

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 2015 through 31 December 2015.

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 2015, PAHO continued its leadership, convening and catalyst role to improve the health of the peoples of the Americas in collaboration with Member States and partners. The Organization continued to provide direct technical cooperation, mobilize resources, strengthen partnerships and networks, build capacity, generate and provide evidence, and advocate for the necessary actions to achieve the results set in the Program and Budget 2014-2015 and advance the priorities of the PAHO Strategic Plan 2014-2019 while preparing for the implementation of the new Sustainable Development Goals (SDGs) Agenda 2030. A summary of the progress and key achievements noted in 2015 as a result of the collaborative efforts led and facilitated by the Organization are included below. Details can be found in the 2014-2015 End-of-Biennium Assessment/First Interim Report of the PAHO Strategic Plan 2014-2019 ([Document SPBA10/2](#)).

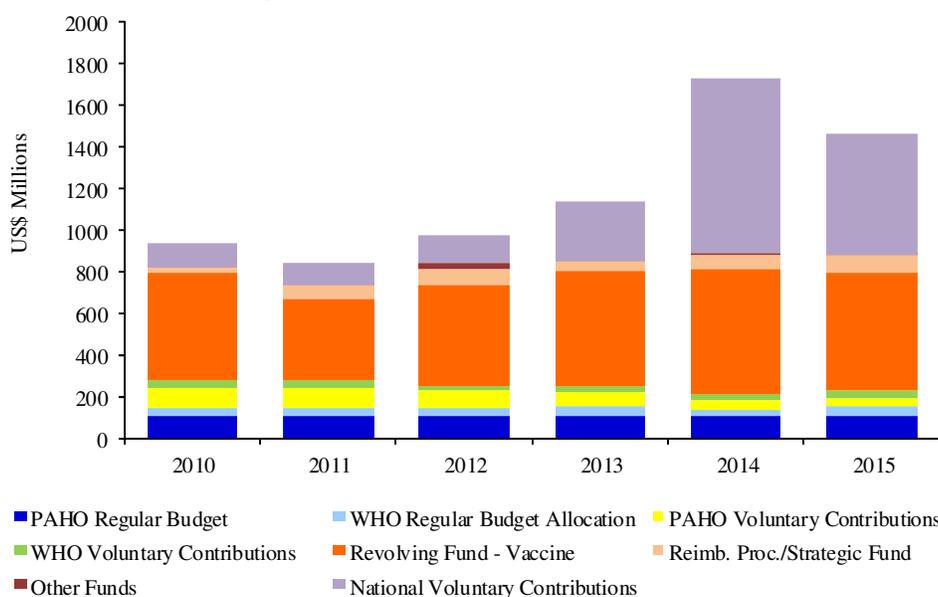
- The countries in the Region continued advancing in the elimination of diseases, with landmark achievements such as the certification of the elimination of rubella and congenital rubella syndrome in the Region of the Americas (the first and only Region globally that has achieved this goal), as well as mother-to-child transmission of HIV and congenital syphilis in Cuba, and onchocerciasis in Ecuador and Mexico.
- Countries continued to develop and implement policies and plans of action to address non-communicable diseases and risk factors while improving management and surveillance of such diseases and related factors. For instance, by the end of 2015, 16 countries in the region had national NCD plans of action, and 14 countries set national NCD targets and indicators in line with the commitments established at the 2014 UN High Level Meeting on NCDs. Important progress was also made in the development and implementation of strategies and plans to address mental health at the primary care level, road safety, violence against women and nutrition.
- The Region continued to see gains in the promotion of good health throughout the life course and addressing the determinants of health, with a continued downward trend in children under 5 mortality rate, leading to the Region's achievement of the MDG4, and adolescent fertility rate. Countries in collaboration with PAHO continued implementing plans and programs to improve reproductive, maternal, newborn, child and adolescent health, as well as promoting age-friendly cities and communities, and the protection of human rights of older persons. Institutional capacities to quantify and analyze social inequalities were also strengthened in 19 countries.
- Significant progress continued to be made in the implementation of the Strategy on Universal Health. PAHO worked hand-in-hand with national health authorities to develop national roadmaps towards Universal Health, including key components such as people-centered, integrated quality health service; financial and regulatory framework, human resources for health, and access to safe, efficacious and quality medicines and health technologies. Progress was also seen in the development of integrated health information systems with concrete actions at country level to improve their health information systems to facilitate analysis and support decision-making as the countries move towards Universal Health.
- Efforts were intensified to build resilience, readiness and response capacity to epidemics, emergencies and disasters at national and regional levels. Major efforts to enhance Member States readiness for Ebola as part of a larger preparedness strategy for outbreaks and other crisis continued. The response to the Zika Virus outbreak was also intensified. Work

also continued in building Member States' core capacities for IHR, and the established epidemiologic monitoring and response system allowed for a rapid response to public health risks in countries. The Organization also supported the Regional response to the Nepal earthquake in 2015.

- In addition to the technical achievements outlined above, PAHO made steady progress in strengthening and improving its enabling functions and corporate services to deliver its technical cooperation programs in an effective and efficient manner in accordance with the Organization's results-based management framework.

The Organization's consolidated total revenue in 2015 reached \$1 460.0 million which is a 15% decrease over 2014. This decrease in financial resources is mainly due to the decrease in National Voluntary contributions due to the fact that these contributions are stated in local currencies and most of the America's local currencies have suffered exchange rate depreciation against the US dollar during last year.

Figure A: Revenue by Source of Funds



The consolidated total revenue is comprised of four main components: (a) Program and Budget, which includes the Assessed Contributions, Miscellaneous Revenue and the WHO share of the Regular Budget; (b) the Procurement Funds, which includes the Revolving Fund for Vaccine Procurement, the Regional Revolving Fund for Strategic Public Health Supplies and the Reimbursable Procurement on Behalf of Member States Fund; (c) the National Voluntary Contributions, and (d) Other funds.

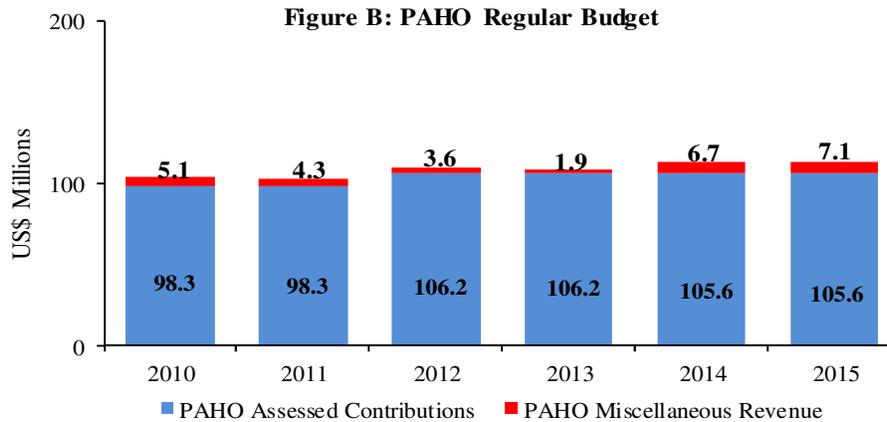
In 2015, Revenue from the Regular Budget is comprised of \$105.6 million from PAHO Assessed Contributions, \$7.1 million from Miscellaneous Revenue and \$53.0 million from WHO share of Regular Budget for a total of \$165.7 million for 2015. In 2014 the Organization reported \$142.9 million for the consolidated Regular Budget. Revenue from Voluntary Contributions from PAHO decreased to \$34.3 million in 2015 as compared to \$40.9 million in 2014. Voluntary Contributions from WHO increased to \$26.7 million in 2015 as compared to \$22.4 million in 2014.

Revenue from procurement activities on behalf of Member States decreased from \$668.8 million in 2014 to \$638.6 million in 2015 due to a slight decrease of the Revolving Fund for Vaccine Procurement. The level of resources for the Organization's three Procurement Funds represents 44% of the Organization's total consolidated revenue.

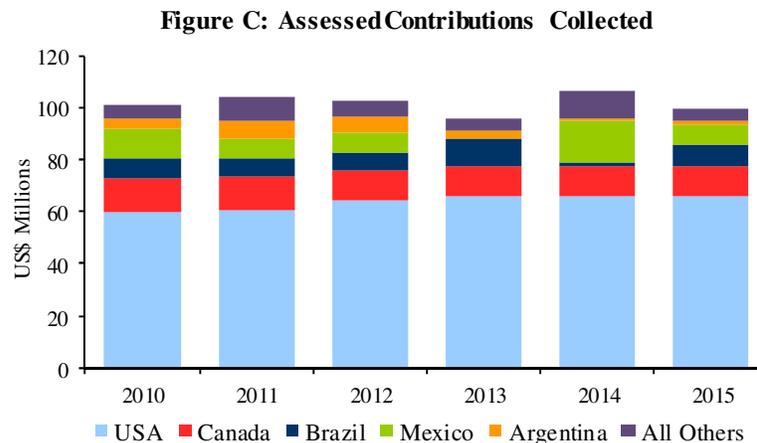
National Voluntary Contributions funds implemented by PAHO decreased to \$554.7 million as compared to \$793.3 million in 2014 due to the exchange rate impact, as the implementation level in local currency remains the same as 2014.

2. PAHO Regular Budget Segment: Financing

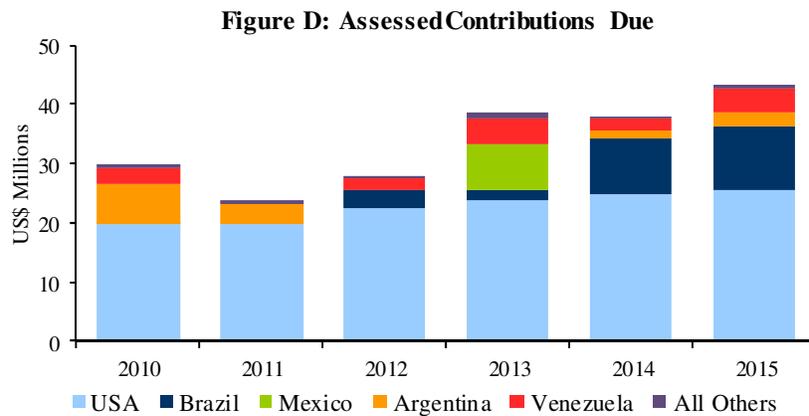
The PAHO Regular Budget Segment is comprised of the Member States' Assessed Contributions and Miscellaneous Revenue. In accordance with Resolution CD52.R4 adopted by the 52nd Directing Council of the Pan American Health Organization, revenue from Assessed Contributions totaled \$105.6 million including the Tax Equalization Fund (\$9.4 million). Revenue from Assessed Contributions was recorded in full on 1 January 2015, the date it became due and payable.



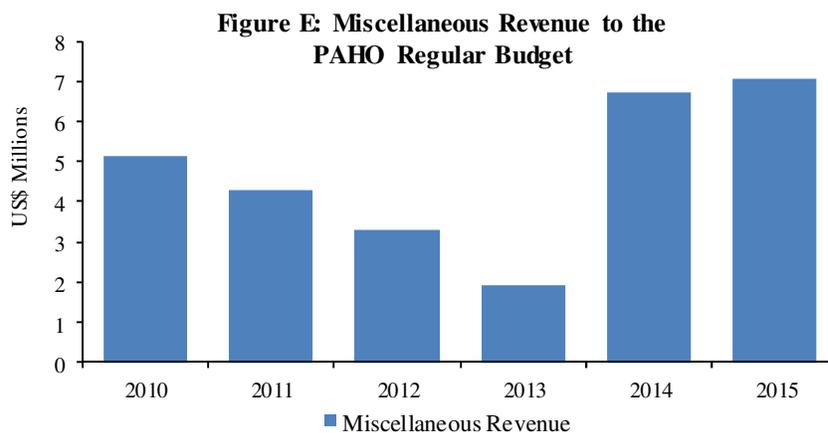
However, in order to ensure that resources are available to fund the Regular Budget, the Organization must carefully monitor and report on the cash flows from Assessed Contributions and other receivables due to the Organization. The cash receipts of current and prior years' Assessed Contributions in 2015 totaled \$64.8 million and \$34.7 million, respectively. In 2015, the rate of collection of current year Assessed Contributions was 61%, compared with 64% for 2014. During 2015, PAHO received payments towards current and prior years' Assessed Contributions from thirty-eight Member States. Thirty Member States paid their 2015 assessments in full, four Member States made partial payments toward their 2015 assessments, and 8 Member States made no payment toward their 2015 assessments.



Total Assessed Contributions outstanding, including amounts due for previous financial periods, increased from \$38.1 million on 31 December 2014 to \$44.2 million on 31 December 2015. 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 2016, there were no Member States subject to Article 6.B.



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 2015 was \$7.1 million and is comprised of \$8.1 million in investment revenue, investment management fees of \$0.5 million, a net loss of \$0.6 million on currency exchange, and the receipt of \$0.1 million in other miscellaneous revenue. The difference between the budgeted Miscellaneous Revenue for 2015 of \$3.0 million and the actual amount realized is due to the local investment of temporarily idle resources pertaining to National Voluntary Contributions.



3. PAHO Regular Budget Segment: Implementation

Total expenses for PAHO Regular Budget activities in support of the implementation of international health programs reached \$112.6 million in 2015 compared to budgeted expense of \$99.2 million, resulting in a financial implementation rate of 113% for 2015. Implementation is usually higher in the second year of the biennium. The Organization ended 2015 with a Financial Net Shortfall from Operations of \$9.2 million in the PAHO Regular Budget Segment. However, the net “budgetary” result for the 2014-2015 biennium was \$0.5 million, which is the difference between the surplus of \$9.7 from 2014 and the shortfall of \$9.2 million from operations in 2015.

Table 1. PAHO Regular Budget Segment: Financial Highlights (in US\$ millions)

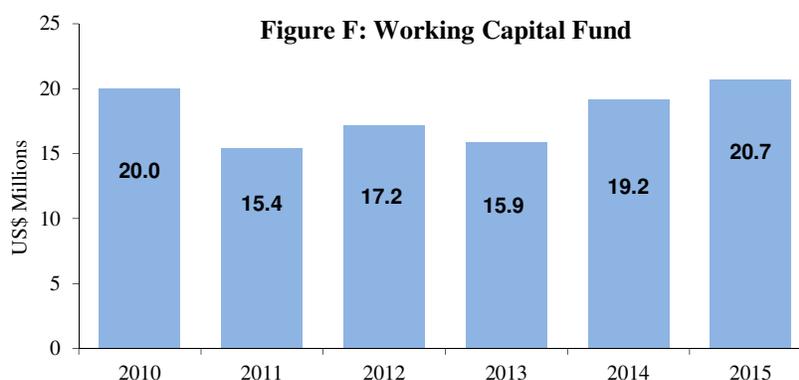
	Actual	Budgeted*
Revenue:		
2015 Assessed Contributions	105.6	105.6
Less: Tax Equalization	(9.4)	(9.4)
Other Revenue	0.1	-
Miscellaneous Revenue	7.1	3.0
Total Revenue	103.4	99.2
Expenses:		
2015 Operating Expenses	(112.6)	(99.2)
Financial Net Shortfall from Operations for 2015	(9.2)	-

**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.*

The Regular Budget Appropriation Surplus for the biennium 2014-2015 is \$0.7 million. Revenue Surplus for the same period is of \$7.9 million.

4. Working Capital Fund

The 53rd Directing Council approved an increase to the authorized level of the Working Capital Fund from \$20.0 million to \$25.0 million. As of 31 December 2015, the Organization's Working Capital Fund was \$20.7 million.



According to Financial Rules the \$0,7 million Budget Surplus for the Biennium will be directed to replenish the Working Capital Fund.

5. WHO Allocation and Other Sources Funds

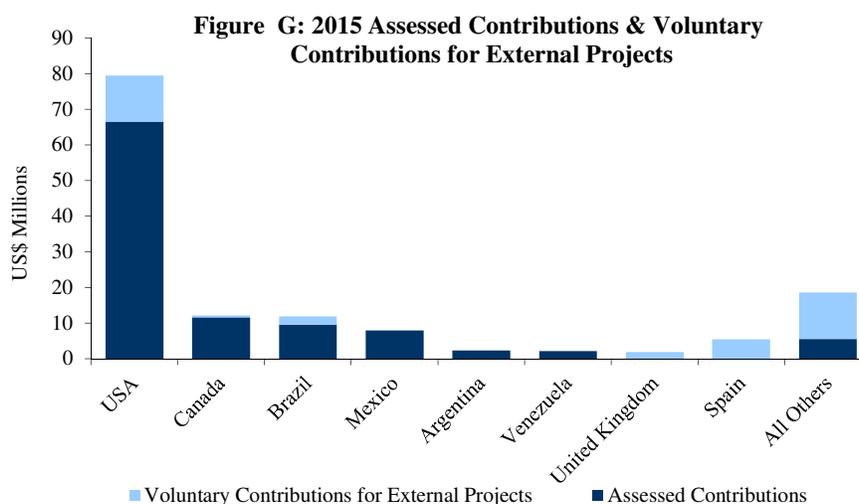
The Pan American Health Organization implemented \$53.0 million from the WHO Regular Budget Allocation in support of the international health programs established by the World Health Assembly for the Region of the Americas. In addition, the Organization implemented \$36.5 million in Other Sources Funds from WHO. Therefore, total implementation of WHO funds during 2015 reached \$89.5 million. In comparison, during 2014, the Organization implemented \$30.6 million in WHO Regular Budget funds and \$27.2 million in Other Sources Funds from WHO for a total of \$57.8 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 Voluntary Contributions-Emergency Preparedness and Disaster Relief Fund, which includes financial resources from governments, international organizations, and private and public sector organizations; and (3) other funds.

During 2015, PAHO's total revenue from Voluntary Contributions reached \$37.3 million as compared to \$44.7 million in 2014. However, deferred revenue reached \$67.2 million in 2015 as compared to \$44.5 million in 2014, which is an increase of \$22.7 million. Revenue is composed of \$24.9 million (2014: \$33.3 million) from governments for external projects, \$4.3 million (2014: \$4.7 million) from international organizations, \$6.8 million (2014: \$3.4 million) from private and public sector organizations, \$ 1.1 million (2013: \$3.2 million) for Emergency Preparedness and Disaster Relief, and \$0.2 million (2013: \$0.1 million) from Other Voluntary Contributions.

In 2015, the largest partners/stakeholders with respect to the implementation of Voluntary Contributions Fund were as follows: Brazil (\$2.3 million), Canada (\$0.5 million), South Korea (\$0.8 million), Spain (\$5.4 million), United Kingdom (\$1.8 million), the United States of America (\$13.0 million), the European Community (\$2.6 million), the United Nations Trust Fund for Human Security (\$0.7 million), the Andean Corporation of Promotion (\$1.2 million), the Global Alliance V.I. (\$2.9 million) and the World Diabetes Foundation (\$0.7 million). The largest partners/stakeholders for Emergency Preparedness and Disaster Relief were Canada (\$0.3 million), Spain (\$0.5 million) and the European Community (\$0.3 million).



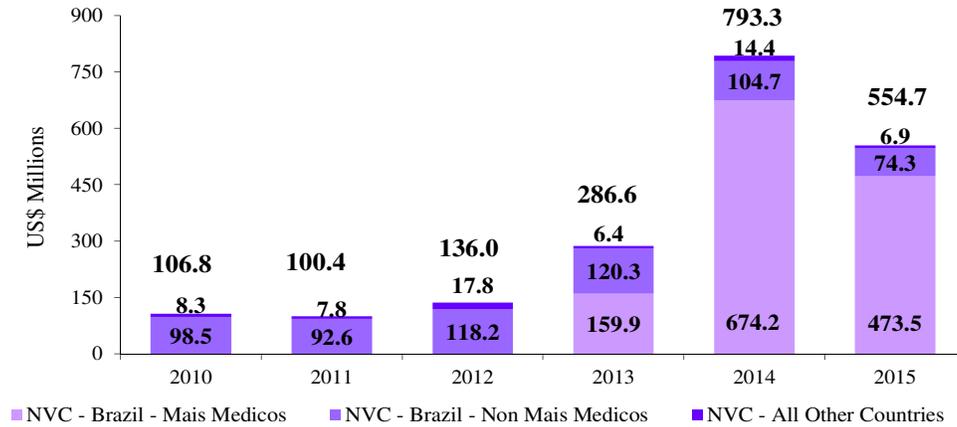
The chart above illustrates total revenue attributable to implementation in 2015 to the largest governmental contributors to PAHO, including revenue from Assessed Contributions and Voluntary Contributions from governments for external projects. This chart indicates that the Organization relies heavily on a relatively small number of countries as the major source of financing for the Organization's activities.

7. National Voluntary Contributions

A main component of PAHO's consolidated revenue is the National Voluntary Contributions Fund, which includes financial resources from governments exclusively for internal projects. During 2015 PAHO implemented \$554.7 million (2014: \$793.3 million) from governments for internal projects. The decrease is mainly due to the exchange rate impact, as the implementation level in local currency remains the same as 2014. Revenue pertaining to the Mais Medicos Project in 2015 reached \$473.5 (2014: \$674.2 million). Revenue for NVC in Brazil excluding the Project Mais Medicos reached \$74.3 million in

2015 (2014: \$104.7 million). Furthermore, revenue for NVC in all other countries reached \$6.9 million in 2015 (2014: \$14.4 million).

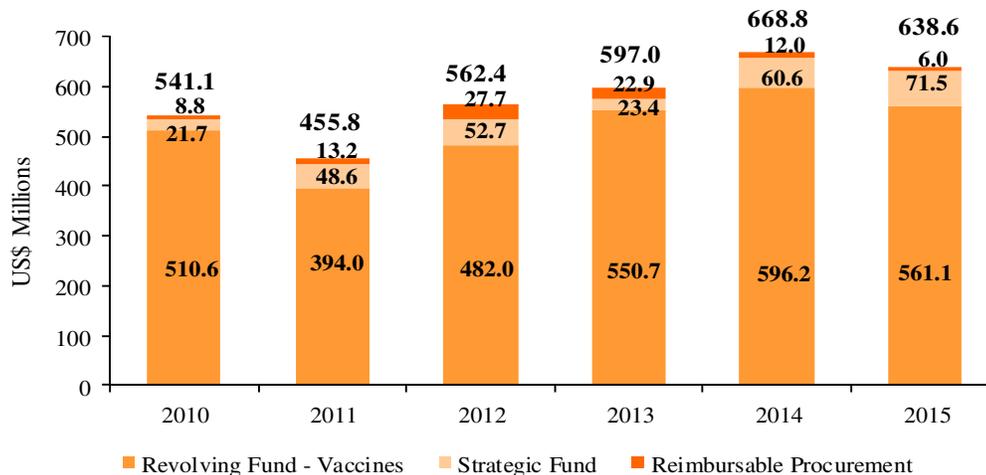
Figure H: National Voluntary Contributions (NVC) Revenue



8. Procurement on Behalf of Member States

During 2015, the total financial activity realized for procurement services on behalf of Member States decreased to \$638.6 million compared with \$668.8 million in 2014. 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.

Figure I: Procurement Funds Revenue



The **Revolving Fund for Vaccine Procurement**, the oldest Fund established in 1977, was established as a purchasing mechanism to guarantee the quality and timely mobilization of vaccines at lower prices. The Fund decreased from \$596.2 million in 2014 to \$561.1 million in 2015. This was mainly due to the decline in procurement of high cost vaccines due to financial challenges of some countries. In addition, there was a request from one large country to postpone delivery of several orders, initially planned for 2015, to 2016, impacting the expected financial activity of 2015. In 2015, 41 Member States have used the Fund. The Member States with the largest volume of procurement purchases were Argentina, Bolivia, Brazil, Chile, Colombia, Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Panama, Paraguay, Peru and Venezuela.

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 assisting Member States increase 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 \$60.6 million in 2014 to \$71.5 million in 2015. This was mainly due to a significant increase in the number of antiretroviral requests. Member States that traditionally used this mechanism occasionally increased their use in a more systematic way. Furthermore, the process for accessing the capitalization account was streamlined, which resulted in doubling the amount of Member States who accessed the capitalization account. In 2015, 21 Member States have used the Fund. The Member States with the largest volume of procurement purchases were Bolivia, Brazil, Ecuador, El Salvador, Honduras and Venezuela. 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.

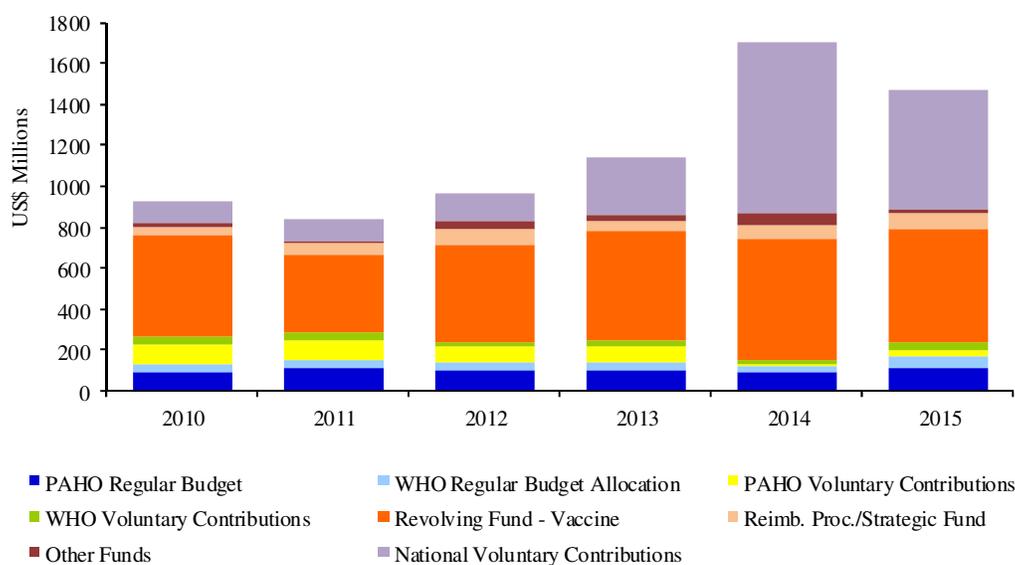
Members States' use of the credit line services of these two Funds increased in 2015 as compared to 2014 from \$47.0 million to \$48.9 million for the Revolving Fund for Vaccine Procurement and from \$1.6 million to \$4.5 million for the Regional Revolving Fund for Strategic Public Health Supplies.

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 \$12.0 million in 2014 to \$6.0 million in 2015 as a larger number of products are included in the Strategic Fund. In 2015, 25 Member States have used this Fund.

9. Expenses by Source of Fund

PAHO's total consolidated expenses, reflecting disbursements and accrued liabilities, decreased by 14% to \$1 468.9 million in 2015 from \$1 703.5 million in 2014. This decrease is mainly attributable to the decrease in the implementation of National Voluntary Contributions projects.

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	\$185.5
Supplies, Commodities, Materials	644.8
Equipment, Vehicles, Furniture, Intangible Assets, Depreciation and Amortization	7.1
Contractual Services	72.1
Travel	68.0
Transfers and Grants to Counterparts	480.9
General Operating and Other Direct Costs	10.5
Total PAHO Expense	\$1 468.9

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 expenses linked to 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 2015, one of four managed portfolios was eliminated, based on the Committee's assessment of results. Investment revenue earned in 2015 totaled \$8.1 million.

Total cash and investments for the Organization at 31 December 2015 were \$622.1 million, an decrease of \$51.5 million over the cash and investment balance as of 31 December 2014. 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

ZIKA Virus

In February 2014, autochthonous circulation of Zika virus (ZIKV) in the Region of the Americas was first confirmed on Easter Island, Chile. In May 2015, the first autochthonous cases of Zika virus in Brazil were confirmed, and in October 2015, Brazilian public health authorities detected an unusual increase in microcephaly cases in both public and private healthcare facilities in Pernambuco state, Northeast Brazil. In December 2015 neurological syndrome, congenital malformations and Zika virus infections were detected signifying serious implications for public health in the Americas.

Epidemiological alerts and updates were published under the International Health Regulations structure to promote both Member State awareness and provide technical guidance starting on 7 May 2015 and subsequently for the periods of 16 October, 17 November and 1 December 2015.

Given the rapid dissemination of Zika virus in the Region of the Americas as well as the detection of severe outcomes potentially related to Zika virus infection, the PAHO Director activated PAHO/WHO's Incident Management System (IMS) on 8 December 2015 in order to make the best possible use of the expertise of the PAHO Secretariat to expedite support to the Member States. At this time, the Director designated \$500,000 to the PAHO Epidemic Emergency Fund to initiate operations.

The Incident Management System (IMS) reports to the Director and is supported by the Emergency Operations Center platform. It articulates the work of all technical departments involved in the response and is also linked to the WHO IMS system activated in WHO Headquarters and the five other WHO Regional Offices.

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.

On 30 December 2015, PAHO took possession of the completed configured PMIS system. On 4 January 2016, the Phase 2 financials portion of the system joined the Phase 1 Human Resources and Payroll System as live in production. During the design, configuration, and testing cycles there were several enhancements and custom reports identified that were not Go-Live-critical, meaning that they were not needed for 1 January 2016. In addition, PMIS identified a recruitment module that, although it was not in the original scope of the project, would prove beneficial to the Organization. These enhancements, custom reports, and recruitment module will be implemented in 2016 using the remaining \$5.1 million of total project budget of \$22.5 million.

Mais Medicos

The Mais Médicos Project, as part of the larger National Program carrying the same name, continued to develop successfully throughout 2015, maintaining the provision of basic health care to 3,785 municipalities in Brazil. This Project includes the recruitment and placement of 11,429 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 7,000 additional medical doctors, both Brazilian and other foreign nationals, totaling 18,240 doctors. It also 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. More than 60 million people in Brazil are benefiting from the Program, and around 40 million are served by Cuban medical doctors provided through PAHO technical cooperation.

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 disbursements (including PSC) in 2015 pertaining to this Project amounted to \$498.2 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. Specific software, called IVS (Invoice Verification System) has been developed in partnership with FRM to support financial operations. The risk register has been periodically reviewed by the Risk Committee led by the Director of Administration. A new version of contingency plan has been elaborated, considering the complex political situation that is currently occurring in Brazil.

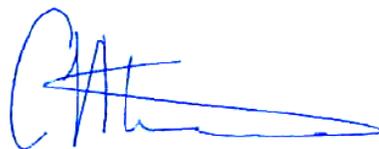
By the end of 2015, all Brazilian municipalities that had requested to participate in the Program established by the Federal Government of Brazil were accommodated. Among the 11,429 participating doctors, 89% were located in priority areas. Furthermore, only 7.1% of participating doctors exited the Project by the end of 2015; 82% of them have been replaced within the period agreed between the two governments. 92.4% 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.

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 15 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