>		7 595	14 620
Surplus/(deficit) for the Financial Period		<u>2 153</u>	<u>5 314</u>
<b>Total recognized revenue and expense for the year</b>		<u>9 748</u>	<u>19 934</u>
<b>Net assets at the end of the year</b>		<u><u>132 523</u></u>	<u><u>122 775</u></u>

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**Consolidated Cash Flow Statement**

*(expressed in thousand US dollars)*

	<u>31 December 2011</u>	<u>31 December 2010</u>
<b>Cash Flows from Operating Activities:</b>		
Surplus for the period	2 153	5 314
Depreciation and Amortization	1 746	1 541
(Increase) in Accounts Receivable	( 131 749)	( 3 851)
(Increase) in Inventories	( 312)	( 52)
Increase / (Decrease) in Accrued Liabilities	6 812	( 9 857)
Increase in Accounts Payable	15 402	5 696
Increase in Employee Benefits	5 596	18 405
(Decrease) / Increase in Other Liabilities	( 1 637)	4 145
Increase / (Decrease) in Deferred Revenue	214 781	( 15 859)
	<u>112 792</u>	<u>5 482</u>
<b>Net Cash Flows from Operating Activities</b>		
<b>Cash Flows from Investment and Financing Activities:</b>		
(Increase) / Decrease in Short Term Investments	( 95 820)	5 265
(Increase) in Long Term Investments	( 76 494)	( 18 229)
(Increase) in Property, Plant and Equipment and Intangibles Assets	( 3 388)	( 682)
	<u>( 175 702)</u>	<u>( 13 646)</u>
<b>Net Cash Flows from Investing Activities</b>		
<b>Net (Decrease) in Cash and Cash Equivalents</b>	<b>( 62 910)</b>	<b>( 8 164)</b>
<b>Cash and Cash Equivalents at the beginning of the Year</b>	<u>167 574</u>	<u>175 738</u>
<b>Cash and Cash Equivalents at the end of the Year</b>	<u>104 664</u>	<u>167 574</u>

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**Comparison of Budget and Actual Amounts**

*(Expressed in thousand US Dollars)*

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

<b>Description of Appropriation Sections</b>	<b>Budget</b>			<b>Disbursements</b>			<b>Total as % of Budget Amount</b>
	<b>Original</b>	<b>Transfers</b>	<b>Revised</b>	<b>2010</b>	<b>2011</b>	<b>Total</b>	
Section I - To reduce the health, social and economic burden of communicable diseases	23 302	568	23 870	14 438	9 311	23 749	99%
Section II - To combat HIV/AIDS, tuberculosis and malaria	6 324	499	6 823	2 903	3 878	6 781	99%
Section III - To prevent and reduce disease, disability and premature death from chronic non-communicable conditions, mental disorders, violence and injuries	11 426	( 466)	10 960	5 120	5 225	10 345	94%
Section IV - To reduce morbidity and mortality and improve health during key stages of life, including pregnancy, childbirth, the neonatal period, childhood and adolescence, and improve sexual and reproductive health and promote active and healthy ageing for all individuals	11 694	1 296	12 990	3 780	9 180	12 960	100%
Section V - To reduce the health consequences of emergencies, disasters, crises and conflicts, and minimize their social and economic impact	3 893	120	4 013	2 062	1 919	3 981	99%
Section VI - To promote health and development, and prevent or reduce risk factors for health conditions associated with use of tobacco, alcohol, drugs and other psychoactive substances, unhealthy diets, physical inactivity, and unsafe sex, which affect health conditions	7 611	( 321)	7 290	2 636	4 321	6 957	95%

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*(Expressed in thousand US Dollars)*

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

<b>Description of Appropriation Sections</b>	<b>Budget</b>			<b>Disbursements</b>			<b>Total as % of Budget Amount</b>
	<b>Original</b>	<b>Transfers</b>	<b>Revised</b>	<b>2010</b>	<b>2011</b>	<b>Total</b>	
Section VII - To address the underlying social and economic determinants of health through policies and programs that enhance health equity and integrate pro-poor, gender-responsive, and human rights-based approaches	8 068	( 98)	7 970	3 240	4 208	7 448	93%
Section VIII - To promote a healthier environment, intensify primary prevention and influence public policies in all sectors so as to address the root causes of environmental threats to health	13 399	( 1 102)	12 297	5 037	7 186	12 223	99%
Section IX - To improve nutrition, food safety and food security throughout the life-course, and in support of public health and sustainable development	12 009	837	12 846	6 210	6 562	12 772	99%
Section X - To improve the organization, management and delivery of health services	8 111	( 207)	7 904	3 200	4 255	7 455	94%
Section XI - To strengthen leadership, governance and the evidence base of health systems	32 026	( 1 799)	30 227	12 769	16 256	29 025	96%
Section XII - To ensure improved access, quality and use of medical products and technologies	7 565	( 411)	7 154	1 975	5 039	7 014	98%

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(Expressed in thousand US Dollars)

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

<b>Description of Appropriation Sections</b>	<b>Budget</b>			<b>Disbursements</b>			<b>Total as % of Budget Amount</b>
	<b>Original</b>	<b>Transfers</b>	<b>Revised</b>	<b>2010</b>	<b>2011</b>	<b>Total</b>	
Section XIII - To ensure an available, competent, responsive and productive health workforce to improve health outcomes	9 305	( 473)	8 832	3 633	5 045	8 678	98%
Section XIV - To extend social protection through fair, adequate and sustainable financing	5 207	( 211)	4 996	1 781	2 974	4 755	95%
Section XV - To provide leadership, strengthen governance and foster partnership and collaboration with Member States, the United Nations system and other stakeholders to fulfill the mandate of PAHO/WHO in advancing the global health agenda, as set out in WHO's Eleven General Programme of Work, and the Health Agenda for the Americas	65 885	( 330)	65 555	27 405	34 776	62 181	95%
Section XVI - To develop and sustain PAHO/WHO as a flexible, learning organization, enabling it to carry out its mandate more efficiently and effectively	61 275	2 098	63 373	35 722	26 598	62 320	98%
Section XVII - Staff Assessment (Transfer to Tax Equalization Fund)							
<i>Effective Working Budget (parts I - XVII)</i> <b>Subtotal</b>	287 100		287 100	131 911	146 733	278 644	97%
Other Sources	355 851		355 851	208 850	33 450	242 300	68%
<b>Total (Note 16)</b>	<b>642 951</b>		<b>642 951</b>	<b>340 761</b>	<b>180 183</b>	<b>520 944</b>	<b>81%</b>

The 2010-2011 Budget amounts reflect the funding appropriated by the Governing Bodies for the Organization's Strategic Plan during the entire 2010-2011 biennium. The Effective Working Budget is comprised of the Pan American Health Organization's and the World Health Organization's regular budget only. The 2011 Disbursements amount reflects the disbursements made in achieving the Organization's Strategic Plan in 2011, the second year of the 2010-2011 biennium.

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# Notes to the Financial Statements at 31 December 2011

## 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 authorized for issue by the Director of the Organization on 13 April 2012, under the authority vested in her by the Pan American Sanitary Conference as stated in the Resolution CSP26.R6 in September 2002. No other authority has the power to amend the financial statements after issuance.

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 2011 represents the second year of the 2010 – 2011 biennium, which is the first biennium when the IPSAS standards were implemented.

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.

The accounts are prepared on a consolidated basis, including the consolidated results of the Caribbean Epidemiology Center (CAREC) and the Caribbean Food and Nutrition Institute (CFNI).

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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.

<b>IPSAS</b>		<b>Financial Statement or Note Where the Standard was Implemented</b>	<b>Reason for not being implemented</b>
<b>No.</b>	<b>Title</b>		
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</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> <li>• Consolidated Entities – Note 23</li> </ul>	
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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<b>IPSAS</b>		<b>Financial statement or Note where the Standard was Implemented</b>	<b>Reason for not being implemented</b>
<b>No.</b>	<b>Title</b>		
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		The effective date of this standard is 1 January 2013
29	Financial Instruments: Recognition and Measurement		The effective date of this standard is 1 January 2013
30	Financial Instruments: Disclosures		The effective date of this standard is 1 January 2013
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>	

## 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 (2010).
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	According to IPSAS 6, paragraph 28, the Organization exercises the power to govern the financial and operating policies of the consolidated centers, as well as receives the benefit from their activities. The Organization is not utilizing the transitional provisions from IPSAS 6.
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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<b>Number</b>	<b>IPSAS</b>	<b>Adoption</b>
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	This standard is effective as of 1 January 2013; therefore it does not apply to the Organization's 2011 Financial Statements.
29	Financial Instruments: Recognition and Measurements	This standard is effective as of 1 January 2013; therefore it does not apply to the Organization's 2011 Financial Statements.
30	Financial Instruments: Disclosures	This standard is effective as of 1 January 2013; therefore it does not apply to the Organization's 2011 Financial Statements.
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>

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.

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. 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. Investment policies addressing credit, market, and interest rate risks are discussed in Notes 5.2 and 5.3.

## 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; (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. 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)

With the implementation of IPSAS, 2010 was the first year that accounts receivable for Voluntary Contributions was recorded. Therefore, historical data for prior years is not available. For future financial periods, the Organization will use an average percent for Voluntary Contribution agreement, based on the three prior years of data, to determine the current portion of accounts receivable for Voluntary Contribution agreements. However, to determine the current portion of the accounts receivable from Voluntary Contributions as of 31 December 2011, the Organization applied the average percentage of cash received in 2010 and 2011 compared to the 1 January 2010 and 2011 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.

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. 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 Vehicles	5 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. 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 these items are expensed at the time of purchase.

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. 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. 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** – Activities implemented by centers which have their own Member States, budgets, and quotas assessments, such as the Caribbean Epidemiology Center and Caribbean Food and Nutrition Institute.

**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.

## 2.22 Sub-Regional Consolidated Entities

The Organization has consolidated into its Financial Statements the financial activities of two specialized sub-regional centers: (1) the Caribbean Epidemiology Center and (2) the Caribbean Food and Nutrition Institute.

In accordance with IPSAS 6, paragraph 28, the Organization exercises the power to govern the financial and operating policies of the centers mentioned above, as well as derives benefit from the centers (which represents the ability of the controlling entity to benefit from the centers).

## 3. Cash and Cash Equivalents

	<u>31 December 2011</u>	<u>31 December 2010</u>
Cash on Hand, US\$	46 204	41 374
Cash on Hand, Other Currencies	7 350	3 214
Money Market Funds	53 227	122 986
Less: Plan Assets	<u>(2 117)</u>	
<b>Total</b>	<b><u>104 664</u></b>	<b><u>167 574</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 2011</u>	<u>31 December 2010</u>
Certificates of Deposit	<u>270 577</u>	<u>175 060</u>

Accrued interest of \$ 516 907 (2010: \$ 312 686) is included in the balance of short-term investments in the Consolidated Statement of Financial Position

### 4.2 Long-Term Investments

Long-term investments are those that mature beyond one year. Managed Portfolios are treated as a single investment. No transfer of funds takes place between the Organization and these Portfolios on a regular basis. Although these Portfolios are treated as long-term, they may, at any point, contain a small percentage of both short-term items and cash funds, which are considered timing differences in a long-term portfolio.

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	<u>31 December 2011</u>	<u>31 December 2010</u>
<b>Net Increase in Long-term Investments</b>		
Increase in Long-term Investments	76 494	20 736
Unrealized Net (Gains)/Losses	303	( 325)
	<u>76 797</u>	<u>20 411</u>
<b>Cash Flows from Long-term Investments</b>		
Interest Revenue	2 553	3 017
Realized Net Gains	556	596
	<u>3 109</u>	<u>3 613</u>

	<u>31 December 2011</u>		<u>31 December 2010</u>	
	<u>Cost</u>	<u>Market</u>	<u>Cost</u>	<u>Market</u>
Fixed Income Notes	44 650	44 744	45 004	44 868
Managed Portfolios	207 564	208 289	130 264	131 358
	<u>252 214</u>	<u>253 033</u>	<u>175 268</u>	<u>176 226</u>

	<u>31 December 2011</u>	<u>31 December 2010</u>
<b>Reconciliation of Long-term Investments</b>		
Fixed Income Notes (Cost)	10 020	45 004
Fixed Income Notes (Market)	34 727	
Less: Plan Assets (see note 12.3.5)	( 34 727)	( 30 000)
Managed Portfolio (Market)	208 289	131 358
Less: Plan Assets (see note 12.3.5)	-	( 4 547)
	<u>218 309</u>	<u>141 815</u>

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.

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 2011, there is no evidence to suggest that the borrower will default on these obligations. Accrued interest of \$180 760 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 \$423 860 (2010: \$500 512) and recognized on the Statement of Financial Performance as Miscellaneous Revenue.

## 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>2011</b>	<b>2011</b>	<b>2010</b>	<b>2010</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>	106 780		167 574	
<b>Short-term Investments</b>				
Certificates of Deposit (held to maturity)	270 577		175 060	
<b>Long-term Investments</b>				
Fixed Income Notes (held to maturity)	10 020		45 004	
Fixed Income Notes (Plan Assets)		34 727		
Managed Portfolios (available for sale)		208 289		131 358
<b>Total</b>	<b>387 377</b>	<b>243 016</b>	<b>387 638</b>	<b>131 358</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>Fixed Interest</b>	<b>Interest</b>	<b>Bearing</b>
<b>Total Cash and Cash Equivalents</b>	<90 days	0.09%		62 124	44 656
<b>Short-term Investment</b>					
Certificates of Deposit	157 days	0.37%	270 577		
<b>Long-term Investments</b>					
Fixed Income Notes	4.86 years	1.18%	10 020		
Plan Assets	7.91 years	2.36%	34 727		
Managed Portfolios	1.63 years	1.00%	208 289		
<b>Total</b>			<b>523 613</b>	<b>62 124</b>	<b>44 656</b>

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

### Callable Instruments

<b>Issuer</b>	<b>Principal</b>	<b>Rate</b>	<b>Maturity</b>	<b>Call Dates</b>
Federal Home Loan Mortgage Association	5 000 000	2.00%	29-Dec-21	Next call date 29 Jun 12
Federal Home Loan Bank	5 000 000	2.00%	14-Sep-21	Next call date 14 Mar 12
Federal Farm Credit Bank	5 000 000	2.24%	6-Sep-18	Next call date 6 Sep 13
Federal National Mortgage Association	5 000 000	1.35%	16-Sep-16	Next call date 16 Sep 13
Federal Home Loan Bank	5 000 000	2.00%	13-Dec-19	Next call date 13 Mar 12
Federal Home Loan Bank	4 500 000	4.18%	15-Mar-21	Next call date 15 Mar 12
Federal Home Loan Mortgage Association	5 000 000	1.00%	28-Dec-16	Next call date 28 Dec 12
Federal Home Loan Bank	<u>10 000 000</u>	2.15%	14-Dec-17	Callable at any time
<b>Total</b>	<b><u><u>44 500 000</u></u></b>			

### 5.3 Credit Risk

The Organization's credit risk is mitigated by Investment Policies which stipulate limits on the amount of credit exposure to any one counterparty and minimum credit quality requirements.

In accordance with the Investment Policy requirements, internally managed investments are restricted to A1/P1 (\$270 576 907 in certificates of deposit) and AAA/Aaa (\$44 747 215 in Fixed Income Notes) rated financial instruments. Fixed Income Notes consist primarily of U.S. Agency Paper which carries the implicit guarantee 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 2011, there is no evidence to suggest that the borrower will default on these obligations.

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 (\$208 289 176 in Managed Portfolios). Mechanisms are in place to divest the portfolio of an investment that falls below the minimum requirements.

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.

The maximum credit risk represents the carrying amount of loans and receivables. 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. 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 51% of the total cash, short-term and long-term investments.

### 5.4 Exchange Rate Risk

The Statement of Financial Position does not reflect significant exposure to exchange rate risk. However, 36.3% of the expense 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.

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**6. Accounts Receivable**

**6.1 Accounts Receivable - Current**

	<b>31 December 2011</b>	<b>31 December 2010</b>
Assessed Contributions	28 974	34 787
Voluntary Contributions	196 773	80 064
Procurement Funds	15 136	31 855
Balance due from WHO for Interorganizational Funding Activities		15 584
Regular Advances to Staff	4 384	5 059
Prepaid Expenses	18 950	
Miscellaneous Receivables	2 117	4 014
<b>Total</b>	<b>266 334</b>	<b>171 363</b>

**6.1.1 Accounts Receivable from Assessed Contributions**

**Statement of Assessed Contributions as of 31 December 2011**

*(Expressed in thousand US Dollars)*

	<b>Arrears</b>	<b>2011</b>	<b>Total 2011</b>	<b>Total 2010</b>
<b>PAHO</b>				
Antigua and Barbuda		21	21	
Argentina	569	2 993	3 562	6 892
Costa Rica		8	8	19
Cuba				274
Dominica		21	21	36
France		19	19	
Grenada	48	20	68	74
Guatemala	1	174	175	1
Guyana		2	2	
Haiti		42	42	
Mexico				5
Peru				86
Puerto Rico		103	103	
Saint Lucia	22	21	43	22
United Kingdom	65	56	121	114
United States		19 660	19 660	19 660
Uruguay		168	168	
Venezuela				2 560
<b>Total</b>	<b>705</b>	<b>23 308</b>	<b>24 013</b>	<b>29 743</b>
CAREC Member States	2 783	566	3 349	3 559
CFNI Member States	1 439	173	1 612	1 485
<b>Total</b>	<b>4 927</b>	<b>24 047</b>	<b>28 974</b>	<b>34 787</b>

### 6.1.2 Accounts Receivable from Voluntary Contributions

	<u>31 December 2011</u>	<u>31 December 2010</u>
<b>Voluntary Contributions</b>		
Voluntary Contributions - Emergency Preparedness and Disaster Relief	764	2 982
Voluntary Contributions	38 396	34 298
Voluntary Contributions - National Voluntary Contributions	157 475	42 575
Trust Funds CFNI	<u>138</u>	<u>209</u>
<b>Total</b>	<u><u>196 773</u></u>	<u><u>80 064</u></u>

### 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 2011</u>	<u>31 December 2010</u>
Procurement of Public Health Supplies		
Revolving Fund for Vaccine Procurement	13 980	31 835
Regional Revolving Fund for Strategic Public Health Supplies	<u>1 156</u>	<u>20</u>
<b>Total</b>	<u><u>15 136</u></u>	<u><u>31 855</u></u>

## 6.2 Accounts Receivable Non-Current

	<u>31 December 2011</u>	<u>31 December 2010</u>
Voluntary Contributions	92 174	57 992
Termination and Repatriation Entitlements (see Note 12.3.2)	<u>6 210</u>	<u>3 614</u>
<b>Total</b>	<b><u>98 384</u></b>	<b><u>61 606</u></b>

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

	<u>31 December 2011</u>	<u>31 December 2010</u>
<b>Voluntary Contributions</b>		
Voluntary Contributions	18 069	25 874
National Voluntary Contributions	<u>74 105</u>	<u>32 118</u>
<b>Total</b>	<b><u>92 174</u></b>	<b><u>57 992</u></b>

## 7. Inventories

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 2011</u>	<u>31 December 2010</u>
<b>PROMESS</b>		
Beginning inventory	<b>841</b>	789
Additions	1 017	1 916
Distributions	<u>( 705)</u>	<u>( 1 864)</u>
<b>Ending Balance of inventory</b>	<b><u>1 153</u></b>	<b><u>841</u></b>

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.

## 8. Property, Plant and Equipment

### 8.1 General Information

The category of property, plant and equipment consists of permanent and temporary buildings, computer and office equipment, motor vehicles, leasehold improvements, as well as land. Net acquisitions (after disposals) for the year totaled \$1 020 376 (2010: \$681 482)

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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.

Buildings, computer equipment, office equipment, and motor vehicles 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.

	<b>Land</b>	<b>Permanent Buildings</b>	<b>Computer Equipment</b>	<b>Office Equipment</b>	<b>Motor Vehicles</b>	<b>Total</b>
Cost as of 1 January	48 285	58 094	70	21	290	106 760
Additions		530	23		489	1 042
Impairments		( 388)				( 388)
Adjustments				( 21)		( 21)
Revaluations	602	( 1 898)				( 1 296)
<b>Cost as of 31 December</b>	<b>48 887</b>	<b>56 338</b>	<b>93</b>		<b>779</b>	<b>106 097</b>
Depreciation as of 1 January		1 452	23	7	58	1 540
Charged in current period		1 420	31		138	1 589
Adjustments				( 7)		( 7)
Revaluations		( 482)				( 482)
<b>Depreciation as of 31 December</b>		<b>2 390</b>	<b>54</b>		<b>196</b>	<b>2 640</b>
<b>Net book value as of 31 December 2011</b>	<b>48 887</b>	<b>53 948</b>	<b>39</b>		<b>583</b>	<b>103 457</b>
Net book value as of 31 December 2010	48 285	56 642	47	14	232	105 220

The land and buildings in Brazil were revalued in 2011 by Renato Tempesta, Civil Engineer/Appraiser. All other land and buildings were valued by either local estate agents or civil engineers, with relevant qualifications and experience, to provide fair values for these assets as of 1 January 2010.

The building in which the Guyana PAHO/WHO Representative Office is located has been provided to PAHO on a 999 year lease and as such has been recognized as a Finance Lease in accordance with IPSAS 13 and is the only asset held under a finance lease. The appraisal performed in 2011 on this property provided a valuation of \$529 851. The net book value at the reporting date is \$516 604.

In regards to the building located in Port-au-Prince, Haiti, which was damaged by the January 2010 earthquake, the Organization recognized an impairment of the old PAHO/WHO Representation office building in the amount of \$ 388 670.

Movements on revaluation are reflected in the Revaluation Surplus Note 14.9.

## **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

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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. The Intangible Assets Additions include \$615 747 from non-PAHO Regular Funds. No intangible assets were recognized in the prior year (2010).

	<b>31 December 2011</b>
<b>Intangible Assets Available for use</b>	
Cost as of 1 January	
Additions	875
Cost as of 31 December	875
Amortization as of 1 January	
Charged in current period	157
Amortization as of 31 December	157
<b>Net book value as of 31 December for Intangible Assets Available for use</b>	<b>718</b>
<b>Intangible Assets under Development</b>	<b>1 398</b>
<b>Total Intangible Assets</b>	<b>2 116</b>

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**10. Accrued Liabilities**

	<b>31 December 2011</b>	<b>31 December 2010</b>
Accrued liabilities-Regular Budget Fund	2 392	1 608
Accrued liabilities-Other Sources - PAHO	28 158	20 669
Accrued liabilities-Other Sources - WHO	2 813	4 274
<b>Total</b>	<b>33 363</b>	<b>26 551</b>

**11. Accounts Payable**

**11.1 Accounts Payable Current**

	<b>31 December 2011</b>	<b>31 December 2010</b>
Assessed Contributions Received in Advance	732	176
Voluntary Contributions Expired Agreements	7 377	6 535
Balance due to the World Health Organization due to inter-office segment	19 416	2 389
Pan American Health and Education Fund	82	301
Miscellaneous	638	4 044
<b>Total</b>	<b>28 245</b>	<b>13 445</b>

**11.2 Accounts Payable-Non Current**

	<b>31 December 2011</b>	<b>31 December 2010</b>
Liability Restricted Assets-Land in Brasilia, Brazil (Note 8.3)	19 563	18 961
<b>Total</b>	<b>19 563</b>	<b>18 961</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.

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As of 31 December 2011, 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 2011</b>	<b>Total 2010</b>
Current liability	8 072	2 525	10 597	9 321
Non-current Liability	172 820		172 820	179 324
Non-current (Asset) (Note 6.2)		( 6 210)	( 6 210)	( 3 615)
<b>Total</b>	<b>180 892</b>	<b>( 3 685)</b>	<b>177 207</b>	<b>185 030</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 2012 are estimated at \$7 494 000 for After-Service Health Insurance and \$2 524 676 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 consisting of After-Service Health Insurance and Termination and Repatriation Entitlements. During 2011, the rate of contribution to these two long-term liability funds was 6% of net salaries with 2% being credited to the Termination and Repatriation Entitlements Fund and 4% credited to the After-Service Health Insurance Fund.

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 2011, as calculated by Aon Hewitt Corporation, increased to \$10 537 864 for terminal entitlements and \$281 802 720 for after-service health insurance. The Termination and Repatriation Fund had assets of \$10 122 799; therefore the net liability was \$415 065 as of 31 December 2011. As the Organization's After-Service Health Insurance Fund had assets of \$26 720 899, the net liability for the After-Service Health Insurance increased to \$255 080 821 as of 31 December 2011.

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 six-tenths per cent (5.6%) for the 31 December 2010 actuarial valuation to four and seven-tenths per cent (4.7%) for the 31 December 2011 actuarial valuation due to the change in the global economic climate by the end of 2011. The liabilities include the costs for 2011, 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 2011.

Accounting Standard	International Public Sector Accounting Standard 25; first adopted by the Organization at 1 January 2010
Measurement Date	31 December 2011
Discount Rate	4.7% Based on a weighted average of relevant corporate bond rate indices at 31 December 2011. The resulting discount rate is rounded to the nearest 0.1%.
Expected Rate of Return on Assets	3.5%
General Inflation	2.5%
Medical Cost Increases	8.5% in 2012 and 8.0% in 2013, decreasing to 7.5% in 2014, decreasing by 0.5% each year until 5% in 2019 and subsequent years.
Future Contribution Rate Changes	Rates are assumed to increase by 10% in 2012 and by 4% per year in 2013 through 2041, and by 1% per year thereafter, compounded geometrically.
Average Retirement Age	Average remaining years of service: 9.51
Life Expectancy	Based on the mortality tables of the UN Joint Staff Pension Fund
Average Medical Costs	\$7 488 per person per year in 2011

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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 2011	Total 2010
Defined Benefit Obligation (DBO)				
Inactive	170 326		170 326	151 167
Active	111 477	10 538	122 015	116 796
Defined Benefit Obligation including actuarial loss	281 803	10 538	292 341	267 963
Less: Plan Assets	( 26 721)	( 10 123)	( 36 844)	( 34 547)
Net Defined Benefit Obligation including actuarial loss	<b>255 082</b>	<b>415</b>	<b>255 497</b>	<b>233 416</b>
Less: Unrecognized Actuarial Gain/(Loss)	( 80 939)	( 4 100)	( 85 039)	( 48 386)
Unrecognized Prior Service Credit/(Cost)	6 749		6 749	
<b>Net Liability/(Asset) Recognized in the Statement of Financial Position</b>	<b>180 892</b>	<b>( 3 685)</b>	<b>177 207</b>	<b>185 030</b>
Split between:				
Current Liability	8 072	2 525	10 597	9 321
Non-Current Liability / (Asset)	172 820	( 6 210)	166 610	175 709
<b>Net Liability/(Asset) Recognized in the Statement of Financial Position</b>	<b>180 892</b>	<b>( 3 685)</b>	<b>177 207</b>	<b>185 030</b>

**12.3.3 Annual Expense for Calendar Year 2011**

	After-Service Health Insurance Fund	Termination and Repatriation Entitlements Fund	Total 2011	Total 2010
Current Service Cost	6 647	1 006	7 653	5 577
Interest Cost	14 235	513	14 748	12 501
Expected Return on Assets	( 1 066)	( 419)	( 1 485)	( 1 057)
Amortization of (Gain)/Loss	2 328	91	2 419	
Recognition of Prior Service Cost	( 18 562)		( 18 562)	
<b>Total Expense Recognized in the Statement of Financial Performance</b>	<b>3 582</b>	<b>1 191</b>	<b>4 773</b>	<b>17 021</b>

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### 12.3.4 Reconciliation of Defined Benefit Obligation

	After-Service Health Insurance Fund	Termination and Repatriation Entitlements Fund	Total 2011	Total 2010
<b>Defined Benefit Obligation as of 1 January</b>	<b>257 750</b>	<b>10 213</b>	<b>267 963</b>	<b>212 431</b>
Service Cost for 2011	6 647	1 006	7 653	5 577
Interest cost	14 235	513	14 748	12 501
Less: Benefits Paid	( 8 730)	( 3 390)	( 12 120)	( 11 460)
Add: Contributions by Plan Participants	1 296		1 296	1 309
Less: Plan Amendments	( 25 311)		( 25 311)	
Add: Actuarial (Gain) / Loss	35 916	2 196	38 112	47 605
<b>Defined Benefit Obligation including Actuarial Loss as of 31 December</b>	<b>281 803</b>	<b>10 538</b>	<b>292 341</b>	<b>267 963</b>
Less: Plan Assets	( 26 721)	( 10 123)	( 36 844)	( 34 547)
<b>Net Defined Benefit Obligation including Actuarial Loss as of 31 December</b>	<b>255 082</b>	<b>415</b>	<b>255 497</b>	<b>233 416</b>
<b>Less: Unrecognized Gain/(Loss)</b>				
Unrecognized Net (Loss) at End of Prior Year	( 46 664)	( 1 722)	( 48 386)	
(Loss) Arising during Current Year				
Actuarial (Loss) on Defined Benefit Obligation	( 35 916)	( 2 196)	( 38 112)	( 47 604)
Actuarial (Loss) on Plan Assets	( 688)	( 273)	( 961)	( 782)
Gain Recognized during Current Year	2 329	91	2 420	
<b>Unrecognized Actuarial (Loss) at End of Year</b>	<b>( 80 939)</b>	<b>( 4 100)</b>	<b>( 85 039)</b>	<b>( 48 386)</b>
<b>Unrecognized Prior Service Credit</b>	<b>6 749</b>		<b>6 749</b>	
<b>Net Liability Recognized in the Statement of Financial Position as of 31 December</b>	<b>180 892</b>	<b>( 3 685)</b>	<b>177 207</b>	<b>185 030</b>

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**12.3.5 Reconciliation of Plan Assets**

	<b>After-Service Health Insurance Fund</b>	<b>Termination and Repatriation Entitlements Fund</b>	<b>Total 2011</b>	<b>Total 2010</b>
Plan Assets as of 1 January	24 570	9 977	34 547	32 041
Benefits Paid	( 8 730)	( 3 390)	( 12 120)	( 11 460)
Contributions by Plan Participants	1 296		1 296	1 309
Contributions by the Employer	4 791	3 390	8 181	7 972
PAHO/WHO SHI Fund Contribution	4 416		4 416	4 409
Expected Return on Assets	1 066	419	1 485	1 057
Actuarial Gain / (Loss) - on Plan assets	( 688)	( 273)	( 961)	( 781)
<b>Plan Assets as of 31 December</b>	<b>26 721</b>	<b>10 123</b>	<b>36 844</b>	<b>34 547</b>
Made up of:				
Long Term Investments - Fixed Income Notes (Note 4.2)	24 700	10 027	34 727	30 000
Cash and Cash Equivalents (Note 3)	2 021	96	2 117	4 547
	<b>26 721</b>	<b>10 123</b>	<b>36 844</b>	<b>34 547</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 2011	Total 2010
Value as of 31 December Previous Year	257 750	10 213	267 963	212 431
Value as of 31 December Current Year	281 803	10 538	292 341	267 963
Change	24 053	325	24 378	55 532
<b>Sources of Change:</b>				
Expected Change	13 689	( 609)	13 080	7 928
Benefit Payments Different Than Expected during Current Year	( 241)	( 1 262)	( 1 503)	1 900
New Hires during Current and Previous Year				994
Change in Separation Assumption for Short-Term Staff	( 967)		( 967)	
Claims and Administrative Expenses Experience	( 1 478)		( 1 478)	( 2 525)
Plan Change-Increase in Participant Contribution Rates	( 25 311)		( 25 311)	
Change in Discount Rate from 5.6% to 4.7%	36 626	417	37 043	15 615
Rehires/Transfers in during Year	580	519	1 099	4 811
Pay Changes Different Than Expected in Current Year				( 17)
Loss on Termination Idemnity and NAPs Payments		1 180	1 180	
Miscellaneous Demographic Experience	1 155	80	1 235	1 511
Inclusion of Future AMRO Expenses in PAHO DBO				4 201
Increase in Assumed Medical Trend Rates				20 212
Inclusion of Short Term Staff				902
Total Change in Valuation	24 053	325	24 378	55 532

### 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>
2011 Service Cost plus Interest Cost	17 436	20 882	25 314
Defined Benefit Obligation as of 31 December 2011	243 686	281 803	329 371

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

	<b>Current Discount Rate Assumption Minus 1%: 3.7%</b>	<b>Current Discount Rate Assumption: 4.7%</b>	<b>Current Discount Rate Assumption Plus 1%: 5.7%</b>
Defined Benefit Obligation as of 31 December 2011	333 298	281 803	241 482

\*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>2011</b>	<b>2011</b>	<b>2010</b>	<b>2010</b>
Settlement of Benefits	3 390	3 390	2 716	2 716
<b>After- Service Health Insurance</b>				
Administrative Expenses paid by the Organization	427		407	
SHI Fund Contribution	4 416		4 409	
Contribution to PAHO's ASHI Fund paid by the Organization	2 591	7 434	2 618	7 434
<b>Total</b>		<u>10 824</u>		<u>10 150</u>

**12.4 United Nations Joint Staff Pension Fund**

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

During 2011, contributions paid to UNJSPF amounted to \$17 008 983 (2010: \$16 310 211) by the Organization and \$8 632 202 (2010: \$8 306 859) by the participants, including \$127 711 (2010: \$151 754) in pension restoration payments.

The plan exposes participating organizations to actuarial risks associated with the current and former employees of other organizations, with the result that there is no consistent and reliable basis for allocating the obligation, or plan assets to participating organizations in the plan. The Organization, as well as other participating organizations, is not in a position to identify its share of the underlying financial position and performance of the plan with sufficient reliability for accounting purposes, and hence has accounted for this plan as if it were a defined contribution plan in line with IPSAS 25, Employee Benefits.

The actuarial method adopted for the UNJSPF is the Open Group Aggregate method to determine whether the present and estimated future assets of the Fund will be sufficient to meet its present and estimated future liabilities, using various sets of assumptions as to future economic and demographic developments. The actuarial study is carried out at least once every three years. A review of the 2008 annual report of the UNJSPF reveals that an actuarial valuation has been carried out every two years from as early as 1997

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 per cent for the participants and 15.8 per cent for member organizations, respectively, of the applicable pensionable remuneration, together with its share of any actuarial deficiency payments under Article 26 of the Regulations of the Pension Fund. Such deficiency payments are payable only if and when the 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. At the time of this report, the United Nations General Assembly had not invoked this provision.

The Consulting Actuary performs an actuarial valuation of the Fund every two years, the most recent valuation being completed as of 31 December 2009.

The Consulting Actuary of the United Nations Joint Staff Pension Fund, Buck Consultants, stated in paragraph 6 of Annex III, "Statement of the actuarial sufficiency as of 31 December 2009 of the United Nations Joint Staff Pension Fund to meet the liabilities under Article 26 of the Regulations" the following:

"... the actuarial value of assets exceeds the actuarial value of all accrued benefit entitlements under the Fund, based on the Regulations of the Fund in effect on the valuation date. **Accordingly, there is no requirement, as of 31 December 2009, for deficiency payments under Article 26 of the Regulations of the Fund.** The market value of assets as of 31 December 2009 is \$37 659 6 million. Therefore, the market value of assets also exceeds the actuarial value of all accrued benefit entitlements as of the valuation date."

Furthermore, in Annex IV, "Statement of actuarial position of the United Nations Joint Staff Pension Fund as of 31 December 2009," the Committee of Actuaries stated:

"At its meetings in June 2010, the Committee of Actuaries reviewed the results of the actuarial valuation as of 31 December 2009, which was carried out by the Consulting Actuary. Based on the results of the Regular Valuation, and after consideration of further relevant indicators and calculations, the Committee of Actuaries and the Consulting Actuary were of the opinion that the present contribution rate of 23.7 per cent of pensionable remuneration is sufficient to meet the benefit requirements under the Plan."

The UNJSPF publishes quarterly reports on its investments and these can be viewed by visiting the UNJSPF at [www.unjspf.org](http://www.unjspf.org).

The United Nations Board of Auditors carries out an annual audit of the UNJSPF and reports to the United Nations Joint Staff Pension Board on the audit every two years.

### 13. Deferred Revenue

#### 13.1 Deferred Revenue – Current

	<u>31 December 2011</u>	<u>31 December 2010</u>
Voluntary Contributions		
Voluntary Contributions - Emergency Preparedness and Disaster Relief	427	6 200
Voluntary Contributions	62 084	47 925
National Voluntary Contributions	179 023	90 737
Trust Funds CFNI	188	376
Procurement of Public Health Supplies		
Revolving Fund for Vaccine Procurement	103 789	99 962
Regional Revolving Fund for Strategic Public Health Supplies	41 694	29 424
Reimbursable Procurement	19 479	9 002
	<u>406 684</u>	<u>283 626</u>
<b>Total</b>	<b><u>406 684</u></b>	<b><u>283 626</u></b>

#### 13.2 Deferred Revenue – Non-Current

	<u>31 December 2011</u>	<u>31 December 2010</u>
Voluntary Contributions		
Voluntary Contributions	67 257	58 575
National Voluntary Contributions	193 942	110 901
	<u>261 199</u>	<u>169 476</u>
<b>Total</b>	<b><u>261 199</u></b>	<b><u>169 476</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

## Summary of Fund Balances and Reserves

	Balance as of 31 December 2011	Balance as of 31 December 2010	
<b>Fund Balances:</b>			
Strategic Public Health Supplies-Capitalization	3 849	2 534	
PAHO After-Service Health Insurance	(180 892)	(186 516)	
Voluntary Contributions	1 281	722	
Income from Services	2 810	2 476	
Provision for Staff Entitlements	( 103)	531	
Revolving Fund for Vaccine Procurement	96 851	85 836	
PAHO Regular Budget	123 206	131 095	
Provision for Termination and Repatriation Entitlements	( 580)	(2 001)	
PAHO Post Occupancy Charge	4 521		
CAREC Provident Fund	1 270	1 217	
CAREC Income from Services	14	38	
CAREC Capital Equipment Fund	31	31	
CAREC Provision for Terminal Entitlements	732	462	
CAREC Regular Budget	5 817	5 716	
CAREC Building Fund	50	63	
CAREC Trust Fund	3		
CFNI	1 618	1 409	<b>43 613</b>
	<b>60 478</b>		
<b>Reserves:</b>			
Working Capital Fund	15 360	20 000	
Holding Account	9 142	19 142	
Tax Equalization Fund	(6 786)	(4 973)	
Master Capital Investment Fund	4 728	5 049	
Special Fund for Program Support	36 594	32 856	
Voluntary Contributions - Emergency Preparedness and Disaster Relief	2 660	2 662	
Governing Bodies Authorized Fund	9 507	3 612	
Special Fund for Health Promotion	840	814	<b>79 162</b>
	<b>72 045</b>		
<b>Total</b>	<b>132 523</b>	<b>122 775</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 Consolidated Centers' Working Capital Funds are also used to provide funds for the Centers pending receipt of their assessed quota contributions.

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 Capital Fund from \$15 000 000 to \$20 000 000.

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In February 1979 the Director, under the authority vested in him by Resolution CE81.R1 of the 81st Session of the Executive Committee, signed a contract with the Inter-American Development Bank (IDB) to guarantee a new loan of \$5 000 000 to Pan American Health and Education Foundation (PAHEF) for the Textbook and Instructional Materials Program. Under this Organization/IDB contract, the Organization agreed that during the 30-year period of the amortization of the loan, its Working Capital Fund would be maintained at a level not less than the balance owed on the loan plus interest. PAHEF commenced repayment of the loan in August 1989.

The Directing Council, noting that the Working Capital Fund served as a guarantee for the loan from the IDB, approved the allocation from the Working Capital Fund of a reserve amount equal to the outstanding loan balance, which would be reduced as the loan is paid. The unencumbered level of the Working Capital Fund would increase accordingly. The amount of the loan outstanding as of 31 December 2011 is \$1 250 000.

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>Unencumbered Balance as of 31 December 2011</b>	<b>Allocated for Guarantee of Loan as of 31 December 2011</b>	<b>Total as of 31 December 2011</b>	<b>Total as of 31 December 2010</b>
Balance as of 1 January	18 583	1 417	20 000	20 000
Surplus / (Deficit) from 2010	4 131		4 131	
Surplus / (Deficit) from 2011	(9 300)		(9 300)	
Non Budgetary Items for 2010-2011 biennium	529 *		529 *	
Regular Budget Appropriation				
Surplus/(Deficit) from 2010-2011 biennium	(4 640)		(4 640)	
Reduction for Guarantee of Loan as of 31 December 2011	167	( 167)		
<b>Balance as of 31 December</b>	<b>14 110</b>	<b>1 250</b>	<b>15 360</b>	<b>20 000</b>

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

## 14.2 Holding Account

In accordance with Financial Regulations 4.4 and 4.6, any balance of the Regular Budget appropriation not committed by the end of the budgetary period shall be used to replenish the Working Capital Fund to its authorized level. Any excess 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.

### 14.3 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 2011	Credits from the Tax Equalization Fund	Apportionment to Member States	Available to Cover Tax Reimbursements to Staff	Taxes Reimbursed to Staff	Balance 31 December 2011
Canada	1	3 630	( 3 605)	25	( 17)	9
Colombia	17	221	( 221)			17
United States	( 5 004)	15 679	( 10 579)	5 100	( 6 919)	( 6 823)
Venezuela	13	543	( 543)		( 2)	11
Other		6 303	( 6 303)			
<b>Total</b>	<b>( 4 973)</b>	<b>26 376</b>	<b>( 21 251)</b>	<b>5 125</b>	<b>( 6 938)</b>	<b>( 6 786)</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 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.

### 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 Revaluation Surplus:

	31 December 2011			31 December 2010		
	Land	Buildings	Total	Land	Buildings	Total
<b>Initial balance (1 January)</b>	47 985	56 642	104 627	47 985	58 094	106 079
Annual depreciation		( 938)	( 938)		( 1 452)	( 1 452)
Adjustments/Revaluations	602	( 1 368)	( 766)			
Impairments		( 388)	( 388)			
Disposals						
<b>Closing Balance</b>	<b>48 587</b>	<b>53 948</b>	<b>102 535</b>	<b>47 985</b>	<b>56 642</b>	<b>104 627</b>

Closing balances on land and on buildings are equal to the gross revaluation surplus. There are no revaluation deficits. The Revaluation Surplus is included within the PAHO Regular Budget Fund Balance.

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**15. Revenue**

	Gross Revenue	Eliminations	2011 Net Revenue	2010 Net Revenue
<b>Revenue from Non-Exchange Transactions</b>				
<b>Assessed Contributions</b>				
PAHO Regular Budget	93 200			
Caribbean Epidemiology Center	2 614			
Caribbean Food and Nutrition Institute	412			
Tax Equalization Fund	5 125			
<b>Subtotal</b>	<b>101 351</b>		<b>101 351</b>	101 351
<b>Voluntary Contributions</b>				
Voluntary Contributions	86 041			
Voluntary Contributions - National Voluntary Contributions	100 438			
Voluntary Contributions - Emergency				
Preparedness and Disaster Relief	10 341			
Program Support Costs	12 817			
Caribbean Food and Nutrition Institute	173			
<b>Subtotal</b>	<b>209 810</b>	<b>( 12 725)</b>	<b>197 085</b>	199 797
<b>Other Revenue</b>				
WHO Regular Budget	40 754			
WHO Voluntary Contributions	28 797			
Sasakawa Health Trust Fund	308			
AMRO Special Fund for Servicing Costs	6 721			
AMRO Special Program Research & Training	451			
Staff Development and Learning Fund	458			
AMRO Post Occupancy Charges	1 580			
<b>Subtotal</b>	<b>79 069</b>	<b>( 1 580)</b>	<b>77 489</b>	80 066
<b>Revenue from Exchange Transactions</b>				
<b>Procurement of Public Health Supplies</b>				
Revolving Fund for Vaccine Procurement	394 035			
Reimbursable Procurement	13 241			
Regional Revolving Fund for				
Strategic Public Health Supplies	48 615			
Program Support Costs	2 276			
<b>Subtotal</b>	<b>458 167</b>	<b>( 2 276)</b>	<b>455 891</b>	541 150
<b>Other Revenue</b>				
PAHO Regular Budget	616			
Income for Services	3 123			
Program Support Costs	418			
Health Promotion	10			
Provision for Termination and Repatriation Entitlements	2 612			
Provisions for Staff Entitlements	4 463			
PAHO Post Occupancy Charge	4 521			
After Service Health Insurance	1 772			
Master Capital Investment Fund	964			
AMRO Terminal Payments Account	737			
AMRO Non-Payroll Statutory Entitlements	1 551			
Caribbean Epidemiology Center	458			
Caribbean Food and Nutrition Institute	12			
<b>Subtotal</b>	<b>21 257</b>	<b>( 16 114)</b>	<b>5 143</b>	5 029
<b>Miscellaneous Revenue</b>				
PAHO Regular Budget				
Interest Earned	3 679			
Valuation Gains and Losses	( 870)			
Other Miscellaneous	1 497			
Program Support Costs	( 2 810)			
Caribbean Epidemiology Center	19			
<b>Subtotal</b>	<b>1 515</b>		<b>1 515</b>	5 184
<b>TOTAL REVENUE</b>	<b>871 169</b>	<b>( 32 695)</b>	<b>838 474</b>	932 577

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**16. Expenses**

	2011 Gross Expenses	Eliminations	2011 Net Expenses	2010 Net Expenses
<b>Staff and Other Personnel Costs</b>				
International and National Staff	154 955			
Consultants	17 987			
Temporary Staff	6 099			
<b>Subtotal</b>	<b>179 041</b>	<b>( 16 114)</b>	<b>162 927</b>	171 359
<b>Supplies, Commodities, Materials</b>				
Vaccines / Syringes / Cold Chain	383 021			
Medications and Medical Supplies	60 540			
Other Goods and Supplies	27 609			
<b>Subtotal</b>	<b>471 170</b>	<b>( 2 454)</b>	<b>468 716</b>	571 212
<b>Equipment, Vehicles, Furniture, Intangible Assets, Depreciation and Amortization</b>				
Equipment, Vehicles, Furniture <sup>1/2</sup>	( 511)			
Intangibles Assets <sup>1/2</sup>	( 1 658)			
Depreciation / Amortization	1 746			
<b>Subtotal</b>	<b>( 423)</b>		<b>( 423)</b>	859
<b>Contractual Services</b>				
Contracts	107 930			
<b>Subtotal</b>	<b>107 930</b>	<b>( 1 342)</b>	<b>106 588</b>	84 142
<b>Travel</b>				
Duty Travel	8 903			
Courses and Seminars	44 495			
<b>Subtotal</b>	<b>53 398</b>		<b>53 398</b>	52 413
<b>Transfers and Grants to Counterparts</b>				
Letters of Agreements	33 230			
<b>Subtotal</b>	<b>33 230</b>		<b>33 230</b>	36 874
<b>General Operating and Other Direct Costs<sup>1/</sup></b>				
Maintenance, Security and Insurance	11 945			
<b>Subtotal</b>	<b>11 945</b>	<b>( 60)</b>	<b>11 885</b>	10 404
<b>Indirect Support Costs</b>				
Program Support Costs	12 725			
<b>Subtotal</b>	<b>12 725</b>	<b>( 12 725)</b>		
<b>Total Expenses</b>	<b>869 016</b>	<b>( 32 695)</b>	<b>836 321</b>	927 263

Note<sup>1/</sup> General Operating Expense and Other Direct Costs Include Lease Payments for \$1 999 350 (2010: \$2 137 457).

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 2011 is presented below:

*(Expressed in thousand US Dollars)*

	<b>31 December 2011</b>			<b>31 December 2010</b>		
	Operating	Investing and Financing	Total	Operating	Investing and Financing	Total
<b>Actual Amount on Comparable Basis</b>	( 180 183)		( 180 183)	( 340 761)		( 340 761)
Basis Differences						
Timing Differences						
Presentation Differences	982 782	( 175 702)	807 080	945 704	( 13 646)	932 058
Entity Differences	( 689 807)		( 689 807)	( 599 461)		( 599 461)
<b>Actual amount in the Statement of Cash Flow</b>	<b>112 792</b>	<b>( 175 702)</b>	<b>( 62 910)</b>	<b>5 482</b>	<b>( 13 646)</b>	<b>( 8 164)</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.

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## 18. Segment Reporting

### 18.1 Statement of Financial Position by Segments

	<u>Total Core Activities Segment</u>	<u>Total Partnership Activities Segment</u>	<u>Total Enterprise Activities Segment</u>	<u>Total Special Activities Segment</u>
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and Cash Equivalents	104 629			
Short Term Investments	270 577			
Owed From Other Segments *		232 873	298 100	35 714
Accounts Receivable	67 006	196 583	28 045	( 35 081)
Inventories	1 153			
<b>Total Current Assets</b>	<b>443 365</b>	<b>429 456</b>	<b>326 145</b>	<b>633</b>
<b>Non-Current Assets</b>				
LongTerm Investments	218 309			
Accounts Receivable		92 174		6 210
Net Fixed Assets	103 457			
Intangible Assets	1 906			210
<b>Total Current Assets</b>	<b>323 672</b>	<b>92 174</b>		<b>6 420</b>
<b>TOTAL ASSETS</b>	<b>767 037</b>	<b>521 630</b>	<b>326 145</b>	<b>7 053</b>
<b>LIABILITIES</b>				
<b>Current Liabilities</b>				
Accruals	2 788	7 580	21 067	1 885
Owed To Other Segments *	566 687			
Accounts Payable	20 784	7 376	14	22
Employee Benefits				10 597
Deferred Revenue		241 534	164 962	
<b>Total Current Liabilities</b>	<b>590 259</b>	<b>256 490</b>	<b>186 043</b>	<b>12 504</b>
<b>Non-Current Liabilities</b>				
Accounts Payable	19 563			
Employee Benefits				172 820
Deferred Revenue		261 199		
<b>Total Non-Current Liabilities</b>	<b>19 563</b>	<b>261 199</b>		<b>172 820</b>
<b>TOTAL LIABILITIES</b>	<b>609 822</b>	<b>517 689</b>	<b>186 043</b>	<b>185 324</b>
<b>NET ASSETS / EQUITY</b>				
<b>Fund Balances and Reserves</b>				
Fund Balances	123 206	1 281	103 508	( 177 053)
Reserves	34 009	2 660	36 594	( 1 218)
<b>NET RESERVES &amp; FUND BALANCES</b>	<b>157 215</b>	<b>3 941</b>	<b>140 102</b>	<b>( 178 271)</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.

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**Statement of Financial Position by Segments**

Total Consolidated Sub-Regional Centers Activity	Intra-Party Segment	Total 2011	Total 2010
35		104 664	167 574
		270 577	175 060
	( 566 687)		
9 781		266 334	171 363
		1 153	841
9 816	( 566 687)	642 728	514 838
		218 309	141 815
		98 384	61 606
		103 457	105 220
		2 116	
		422 266	308 641
9 816	( 566 687)	1 064 994	823 479
43		33 363	26 551
	( 566 687)		
49		28 245	13 445
		10 597	9 321
188		406 684	283 626
280	( 566 687)	478 889	332 943
		19 563	18 961
		172 820	179 324
		261 199	169 476
		453 582	367 761
280	( 566 687)	932 471	700 704
9 536		60 478	43 613
		72 045	79 162
9 536		132 523	122 775

## 18.2 Statement of Financial Performance by Segments

	<u>Total Core Activities Segment</u>	<u>Total Partnership Activities Segment</u>	<u>Total Enterprise Activities Segment</u>	<u>Total Special Activities Segment</u>
<b>REVENUE</b>				
<b>Revenue from Non-Exchange Transactions</b>				
Assessed Contributions	93 200			5 125
Voluntary Contributions		196 820	12 817	
Other Revenue	40 754	29 105	6 722	2 488
<b>Revenue from Exchange Transactions</b>				
Procurement of Public Health Supplies			458 167	
Other Revenue	615		3 541	16 631
Miscellaneous Revenue	4 306		( 2 810)	
<b>TOTAL REVENUE</b>	<b>138 875</b>	<b>225 925</b>	<b>478 437</b>	<b>24 244</b>
<b>EXPENSES</b>				
Staff and Other Personnel Costs	109 963	34 654	11 184	22 667
Supplies, Commodities, Materials	6 205	19 839	444 378	585
Equipment, Vehicles, Furniture, Intangible Assets, Depreciation and Amortization	( 213)			( 210)
Contractual Services	18 355	81 955	3 736	1 972
Travel	10 227	42 131	454	353
Transfers and Grants to Counterparts	2 045	31 159	11	15
General Operating and Other				
Direct Costs	5 698	2 924	2 224	862
Indirect Support Costs		12 706		
<b>TOTAL EXPENSES</b>	<b>152 280</b>	<b>225 368</b>	<b>461 987</b>	<b>26 244</b>
<b>NET SURPLUS/ (DEFICIT)</b>	<b>( 13 405)</b>	<b>557</b>	<b>16 450</b>	<b>( 2 000)</b>

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**Statement of Financial Performance by Segments**

Total Consolidated Sub-Regional Centers Activity Segment	Intra-Party Segment	Total 2011	Total 2010
3 026		101 351	101 351
173	( 12 725)	197 085	199 797
	( 1 580)	77 489	80 066
	( 2 276)	455 891	541 150
470	( 16 114)	5 143	5 029
19		1 515	5 184
<b>3 688</b>	<b>( 32 695)</b>	<b>838 474</b>	<b>932 577</b>
573	( 16 114)	162 927	171 359
163	( 2 454)	468 716	571 212
		( 423)	859
1 912	( 1 342)	106 588	84 142
233		53 398	52 413
		33 230	36 874
237	( 60)	11 885	10 404
19	( 12 725)		
<b>3 137</b>	<b>( 32 695)</b>	<b>836 321</b>	<b>927 263</b>
<b>551</b>		<b>2 153</b>	<b>5 314</b>

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

As of 31 December 2011, a total of \$405 026 was recorded as administrative waivers reflecting seminars and courses given by the governments. (2010: \$ 74 084)

There were no write-offs or Ex-Gratia Payments to be reported. (2010: Ex-Gratia only \$24 000)

## 20. Cases of Fraud and Presumptive Fraud

In 2011, the Organization experienced one case of financial fraud amounting to \$13 733 and 11 cases of thefts and losses of property for a total of \$15 101. In addition, one case of attempted check fraud and four cases involving the misuse of PAHO purchasing or travel credit cards were committed by people outside the Organization. In three of the four credit card cases, the fraudulent charges amounting to \$1 964, were recovered from the financial institutions concerned. In the fourth case, \$401 was fraudulently charged to a purchasing card and recovery is pending.

## 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

<b>Key Management Personnel</b>	<b>2011</b>	<b>2010</b>
Number of Individuals	<u>4</u>	<u>4</u>
Compensation and Post Adjustment	740	718
Entitlements	177	235
Pension and Health Plans	<u>234</u>	<u>224</u>
<b>Total Remuneration</b>	<b><u>1 151</u></b>	<b><u>1 177</u></b>
<b>Outstanding Advances against Entitlements</b>	<b><u>33</u></b>	<b><u>22</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. Consolidate Financial Statements for Sub - Regional Centers

The Organization has consolidated in its financial statements the respective information of two specialized sub-regional centers: (1) the Caribbean Epidemiology Center and (2) the Caribbean Food and Nutrition Institute. The reason for the consolidation of the financial information into the Organization's consolidated financial statements is the control exercised by the Organization over those two centers and the respective benefit factor. The basis for consolidation is the use of similar categories of assets, liabilities, net assets, revenue, and expenses.

The primary financial information from the centers that were consolidated is as follows:

Category	Total Revenue in 2011	Total Expenses in 2011	Net Assets as of 31 December 2011
Caribbean Epidemiology Center	3 091	2 700	7 918
Caribbean Food and Nutrition Institute	598	437	1 618

## 24. Provisions

As at 31 December 2011, the Organization had not recognized any provisions.

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

The recognition of the Staff Health Insurance liability to WHO from Reserves, is due to the increase in the Staff Health Insurance claims expense. In the prior year, the de-recognition of the Staff Health Insurance liability to Reserves, was due to the increase in the Staff Health Insurance contribution rates in 2010.

## 26. Contingent Liability

In 2011 a class action lawsuit was filed against the Government of the United States and PAHO in the Federal District Court for the District of Columbia in relation to medical research experiments sponsored by the U.S Public Health Service and conducted in Guatemala between 1946 and 1948. The United States Government and PAHO are currently responding to this action, and it is therefore not appropriate at this time to disclose further information.

## 27. 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, 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		
Belize	X		X		
Bolivia	X	X			
Brazil					
Chile	X	X			
Colombia					
Costa Rica	X	X	X		
Cuba	X	X	X		
Dominican Republic	X	X			
Ecuador	X	X			
El Salvador	X				
Guatemala	X				
Guyana	X	X	X		
Haiti	X				
Honduras	X				
Jamaica	X	X	X		
México					
Nicaragua	X	X	X		
Panamá	X	X	X		
Paraguay	X				
Perú					
Suriname	X	X	X		
Trinidad and Tobago	X	X	X		
Uruguay	X		X		
Venezuela					
PANAFTOSA	X	X	X	X	X
BIREME	X	X	X		
CAREC		X	X		
CEPIS					
CFNI					
CLAP	X	X	X		
El Paso					

# **Report of the External Auditor**

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National Audit Office

REPORT TO THOSE  
CHARGED WITH GOVERNANCE  
April 2012

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**Pan American Health Organization**

# Long Form Report on the 2011 financial statement audit

The aim of the audit is to provide independent assurance to Member States; to add value to the organization's financial management and governance; and to support the objectives of the organization's work through the external audit process.

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The National Audit Office (NAO), headed by the Comptroller and Auditor General of the United Kingdom, Amyas Morse, provides an external audit service to the Pan American Health Organization. The External Auditor has been appointed by the Member States in accordance with the Financial Regulations. In addition to certifying the consolidated financial statements of the Pan American Health Organization, he has authority under the mandate to report to the Member States on the economy, efficiency and effectiveness with which the organization has used its resources

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# Executive Summary

## Introduction

**1** We have provided an unqualified audit opinion on the 2011 consolidated financial statements which present fairly, in all material respects, the financial position and the results of operations and cash flows for the financial period ended 31 December 2011; and we confirm that our audit revealed no weaknesses or errors which we considered to be material to the accuracy, completeness and validity of the consolidated financial statements.

**2** The 2011 consolidated financial statements of the Pan American Health Organization (PAHO) represent the second year that the International Public Sector Accounting Standards (IPSAS) have been used. For the first time, therefore, comparatives are provided and a more complete and comparable set of balances is available to the users of the statements. Revised internal controls to allow for effective accruals accounting worked more effectively in 2011 than in the year of transition. An unqualified opinion therefore reflects the continuing hard work and effort to embed these processes within the business and the Organization is to be commended for this achievement. Whilst we recognise there remains further room for improvement, 2011 represents a year of progress by PAHO.

**3** As noted in 2010 PAHO have begun to capitalise on the achievement of implementing IPSAS and have used this momentum to effect additional changes to the current work practices, however further opportunities still exist, with the implementation of an Enterprise Resource Planning (ERP) system which should increase integrated working across the Organization.

## Overall Results of the audit

**4** We have audited the consolidated financial statements of PAHO in accordance with the Financial Regulations and International Standards on Auditing.

**5** The audit opinion confirms that these financial statements: present fairly, in all material respects, the financial position as at 31 December 2011 and the results for the year then ended; have been properly prepared in accordance with 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 by the Pan American Sanitary Conference or the Directing Council.

**6** 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.

**7** The main observations and recommendations from our audit are set out below. Our recommendations are summarised in Annex A. Actions taken by management in response to our 2010 recommendations are set out at Annex B.

**8** The 2011 financial statements represents the final year of the NAO's appointment as the external auditor of PAHO. We will follow the United Nations protocol for hand over arrangements to our successors, the Spanish Court of Audit (Tribunal de Cuentas). We would like to thank PAHO for their professional and constructive approach to the external audit relationship over the many years of our engagement. PAHO's management have consistently engaged with the audit process and have sought to improve processes and procedures in response to our audit recommendations.

**9** We recognise the considerable progress made by PAHO during this time, with particular regard to the development of an effective control environment including a well-developed corporate governance structure that includes: an effective internal audit function; an established Audit Committee; improving risk management processes; and positive interaction with external auditors. PAHO have also successfully managed the transition to accruals based IPSAS financial statements. The latter has been extremely challenging due to the limitations of PAHO's financial reporting systems and the need to implement revised financial procedures across a geographically diverse business area. This success owes much to the efforts and dedication of PAHO staff, who have succeeded in implementing IPSAS in advance of many larger international organisations. The adoption of IPSAS has necessitated staff training which on the whole has been effective.

## Summary of Main Findings

**10** In this report we have commented upon the Organization's financial position; governance matters; our findings with respect to Country Offices and the current status of the PMIS ERP project. We have made recommendations aimed to improve the effectiveness of the Office of Internal Oversight and Evaluation Services by the introduction of performance measures for IES; strengthening of information systems audit resources and through encouraging PAHO management to respond more quickly to IES recommendations.

**11** On Country Offices we have noted that the internal control environment across the country office network as a whole is adequate but have drawn attention to continuing problems embedding a full understanding of the IPSAS accruals concepts as well as instances of non-compliance with procurement regulations. We have recommended that PAHO take action to reinforce the understanding of IPSAS accruals concepts and to ensure that single source procurements are minimised and the reasons for resorting to such procurement actions are properly documented.

**12** Our review of the PMIS project identified that although much good work had been completed, some slippage in the project pre-implementation phase had occurred in that the software package and system integrators had not yet been selected. The report also draws attention to the absence of a number of key deliverables. In particular we note the absence of a comprehensive and well-articulated business case for the project which clearly sets out the business need, costs and measurable benefits which are expected to result from the project. Similarly we have recommended that the project team complete key documents

which were envisaged during the pre-implementation phase including a detailed set of project plans and change management and communication plans. We have also highlighted the need to introduce a comprehensive risk management approach including a risk register for the project.

# Financial Review

## Overall Summary of Results

**13** The Director's Comments on the Financial Statements provide a comprehensive analysis of the financial performance of the Organization for 2011. We review the financial analysis provided for consistency with the information contained in the consolidated financial statements and offer some further analysis to aid users.

**14** From our audit of the consolidated financial statements we have identified a number of matters that we consider it appropriate to highlight in this report:

- The results for the year showed a small net surplus of \$2.153 million.
- At the period end there are sufficient funds available to meet reported liabilities as they fall due. While cash balances have decreased from \$167.6 million in 2010 to \$104.7 million at 31 December 2011 (a reduction of some 37% between financial years), this has been more than offset by an increase in short and long term investments. Total funds invested increased from \$316.9 million in 2010 to \$488.9 million at 31 December 2011. This represents an increase in investments of some \$172 million (54%) between years. The financial statements disclose that PAHO's total assets exceed total liabilities by some \$132.5 million.
- While the reported net current and non-current liabilities for employee benefits disclosed on the face of the Statement of Financial Position have reduced by some \$5.2 million from the prior year, it should be noted that the estimated underlying net liability in respect of employee defined benefit obligations has in fact increased. The most recent actuarial valuation reported that the estimated liability for these increased by \$22.1 million from \$233.4 million in 2010 to \$255.5 million in 2011 (note 12.3.4 refers). As reported in the 2010 external audit report there remains a need for PAHO to consider how best to fund these long-term liabilities as they fall due. I commented extensively on this subject in my 2010 report and further comment on this area can be found in Annex B concerning the follow up of previous audit recommendations.
- The Financial Statements also disclose (note 6.1.2 refers) a 145% increase in the balance of voluntary contributions receivable at 31 December 2011 compared to 2010 from \$80.1 million to \$196.8 million at the end of 2011. This reflects an increase in short term voluntary contributions

receivable, primarily from one major donor. While such an increase reflects confidence in PAHO to be able to deliver an increased programme of voluntary funded activity it will place increased pressure on the capacity of the Organization and will require careful management to ensure that cash flows are available to match the activities performed. In addition, PAHO should seek contributions in US Dollars to minimise exposure to adverse movements in exchange rates. Failure to manage these risks carefully could place pressure on cash flow management and result in significant losses on exchange rate movements.

- Revenue from most sources has remained stable between years, however, there are two exceptions to this; the revenue relating to the procurement of public health supplies fell by 16% from \$541.2 million to \$455.9 million due primarily to the reduced purchase of H1N1 vaccine which has now been combined with the vaccine for seasonal influenza. Miscellaneous revenue also reduced by 71% from \$5.2 million to \$1.5 million. It should be noted that procurement revenue relating to the purchase of vaccines and equipment is demand led and PAHO therefore has only limited control or influence over these revenue streams.
- A similar pattern can be seen within the expenditure incurred in 2011. There has been a reduction in the purchase of vaccines and equipment reflecting the fall in revenue. However there have been other movements, including a decrease in staff and personnel costs of 5% or \$8 million as a result of a reduction in the numbers of international and national staff employed. However, as numbers of international and national staff have reduced there has been a significant increase in the use of contractual services, which have increased by 27% from \$84.1 million to \$106.6 million.
- 2011 is the first year in which PAHO have recognised intangible assets on its Statement of Financial Position. An intangible asset may be defined as “an identifiable non-monetary asset without physical substance”. Examples of such assets include intangible resources such as computer software, licences or patents. In 2011, PAHO has capitalised approximately \$2 million of intangible assets relating to internal investment in information systems and software, with \$1.4 million of these assets currently in the development phase.

# Country Office Visits

## Introduction

**15** PAHO operates throughout the Americas and its project implementation at a country level is managed by its network of Country Offices and Centers and funds its operations using regular budget allocations as well as project funds. The cumulative disbursements by these Offices in 2011 was \$199 million (2010: \$210 million) which is a significant component of PAHO's reported activity and we carry out field visits to obtain assurance on controls over locally managed funds and expenditure.

**16** Our selection of Country Offices is determined by a risk assessment which takes account of the level of expenditure, the length of time since our previous visit and discussions with Headquarters staff. We also take into consideration the recent visits and findings from the Office of Internal Oversight and Evaluation Services, when we consider which Offices to visit.

**17** During 2011, we visited the Brazil and Argentina Country Offices. At the conclusion of each visit we presented the management of the Country Office with our findings and recommendations. Management has been encouraged to respond and set out a clear action plan to implement or follow up the points that we have raised. This was the second consecutive year that we have visited the Brazil Office but we considered this to be necessary because this Office is responsible for the largest proportion of PAHO's expenditure, apart from Headquarters, and we found a high level of errors in the reported accrued expenditure during our 2010 visit.

## Identification of accrued expenditure

**18** Under International Public Sector Accounting Standards (IPSAS), entities are required to recognise expenditure in the financial statements when it is incurred i.e. when the goods or services have been received. To identify the value of the expenditure incurred in 2011, relevant finance staff from around the Organization are required to review all open obligations and disbursements during the year and determine which goods and services were delivered in 2011 and how much was due to be delivered in 2012. Accrued expenditures are considered a significant risk area as it requires a clear understanding of the accruals concept and was an area that had proved to be challenging in 2010.

**19** Our testing in the Country Offices in both Brazil and Argentina again identified errors in the reporting of accrued expenditures by these Offices. We found a number of transactions where amounts had been reported as expenditure in 2011 even though the goods or services had not been received and were therefore due to be delivered/received in 2012. However, we noted that the level of error detected in 2011 was significantly lower than in 2010 and there was an improvement in the quality of documentary evidence from implementing partners to support accruals. This improvement reflects efforts made by FRM

to provide additional training and support to Country Offices. Furthermore, in the case of Brazil, PAHO contracted a private sector accounting firm to perform a detailed review of the accrued expenditure. However, while the improved control over accrued expenditures is welcomed it is clear that errors are still occurring and there remains a lack of understanding of the accruals accounting principle in parts of the Organization.

**Recommendation 1: We recommend that PAHO continues to impress upon key staff across the Organization the importance of understanding the accruals concept and obtain complete and relevant evidence to support the level of accrued expenditure reported at the year end. PAHO should also consider further strengthening their internal review procedures in view of the errors which continue to be made.**

## Internal controls

**20** Over the years of our engagement as the external auditor of PAHO, we have made many observations about the effectiveness of the operation of internal controls at the Country Offices and Centers. The observations have had similar themes in the past and this continues to be the case in 2011. For example, we have made observations regarding the importance of bank reconciliations and tendering processes.

**21** In respect of bank reconciliations, we made minor recommendations that long standing reconciling items should be investigated and resolved as soon as possible. In terms of procurement procedures, we noted that often short term contractors are contracted to work on specific projects without the positions being advertised under open competition procedures, and without sufficient evidence being retained to explain why the non-tendering of the position was appropriate.

**22** Our findings corresponded with those of IES during 2011. From its Country Offices and Center visits, IES have reported on the internal control weaknesses observed. These included the need to improve the quality of the evidence retained on file in respect of procurement and expenditure and evidence of expenditure authorisation to demonstrate that segregation of duties were being observed. In addition, IES observed the need for staff to adhere to PAHO procurement procedures e.g. tendering procedures, and the rules over the use of Letters of Agreement, for example, Letters of Agreement should not be used for construction projects.

**23** It has also become apparent from our Country Office visits, this year and in past years, that PAHO procurement procedures are not always followed in the Country Offices.

**Recommendation 2: We recommend that PAHO puts measures in place to ensure that staff throughout the Organization comply with laid down procurement procedures. This will ensure that PAHO makes the most effective use of its resources and receives value for money from its purchases. Particular emphasis should be placed on ensuring Letters of Agreement are used appropriately and on the prevention of single source tendering. Where single source procurement is used the reasons for such action should be clearly documented.**

# Governance Matters

**24** Effective governance arrangements are essential for Member States to obtain the necessary oversight of any international organisation. The Executive Committee is given the responsibility to provide this oversight and there are a number of mechanisms on which they rely to obtain this assurance. As part of our audit we have reviewed these arrangements and have considered their development.

## Enterprise Risk Management

**25** During 2011 PAHO initiated a project to create a risk management framework based upon ISO31000, a set of internationally recognised standards, which provide principles and guidelines on risk management. A conceptual framework for the risk management strategy was approved and a Senior Risk Management Committee was established in November 2011. A risk management policy document has also been drafted.

**26** Previous audit reports have emphasised the importance of effective risk management and in particular that an internal control system should include a risk register which:

- identifies the risks;
- the areas affected; and
- sets out the proposed mitigating action, taking into account existing controls and responsibilities.

**27** Risk registers should be underpinned by robust procedures which ensure that all staff and key stakeholders, including the Audit Committee, are fully engaged in the process.

**28** With the aid of voluntary funding, PAHO have purchased and installed an Enterprise Risk Management Information System to help embed the new policy, which was implemented in December 2011. As part of the initial phase of implementing the office wide risk management system, pilot exercises have been conducted in two Country Offices and in relation to Procurement Funds and Revolving Funds. Some training workshops have also been provided to a small number of staff.

**29** Management plan to optimise the use of the risk management software by providing training to all staff, with the publication of the first consolidated risk register due in spring 2012. Risks will then be prioritised through the use of a number of risk maps. A draft Enterprise Risk Management handbook has been produced and is to be finalised and issued by 30 June 2012. It is the intention that 50% of all PAHO units will have been subject to risk assessments by the end of 2012 with the remaining 50% of units covered by the end of 2013.

**30** Our review of the risk management system installed confirms that it contains the key elements required to effectively manage and mitigate risks. The review also confirms that considerable progress has been made in a relatively short time, however, the system is in the early stages of implementation and

some key automated aspects of the system have not yet been activated (for example automated alerts to prompt action by risk owners). The Risk Management Committee has not yet met and the system as a whole is not yet mature enough to assess the extent to which it will meet the needs of the Organization in practice.

**31** We note also that the implementation of the system currently relies heavily upon the efforts of one key member of staff and that although some risk “champions” have been designated to help embed the risk management concepts, it is not clear whether the existing level of resources devoted to the project will be adequate as the system is rolled out across the entire Organization.

**Recommendation 3: PAHO’s investment in developing a risk management framework is welcomed and we recommend that progress be reviewed against the project target dates to ensure that it is embedded within procedures and the culture of PAHO as soon as possible.**

**Recommendation 4: We further recommend that PAHO review the resources devoted to the implementation of the system to ensure that they are adequate to cope with the future roll out, and that the successful implementation and maintenance of the new system is not over-reliant on the efforts of one key member of staff.**

## Office of Internal Oversight and Evaluation Services

**32** Financial Regulation 12.1(d) states that the Director of PAHO shall “maintain an internal audit function which is responsible for the review, evaluation and monitoring of the adequacy and effectiveness of the Organization’s overall systems of internal control. For this purpose, all systems, processes, operations, functions and activities within the Organization shall be subject to such review, evaluation and monitoring”.

**33** Under the IES Charter, the Office of Internal Oversight and Evaluation Services (IES) is a key component of internal control and assurance within PAHO and provides internal auditing and evaluation services. The scope of their work covers the provision of assurance regarding risk management, control, and governance processes to the Director of PAHO. Under their Charter, the scope of IES activities includes “ascertaining that the Organization’s assets are safeguarded; that activities are conducted effectively, efficiently and economically in accordance with internal policies, rules and regulations; that information is accurate, secure and reliable; and that adequate measures have been taken to prevent fraud, waste, abuse and mismanagement. By carrying out this function IES provides management and external stakeholders alike with independent assurance that the Organization’s risks have been appropriately mitigated”.

**34** We have conducted a review of the work of IES to assess the extent to which we can rely upon it and in particular we have examined the independence of the Auditor General; the scope of his work; the adequacy of resources devoted to IES and the adequacy of responses to the Auditor General’s recommendations.

**35** The Charter for IES assures the independence of the Auditor General by providing for direct reporting to the Director of PAHO and we have confirmed that he has exercised this facility. The Auditor

General also has direct access to the Chair of the Audit Committee and has also exercised this right during “in camera” sessions with the Committee. Similarly, we consider that the scope of the IES mandate as set out in the Charter, and as evidenced by the work programme and plans of the unit, is adequate and commensurate with the needs of the Organization.

**36** We have noted progress in previous years in the resources allocated to IES and in 2011, IES had personnel resources of six fixed-term posts and one short-term position, which the Auditor General considered adequate to implement the IES Work Plan. All but one of IES’ fixed-term posts were occupied in 2011, and the final vacant post was filled in January 2012. It has also been noted that in 2011, IES’ funding was sufficient to cover necessary expenses, and no aspects of IES’ work were either curtailed or deferred for funding reasons. We encourage PAHO to maintain this level of support and funding for its internal audit function going forward. We note however that IES do not possess strong Information System audit skills.

**Recommendation 5: While such expertise can be contracted in for specific assignments we recommend that IES review its staffing profile and consider whether it requires further specialist information systems audit resources. Such skills may be of particular added value in future as PAHO begin the implementation of a new ERP system.**

**37** In reviewing the work of IES we noted that the work plan of the unit is developed with reference to the strategic objectives of the Organization and adopts a risk based methodology as far as possible given the limited risk management procedures currently in place within PAHO. The audit plans are also subject to consultation with management, external audit and with the Audit Committee and are approved by the Director. Our review has confirmed that in 2011 they delivered the approved programme of work broadly as planned and that their recommendations were accepted by management. We note however that the unit has not established a set of performance indicators or measures by which its performance can be objectively assessed.

**Recommendation 6: We recommend that IES develops performance indicators to measure how well they perform against their annual audit plans and over time. Examples of such measures include: the proportion of audit recommendations accepted by management; the number of recommendations implemented within a given timescale; financial savings generated as a result of audit recommendations; the costs of reports delivered compared to planned costs; and the number of reports delivered compared to those planned. IES need to develop measures which are specific to their and PAHO’s circumstances.**

**38** In keeping with best practice, IES established a mechanism for following up its recommendations and provides a quarterly report on implementation to the Director. Progress reports are also submitted to the Audit Committee along with results of their individual audits and evaluations. IES also produces a formal annual report each year which is presented to the Director, Executive Committee and the Audit Committee.

**39** The 2011 IES Annual Report presented a summary of the implementation of their recommendations over the period 1 January 2006 to the end of 2011 which shows cumulative implementation rates since 2006 in the order of 85%. We note however that IES considers the implementation rate to be rather slow, which is supported by the 35% implementation rate in 2011 and the fact that some 25% recommendations raised since 2008 remained unimplemented at the time of the Auditor General’s report. We consider that

there is considerable scope to improve the implementation of IES recommendations and understand that IES is discussing with management how best to achieve this.

**Recommendation 7: We recommend that management take action to improve the implementation rate of IES recommendations as a matter of priority so that IES can “add-value” in the timeliest manner.**

**40** We note also that IES’ overall opinion on the adequacy of internal controls is consistent with our own, and that PAHO’s internal control environment is considered adequate to provide reasonable assurance that transactions and activities are authorised and properly recorded.

## Accounts Production Process

**41** It is essential that the financial accounting system has the capacity to capture information about how resources are used, and has the ability to provide the financial reports that meet both the business needs of the Organization and the basic requirements of IPSAS accruals accounting.

**42** The existing information systems employed by PAHO are unable to support the needs of IPSAS based financial statements and a number of manual and time-consuming “workarounds” are required to compile the accounts. Consequently the year-end preparation and auditing of the consolidated financial statements remains a complex and difficult process, with many areas of these statements being compiled “off the system” through a one off exercise (identifying outstanding expenditures at the year-end) or after specific “add on” IT programs are run to identify necessary adjustments (such as calculating depreciation on fixed assets).

**43** The limitations of the current systems mean that year-end financial reporting process is highly dependent on key finance staff and manual calculations and adjustments being performed. This is an inherently unsatisfactory process which inevitably increases the risk of errors being made due in the accounts preparation and of delays to the accounts preparation and audit process. The planned implementation of a new ERP financial accounting and information system should address the weaknesses noted.

# Development of an Enterprise Resource Planning (ERP) System

## Background and Scope

**44** In 2008 the 48th Directing Council authorised the use of funds from the Holding Account to perform analysis, study options and issue recommendations for modernising the Pan American Sanitary Bureau (PASB) Corporate Management System, now known as the PASB Management Information System (PMIS) Modernisation Project.

**45** The PMIS Committee consulted key stakeholders and staff within PAHO before producing a set of Principles to guide the modernisation process. The Committee also oversaw the review and analysis of PAHO's Business Processes and analysed Options and Costs before concluding that an ERP system was the most appropriate way to meet PAHO's modernisation needs. This recommendation was approved by the 50th Directing Council (2010).

**46** A project budget for PMIS of \$20.3 million was subsequently approved, this cost estimate having been based upon costs of a similar ERP implementation by a sister UN Agency adjusted to fit PAHO's circumstances. At the time of writing this report, PAHO had spent approximately \$1.1 million against this budget.

## Project Scope

**47** On 8 June 2011 the Director formally announced the launch of the PASB Management Information System (PMIS) Modernisation Project for installing the Enterprise Resource Planning (ERP) software for use by the whole of PAHO. The scope of the project covers entities at all levels: regional; sub-regional; and country, and includes:

- Program Management,
- Budget,
- Human Resources and Payroll,
- Finance, and
- Procurement.

**48** At the time the project was approved the following timetable was envisaged:

- 1) Pre-implementation Phase - (June 2011 – mid 2012). This was to include: project preparation and elaboration; major procurements (ERP software and system integrator); refinement of business processes; and preparation of data (including identification of missing data, identification of duplicate data and evaluation of data quality).
- 2) Implementation Phase – (mid 2012 – mid 2014). Project management and implementation of the new system in all major business areas.

## Project Goals

**49** The overall goal of the project is considered to be three fold<sup>1</sup>:

- a) An improvement of PAHO's processes, supported by the implementation of an integrated ERP software solution while maintaining necessary integration with WHO's Global Management System (GSM);
- b) The decommissioning of current systems; and
- c) Considering operational recommendations following three months of post-implementation operations.

## Project Governance Structure

**50** In order to ensure the success of the ERP implementation there needs to be a clear and effective governance structure in place. PAHO have instituted a governance structure which comprises internal steering and advisory committees as well as providing for independent external oversight.

### **Steering Committee**

**51** The PMIS project is guided by a senior level Steering Committee consisting of the Deputy Director, Assistant Director and Director of Administration, with the Deputy Director acting as chair. The goal was for the Steering Committee to meet monthly, however as the project has gathered pace this has occurred as frequently as weekly. Our review has confirmed that the Steering Committee has taken an active role in managing the project.

### **Advisory Committee**

**52** Supporting this group is an Advisory Committee whose members are the major business process owners, which include the Area Managers of Planning, Budget and Resource Coordination (PBR), Human Resources Management (HRM), Financial Resources Management (FRM), Procurement and Supply Management (PRO), General Service Operations (GSO), Information Technology Services (ITS), External Relations Resource Mobilisation and Partnerships (ERP), Knowledge Management and Communication

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<sup>1</sup> Terms of Reference – PASB Management Information System (PMIS) Modernisation Project

(KMC) and Country Focus Support (CFS), as well as PWR-Brazil and PWR-Guyana in representation of the member states. However at the time of writing this report the Advisory Committee had only met officially once, though key members of the Committee had been involved in the process to date, being present at the testing of software providers, for example.

**53** The purpose of this Committee was to represent stakeholders' interests, provide leadership and support to the project in their relevant areas and to provide guidance on business goals and success criteria, aligning the project to the business and guidance on policy issues and changes to policy raised by the project. However this group have only met once since the project began, which calls into question the effectiveness of communications with and involvement of key stakeholders who are key to meeting the overall objectives of the ERP system.

### **External Oversight**

**54** Throughout the PMIS project PAHO have sought objective advice from external sources. To this end they have employed a contractor whose role it is to evaluate the overall direction, risks and decision making of the project on a regular basis and to recommend changes as appropriate. This oversight is designed to help ensure that the project retains a focus on supporting the delivery of Technical Cooperation and adheres to project management best practices.

**55** External advice has also been sought from consultants who have been engaged to advise on the original project approach (June 2010), to assess PMIS project readiness (August 2011) and most recently, in March 2012, to facilitate a workshop enabling stakeholders to discuss wide-ranging issues affecting ERP projects including lessons learned from other projects and ERP implications for PAHO. The focus of this workshop was to arrive at key decisions related to PAHO's system modernisation project, including vision, success factors, and business models, with the consultant working extensively with internal staff. At the time of writing this report the outcome of the workshop and the proposed response were still under consideration by management.

### **Audit Review**

**56** In view of the projected cost and strategic importance of the PMIS project to PAHO, and the known difficulties commonly experienced with major IT projects in UN and international public sector organisations in general, we have performed a high level review of the project during this pre-implementation phase. During our review we have sought to assess the progress made and to identify any significant risks to its successful implementation. We performed our review by examining relevant project documentation, external reports as well as by interviewing PAHO officials.

**57** In carrying out our work we have drawn on the experience of other organisations, and have looked for evidence that PAHO is following best practice and lessons learnt elsewhere. Where ERP's have been successfully implemented, the following features, amongst others, have been observed:

- Commitment and buy-in from senior management to one coherent vision, resulting in effective leadership with one common voice. It is important that there is clear, executive level support for the project, and that this support continues throughout the project;
- Clear, agreed goals and objectives. The business processes that need to be supported, and the requirements that the system needs to meet have to be specified. The way that the business

processes are going to be aligned with the best practice model embedded in the ERP system needs to be identified. The measures for determining success should be laid out at the start of the project and be agreed by the system stakeholders;

- Strong project and programme management underpinned by detailed project plans, clearly defined and designated project resources, including staff resources, and careful monitoring of progress, risks and other issues affecting the project timetable and costs;
- Effective change management and integration of the new ERP with retained business information systems. Change management is crucial and it is imperative that changes are appropriately managed on two levels. First, there are the changes to the Organization. Second, there are the changes that are made to the programme of implementation of the ERP system (which will be part of the larger organisational change project);
- Careful selection and management of consultants and employees to implement the ERP. The project team needs to be made up of the people who are best suited to the job of implementing an ERP system, and ideally have experience of doing so; and
- Timely and effective training of employees with ongoing support in the early implementation period. ERP systems invariably change the way that people work throughout the organisation, so it is important that the users are educated about the changes, and trained to use the new system.

## Audit Findings

### Overall Project Status

**58** At the time of writing this report we found that considerable effort had been put into producing a number of important outputs such as a Project Charter, high level project plans and documentation on PAHO business processes. We are also aware of strong management commitment and executive support for the project. The PMIS Steering Committee, chaired by the Deputy Director, has been very active and has met frequently to discuss a range of important issues. Potential ERP software platforms and integration partners have been shortlisted and consideration is being given to identifying staff from across PAHO who could be made available to work on the project execution and implementation phase.

**59** However, some key elements of the pre-implementation phase had not been delivered as planned. For example, although two preferred software suppliers have been identified and a number of system integrators have been shortlisted, a final decision in these areas was yet to be made. Under the original project schedule the selection of the software package and the integration partner was due to be resolved by the end of 2011. Similarly, although project staffing is under consideration there is only a very small project management team in place at the time of writing this report. In selecting staff to work on the project it is also unclear how the posts will be adequately backfilled to enable the Organization to carry on “business as usual” at the same time as developing the new ERP solution.

## Clarity of goals and objectives

**60** The PMIS project set out a rationale for modernising PAHO's business processes. The adoption of an ERP based solution was deemed to be the most effective way of achieving the objectives of the modernisation project and it was on this basis that the project was approved. However, a fully articulated business case supporting the need for an ERP and the related costs and benefits has never been produced.

**61** The Project Charter noted that more work needed to be done to define the business need for the project but it has not yet been completed. Similarly, there are no measurable performance indicators or targets, or any defined success criteria in place which could be used objectively to assess whether the ERP solution does in fact deliver the expected benefits. In the absence of a clearly articulated business case and established metrics for gauging the success of the project there is a risk that PAHO will not optimise the benefits from implementing an ERP solution and that the costs may in fact outweigh the benefits.

**Recommendation 8: We recommend that a fully articulated and detailed business case in support of the ERP project is formulated as soon as possible. The business case should state clearly the business need for the project together with the costs and benefits it is expected to generate.**

## Project Management

**62** In the pre-implementation phase of the project there has only been one full time person devoted to managing day to day project activities. This is a small project team for a project the size of PMIS and will need to be kept under close review as the project moves closer to the execution and implementation phases.

**63** Our review of the project plans and timetable found that they are documented only at a high level. The detailed lower level activities which must be performed to achieve the higher level project milestones and target dates have not been specified or incorporated into detailed project plans. It is not therefore possible to identify a "critical path" for the project or to assess the overall effect on the project timetable of the slippage that has already occurred.

**64** Similarly, there has been no attempt to validate or update the original budget set for the project. As the original project budget was estimated on the basis of the experience of a sister agency there must be a degree of uncertainty around the reliability of the estimated costs. This uncertainty is exacerbated because the \$20.3 million project budget currently excludes provision for a number of costs which it is intended will be funded and managed outside of the main project. Costs currently excluded from the main project budget include:

- General office support for the Project Office;
- Outside assistance with project oversight and risk management;
- Business continuity of the ERP hardware and software environment; and

- Operation and support of the system beyond the first 3 months following implementation.

65 The total cost of ownership of the ERP system has not therefore been calculated. In addition, the budget itself was set some time ago.

**Recommendation 9: We consider that significant uncertainty is attached to the current project budget and recommend that it be re-examined in more detail. The full estimated costs of implementing the ERP solution in PAHO should be calculated including the costs of elements currently excluded from the approved project budget. In the future, project budget and forecasts should be regularly updated and reported to management on a periodic, preferably monthly, basis.**

## Change Management

66 As noted above, ERP projects such as PMIS require significant organisational change as staff must get used to new ways of working if the full benefits of an ERP solution are to be realised. Considerable costs can be incurred post-implementation if the changes associated with an ERP implementation are not identified and carefully managed from the outset. We found also that the pre-implementation phase of the project was intended to allow time for the preparation of detailed change management and communication plans as well as beginning the process of defining refined business processes.

67 We found that very little progress had been made on these important elements at the time of our audit review. Given the important changes that will be associated with the ERP solution and the planned modernisation of PAHO's business systems, the absence of well-defined change management plans poses a considerable risk to the success of the project.

**Recommendation 10: We recommend that comprehensive change management and communication plans are drafted as a matter of priority. Similarly, work needs to be completed on the definition of new and refined modern business processes to be implemented as part of the ERP solution.**

## Risk Management

68 Implementing ERP solutions is a complex and demanding process and requires the management of a number of risks to project success. However, we were unable to locate a comprehensive risk register for the PMIS project. In response to our enquiries we were informed that three main strategic risks to the project had been monitored and were discussed at Steering Committee meetings.

69 For a project of the scale and complexity of PMIS we would expect a comprehensive risk register to be maintained from the outset so that all threats to the success of the project could be identified and mitigated to the fullest extent possible. The absence of a comprehensive approach to risk management weakens management's ability to identify and address risks as they arise thus increasing the likelihood of risks being overlooked and imposing additional unforeseen costs and delays on the project. Failure to adequately manage project risks ultimately jeopardises the success of the project itself.

**Recommendation 11: We recommend that a comprehensive risk management approach is introduced for the ERP project. A register of all risks affecting the project should be compiled and submitted to the Project Steering committee on a regular basis.**

## Conclusions

**70** The PMIS project has made good progress in some important areas such as establishing a project governance framework, documenting the existing business processes in considerable detail and in identifying potential software suppliers and integration partners to help PAHO install an ERP solution.

**71** However, some fundamental elements of best practice were either missing or under-developed from the project at the time of our review. Failure to address these weaknesses will, in our view, place the success of the project at risk. In particular, the following elements need to be fully developed as a matter of urgency:

- The Project Charter should be updated and completed;
- The project budget should be re-examined in more detail and the total costs of implementing and maintaining an ERP solution for PAHO should be calculated. The original budget of \$20.3 million should be subject to robust challenge and validation to confirm that it remains adequate;
- Detailed project plans should be prepared to show the full range of project activities to be completed together with their estimated resource requirements. Project milestones and key target dates should be defined to enable the “critical path” for the project to be identified; and
- Change management and communication plans should be prepared together with a comprehensive risk register for the project.

## Follow up of prior year recommendations

**72** In our report for 2010, we made a number of recommendations on how to improve upon the implementation of IPSAS and how to embed the culture required to consistently report effectively in this way, including: the need to put in place new financial accounting systems; communication and effective training of Country Offices; and more central ownership for processes such as the identification of accruals. As part of our work we have followed up the progress that PAHO has made in implementing these. The detailed follow up, including both the response from PAHO and our comments thereon, is set out in Annex B.

**73** Overall we are of the opinion that PAHO has responded appropriately to our previous recommendations and are taking steps to address the issues raised. We concluded that PAHO has responded positively to our recommendations regarding the identification of accruals, and only minor errors have been noted in-year as a result. However further progress can be made, as the need to hire external assistance in the accruals process is an expensive one that cannot be sustained in the longer term and the accruals concept is one that requires further embedding within some Country Offices. As a result a number of these responses have only been partially implemented to date as they are currently in progress.

## Acknowledgement

**74** We wish to record our appreciation for the co-operation and assistance provided by the Director and the staff of the Organization during the course of our audit and throughout our tenure as external auditor.



Anyas C E Morse

Comptroller and Auditor General, United Kingdom  
External Auditor

13<sup>th</sup> April 2012

# Annex A - Summary of Audit Recommendations

**Recommendation 1:** We recommend that PAHO continues to impress upon key staff across the Organization the importance of understanding the accruals concept and obtain complete and relevant evidence to support the level of accrued expenditure reported at the year end. PAHO should also consider further strengthening their internal review procedures in view of the errors which continue to be made.

**Recommendation 2:** We recommend that PAHO puts measures in place to ensure that staff throughout the Organization comply with laid down procurement procedures. This will ensure that PAHO makes the most effective use of its resources and receives value for money from its purchases. Particular emphasis should be placed on ensuring Letters of Agreement are used appropriately and on the prevention of single source tendering. Where single source procurement is used the reasons for such action should be clearly documented.

**Recommendation 3:** PAHO's investment in developing a risk management framework is welcomed and we recommend that progress be reviewed against the project target dates to ensure that it is embedded within procedures and the culture of PAHO as soon as possible.

**Recommendation 4:** We further recommend that PAHO review the resources devoted to the implementation of the system to ensure that they are adequate to cope with the future roll out, and that the successful implementation and maintenance of the new system is not over-reliant on the efforts of one key member of staff.

**Recommendation 5:** While such expertise can be bought in for specific assignments, we recommend that IES review its staffing profile and consider whether it requires further specialist information systems audit resources. Such skills may be of particular added value in future as PAHO begin the implementation of a new ERP system.

**Recommendation 6:** We recommend that IES develops performance indicators to measure how well they perform against their annual audit plans and over time. Examples of such measures include: the proportion of audit recommendations accepted by management; the number of recommendations implemented within a given timescale; financial savings generated as a result of audit recommendations; the costs of reports delivered compared to planned costs; and the number of reports delivered compared to those planned. IES need to develop measures which are specific to their and PAHO's circumstances.

**Recommendation 7:** We recommend that management take action to improve the implementation rate of IES recommendations as a matter of priority so that IES can "add-value" in the timeliest manner.

**Recommendation 8:** We recommend that a fully articulated and detailed business case in support of the ERP project is formulated as soon as possible. The business case should state clearly the business need for the project together with the costs and benefits it is expected to generate.

**Recommendation 9:** We consider that significant uncertainty is attached to the current project budget and recommend that it be re-examined in more detail. The full estimated costs of implementing the ERP solution in PAHO should be calculated including the costs of elements currently excluded from the approved project budget. In future, project budget and forecasts should be regularly updated and reported to management on a periodic, preferably monthly, basis.

**Recommendation 10:** We recommend that comprehensive change management and communication plans are drafted as a matter of priority. Similarly, work needs to be completed on the definition of new and refined modern business processes to be implemented as part of the ERP solution.

**Recommendation 11:** We recommend that a comprehensive risk management approach is introduced for the ERP project. A register of all risks affecting the project should be compiled and submitted to the Project Steering committee on a regular basis.

# Annex B - Implementation of Prior Year Recommendations

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

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## Follow up of Prior Year Recommendations

Recommendation	Management Response	External Auditor's Comment
<p><b>Recommendation 1:</b></p> <p>PAHO should consider how it can best use the information on employee liabilities that is required under IPSAS, to ensure it plans to have funds available to meet these liabilities as they become due.</p>	<p>PAHO uses information from the actuarial surveys to set funding levels for the TAREP and ASHI Funds, which are included in individual post costs on a monthly basis. The rates of contribution to these funds are reviewed periodically and adjusted as required in order to meet funding objectives. Furthermore, in 2012 the Secretariat has submitted a proposal to the Governing Bodies for the use of a portion of the IPSAS surplus to fund the ASHI liability. The Secretariat is also considering the use of the actuaries to recommend long term funding options for ASHI.</p>	<p>PAHO have acknowledged the need to allocate funds to meet these liabilities and have some funding already set aside. The increased rate of contributions and the suggested use of some of the current surplus (\$10m) funds will further address our recommendation. However the use of surplus funds will not be put to Directing Council for approval until September 2012 and there is still no long term plan in place to fund the liabilities for employee benefits. While significant progress has been made, this recommendation cannot yet be considered fully cleared.</p> <p><b>Partially Implemented</b></p>
<p><b>Recommendation 2:</b></p> <p>We recommend that PAHO carry out a formal risk assessment for high value procurement contracts or contracts that are in new areas of activity. PAHO's mitigation of risks associated with single source procurement should be fully documented.</p>	<p>As part of the implementation of the PAHO Enterprise Risk Management Process, each Area will complete a risk identification and analysis process. The Area of Procurement and Supply Management (PRO) participated in the PAHO Revolving Fund risk management analysis in October 2011. This analysis covered commodities that represent more than 80% of the total PAHO procurement portfolio.</p>	<p>The results of this analysis were not available at the time of writing and so we cannot comment in full, furthermore it is unclear if this addresses the risk of single source procurement. As a result this recommendation cannot be considered cleared at the time of writing this report.</p> <p><b>Partially Implemented</b></p>

**Recommendation 3:**

We recommend that PAHO staff carry out a full diagnosis of its experiences of implementing IPSAS and identify those areas where there is further scope for improvement. A clear action plan should be developed to address these weaknesses.

Weekly closure meetings with key Financial Resources Management (FRM) staff were held in order to establish 2011 closure requirements, and review the procedures used in 2010. From these meetings, responsible parties within FRM were identified to enhance FRM's policies and procedures in accordance with the weaknesses identified and other observations. Training of Country Offices & HQ personnel was provided to strengthen knowledge in the application of IPSAS. The FRM Financial Systems continue to be enhanced to meet recording and reporting requirements. However, an ERP is essential to facilitate the complex requirements of IPSAS and to mitigate the risks inherent in the legacy systems and workarounds developed to capture and integrate information.

We note the actions taken to date but consider this to be a continuing process. We note improvements in 2011 as a result of extra training being provided to Country Offices etc. However there remains room for improvement in some areas as noted in this audit report (e.g. embedding of the accruals concept).

**Ongoing****Recommendation 4:**

We continue to recommend that the Organization makes the upgrading or replacement of the financial and management accounting system a strategic priority.

The PMIS modernization is an ongoing project to implement an ERP system, which was approved by the Directing Council in 2010. This is a long duration project that is not expected to be fully complete until the next biennium. In 2011, a Request for Proposal was issued for both the ERP software and a Systems Integrator. Final selection should be completed in 2012.

While we agree with these comments it is clear there is some way to go before the ERP will be fully implemented. We have commented in the main body of the report on the current status of the ERP project.

**Ongoing****Recommendation 5:**

We recommend that PAHO consider how, both Headquarters and Country Office, staff should review and amend information in the system on a more frequent basis to ensure that the status of projects and expenditures is correctly reflected, and that management information is up to date.

FRM emphasized the monitoring of obligations on a monthly basis. For Country Offices FRM developed a plan to effectively monitor obligations, supporting documentation, and implementation of activities. In HQ hands-on training on expense recognition began in the third quarter of 2011 and extended throughout closure. This training was mandatory for all technical units. This included working one-on-one with administrative and technical personnel on the Expense Recognition Dashboard in preparation for the final closure exercise.

We have noted an improvement on the prior year as a result of the actions taken but have also come across some obligations that are no longer required but were not cancelled leading to invalid accruals at year end. Therefore further work is still required to embed the training and effectiveness of the procedures implemented by PAHO in 2011.

**Partially Implemented**

**Recommendation 6:**

We recommend improved monitoring and independent cross checking of the work carried out by both financial and non-financial staff who are responsible for updating the system to reflect the status of projects and contracts.

The FRM Country Accounting Services Team (FRM/AR/C) reviewed existing obligations balances on a monthly basis and followed up with Country Offices for actions. A plan of action for obligation monitoring was provided to large country offices. A SharePoint site was made available for allottees to provide supporting documentation for their accrued expenses, as part of the 2011 financial closure exercise. These documents were spot checked by the Accounting team prior to the recognition of accrued expenses in the Organization's accounting system.

For the 2012 closure, FRM/AR/C will expand its review and request a re-certification of the expense recognition data as of 10 January.

We recognise the effort that went into the improved procedures and review of accruals over \$30,000 centrally and this helped in reducing the error rate in the account. As noted above, however, we consider that further work remains to be done to reduce the level of error to acceptable proportions.

**Partially Implemented**

**Recommendation 7:**

We recommend that PAHO and its Member States consider how to use the information it now has regarding its employee benefit liabilities in its management of human resources.

As a result of decisions made with respect to the funding level designated for TAREP and ASHI, which are based on the results of the actuarial valuations conducted in response to IPSAS 25 requirements, post costs have increased reflecting the monthly charges against individual allotments that take place to fund the respective liabilities. The higher post costs are reported to Member States through the Biennial Workplan.

While the greater understanding of the liability is welcomed, it has not yet resulted in a revised HR policy that we are aware of.

**Partially Implemented**

**Recommendation 8:**

We recommend that PAHO establish a clear project management framework to ensure that project costs can be clearly identified and accurately reported. This will assist senior management to oversee the roll out of PAHO's major software and IT development plans which commence from 2011.

The Framework has been established as recommended and communications were issued to the Organization. FRM worked with the Areas of Knowledge Management and Communication (KMC), Information Technology Services (ITS) and Health Systems based on Primary Health Care (HSS) and developed a standardized reporting process documenting programmed budgets and costs for intangible assets.

A governance and oversight committee has been established by KMC. Financial Systems (FRM/FS/S) is a member of this committee.

While the system has been implemented the processes are yet to be fully embedded which resulted in some omissions of intangible assets at the year-end. More communication across the Organization is required to ensure this system functions in the most effective manner.

**Partially Implemented**

**Recommendation 9:**

The Organization should fully analyze the response with the key individuals involved, to fully understand the situation and produce a paper to clearly highlight the lessons learned.

The corporate response mechanism document was finalized and presented to Executive Management. The main principles of the new response mechanism were approved. The document is expected to evolve with the humanitarian reforms and lessons learned from previous disasters.

The document was issued on 9 February 2012 and so was not in place during the 2011 financial year. However it does incorporate major lessons learnt and addresses the key concerns. We note that this document will continue to evolve and draw on lessons from elsewhere. We are content that the document addresses our core concerns and consider that staff would benefit from formal training to accompany this document as it is provided to PAHO employees.

**Implemented****Recommendation 10:**

We recommend that PAHO assess the Country Office structures in Brazil where some financial controls were devolved to technical units and put in place a process of checks independent of the Office to ensure controls are operating effectively. These can be on a sample basis and focus on areas of the operation deemed to be of greater risk.

The FRM Country Accounting Services (FRM/AR/C) visited PWR-Brazil in September and October 2011. The PWR-Brazil Office structure continues to be de-centralized. Some progress was made in 2011 to strengthen the coordination of operations between Administration and the Technical Units. FRM/AR/C will continue to closely monitor financial operations at PWR-Brazil through spot checks and monthly conference calls with the Administrator and other key staff members in the administration team.

The additional support provided has been crucial to the improvement in the Brazil Country Office in 2011, including the review of accruals performed by a consultant on behalf of PAHO. However the errors found during the 2011 audit, although much reduced compared to 2012, demonstrates that further support is still required going forward, particularly given staff turnover within the Brazil office.

**Partially Implemented**

**Recommendation 11:**

We recommend that PAHO and the Audit Committee continue their work in embedding the Committee, and periodically consider the effectiveness of the Committee and its Terms of Reference.

The first meeting of the Audit Committee for 2012 will take place in Washington from 10-11 April. The Committee will have the opportunity to review the Financial Report of the Director and receive a briefing from the External Auditor.

This will act as an effective control in ensuring that the Audit Committee meets the needs of PAHO, therefore it should be a regular agenda item built into meetings as often as is felt necessary (with respect the Terms of Reference).

**Implemented**

**Recommendation 12:**

We welcome PAHO's developments in this area and recommend that PAHO continues its development of Enterprise Risk Management.

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, risk governance, a risk assessment methodology and training before comprehensive risk assessments can be performed which is what is required before creating a factual and accurate risk register.

While we agree with these comments and welcome the progress made, it is clear there is some way to go before these processes are fully embedded. We comment further on this subject in the main body of our report.

**Partially Implemented**

In April 2011, AM presented the conceptual framework to the EXM based upon ISO31000 which was approved. Two risk assessments were conducted in the Areas of Procurement and Supply Management and the Revolving Fund for Vaccine Procurement to test the methodology designed to ensure it was appropriate for the Organization. As a result of these exercises, AM has approved the methodology to be employed and has scheduled the conduction of risk assessments for the Areas of Financial Resources Management, Procurement and Supply Management, Information Technology Services, General Services Operations and Human Resources Management which are scheduled to be completed in the spring 2012. As a result of this effort an initial risk register will be published during the 2nd quarter of 2012.

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# **Unaudited Informational Annex**

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

PAN AMERICAN HEALTH ORGANIZATION  
 FINANCIAL REPORT OF THE DIRECTOR and REPORT OF THE EXTERNAL AUDITOR  
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**Core Activities Segment**

	<b>PAHO Regular Budget</b>	<b>WHO AMRO Regular Budget</b>	<b>PAHO Working Capital Fund</b>	<b>PAHO Regular Budget Surplus</b>
<b>REVENUE</b>				
<b>Revenue from Non-Exchange Transactions</b>				
Assessed Contributions	93 200 000			
Voluntary Contributions				
Other Revenue		40 753 500		
<b>Revenue from Exchange Transactions</b>				
Procurement of Public Health Supplies				
Other Revenue	615 747			
Miscellaneous Revenue	4 305 927			
<b>TOTAL REVENUE</b>	<b>98 121 674</b>	<b>40 753 500</b>		
<b>EXPENSES</b>				
Staff and Other Personnel Costs	77 344 473	32 118 140		
Supplies, Commodities, Materials	4 208 602	1 018 850		
Equipment, Vehicles, Furniture, Intangible Assets, Depreciation and Amortization	285 572			
Contractual Services	12 398 867	3 224 525		
Travel	7 218 766	2 621 222		
Transfers and Grants to Counterparts	1 871 660	179 297		
General Operating and Other Direct Costs	4 094 030	1 591 466		
Indirect Support Costs				
<b>TOTAL EXPENSES</b>	<b>107 421 970</b>	<b>40 753 500</b>		
<b>NET SURPLUS (DEFICIT)</b>	<b>(9 300 296) *</b>			

\* See Note 14.1 Working Capital Fund

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**Core Activities Segment**

PAHO Revenue Surplus	PAHO Governing Bodies Projects	PAHO Holding Account	Total 2011	Total 2010
			93 200 000	93 200 000
			40 753 500	39 543 000
			615 747	
			4 305 927	5 158 848
			<b>138 875 174</b>	137 901 848
	500 963	109 963 576		103 713 288
	977 685	6 205 137		3 137 238
	( 498 522)	( 212 950)		859 288
	2 731 809	18 355 201		12 537 013
	386 796	10 226 784		8 390 873
	( 6 277)	2 044 680		2 033 116
	12 447	5 697 943		4 763 801
	<b>4 104 901</b>	<b>152 280 371</b>		135 434 617
	<b>(4 104 901)</b>	<b>(13 405 197)</b>		2 467 231

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**Partnership Activities Segment**

	PAHO Voluntary Contributions	PAHO National Voluntary Contributions	AMRO Voluntary Funds for Health Promotion	AMRO Trust Funds for Human Reproductive Program	AMRO Sasakawa Health Trust Fund
<b>REVENUE</b>					
<b>Revenue from Non-Exchange Transactions</b>					
Assessed Contributions					
Voluntary Contributions	86 040 653	100 437 734			
Other Revenue			28 797 172		308 199
<b>Revenue from Exchange Transactions</b>					
Procurement of Public Health Supplies					
Other Revenue	297				
Miscellaneous Revenue					
<b>TOTAL REVENUE</b>	<b>86 040 950</b>	<b>100 437 734</b>	<b>28 797 172</b>		<b>308 199</b>
<b>EXPENSES</b>					
Staff and Other Personnel Costs	20 979 117	3 369 509	8 411 615		91 153
Supplies, Commodities, Materials	9 458 194	1 310 225	4 866 982		2 974
Equipment, Vehicles, Furniture, Intangible Assets, Depreciation and Amortization					
Contractual Services	21 201 842	53 717 740	5 782 003		80 430
Travel	14 783 554	20 433 543	6 314 495		133 642
Transfers and Grants to Counterparts	9 585 006	16 575 643	3 114 761		
General Operating and Other Direct Costs	2 256 306	212 672	307 316		
Indirect Support Cost	7 218 428	4 818 402			
<b>TOTAL EXPENSES</b>	<b>85 482 447</b>	<b>100 437 734</b>	<b>28 797 172</b>		<b>308 199</b>
<b>NET SURPLUS (DEFICIT)</b>	<b>558 503</b>				

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**Partnership Activities Segment**

PAHO Emergency Preparedness & Disaster Relief	AMRO Voluntary Contributions	AMRO Professional Officers	<b>Total 2011</b>	Total 2010
10 340 962			196 819 349	199 624 441
			29 105 371	32 930 486
			297	390
<b>10 340 962</b>			<b>225 925 017</b>	232 555 317
1 801 978			34 653 372	32 471 890
4 201 047			19 839 422	39 661 601
1 173 474			81 955 489	66 179 494
465 385			42 130 619	43 590 125
1 883 643			31 159 053	34 652 726
147 544			2 923 838	3 126 365
669 879			12 706 709	12 737 286
<b>10 342 950</b>			<b>225 368 502</b>	232 419 487
<b>( 1 988)</b>			<b>556 515</b>	135 830

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**Enterprise Activities Segment**

	Revolving Fund for Vaccine Procurement	Reimbursable Procurement	Regional Revolving Fund for Strategic Public Health Supplies	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	394 035 438	13 241 154	48 614 469	
Other Revenue				3 122 971
Miscellaneous Revenue				
<b>TOTAL REVENUE</b>	<b>394 035 438</b>	<b>13 241 154</b>	<b>48 614 469</b>	<b>3 122 971</b>
<b>EXPENSES</b>				
Staff and Other Personnel Costs				116 213
Supplies, Commodities, Materials	383 020 553	13 241 154	47 299 287	332 212
Equipment, Vehicles, Furniture, Intangible Assets, Depreciation and Amortization				
Contractual Services				1 688 265
Travel				326 880
Transfers and Grants to Counterparts				
General Operating and Other Direct Costs				277 891
Indirect Support Costs				
<b>TOTAL EXPENSES</b>	<b>383 020 553</b>	<b>13 241 154</b>	<b>47 299 287</b>	<b>2 741 461</b>
<b>NET SURPLUS (DEFICIT)</b>	<b>11 014 885</b>		<b>1 315 182</b>	<b>381 510</b>

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**Enterprise Activities Segment**

Program Support Costs	AMRO Special Fund for Servicing Costs	Total 2011	Total 2010
12 817 303		12 817 303	12 753 877
	6 721 394	6 721 394	6 419 251
2 276 344		458 167 405	541 391 102
417 628		3 540 599	4 047 311
(2 809 834)		(2 809 834)	
<b>12 701 441</b>	<b>6 721 394</b>	<b>478 436 867</b>	564 611 541
7 757 979	3 309 690	11 183 882	10 225 355
91 157	393 588	444 377 951	526 789 000
976 801	1 070 640	3 735 706	2 259 283
80 878	46 449	454 207	( 82 280)
11 731		11 731	74 269
45 052	1 901 027	2 223 970	1 443 838
<b>8 963 598</b>	<b>6 721 394</b>	<b>461 987 447</b>	540 709 465
<b>3 737 843</b>		<b>16 449 420</b>	23 902 076

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**Special Activities Segment**

	PAHO Health Promotion	PAHO Provision for Termination & Repatriation Entitlements	PAHO Provision for Staff Entitlements	PAHO Post Occupancy Charge PMIS	PAHO After Service Health Insurance	PAHO Tax Equalization Fund
<b>REVENUE</b>						
<b>Revenue from Non-Exchange Transactions</b>						
Assessed Contributions						5 125 000
Voluntary Contributions						
Other Revenue						
<b>Revenue from Exchange Transactions</b>						
Procurement of Public Health Supplies						
Other Revenue	9 902	2 612 391	4 462 702	4 521 441	1 772 450	
Miscellaneous Revenue						
<b>TOTAL REVENUE</b>	<b>9 902</b>	<b>2 612 391</b>	<b>4 462 702</b>	<b>4 521 441</b>	<b>1 772 450</b>	<b>5 125 000</b>
<b>EXPENSES</b>						
Staff and Other Personnel Costs	117	4 581 449	5 096 464		3 582 193	6 938 169
Supplies, Commodities, Materials	1 568					
Equipment, Vehicles, Furniture, Intangible Assets, Depreciation and Amortization						
Contractual Services	9 785					
Travel	( 9 526)					
Transfers and Grants to Counterparts	( 17 615)					
General Operating and Other Direct Costs						
Indirect Support Costs						
<b>TOTAL EXPENSES</b>	<b>( 15 671)</b>	<b>4 581 449</b>	<b>5 096 464</b>		<b>3 582 193</b>	<b>6 938 169</b>
<b>NET SURPLUS (DEFICIT)</b>	<b>25 573</b>	<b>(1 969 058)</b>	<b>( 633 762)</b>	<b>4 521 441</b>	<b>(1 809 743)</b>	<b>(1 813 169)</b>

**PAN AMERICAN HEALTH ORGANIZATION  
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**Special Activities Segment**

PAHO Master Capital Investment Fund	AMRO Terminal Payments Account	AMRO Non- Payroll Statutory Entitlements	AMRO Special Program for Research & Training	Staff Development and Learning Fund	AMRO Post Occupancy Charges Fund	<b>Total 2011</b>	Total 2010
						5 125 000	5 125 000
			450 986	457 403	1 579 967	2 488 356	3 544 330
963 941	736 813	1 550 771				16 630 411	10 685 408
<b>963 941</b>	<b>736 813</b>	<b>1 550 771</b>	<b>450 986</b>	<b>457 403</b>	<b>1 579 967</b>	<b>24 243 767</b>	19 354 738
	736 813	1 550 771	137 242	43 394		22 666 612	34 552 071
375 141			26 518	3 554	177 943	584 724	1 792 800
( 210 135)						( 210 135)	
333 486			136 578	150 060	1 341 967	1 971 876	3 448 346
			112 627	250 155		353 256	343 937
			32 126			14 511	113 767
786 246			5 895	10 240	60 057	862 438	1 066 218
<b>1 284 738</b>	<b>736 813</b>	<b>1 550 771</b>	<b>450 986</b>	<b>457 403</b>	<b>1 579 967</b>	<b>26 243 282</b>	41 317 139
<b>( 320 797)</b>						<b>(1 999 515)</b>	(21 962 401)

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

	Caribbean Epidemiology Center	Caribbean Food and Nutrition Institute	Total Sub-Regional Consolidated Centers Activity Segment	Intra-Party Segment	Total 2011	Total 2010
<b>REVENUE</b>						
<b>Revenue from Non-Exchange Transactions</b>						
Assessed Contributions	2 613 855	412 269	3 026 124		101 351 124	101 351 124
Voluntary Contributions		173 393	173 393	(12 725 395)	197 084 650	199 797 337
Other Revenue				(1 579 967)	77 488 654	80 066 096
<b>Revenue from Exchange Transactions</b>						
Procurement of Public Health Supplies				(2 276 345)	455 891 060	541 149 978
Other Revenue	458 086	12 070	470 156	(16 113 729)	5 143 481	5 028 026
Miscellaneous Revenue	19 045		19 045		1 515 138	5 184 315
<b>TOTAL REVENUE</b>	<b>3 090 986</b>	<b>597 732</b>	<b>3 688 718</b>	<b>(32 695 436)</b>	<b>838 474 107</b>	932 576 876
<b>EXPENSES</b>						
Staff and Other Personnel Costs	295 379	277 585	572 964	(16 113 729)	162 926 677	171 359 913
Supplies, Commodities, Materials	145 667	17 436	163 103	(2 454 287)	468 716 050	571 212 114
Equipment, Vehicles, Furniture, Intangible Assets, Depreciation and Amortization					( 423 085)	859 288
Contractual Services	1 825 787	86 457	1 912 244	(1 341 968)	106 588 548	84 141 538
Travel	207 686	25 638	233 324		53 398 190	52 412 659
Transfers and Grants to Counterparts					33 229 975	36 873 878
General Operating and Other Direct Costs	225 706	11 003	236 709	( 60 057)	11 884 841	10 403 665
Indirect Support Costs		18 686	18 686	(12 725 395)		
<b>TOTAL EXPENSES</b>	<b>2 700 225</b>	<b>436 805</b>	<b>3 137 030</b>	<b>(32 695 436)</b>	<b>836 321 196</b>	927 263 055
<b>NET SURPLUS (DEFICIT)</b>	<b>390 761</b>	<b>160 927</b>	<b>551 688</b>		<b>2 152 911</b>	5 313 821

# **Assessed Contributions**

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**PAN AMERICAN HEALTH ORGANIZATION  
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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 2011</b>	<b>Assessed Contributions</b>	<b>Payments Received</b>	<b>Ending Balance 31 December 2011</b>
Antigua and Barbuda		20 504		20 504
Argentina	6 891 563	2 992 652	6 322 083	3 562 132
Bahamas		71 764	71 764	
Barbados		55 920	55 920	
Belize		20 504	20 504	
Bolivia		42 872	42 872	
Brazil		7 412 196	7 412 196	
Canada		12 850 252	12 850 252	
Chile		1 000 036	1 000 036	
Colombia		781 948	781 948	
Costa Rica	19 346	174 284	185 516	8 114
Cuba	274 078	224 612	498 690	
Dominica	35 841	20 504	35 841	20 504
Dominican Republic	98	191 992	192 090	
Ecuador		191 992	191 992	
El Salvador		97 860	97 860	
France		269 348	250 055	19 293
Grenada	74 524	20 504	27 010	68 018
Guatemala	679	174 284		174 963
Guyana		20 504	18 155	2 349
Haiti		41 940		41 940
Honduras		41 940	41 940	
Jamaica		114 636	114 636	
Mexico	5 011	7 587 412	7 592 423	
Netherlands		83 880	83 880	
Nicaragua		41 940	41 940	
Panama		151 916	151 916	
Paraguay		115 568	115 568	
Peru	85 807	515 396	601 203	
Puerto Rico		103 452		103 452
Saint Kitts and Nevis		20 504	20 504	
Saint Lucia	22 368	20 504		42 872
Saint Vincent and the Grenadines		20 504	20 504	
Suriname		41 940	41 940	
Trinidad and Tobago		141 664	141 664	
United Kingdom	113 582	55 920	48 874	120 628
United States	19 659 816	60 502 740	60 502 740	19 659 816
Uruguay		168 692		168 692
Venezuela	2 560 204	1 919 920	4 480 124	
<b>TOTAL-PAHO</b>	<b>29 742 917</b>	<b>98 325 000</b>	<b>104 054 640</b>	<b>24 013 277</b>

PAN AMERICAN HEALTH ORGANIZATION  
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*Annex*

**Caribbean Epidemiology Center  
 Administered by the Pan American Health Organization  
 Assessed Contributions and Payments Received**

*(expressed in US dollars)*

<b>Member State</b>	<b>Beginning Balance 1 January 2011</b>	<b>Assessed Contributions</b>	<b>Payments Received</b>	<b>Ending Balance 31 December 2011</b>
Anguilla		7 841	7 841	
Antigua and Barbuda		17 774	17 774	
Aruba	35 026	35 026	35 026	35 026
Bahamas		122 852	122 852	
Barbados		155 001	155 001	
Belize	1 901	27 968	29 869	
Bermuda	39 207	39 207	39 207	39 207
British Virgin Islands		7 841	7 841	
Cayman Islands		17 512	17 512	
Dominica	126 012	17 774		143 786
Grenada	16 074	17 774		33 848
Guyana		89 395	1 601	87 794
Jamaica	2 767 372	342 677	174 520	2 935 529
Montserrat	3 920	7 841		11 761
Netherlands Antilles	405 191	87 303	492 494	
Saint Kitts and Nevis		17 774	17 774	
Saint Lucia	44 345	17 774		62 119
Saint Vincent and the Grenadines		17 774	17 774	
Suriname	120 237	120 237	240 474	
Trinidad and Tobago		1 438 669	1 438 669	
Turks and Caicos Islands		7 841	7 841	
<b>TOTAL-CAREC</b>	<b>3 559 285</b>	<b>2 613 855</b>	<b>2 824 070</b>	<b>3 349 070</b>

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*Annex*

**Caribbean Food and Nutrition Institute  
 Administered by the Pan American Health Organization  
 Assessed Contributions and Payments Received**

*(expressed in US dollars)*

<b>Member State</b>	<b>Beginning Balance 1 January 2011</b>	<b>Assessed Contributions</b>	<b>Payments Received</b>	<b>Ending Balance 31 December 2011</b>
Anguilla	1 262	1 262	2 524	
Antigua and Barbuda	3 771	3 771	7 542	
Bahamas		19 379	19 379	
Barbados		39 637	39 637	
Belize	180	3 771	3 951	
British Virgin Islands		781	781	
Cayman Islands		781	781	
Dominica	11 271	3 771		15 042
Grenada	3 771	3 771		7 542
Guyana		52 285	49 930	2 355
Jamaica	1 456 937	156 034	40 721	1 572 250
Montserrat		1 262		1 262
Saint Kitts and Nevis		3 771	3 771	
Saint Lucia	7 210	3 771		10 981
Saint Vincent and the Grenadines		3 771	3 771	
Trinidad and Tobago		113 795	112 263	1 532
Turks and Caicos Islands	656	656	656	656
<b>TOTAL-CFNI</b>	<b>1 485 058</b>	<b>412 269</b>	<b>285 707</b>	<b>1 611 620</b>

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# **Procurement Funds**

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PAN AMERICAN HEALTH ORGANIZATION  
 FINANCIAL REPORT OF THE DIRECTOR and REPORT OF THE EXTERNAL AUDITOR  
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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 2011. A 3.5% 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. In 2011 the service charges amounted to \$398 573. 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.

<u>Source of Funds</u>	<u>Accounts Receivable</u>	<u>Deferred Revenue</u>	<u>Revenue/ Expense<sup>1/</sup></u>
Argentina	-	450 579	398
Bahamas	-	666	201
Barbados	-	368	
Belize	-	14 088	29 007
Bolivia	-	373 235	142 777
Brazil	-	16 125 296	6 390 890
Chile	-	500	
Colombia	-	1 015 585	332 215
Costa Rica	-	16 005	13 516
Cuba	-	98 161	3 242 380
Dominican Republic	-	3 034	
Ecuador	-	809 548	865 621
El Salvador	-	2 200	
Guatemala	-	169 078	1 223 519
Guyana	-	176 921	248 189
Haiti	-	13 331	
Honduras	-	11 541	
Jamaica	-	409	
Nicaragua	-	37 717	677 433
Panama	-	48 575	9 199
Paraguay	-	21 957	
Peru	-	7 558	
Trinidad and Tobago	-	116 735	
Uruguay	-	15 700	12 465
Venezuela	-	6 380	
<b>Sub-Total Reimbursable Procurement on Behalf of Member States</b>	-	<b>19 535 167</b>	<b>13 187 810</b>
<b>Accrued Liability</b>	-	<b>( 56 629)</b>	<b>53 344</b>
<b>Total Reimbursable Procurement on Behalf of Member States</b>	-	<b>19 478 538</b>	<b>13 241 154</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 \$56 629 has been recognized for goods delivered at the end of 2011 and paid in 2012.

**PAN AMERICAN HEALTH ORGANIZATION  
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*Annex*

**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 2011, the Capitalization and Reserve Account reached \$96 850 911, including the 3% service charge earned \$11 069 128, the accrual of \$23 042, a \$41 157 charge for valuation losses, a \$36 128 charge for pricing variance, the \$100 000 Reserve Balance, and the \$10 000 000 transferred from PAHO in previous biennia. In accordance with Resolution CD 50.R1 of the 50th Directing Council an increase of 0.5% to a previously established 3% was approved. In 2011 the 0.5% amounted \$1 699 204 and was included in the Special Account for Program Support Costs.

	<b>Revenue</b>	<b>Expense</b>	<b>Net</b>
<b>Country Summary Totals</b>	393 039 617	381 970 489	11 069 128
<b>Adjustment for Accrued Liability</b>	1 036 978	1 036 978	
<b>Adjustment for Accrued Capitalization</b>		( 23 042)	23 042
<b>Pricing Variance</b>		36 128	( 36 128)
<b>Valuation Gain And Losses</b>	( 41 157)		( 41 157)
<b>Total</b>	<b>394 035 438</b>	<b>383 020 553</b>	<b>11 014 885</b>

	<b>Balance 31 December 2010</b>	<b>Activity</b>	<b>Balance 31 December 2011</b>
<b>Reserve Account Balance</b>	100 000		100 000
<b>Accounts Receivable</b>	(30 151 126)	19 681 453	(10 469 673)
<b>Accrued Accounts Receivable</b>	(1 683 605)	(1 826 210)	(3 509 815)
<b>Deferred Revenue</b>	107 997 948	3 061 370 <sup>1/</sup>	111 059 318
<b>Accrued Deferred Revenue</b>	(8 036 182)	766 191	(7 269 991)
<b>Capitalization of the Revolving Fund</b>	75 736 026	11 014 885	86 750 911
<b>Transfer from PAHO</b>	10 000 000		10 000 000
<b>Closing Fund Balance</b>	<b>153 963 061</b>	<b>32 697 689</b>	<b>186 660 750</b>
<b><u>Funds Available for Future Revolving Fund Purchases</u></b>			
<b>Revolving Fund Balance as of 31 December 2011 (per above)</b>			<b>186 660 750</b>
<b>Plus: Amount due to Fund from Member States/Institutions (Gross)</b>		<b>13 979 488</b>	
<b>Less: Funds received in Advance from Member States/Institutions (Gross)</b>		<b>(103 789 327)</b>	<b>(89 809 839)</b>
<b>Balance of Capitalization Account</b>			<b>96 850 911</b>

<sup>1/</sup>The initial Deferred Revenue amount of \$8 448 874 minus the refunds to Governments of \$5 387 504 results in a Net Deferred Revenue figure of \$3 061 370.

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*Annex*

**Statement of the Revolving Fund for Vaccine Procurement**

*(expressed in US dollars)*

<b>Source of Funds</b>	<b>Accounts Receivable</b>	<b>Deferred Revenue</b>	<b>Revenue<sup>1/</sup></b>	<b>Expense<sup>1/</sup></b>
Anguilla	9 715		15 699	15 427
Antigua and Barbuda	59 893		31 745	30 932
Argentina	21 554	8 355 877	46 022 415	44 718 058
Aruba		21 800	146 308	142 517
Bahamas	128 138		170 311	165 713
Barbados	142 975		289 619	281 600
Belize		185 049	366 671	356 892
Bermuda		5 487	104 104	101 212
Bolivia	157 800	603 891	13 596 132	13 226 544
Brazil		11 883 615	21 516 200	20 909 705
British Virgin Islands	4 143		31 821	31 193
Cayman Islands	6 276		132 153	128 642
Chile		88 556		
Colombia		59 543 100	84 149 282	81 757 181
Costa Rica	533 809		3 736 863	3 635 436
Cuba		8 795		
Dominica	29 582		58 678	57 224
Dominican Republic	1 770 186	485	4 768 434	4 638 439
Ecuador		13 017 060	48 136 277	46 772 041
El Salvador	3 447 023		9 862 522	9 582 936
Grenada	31 765		60 309	58 876
Guatemala	944 580	10	11 807 153	11 482 593
Guyana		258 305	648 442	631 942
Honduras		3 933 524	9 539 952	9 274 222
Jamaica		1 589	982 507	955 406
Montserrat	1 252		6 072	5 993
Netherlands Antilles		57 742	85 337	83 288
Nicaragua	974 961	81 912	4 407 647	4 285 147
Panama	1 513 925		12 305 390	11 956 471
Paraguay	128 032		14 591 631	14 194 942
Peru		2 206 929	71 661 337	69 615 429
Saint Kitts and Nevis			21 790	21 285
Saint Lucia	18 453		56 968	55 624
Saint Vincent and The Grenadines	19 860		52 331	51 271
Saint Maarten			33 164	32 301
Suriname	122 293		325 144	316 753
Trinidad and Tobago	389 575		809 900	787 310
Turks and Caicos Islands	9 226		47 589	46 651
Uruguay	4 657		3 873 304	3 764 536
Venezuela		10 805 592	28 588 416	27 798 757
<b>Total Revolving Fund for Vaccine Procurement</b>	<b>10 469 673</b>	<b>111 059 318</b>	<b>393 039 617</b>	<b>381 970 489</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 are recognized based on the cost of the goods being delivered or performed during the Financial Period. Furthermore, an accrued liability of \$1 036 978 has been recognized for goods delivered at the end of 2011 and paid in 2012.

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*Annex*

**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 \$1 315 182 during the 2011 financial reporting period and reached a total amount of \$3 849 218 at the end of 2011. In accordance with Resolution CD 50.R1 of the 50<sup>th</sup> Directing Council an increase of 0.5% to the previously established 3% was approved. In 2011 the 0.5% amounted \$81 642 and was included in the Special Account for Program Support Costs. As of 31 December 2011, twenty-three Member States had indicated their commitment to participate in the Fund through an exchange of letters.

<b>Source of Funds</b>	<b>Accounts Receivables</b>	<b>Deferred Revenue</b>	<b>Revenue<sup>1/</sup></b>	<b>Expense<sup>1/</sup></b>
Argentina	-	407 210		
Belize	-	10 802	80 369	78 354
Bolivia	-	993 889	925 034	903 027
Brazil	-	13 352 016	13 512 638	13 144 235
Chile		7 539		
Colombia	-	8 135 307	3 896 345	3 789 287
Dominican Republic	-	1 751 212	3 162 808	3 077 670
Ecuador	-	4 435 980	2 529 190	2 460 479
El Salvador	-	1 297 487	3 072 065	2 987 747
Guatemala	865 546	2 059 848	3 375 142	3 281 778
Haiti	-	57 407		
Honduras	-	3 431 465	1 175 227	1 146 423
Nicaragua	-		2 170 523	2 118 851
Panama	-	11 052	225 123	219 250
Paraguay	-	269 692	1 059 147	1 030 699
Peru		1 707 995	430 611	418 438
Suriname		99	2 113	2 058
Trinidad and Tobago	-	4 268	982	961
Uruguay		2 617		
Venezuela	5 819	14 052 810	3 216 736	3 130 080
<b>Sub-Total Regional Revolving Fund for Strategic Public Health Supplies</b>	<b>871 365</b>	<b>51 988 695</b>	<b>38 834 053</b>	<b>37 789 337</b>
<b>Accrued Liability</b>	<b>285 032</b>	<b>(10 294 399)</b>	<b>9 780 416</b>	<b>9 509 950</b>
<b>Total Regional Revolving Fund for Strategic Public Health Supplies</b>	<b>1 156 397</b>	<b>41 694 296</b>	<b>48 614 469</b>	<b>47 299 287</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 are recognized based on the cost of the goods and services being delivered or performed during the Financial Period. The Fund's Expense of \$1 315 182 in administrative service charge, was excluded from the \$47 299 287. Furthermore, an accrued liability of \$10 294 399 has been recognized for goods delivered at the end of 2011 and paid in 2012.

# **Voluntary Contributions**

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*Annex*

**Summary of Voluntary Contributions**

*(expressed in US dollars)*

Source of Funds	PAHO Project ID	Accounts Receivable	Accounts Payable	Deferred Revenue	Revenue/ Expense <sup>1/</sup>
<b>I. Government Financing</b>					
<i>Brazil</i>					
Contribution of the Government to PANAFTOSA	063001			1 601 072	2 790 127
Contribution of the Government to BIREME	063004			2 070	2 416 415
Development of Animal Health Programs	063193		75 680		1 118 344
SCIELO Books \ E-Publication Books of Academic Presses	063197	20 070		29 815	25 285
Implementation Portal BUS/CEFOR - SMS	063203			29	146 378
Contribution of the Government to BIREME	063206				48 192
Development of Methodology System E-Publication Books of Academic Presses	165001	200 700		200 699	
<i>Subtotal</i>		220 770	75 680	1 833 685	6 544 741
<i>Canada</i>					
Canadian International Immunization Initiative/CIII-Phase II	026109				( 23 092)
Prevention and Control of Communicable Diseases in South America	026120		348		398 050
Consultant Trust Fund for Human Resources Mobilization	026122				( 2 172)
Programme for Emergency Preparedness and Disaster Relief	026125				( 187)
Support to PAHO Health Program	026126		53 805		1 671 433
Support to Bolivia for the Purchase of Vaccines and Syringes	026127			10 050	7 598
Free Obstetric Care for Poor Pregnant Women	026128			41 273	( 12 107)
Support to a Vaccination Expansion Program in Haiti (PAPEV) PAHO/UNICEF	026129	1 966 574		2 888 368	664 460
Disaster Risk Reduction in the Health Sector of CARICOM Member States	026136	488 281		773 425	559 987
Immediate Response to H1N1 Influenza Pandemic	026140		8 106		291 208

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Emergency Preparedness and Disaster Relief Program 2010	026141				( 7 588)
Responding to Post-Disaster Health Needs after the Earthquake in Chile	026143				45 474
Support to PAHO Regional Routine Immunization Program	026144			3 857 099	5 847 395
PAHO Programme for Emergency Preparedness and Disaster Relief	026147	976 563		1 160 982	866 709
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			19 587 966	887 054
Improved Health and Increased Protection from Communicable Diseases (IHIPCD) for Women, Children and Excluded Populations in Situations of Vulnerability in Latin America and the Caribbean	026149	11 230 469		16 604 928	1 401 315
PAHO Haiti Consolidated Appeal	026150		9 887		2 124 704
Caribbean Eco-Health Programme: Public and Environmental Health Interactions in Food and Water-born Illnesses	109035	24 310		93 753	47 173
Public Health Innovation and Equity in Latin America and the Caribbean	109036	457 031		622 778	126 990
Improvement of Reproductive Health in Haiti	278008	1 249 618		5 259 128	2 607 834
Support Cost of ICDRA Meeting in Geneva, September 2008	281040				253
Canada's Contribution to the Establishment of Collaborative Relationships between the Province of Tierra del Fuego, Argentina, and the Territory of Nunavut, Canada	281041				40 476
Developing Legislation for Tobacco Control	281042	96 005		96 005	
Preventing Cervical Cancer in Latin America	435005		2 063		140 529
Global Health Challenge, 21 <sup>st</sup> Century/Multi Stakeholder Approach	435006			34 341	207 611
Counter - Terrorism Capacity Building in Support to the "Cricket World Cup" (CWC)	452001				443
Counter - Terrorism Capacity Building Program	452003			30 998	( 1 929)
<i>Subtotal</i>		16 488 851	74 209	51 061 094	17 889 621

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<b>Honduras</b>					
Initiative for Strengthening Health Services in the Framework of the Alliance GAVI (FSS/GAVI)	074013			251 395	61 201
<i>Subtotal</i>				251 395	61 201
<b>France</b>					
Technical Training Officers, Ministry of Health - Bolivia	062042			56 162	9 150
<i>Subtotal</i>				56 162	9 150
<b>Italy</b>					
Functional Improvement of the Hospital of Chalchuapa and Development of the Integrated Network of Health Services of El Salvador	261027			27 111	190 563
Support to National Health System (PROSEPU II)	261028	1 105 518		1 322 516	1 703
Network Collaboration between Europe and Latin American/Caribbean (LAC) Countries to spread know-how in Scientific Writing and Provide the Best Tools to Exploit Open Access Information for the Safeguarding of Public Health (NECOBELAC)	261029				89 538
<i>Subtotal</i>		1 105 518		1 349 627	281 804
<b>Mexico</b>					
International Conference HIV/AIDS, Mexico August 2008	076018				( 2 358)
Health Promotion and Disease - Risk Prevention in North Mexican Border	076019			513 580	1 673 620
<i>Subtotal</i>				513 580	1 671 262
<b>Netherlands</b>					
PAHO Institutional Strengthening of MINSAs - Nicaragua	077089	210 175		728 631	1 458 808
<i>Subtotal</i>		210 175		728 631	1 458 808

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<b>Norway</b>					
Promotion of Gender Equity for the Eradication of Violence Against Women in Nicaragua	251034				186 307
HIV Prevention in Young People using a Human Rights Framework in Central America and the Caribbean	251035	2 831 402		3 177 407	841 681
<i>Subtotal</i>		2 831 402		3 177 407	1 027 988
<b>Panama</b>					
Support Workforce Development in Latin America	465001	230 674			688 176
Purchase of Required Laboratory Kits	465002			3 580	1 920
<i>Subtotal</i>		230 674		3 580	690 096
<b>Peru</b>					
Pan American Center for Sanitary Engineering and Environmental Sciences (CEPIS)	081001			563 947	267 840
Regional Task Force on Water and Sanitation based in Peru - ETRAS	081040			161 462	
<i>Subtotal</i>				725 409	267 840
<b>Spain (Including Provincial Governments)</b>					
Spain Holding Account	230001			16 380 971	
Health in Ibero-America/Communicable Diseases and HIV/AIDS - Years 2 & 3	230093				( 326)
Health in Ibero-America/Technologies in Health - Years 2 & 3	230095				( 4 047)
Mobil Health Care Assistance - Bolivia	230099			459 972	( 343)
Support to the Masters in Tropical Medicine - 2008 Edition	230101				4 649
"Spanish Fund Development 2007" Human Resources Health in Haiti	230103				263 551
"Spanish Fund Development 2007" Primary Health Care in Bolivia	230105			210 885	25 805
"Spanish Fund Development 2007" Special Strategies and Control of Chagas in Andean Region	230106				( 1 442)

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"Spanish Fund Development 2007" Regional Program of Dengue Control	230107				( 43)
Strengthening of Access to Essential Medications Dominican Republic and Central America, Spanish Funds 2007	230109				
Reconstruction Project after Earthquake - Peru	230110				( 528)
Institutional Strengthening of Public Health Systems	230116				29 082
Improvement of the Basic Health Services	230117				93 344
Improvement to the Access to Essential Drugs and other Health Products	230118				25 163
Strengthening of Human Resources in the Health System	230119				( 273)
Improvement of Health and Sexual and Reproductive Rights	230120				( 1 704)
Child Health Improvement	230121				( 353)
Fight Against the Prevalent and Forgotten Diseases (including HIV, Malaria and Tuberculosis)	230122				32 213
Strengthening of Research and Development in Health	230123				4 103
Guarantee the Model of Health Care in Accordance with the Multicultural and Multi-ethnic needs in the Municipalities of WASPAN and SAHSA of the Autonomous Region of the North Atlantic (RANN) Nicaragua	230124				72 893
Contribute and Support the Access to Essential Drugs in Haiti	230125			44 689	
Maintain Haiti Polio-free, Measles and Rubella, in addition Dispense Vitamin A to children from 1 to 5 years	230126				73 149
Spanish Fund Coordination - 2008	230127			21 536	9 401
Safe Health Institute Hospital "Heroes de Baire" Cuba	230129			31 923	204 270
Implementation and Dissemination of Brief Interventions for At-Risk Drinking, Drug Health Services in Latin America	230130			57 600	24 130
Response to Emergency Health Needs, Internally Displaced Population (IDP) in Colombia	230133				268 895
Recovery Operation Capacity, Reduction and Vulnerability Disaster, Dominican Republic	230134				290 148

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Regional Program Dengue	230135			92 683	3 878 265
Improvement of Basic Health Services	230137				1 933 507
Improvement of the Access to Essential Medicines and Other Products	230138				582 855
Strengthening of Human Resources and Health Systems	230139			26 747	220 824
Sexual and Reproductive Improvement of Health and Rights	230140				1 456 420
Child Health Improvement	230141				342 397
Institutional Strengthening - Public Health Systems	230142			94 126	876 296
Strengthening of Investigation and Development in Health	230143				510 355
Hospital "Heroes de Baire" Reconstruction Project - Cuba	230144			73 184	471 816
Support for PROMESS - HAITI	230145			31 507	186 493
Finance Experts	230146			316 726	1 062 148
Evaluation of the Cooperation of Spain	230147			194 785	186 715
Initiative for Safe Motherhood in Latin America and the Caribbean	230150				99 999
Provision for Remaining Funds of Joint Activities of the Spanish Fund	230151			6 733	7 844
BIOETHICS Program	230152			36 855	35 015
Initiative for Safe Motherhood	230153			90 803	24 467
Advocacy and Human Rights for Persons Living with HIV/AIDS and Engagement of Sex Workers and Men who have Sex with Men	191065				( 199)
Integration of Ecosystems Adaptable to Climate Change in the Colombian Massif	191066				27 688
Intercultural Policies Program Inclusiveness & Create Opportunities (MDGF-1829)	191070			1 282	134 602
Integration of Climate Change Adaptation and Mitigation Measures (MDGF-1747)	191071			10 167	218 891
Gender Equality and Empowerment of Women through Participation and Gender Practices in Public Budgets (MDGF-1725)	191072			16 650	314 794
Local Environmental Management for Natural Resources Management and Provision of Environmental SER in Bosawas (NSGF-1751)	191073			14 707	192 645

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Economic Governance of Water and Sanitation Honduras (MDGF-1782)	191075			18 815	128 140
Access to Safe Drinking Water and Sanitation (MDGF - 1920)	191076			1 843 699	1 482 302
Manage Environmental Resources and Climatic Risks Peru (MDGF-1691)	191077			66 050	199 457
Strengthen Effective Management of Water & Sanitation (MDGF-1816)	191080			19 298	137 718
Strengthening the Ability to Define and Apply Drinking Water and Sanitation Policies	191081			109 214	152 678
National Capacity Building: Economic, Water and Sanitation	191082	226 091		909 353	202 400
Strengthening Peace in Guatemala through Violence Prevention and Management of Conflict	191083	157 511		220 772	163 330
Strengthen Women's Institutions in Guatemala	191084				151 287
Improving Nutrition and Food Security for the Peruvian Child: A Capacity Building Approach	191087	464 876		651 498	673 308
Promoting Food Security and Nutrition for Indigenous Children in Brazil	191088	612 008		1 118 771	649 891
Protecting Children: Towards a Coordinated Food Security and Nutritional Programme for El Salvador	191089	620 205		1 179 845	327 827
Program Governance of the Water and Sanitation Sector in Ecuador within the Framework of the Millennium Development Goals	191090	9 630		11 253	81 187
The Indigenous Communities and Afro-Colombians of CHOCO Promote Nutrition and Food Security	191091			524 648	676 892
National Capacity Building: Intercultural Conflict Prevention and Management	191092			283	42 819
Building Social Capital to Reduce Violence in El Salvador	191093	239 680		446 623	283 933
Local Response Capacity: Inter-Sectorial Implementation PMD-C	191094	249 762		291 734	262 280
Improving the Situation of Children, Food Safety, and Nutrition in Guatemala	191095	318 744		468 991	431 723
Supporting the Fight Against Anemia Vulnerable Groups - Cuba	191096	248 775		642 915	304 187

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Strengthening Banana Value Chain/Growth Inclusive Markets - Dominican Republic	191097	66 201		169 214	89 223
Childhood Nutrition and Food Safety	191099			68 916	80 702
Alcohol Consumption, Partners and Response	457001		3 883		199 137
<i>Subtotal</i>		3 213 483	3 883	26 976 423	20 895 995
<b>Sweden</b>					
Integral Model of Health Development with Social Participation	163117		611		504 426
Support to SIDA-PAHO Strategic Partnership on the Regional Health Programme in Central America 2008-2010 - Social Protection in Health	163135				( 1 555)
Support to SIDA-PAHO Strategic Partnership on the Regional Health Programme in Central America 2008-2010 - Family and Adolescent Health	163136				( 4 193)
Reduce the Impact of Food Crisis and Food Insecurity on the Health and Nutrition Status of Vulnerable Population from Departments of the Dry Corridor of Guatemala	163140		10 119		724 869
Implementation of Strategic Territorial Health Plans in Alta Verapaz, Huehuetenango, Ixil, Ixcán and Quiché	163141	1 300 766		1 716 980	204 888
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	690 780		1 551 517	179 483
<i>Subtotal</i>		1 991 546	10 730	3 268 497	1 607 918
<b>United Kingdom</b>					
Caribbean Regional Cholera Preparedness and Prevention Programme	140062				1 215 003
Leadership and Health Workforce Development	218001			32 626	
Strengthen the Development of Public Health Workforce	218002			82 168	108 861
<i>Subtotal</i>				114 794	1 323 864

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<i>United States of America</i>					
Program in Infectious Diseases Maternal/Neonatal and Health Systems	002108				( 7 715)
Expansion of Directly Observed Treatment Short-course Strategy for Tuberculosis	002116	960 511		1 006 288	1 030 311
The Development of Hurricane Hazard Maps for the Caribbean Basin	002121				( 29)
Strengthen Health Systems and Services in Context of Primary Health Care	002122	6 944			915 285
Avian and Pandemic Influenza Preparedness in the Caribbean	002126	11 423			574 527
Support the Amazon Malaria Initiative (AMI) and the South America Infectious Diseases Initiative (SAIDI) over a 3 year period	002129	755 000		742 709	2 081 516
Capacity Development & System Strengthening Support, and Institutional Strengthening in the Technical Areas of ARV Services, TB Services and Strategic Information to the Ministry of Health 2008 - Guyana	002130				( 3 733)
A Secure and Disaster Resilient Health Sector in the Americas	002131	590 000		591 782	1 055 225
Violence and Injury Prevention	002134	1 310 000		1 302 115	215 738
Support for Leptospirosis Outbreak in Nicaragua	002135				30 742
HIV Health Systems Strengthening Project	002138	362 900		357 511	5 389
Health System Strengthening Program with PAHO ( <i>Fortalecimiento en Salud</i> )	002139	4 348 000		4 346 403	3 596
Improved Health Outcomes/Tuberculosis, Maternal, Neonatal Health in Latin America	002140	4 986 913		4 976 750	65 163
Elimination of Measles, Rubella and Congenital Rubella Syndrome (CRS) in the Americas - Year 5	028050				( 4 089)
Influenza Preparedness in the Americas Region - Year 4	028072				( 9 444)
Influenza Preparedness in the Americas Region - Year 5	028073				2 287 031
Phase II: U.S. Mexico Border Diabetes Prevention and Control Project	028076				( 189)
Building Capacity and Networks to Address Emerging Infectious Diseases in the Americas - Year 2	028078				( 1 166)

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Building Capacity and Networks to Address Emerging Infectious Diseases in the Americas - Year 3	028079				555 607
Building Capacity and Networks to Address Emerging Infectious Diseases in the Americas - Year 4	028080	1 055 681		987 184	68 497
Improving Capacity to Monitor the HIV/AIDS Epidemic in the Caribbean - Year 3	028084				380 513
Strengthening Immunization Programs in the Americas - Year 2	028086				1 887 012
Strengthening Immunization Programs in the Americas - Year 3	028087	3 069 341		2 226 580	4 183 367
Non-Communicable Disease Prevention and Health Promotion in the Region - Year 1	028090				186 317
Non-Communicable Disease Prevention and Health Promotion in the Region - Year 2	028091	217 903		217 903	
Surveillance and Response to Seasonal and Pandemic Influenza in Region of the America - Year 1	028095	1 466 745		1 233 175	266 825
Promoting Cross-National Research on Aging for Policy Formulation	040027			3 293	250
Reduction of Health Disparities in HIV Prevention and Care in Central America and the Caribbean	040037	2 552 000		2 552 000	
Publication of Materials that the International Working Group on the Hemispheric Eradication of Foot and Mouth Disease (GIEFA) Produced for Fiscal Year 2010	190008				30 239
Project to Provide Data on Medical Products and Regulatory Processes - Year 1	240001		121 000		758 044
Project to Provide Data on Medical Products and Regulatory Processes - Year 2	240002	794 000		786 532	117 468
Improved Health for Internally Displaced Population (IDPs) in Colombia and Refugees in Neighboring Countries	374008				( 211)
Public Health Response in the Border Area between the Dominican Republic and Haiti, and Selected Areas of Haiti for the Population Affected by the Earthquake	374010		4 543		1 958 348
Improved Health for Internally Displaced Population (IDPs) in Colombia and Refugees in Neighboring Countries	374011		7 839		774 082

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Improved Access to Health Services for Internally Displaced and Vulnerable Populations in Priority Departments in Colombia and Refugees in Border Areas with Panama and Ecuador	374012	350 000		423 146	76 854
<i>Subtotal</i>		22 837 361	133 382	21 753 371	19 481 370
<b>Total - Government Financing</b>		49 129 780	297 884	111 813 655	73 211 658
<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	1 951 852		3 565 108	1 187 634
Reduce the Impact of Food Crisis and Food Insecurity on the Health and Nutrition Status of Vulnerable Populations from Departments of the Dry Corridor of Guatemala	049079	44 114			( 24 994)
Strengthening Health Response for Communities Affected by Acute Displacement in three Departments of Colombia	049081	56 779			276 017
Safer Hospitals and Urban Risk: Safer Cities in Central America with a Health System Ready to Respond to Disasters: Nicaragua, Honduras, El Salvador and Guatemala	049082	136 951		34 541	655 312
Building Resilient Communities by Making Health Networks Safe from Disasters in South America ("The Action")	049087	161 499		648 785	213 763
Creating Safer Communities in the Caribbean by Strengthening the Health Network, Dominican Republic, Dominica, Saint Vincent and the Grenadines, Saint Kitts and Nevis ("The Action")	049089	204 134		1 044 760	50 405
Improved Health Response to Internally Displaced and Confined Populations in Colombia ("The Action")	049090	72 352		295 810	79 080
<i>Subtotal</i>		2 627 681		5 589 004	2 437 217
<i>Inter-American Development Bank</i>					
Prevention and Control of A H1N1 and Other Infectious Diseases in Latin America and the Caribbean	091028				993 535
<i>Subtotal</i>					993 535

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<b><i>International Bank for Reconstruction and Development (World Bank)</i></b>					
Improving Health Surveillance in Haiti	199029				93 208
Support to Health Sector Response to Earthquake Affected Population	199030		86 503		327 082
Reducing Disaster Risk in Haiti's Health Infrastructure	199031	407 670		481 034	198 416
<i>Subtotal</i>		407 670	86 503	481 034	618 706
<b><i>Joint United Nations Program on AIDS (UNAIDS)</i></b>					
Strengthen Communication Techniques for People Living with HIV/AIDS	191063			308	509
OECS Global Funds Activities in Eastern Caribbean Countries (PAF/UNAIDS)	191067				( 30 792)
Barbados Strengthening HIV/STI Prevention and UN Theme Group Joint Team (PAF/UNAIDS)	191085				( 418)
Economic Governance in the Water and Sanitation Sector in the RAAN and RAAS - Nicaragua	191086			155 219	42 636
Support for Completion of 2010 UNGASS Report	191102				828
Strengthening the National M&E and Surveillance System Across the "Three Ones" Principles in Bolivia	332075			15 665	10 380
Development of Studies: Strengthening the Response of the Education Sector, and Strengthening Local Capacities of Planning and Development Public Policies in Chile	332076				29 880
Study of HIV and other Sexually Transmitted Infections Prevalence and Related Behaviors among MSM in the City of Guayaquil, Ecuador	332077				45 524
Strengthening of the National and Departmental Response with regard to Promotion, Protection, and Defense of the Human Rights of the People who live with HIV and Groups at Higher Risk of the Epidemic in Guatemala	332078		79		74 921
Universal Access Activities in the Bahamas	332079				20 000
Gender Launch Activities in the Bahamas	332080				9 999

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Best Practices that Incorporate the Perspective of Gender Equality in Health and HIV	332081				9 499
Management of the Projects of the Global Fund and the Analysis of Data on HIV/AIDS 2010 - Ecuador	332082				5 824
<i>Subtotal</i>			79	171 192	218 790
<b>United Nations Children's Fund (UNICEF)</b>					
Reimbursable Loan of Mrs. Maggie Schmeitz from PAHO/WHO and the United Nations Children's Fund	187080				13 459
Elimination of the Maternal and Child Transmission of HIV and Syphilis in Ecuador	187086				9 984
Preparation of the Report on Monitoring and Informing of the Response of the Health Sector to HIV/AIDS 2010 - Nicaragua	187087				2 089
Updating of the Standards and Protocol for the Elimination of the Maternal Child Transmission of HIV and of Congenital Syphilis in Nicaragua	187088				3 926
Joint Activities on Water Sanitation and Hygiene in Emergencies in Latin America and the Caribbean	187090		172		34 808
Strengthening of the Health Information System through the Construction of a Management Data Platform	187091				7 906
Health and Nutrition within the Life Course Approach	187092			48 130	
Design of the Strategy for the Elimination of the Maternal to Child Transmission of HIV and of Congenital Syphilis and Prevention of HIV in Adolescents in Nicaragua	187093			86 555	
<i>Subtotal</i>			172	134 685	72 172
<b>United Nations Development Fund for Women (UNIFEM)</b>					
Gender, Health and Development in Americas: Basis Indicators 2009	421006				548
Alliance for a Life Without Violence in Panama	191101			88 689	105 162
<i>Subtotal</i>				88 689	105 710

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<b><i>United Nations Environment Program (UNEP)</i></b>					
Regional Alternatives to DDT for Malaria Vector Control	195002				11 037
<i>Subtotal</i>					11 037
<b><i>United Nations International Strategy for Disaster Reduction (ISDR)</i></b>					
Global Facility for Disaster Reduction and Recovery	368005			25 079	152 497
Global Facility for Disaster Reduction and Recovery	368006				( 275)
<i>Subtotal</i>				25 079	152 222
<b><i>United Nations Office for the Coordination of Humanitarian Affairs (OCHA)</i></b>					
Strengthening Intersectoral Community-Based and National Pandemic Influenza A (H1N1) Preparedness in Jamaica	401003		30 174		261 325
<i>Subtotal</i>			30 174		261 325
<b><i>United Nations Office for Project Services (UNOPS)</i></b>					
South-South Global Assets and Technology Exchange (SS-GATE) System Track 5	333006	11 300		82 647	86 853
<i>Subtotal</i>		11 300		82 647	86 853
<b><i>United Nations Trust Fund for Human Security (UNTFHS)</i></b>					
Strengthen Human Security in Three Municipalities - El Salvador	191078		192		188 391
Sustained Improvement of Human Security in the City of Sao Paulo thorough Humanization Actions in Public School, Health Services and Communities	399002			92 188	318 097
Human Security for the Adolescent: Empowerment and Protection against Violence, Early Pregnancy, Maternal Mortality and HIV/AIDS	399003		18 894		( 18 894)

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<b>Source of Funds</b>	<b>PAHO Project ID</b>	<b>Accounts Receivable</b>	<b>Accounts Payable</b>	<b>Deferred Revenue</b>	<b>Revenue/ Expense <sup>1/</sup></b>
Improvement of Human Security Conditions for Vulnerable Groups in Soacha, Colombia through the Development of Participatory, Integrated and Sustainable Social Protection Solutions	399004			584 613	142 238
<i>Subtotal</i>			19 086	676 801	629 832
<b>Total - International Organizations</b>		3 046 651	136 014	7 249 131	5 587 399
<b>III. Private and Public Sector</b>					
<i>Albert B. Sabin Institute</i>					
Surveillance of Human Papilloma Virus (HPV) Related Disease in Jamaica	397006	147 750		393 458	18 803
The Final Stage of Rubella and Congenital Rubella Syndrome Elimination in the Americas	397007				( 3 924)
Elimination of Neglected Diseases and other Poverty-Related Infections	397009				875
Regional Trust Fund for Neglected Infectious Diseases and Actions to Combat Neglected Tropical Diseases and other Infectious Diseases	397010			282 023	217 977
<i>Subtotal</i>		147 750		675 481	233 731
<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	600 000		2 515 964	
<i>Subtotal</i>		600 000		2 515 964	
<i>CDC Foundation</i>					
Bloomberg Initiative to Reduce Tobacco Use (GATS)	460001	162 105		364 346	163 500
The Global Adult Tobacco Survey (GATS) Pretest and Implementation	460002			165	
<i>Subtotal</i>		162 105		364 511	163 500

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<b><i>Colgate Palmolive Company</i></b>					
Community-Based Oral Health Interventions in Colombia and Ecuador	466001			99 959	121 762
<i>Subtotal</i>				99 959	121 762
<b><i>Conselho Nacional Pecuario (CNPC)</i></b>					
Development of Activities Related to the Strengthening of the Laboratory of Reference for Vesicular Disease	467001	374 019		817 301	316 843
<i>Subtotal</i>		374 019		817 301	316 843
<b><i>Global Alliance for Improved Nutrition (GAIN)</i></b>					
ProPAN: Process for the Promotion of Child Feeding: Updating and Capacity-Building to Improve Infant and Young Child Nutrition Programming	422002	19 888		108 370	82 657
<i>Subtotal</i>		19 888		108 370	82 657
<b><i>Global Alliance V. I. (GAVI)</i></b>					
Injection Safety Project - Bolivia	387004			461 580	
Injection Safety Project - Nicaragua	387006		511		
Improvement of Cold Chain Transport Training, and Waste Disposal Units for Injection Safety	387008		689		
Support the Immunization Services (ISS) of Bolivia 2007-2009	387009			180 506	33 089
Immunization Services Support Guyana 06- 07	387010				( 64)
New Vaccine Support for Introduction of Pneumococcal and Rotavirus Vaccines in Guyana	387011			9 949	25 989
New Vaccines for Immunization Services Support in Bolivia	387012			19 729	
New Vaccine Support for Introduction of Pneumococcal and Rotavirus Vaccines in Honduras	387013			18 514	71 326

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Contribution to Support the Introduction of New Vaccines and for Immunization Services Support in Nicaragua	387014				132 661
Health Systems Strengthening in Honduras	387015	349 500		1 014 945	723 848
<i>Subtotal</i>		349 500	1 200	1 705 223	986 849
<b><i>Income from Project Services</i></b>					
PROMESS: Sale of Vaccines and Essential Drugs	099020				1 373 836
<i>Subtotal</i>					1 373 836
<b><i>International Diabetes Federation</i></b>					
Support of the Study of the Cost of Diabetes in Latin America	345004	33 333		52 994	
<i>Subtotal</i>		33 333		52 994	
<b><i>Open Society Institute (OSI)</i></b>					
Strengthening Capacity in Primary Prevention of Violence Against Women and Children in Latin America and the Caribbean Region	470001	72 320		239 560	
<i>Subtotal</i>		72 320		239 560	
<b><i>Pan American Health and Education Foundation (PAHEF)</i></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	1 359 051		1 916 167	1 914 503
Improving Surveillance and Characterization of Meningococcal Disease in the Latin American Region	144029	512 925		716 712	297 302
A Center of Excellence to Counter Chronic Disease on the U.S. - Mexico Border	144031		4		230 052
Healthy Kids, Healthy Communities: Supporting Community Action to Prevent Childhood Obesity	144034	166 944		166 952	130 466

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Purchase of Portable Dental Health Units for Haiti	144035				( 2 655)
Development of a Framework for Governance and Operation of PAHO's Partners Forum	144036				24 700
International Women's Day Activities	144037				10 000
Update the Regional Working Standards for Blood Services Requirements for Blood Transfusions in the National Blood Programs	144038				19 070
Annual World Blood Donor Day - Haiti	144039			5 881	3 618
World Water Day, Today for Haiti Campaign: Installation of Water Pumps in Cite Soleil and Croiz des Bouquets	144040				12 700
<i>Subtotal</i>		2 038 920	4	2 805 712	2 639 756
<b>Program for Appropriate Technology in Health (PATH)</b>					
Assess and Monitor Safety of Oral Rotavirus Vaccine in Mexico	375004				( 21 246)
Post Marketing Safety Monitoring for Oral Rotavirus Vaccines in Brazil	375005				( 309)
Monitoring of the Impact of a National Introduction of Rotavirus Vaccine to Reducing Severe Rotavirus Diarrhea Among Children in Nicaragua	375006	14 175		37 676	17 264
Effectiveness of a Monovalent Rotavirus Vaccine Against Severe Rotavirus Diarrhea in Bolivia	375007	62 000		62 002	61 409
Latin America Meeting on Introduction of New Technologies for Primary and Secondary Prevention of Cervical Cancer	375008				( 1 169)
<i>Subtotal</i>		76 175		99 678	55 949
<b>Royal Commonwealth Society for the Blind</b>					
Regional Program for the Prevention of Blindness 2009 - 2011	203009				37 683
Execution of a Regional Program for the Prevention of Blindness	203010	35 000		43 142	
<i>Subtotal</i>		35 000		43 142	37 683
<b>Task Force For Global Health</b>					
Strengthen Capacities to Increase STH Deworming Coverage in School Age Children in Bolivia and Nicaragua	471001			132 421	4 021
<i>Subtotal</i>				132 421	4 021

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<b><i>Texas Children's Hospital</i></b>					
Production of VI TAG Meeting Report	459002			161	6 406
Production of VII TAG Meeting Report	459004		297		12 111
Production of Evidence Based Interventions for Neonatal Health Publication	459005				14 955
Production of VIII Tag Meeting Report	459006			3 896	11 104
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>			297	7 057	44 576
<b><i>The Global Fund (GFATM)</i></b>					
Scaling up the Regional Response to HIV/AIDS through the Pan Caribbean Partnership (PANCAP) Against HIV/AIDS in the Caribbean	018014				( 400)
Bolivia Free of Malaria	191104			61 821	157 189
Use of the Epidemiological Intelligence with Social Participation, in Order to Strengthen the Management of the Program, Improve the Access to Diagnosis and Treatment, and to Carryout Effective Interventions for the Prevention and Control of Malaria	468002	26 026		35 517	14 055
<i>Subtotal</i>		26 026		97 338	170 844
<b><i>Various Grantors (Undesignated Contributions)</i></b>					
Support to the Bioethics Program	215025			1 268	10 072
Multi-Activities Financed by Small Contributions to PAHO during 2010 - 2011	215054				56 316
Promoting Evidenced-Based Practice in the US - Mexico Border Region	215055				3 627
Multi-Activities Financed by Small Contributions to PAHO during 2012 - 2013	215057			2 080	
<i>Subtotal</i>				3 348	70 015

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<b>Source of Funds</b>	<b>PAHO Project ID</b>	<b>Accounts Receivable</b>	<b>Accounts Payable</b>	<b>Deferred Revenue</b>	<b>Revenue/ Expense <sup>1/</sup></b>
<b>World Diabetes Foundation</b>					
Integrated Chronic Disease Management Model	418002			2 044	6 446
Diabetes E-learning for Health Professionals: Increasing Capacity of the Americas	418004	3 000		11 223	211 861
E-Access to Diabetes Education and Information (EADEI)	418005			11 205	( 10 423)
Guiding and Supporting National Quality Improvement Initiatives for Diabetes in Less Well Served Parts of the World: A Proof of Concept Project in the Caribbean	418006	100 000		115 535	105 648
Promoting Improved Primary Care and Prevention of Diabetes in two Northern Mexican Communities (Tijuana and Ciudad Juarez)	418007	71 000		107 335	42 605
Addressing the Burdens of Diabetes and Tuberculosis in the Americas with a View to Facilitating Screening for Tuberculosis Among People with Diabetes	418008	180 000		262 489	17 511
<i>Subtotal</i>		354 000		509 831	373 648
<b>Total - Private and Public Sector</b>		4 289 036	1 501	10 277 890	6 675 670
<b>IV. Other Voluntary Contributions</b>					
Bequest to PAHO from the Lydia Behm Trust	454001				7 720
<b>Total - Other Voluntary Contributions</b>					7 720
<b>Total</b>		56 465 467	435 399	129 340 676	85 482 447

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 Expense 2011	85 482 447
Project ID 099020 - Revenue is based on cash	555 551
Project ID 215017 - Revenue is based on cash	297
Project ID 144035 - Program Support Costs Adjustment in 2011	2 655
Voluntary Contributions Revenue 2011	<u>86 040 950</u>

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

*(expressed in US dollars)*

Source of Funds	PAHO Project ID	Accounts Receivable	Accounts Payable	Deferred Revenue	Revenue/ Expense <sup>1/</sup>
<b>Government Financing</b>					
<i>Argentina</i>					
Managerial Support for National Health Development	059001			62 465	323 060
Communication Plan to Support Rubella Vaccination Campaign - 2006	059031				913
Support Ministry of Health in Development & Implementation of Management System	059034		252		82 913
Action Plan for the Strengthening of the Public Health in the Province "Entre Ríos"	059035	94 426		197 520	38 571
Improvement of Health Population of Cuenca Matanza Riachuelo	059036				91 800
Intensified Surveillance ETI-IRAG in Argentina	059039			84 436	71 135
Improved Monitoring of Clinical and Epidemiological Viral Factors in the Immune Response to the Infection by New Influenza A H1N1	059040			72 695	13 640
Implementation of Five Priority Objectives of Strategy of Technical Cooperation of PAHO/WHO in Argentina - 2009 - 2011	059041			807 136	882 911
Implementation Diagnoses Tool WHO-AIMS in Argentina	059042			1 879	16 332
Information System and Statistics	059043			71 053	129 186
<i>Subtotal</i>		94 426	252	1 297 184	1 650 461
<i>Brazil</i>					
Integrated Network for Health Information	063084				14 549
Strategic Restructuring of Management in Ministry of Health	063103				70 919
Eradication of <i>Aedes aegypti</i>	063109				( 3 886)
Municipal Organization for One Health System	063124				236 381
Improve Activities of the National Health Council	063134		149 500		1 759 557
Development of Pharmaceutical Assistance	063137		526 840		4 650 407

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<b>Source of Funds</b>	<b>PAHO Project ID</b>	<b>Accounts Receivable</b>	<b>Accounts Payable</b>	<b>Deferred Revenue</b>	<b>Revenue/Expense <sup>1/</sup></b>
National Program Control of Tuberculosis	063151			4 918 596	1 920 588
Epidemiological and Environmental Surveillance	063166	5 405 405		14 213 348	8 950 366
Decentralized Management Qualification "United Health System"	063168	12 513 514		14 684 449	988 957
Reorganization of National System Sanitary Surveillance	063171		1 313		( 44 286)
Program Qualification of Supplemental Health	063172	598 216		1 162 859	299 422
Development and Organization of Health Systems and Services	063173	110 241 736		115 775 290	9 015 384
Support of the Implementation of the Policy of Strategic and Participatory Management of the United Health System	063174	12 864 865		13 721 678	3 507 648
Economy of Health	063175				( 94 117)
Development of Human Resources in Health	063177			13 070 683	4 077 512
Development of Management System of Technology in Health	063178			8 212 022	5 690 656
Family Health - Food and Nutrition	063180			10 714 864	7 863 544
Environmental Health / Institutional Strengthening and Training Human Resources for FUNASA	063182			3 322 744	5 812 765
Quality Program "United Health System"	063183	7 644 935		14 450 475	5 368 077
Implementation of National Policies on Blood	063184	884 459		1 682 039	630 588
Strength of Objectives and Directives United Health System in Sao Paulo	063187			1 316 528	577 954
CANCER Network	063190			5 603 941	2 374 870
Health Surveillance, Promotion and Prevention	063191			4 145 217	2 312 820
Strengthening of Objectives and Directives of SUS in Bahia State	063192			380 735	1 012 619
Management of Work and Health Education	063194	37 297 297		56 430 409	11 879 856
Institutional Strengthening and Advisory Services of International Affairs of the Ministry of Health - AISA	063195			5 675 426	2 551 341
Economic - Industrial Complex of Health	063198			7 056 951	4 432 756
Support for the National Council of State Secretaries of Health Municipals "CONASS"	063199			3 862 290	2 118 506

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Support for the National Council of State Secretaries of Health Municipals "CONASEMS"	063200			3 546 414	2 354 171
Prevention and Control of Dengue in the Context of Integrated Management	063201			2 393 451	1 434 678
Support for the Municipal Management of the Health System of Bello Horizonte	063202	879 730		879 730	
Strengthening of Actions and Health Surveillance	063205	5 150 298		9 924 768	
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			1 822 636	25 631
Protection and Promotion of the Indigenous Populations	063208	2 702 703		4 955 201	824 265
Decentralized Technical Cooperation Secretariat of Health of the State of PERNAMBUCO	063209	323 371		1 213 942	
Institutional Strengthening of the National Health Council	063210	1 391 405		1 391 405	
Development and Qualification of the Pharmaceutical Assistance	063212	4 088 064		4 088 064	
Strengthening of the Monitoring in Environmental Health and Health of the Employees of the United Health System	063213	3 728 230		3 728 230	
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	2 086 432		2 086 432	
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 Transmission, Hydric to Food	063215	1 654 054		1 654 054	

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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	3 514 595		3 514 595	
Strengthening of the National Laboratory System of Public Health and of the National Network of Alert and Response to Emergencies	063217	9 098 803		9 098 803	
Strengthening of the Management of the National Surveillance System in Health	063218	6 486 486		6 486 486	
<i>Subtotal</i>		228 554 598	677 653	357 184 755	92 614 498
<b>Chile</b>					
Promotion of Bioethics	064004			215	4 879
<i>Subtotal</i>				215	4 879
<b>Colombia</b>					
San Andrés Healthy Phase II Integrated Management Strategies of Public Health	066061	20 018			15 794
Public Comprehensive Health Management, Chronic and Transmittable Diseases, Environmental Health, and Public Health Surveillance	066067		88		( 88)
Improvement of the Conditions of Water and Sanitation in Indigenous Communities of the Departments of Vichada and Vaupes	066068	2 688 623		11 965 008	4 986 109
Safety Plan to Improve the Conditions of the Water Quality for Human Consumption in the Rural Water Supply Systems of CORPOCALDAS.	066069	73 028		116 830	31 166
Response of the United Nations System to the Phenomenon of La Niña 2010-2011	066070			15 449	15 292
	066071			698 378	24 061
<i>Subtotal</i>		2 781 669	88	12 795 665	5 072 334
<b>Ecuador</b>					
Control of Tuberculosis in Ecuador	069021			570 000	
<i>Subtotal</i>				570 000	

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<b>Guatemala</b>					
Integrated Development Division Regulator, Surveillance and Health Control - Phase II	072017			45 031	6 396
<i>Subtotal</i>				45 031	6 396
<b>Mexico</b>					
High-level Regional Consultation of America Against the Chronic Non-communicable Diseases and Obesity	076022				415 336
Second Ibero-American Encounter in the Caribbean on the Safety of Vial-La Ruta to Save Lives	076023				294 837
Sanitary Risks Human / Animal Ecosystem Implementation of the Healthy Housing Strategy - CHIAPAS	076024	149 554		149 554	
	076025			225 184	
<i>Subtotal</i>		149 554		374 738	710 173
<b>Peru</b>					
Managerial Support for National Health Development	081003			674 179	317 604
<i>Subtotal</i>				674 179	317 604
<b>Suriname</b>					
Reducing the Spread and Impact of HIV/AIDS in Suriname through Expansion of Prevention and Support Programs	082007			1 155	42 473
Reducing the Spread and Impact of HIV/AIDS in Suriname through Expansion of Prevention and Support Programs	082008			21 084	18 916
<i>Subtotal</i>				22 239	61 389
<b>Total</b>		231 580 247	677 993	372 964 006	100 437 734

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.

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

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<b>Source of Funds</b>	<b>PAHO Project ID</b>	<b>Accounts Receivable</b>	<b>Accounts Payable</b>	<b>Deferred Revenue</b>	<b>Revenue/ Expense 1/</b>
<b>I. Government Financing</b>					
<i>Brazil</i>					
Humanitarian Emergency Operations in Nicaragua as a Consequence of the Tropical Depression	063211			31 377	18 623
<i>Subtotal</i>				31 377	18 623
<i>Canada</i>					
Response to Haiti Earthquake, PAHO Emergency Health Sector Response, UN Flash Appeal 2010	026142				( 75 677)
Response to Immediate Emergency Health Needs - Haiti Cholera Outbreak	026145		4 623		1 170 796
El Salvador Floods - 2011	026151			135 187	
<i>Subtotal</i>			4 623	135 187	1 095 119
<i>Spain</i>					
Emergency Response Fund for the Americas (AECID)	230112			149 797	266 344
Response to the Swine Influenza A (H1N1) in Latin American and the Caribbean	230128				155 118
Humanitarian Assistance in Health Problems after the Earthquake in Haiti	230131				11 263
Humanitarian Assistance in Health Problems after the Earthquake in Haiti	230132				( 398)
<i>Subtotal</i>				149 797	432 327
<i>United Kingdom</i>					
Strengthening Cholera Response Operations in Haiti	140063				3 230 428
Restoring Health and WASH Standards from the Effects of Hurricane Thomas in the Eastern Caribbean	140064				336 926
<i>Subtotal</i>					3 567 354

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<b>Source of Funds</b>	<b>PAHO Project ID</b>	<b>Accounts Receivable</b>	<b>Accounts Payable</b>	<b>Deferred Revenue</b>	<b>Revenue/ Expense 1/</b>
<i>United States of America</i>					
Response to the Swine Influenza A (H1N1)	002132		321		723
<i>Subtotal</i>			321		723
<b>Total - Government Financing</b>			4 944	316 361	5 114 146
<b>II. International Organizations</b>					
<i>European Community</i>					
Health Response to Earthquake in Haiti	049078	64 600			
Emergency Response in the Health Sector to Flooding Caused by Tropical Storm Agatha in Guatemala, Honduras and El Salvador	049080	34 536			
Restoring Health and WASH Standards from the Effects of Hurricane Tomas in Eastern Caribbean, Saint Lucia, Saint Vincent and the Grenadines	049083	51 586			189 693
Health Response to Cholera Outbreak in Haiti	049084	324 183			1 882 870
Response to Cholera Outbreak in Haiti	049085	63 601			637 847
Emergency Response to the Dengue Outbreak in Peru and Bolivia	049086	83 974			479 082
Response to the Cholera Epidemic in the Dominican Republic	049088	82 644			453 685
<i>Subtotal</i>		705 124			3 643 177
<b>Total - International Organizations</b>		705 124			3 643 177
<b>III. Private and Public Sector</b>					
<i>America Solidaria</i>					
Cholera Prevention and Treatment in the Area of "Croix Des Bouquets, Puerto Príncipe, Haiti"	469001	59 000		111 134	83 866
<i>Subtotal</i>		59 000		111 134	83 866

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(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/ Expense 1/</b>
<i>American Red Cross</i>					
Procurement, Shipment, Warehousing and Distribution of IV Fluids and Other Essential Medicine in Response to the Cholera Outbreak in Haiti	248003				1 500 199
<i>Subtotal</i>					1 500 199
<i>Income from Project Services</i>					
Haiti: Sale of Fuel	099000				1 562
<i>Subtotal</i>					1 562
<b>Total - Private and Public Sector</b>		59 000		111 134	1 585 627
<i>Special Fund for Natural Disaster Relief</i>					
	463000				
<b>Total - Special Fund</b>					
<b>Total</b>		764 124	4 944	427 495	10 342 950

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 2011	10 342 950
Project ID 463000 - Revenue is based on cash	( 426)
Project ID 099000 - Revenue is based on cash	( 1 562)
Voluntary Contributions Revenue	<u>10 340 962</u>

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

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*(expressed by US dollars)*

	<b>WHO Regular Budget</b>	<b>WHO Special Account for Servicing Costs</b>	<b>Special Program for Research &amp; Training</b>	<b>Staff Development and Learning Fund</b>
<b>REVENUE</b>				
<b>Revenue from Non-Exchange Transactions</b>				
Assessed contributions				
Voluntary Contributions				
Other Revenue	40 753 500	6 721 394	450 986	457 403
<b>Revenue from Exchange Transactions</b>				
Procurement of Public Health Supplies				
Other Revenue				
Miscellaneous Revenue				
<b>TOTAL REVENUE</b>	<b>40 753 500</b>	<b>6 721 394</b>	<b>450 986</b>	<b>457 403</b>
<b>EXPENSES</b>				
Staff and Other Personnel Costs	32 118 140	3 309 690	137 242	43 394
Supplies, Commodities, Materials	1 018 850	393 588	26 518	3 554
Equipment, Vehicles, Furniture and Depreciation				
Contract Services	3 224 525	1 070 640	136 578	150 060
Travel	2 621 222	46 449	112 627	250 155
Transfers and Grants to Counterparts	179 297		32 126	
General Operating and Other Direct Costs	1 591 466	1 901 027	5 895	10 240
Indirect Support Costs				
<b>TOTAL EXPENSES</b>	<b>40 753 500</b>	<b>6 721 394</b>	<b>450 986</b>	<b>457 403</b>
<b>NET SURPLUS (DEFICIT)</b>				

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*(expressed by US dollars)*

Post Occupancy Charges AMRO	Sasakawa Health Trust Fund	WHO Voluntary Funds for Health Promotion	Total <sup>1</sup> 2011	Total <sup>1</sup> 2010
1 579 967	308 199	28 797 172	79 068 621	82 437 067
<b>1 579 967</b>	<b>308 199</b>	<b>28 797 172</b>	<b>79 068 621</b>	82 437 067
	91 153	8 411 615	44 111 234	38 433 706
177 943	2 974	4 866 982	6 490 409	15 115 738
1 341 967	80 430	5 782 003	11 786 203	10 507 507
	133 642	6 314 495	9 478 590	8 464 823
		3 114 761	3 326 184	4 976 261
60 057		307 316	3 876 001	4 939 032
<b>1 579 967</b>	<b>308 199</b>	<b>28 797 172</b>	<b>79 068 621</b>	82 437 067

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

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# **Caribbean Epidemiology Center**

PAN AMERICAN HEALTH ORGANIZATION  
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**Caribbean Epidemiology Center  
Administered by the Pan American Health Organization  
Statement of Financial Position**

*(expressed in US dollars)*

	<u>31 December 2011</u>	<u>31 December 2010</u>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and Cash Equivalents	30 783	27 878
Accounts Receivable	7 945 591	7 591 665
<b>Total Current Assets</b>	<u>7 976 374</u>	<u>7 619 543</u>
<b>TOTAL ASSETS</b>	<u>7 976 374</u>	<u>7 619 543</u>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Accounts Payable	15 793	31 068
Accrued Liabilities	42 654	61 309
<b>Total Current Liabilities</b>	<u>58 447</u>	<u>92 377</u>
<b>TOTAL LIABILITIES</b>	<u>58 447</u>	<u>92 377</u>
<b>NET ASSETS / EQUITY</b>		
<b>Fund Balances and Reserves</b>		
Fund Balances	<u>7 917 927</u>	<u>7 527 166</u>
<b>NET RESERVES &amp; FUND BALANCES</b>	<u>7 917 927</u>	<u>7 527 166</u>

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**Caribbean Epidemiology Center  
 Administered by the Pan American Health Organization  
 Statement of Financial Performance**

*(expressed in US dollars)*

	<b>31 December 2011</b>	<b>31 December 2010</b>
<b>REVENUE</b>		
<b>Revenue from Non-Exchange Transactions</b>		
Assessed Contributions	2 613 855	2 613 855
Voluntary Contributions		210
Other Revenue		
<b>Revenue from Exchange Transactions</b>		
Procurement of Public Health Supplies		
Other Revenue	458 086	358 263
Miscellaneous Revenue	19 045	25 467
<b>TOTAL REVENUE</b>	<b>3 090 986</b>	<b>2 997 795</b>
<b>EXPENSES</b>		
Staff and Other Personnel Costs	295 379	162 259
Supplies, Commodities, Materials	145 667	142 311
Equipment, Vehicles, Furniture and Depreciation		
Contract Services	1 825 787	1 660 450
Travel	207 686	165 367
Transfers and Grants to Counterparts		
General Operating and Other Direct Costs	225 706	199 081
Indirect Support Costs		15
<b>TOTAL EXPENSES</b>	<b>2 700 225</b>	<b>2 329 483</b>
<b>NET SURPLUS (DEFICIT)</b>	<b>390 761</b>	<b>668 312</b>

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**Caribbean Epidemiology Center  
 Administered by the Pan American Health Organization  
 Statement of Changes in Net Assets**

*(expressed in US dollars)*

	<u>31 December 2011</u>	<u>31 December 2010</u>
<b>Net assets at the beginning of the year</b>	<b>7 527 166</b>	<b>3 012 559</b>
Change in accounting policy	<u>                    </u>	<u>3 846 295</u>
<b>Restated balance at the beginning of the year:</b>	<b><u>7 527 166</u></b>	<b><u>6 858 854</u></b>
PSC Capitalization		
Transfers from/to reserves		
Actuarial gains and losses on After Service Health Insurance		
Gain/Loss on Revaluation of Fixed Assets (Revaluation reserve)		
Gain/Loss on Revaluation of Investments		
<b>Total of items (revenue/expenses) recognized directly in     Net Assets</b>	<b><u>7 527 166</u></b>	<b><u>6 858 854</u></b>
<b>Surplus/(deficit) for the Financial Period</b>	<b><u>390 761</u></b>	<b><u>668 312</u></b>
<b>Net assets at the end of the year</b>	<b><u><u>7 917 927</u></u></b>	<b><u><u>7 527 166</u></u></b>

*Annex*

**Caribbean Epidemiology Center  
 Administered by the Pan American Health Organization  
 Statement of Cash Flow**

*(expressed in US dollars)*

	<b>31 December 2011</b>	<b>31 December 2010</b>
<b>Cash Flows from Operating Activities</b>		
Surplus for the period	390 761	668 312
(Increase) in Receivables	( 353 926)	( 559 828)
(Increase) in Assessed Contributions		
Received in Advance	( 15 275)	( 82 541)
(Increase) in Accrued Liabilities	( 18 655)	( 3 865)
<b>Net Cash Flows from Operating Activities</b>	<b>2 905</b>	<b>22 078</b>
<b>Net Increase in Cash and Cash Equivalents</b>	<b>2 905</b>	<b>22 078</b>
<b>Cash and term deposits at beginning of financial period</b>	<b>27 878</b>	<b>5 800</b>
<b>Cash and Cash Equivalents, end of financial period</b>	<b>30 783</b>	<b>27 878</b>

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**Caribbean Epidemiology Center**  
**Administered by the Pan American Health Organization**  
**Statement of Financial Performance by Segment**

*(expressed in US dollars)*

Category	Regular Budget and Working Capital Fund	Voluntary Contributions	Building Fund	Capital Equipment Fund	Income from Services Fund
<b>REVENUE</b>					
<b>Revenue from Non-Exchange Transactions</b>					
Assessed Contributions	2 613 855				
Voluntary Contributions					
Other Revenue					
<b>Revenue from Exchange Transactions</b>					
Procurement of Public Health Supplies					
Other Revenue	692				
Miscellaneous Revenue	37		308		
<b>TOTAL REVENUE</b>	<b>2 614 584</b>		<b>308</b>		
<b>EXPENSES</b>					
Staff and Other Personnel Costs	49 139				
Supplies, Commodities, Materials	144 293		1 374		
Equipment, Vehicles, Furniture and Depreciation					
Contract Services	1 813 910		11 877		
Travel	186 632				21 054
Transfers and Grants to Counterparts					
General Operating and Other Direct Costs	222 557		261		2 888
Indirect Support Costs					
<b>TOTAL EXPENSES</b>	<b>2 416 531</b>		<b>13 512</b>		<b>23 942</b>
<b>NET SURPLUS (DEFICIT)</b>	<b>198 053</b>		<b>( 13 204)</b>		<b>( 23 942)</b>

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Program Support Cost Fund	Terminal Entitlements Fund	Staff Provident Fund	Total/ <sup>1</sup> 2011	Total/ <sup>1</sup> 2010
			2 613 855	2 613 855 210
	290 656	166 738 18 700	458 086 19 045	358 263 25 467
	<b>290 656</b>	<b>185 438</b>	<b>3 090 986</b>	2 997 795
	113 722	132 518	295 379 145 667	162 259 142 311
			1 825 787 207 686	1 660 450 165 367
			225 706	199 081 15
	<b>113 722</b>	<b>132 518</b>	<b>2 700 225</b>	2 329 483
	<b>176 934</b>	<b>52 920</b>	<b>390 761</b>	668 312

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

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# **Caribbean Food and Nutrition Institute**

PAN AMERICAN HEALTH ORGANIZATION  
 FINANCIAL REPORT OF THE DIRECTOR and REPORT OF THE EXTERNAL AUDITOR  
 1 January 2011 – 31 December 2011

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**Caribbean Food and Nutrition Institute  
 Administered by the Pan American Health Organization  
 Statement of Financial Position**

*(Expressed in US Dollars)*

	<u>31 December 2011</u>	<u>31 December 2010</u>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and Cash Equivalents	4 162	15 121
Accounts Receivable	<u>1 834 873</u>	<u>1 905 686</u>
<b>Total Current Assets</b>	<u><b>1 839 035</b></u>	<u><b>1 920 807</b></u>
 <b>TOTAL ASSETS</b>	 <u><b>1 839 035</b></u>	 <u><b>1 920 807</b></u>
 <b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Accounts Payable	32 745	87 206
Deferred Revenue	<u>188 128</u>	<u>376 366</u>
<b>Total Current Liabilities</b>	<u><b>220 873</b></u>	<u><b>463 572</b></u>
 <b>TOTAL LIABILITIES</b>	 <u><b>220 873</b></u>	 <u><b>463 572</b></u>
 <b>NET ASSETS / EQUITY</b>		
<b>Fund Balances and Reserves</b>		
Fund Balances	<u>1 618 162</u>	<u>1 457 235</u>
 <b>FUND BALANCES</b>	 <u><u><b>1 618 162</b></u></u>	 <u><u><b>1 457 235</b></u></u>

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**Caribbean Food and Nutrition Institute  
 Administered by the Pan American Health Organization  
 Statement of Financial Performance**

*(Expressed in US Dollars)*

	<b>31 December 2011</b>	<b>31 December 2010</b>
<b>REVENUE</b>		
<b>Revenue from Non-Exchange Transactions</b>		
Assessed Contributions	412 269	412 269
Voluntary Contributions	173 393	175 719
Other Revenue		
<b>Revenue from Exchange Transactions</b>		
Procurement of Public Health Supplies		
Other Revenue	12 070	14 169
Miscellaneous Revenue		
<b>TOTAL REVENUE</b>	<b>597 732</b>	<b>602 157</b>
<b>EXPENSES</b>		
Staff and Other Personnel Costs	277 585	312 564
Supplies, Commodities, Materials	17 436	28 786
Equipment, Vehicles, Furniture and Depreciation		
Contract Services	86 457	131 975
Travel	25 638	4 637
Transfers and Grants to Counterparts		
General Operating and Other Direct Costs	11 003	1 813
Indirect Support Costs	18 686	19 609
<b>TOTAL EXPENSES</b>	<b>436 805</b>	<b>499 384</b>
<b>NET SURPLUS</b>	<b>160 927</b>	<b>102 773</b>



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**Caribbean Food and Nutrition Institute  
 Administered by the Pan American Health Organization  
 Statement of Cash Flow (Indirect Method)**

*(Expressed in US Dollars)*

<b>Cash Flows from Operating Activities</b>	<b><u>31 December 2011</u></b>	<b><u>31 December 2010</u></b>
Surplus for the period	160 927	102 773
(Increase)/ Decrease in Accounts Receivables	70 813	( 231 146)
(Decrease) in Assessed Contributions Received in Advance	( 58 148)	
Increase in Accounts Payable	3 687	138 696
(Decrease) in Deferred Revenue	( 188 238)	( 1 942)
<b>Net Cash Flows from Operating Activities</b>	<b><u>( 10 959)</u></b>	<b><u>8 381</u></b>
<b>Cash Flows from Investment and Financing Activities</b>		
<b>Net Increase (decrease) in Cash and Cash Equivalents</b>	<b>( 10 959)</b>	<b>8 381</b>
<b>Cash and term deposits at beginning of financial period</b>	<b><u>15 121</u></b>	<b><u>6 740</u></b>
<b>Cash and Cash Equivalents, end of financial period</b>	<b><u><u>4 162</u></u></b>	<b><u><u>15 121</u></u></b>

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**Caribbean Food and Nutrition Institute  
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 Statement of Financial Performance by Segment**

*(Expressed in US Dollars)*

	<b>Regular Budget and Working Capital Fund</b>	<b>Voluntary Contributions</b>	<b>Special Fund</b>	<b>Total 2011</b>	<b>Total 2010</b>
<b>REVENUE</b>					
<b>Revenue from Non-Exchange Transactions</b>					
Assessed Contributions	412 269			412 269	412 269
Voluntary Contributions		173 393		173 393	175 719
Other Revenue					
<b>Revenue from Exchange Transactions</b>					
Procurement of Public Health Supplies					
Other Revenue			12 070	12 070	14 169
Miscellaneous Revenue					
<b>TOTAL REVENUE</b>	<b>412 269</b>	<b>173 393</b>	<b>12 070</b>	<b>597 732</b>	<b>602 157</b>
<b>EXPENSES</b>					
Staff and Other Personnel Costs	218 604	58 981		277 585	312 564
Supplies, Commodities, Materials		11 097	6 339	17 436	28 786
Equipment, Vehicles, Furniture and Depreciation					
Contract Services	8 211	64 872	13 374	86 457	131 975
Travel	16 884	8 754		25 638	4 637
Transfers and Grants to Counterparts					
General Operating and Other Direct Costs		11 003		11 003	1 813
Indirect Support Costs		18 686		18 686	19 609
<b>TOTAL EXPENSES</b>	<b>243 699</b>	<b>173 393</b>	<b>19 713</b>	<b>436 805</b>	<b>499 384</b>
<b>NET SURPLUS (DEFICIT)</b>	<b>168 570</b>		<b>( 7 643)</b>	<b>160 927</b>	<b>102 773</b>

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**Caribbean Food and Nutrition Institute  
Administered by the Pan American Health Organization  
Summary of Voluntary Contributions**

*(expressed in US dollars)*

<u>Source of Funds</u>	<u>PAHO Project ID</u>	<u>Accounts Receivable</u>	<u>Accounts Payable</u>	<u>Deferred Revenue</u>	<u>Revenue/ Expense</u>
<b><u>GOVERNMENT FINANCING</u></b>					
<i>Guyana</i>					
Nutrition Training Components, Basic Nutrition Program	330008				( 549)
Survey of Iron Iodine and Vitamin A status	330009	134 955		( 188 128)	50 034
<i>Jamaica</i>					
Review of the Poverty Food Basket	075015				7 902
<i>Trinidad and Tobago</i>					
Evaluation School Meals Option	085010		( 2 236)		( 288)
<b>Total - Government Financing</b>		134 955	( 2 236)	( 188 128)	57 099
<b><u>INTERNATIONAL ORGANIZATIONS</u></b>					
<i>World Food Programme</i>					
Integrating Nutrition Therapy into Medical Management	202002				91 421
<i>The Food and Agriculture Organization (FAO)</i>					
Caribbean Nutrition Promotion Competition	51016		(137)		3 068
<b>Total - International Organizations</b>			( 137)		94 489
<b><u>PRIVATE AND PUBLIC SECTOR</u></b>					
<i>World Diabetes Foundation</i>					
Preventing Diabetes & Other Chronic Diseases through a School-Based Behavioral Intervention in Four Caribbean Countries	418003	2 901			21 805
<b>Total - Private and Public Sector</b>		2 901			21 805
<b>Total</b>		137 856	( 2 373)	( 188 128)	173 393

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## **Other Centers**

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

*(Expressed in US Dollars)*

	<b>31 December 2011</b>	<b>31 December 2010</b>
Deferred Revenue available as of 31 December	348 189	377 409
Revenue Activity	882 662	1 490 886
Expenditure Activity	911 882	1 559 857

Other disbursements include \$ 3 063 837 under trust fund arrangements; \$804 024 from PAHO Regular Budget; and \$44 051 from WHO funds. (No accruals are included).

Revenue includes: \$846 517 from sale of publications and other services; and \$36 145 from sales of CD-ROM system services.

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

*(Expressed in US Dollars)*

	<b>31 December 2011</b>	<b>31 December 2010</b>
Deferred Revenue available as of 31 December	606 084	404 366
Revenue Activity	271 542	178 112
Expenditure Activity	69 824	7 851

Other disbursements include \$1 154 913 under trust fund arrangements; \$615 950 from PAHO Regular Budget; and \$652 114 from WHO funds. (No accruals are included).

Revenue was received from sundry sales.

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

*(Expressed in US Dollars)*

	<b>31 December 2011</b>	<b>31 December 2010</b>
Deferred Revenue available as of 31 December	998 508	772 830
Revenue Activity	1 715 319	1 728 403
Expenditure Activity	1 479 092	1 087 164

Other disbursements include \$4 438 247 under trust fund arrangements; \$3 136 437 from PAHO Regular Budget; and \$902 537 from WHO funds. (No accruals are included).

Revenue was received from sale of laboratory services.

**The End**