Consolidated Statement of Financial Position

(Expressed in thousand US Dollars)

	Reference	31 December 2013	31 December 2012
ASSETS			
Current Assets			
Cash and Cash Equivalents	**Note 3**	165 717	160 917
Short Term Investments	**Note 4.1**	125 152	245 645
Accounts Receivable	**Note 6.1**	222 147	195 250
Inventories	**Note 7**	7 906	8 659
Total Current Assets		**520 922**	**610 471**
Non-Current Assets			
Long Term Investments	**Note 4.2**	266 546	215 543
Accounts Receivable	**Note 6.2**	36 145	47 831
Property, Plant and Equipment	**Note 8.1**	119 784	120 398
Intangible Assets	**Note 9**	2 433	3 218
Total Non-Current Assets		**424 908**	**386 990**
TOTAL ASSETS		**945 830**	**997 461**
LIABILITIES			
Current Liabilities			
Accrued Liabilities	**Note 10**	37 243	18 789
Accounts Payable	**Note 11.1**	5 056	18 168
Employee Benefits	**Note 12**	11 329	10 447
Deferred Revenue	**Note 13.1**	346 787	379 728
Total Current Liabilities		**400 415**	**427 132**
Non-Current Liabilities			
Accounts Payable	**Note 11.2**	15 089	15 089
Employee Benefits	**Note 12**	191 913	177 502
Deferred Revenue	**Note 13.2**	159 931	202 401
Total Non-Current Liabilities		**366 933**	**394 992**
TOTAL LIABILITIES		**767 348**	**822 124**
NET ASSETS / EQUITY			
Fund Balances and Reserves			
Fund Balances	**Note 14**	72 697	78 963
Reserves	**Note 14**	105 785	96 374
NET FUND BALANCES and RESERVES		**178 482**	**175 337**

Consolidated Statement of Financial Performance

(Expressed in thousand US Dollars)

	Reference	31 December 2013	31 December 2012
REVENUE			
Revenue from Non-Exchange Transactions			
Assessed Contributions	**Note 15**	106 245	109 271
Voluntary Contributions	**Note 15**	356 906	216 419
Other Revenue	**Note 15**	68 992	60 632
Revenue from Exchange Transactions			
Procurement of Public Health Supplies	**Note 15**	596 967	562 436
Other Revenue	**Note 15**	11 610	9 702
Miscellaneous Revenue	**Note 15**	(1 264)	20 128
TOTAL REVENUE		**1 139 456**	**978 588**
EXPENSES			
Staff and Other Personnel Costs	**Note 16**	186 293	187 269
Supplies, Commodities, Materials	**Note 16**	600 802	564 588
Equipment, Vehicles, Furniture, Intangible Assets, Depreciation and Amortization	**Note 16**	2 150	1 142
Contract Services	**Note 16**	100 056	92 931
Travel	**Note 16**	97 838	69 031
Transfers and Grants to Counterparts	**Note 16**	143 879	42 760
General Operating and Other Direct Costs	**Note 16**	11 098	11 992
TOTAL EXPENSES		**1 142 116**	**969 713**
NET SURPLUS / (DEFICIT)		**(2 660)**	**8 875**

Consolidated Statement of Changes in Net Assets

(Expressed in thousand US Dollars)

	Reference	31 December 2013	31 December 2012
Net assets at the beginning of the year		175 337	132 523
Settlement of Employee Benefit Liability	**Note 12.3.10**	11 639	9 511
Gain/(Loss) on Revaluation of Investments	**Note 4.2**	(586)	212
(Recognition) / De-recognition of Liability through Reserves	**Note 24**	2 525	1 585
WHO De-recognition of prior year expenses	**Note 14.1**		(275)
Fixed Assets Revaluation Adjustments	**Note 8.1**	(60)	23 014
Intangible Assets Adjustments	**Note 9**	(80)	(108)
Adjustments for closing of CAREC and CFNI		(7 633)	
Total of items (revenue/expenses) recognized		5 805	33 939
Surplus/(deficit) for the Financial Period		(2 660)	8 875
Total recognized revenue and expense for the year		3 145	42 814
Net assets at the end of the year		**178 482**	**175 337**

Consolidated Cash Flow Statement

(expressed in thousand US dollars)

	31 December 2013	31 December 2012
Cash Flows from Operating Activities:		
Surplus (Deficit) for the period	(2 660)	8 875
Depreciation and Amortization	2 694	2 378
(Increase) / Decrease in Accounts Receivable	(15 211)	131 363
(Increase) / Decrease in Inventories	753	(7 506)
Increase / (Decrease) in Accrued Liabilities	18 455	(14 574)
Increase / (Decrease) in Accounts Payable	(13 112)	(20 077)
Increase / (Decrease) in Employee Benefits	26 931	14 044
Increase / (Decrease) in Other Liabilities	2 525	1 585
Increase / (Decrease) in Deferred Revenue	(75 410)	(85 754)
Transfer of Equity to CARPHA due to closing of CAREC and CFNI	(7 633)	
Net Cash Flows from Operating Activities	**(62 668)**	**30 334**
Cash Flows from Investment and Financing Activities:		
(Increase) / Decrease in Short Term Investments	119 906	25 144
(Increase) / Decrease in Long Term Investments	(51 003)	2 766
(Increase) / Decrease in Property, Plant and Equipment and Intangibles Assets	(1 435)	(1 991)
Net Cash Flows from Investing Activities	**67 468**	**25 919**
Net Increase / (Decrease) in Cash and Cash Equivalents	**4 800**	**56 253**
Cash and Cash Equivalents at the beginning of the Year	**160 917**	**104 664**
Cash and Cash Equivalents at the end of the Year	**165 717**	**160 917**

Comparison of Budget and Actual Amounts

(Expressed in thousand US Dollars)

Reconciliation of Total Amounts on a Cash Basis

Description of Appropriation Sections	Budget			Disbursements			Total as % of Budget Amount
	Original	Transfers	Revised	2012	2013	Total	
Section I - To reduce the health, social and economic burden of communicable diseases	23 139	2 900	26 039	12 238	13 733	25 971	100%
Section II - To combat HIV/AIDS, tuberculosis and malaria	6 479	2 000	8 479	3 730	4 690	8 420	99%
Section III - To prevent and reduce disease, disability and premature death from chronic non-communicable conditions, mental disorders, violence and injuries	11 618	900	12 518	4 888	7 624	12 512	100%
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	11 613	520	12 133	5 363	6 769	12 132	100%
Section V - To reduce the health consequences of emergencies, disasters, crises and conflicts, and minimize their social and economic impact	4 469	460	4 929	2 430	2 494	4 924	100%
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	7 757	360	8 117	3 148	4 962	8 110	100%

Comparison of Budget and Actual Amounts

(Expressed in thousand US Dollars)

Reconciliation of Total Amounts on a Cash Basis

Description of Appropriation Sections	Budget			Disbursements			
	Original	Transfers	Revised	2012	2013	Total	Total as % of Budget Amount
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	8 012	370	8 382	4 256	4 124	8 380	100%
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	11 717		11 717	5 814	5 136	10 950	93%
Section IX - To improve nutrition, food safety and food security throughout the life-course, and in support of public health and sustainable development	10 750	230	10 980	5 858	5 119	10 977	100%
Section X - To improve the organization, management and delivery of health services	8 253	210	8 463	3 779	4 677	8 456	100%
Section XI - To strengthen leadership, governance and the evidence base of health systems	30 386	(1 450)	28 936	12 888	13 623	26 511	92%
Section XII - To ensure improved access, quality and use of medical products and technologies	7 115		7 115	3 629	3 062	6 691	94%

Comparison of Budget and Actual Amounts

(Expressed in thousand US Dollars)

Reconciliation of Total Amounts on a Cash Basis

Description of Appropriation Sections	Budget			Disbursements			Total as % of Budget Amount
	Original	Transfers	Revised	2012	2013	Total	
Section XIII - To ensure an available, competent, responsive and productive health workforce to improve health outcomes	9 439		9 439	4 157	3 961	8 118	86%
Section XIV - To extend social protection through fair, adequate and sustainable financing	5 171		5 171	1 938	1 843	3 781	73%
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	65 426	(2 500)	62 926	33 394	29 448	62 842	100%
Section XVI - To develop and sustain PAHO/WHO as a flexible, learning organization, enabling it to carry out its mandate more efficiently and effectively	63 756	(4 000)	59 756	25 627	30 032	55 659	93%
Section XVII - Staff Assessment (Transfer to Tax Equalization Fund)							
Effective Working Budget (parts I - XVII) - Subtotal	**285 100**		**285 100**	**133 137**	**141 297**	**274 434**	**96%**
Other Sources	328 300		328 300	82 883	140 832	223 715	68%
Total (Note 16)	**613 400**		**613 400**	**216 020**	**282 129**	**498 149**	**81%**

The 2012-2013 Budget amounts reflect the funding appropriated by the Governing Bodies for the Organization’s Strategic Plan during the entire 2012-2013 biennium. The Effective Working Budget is comprised of the Pan American Health Organization’s and the World Health Organization’s regular budget only. The 2012 and 2013 disbursed amounts reflect the disbursements made in achieving the Organization’s Strategic Plan during the biennium.

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Notes to the Financial Statements at 31 December 2013

1. Mission of the Pan American Health Organization

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

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

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

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

2. Accounting Policies

2.1 Basis of Preparation

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

The Financial Statements of the Organization were certified and approved for issue by the Director of the Organization under the authority vested in her by the Pan American Sanitary Conference as stated in the Resolution CSP28.R7 in September 2012. This issuance approval is dated 9 April 2014. No other authority has the power to amend the Financial Statements after issuance. (Reference: IPSAS 14, paragraph 26).

The Organization previously prepared its financial statements on the modified cash basis under the United Nations' System Accounting Standards (UNSAS). Based on the decision to change to accrual accounting under IPSAS, amendments to the Financial Regulations and Rules were made and adopted by the Directing Council at its 49th meeting on 28 September 2009 and by the 145th 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 2013 represents the second year of the 2012 – 2013 biennium, which is the second 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.

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.

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

IPSAS		Financial Statement or Note Where the Standard was Implemented	Reason for not being implemented
No.	Title		
1	Presentation of Financial Statements	• All financial statements and Notes to the Financial Statements	
2	Cash Flow Statements	• Cash Flow Statement	
3	Accounting Policies, Changes in Accounting Estimates and Errors	• Accounting Policies – Note 2	
4	The Effects of Changes in Foreign Exchange Rates	• Accounting Policy – Note 2.18 • Cash and Cash Equivalents – Note 3	
5	Borrowing Costs		Not applicable – The Organization does not borrow funds.
6	Consolidated and Separate Financial Statements	• Accounting Policy - Note 2.22	Not applicable – The Organization does not have regional centers to consolidate. Effective January 1, 2013.
7	Investments in Associates		Not applicable – The Organization does not have any Associates
8	Interests in Joint Ventures		Not applicable – The Organization does not have Joint Ventures
9	Revenue from Exchange Transactions	• Statement of Financial Performance • Accounting Policy – Note 2.17	
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	• Statement of Financial Position • Accounting Policy - Note 2.7 • Inventories – Note 7	
13	Leases	• Statement of Financial Position • Accounting Policies – 2.9 • Expenses – Note 16	
14	Events After the Reporting Date	• Events After the Reporting Date –Note 22	
15	Financial Instruments: Disclosure and Presentation	• Accounting Policy - Note 2.3 • Financial Instruments – Note 5 (interpreted in conjunction with IAS 39)	
16	Investment Property		Not applicable – The Organization does not have investment property to report

IPSAS No.	IPSAS Title	Financial statement or Note where the Standard was Implemented	Reason for not being implemented
17	Property, Plant and Equipment	• Accounting Policy – Note 2.8 • Property Plant and Equipment – Note 8	
18	Segment Reporting	• Accounting Policy – Note 2.19 • Segment Reporting – Note 18	
19	Provisions, Contingent Liabilities and Contingent Assets	• Accounting Policy - Note 2.15 and Note 2.16	
20	Related Party Disclosures	• Related Parties - Note 21	
21	Impairment of Non-Cash Generating Assets	• Accounts Receivable – Note 6 • Inventories – Note 7 • Property, Plant and Equipment – Note 8	
22	Disclosure Information about the General Government Sector		Not applicable – The Organization is an international organization
23	Revenue from Non-Exchange Transactions	• Statement of Financial Performance • Accounting Policy – Note 2.17 • Revenue – Note 15 • Segment Reporting – Note 18	
24	Presentation of Budget Information in Financial Statements	• Comparison of Budget and Actual Amounts • Accounting Policy – Note 2.20	
25	Employee Benefits	• Accounting Policy – Note 2.14 • Employee Benefits – Note 12	
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	• Accounting Policy – Notes 2.3, 2.4 and 2.5 • Cash and Cash Equivalent – Note 3 • Investments – Note 4 • Financial Instruments – Note 5	
29	Financial Instruments: Recognition and Measurement	• Accounting Policy – Notes 2.3, 2.4 and 2.5 • Cash and Cash Equivalent – Note 3 • Investments – Note 4 • Financial Instruments – Note 5	

30	Financial Instruments: Disclosures	• Accounting Policy – Notes 2.3, 2.4 and 2.5 • Cash and Cash Equivalent – Note 3 • Investments – Note 4 • Financial Instruments – Note 5	
31	Intangible Assets	• Statement of Financial Position • Accounting Policy – Note 2.10 • Note 9	
32	Service Concession Arrangements: Guarantor		Not applicable - Effective date for this IPSAS is January 1, 2014.

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 (2012).
2	Cash Flow Statements	Not Applicable
3	Accounting Policies, Changes in Accounting Estimates and Errors	Not Applicable
4	The Effects of Changes in Foreign Exchange Rates	Following IPSAS 4, paragraph 67, Transitional Provisions, the financial statements of the Organization do not disclose the cumulative currency exchange translation differences that existed at the date of first adoption of IPSAS. In regards to paragraphs 68 and 69, of the same Transitional Provisions, possible currency exchange translation differences are not considered material due to the fact that the funds of the Organization are mainly retained in US Dollars.
5	Borrowing Costs	Not applicable – The Organization does not borrow funds.
6	Consolidated and Separate Financial Statements	Not applicable – Effective 1 January 2013, the Organization does not have regional centers to consolidate.
7	Investments in Associates	Not applicable – The Organization does not have Associates
8	Interest in Joint Ventures	Not applicable – The Organization does not have Joint Ventures
9	Revenue from Exchange Transactions	Not applicable
10	Financial Reporting in Hyperinflationary Economies	Not applicable
11	Construction Contracts	Not applicable
12	Inventories	Not applicable
13	Leases	Not applicable
14	Events After the Reporting Date	Not Applicable
15	Financial Instruments: Disclosure and Presentation	Not Applicable
16	Investment Property	Not applicable – The Organization does not have any investment property to report.
17	Property, Plant, and Equipment	Transitional provisions have been 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 (PP&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. The Organization recognized the effect of the initial recognition of PP&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.

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

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

2.2 Cash and Cash Equivalents

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

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

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

2.3 Investments

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

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

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

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

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

2.4 Loans and Receivables

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

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

2.5 Risk Management Policies

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

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

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

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

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

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

2.6 Accounts Receivable

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

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

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

The main types of receivables are:

- **Assessed Contributions (non-exchange transactions)**

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

- **Tax Equalization Fund (non-exchange transactions)**

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

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

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

- **Voluntary Contributions (non-exchange transactions)**

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

  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 2013 , the Organization applied the average percentage of cash received in 2011, 2012 and 2013 compared to the 1 January 2011, 2012 and 2013 accounts receivable for the Voluntary Contributions agreements. The non-current portion of accounts receivable will be the balance of the total accounts receivable amount for Voluntary Contribution agreements, less the current portion.

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

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

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

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

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

2.7 Inventories

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

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

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

2.8 Property, Plant and Equipment

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

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

Depreciation is charged on property, plant, and equipment (except for land) to write-down the cost/fair value of the asset, to its residual value, over the estimated useful life using the straight line method with a full year's depreciation charged in the year of acquisition. The estimated useful lives for fixed assets classes are as follows:

Assets Class and Description	Estimated Useful Life (years)
Permanent Buildings	40 years
Computer Equipment	3 years
Office Equipment	3 years
Motor Vehicle's	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. The Organization does not retain ownership of these items; therefore these items are expensed at the time of purchase. If the items are not consumed within the project period, the final disposition would be determined by the donor.

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

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

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

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

Impairment reviews are undertaken for all assets at least annually.

2.9 Leases

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

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

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

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

2.10 Intangible Assets

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

Class	**Estimated useful life (years)**
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

Effective 1 January 2013, the Organization no longer has regional centers to consolidate.

3. Cash and Cash Equivalents

	31 December 2013	31 December 2012
Cash on Hand, US$	62 105	62 184
Cash on Hand, Other Currencies	65 661	8 032
Money Market Funds	38 769	100 943
Less: Plan Assets	(818)	(10 242)
Total	**165 717**	**160 917**

4. Investments

4.1 Short-Term Investments

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

	31 December 2013	31 December 2012
Certificates of Deposit	**125 152**	**245 645**

Accrued interest of $ 92 238 (2012: $ 590 155) is included in the balance of short-term investments in the Consolidated Statement of Financial Position

4.2 Long-Term Investments

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

	31 December 2013	31 December 2012
Net Increase in Long-term Investments		
Increase in Long-term Investments	51 003	(2 766)
Unrealized Net (Gains)/Losses	586	(212)
Net Increase in Long-term Investments	51 589	(2 978)
Cash Flows from Long-term Investments		
Interest Revenue	2 026	2 042
Realized Net Gains	(37)	322
Total	**1 989**	**2 364**

Valuation of Long-term Investments	**31 December 2013**		**31 December 2012**	
	Cost	**Market**	**Cost**	**Market**
Fixed Income Notes	51 348	47 040	43 933	44 123
Managed Portfolios	265 771	266 122	209 226	210 163
Total	**317 119**	**313 162**	**253 159**	**254 286**

Reconciliation of Long-term Investments	**31 December 2013**	**31 December 2012**
Fixed Income Notes (Cost)		5 019
Fixed Income Notes (Market)	47 358	39 437
Less: Plan Assets (see note 12.3.5)	(47 358)	(39 437)
Managed Portfolio (Market)	266 546	210 524
Total for Long-term Investments	**266 546**	**215 543**

Long-term fixed income instruments held in the two portfolios are issued by U.S. Government agencies and backed by the full faith and credit of the U.S. Government. Although the credit rating of the U.S. Government was downgraded from its historical AAA rating by one credit rating agency in 2012, there is no evidence to suggest that the borrower will default on these obligations. Accrued interest of $317 137 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 $424 734 (2012: $360 582) and recognized on the Statement of Financial Performance as Miscellaneous Revenue.

Total gains (losses) on managed portfolios are comprised of the cumulative gain or loss previously recognized in the Statement of Changes in Net Assets and the incremental change in value at the point of sale or maturity. Total gains (losses) are recognized in the surplus or deficit for the period. In accordance with IPSAS accounting principles, a cumulative gain of $384 167 previously recognized in the Statement of Changes in Net Assets was recognized during 2013.

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

	2013 Amortized Cost	2013 Fair Market Value	2012 Amortized Cost	2012 Fair Market Value
Cash and Cash Equivalents	166 535		171 159	
Short-term Investments				
Certificates of Deposit (held to maturity)	125 152		245 645	
Long-term Investments				
Fixed Income Notes (held to maturity)			5 019	
Fixed Income Notes (Plan Assets)		47 358		39 437
Managed Portfolios (available for sale)		266 546		210 524
Total	**291 687**	**313 904**	**421 823**	**249 961**

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.

	Effective Maturity	Effective Interest Rate	Fixed Interest	Floating Interest	Non-Interest Bearing
Total Cash and Cash Equivalents	<90 days	0.05%		51 217	115 318
Short-term Investment					
Certificates of Deposit	48 days	0.31%	125 152		
Long-term Investments					
Plan Assets	9.11 years	2.41%	47 358		
Managed Portfolios	1.64 years	0.42%	266 546		
Total			**439 056**	**51 217**	**115 318**

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

Callable Instruments

Issuer	Principal	Rate	Maturity	Call Dates
Federal Home Loan Bank	5 000 000	2.50%	5-Jul-22	Next call date 21 Jan 2014
Federal Home Loan Mortgage Corporation	5 000 000	2.10%	23-Aug-22	Next call date 23 Feb 2014
Federal Home Loan Bank	4 200 000	2.14%	5-Dec-22	Next call date 1 Jan 2014
Federal Farm Credit Bank	10 800 000	2.39%	6-Mar-23	Next call date 6 Mar 2014
Federal National Mortgage Associaton	10 000 000	2.50%	27-Mar-23	Next call date 27 Mar 2014
Federal Home Loan Mortgage Corporation	6 340 000	2.50%	17-Apr-23	Next call date 17 Apr 2014
Federal Farm Credit Bank	5 200 000	2.33%	1-May-23	Next call date 1 May 2014
Federal Home Loan Corporation	5 200 000	2.63%	13-Jun-23	Next call date 13 Mar 2014
Total	51 740 000			

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

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

Fair Market Value of fixed rate investments at 12-31-13	Increase of 100 basis points	Change in Fair Market Value	Decrease of 100 basis points	Change in Fair Market Value
266 546	**262 262**	**(4 284)**	**268 599**	**2 053**

5.3 Credit Risk

The maximum credit risk represents the carrying amount of loans and receivables. PAHO's investment guidelines stipulate limits on the amount of credit exposure to any one counterparty. However, there may be some counterparty risk associated with the concentration of financial instruments and cash deposits in the banking sector. These significant concentrations in the banking sector equal 48% of the total cash, short-term and long-term investments.

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

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

Investment Type	2013	2012
Money Market Funds	3 280	2 544
Government & US Agency Issues	253 308	197 237
Mortgage- and Asset-backed Securities	6 497	12 858
Corporate Notes	47 899	39 647
Municipal Government Bonds	2 248	2 388
Total Long Term Investments	**313 231**	**254 674**

5.4 Exchange Rate Risk

The Statement of Financial Position does not reflect significant exposure to exchange rate risk as foreign currency deposits at any given time are either immaterial or are designated for foreign currency expenditures. During the course of the year, a considerable portion of expenditures (30%) is disbursed in currencies other than the United States dollar. These disbursements are not hedged, but are met by local currency receipts and the purchase of local currency as needed in the market at the time of disbursement.

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

6. Accounts Receivable

6.1 Accounts Receivable - Current

	31 December 2013	31 December 2012
Assessed Contributions	38 712	32 845
Voluntary Contributions	114 913	126 243
Procurement Funds	50 447	18 814
Balance due from the World Health Organization due to inter-office transactions	1 473	
Balance due from Pan American Health and Education Fund	530	351
Expanded Textbook and Instructional Materials	48	57
Regular Advances to Staff	5 069	4 414
Prepaid Expenses	8 824	10 726
Miscellaneous Receivables	2 131	1 800
Total	**222 147**	**195 250**

6.1.1 Accounts Receivable from Assessed Contributions

Statement of Assessed Contributions as of 31 December 2013

(Expressed in thousand US Dollars)

	Arrears	2013	Total 2013	Total 2012
PAHO				
Antigua and Barbuda				
Argentina				
Aruba		16	16	
Brazil		1 447	1 447	3 105
Costa Rica				
Curacao		17	17	
Dominica				
El Salvador		110	110	110
France		2	2	1
Grenada	42	21	63	41
Guatemala		1	1	
Guyana		3	3	5
Haiti				
Mexico		7 966	7 966	
Panama		137	137	
Peru		662	662	
Puerto Rico		81	81	81
Saint Lucia				
Saint Vincent and The Grenadines	21	21	42	21
United Kingdom		3	3	109
United States		23 956	23 956	22 456
Uruguay				
Venezuela	2 103	2 103	4 206	2 103
Total - PAHO				**28 032**
CAREC Member States				3 349
CFNI Member States				1 464
TOTAL	**2 166**	**36 546**	**38 712**	**32 845**

6.1.2 Accounts Receivable from Voluntary Contributions

	31 December 2013	31 December 2012
Voluntary Contributions		
Voluntary Contributions - Emergency Preparedness and Disaster Relief	979	793
Voluntary Contributions	14 290	29 804
Voluntary Contributions - National Voluntary Contributions	99 644	95 643
Trust Funds CFNI		3
Total	**114 913**	**126 243**

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 25th 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:

	31 December 2013	31 December 2012
Procurement of Public Health Supplies		
Revolving Fund for Vaccine Procurement	47 740	18 514
Regional Revolving Fund for Strategic Public Health Supplies	2 707	300
Total	**50 447**	**18 814**

6.2 Accounts Receivable Non-Current

	31 December 2013	31 December 2012
Voluntary Contributions	28 679	41 816
Termination and Repatriation Entitlements (see Note 12.3.2)	7 466	6 015
Total	**36 145**	**47 831**

6.2.1 Accounts Receivable from Voluntary Contributions Non-Current

	31 December 2013	31 December 2012
Voluntary Contributions		
Voluntary Contributions	5 021	9 935
National Voluntary Contributions	23 658	31 881
Total	**28 679**	**41 816**

7. Inventories

	31 December 2013	31 December 2012
PROMESS	1 116	1 164
Expanded Textbook and Instructional Materials Program	6 790	7 495
Ending Balance of inventory	**7 906**	**8 659**

7.1 Inventories PROMESS

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

	31 December 2013	31 December 2012
PROMESS		
Beginning inventory	1 164	1 153
Additions	1 045	1 149
Distributions	(1 093)	(1 138)
Ending Balance of inventory	**1 116**	**1 164**

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

7.2 Inventories Expanded Textbook and Instructional Materials Program

	31 December 2013	31 December 2012
PALTEX		
Beginning inventory	7 495	
Operational Gain		7 632
Additions	3 347	3 446
Distributions	(4 162)	(2 261)
Write-Offs	(14)	
Allowance for Obsolete/Damage Inventory	124	(1 322)
Ending Balance of inventory	**6 791**	**7 495**

8. Property, Plant and Equipment

8.1 General Information

The category of property, plant and equipment consists of permanent and temporary buildings, computer, office and audio visual equipment, motor vehicles, leasehold improvements, and office fixture and fittings as well as land. Net acquisitions (after disposals) for the year totaled $522 722 (2012: $381 334).

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, office and audio visual equipment, motor vehicles, leasehold improvements, and office fixture and fittings 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.

During 2013 the Organization did not request professional appraisals for all lands and buildings. In accordance with the accounting policy, the replacement of elevators in the headquarters building at a cost of $931 610 will be included in the future revaluation.

	Land	Permanent Buildings	Computer Equipment	Office Equipment	Motor Vehicles	Audio Visual Equipment	Leasehold Improvements	Office Fixture and Fittings	Total
Cost as of 1 January	62 563	61 693	213	32	956	227	266		125 950
Additions (*)		850	167		306			79	1 402
Impairments									
Adjustments (**)					(51)				(51)
Net Revaluations									
Cost as of 31 December	**62 563**	**62 543**	**380**	**32**	**1 211**	**227**	**266**	**79**	**127 301**
Depreciation as of 1 January		4 627	165	22	396	76	266		5 552
Charged in current period		1 542	103	10	242	76		16	1 989
Adjustments (**)					(24)				(24)
Net Revaluations									
Depreciation as of 31 December		6 169	268	32	614	152	266	16	7 517
Net book value as of 31 December 2013	**62 563**	**56 374**	**112**		**597**	**75**		**63**	**119 784**
Net book value as of 31 December 2012	62 563	57 066	48	10	560	151			120 398

(*) Includes a work in process for the Haiti building at 85% complete as of 31 December 2013.

(**) This amount is made of a net cost adjustment in the amount of $ 51 336 which includes ($ 32 932) that does not have any impact in the Consolidated Statement of Changes in Net Assets. In Addition, there are adjustments to depreciation in the amount of ($ 24 175). Therefore the total amount impacting the Consolidated Statement of Changes in Net Assets is $60 093.

8.2 Transferred Assets with Conditions

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

9. Intangible Assets

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

	31 December 2013	31 December 2012
Intangible Assets Available for use		
Cost as of 1 January	2 160	875
Additions	1 529	1 312
Adjustments		(27)
Cost as of 31 December	3 689	2 160
Amortization as of 1 January	551	157
Charged in current period	705	399
Adjustments		(5)
Amortization as of 31 December	1 256	551
Net book value as of 31 December for Intangible Assets Available for use	**2 433**	1 609
Intangible Assets under Development *		1 609
Total Intangible Assets	**2 433**	3 218

* During this reporting period the Organization put in service three (3) intangible assets with a book value of $80 086. These items were previously reported as Intangible Assets under Development but none of them reached the capitalization threshold to be considered actual intangible assets. The decrease for the amount indicated is being disclosed in the Consolidated Statement of Changes in Net Assets.

10. Accrued Liabilities

	31 December 2013	31 December 2012
Accrued Liabilities-Regular Budget Fund	2 544	1 664
Accrued Liabilities-Other Sources - PAHO	30 651	14 302
Accrued Liabilities-Other Sources - WHO	4 048	2 823
Total	**37 243**	**18 789**

11. Accounts Payable

11.1 Accounts Payable Current

	31 December 2013	31 December 2012
Assessed Contributions Received in Advance	1	1 667
Voluntary Contributions Expired Agreements	818	500
Balance due to the World Health Organization due to inter-office transactions		10 599
Pan American Health and Education Fund		
Miscellaneous	4 237	5 402
Total	**5 056**	**18 168**

11.2 Accounts Payable-Non Current

	31 December 2013	31 December 2012
Liability Restricted Assets-Land in Brasilia, Brazil (Note 8.2)	15 089	15 089
Total	**15 089**	**15 089**

12. Employee Benefits

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

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

As of 31 December 2013, the status of the current and non-current employee benefits liabilities is as follows:

	After-Service Health Insurance Fund	Termination and Repatriation Entitlements Fund	Total 2013	Total 2012
Current liability	9 119	2 210	11 329	10 447
Non-current Liability	191 913		191 913	177 502
Non-current (Asset) (Note 6.2)		(7 466)	(7 466)	(6 015)
Total	**201 032**	**(5 256)**	**195 776**	**181 934**

- 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 2014 are estimated at $10 919 195 for After-Service Health Insurance and $2 209 552 for Termination and Repatriation Entitlements.

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

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

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

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

The Defined Benefit Obligation as of 31 December 2013, as calculated by Aon Hewitt Corporation, decreased to $11 095 853 for terminal entitlements and $275 398 465 for after-service health insurance. The Termination and Repatriation Fund had assets of $9 681 544; therefore the net liability was $1 414 309 as of 31 December 2013. As the Organization's After-Service Health Insurance Fund had assets of $38 494 501, the net liability for the After-Service Health Insurance decreased to $236 903 964 as of 31 December 2013.

One of the significant contributory factors in the decreases in these two obligations was the increase in the discount rate utilized to calculate the present value of the future commitments. The discount rate increased from four and two-tenths per cent (4.2%) for the 31 December 2012 actuarial valuation to five and one-tenths per cent (5.1%) for the 31 December 2013 actuarial valuation due to the change in the global economic climate by the end of 2013. The liabilities include the costs for 2013, 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 2013.

Assumption	After Service Health Insurance Fund	Termination and Repatriation Entitlements Fund
Accounting Standard	International Public Sector Accounting Standard 25; first adopted by the Organization at 1 January 2010	
Measurement Date	31 December 2013	
Discount Rate	5.1 %	3.6 %
Expected Rate of Return on Assets	4.2 %	4.2 %
General Inflation	2.5 %	2.5 %
Medical Costs Increases	7.5% in 2014 and 7.2% in 2015, decreasing to 6.9% in 2016, decreasing by 0.3% each year until 4.5% in 2024 and subsequent years.	Not Applicable
Future Contribution Rate Changes	Rates are assumed to increase by 4% per year in 2014 through 2041, and by 1% per year thereafter, compounded geometrically.	Not Applicable
Average Retirement Age -	Average remaining years of service: 9.27	Average remaining years of service: 8.08
Life Expectancy	Based on the mortality tables of the UN Joint Staff Pension Fund.	Not Applicable
Average Medical Costs	$8 780 per person per year in 2013per year in 2013	Not Applicable

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

12.3.2 Reconciliation of Funded Status

	After-Service Health Insurance Fund	Termination and Repatriation Entitlements Fund	Total 2013	Total 2012
Defined Benefit Obligation (DBO)				
Inactive	173 134		173 134	177 982
Active	102 265	11 095	113 360	140 525
Defined Benefit Obligation including actuarial loss	275 399	11 095	286 494	318 507
Less: Plan Assets	(38 495)	(9 681)	(48 176)	(49 679)
Net Defined Benefit Obligation including actuarial loss	**236 904**	**1 414**	**238 318**	**268 828**
Less: Unrecognized Actuarial Gain/(Loss)	(41 042)	(6 670)	(47 712)	(92 854)
Unrecognized Prior Service Credit/(Cost)	5 170		5 170	5 960
Net Liability/(Asset) Recognized in the Statement of Financial Position	**201 032**	**(5 256)**	**195 776**	**181 934**
Split between:				
Current Liability	9 119	2 210	11 329	10 447
Non-Current Liability / (Asset)	191 913	(7 466)	184 447	171 487
Net Liability/(Asset) Recognized in the Statement of Financial Position	**201 032**	**(5 256)**	**195 776**	**181 934**

12.3.3 Annual Expense for Calendar Year 2013

	After-Service Health Insurance Fund	Termination and Repatriation Entitlements Fund	Total 2013	Total 2012
Current Service Cost	8 603	1 326	9 929	8 739
Interest Cost	12 661	321	12 982	13 494
Expected Return on Assets	(1 208)	(311)	(1 519)	(1 280)
Amortization of (Gain)/Loss	6 066	629	6 695	5 944
Recognition of Prior Service Cost	(789)		(789)	(789)
Total Expense Recognized in the Statement of Financial Performance	**25 333**	**1 965**	**27 298**	**26 108**

12.3.4 Reconciliation of Defined Benefit Obligation

	After-Service Health Insurance Fund	Termination and Repatriation Entitlements Fund	Total 2013	Total 2012
Defined Benefit Obligation as of 1 January	**305 490**	**13 017**	**318 507**	**292 341**
Service Cost	8 603	1 326	9 929	8 739
Interest cost	12 661	321	12 982	437
Less: Benefits Paid	(9 491)	(3 491)	(12 982)	11 012
Add: Contributions by Plan Participants	(215)		(215)	(8 915)
Less: Plan Amendments	1 557		1 557	1 449
Add: Actuarial (Gain) / Loss	(43 206)	(77)	(43 283)	13 444
Defined Benefit Obligation including Actuarial Loss as of 31 December	**275 399**	**11 096**	**286 495**	**318 507**
Less: Plan Assets	**(38 495)**	**(9 681)**	**(48 176)**	**(49 679)**
Net Defined Benefit Obligation including Actuarial Loss as of 31 December	**236 904**	**1 415**	**238 319**	**268 828**
Less: Unrecognized Gain/(Loss)				
Unrecognized Net (Loss) at End of Prior Year	(86 477)	(6 377)	(92 854)	(85 039)
(Loss) Arising during Current Year				
Actuarial (Loss) on Defined Benefit Obligation	43 206	77	43 283	(13 444)
Actuarial (Loss) on Plan Assets	(3 837)	(1 000)	(4 837)	(314)
Gain Recognized during Current Year	6 066	629	6 695	5 943
Unrecognized Actuarial (Loss) at End of Year	**(41 042)**	**(6 671)**	**(47 713)**	**(92 854)**
Unrecognized Prior Service Credit	**5 170**		**5 170**	**5 960**
Net Liability Recognized in the Statement of Financial Position as of 31 December	**201 032**	**(5 256)**	**195 776**	**181 934**

12.3.5 Reconciliation of Plan Assets

	After-Service Health Insurance Fund	Termination and Repatriation Entitlements Fund	Total 2013	Total 2012
Plan Assets as of 1 January	39 308	10 371	49 679	36 844
Benefits Paid	(9 706)	(3 491)	(13 197)	(10 960)
Contributions by Plan Participants	1 557		1 557	1 449
Contributions by the Employer	5 145	3 490	8 635	17 257
PAHO/WHO SHI Fund Contribution	4 820		4 820	4 123
Expected Return on Assets	1 208	311	1 519	1 280
Actuarial Gain / (Loss) - on Plan assets	(3 837)	(1 000)	(4 837)	(314)
Plan Assets as of 31 December	**38 495**	**9 681**	**48 176**	**49 679**
Made up of:				
Long Term Investments - Fixed Income Notes (Note 4.2)	37 841	9 517	47 358	39 437
Cash and Cash Equivalents (Note 3)	654	164	818	10 242
	38 495	**9 681**	**48 176**	**49 679**

12.3.6 Sources of Change in Past Service Liability Since Prior Valuation

	After-Service Health Insurance Fund	Termination and Repatriation Entitlements Fund	Total 2013	Total 2012
Value as of 31 December Previous Year	305 490	13 017	318 507	292 341
Value as of 31 December Current Year	275 399	11 096	286 495	318 507
Change	30 091	1 921	32 012	26 166
Sources of Change:				
Expected Change	13 115	(1 844)	11 271	13 130
Benefit Payments Different Than Expected during Current Year	14		14	605
Change in Separation Assumption for Short-Term Staff				
Miscellaneous Demographic Experience	124	(21)	103	23
Rehires/Transfers in during Year	243	363	606	(233)
Loss on Termination Idemnity and NAPs Payments		243	243	
Agreement by WHO to pay AMRO Administrative Expenses				(3 199)
Claims and Administrative Expense Experience	132		132	(7 555)
Plan Change-Increase in Participant Contribution Rates				
Movement in Exchange Rate	1 247	(64)	1 183	
Change in Medical Trend	(3 476)			
Changes in Salary, Terminantion and Retirement Plans				(821)
Changes in Dependent Coverage Assumptions				(1 282)
*Changes in Discount Rates (Prior year over current year)	(41 490)	(598)	(42 088)	25 627
Removal of 1% inflation for Household removal Lump Sum				(83)
Total Change in Valuation	(30 091)	(1 921)	(32 012)	26 212

*Decrease in discount rate from 4.7% to 4.2% for After Service Health Insurance and 4.7% to 2.7% for Termination and Repatriation

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 *

	Current Medical Inflation Assumption Minus 1%	Current Medical Inflation Assumption	Current Medical Inflation Assumption Plus 1%
2013 Service Cost plus Interest Cost	17 358	21 263	26 411
Defined Benefit Obligation as of 31 December 2013	239 454	275 398	319 977

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

	Current Discount Rate Assumption Minus 1%: 4.1%	Current Discount Rate Assumption: 5.1%	Current Discount Rate Assumption Plus 1%: 6.1%
Defined Benefit Obligation as of 31 December 2013	322 170	275 398	238 404

*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

Termination and Repatriation Entitlements Plan	**31 December 2013**		**31 December 2012**	
Settlement of Benefits		3 490		2 045
After- Service Health Insurance				
Administrative Expenses paid by the Organization	215		446	
SHI Fund Contribution	4 820		4 124	
Contribution to PAHO's ASHI Fund paid by the Organization	3 114	8 149	2 897	7 466
Total		11 639		9 511

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 2013, contributions paid to UNJSPF amounted to $17 323 250 (2012: $17 581 728) by the Organization and $8 664 067 (2012: $8 818 877) by the participants, including $2 442 (2012: $23 013) 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 2011 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 2011.

The Consulting Actuary of the United Nations Joint Staff Pension Fund, Buck Consultants, stated in it's "Statement of the actuarial sufficiency as of 31 December 2011 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 2011, for deficiency payments under Article 26 of the Regulations of the Fund**."

The market value of assets as of 31 December 2011 is $40 815 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 2011," the Committee of Actuaries stated:

> "At its meetings in June 2012, the Committee of Actuaries reviewed the results of the actuarial valuation as of 31 December 2011, 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" and would be reviewed at the time of the next valuation as of 31 December 2013.

The UNJSPF publishes quarterly reports on its investments and these can be viewed by visiting the UNJSPF at 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

	31 December 2013	31 December 2012
Voluntary Contributions		
Voluntary Contributions - Emergency Preparedness and Disaster Relief	1 546	727
Voluntary Contributions	20 464	39 535
National Voluntary Contributions	174 925	126 066
Trust Funds CFNI		
Procurement of Public Health Supplies		
Revolving Fund for Vaccine Procurement	97 997	172 983
Regional Revolving Fund for Strategic Public Health Supplies	45 754	25 323
Reimbursable Procurement	6 101	15 094
Total	**346 787**	**379 728**

13.2 Deferred Revenue – Non-Current

	31 December 2013	31 December 2012
Voluntary Contributions		
Voluntary Contributions	26 046	48 320
National Voluntary Contributions	133 885	154 081
Total	**159 931**	**202 401**

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
- Epidemic Emergency Fund
- Food Safety Five – Years Plan Fund
- PMIS Funding PAHO IPSAS Surplus Fund
- IPSAS Surplus Fund

Summary of Fund Balances and Reserves

	Balance as of 31 December 2013		Balance as of 31 December 2012	
Fund Balances:				
Strategic Public Health Supplies-Capitalization	5 926		5 287	
PAHO After-Service Health Insurance	(201 032)		(185 665)	
Voluntary Contributions	48		48	
Income from Services	3 727		4 084	
Provision for Staff Entitlements	555		174	
Revolving Fund for Vaccine Procurement	126 028		110 727	
PAHO Regular Budget	113 265		113 484	
Provision for Termination and Repatriation Entitlements	1 662		(221)	
PAHO Post Occupancy Charge	7 464		7 635	
Expanded Textbook and Instructional Materials Program	15 054		15 476	
CAREC Provident Fund			12	
CAREC Income from Services			13	
CAREC Capital Equipment Fund			31	
CAREC Regular Budget			5 952	
CAREC Building Fund			51	
CAREC Trust Fund			3	
CFNI		**72 697**	1 872	**78 963**
Reserves:				
Working Capital Fund	15 864		17 189	
Holding Account	9 142		9 142	
Tax Equalization Fund	(968)		(4 002)	
Master Capital Investment Fund	9 483		11 074	
Special Fund for Program Support	48 853		38 291	
Voluntary Contributions - Emergency Preparedness and Disaster Relief	2 684		2 666	
Governing Bodies Authorized Fund	4 601		5 601	
Special Fund for Health Promotion	1 340		1 532	
Epidemic Emergency Fund	1 000		1 000	
Food Safety Five-Years Plan Fund	405		500	
PMIS Funding PAHO IPSAS Surplus Fund	9 000		9 000	
IPSAS Surplus Fund	4 381	**105 785**	4 381	**96 374**
Total		**178 482**		**175 337**

14.1 Working Capital Fund

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

The 37th Directing Council (1993), noting that since 1978-1979 the budget of the Organization had grown from $64 849 990 to $159 457 717 in 1994-1995, authorized the Director to increase gradually the level of the Working Capital Fund from $11 000 000 to an authorized level not to exceed $15 000 000. The 44th Directing Council (2003) increased the authorized level of the Working Capital Fund from $15 000 000 to $20 000 000.

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. This loan has been fully paid in 2012.

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.

	Total as of 31 December 2013	**Total as of 31 December 2012**	**Total as of 31 December Biennium 2012-2013**	**Total as of 31 December Biennium 2010-2011**
Balance as of 1 January - Biennium			15 360	20 000
Surplus / (Deficit)	(3 652)	1 562	(2 090)	(5 169)
Non Budgetary Items	2 025 *	906 *	2 931	529
Regular Budget Appropriation Surplus/(Deficit)			841	(4 640)
Prior year Adjustments		(364)	(364)	
WHO De-recognition of prior year Expenses		(275)	(275)	
Transfers of Fund Balances from CEC and CFNI	300		300	
Transfers of Fund Balances from Income from Services Subfunds	2		2	
Balance as of 31 December - Biennium			**15 864**	**15 360**

* 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 2013	Credits from the Tax Equalization Fund	Apportionment to Member States	Available to Cover Tax Reimbursements to Staff	Taxes Reimbursed to Staff	Balance 31 December 2013
Canada	(16)	1 529	1 484	45	40	(11)
Colombia	17	134	134			17
United States	(3 999)	7 591	(2 409)	10 000	6 953	(952)
Venezuela	(4)	279	279		18	(22)
Other		3 237	3 237			
Total	**(4 002)**	**12 770**	**2 725**	**10 045**	**7 011**	**(968)**

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

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

14.5 Special Fund for Program Support Costs

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

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

14.6 Special Fund for Natural Disaster Relief

In accordance with Resolution CD24.R10 of the 24th 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 48th 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 13th Meeting in 1961 established the Special Fund for Health Promotion with the objective of strengthening the health program of the Americas.

14.9 Epidemic Emergency Fund

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

14.10 Food Safety Five-Year Plan Fund

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

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

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

14.12 IPSAS Surplus Fund

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

14.13 Revaluation Surplus

	31 December 2013			31 December 2012		
	Land	Buildings	Total	Land	Buildings	Total
Initial balance (1 January)	63 587	55 742	119 329	48 587	53 948	102 535
Annual depreciation					(2 237)	(2 237)
Adjustments/Revaluations				15 000	4 031	19 031
Impairments						
Disposals						
Closing Balance	**63 587**	**55 742**	**119 329**	**63 587**	**55 742**	**119 329**

There was no requirement for appraisals of land and buildings in 2013.

15. Revenue

	Gross Revenue	Elimi- nations	2013 Net Revenue	2012 Net Revenue
Revenue from Non-Exchange Transactions				
Assessed Contributions				
PAHO Regular Budget	96 200			
Caribbean Epidemiology Center				
Caribbean Food and Nutrition Institute				
Tax Equalization Fund	10 045			
Subtotal	**106 245**		**106 245**	**109 271**
Voluntary Contributions				
Voluntary Contributions	69 136			
Voluntary Contributions - National Voluntary Contributions	286 594			
Voluntary Contributions - Emergency Preparedness and Disaster Relief	2 039			
Special Fund for Program Support	20 295			
Subtotal	**378 064**	**(21 158)**	**356 906**	**216 419**
Other Revenue				
AMRO Regular Budget	42 464			
AMRO Voluntary Funds for Health Promotion	21 649			
Sasakawa Health Trust Fund	334			
AMRO Special Account for Servicing Costs	4 279			
AMRO Contribution for Renovation of Assets	850			
Staff Development and Learning Fund	266			
AMRO Post Occupancy Charges	2 052			
Subtotal	**71 894**	**(2 902)**	**68 992**	**60 632**
Revenue from Exchange Transactions				
Procurement of Public Health Supplies				
Revolving Fund for Vaccine Procurement	550 648			
Reimbursable Procurement on Behalf of Member States	22 903			
Regional Revolving Fund for Strategic Public Health Supplies	23 416			
Special Fund for Program Support	3 376			
Subtotal	**600 343**	**(3 376)**	**596 967**	**562 436**
Other Revenue				
PAHO Regular Budget	(20)			
Income for Services	3 353			
Special Fund for Program Support	74			
Expanded Textbook and Instructional Materials Program	6 506			
Health Promotion	7			
Provision for Termination and Repatriation Entitlements	3 848			
Provisons for Staff Entitlements	4 388			
PAHO Post Occupancy Charge	4 413			
After Service Health Insurance	1 816			
Master Capital Investment Fund	2 277			
AMRO Terminal Payments Account	573			
AMRO Non-Payroll Statutory Entitlements	1 417			
Subtotal	**28 652**	**(17 042)**	**11 610**	**9 702**
Miscellaneous Revenue				
PAHO Regular Budget				
Interest Earned	2 792			
Saving on or cancellation of prior periods' obligations				
Valuation Gains and Losses	(594)			
Investment Management Fees	(431)			
Other Miscellaneous	131			
Special Fund for Program Support	(3 162)			
Subtotal	**(1 264)**		**(1 264)**	**20 128**
TOTAL REVENUE	**1 183 934**	**(44 478)**	**1 139 456**	**978 588**

16. Expenses

		2013 Gross Expenses	Eliminations	2013 Net Expenses	2012 Net Expenses
Staff and Other Personnel Costs					
International and National Staff		181 471			
Consultants		16 011			
Temporary Staff		5 266			
	Subtotal	**202 748**	**(16 455)**	**186 293**	187 269
Supplies, Commodities, Materials					
Vaccines / Syringes / Cold Chain		562 836			
Medications and Medical Supplies		18 900			
Other Goods and Supplies		23 535			
	Subtotal	**605 271**	**(4 469)**	**600 802**	564 588
Equipment, Vehicles, Furniture, Intangible Assets, Depreciation and Amortization					
Equipment, Vehicles, Furniture /2		(459)			
Intangible Assets /2					
Depreciation / Amortization		2 695			
	Subtotal	**2 236**	**(86)**	**2 150**	1 142
Contract Services					
Contracts		102 098			
	Subtotal	**102 098**	**(2 042)**	**100 056**	92 931
Travel					
Duty Travel		7 382			
Courses and Seminars		90 659			
	Subtotal	**98 041**	**(203)**	**97 838**	69 031
Transfers and Grants to Counterparts					
Letters of Agreements		143 879			
	Subtotal	**143 879**		**143 879**	42 760
General Operating and Other Direct Costs/1					
Maintenance, Security and Insurance		12 027			
	Subtotal	**12 027**	**(929)**	**11 098**	11 992
Indirect Support Costs					
Program Support Costs		20 294			
	Subtotal	**20 294**	**(20 294)**		
Total Expenses		**1 186 594**	**(44 478)**	**1 142 116**	969 713

Note/1 General Operating Expense and Other Direct Costs Include Lease Payments for $2 114 260. (2012: $2 122 451).

Note/2 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 2013 is presented below:

(Expressed in thousand US Dollars)

	31 December 2013			31 December 2012		
	Operating	Investing and Financing	Total	Operating	Investing and Financing	Total
Actual Amount on Comparable Basis	(498 149)		(498 149)	(216 020)		(216 020)
Basis Differences						
Timing Differences						
Presentation Differences	1 120 365	68 318	1 188 683	1 056 472	25 919	1 082 391
Entity Differences	(685 734)		(685 734)	(810 118)		(810 118)
Actual amount in the Statement of Cash Flow	**(63 518)**	**68 318**	**4 800**	**30 334**	**25 919**	**56 253**

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

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

18. Segment Reporting

18.1 Statement of Financial Position by Segments

	Total Core Activities Segment	Total Partnership Activities Segment	Total Enterprise Activities Segment	Total Special Activities Segment
ASSETS				
Current Assets				
Cash and Cash Equivalents	165 717			
Short Term Investments	125 152			
Owed From Other Segments *		232 955	327 525	73 093
Accounts Receivable	111 986	114 913	41 407	(46 159)
Inventories	1 116		6 790	
Total Current Assets	403 971	347 868	375 722	26 934
Non-Current Assets				
LongTerm Investments	266 546			
Accounts Receivable		28 679		7 466
Net Fixed Assets	119 636			148
Intangible Assets	2 041		257	135
Total Non-Current Assets	388 223	28 679	257	7 749
TOTAL ASSETS	792 194	376 547	375 979	34 683
LIABILITIES				
Current Liabilities				
Accrued Liabilities	2 614	15 138	16 076	3 415
Owed To Other Segments *	633 573			
Accounts Payable	(6 335)	810	10 463	118
Employee Benefits				11 329
Deferred Revenue		196 935	149 852	
Total Current Liabilities	629 852	212 883	176 391	14 862
Non-Current Liabilities				
Accounts Payable	15 089			
Employee Benefits				191 913
Deferred Revenue		159 931		
Total Non-Current Liabilities	15 089	159 931		191 913
TOTAL LIABILITIES	644 941	372 814	176 391	206 775
NET ASSETS / EQUITY				
Fund Balances and Reserves				
Fund Balances	113 265	48	150 735	(191 351)
Reserves	33 988	3 685	48 853	19 259
NET FUND BALANCES and RESERVES	147 253	3 733	199 588	(172 092)

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

Statement of Financial Position by Segments

Total Consolidated Sub-Regional Centers Activity Segment	Intra-Party Segment	Total 2013	Total 2012
		165 717	160 917
		125 152	245 645
	(633 573)		
		222 147	195 250
		7 906	8 659
	(633 573)	520 922	610 471
		266 546	215 543
		36 145	47 831
		119 784	120 398
		2 433	3 218
		424 908	386 990
	(633 573)	945 830	997 461
		37 243	18 789
	(633 573)		
		5 056	18 168
		11 329	10 447
		346 787	379 728
	(633 573)	400 415	427 132
		15 089	15 089
		191 913	177 502
		159 931	202 401
		366 933	394 992
	(633 573)	767 348	822 124
		72 697	78 963
		105 785	96 374
		178 482	175 337

18.2 Statement of Financial Performance by Segments

	Total Core Activities Segment	Total Partnership Activities Segment	Total Enterprise Activities Segment
REVENUE			
Revenue from Non-Exchange Transactions			
Assessed Contributions	96 200		
Voluntary Contributions		357 769	20 295
Other Revenue	42 464	21 983	4 279
Revenue from Exchange Transactions			
Procurement of Public Health Supplies			600 343
Other Revenue	(20)		9 933
Miscellaneous Revenue	1 898		(3 162)
TOTAL REVENUE	**140 542**	**379 752**	**631 688**
EXPENSES			
Staff and Other Personnel Costs	114 297	32 766	11 643
Supplies, Commodities, Materials	4 568	11 658	586 894
Equipment, Vehicles, Furniture, Intangible Assets, Depreciation and Amortization	2 169		86
Contract Services	9 973	81 953	4 361
Travel	7 750	89 059	673
Transfers and Grants to Counterparts	2 057	141 767	
General Operating and Other Direct Costs	4 381	2 236	2 306
Indirect Support Costs		20 294	
TOTAL EXPENSES	**145 195**	**379 733**	**605 963**
NET SURPLUS/ (DEFICIT)	**(4 653)**	**19**	**25 725**

Statement of Financial Performance by Segments

Total Special Activities Segment	**Total Consolidated Sub-Regional Centers Activity Segment**	**Intra-Party Segment**	**Total 2013**	Total 2012
10 045			106 245	109 271
		(21 158)	356 906	216 419
3 168		(2 902)	68 992	60 632
		(3 376)	596 967	562 436
18 739		(17 042)	11 610	9 702
			(1 264)	20 128
31 952		**(44 478)**	**1 139 456**	**978 588**
44 042		(16 455)	186 293	187 269
2 151		(4 469)	600 802	564 588
(19)		(86)	2 150	1 142
5 811		(2 042)	100 056	92 931
559		(203)	97 838	69 031
55			143 879	42 760
3 104		(929)	11 098	11 992
		(20 294)		
55 703		**(44 478)**	**1 142 116**	**969 713**
(23 751)			**(2 660)**	**8 875**

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

As of 31 December 2013, a total of $8 974 was recorded as administrative waivers reflecting seminars and courses given by the governments. (2012: $228 711)

There were no write-offs or Ex-Gratia Payments to be reported. (2012: None)

20. Cases of Fraud and Presumptive Fraud

In 2013, a total of 34 cases of theft and loss of property were reported. The PALTEX program had 15 cases totaling $78 918 of which $66 512 was recovered leaving a net loss to the Organization of $12 406. There were 12 cases of property loss and one case of fraud between the country offices and headquarters totaling $8 761 of which $5 126 was recovered leaving a net loss to the Organization of $3 635. In addition, there were 6 cases involving the misuse of PAHO purchasing or travel credit cards committed by people outside the Organization. In the six credit card cases, the fraudulent charges, amounting to $1 959 of which all was recovered.

21. Related Party and Other Senior Management Disclosure

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

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

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

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

21.1 Key Management Personnel

Key Management Personnel	**2013**	2012
Number of Positions	4	4
Compensation and Post Adjustment	708	762
Entitlements	421	52
Pension and Health Plans	116	244
Total Remuneration	**1 245**	**1 058**
Outstanding Advances against Entitlements	**120**	**24**

22. Events after Reporting Date

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

23. Provisions

As at 31 December 2013, the Organization had not recognized any provisions.

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

The de-recognition of the Staff Health Insurance (SHI) liability to Reserves was the result of a 10% increase in first-tier rates of contribution to the SHI Fund, resulting in a reduction in the regional deficit for active staff. The regional deficit is covered by second-tier contributions from active staff, in accordance with paragraph 395 of the WHO Staff Health Insurance Rules. The excess of second-tier contributions over the amount required to fund the regional deficit reflects in the increase of the SHI reserve balance. The total de-recognition for 2013 was $2 525 546, reflected in the Consolidated Statement of Changes in Net Assets.

25. In-Kind Contributions

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

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