

Director's Comments

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

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

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

1. Overview

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

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

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

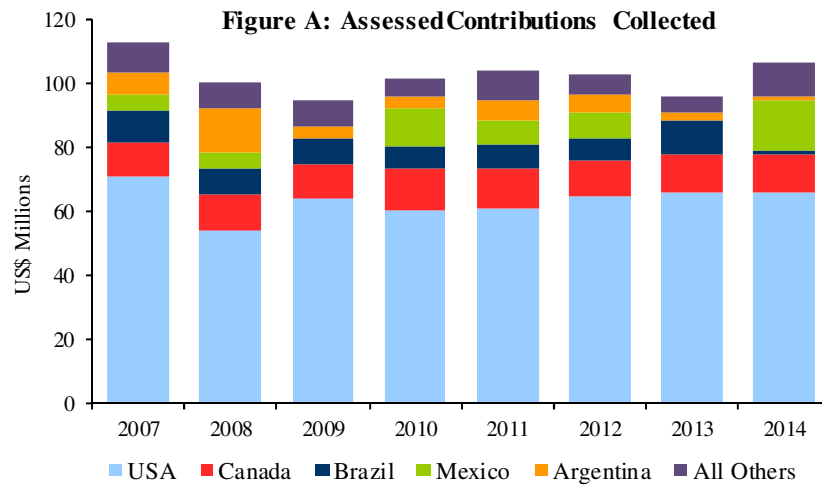
PAHO's work in disaster management seeks to increase the capacity of the health sector to prevent or reduce the health consequences of emergencies, disasters and crises. In 2014, the Organization mobilized just under \$17 million to implement disaster risk reduction, preparedness and response activities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

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

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

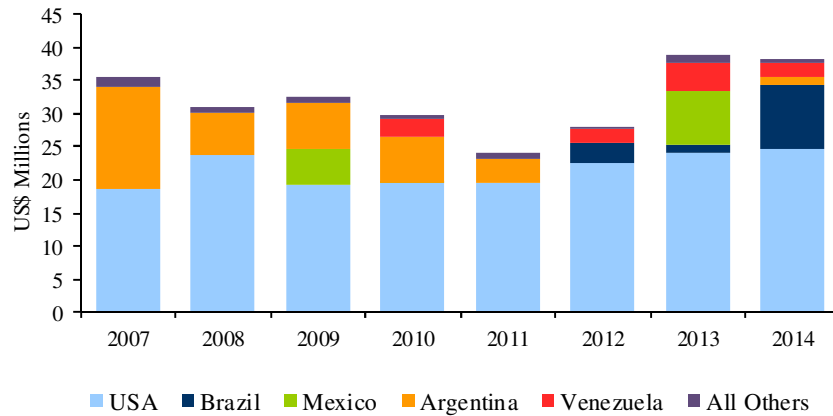
2. PAHO Regular Budget Segment: Financing

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



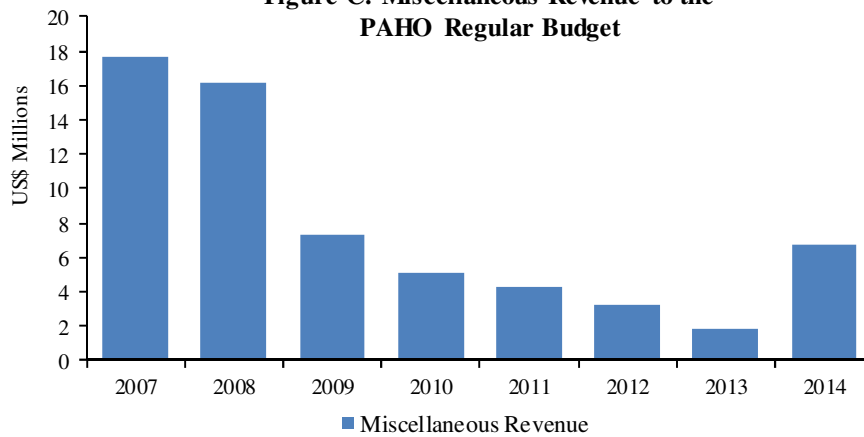
Total Assessed Contributions outstanding, including amounts due for previous financial periods, decreased from \$38.7 million on 31 December 2013 to \$38.1 million on 31 December 2014. Each year the Delegates to the Directing Council or the Pan American Sanitary Conference review at length the financial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

Figure B: Assessed Contributions Due



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

Figure C: Miscellaneous Revenue to the PAHO Regular Budget



3. PAHO Regular Budget Segment: Implementation

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

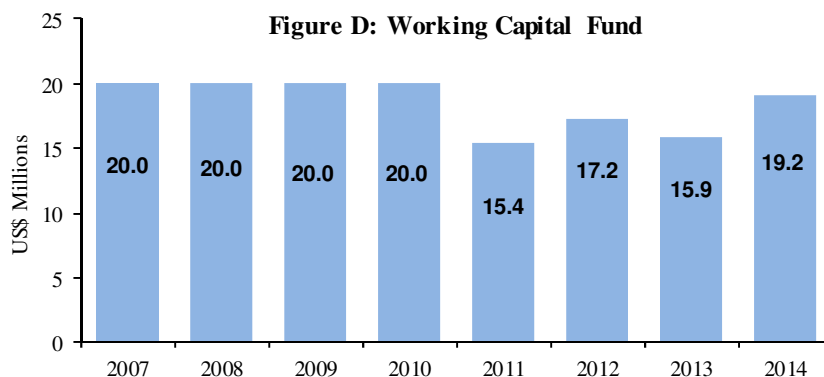
Table 1. PAHO Regular Budget Segment: Financial Highlights (in millions of United States dollars)

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

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

4. Working Capital Fund

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



5. WHO Allocation and Other Sources Funds

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

6. PAHO Voluntary Contributions

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

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

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

7. Procurement on Behalf of Member States

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

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

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

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

8. Total Regular Budget and Other Sources Funding Implementation

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

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

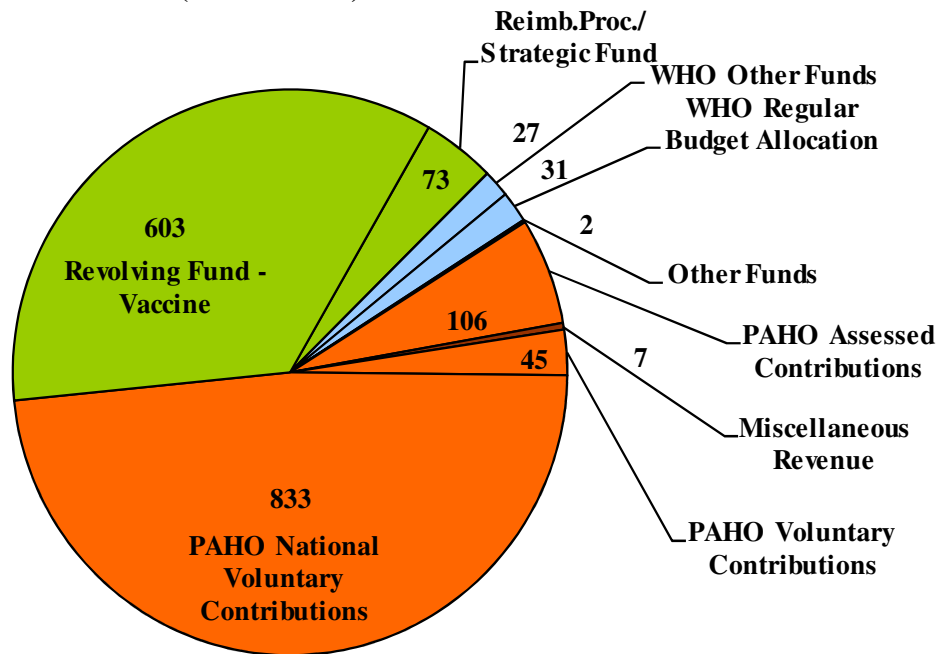
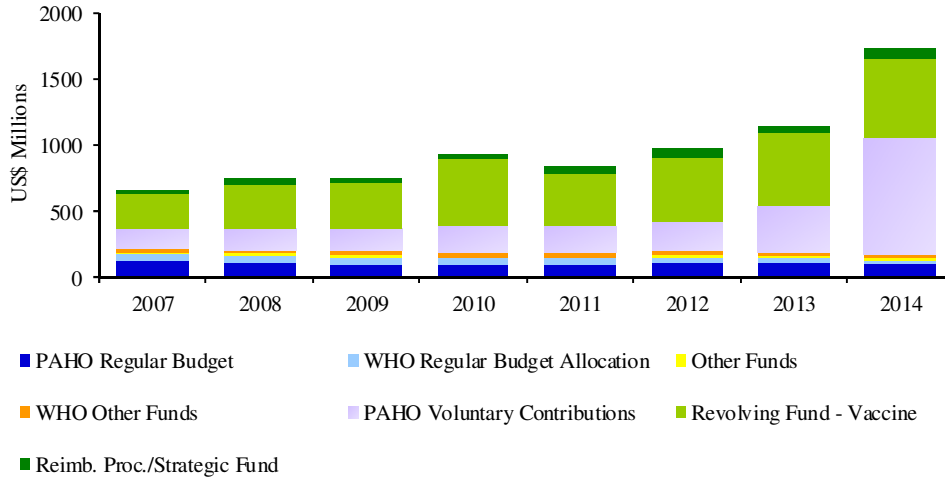
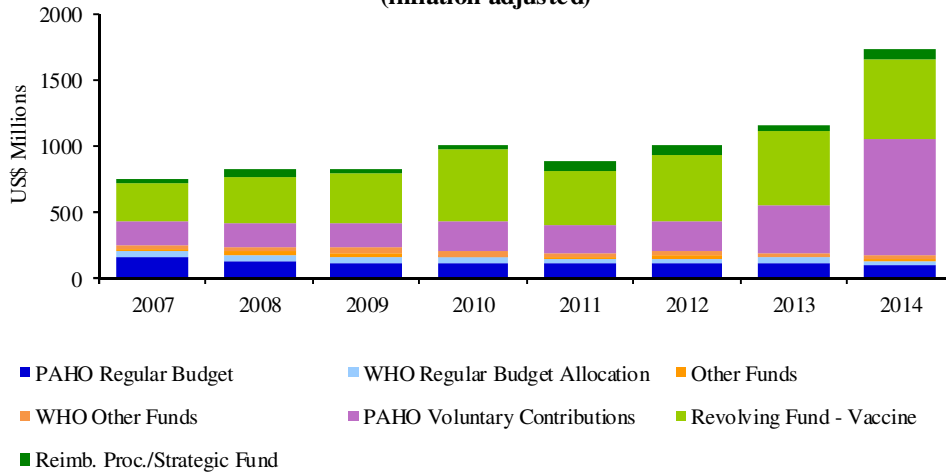


Figure F: Revenue by Source of Funds



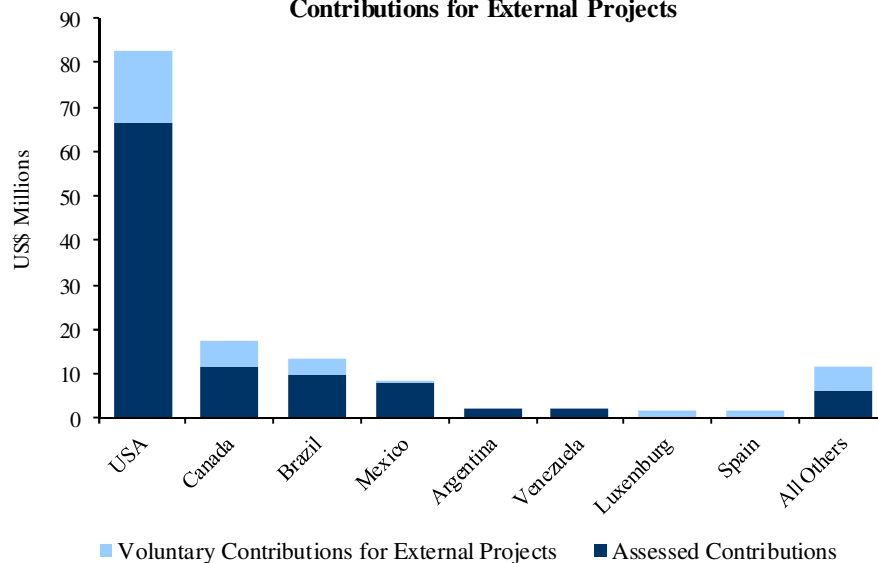
**Figure G: Revenue by Source of Funds
(inflation-adjusted)***



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

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

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



9. Expenses by Source of Fund

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

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

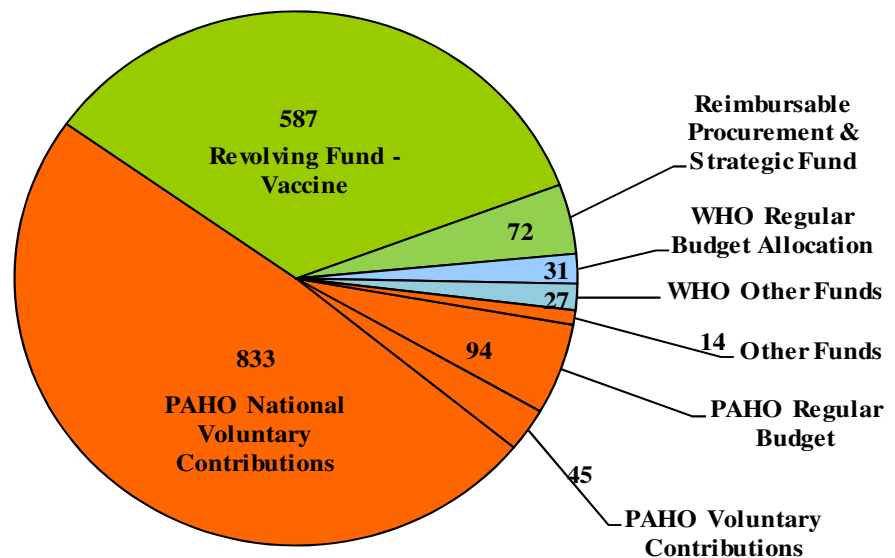
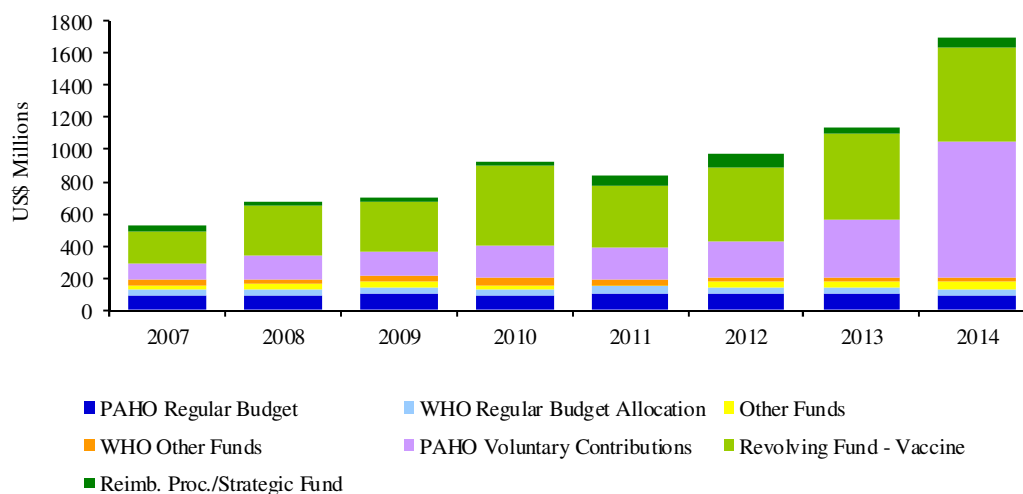


Figure J: Expenses by Source of Funds



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

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

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

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

10. Liquidity and Investment Management

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

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

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

11. Financial Statements

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

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

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

12. Other Highlights

EBOLA

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

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

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

Modernization of the PASB Management Information System

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

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

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

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

Mais Medicos

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

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

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

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

13. Accounting Policies and Basis of Preparation

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

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

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

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



Carissa F. Etienne

Director

Pan American Health Organization