Notes to the Financial Statements at 31 December 2015

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 15 April 2016. 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 2015 represents the SECOND year of the 2014 – 2015 biennium, which is the third biennium when the IPSAS standards were implemented.

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

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

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

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

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 and Note 5.4	
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	

IPSAS No.	IPSAS Title	Financial Statement or Note Where the Standard was Implemented	Reason for not being implemented
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
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

IPSAS		Financial Statement or Note Where the Standard was Implemented	Reason for not being implemented
No.	**Title**		
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.
33	First Time – Adoption of Accrual Basis International Public Accounting Standards (IPSASs)		The Organization adopted IPSAS as of 1 January 2010. This pronouncement is effective 1 January 2017.
34	Separate Financial Statements		Not applicable - Effective date for this IPSAS is January 1, 2017.
35	Consolidated Financial Statements		Not applicable - Effective date for this IPSAS is January 1, 2017.
36	Investments in Associates and Joint Ventures		Not applicable - Effective date for this IPSAS is January 1, 2017.
37	Joint Arrangements		Not applicable - Effective date for this IPSAS is January 1, 2017.
38	Disclosure of Interest in Other Entities		Not applicable - Effective date for this IPSAS is January 1, 2017.

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 (2014).
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.

Number	IPSAS	Adoption
32	Service Concession Arrangements: Guarantor	Not applicable – The Organization is not Guarantor in any Concession Arrangement.
33	First Time – Adoption of Accrual Basis International Public Accounting Standards (IPSASs)	The Organization adopted IPSAS as of 1 January 2010. This pronouncement is effective 1 January 2017.
34	Separate Financial Statements	Not applicable - Effective date for this IPSAS is January 1, 2017.
35	Consolidated Financial Statements	Not applicable - Effective date for this IPSAS is January 1, 2017.
36	Investments in Associates and Joint Ventures	Not applicable - Effective date for this IPSAS is January 1, 2017.
37	Joint Arrangements	Not applicable - Effective date for this IPSAS is January 1, 2017.
38	Disclosure of Interest in Other Entities	Not applicable - Effective date for this IPSAS is January 1, 2017.

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

2.2 Cash and Cash Equivalents

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

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

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

2.3 Investments

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

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

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

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

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

2.4 Loans and Receivables

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

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

2.5 Risk Management Policies

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

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

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

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

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

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

2.6 Accounts Receivable

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

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

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

The main types of receivables are:

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

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

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

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

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

  To determine the current portion of the accounts receivable from Voluntary Contributions as of 31 December 2015, the Organization applied the average percentage of cash received in 2014, 2013 and 2015 compared to the 1 January 2014, 2013 and 2015 accounts receivable for the Voluntary Contributions agreements. The non-current portion of accounts receivable will be the balance of the total accounts receivable amount for Voluntary Contribution agreements, less the current portion.

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

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

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

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

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

2.7 Inventories

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

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

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

2.8 Property, Plant and Equipment

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

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

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

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

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

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

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

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

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

Impairment reviews are undertaken for all assets at least annually.

2.9 Leases

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

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

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

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

2.10 Intangible Assets

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

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 – The Organization does not have regional centers to consolidate Effective January 1, 2013.

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

2.20 Budget Comparison

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

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

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

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

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

2.21 In-Kind Contributions

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

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

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

3. Cash and Cash Equivalents

	31 December 2015	31 December 2014
Cash on Hand, US$	69 620	56 703
Cash on Hand, Other Currencies	15 172	19 223
Money Market Funds	58 163	65 583
Less: Plan Assets	(714)	(3 826)
Total	**142 241**	**137 683**

4. Investments

4.1 Short-Term Investments

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

	31 December 2015	31 December 2014
Certificates of Deposit	**256 843**	**268 202**

Accrued interest of $ 400 813 (2014: $ 568 347) 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 2015	31 December 2014
Net Increase in Long-term Investments		
Increase (decrease) in Long-term Investments	(44 698)	1 207
Unrealized Net (Gains)/Losses	616	407
Net Increase in Long-term Investments	(44 082)	1 614
Cash Flows from Long-term Investments		
Interest Revenue	2 711	2 026
Realized Net Gains/(Losses)	(364)	143
Total	**2 347**	**2 169**

Valuation of Long-term Investments	**31 December 2015**		**31 December 2014**	
	Cost	**Market**	**Cost**	**Market**
Fixed Income Notes	59 526	59 161	51 395	50 549
Managed Portfolios	223 727	223 054	267 345	267 288
Total	**283 253**	**282 215**	**318 740**	317 837

Reconciliation of Long-term Investments	**31 December 2015**	**31 December 2014**
Fixed Income Notes (Market)	59 161	50 862
Less: Plan Assets (see note 12.3.5)	(59 161)	(50 862)
Managed Portfolio (Market)	223 054	267 753
Total for Long-term Investments	**223 054**	**267 753**

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 $334 296 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 $488 872 (2014: $464 856) 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 loss of $196 720 recognized in the Statement of Changes in Net Assets was recognized during 2015.

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

	2015 Amortized Cost	2015 Fair Market Value	2014 Amortized Cost	2014 Fair Market Value
Cash and Cash Equivalents	142 955		141 509	
Short-term Investments				
Certificates of Deposit (held to maturity)	256 843		268 202	
Long-term Investments				
Fixed Income Notes (held to maturity)				
Fixed Income Notes (Plan Assets)		59 161		50 862
Managed Portfolios (available for sale)		223 054		267 753
Total	**399 798**	**282 215**	**409 711**	**318 615**

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	0.13%		58 663	84 292
Short-term Investment					
Certificates of Deposit	67 days	2.24%	256 843		
Long-term Investments					
Plan Assets	7.82 years	2.58%	59 161		
Managed Portfolios	1.49 years	0.97%	223 054		
Total			**539 058**	**58 663**	**84 292**

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	12 000 000	2.90%	7-Oct-24	Next call date 7 Oct 2016
Federal Home Loan Mortgage Corporation	5 000 000	2.10%	23-Aug-22	Next call date 23 Feb 2016
Federal Home Loan Bank	4 200 000	2.14%	5-Dec-22	Next call date 15 Jan 2016
Federal Farm Credit Bank	10 800 000	2.39%	6-Mar-23	Next call date 15 Jan 2016
Federal National Mortgage Associaton	10 000 000	2.50%	27-Mar-23	Next call date 27 Mar 2016
Federal Home Loan Mortgage Corporation	3 500 000	2.87%	18-Nov-24	Next call date 18 Nov 2016
Federal Farm Credit Bank	5 200 000	2.33%	1-May-23	Next call date 5 Jan 2016
Federal Home Loan Corporation	8 500 000	3.00%	19-Nov-24	Next call date 19 Feb 2016
Total	59 200 000			

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 12-31-15	Increase of 100 basis points	Change in Fair Market Value	Decrease of 100 basis points	Change in Fair Market Value
223 262	**219 515**	**(3 747)**	**226 108**	**2 846**

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 59% 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	2015	2014
Money Market Funds	4 287	8 878
Government & US Agency Issues	230 384	240 623
Mortgage- and Asset-backed Securities	2 468	18 961
Corporate Notes	42 890	51 451
Municipal Government Bonds	2 097	1 795
Total Long Term Investments	**282 126**	**321 709**

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 (41%) is disbursed in currencies other than the United States dollar. These disbursements are not hedged, but are met by local currency receipts and the purchase of local currency as needed in the market at the time of disbursement.

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

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

6. Accounts Receivable

6.1 Accounts Receivable - Current

	31 December 2015	31 December 2014
Assessed Contributions	44 254	38 106
Voluntary Contributions	181 419	295 367
Procurement Funds	96 144	62 076
Balance due from the World Health Organization due to inter-office transactions	15 284	1 362
Balance due from the PAHO Foundation	561	561
Expanded Textbook and Instructional Materials	34	50
Regular Advances to Staff	5 369	5 760
Prepaid Expenses	11 024	6 989
Miscellaneous Receivables	4 203	2 667
Total	**358 292**	**412 938**

6.1.1 Accounts Receivable from Assessed Contributions

Statement of Assessed Contributions as of 31 December 2015

(Expressed in thousand US Dollars)

	Arrears	2015	Total 2015	Total 2014
PAHO				
Argentina		2 316	2 316	1 282
Aruba		16	16	
Brazil	1 109	9 563	10 672	9 563
Colombia		1 009	1 009	1
Costa Rica				9
El Salvador	110	110	219	219
France				19
Grenada		21	21	
Guatemala				1
Peru				36
Puerto Rico	81	81	162	81
Sint Maarten		16	16	
United Kingdom				6
United States		25 556	25 556	24 756
Venezuela	2 133	2 133	4 266	2 133
TOTAL	**3 433**	**40 821**	**44 254**	**38 106**

6.1.2 Accounts Receivable from Voluntary Contributions

	31 December 2015	31 December 2014
Voluntary Contributions		
Voluntary Contributions - Emergency Preparedness and Disaster Relief	630	481
Voluntary Contributions	24 145	18 247
Voluntary Contributions - National Voluntary Contributions	156 644	276 639
Total	**181 419**	**295 367**

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 2015	31 December 2014
Procurement of Public Health Supplies		
Revolving Fund for Vaccine Procurement	91 269	60 303
Regional Revolving Fund for Strategic Public Health Supplies	4 875	1 773
Total	**96 144**	**62 076**

6.2 Accounts Receivable Non-Current

	31 December 2015	31 December 2014
Voluntary Contributions	58 600	45 635
Termination and Repatriation Entitlements (see Note 12.3.2)	5 013	7 350
Total	**63 613**	**52 985**

6.2.1 Accounts Receivable from Voluntary Contributions Non-Current

	31 December 2015	31 December 2014
Voluntary Contributions		
Voluntary Contributions	20 568	7 095
National Voluntary Contributions	38 032	38 540
Total	**58 600**	45 635

7. Inventories

	31 December 2015	31 December 2014
PROMESS	909	788
Expanded Textbook and Instructional Materials Program	7 730	7 080
Ending Balance of inventory	**8 639**	**7 868**

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 2015	31 December 2014
PROMESS		
Beginning inventory	788	1 116
Additions	827	968
Distributions	(706)	(1 296)
Ending Balance of inventory	**909**	**788**

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 2015	31 December 2014
PALTEX		
Beginning inventory	7 080	6 791
Additions	3 718	2 842
Distributions	(2 939)	(3 235)
Write-Offs	(95)	(144)
Allowance for Obsolete/Damage Inventory	(34)	826
Ending Balance of inventory	**7 730**	**7 080**

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 mobile buildings as well as land. Net acquisitions (after disposals) for the year totaled $574 856 (2014: $2 332 237).

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 mobile buildings are capitalized if their cost is greater or equal to the threshold limit set at $20 000. They are depreciated over the asset’s estimated useful life using the straight line method. The threshold level is reviewed periodically. Assets are reviewed annually to determine if there is any impairment in their value.

In accordance with IPSAS 17, paragraph 44, land and buildings were revalued at the end of 2015 according to expert appraiser reports. For the case of one country no revaluation was recorded due to the hyperinflationary economy and existence of different exchange rates. This decision was taken in compliance with IPSAS 1, paragraphs 31 and 32 which recommend avoiding certain practices when they could be misleading.

	Land	Permanent Buildings	Computer Equipment	Office Equipment	Motor Vehicles	Audio Visual Equipment	Leasehold Improvements	Mobile Buildings	Total
Cost as of 1 January	62 563	64 405	657	32	1 328	317	266	27	129 595
Additions				57	571				628
Disposals					(53)				(53)
Impairments									
Adjustments									
Net Revaluations	1 463	(19 538)							(18 075)
Cost as of 31 December	**64 026**	**44 867**	**657**	**89**	**1 846**	**317**	**266**	**27**	**112 095**
Depreciation as of 1 January		7 761	343	32	737	204	266	2	9 345
Charged in current period		1 613	147	9	289	68		6	2 132
Disposals					(43)				(43)
Adjustments									
Net Revaluations		(9 374)							(9 374)
Depreciation as of 31 December			490	41	983	272	266	8	2 060
Net book value as of 31 December 2015	**64 026**	**44 867**	**167**	**48**	**863**	**45**		**19**	**110 035**
Net book value as of 31 December 2014	62 563	56 644	314		591	113		25	120 250

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).

8.3 Revaluation of Land and Buildings:

Following the Organization's Accounting Policies (Note 2.8), a revaluation exercise is performed on periodic basis. The last full revaluation occurred at the end of 2015, and following that IPSAS 17, paragraph 92 prescribes, the following disclosures present the main aspects of the process.

a) Effective date of the revaluation is 31 December 2015.
b) The Organization's land and buildings including leased property were revalued according to professional and independent appraisers at each country or location where land or buildings are owned. A total of eleven (11) professional appraisals were received. For the case of one property, no revaluation was recorded due to the hyperinflationary economy, and the existence of different exchange rates at the country where the property is located.

c) Appraisals were issued using the market value approach.
d) Appraisals were issued considering observable prices in active market.
e) At the end of 2015, the Organization had a Revaluation Surplus with no restrictions of US$ 0 for buildings and US$ 26 906 for land, including the respective revaluation for the Non-Current Liability discussed in Note 8.2. The amount of US$ 26 906 is comprised by US$ 8 756 of the 2015 revaluation and the difference of US$ 18 150 of the previous performed revaluations in 2012.
f) As stated in paragraph e) above, the sum of all revaluation surpluses as of 31 December 2015 was US$ 26 906 for land and US$ 0 for buildings.

The new appraisal amounts for each property of the Organization are as follows:

	31 December 2015	**31 December 2014**
Buildings		
Argentina	1 600	1 700
Barbados	2 332	2 332
Brazil	4 418	21 488
Jamaica	1 464	1 788
Guatemala	2 437	2 392
Guyana	614	627
Haiti	1 061	1 571
Washington DC	28 110	30 000
Paraguay	464	517
Peru	1 441	1 064
Venezuela	926	926
Sub-total Buildings	**44 867**	**64 405**
Land		
Brazil	7 796	15 089
Haiti	1 229	884
Washington DC	44 440	39 000
Peru	8 914	5 943
Venezuela	1 647	1 647
Sub-total Land	**64 026**	**62 563**
Total	**108 893**	**126 968**

As of 31 December 2015 the Organization adjusted the figures related to the Revaluation Surplus in order to be compliant with the Revaluation Model for its Property, Plant and Equipment as prescribed by IPSAS 17 paragraphs from 44 to 58. The overall result of the adjustment of the revaluation of buildings ended in the recognition of a loss of US$ 4 808 reflected in the Consolidated Statement of Financial Performance.

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 2015	31 December 2014
Intangible Assets Available for use		
Cost as of 1 January	3 689	3 689
Additions		
Adjustments		
Deletions		
Cost as of 31 December	3 689	3 689
Amortization as of 1 January	1 960	1 256
Charged in current period	705	705
Adjustments		
Amortization as of 31 December	2 665	1 961
Net book value as of 31 December for Intagible Assets Available for use	**1 024**	**1 728**
Intangible Assets under Development *		
Total Intangible Assets	**1 024**	**1 728**

10. Accrued Liabilities

	31 December 2015	31 December 2014
Accrued Liabilities-Regular Budget Fund	4 262	4 086
Accrued Liabilities-Other Sources - PAHO	87 577	35 000
Accrued Liabilities-Other Sources - WHO	1 843	3 595
Total	**93 682**	42 681

11. Accounts Payable

11.1 Accounts Payable Current

	31 December 2015	31 December 2014
Assessed Contributions Received in Advance	7	196
Voluntary Contributions Expired Agreements	2 794	1 676
Voluntary Contributions Pending Signature of Agreement	626	1 077
Procurement of Public Health Supplies	3 682	
Miscellaneous	8 924	6 310
Total	**16 033**	**9 259**

11.2 Accounts Payable-Non Current

	31 December 2015	31 December 2014
Liability Restricted Assets-Land in Brasilia, Brazil (Note 8.2)	7 796	15 089
Total	**7 796**	**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 2015, 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 2015	Total 2014
Current liability	9 740	3 312	13 052	11 616
Non-current Liability	210 838 *		210 838	199 986
Non-current (Asset) (Note 6.2)		(5 013)	(5 013)	(7 350)
Total	**220 578**	**(1 701)**	**218 877**	**204 252**

* As of 31 December 2015 the Director of the Organization approved a transfer of US$8 000 000 to the plan Assets of the Fund. The actual move of cash occurred in January 2016, thus no activity is reported as of 31 December 2015. However the actuarial report submitted by the Organization's actuaries does reflect the increase and shows a net Non-current Liability of US $202 837 971.

- 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 2016 are estimated at $11 917 483 for After-Service Health Insurance and $3 312 474 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 2015, the rates of contribution of these two long-term liability funds were 5% in January and 10.8% from February through December of net salaries plus post adjustment being credited to the Termination and Repatriation Fund. And 4% in January and 8% from February through December 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 2015, as calculated by Aon Hewitt Corporation, increased to $17 016 768 for terminal entitlements and decreased to $300 203 434 for after-service health insurance. The Termination and Repatriation Fund had assets of $11 058 692; therefore the net liability was $5 957 806 as of 31 December 2015. As the Organization's After-Service Health Insurance Fund had assets of $56 816 121, the net liability for the After-Service Health Insurance decreased to $243 387 313 as of 31 December 2015

One of the significant contributory factors in the increases in the obligation for Termination and Repatriation Entitlements, was the transfer of AMRO's liability to PAHO by $4 961 000, because PAHO agreed to assume this liability. Excluding that change, the obligation has decreased mainly due to benefit payments in excess of the benefit accrual and interest on the liability during 2015. The major factor in the decrease of the obligation for After-Service Health Insurance was the increase in the discount rate from 4.2% for the 31 December 2014 actuarial valuation, to 4.5% for the 31 December 2015 actuarial valuation, due to the increase in the yield of high-grade U.S. corporate bonds. The liabilities include the costs for 2015, 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 2015.

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 2015	
Discount Rate	4.5 %	3.5 %
Expected Rate of Return on Assets	3.2 %	3.2 %
General Inflation	2.5 %	2.5 %
Medical Costs Increases	5.0% in 2016 for U.S and 7.0% for Non-U.S. Americas, for the U.S. decreasing in 0.1% increments every other year starting in 2022 to 4.0 % in 2040 and subsequent years and for the Non-U.S. Americas decreasing in alternating 0.1% and 0.2% increments every year starting in 2021 to 4.0% in 2040.	Not Applicable
Future Contribution Rate Changes	Rates are assumed to increase by 4% per year in 2015 through 2041, and by 1% per year thereafter, compounded geometrically.	Not Applicable
Average Retirement Age	Average remaining years of service: 9.77	Average remaining years of service: 8.55
Life Expectancy	Based on the mortality tables of the UN Joint Staff Pension Fund.	Not Applicable
Average Medical Costs	$8 032 per person per year in 2015	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 2015	Total 2014
Defined Benefit Obligation (DBO)				
Inactive	192 611		192 611	199 050
Active	107 592	17 017	124 609	133 081
Defined Benefit Obligation including actuarial loss	**300 203**	**17 017**	**317 220**	**332 131**
Less: Plan Assets *	(48 816)	(11 059)	(59 875)	(54 688)
Net Defined Benefit Obligation including actuarial loss	**251 387**	**5 958**	**257 345**	**277 443**
Less: Unrecognized Actuarial Gain/(Loss)	(34 401)	(7 659)	(42 060)	(77 572)
Unrecognized Prior Service Credit/(Cost)	3 592		3 592	4 381
Net Liability/(Asset) Recognized in the Statement of Financial Position	**220 578**	**(1 701)**	**210 877**	**204 252**
Split between:				
Current Liability	9 740	3 312	13 053	11 616
Non-Current Liability / (Asset)	210 838	(5 013)	205 825	192 636
Net Liability/(Asset) Recognized in the Statement of Financial Position	**220 578**	**(1 701)**	**218 878**	**204 252**

* As of 31 December 2015 the Director of the Organization approved a transfer of US$8 000 000 to the plan Assets of the Fund. The actual move of cash occurred in January 2016, thus no activity is reported as of 31 December 2015. However the actuarial report submitted by the Organization's actuaries does reflect the increase and shows Plan Assets for US $56 816 121.

12.3.3 Annual Expense for Calendar Year 2015

	After-Service Health Insurance Fund	Termination and Repatriation Entitlements Fund	Total 2015	Total 2014
Current Service Cost	7 482	1 131	8 613	8 096
Interest Cost	13 191	394	13 585	14 176
Expected Return on Assets	(1 483)	(352)	(1 835)	(2 061)
Amortization of (Gain)/Loss	3 934	791	4 725	2 145
Recognition of Prior Service Cost	(789)		(789)	(790)
Changes in Accounting Methods		4 961	4 961	
Total Expense Recognized in the Statement of Financial Performance	**22 335**	**6 925**	**29 260**	**21 566**

12.3.4 Reconciliation of Defined Benefit Obligation

	After-Service Health Insurance Fund	Termination and Repatriation Entitlements Fund	Total 2015	Total 2014
Defined Benefit Obligation as of 1 January	318 823	13 308	**332 131**	**286 495**
Service Cost	7 482	1 131	8 613	8 096
Interest cost	13 191	394	13 585	14 176
Less: Benefits Paid	(9 764)	(3 281)	(13 045)	(12 970)
Add: Contributions by Plan Participants	(225)		(225)	(224)
Less: Plan Amendments	1 767		1 767	1 864
Add: Actuarial (Gain) / Loss	(31 071)	504	(30 567)	34 694
Add: Changes in Accounting Methods		4 961	4 961	
Defined Benefit Obligation including Actuarial Loss as of 31 December	**300 203**	**17 017**	**317 220**	**332 131**
Less: Plan Assets*	**(48 816)**	**(11 059)**	**(59 875)**	**(54 688)**
Net Defined Benefit Obligation including Actuarial Loss as of 31 December	**251 387**	**5 958**	**257 345**	**277 443**
Less: Unrecognized Gain/(Loss)				
Unrecognized Net (Loss) at End of Prior Year	(69 569)	(8 003)	(77 572)	(47 713)
(Loss) Arising during Current Year				
Actuarial (Loss) on Defined Benefit Obligation	31 071	(504)	30 567	(34 694)
Actuarial (Loss) on Plan Assets	163	57	220	2 690
Gain Recognized during Current Year	3 934	791	4 725	2 145
Unrecognized Actuarial (Loss) at End of Year	**(34 401)**	**(7 659)**	**(42 060)**	**(77 572)**
Unrecognized Prior Service Credit	**3 592**		**3 592**	**4 381**
Net Liability Recognized in the Statement of Financial Position as of 31 December	**220 578**	**(1 701)**	**218 877**	**204 252**

* As of 31 December 2015 the Director of the Organization approved a transfer of US$8 000 000 to the plan Assets of the Fund. The actual move of cash occurred in January 2016, thus no activity is reported as of 31 December 2015. However the actuarial report submitted by the Organization's actuaries does reflect the increase and shows Plan Assets for US $56 816 121.

12.3.5 Reconciliation of Plan Assets

	After-Service Health Insurance Fund	Termination and Repatriation Entitlements Fund	Total 2015	Total 2014
Plan Assets as of 1 January	44 038	10 650	54 688	48 176
Benefits Paid	(9 988)	(3 281)	(13 269)	(13 194)
Contributions by Plan Participants	1 767		1 767	1 864
Contributions by the Employer	6 890	3 281	10 171	7 923
PAHO/WHO SHI Fund Contribution	4 463		4 463	5 168
Expected Return on Assets	1 483	351	1 834	2 061
Actuarial Gain / (Loss) - on Plan assets	163	58	221	2 690
Plan Assets as of 31 December	**48 816**	**11 059**	**59 875**	**54 688**
Made up of:				
Long Term Investments - Fixed Income Notes (Note 4.2)	48 238	10 923	59 161	50 862
Cash and Cash Equivalents (Note 3)	578	136	714	3 826
Plan Assets as of 31 December *	**48 816**	**11 059**	**59 875**	**54 688**

* As of 31 December 2015 the Director of the Organization approved a transfer of US$8 000 000 to the plan Assets of the Fund. The actual move of cash occurred in January 2016, thus no activity is reported as of 31 December 2015. However the actuarial report submitted by the Organization's actuaries does reflect the increase and shows Plan Assets for US $56 816 121.

12.3.6 Sources of Change in Past Service Liability since Prior Valuation

	After-Service Health Insurance Fund	Termination and Repatriation Entitlements Fund	Total 2015	Total 2014
Value as of 31 December Previous Year	318 823	13 309	332 132	286 494
Value as of 31 December Current Year	300 203	17 017	317 220	332 132
Change	**(18 620)**	**3 708**	**(14 912)**	45 638
Sources of Change:				
Expected Change	12 450	(1 757)	10 693	10 944
Benefit Payments Different Than Expected during Current Year	(1 419)	394	(1 025)	
Miscellaneous Demographic Experience				473
Miscellaneous Demographic Experience (Incl. Fx Changes)	706	(152)	554	
Rehires/Transfers in during Year	275	486	761	445
Claims and Administrative Expense Experience				(13 130)
*Changes in Discount Rates (Prior year over current year)	(14 595)	(224)	(14 819)	41 974
Change in TAREP Assumptions				1 903
Change in UNJSPF Assumptions				3 029
Updated Claims and Trend Assumptions	(16 037)		(16 037)	
Transfer of AMRO's TAREP Liability to PAHO		4 961	4 961	
Total Change in Valuation	**(18 620)**	**3 708**	**(14 912)**	45 638

*Increase in discount rate from 4.2% to 4.5% for After Service Health Insurance and 3.2% to 3.5% for Termination and Repatriation Entitlements

12.3.7 After-Service Medical Plan - Sensitivity Analysis

Three of the principal assumptions in the valuation of the After-Service Medical Plan are: 1) the rate at which medical costs are expected to decrease 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%
2015 Service Cost plus Interest Cost	17 053	20 673	25 400
Defined Benefit Obligation as of 31 December 2015	259 679	300 203	350 530

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

	Current Discount Rate Assumption Minus 1%: 3.5%	Current Discount Rate Assumption: 4.5%	Current Discount Rate Assumption Plus 1%: 5.5%
Defined Benefit Obligation as of 31 December 2015	353 351	300 203	258 398

*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 2015		31 December 2014	
Settlement of Benefits		3 281		2 210
After- Service Health Insurance				
Administrative Expenses paid by the Organization	224		223	
SHI Fund Contribution	4 463		5 168	
Contribution to PAHO's ASHI Fund paid by the Organization	3 534	8 221	3 728	9 119
Total		**11 502**		11 329

12.4 United Nations Joint Staff Pension Fund

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

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

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

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

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

During 2015, contributions paid to the UNJSPF amounted to $16 107 684 (2014: $16 332 644) by the Organization and $8 053 842 (2014: $8 169 166) by the participants. There were no pension restoration payments processed during 2015 (2014: $2 843).

13. Deferred Revenue

13.1 Deferred Revenue – Current

	31 December 2015	31 December 2014
Voluntary Contributions		
Voluntary Contributions - Emergency Preparedness and Disaster Relief	1 645	611
Voluntary Contributions	29 517	19 302
National Voluntary Contributions	210 030	369 666
Procurement of Public Health Supplies		
Revolving Fund for Vaccine Procurement	159 271	158 411
Regional Revolving Fund for Strategic Public Health Supplies	47 581	44 374
Reimbursable Procurement	5 301	8 298
Total	**453 345**	**600 662**

13.2 Deferred Revenue – Non-Current

	31 December 2015	31 December 2014
Voluntary Contributions		
Voluntary Contributions	36 076	24 566
National Voluntary Contributions	103 313	149 657
Total	**139 389**	**174 223**

14. Fund Balances and Reserves

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

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

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

Summary of Fund Balances and Reserves

	Balance as of 31 December 2015		Balance as of 31 December 2014	
Fund Balances:				
Strategic Public Health Supplies-Capitalization	10 518		7 581	
PAHO After-Service Health Insurance	(220 578)		(209 597)	
Voluntary Contributions	46		49	
Income from Services	4 650		4 290	
Provision for Staff Entitlements	1 612		532	
Revolving Fund for Vaccine Procurement	147 404		131 963	
PAHO Regular Budget	112 088		125 341	
Provision for Termination and Repatriation Entitlements	5 703		1 963	
PAHO Post Occupancy Charge	12 437		6 533	
Expanded Textbook and Instructional Materials Program	15 377	**89 257**	15 438	**84 093**
Reserves:				
Working Capital Fund	20 745		19 174	
Holding Account			132	
Tax Equalization Fund	3 921		1 554	
Master Capital Investment Fund	16 912		8 551	
Special Fund for Program Support	78 859		70 862	
Voluntary Contributions - Emergency Preparedness and Disaster Relief	2 629		2 709	
Governing Bodies Authorized Fund	(524)		9 152	
Special Fund for Health Promotion	1 000		1 189	
Budgetary Surplus Fund	132		773	
Epidemic Emergency Fund	1 875		465	
Food Safety Five-Years Plan Fund	206		326	
PMIS Funding PAHO IPSAS Surplus Fund	6 729		9 539	
Revenue Surplus Fund	7 864		5 090	
IPSAS Surplus Fund		**140 348**	2 282	**131 798**
Total		**229 605**		**215 891**

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. The 53rd Directing Council, per Resolution CD53.R10 dated 2 October 2014, approved an increase in the authorized level from $20 000 000 to $25 000 000.

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

	Total as of 31 December 2015	**Total as of 31 December 2014**	**Total as of 31 December Biennium 2014-2015**	**Total as of 31 December Biennium 2012-2013**
Balance as of 1 January - Biennium		15 864	15 864	15 360
2014 Surplus / (Deficit)	9 743		9 743	
2015 Surplus / (Deficit)	(9 238)		(9 238)	
2014-2015 Surplus / (Deficit)	**505**		**505**	**(2 090)**
2014 Non Budgetary Items *	1 300		1 300	
2015 Non Budgetary Items *	6 714		6 714	
2014-2015 Non budgetary items *	**8 014**		**8 014**	**2 931**
2014 Transfer to Revenue Surplus Fund	(3 722)		(3 722)	
2015 Transfer to Revenue Surplus Fund	(4 052)		(4 052)	
2014-2015 Transfer to Revenue Surplus Fund	**(7 774)**		**(7 774)**	
Regular Budget Appropriation Surplus/(Deficit)	**745**		**745**	**841**
Prior year Adjustments				(364)
WHO De-recognition of prior year Expenses				(275)
Transfers of Fund Balances from CEC and CFNI				300
Transfers of Fund Balances from Income from Services Subfunds				2
2015 Repayment of 2014 Loan to the Master Capital Investment Fund	826	(826)		
Repayment of the Loan from the Revolving Fund for Vaccine Procurement		4 136	4 136	
Balance as of 31 December	**1 571**	**19 174**	**20 745**	**15 864**

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

14.2 Holding Account

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

14.3 Tax Equalization Fund

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

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

Member States	Balance 1 January 2015	Credits from the Tax Equalization Fund	Apportionment to Member States	Available to Cover Tax Reimbursements to Staff	Taxes Reimbursed to Staff	Balance 31 December 2015
Canada	47	1 092	1 002	90	28	109
Colombia	16	96	96			16
United States	1 507	5 421	(3 879)	9 300	6 988	3 819
Venezuela	(16)	199	169	30	37	(23)
Other		2 312	2 312			
Total	**1 554**	**9 120**	**(300)**	**9 420**	**7 053**	**3 921**

There is 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 Budgetary Surplus

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

14.14 Revenue Surplus

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

15. Revenue

	2015		2014	
	Gross Revenue	Net Revenue	Gross Revenue	Net Revenue
Revenue from Non-Exchange Transactions				
Assessed Contributions				
PAHO Regular Budget	96 200	96 200	96 200	96 200
Tax Equalization Fund	9 420	9 420	9 420	9 420
Subtotal	**105 620**	**105 620**	**105 620**	**105 620**
Voluntary Contributions				
Voluntary Contributions	36 152	33 158	41 510	37 860
Voluntary Contributions - National Voluntary Contributions	582 682	554 737	833 086	793 311
Voluntary Contributions - Emergency Preparedness and Disaster Relief	1 143	1 060	3 177	2 972
Special Fund for Program Support	31 022	31 022	43 630	43 630
Subtotal	**650 999**	**619 977**	**921 403**	**877 773**
Other Revenue				
AMRO Regular Budget	52 986	52 986	30 629	30 629
AMRO Voluntary Funds for Health Promotion	27 083	26 689	22 416	22 416
Epedemic Emergency Fund	580	580		
AMRO Special Account for Servicing Costs	5 756	5 756	3 722	3 722
AMRO Contribution for Renovation of Assets	203		500	500
Staff Development and Learning Fund	338	338	86	86
AMRO Post Occupancy Charges	3 180		413	
Subtotal	**90 126**	**86 349**	**57 766**	**57 353**
Revenue from Exchange Transactions				
Procurement of Public Health Supplies				
Revolving Fund for Vaccine Procurement	567 744	561 155	602 844	596 214
Reimbursable Procurement on Behalf of Member States	6 208	5 971	12 391	11 968
Regional Revolving Fund for Strategic Public Health Supplies	72 267	71 461	61 139	60 618
Special Fund for Program Support	7 632	7 632	7 574	7 574
Subtotal	**653 851**	**646 219**	**683 948**	**676 374**
Other Revenue				
PAHO Regular Budget	164	164	668	(332)
Voluntary Contributions			1	1
Income for Services	3 705	3 262	4 549	4 264
Special Fund for Program Support	59	59	45	45
Expanded Textbook and Instructional Materials Program	5 862	5 862	5 729	5 729
Health Promotion	13	13	15	15
Provision for Termination and Repatriation Entitlements	5 439		2 686	
Provisons for Staff Entitlements	4 032		4 240	
PAHO Post Occupancy Charge	7 357		4 086	
After Service Health Insurance	3 132		1 762	
Master Capital Investment Fund	1 357	1 286	1 066	1 038
AMRO Terminal Payments Account	314		421	
AMRO Non-Payroll Statutory Entitlements	1 055		1 050	
Subtotal	**32 489**	**10 646**	**26 318**	**10 760**
Miscellaneous Revenue				
PAHO Regular Budget				
Interest Earned	8 125	8 125	7 536	7 536
Saving on or cancellation of prior periods' obligations			281	281
Valuation Gains and Losses	(636)	(636)	(751)	(751)
Investment Management Fees	(519)	(519)	(521)	(521)
Other Miscellaneous	82	82	177	177
Special Fund for Program Support	(15 838)	(15 838)	(7 489)	(7 489)
Expanded Textbook and Instructional Materials Program	76	76	70	70
Voluntary Contributions	1	1		
Voluntary Contributions - Emergency Preparedness and Disaster Relief	(80)	(80)		
Subtotal	**(8 789)**	**(8 789)**	**(697)**	**(697)**
TOTAL REVENUE	**1 524 296**	**1 460 022**	**1 794 358**	**1 727 183**

16. Expenses

		2015		2014	
		Gross Expenses	Net Expenses	Gross Expenses	Net Expenses
Staff and Other Personnel Costs					
International and National Staff		183 219	161 486	163 614	149 369
Consultants		19 290	19 290	16 117	16 117
Temporary Staff		4 770	4 770	4 167	4 167
	Subtotal	**207 279**	**185 546**	**183 898**	**169 653**
Supplies, Commodities, Materials					
Vaccines / Syringes / Cold Chain		607 208	600 619	635 834	629 204
Medications and Medical Supplies		23 725	23 488	24 654	24 231
Other Goods and Supplies		22 108	20 683	19 920	19 399
	Subtotal	**653 041**	**644 790**	**680 408**	**672 834**
Equipment, Vehicles, Furniture, Intangible Assets, Depreciation and Amortization					
Equipment, Vehicles, Furniture [/2]		(503)	(574)	(2 176)	(3 204)
Intangible Assets [/2]					
Depreciation / Amortization		7 646	7 646	2 778	2 778
	Subtotal	**7 143**	**7 072**	**602**	**(426)**
Contract Services					
Contracts		74 892	72 136	86 879	86 368
	Subtotal	**74 892**	**72 136**	**86 879**	**86 368**
Travel					
Duty Travel		9 197	8 804	7 064	6 877
Courses and Seminars		59 163	59 163	109 928	109 928
	Subtotal	**68 360**	**67 967**	**116 992**	**116 805**
Transfers and Grants to Counterparts					
Letters of Agreements		480 879	480 879	647 020	647 020
	Subtotal	**480 879**	**480 879**	**647 020**	**647 020**
General Operating and Other Direct Costs/[1]					
Maintenance, Security and Insurance		10 526	10 478	11 201	11 201
	Subtotal	**10 526**	**10 478**	**11 201**	**11 201**
Indirect Support Costs					
Program Support Costs		31 022		43 630	
	Subtotal	**31 022**		**43 630**	
Total Expenses		**1 533 142**	**1 468 868**	**1 770 630**	**1 703 455**

Note/[1] General Operating Expense and Other Direct Costs Include Lease Payments for $2 215 405. (2014: $2 208 645).

Note[/2] The balance includes the capitalization of assets in the Statement of Financial Position.

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 2015 is presented below:

(Expressed in thousand US Dollars)

	31 December 2015			31 December 2014		
	Operating	Investing and Financing	Total	Operating	Investing and Financing	Total
Actual amount on comparable basis from Statement of Budget and Actual Amounts	(270 741)		(270 741)	(225 914)		(225 914)
Basis Differences						
Timing Differences						
Presentation Differences	1 444 003	54 823	1 498 826	1 901 777	(147 014)	1 754 763
Entity Differences	(1 223 527)		(1 223 527)	(1 556 883)		(1 556 883)
Actual amount in the Statement of Cash Flow	**(50 265)**	**54 823**	**4 558**	**118 980**	**(147 014)**	**(28 034)**

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.

Page Intentionally Left Blank

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	142 241			
Short Term Investments	256 843			
Owed From Other Segments *		155 608	443 807	106 211
Accounts Receivable	135 134	177 429	102 909	(57 180)
Inventories	909		7 730	
Total Current Assets	535 127	333 037	554 446	49 031
Non-Current Assets				
LongTerm Investments	223 054			
Accounts Receivable		58 600		5 013
Net Fixed Assets	107 971			2 064
Intangible Assets	877		86	61
Total Non-Current Assets	331 902	58 600	86	7 138
TOTAL ASSETS	**867 029**	**391 637**	**554 532**	**56 169**
LIABILITIES				
Current Liabilities				
Accrued Liabilities	4 370	3 710	81 411	4 191
Owed To Other Segments *	705 626			
Accounts Payable	8 932	2 796	4 160	145
Employee Benefits				13 053
Deferred Revenue		241 192	212 153	
Total Current Liabilities	718 928	247 698	297 724	17 389
Non-Current Liabilities				
Accounts Payable	7 796			
Employee Benefits				210 838
Deferred Revenue		139 389		
Total Non-Current Liabilities	7 796	139 389		210 838
TOTAL LIABILITIES	**726 724**	**387 087**	**297 724**	**228 227**
NET ASSETS / EQUITY				
Fund Balances and Reserves				
Fund Balances	112 088	46	177 949	(200 826)
Reserves	28 217	4 504	78 859	28 768
NET FUND BALANCES and RESERVES	**140 305**	**4 550**	**256 808**	**(172 058)**

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

Statement of Financial Position by Segments

Intra-Party Segment	**Total 2015**	Total 2014
	142 241	137 683
	256 843	268 202
(705 626)		
	358 292	412 938
	8 639	7 868
(705 626)	766 015	826 691
	223 054	267 753
	63 613	52 985
	110 035	120 250
	1 024	1 728
	397 726	442 716
(705 626)	**1 163 741**	**1 269 407**
	93 682	42 681
(705 626)		
	16 033	9 259
	13 053	11 616
	453 345	600 662
(705 626)	576 113	664 218
	7 796	15 089
	210 838	199 986
	139 389	174 223
	358 023	389 298
(705 626)	**934 136**	**1 053 516**
	89 257	84 093
	140 348	131 798
	229 605	**215 891**

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		619 977	31 022
Other Revenue	52 986	27 663 *	5 756
Revenue from Exchange Transactions			
Procurement of Public Health Supplies			653 851
Other Revenue	164		9 626
Miscellaneous Revenue	7 052	(79)	(15 762)
TOTAL REVENUE	**156 402**	**647 561**	**684 493**
EXPENSES			
Staff and Other Personnel Costs	117 268	29 644	14 737
Supplies, Commodities, Materials	7 887	10 487	633 986
Equipment, Vehicles, Furniture, Intangible Assets, Depreciation and Amortization	7 042		86
Contract Services	19 165	42 566	6 465
Travel	11 869	54 073	1 461
Transfers and Grants to Counterparts	3 031	477 626	222
General Operating and Other Direct Costs	5 884	1 815	1 863
Indirect Support Costs		31 022	
TOTAL EXPENSES	**172 146**	**647 233**	**658 820**
NET SURPLUS/ (DEFICIT)	**(15 744)**	**328**	**25 673**

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

Statement of Financial Performance by Segments

Total Special Activities Segment	Intra-Party Segment	Total 2015	Total 2014
9 420		105 620	105 620
	(31 022)	619 977	877 773
3 721	(3 777)	86 349	57 353
	(7 632)	646 219	676 374
22 699	(21 843)	10 646	10 760
		(8 789)	(697)
35 840	**(64 274)**	**1 460 022**	**1 727 183**
45 630	(21 733)	185 546	169 653
681	(8 251)	644 790	672 834
15	(71)	7 072	(426)
6 696	(2 756)	72 136	86 368
957	(393)	67 967	116 805
		480 879	647 020
964	(48)	10 478	11 201
	(31 022)		
54 943	**(64 274)**	**1 468 868**	1 703 455
(19 103)		**(8 846)**	23 728

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

In 2015, a total of $13 413 was recorded as Losses/Damage of the PALTEX program as a result of physical inventory counts during annual visit to the points of distributions. (2014: $2 600)

In 2015, a total of $3 974 was recorded as administrative waivers for courses and seminars implemented by the governments for which supporting documentation was not provided. (2014: $59 554)

In 2015, a total of $987 906 was recorded as administrative waivers for letters of agreement implemented by the governments for which supporting documentation was not provided. (2014: none)

In 2015, a total of $94 872 was written off as uncollectable debts from staff, former staff and retirees of the Organization. (2014: none)

In 2015, a total of $22,342 was recorded as Ex-Gratia Payments. (2014 – None)

20. Cases of Fraud and Presumptive Fraud

In 2015, a total of 24 cases of fraud, theft and loss of property were reported. The PALTEX program had two cases involving the loss or theft of textbooks totaling $56 598. This amount was recovered in full from the point of sales locations in question. There were 20 cases involving the loss or theft of PAHO property from PAHO personnel in the country offices and Headquarters. The total net loss to the Organization of this lost or stolen property was $14 739.

Finally, there were two cases involving the misuse of PAHO purchasing or travel credit cards committed by people outside the Organization. In these two cases, the fraudulent charges, amounting to $5 700, were reimbursed by the financial institutions concerned.

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	**2015**	**2014**
Number of Positions	4	4
Compensation and Post Adjustment	772	756
Entitlements	283	444
Pension and Health Plans	242	271
Total Remuneration	**1 297**	**1 471**
Outstanding Advances against Entitlements	**-**	**-**

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 2015, the Organization had not recognized any provisions.

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

The de-recognition of the Staff Health Insurance (SHI) liability to Reserves was the result of a 4% increase in first-tier rates of contribution to the SHI Fund during 2015, resulting in a reduction in the regional deficit for active staff. The regional deficit is covered by second-tier contributions (30% of the first tier rate) from active staff, in accordance with paragraph 395 of the WHO Staff Health Insurance Rules. The excess of second-tier contributions over the amount required to fund the regional deficit is reflected in the increase of the SHI reserve balance. The total de-recognition for 2015 was $1 721 393 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				
Brazil					
Chile	X	X			
Colombia					
Costa Rica	X	X	X		
Cuba	X				
Dominican Republic	X	X			
Ecuador	X				
El Salvador	X				
Guatemala	X				
Guyana	X	X	X		
Haiti	X				
Honduras	X				
Jamaica	X				
Mexico	X				
Nicaragua	X	X	X		
Panama	X	X	X		
Paraguay	X				
Peru					
Suriname	X	X	X		
Trinidad and Tobago	X	X	X		
Uruguay	X		X		
Venezuela	X				
PANAFTOSA	X	X	X	X	X
BIREME	X	X	X		
CLAP	X	X	X		