# PAN AMERICAN HEALTH ORGANIZATION

**Letter of Transmittal**

**In accordance with the provisions of Regulation XIII of the Financial Regulations, I have the honor to submit the Financial Report of the Pan American Health Organization for the financial period 1 January 2010 to 31 December 2010.**

**Mirta Roses Periago**

**Director**

**Pan American Health Organization**

## Certification of Financial Statements

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

| | |
|---|---|
| Sharon G. Frahler | Mirta Roses Periago |
| Manager | Director |
| Area of Financial Resources Management | Pan American Health Organization |

**8 April 2011**

# Statement on Internal Control

## Scope of Responsibility

As the Director of the Pan American Health Organization (PAHO), I have responsibility for maintaining a sound system of internal control that supports the achievement of PAHO's mandate and objectives while safeguarding the funds and assets administered by PAHO, for which I am responsible, in accordance with the responsibilities entrusted to me in the PAHO Constitution, by the Governing Bodies and in the Financial Regulations of the Organization.

Accountability is an integral component of PAHO's Results Based Management (RBM) framework and, as such, empowers managers to take the necessary steps to achieve their expected results, while requiring the exercise of due diligence in actions and decisions, and compliance with applicable regulations and rules. Delegation of Authority is a prerequisite for the successful implementation of RBM. Good governance is enabled by the appropriate delegation of authority and, as Director, I have approved a Delegation of Authority framework that delineates clear lines of authority over all available resources, both human and financial, and includes the responsibility and accountability of personnel across the Organization.

Accountability at PAHO carries with it the obligation to report on the discharge of one's delegated responsibilities through established mechanisms, including the annual certification of financial information and the evaluation of the status of implementation of the biennial workplan.

## The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve expected results and strategic objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritize the risks to the achievement of the Organization's mandate and objectives, to evaluate the likelihood of those risks being realized and the impact should they be realized, and to manage them efficiently, effectively, and economically. The system of internal control has been in place at PAHO for the financial reporting period 1 January 2010 through 31 December 2010, and up to the date of the approval of the Financial Report of the Director.

The foundation for the system of internal control at PAHO lies in the Constitution of the Pan American Health Organization and the Financial Regulations. From this, the Organization has developed and employed additional tools to further inform and guide the control framework, such as the Country Cooperation Strategy (CCS), Personnel Rules, the E-Manual and the Manual for Country Office Operations, Personnel Performance and Evaluation System (PPES), Performance Monitoring and Assessment (PMA), and the Financial Accountability Framework.

## Capacity to Handle Risk

As the Director of PAHO, I have created a system of core and cross-functional teams which have overall responsibility for identifying and assessing risks associated with the implementation of the Program of Work and the overall operations of the Organization. Core teams include the Office of Internal Oversight and Evaluation Services, the Ethics Office, the Office of Legal Counsel, the Area of Planning, Budget and Resource Coordination, the Area of Human Resources Management, and the Area of Financial Resources Management. These core teams are responsible for establishing the control environment, and providing the discipline and structure for the achievement of the primary objectives of the system of internal control.

Some examples of key cross-functional teams include the Integrity and Conflict Management System (ICMS), the Asset Protection and Loss Prevention Committee (APLPC), the Investment Committee, the Disaster Task Force, and the Epidemic Alert and Response Task Force

## Risk and Control Framework

The risk and control framework is developed and implemented by the Governing Bodies and the Pan American Sanitary Bureau (PASB), the Secretariat of the Organization. These organs, as stipulated in Article 3 of the Constitution of PAHO, determine the Organization's general policies, including financial policy, and review and approve the multi-year strategy and biennial program and budget of the Organization.

The Secretariat provides regular reporting to the Governing Bodies on the financial and budgetary status of the Organization, including an annual report by the External Auditors of PAHO. Furthermore, the Office of Internal Oversight and Evaluation issues an annual report of its activities, with a status of outstanding audit recommendations. The Auditor General also provides the Director with an overall opinion on PAHO's internal control environment.

The Areas of Financial Resources Management and Planning, Budget and Resource Coordination submit monthly reports to Executive Management covering the Organization's current financial position, the likelihood that financial and budgetary plans will be achieved, and the risks attached. These reports are discussed in detail in order that the members of Executive Management have appropriate and comprehensive information necessary to the decision-making process.

A fully functional Enterprise Risk Management (ERM) system is critical to control the pace and manner of change in the Organization resulting from the adoption of new technology, the expansion of technical cooperation requirements of Member States, the growth in resources under administration, and adapting to UN transformation.

The Director of Administration has initiated the development of a conceptual framework to implement an Enterprise Risk Management program for PAHO. While this framework is still in development, it is based upon the ISO 31000, *Risk Management Principles and Guidelines.* The objective of the framework is not simply the completion of a Risk Register, but to be able to apply the principles of risk management throughout the Organization, and to a wide range of activities, including strategies and decisions, operations, processes, functions, projects, products, services and assets.

## Review of Effectiveness

As the Director of the Pan American Health Organization, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the Office of Internal Oversight and Evaluation, by the senior managers within the Organization who have responsibility for the development and maintenance of the internal control framework, and by the comments made by the External Auditors in their management letters and audit reports. I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Auditor General and the Audit Committee. A plan to address identified weaknesses and ensure continuous improvement of the system is in place.

The Auditor General of the Office of Internal Oversight and Evaluation Services (IES) reports directly to me. IES undertakes independent and objective assurance and advisory activities, which are designed to improve and add value to the Organization's operations. Using a systematic, risk-based approach, IES seeks to assist the Organization to achieve its objectives by auditing and evaluating the effectiveness and efficiency of organizational governance, internal controls, operations, and processes. IES undertakes internal audit and evaluation assignments, for which very precise objectives are established through an assessment of the relevant risks. On the conclusion of an oversight assignment, IES prepares a detailed report addressed to me, and copied to concerned individuals in the Secretariat. The assignment reports include findings and recommendations to help management address risks; maintain or enhance internal controls; and encourage effective governance. IES systematically follows up on all the recommendations it makes.

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

The PAHO Audit Committee, which was established pursuant to Resolution CD49.R2, serves in an independent expert advisory capacity to assist the Director and PAHO's Member States. It provides independent assessment and advice on the operation of the Organization's financial control and reporting structures, risk management processes, and the adequacy of the Organization's systems of internal and external controls. The Audit Committee meets twice each year, and met for the first time in November 2010.

The system of internal control has been in place for the year ending 31 December 2010 and up to the date of the approval of the Financial Report of the Director. However, with the significant growth in the Organization, a number of weaknesses in the system of internal control were identified that have necessitated additional work to be undertaken in order that adequate internal control assurances could be provided.

| **Significant Internal Control Issues** | **Action Taken to Address Issue** |
|---|---|
| 1. **Corporate Financial Systems** -<br>The implementation of International Public Sector Accounting Standards (IPSAS) has further highlighted the weaknesses in the collection of legacy systems, which required significant modification and manual "work arounds" to meet the requirements of accrual accounting, asset capitalization and depreciation, and annual financial reporting. Furthermore, the systems cannot easily provide the range of management reporting required of a dynamic and growing Organization. | The PAHO Management Information System (PMIS) team is in the process of completing the final evaluation of ERP solutions. The Organization anticipates rolling out the first modules in 2014. |
| 2. **Project Implementation** -<br>Effective implementation of the Program Budget is critical to the reputation and sustained growth of the Organization. The balance of Voluntary Contributions commitments that remain unimplemented, as well as the funds returned to donors, has continued to be a concern. A balance of project acceptance and design, rational business practices, policies and procedures, and absorptive capacity of beneficiaries is required to reach optimal project implementation goals. | Above and beyond the systematic, coordinated review of project proposals, the Area of Planning, Budget and Resource Coordination collaborates with implementing entities to improve project planning development and implementation. In addition, the Organization strengthened existing tools for collaboration, with a view toward improving project outcomes and reaching outside the Organization to expand capacity for technical cooperation. The Area of Financial Resources Management issues the Project Implementation Review report periodically which illustrates the financial implementation status for those agreements that will be expiring in the short-term. This provides the project managers with the opportunity to negotiate with the donors should an extension or reprogramming be required. |

| | |
|---|---|
| 3. **Succession Planning** - The imminent retirement of a significant proportion of senior managers has the potential to result in a loss of institutional knowledge. | The Organization is actively engaged in succession planning through the Human Resources Management biennial HR Plan for each PAHO entity, which requires the managers to plan for retirements and other staffing requirements. Furthermore, all senior managers are required to submit an "end of mission" report prior to changing roles, transferring to another United Nations organization, or retiring. |
| 4. **Emergency Response** PAHO, as the preeminent health agency in the Region of the Americas, must take a leadership role in addressing emergencies. The impact and severity of recent emergencies in the Region, including the H1N1 crisis and the disaster in Haiti, have highlighted the need to have a strong, centralized team of specialists to analyze and coordinate response requirements and information. | PAHO instituted the Emergency Operations Center (EOC), which functions as a centralized location through which organizational coordination and control of health-related response activities by PAHO's Disaster Task Force and the Epidemic Alert and Response Task Force (EARTF) during emergencies and disasters in the Region can be accomplished. In order to meet the longer-term needs of the EOC, plans have been made to establish a permanent state-of-the-art "situation room" that will have the technology required to address the dynamic situations faced by the EOC. |
| 5. **Technical Competencies of Staff** - The introduction of best practices in financial accounting and reporting has emphasized the need for strengthening the technical competencies of staff both at headquarters and the country offices to ensure the accurate recording of financial transactions in a decentralized environment. | The Financial Accountability Framework as implemented by the Area of Financial Resources Management monitors the basic controls in the country offices to ensure compliance with Financial Regulations and financial policies. The risk-based planning approach employed by the Office of Internal Oversight and Evaluation Services also provides feedback regarding the operations of the various offices. The Area of Financial Resources Management compiles a list of all audit findings and recommendations, external and internal, to assist the country offices in improving their operations. Training in IPSAS and other financial accounting and reporting topics have been provided to all staff in the Organization, including an IPSAS-specific exam which was completed by 1,200 staff members. Additional topic-specific training (e.g. accrual accounting) is planned for the country office staff in 2012. |

8-IV-2011

**Mirta Roses Periago**

**Director**

**Pan American Health Organization**

# Opinion of the External Auditor

## INDEPENDENT AUDITOR’S OPINION AND REPORT TO THE DIRECTING COUNCIL

I have audited the consolidated financial statements of the Pan American Health Organization for the year ended 31 December 2010. These comprise the Consolidated Statement of Financial Position, Consolidated Statement of Financial Performance, Consolidated Statement of Changes in Net Assets, Consolidated Statement of Cash Flow, Statement of Comparison of Budget and Actual Amounts and the related notes. These consolidated financial statements have been prepared under the accounting policies set out within them.

### Director’s Responsibility for the Consolidated Financial Statements

The Director is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Public Sector Accounting Standards and the requirements of the Financial Regulations as authorised by the Pan American Sanitary Conference or the Directing Council. The Director is also responsible for such internal control as she determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor’s Responsibility

My responsibility is to express an opinion on the consolidated financial statements based on my audit in accordance with Article XIV of the Financial Regulations. I conducted my audit in accordance with International Standards on Auditing issued by the International Auditing and Assurance Standards Board. Those standards require me and my staff to comply with ethical requirements and to plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the Pan American Health Organization’s preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Director, as well as the overall presentation of the financial statements.

In addition, I am required to obtain evidence sufficient to give reasonable assurance that the revenue and expenditure reported in the consolidated financial statements have been applied to the purposes intended by the Pan American Sanitary Conference or the Directing Council and the financial transactions are in accordance with the Financial Regulations and legislative authorities that govern them.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

**Opinion on financial statements**

In my opinion:

- the consolidated financial statements present fairly, in all material respects, the financial position of the Pan American Health Organization as at 31 December 2010 and the results for the year then ended;
- the consolidated financial statements have been properly prepared in accordance with International Public Sector Accounting Standards and the Financial Regulations which govern them and the stated accounting policies; and
- the accounting policies have been applied on a basis consistent with that of the preceding financial period except where disclosed in the financial statements.

**Opinion on Regularity**

In my opinion, in all material respects, the revenue and expenditure have been applied to the purposes intended by the Pan American Sanitary Conference or the Directing Council and the financial transactions conform to the Financial Regulations and legislative authorities that govern them.

**Matters on which I report by exception**

I have nothing to report in respect of the following:

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

- proper accounting records have not been kept by the Pan American Health Organization; or
- I have not received all of the information and explanations I require for my audit; or
- the information given in the Director's Comments for the financial year for which the financial statements are prepared is inconsistent with the financial statements; or
- The Statement on Internal Control does not fairly reflect the systems of internal control I reviewed for my audit.

**External Auditor's Report**

In accordance with Article XIV of the Financial Regulations and the Terms of Reference of the External Auditor, I have also issued an External Auditor's Report on my audit of the Pan American Health Organization's consolidated financial statements.

Amyas C E Morse

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

**National Audit Office**
**157-197 Buckingham Palace Road**
**London, SW1W 9SP**
14th **April 2011**

## Consolidated Statement of Financial Position

*(Expressed in thousand US Dollars)*

| | Reference | 31 December 2010 | Opening Balance Restated 01 January 2010 |
|---|---|---|---|
| **ASSETS** | | | |
| **Current Assets** | | | |
| Cash and Cash Equivalents | **Note 3** | 167 574 | 175 738 |
| Short Term Investments | **Note 4.1** | 175 060 | 180 000 |
| Accounts Receivable | **Note 6.1** | 171 363 | 165 096 |
| Inventories | **Note 7** | 841 | 789 |
| **Total Current Assets** | | **514 838** | **521 623** |
| **Non-Current Assets** | | | |
| Long Term Investments | **Note 4.2** | 141 815 | 123 586 |
| Accounts Receivable | **Note 6.2** | 61 606 | 64 022 |
| Property, Plant and Equipment | **Note 8.1** | 105 220 | 106 079 |
| **Total Non-Current Assets** | | **308 641** | **293 687** |
| **TOTAL ASSETS** | | **823 479** | **815 310** |
| **LIABILITIES** | | | |
| **Current Liabilities** | | | |
| Accrued Liabilities | **Note 9** | 26 551 | 36 408 |
| Accounts Payable | **Note 10.1** | 13 445 | 7 749 |
| Employee Benefits | **Note 11** | 9 321 | |
| Deferred Revenue | **Note 12.1** | 283 626 | 289 682 |
| **Total Current Liabilities** | | **332 943** | **333 839** |
| **Non-current Liabilities** | | | |
| Accounts Payable | **Note 10.2** | 18 961 | 18 961 |
| Employee Benefits | **Note 11** | 179 324 | 180 390 |
| Deferred Revenue | **Note 12.2** | 169 476 | 179 279 |
| **Total Non-Current Liabilities** | | **367 761** | **378 630** |
| **TOTAL LIABILITIES** | | **700 704** | **712 469** |
| **NET ASSETS / EQUITY** | | | |
| **Fund Balances and Reserves** | | | |
| Fund Balances | **Note 13** | 43 613 | 26 517 |
| Reserves | **Note 13** | 79 162 | 76 324 |
| **NET RESERVES & FUND BALANCES** | | **122 775** | **102 841** |

**Consolidated Statement of Financial Performance**

*(Expressed in thousand US Dollars)*

| | Reference | 31 December 2010 |
|---|---|---|
| **REVENUE** | | |
| **Revenue from Non-Exchange Transactions** | | |
| Assessed Contributions | **Note 14** | 101 351 |
| Voluntary Contributions | **Note 14** | 199 797 |
| Other Revenue | **Note 14** | 80 066 |
| **Revenue from Exchange Transactions** | | |
| Procurement of Public Health Supplies | **Note 14** | 541 150 |
| Other Revenue | **Note 14** | 5 029 |
| Miscellaneous Revenue | **Note 14** | 5 184 |
| **TOTAL REVENUE** | | **932 577** |
| **EXPENSES** | | |
| Staff and Other Personnel Costs | **Note 15** | 171 359 |
| Supplies, Commodities, Materials | **Note 15** | 571 212 |
| Equipment, Vehicles, Furniture and Depreciation | **Note 15** | 859 |
| Contract Services | **Note 15** | 84 142 |
| Travel | **Note 15** | 52 413 |
| Transfers and Grants to Counterparts | **Note 15** | 36 874 |
| General Operating and Other Direct Costs | **Note 15** | 10 404 |
| **TOTAL EXPENSES** | | **927 263** |
| **NET SURPLUS** | | **5 314** |

**Consolidated Statement of Changes in Net Assets**

*(Expressed in thousand US Dollars)*

| | Reference | 31 December 2010 |
|---|---|---|
| **Net assets at the beginning of the year** | | 507 192 |
| Change in accounting policy | **Note 24** | (404 351 ) |
| **Restated balance at the beginning of the year** | | 102 841 |
| Settlement of Employee Benefit Liability | **Note 11.3.10** | 10 150 |
| Gain/Loss on Revaluation of Investments | **Note 4.2** | 325 |
| Derecognition of Liability to Reserve | **Note 23** | 4 145 |
| **Total of items (revenue/expenses) recognized** | | 14 620 |
| Surplus/(deficit) for the Financial Period | | 5 314 |
| **Total recognized revenue and expense for the year** | | 19 934 |
| **Net assets at the end of the year** | | **122 775** |

**Consolidated Cash Flow Statement**

*(expressed in thousand US dollars)*

| | 31 December 2010 |
|---|---|
| **Cash Flows from Operating Activities:** | |
| Surplus for the period | 5 314 |
| Depreciation | 1 541 |
| (Increase) in Accounts Receivable | ( 3 851) |
| (Increase) in Inventories | ( 52) |
| (Decrease) in Accrued Liabilities | ( 9 857) |
| Increase in Accounts Payable | 5 696 |
| Increase in Employee Benefits | 18 405 |
| Increase in Other Liabilities | 4 145 |
| (Decrease) in Deferred Revenue | ( 15 859) |
| **Net Cash Flows from Operating Activities** | **5 482** |
| **Cash Flows from Investment and Financing Activities:** | |
| Decrease in Short Term Investments | 5 265 |
| (Increase) in Long Term Investments | ( 18 229) |
| (Increase) in Property, Plant and Equipment | ( 682) |
| **Net Cash Flows from Investing Activities** | **( 13 646)** |
| **Net (Decrease) in Cash and Cash Equivalents** | **( 8 164)** |
| **Cash and Cash Equivalents at the beginning of the Year** | **175 738** |
| **Cash and Cash Equivalents at the end of the Year** | **167 574** |

**Comparison of Budget and Actual Amounts**

*(Expressed in thousand US Dollars)*

## Reconciliation of Total Amounts on a Cash Basis

| Description of Appropriation Sections | 2010-2011 Budget | 2010 Disbursements | Disbursements as % of Budget Amount |
|---|---|---|---|
| Section I - To reduce the health, social and economic burden of communicable diseases | 23 302 | 14 438 | 62% |
| Section II - To combat HIV/AIDS, tuberculosis and malaria | 6 324 | 2 903 | 46% |
| Section III - To prevent and reduce disease, disability and premature death from chronic non-communicable conditions, mental disorders, violence and injuries | 11 426 | 5 120 | 45% |
| Section IV - To reduce morbidity and mortality and improve health during key stages of life, including pregnancy, childbirth, the neonatal period, childhood and adolescence, and improve sexual and reproductive health and promote active and healthy ageing for all individuals | 11 694 | 3 780 | 32% |
| Section V - To reduce the health consequences of emergencies, disasters, crises and conflicts, and minimize their social and economic impact | 3 893 | 2 062 | 53% |
| Section VI - To promote health and development, and prevent or reduce risk factors for health conditions associated with use of tobacco, alcohol, drugs and other psychoactive substances, unhealthy diets, physical inactivity, and unsafe sex, which affect health conditions | 7 611 | 2 636 | 35% |

**Comparison of Budget and Actual Amounts**

*(Expressed in thousand US Dollars)*

## Reconciliation of Total Amounts on a Cash Basis

| Description of Appropriation Sections | 2010-2011 Budget | 2010 Disbursements | Disbursements as % of Budget Amount |
|---|---|---|---|
| Section VII - To address the underlying social and economic determinants of health through policies and programs that enhance health equity and integrate pro-poor, gender-responsive, and human rights-based approaches | 8 068 | 3 240 | 40% |
| Section VIII- To promote a healthier environment, intensify primary prevention and influence public policies in all sectors so as to address the root causes of environmental threats to health | 13 399 | 5 037 | 38% |
| Section IX- To improve nutrition, food safety and food security throughout the life-course, and in support of public health and sustainable development | 12 009 | 6 210 | 52% |
| Section X- To improve the organization, management and delivery of health services | 8 111 | 3 200 | 39% |
| Section XI- To strengthen leadership, governance and the evidence base of health systems | 32 026 | 12 769 | 40% |
| Section XII - To ensure improved access, quality and use of medical products and technologies | 7 565 | 1 975 | 26% |

**Comparison of Budget and Actual Amounts**

*(Expressed in thousand US Dollars)*

## Reconciliation of Total Amounts on a Cash Basis

| Description of Appropriation Sections | 2010-2011 Budget | 2010 Disbursements | Disbursements as % of Budget Amount |
|---|---|---|---|
| Section XIII - To ensure an available, competent, responsive and productive health workforce to improve health outcomes | 9 305 | 3 633 | 39% |
| Section XIV - To extend social protection through fair, adequate and sustainable financing | 5 207 | 1 781 | 34% |
| Section XV - To provide leadership, strengthen governance and foster partnership and collaboration with Member States, the United Nations system and other stakeholders to fulfill the mandate of PAHO/WHO in advancing the global health agenda, as set out in WHO's Eleven General Programme of Work, and the Health Agenda for the Americas | 65 885 | 27 405 | 42% |
| Section XVI - To develop and sustain PAHO/WHO as a flexible, learning organization, enabling it to carry out its mandate more efficiently and effectively | 61 275 | 35 722 | 58% |
| Section XVII - Staff Assessment (Transfer to Tax Equalization Fund) | | | |
| *Effective Working Budget (parts I-XVII)* ***Subtotal*** | 287 100 | 131 911 | 46% |
| Other Sources | 355 851 | 208 850 | 59% |
| **Total (Note 16)** | 642 951 | 340 761 | 53% |

The 2010-2011 Budget amount reflects the funding appropriated by the Governing Bodies for the Organization's Strategic Plan during the entire 2010-2011 biennium. The 2010 Disbursements amount reflects the disbursements made in achieving the Organization's Strategic Plan in 2010, the first year of the 2010-2011 biennium.

# Notes to the Financial Statements at 31 December 2010

## 1. Mission of the Pan American Health Organization

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

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

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

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

## 2. Accounting Policies

### 2.1 Basis of Preparation

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

The financial statements of the Organization were authorized for issue by the Director of the Organization on 15 April 2011, under the authority vested in her by the Pan American Sanitary Conference as stated in the Resolution CSP26.R6 in September 2002. No other authority has the power to amend the financial statements after issuance.

The Organization previously prepared its financial statements on the modified cash basis under the United Nations' System Accounting Standards (UNSAS). Based on the decision to change to accrual accounting under IPSAS, amendments to the Financial Regulations and Rules were made and adopted by the Directing Council at its 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 reflects the change from a modified cash basis of accounting to an accrual basis of accounting. The accounting period is 1 January through 31 December.

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

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

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<br>• Cash and Cash Equivalents – Note 3 | |
| 5 | Borrowing Costs | | Not applicable – The Organization does not borrow funds. |
| 6 | Consolidated and Separate Financial Statements | • Accounting Policy - Note 2.22<br>• Consolidated Entities – Note 22 | |
| 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<br>• 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<br>• Accounting Policy - Note 2.7<br>• Inventories – Note 7 | |
| 13 | Leases | • Statement of Financial Position<br>• Accounting Policies – 2.9<br>• Expenses – Note 15 | |
| 14 | Events After the Reporting Date | • Events After the Reporting Date –Note 21 | |
| 15 | Financial Instruments: Disclosure and Presentation | • Accounting Policy - Note 2.3<br>• Financial Instruments – Note 5<br>(interpreted in conjunction with IAS 39) | |
| 16 | Investment Property | | Not applicable – The Organization does not have investment property to report |

| IPSAS | | Financial statement or Note where the Standard was Implemented | Reason for not being implemented |
|---|---|---|---|
| **No.** | **Title** | | |
| 17 | Property, Plant and Equipment | • Accounting Policy – Note 2.8<br>• Property Plant and Equipment – Note 8 | |
| 18 | Segment Reporting | • Accounting Policy – Note 2.19<br>• Segment Reporting – Note 17 | |
| 19 | Provisions, Contingent Liabilities and Contingent Assets | • Accounting Policy - Note 2.15 and Note 2.16 | |
| 20 | Related Party Disclosures | • Related Parties - Note 20 | |
| 21 | Impairment of Non-Cash Generating Assets | • Accounts Receivable – Note 6<br>• Inventories – Note 7<br>• 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<br>• Accounting Policy – Note 2.17<br>• Revenue – Note 14<br>• Segment Reporting – Note 17 | |
| 24 | Presentation of Budget Information in Financial Statements | • Comparison of Budget and Actual Amounts<br>• Accounting Policy – Note 2.20 | |
| 25 | Employee Benefits | • Accounting Policy – Note 2.14<br>• Employee Benefits – Note 11 | |
| 26 | Impairment of Cash-Generating Assets | | Not applicable – The Organization does not have any cash generating assets |
| 27 | Agriculture | | Not applicable - The Organization is not currently involved in agricultural activities |
| 28 | Financial Instruments: Presentation | | The effective date of this standard is 1 January 2013 |
| 29 | Financial Instruments: Recognition and Measurement | | The effective date of this standard is 1 January 2013 |
| 30 | Financial Instruments: Disclosures | | The effective date of this standard is 1 January 2013 |
| 31 | Intangible Assets | • Accounting Policy – Note 2.10 | |

## Transitional Provisions

| Number | IPSAS | Adoption |
|---|---|---|
| 1 | Presentation of Financial Statements | In accordance with transitional provisions from IPSAS 1, the Organization's financial statements and its respective Notes do not disclose comparative information from the previous financial period. |
| 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 kept in US Dollars. |
| 5 | Borrowing Costs | Not applicable – The Organization does not borrow funds. |
| 6 | Consolidated and Separate Financial Statements | According to IPSAS 6, paragraph 28, the Organization exercises the power to govern the financial and operating policies of the consolidated centers, as well as receiving the benefit from their activities. The Organization is not utilizing the transitional provisions from IPSAS 6. |
| 7 | Investments in Associates | Not applicable – The Organization does not have Associates |
| 8 | Interest in Joint Ventures | Not applicable – The Organization does not have Joint Ventures |
| 9 | Revenue from Exchange Transactions | Not applicable |
| 10 | Financial Reporting in Hyperinflationary Economies | Not applicable |
| 11 | Construction Contracts | Not applicable |
| 12 | Inventories | Not applicable |
| 13 | Leases | Not applicable |
| 14 | Events After the Reporting Date | Not Applicable |
| 15 | Financial Instruments: Disclosure and Presentation | In accordance with transitional provisions from IPSAS 1 and IPSAS 15, the financial statements and their respective Notes do not disclose comparative information from the previous financial period. |
| 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. 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.<br><br>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 regards to IPSAS 17, paragraph 99, Transitional Provision, the Organization did not recognize the accumulated depreciation of buildings. |

| 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. |
| 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 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 full. |
| 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. |
| 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 | This standard is effective as of 1 April 2011; therefore it does not apply to the Organization's 2010 Financial Statements. |
| 28 | Financial Instruments: Presentation | This standard is effective as of 1 January 2013; therefore it does not apply to the Organization's 2010 Financial Statements. |
| 29 | Financial Instruments: Recognition and Measurements | This standard is effective as of 1 January 2013; therefore it does not apply to the Organization's 2010 Financial Statements. |
| 30 | Financial Instruments: Disclosures | This standard is effective as of 1 January 2013; therefore it does not apply to the Organization's 2010 Financial Statements. |
| 31 | Intangible Assets | The Organization has adopted this standard; no intangible assets were capitalized during the reporting period. |

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

## 2.2 Cash and Cash Equivalents

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

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

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

## 2.3 Investments

Investments are financial assets and are recognized when the Organization becomes a party to the contractual provisions of the investment. Investments are classified as either available for sale or held to maturity.

Investments are classified as being available for sale where the Organization has not committed to hold such items to maturity. Available for sale items are stated at fair value (including transaction costs that are directly attributable to the acquisition of the financial asset) with value changes recognized in the Statement of Changes in Net Assets. Impairment charges and interest calculated using the effective interest method are recognized in the surplus or deficit. When an available for sale asset is disposed of, the cumulative gain or loss previously recognized in the Statement of Changes in Net Assets is included in the surplus or deficit for the period.

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

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

## 2.4 Loans and Receivables

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

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

## 2.5 Risk Management Policies

The Organization holds funds not required for immediate operating needs as investments in order to earn revenue on surplus liquidity which, in accordance with Financial Regulations X and XI, and Financial Rules X and XI of the Pan American Health Organization, funds a portion of the Regular Program Budget. Investments are made subject to the Organization's Investment Policy, which prescribes guidelines intended to protect invested principal, maintain adequate liquidity and realize a return commensurate with investment risk constraints. Policy guidelines define duration, diversity and credit quality, which are consistent with limiting credit, market and interest rate risk exposures. Investment policies addressing credit, market, and interest rate risks are discussed in Notes 5.2 and 5.3.

## 2.6 Accounts Receivable

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

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

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

The main types of receivables are:

- **Assessed Quota 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 quota 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 with entities such as governments, international organizations, and private and public institutions. Upon signature by both parties and approval by the Organization's Office of Legal Counsel of the agreements, the full value of the agreement is recognized as a receivable and as deferred revenue (Note 2.13)

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

Inventories, procured with Voluntary Contributions on behalf of a project, do not form part of the Organization's inventory. 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 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 with a value greater than the $20,000 threshold are recognized as non-current assets in the Statement of Financial Position. They are initially recognized at cost, unless acquired through a non-exchange transaction, in which case they are recognized at fair value as at the date of acquisition. The Organization applies the cost model to its plant and equipment, i.e. the items are carried at cost, less accumulated depreciation and any accumulated impairment losses. The Organization applies the revaluation model to land and permanent buildings only.

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

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

| Assets Class and Description | Estimated Useful Life (years) |
|---|---|
| Permanent Buildings | 40 years |
| Computer Equipment | 3 years |
| Office Equipment | 3 years |
| Motor Vehicles | 5 years |

Property, plant, or equipment, procured with Voluntary Contributions on behalf of a project, are not the Organization's assets and are meant solely for the use of the project beneficiary. The Organization is the implementing agent and is simply responsible for the disposition of the items within the terms of the agreement. If the items are not consumed within the project period, the final disposition would be determined by the donor. At no time does the Organization retain control of these items; therefore these items are expensed at the time of purchase.

Transitional provisions 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 acquired prior to 1 January 2010 were expensed at the date of purchase and have not been recognized as assets in 2010. 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.

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. 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 15 on Expenses.

## 2.10 Intangible Assets

Intangible assets, which are above the pre-established thresholds of $100 000 for intangible assets purchased externally and $30 000 for intangible assets developed in-house, are stated at historical cost less accumulated amortization and any impairment losses. Amortization is determined for intangible assets over their estimated useful life using the straight line method. The estimated useful lives for intangible assets classes are as follows:

| Class | Estimated useful life (years) |
|---|---|
| Software acquired externally | 7 |
| Internally developed software | 5 |
| Licenses and rights, copyrights and other intangible assets | 3 |

The Organization had no intangible assets placed into production in 2010.

## 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 paid. 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, due to the understanding that any unimplemented funds will be returned to the donors, partners, and stakeholders based on inability to perform the services in accordance with the agreement. Revenue is recognized in the Statement of Financial Performance based on the amount 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, recognized at present value of the liability.
3) Other separation-related employee benefits 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 charges 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.

- **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 once the delivery and quality assurance testing have been successfully completed. 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**
  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 their 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.

Following the IPSAS 4, paragraph 67, Transitional Provisions, the financial statements of the Organization do not disclose the cumulative 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 translation differences are not considered material due to the fact that the funds of the Organization are mainly kept in US Dollars.

## 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 such duplication.

The following segments were identified in order to provide a better understanding of the different activities of the Organization:

**Core Activities Segment—**Activities critical to the Organization's Strategic Plan which are mandated and appropriated by the Organization's Governing Bodies. (i.e. Activities funded with assessed contributions and other revenue for Regular Budget activities.)

**Partnership Activities Segment—**Activities aligned with the Organization's Strategic Plan and supported by partners, donors, and stakeholders. (i.e. Activities developed in partnership with external donors who provide the voluntary contributions and to whom the technical and financial reports are provided.)

**Enterprise Activities Segment—**Activities performed by the Organization to strengthen technical cooperation with the ministries of health and facilitate their access to essential public health supplies. (i.e. Procurement activities funded by the Member States for the access to essential public health supplies.)

**Special Activities Segment—**Activities approved by the Organization's Governing Bodies for specific objectives and entitlements. (i.e. Staff entitlements, terminal entitlements, after-service health insurance.)

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

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

## 2.20 Budget Comparison

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

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

The Organization's Governing Bodies approve the Biennial Program and Budget Plan which includes assessed quota 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 2010. These are not recognized in the financial statements because the fair value of the services or assets cannot be reliably measured.

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

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

### 2.22 Sub-Regional Consolidated Entities

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

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

## 3. Cash and Cash Equivalents

| | 31 December 2010 |
|---|---|
| Cash on Hand, US$ | 41 374 |
| Cash on Hand, Other Currencies | 3 214 |
| Money Market Funds | 122 986 |
| **Total** | **167 574** |

## 4. Investments

### 4.1 Short-Term Investments

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

| | 31 December 2010 |
|---|---|
| Certificates of Deposit | **175 060** |

An additional amount of accrued interest of $ 312 686 has been included in the Consolidated Statement of Financial Position as a receivable.

## 4.2 Long-Term Investments

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

| | 31 December 2010 |
|---|---|
| **Net Increase in Long -term Investments** | |
| Increase in Long-term Investments | 20 736 |
| Unrealized Net Gains | ( 325) |
| **Net Increase in Long-term Investments** | 20 411 |
| **Cash Flows from Long-term Investments** | |
| Interest Revenue | 3 017 |
| Realized Net Gains | 596 |
| **Total** | **3 613** |

| **Valuation of Long-term Investments** | 31 December 2010 | |
|---|---|---|
| | **Cost** | **Market** |
| Fixed Income Notes | 45 004 | 44 868 |
| Managed Portfolios | 130 264 | 131 358 |
| **Total** | **175 268** | **176 226** |

| **Reconciliation of Long-term Investments** | 31 December 2010 |
|---|---|
| Fixed Income Notes (Cost) | 45 004 |
| Less: Plan Assets (see note 11.3.5) | ( 30 000) |
| Managed Portfolio (Market) | 131 358 |
| Less: Plan Assests (see note 11.3.5) | ( 4 547) |
| **Total for Long-term Investments** | 141 815 |

Long-term fixed income notes are held to maturity and stated at amortized cost using the effective interest method. As long-term fixed income instruments held are issued by U.S. Government agencies and backed by the full faith and credit of the U.S. Government, there is no evidence to suggest that the borrower will default on these obligations. An additional amount of accrued interest of $211 489 has been disclosed in the Consolidated Statement of Financial Position as a receivable.

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 does not include accrued interest of $500 512, which is included in the Statement of Financial Position as a receivable and recognized on the Statement of Financial Performance as Miscellaneous Revenue.

# 5. Financial Instruments

## 5.1 Nature of Financial Instruments

Details of the significant accounting policies and methods adopted, including the criteria for recognition and derecognizing, 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**

| | Amortized Cost | Fair Market Value |
|---|---|---|
| **Cash and Cash Equivalents** | 167 574 | |
| **Short-term Investments** | | |
| Certificates of Deposit (held to maturity) | 175 060 | |
| **Long-term Investments** | | |
| Fixed Income Notes (held to maturity) | 45 004 | |
| Managed Portfolios (available for sale) | | 131 358 |
| **Total** | **387 638** | **131 358** |

## 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 | 0.11% | | 122 986 | 44 588 |
| **Short-term Investment** | | | | | |
| Certificates of Deposit | 112 days | 0.44% | 175 060 | | |
| **Long-term Investments** | | | | | |
| Fixed Income Notes | 3.64 years | 1.36% | 45 004 | | |
| Managed Portfolios | 1.60 years | 1.52% | 131 358 | | |
| **Total** | | | **351 422** | **122 986** | **44 588** |

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 Farm Credit Bank | 5 000 | 1.17% | 5-Aug-13 | 5-Aug-11 |
| Federal National Mortgage Association | 5 000 | 1.10% | 28-Apr-16 | 28-Apr-11 |
| Federal National Mortgage Association | 5 000 | 2.00% | 5-Aug-15 | 5-Aug-11 |
| Federal Home Loan Mortgage Association | 5 000 | 2.00% | 30-Sep-15 | 30-Mar-11 |
| Federal National Mortgage Association | 5 000 | 0.75% | 24-Aug-12 | 24-Aug-11 |
| Federal Home Loan Mortgage Association | 5 000 | 0.50% | 4-Nov-13 | 4-May-11 |
| Federal Home Loan Bank | 5 000 | 0.75% | 24-Nov-14 | 24-May-11 |
| Federal National Mortgage Association | 10 000 | 2.00% | 15-Jul-14 | 15-Jul-11 |
| **Total** | **45 000** | | | |

## 5.3 Credit Risk

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

In accordance with the Investment Policy requirements, internally managed investments are restricted to A1/P1 ($175 060 000 in certificates of deposit) and AAA/Aaa ($45 004 334 in Fixed Income Notes) rated financial instruments. Fixed Income Notes consist primarily of U.S. Agency Paper which carries the implicit guarantee of the U.S. government.

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 ($131 357 429 in Managed Portfolios). Mechanisms are in place to divest the portfolio of an investment that falls below the minimum requirements.

Depository accounts are held at financial institutions with investment grade ratings by primary rating agencies, where such ratings exist. In those instances where no rating is available, the overall financial strength of the institution is evaluated prior to depositing funds within the institution.

The maximum credit risk represents the carrying amount of loans and receivables. The PAHO Investment Committee approves financial instruments, as well as partner financial institutions, in accordance with the Investment Policy guidelines noted above in order to mitigate credit risk. However, there may be some counterparty risk associated with the concentration of financial instruments and cash deposits in the banking sector. These significant concentrations in the banking sector equal 42% of the total cash, short-term and long-term investments.

## 5.4 Exchange Rate Risk

The Statement of Financial Position does not reflect significant exposure to exchange rate risk. However, 34.4% of the expense is disbursed in currencies other than the United States dollar. These disbursements are not hedged, but are met by local currency receipts and the purchase of local currency as needed in the market at the time of disbursement.

# 6. Accounts Receivable

## 6.1 Accounts Receivable - Current

| | 31 December 2010 |
|---|---|
| Assessed Contributions | 34 787 |
| Voluntary Contributions | 80 064 |
| Procurement Funds | 31 855 |
| Balance due from WHO for Interorganizational Funding Activities | 15 584 |
| Regular advances to staff | 5 059 |
| Miscellaneous receivables | 4 014 |
| **Total** | **171 363** |

### 6.1.1 Accounts Receivable from Assessed Contributions

**Statement of Assessed Contributions as of 31 December 2010**
*(Expressed in thousand US Dollars)*

| | Arrears | 2010 | Total |
|---|---|---|---|
| **PAHO** | | | |
| Argentina | 2 901 | 3 991 | 6 892 |
| Costa Rica | | 19 | 19 |
| Cuba | | 274 | 274 |
| Dominica | 20 | 16 | 36 |
| Grenada | 54 | 20 | 74 |
| Guatemala | | 1 | 1 |
| Mexico | | 5 | 5 |
| Peru | | 86 | 86 |
| Saint Lucia | | 22 | 22 |
| United Kingdom | 58 | 56 | 114 |
| United States | | 19 660 | 19 660 |
| Venezuela | | 2 560 | 2 560 |
| **Total** | **3 033** | **26 710** | **29 743** |
| CAREC Member States | 2 877 | 682 | 3 559 |
| CFNI Member States | 1 311 | 174 | 1 485 |
| **Total** | **7 221** | **27 566** | **34 787** |

### 6.1.2 Accounts Receivable from Voluntary Contributions

| | 31 December 2010 |
|---|---|
| Voluntary Contributions | |
| Natural Disaster Fund | 2 982 |
| Trust Funds | 34 298 |
| Trust Funds Governments Financing of Internal Projects | 42 575 |
| Trust Funds CFNI | 209 |
| **Total** | **80 064** |

### 6.1.3 Accounts Receivable from the Procurement of Public Health Supplies

The Accounts Receivable from Member States in the Procurement of Public Health Supplies is comprised by two funds: Revolving Fund for Vaccine Procurement and Regional Revolving Fund for Strategic Public Health Supplies.

Receivables under the category of Procurement of Public Health Supplies are considered to be current assets as follows:

#### a. Revolving Fund for Vaccine Procurement

The establishment of the Revolving Fund for Vaccine Procurement was authorized by Resolution CD25 R27 of the 25$^{th}$ 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 additional annexes.

Receivables from the Procurement of Public Health Supplies are as follows:

| | 31 December 2010 |
|---|---|
| Procurement of Public Health Supplies | |
| Revolving Fund for Vaccine Procurement | 31 835 |
| Regional Revolving Fund for Strategic Public Health Supplies | 20 |
| **Total** | **31 855** |

## 6.2 Accounts Receivable Non-Current

| | 31 December 2010 |
|---|---|
| Voluntary Contributions | 57 992 |
| Termination and Repatriation Entitlements (see Note 11.3.2) | 3 614 |
| **Total** | **61 606** |

## 6.2.1 Accounts Receivable from Voluntary Contributions (Non-current)

| | 31 December 2010 |
|---|---|
| Voluntary Contributions | |
| Trust Funds | 25 874 |
| Trust Funds (Goverments) | 32 118 |
| **Total** | **57 992** |

## 7. Inventories

The following table shows the movement of the PAHO inventory for medications and medical supplies at the PROMESS warehouse in Port-au-Prince, Haiti, during the period. The table shows 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 2010 |
|---|---|
| **PROMESS** | |
| Beginning inventory at 1 January 2010 | 789 |
| Additions | 1 916 |
| Distributions | ( 1 864) |
| **Ending Balance of inventory at 31 December 2010** | **841** |

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

## 8. Property, Plant and Equipment

### 8.1 General Information

During 2010, additions to property, plant and equipment consisted of permanent and temporary buildings, computer and office equipment, motor vehicles, leasehold improvements, as well as land. Net acquisitions (after disposals) for the year totaled $681 482. The main reason for the increase was the full application of the accounting policy on property, plant and equipment.

Additions or reductions in fixed assets are reported in the Statement of Financial Position, while the depreciation and amortization expenses for the period are reported in the Statement of Financial Performance.

Buildings, computer equipment, office equipment, and motor vehicles are capitalized if their cost is greater or equal to the threshold limit set at $20 000. They are depreciated over the asset's estimated useful life using the straight line method. The threshold level is reviewed periodically. Assets are reviewed annually to determine if there is any impairment in their value.

| | Land | Permanent Buildings | Computer Equipment | Office Equipment | Motor Vehicles | Total |
|---|---|---|---|---|---|---|
| Cost as of 1 January | 47 985 | 58 094 | | | | 106 079 |
| Additions | 300 | | 70 | 21 | 290 | 681 |
| Cost as of 31 December | **48 285** | **58 094** | **70** | **21** | **290** | **106 760** |
| Depreciation as of 1 January | | | | | | |
| Charged in current period | | 1 452 | 23 | 7 | 58 | 1 540 |
| Depreciation as of 31 December | | 1 452 | 23 | 7 | 58 | 1 540 |
| **Net book value as of 31 December** | **48 285** | **56 642** | **47** | **14** | **232** | **105 220** |

## 8.2 Land and Permanent Buildings Revaluation

| | Value as of 31 December 2009 | Increase in Valuation | Value as of 1 January 2010 |
|---|---|---|---|
| Argentina | 116 | 663 | 779 |
| Barbados | 1 719 | 613 | 2 332 |
| Brazil | 804 | 37 449 | 38 253 |
| CFNI | | 1 721 | 1 721 |
| Guatemala | 96 | 443 | 539 |
| Haiti | 531 | 903 | 1 434 |
| Washington, DC | 10 336 | 43 664 | 54 000 |
| Paraguay | 271 | 85 | 356 |
| Peru | 126 | 3 517 | 3 643 |
| Venezuela | 209 | 2 813 | 3 022 |
| **Total** | **14 208** | **91 871** | **106 079** |

The land and buildings in Brazil have been valued by Lucio Prates Consultoria Imobiliaria Ltda. They are estate agents with relevant Brazilian qualifications enabling them to provide a reliable valuation. The valuations are based on recent market prices of similar land and office space in the particular sector of Brasilia, adjusted to reflect the restrictions placed on PAHO by the Brazilian government on its transfer or disposal.

The land and buildings in Washington, D.C. have been valued by John C. Donnelly, MAI, Member of the Appraisal Institute of Real Estate Appraisers, General Accredited Appraiser, and National Association of Realtors. The valuation of the land and building is consistent with provisions of the Appraisal Institute, Uniform Standards of Professional Appraisal Practice, and the Appraisal Foundation.

All other land and buildings were valued by either local estate agents or civil engineers, with relevant qualifications and experience, to provide fair values for these assets as of 1 January 2010.

## 8.3 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 10.2)

In regards to the building located in Port-au-Prince, Haiti, which was damaged by the January 2010 earthquake, no decision has been made to quantify the level of impairment of the building. The Organization has focused its efforts on assisting the Haitian people due to the earthquake cited above and the cholera outbreak. The Organization will make a final decision in 2011 regarding the repair of its building.

## 9. Accrued Liabilities

| | 31 December 2010 |
|---|---|
| Accrued liabilities-Regular Budget Fund | 1 608 |
| Accrued liabilities-Other Sources - PAHO | 20 669 |
| Accrued liabilities-Other Sources - WHO | 4 274 |
| **Total** | **26 551** |

## 10. Accounts Payable

### 10.1 Accounts Payable Current

| | 31 December 2010 |
|---|---|
| Assessed Contributions Received in Advance | 176 |
| Voluntary Contributions Expired Agreements | 6 535 |
| Balance due to the World Health Organization due to inter-office transactions | 2 389 |
| Pan American Health and Education Fund | 301 |
| Miscellaneous | 4 044 |
| **Total** | **13 445** |

## 10.2 Accounts Payable-Non Current

| | 31 December 2010 |
|---|---|
| Liability Restricted Assets-Land in Brasilia, Brazil (Note 8.3) | 18 961 |
| **Total** | 18 961 |

## 11. 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 2010, 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 |
|---|---|---|---|
| Current liability | 7 192 | 2 129 | 9 321 |
| Non-current Liability | 179 324 | | 179 324 |
| Non-current (Asset) (Note 6.2) | | ( 3 615) | ( 3 615) |
| **Total** | **186 516** | **( 1 486)** | **185 030** |

- 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 contributions during 2011 are estimated at $8 848 498 for After-Service Health Insurance and $2 128 433 for Termination and Repatriation Entitlements.

### 11.1 Actuarial Valuations of Post-Employment and Other Separation-Related Benefits

Post-employment benefits and Other Separation-Related Benefits are defined benefit plans consisting of After-Service Health Insurance and Termination and Repatriation Entitlements. During 2010, the rate of contribution to these two long-term liability funds was 6% of net salaries with 2% being credited to the Termination and Repatriation Entitlements Fund and 4% credited to the After-Service Health Insurance Fund.

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

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

The Defined Benefit Obligations (DBOs) as of 31 December 2009 were determined by Aon Hewitt Corporation, professional actuaries, based on personnel data and past payment experience provided by the Organization. At 31 December 2009 the Defined Benefit Liabilities amounted to $9 880 637 for terminal entitlements and $202 550 043 for after-service health insurance. The Termination and Repatriation Fund had assets of $9 880 637; therefore, the net liability decreased to zero as of 1 January 2010. As the Organization's After-Service Health Insurance Fund had assets of $22 159 621, the net liability for the After-Service Health Insurance decreased to $180 390 422 as of 1 January 2010.

The Defined Benefit Obligation as of 31 December 2010, as calculated by Aon Hewitt Corporation, increased to $10 212 635 for terminal entitlements and $257 749 662 for after-service health insurance. The Termination and Repatriation Fund had assets of $9 977 000; therefore the net liability was $235 635 as of 31 December 2010. As the Organization's After-Service Health Insurance Fund had assets of $24 569 878, the net liability for the After-Service Health Insurance decreased to $233 179 784 as of 31 December 2010.

One of the significant contributory factors in the increases in these two obligations was the decrease in the discount rate utilized to calculate the present value of the future commitments. The discount rate decreased from six per cent (6%) for the 31 December 2009 actuarial valuation to five and six-tenths per cent (5.6 %) for the 31 December 2010 actuarial valuation due to the change in the global economic climate by the end of 2010. The liabilities include the costs for 2010, less benefit payments made during the year.

## 11.2 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.

## 11.3 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.

### 11.3.1 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 2010.

| | |
|---|---|
| Accounting Standard | International Public Sector Accounting Standard 25; first adopted by the Organization at 1 January 2010. |
| Measurement Date | 31 December 2010 |
| Discount Rate | 5.6%. Based on a weighted average of relevant corporate bond rate indices at 31 December 2010. The resulting discount rate is rounded to the nearest 0.1%. |
| Expected Rate of Return on Assets | 4.2%. |
| General Inflation | 2.5%. |
| Medical Cost Increases | 8.5% in 2011 and 2012, decreasing to 8% in 2013, decreasing by 0.5% each year until 5% in 2019 and subsequent years. |
| Future Contribution Rate Changes | Rates are assumed to increase by 2% of the current rates in 2010 and a further 2% in 2011, as the Organization has committed to these increases. No subsequent rate changes are assumed. |
| Average Retirement Age | Average remaining years of service: 8.97 |
| Life Expectancy | Based on the mortality tables of the UN Joint Staff Pension Fund |
| Average Medical Costs | $7 230 per person per year |

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

## 11.3.2 Reconciliation of Funded Status

| | After-Service Health Insurance Fund | Termination and Repatriation Entitlements Fund | Total |
|---|---|---|---|
| Defined Benefit Obligation (DBO) | | | |
| Inactive | 151 167 | | 151 167 |
| Active | 106 583 | 10 213 | 116 796 |
| Defined Benefit Obligation including actuarial loss | 257 750 | 10 213 | 267 963 |
| Less: Plan Assets | ( 24 570) | ( 9 977) | ( 34 547) |
| Net Defined Benefit Obligation including actuarial loss | **233 180** | **236** | **233 416** |
| Less: Unrecognized Actuarial Gain/(Loss) | ( 46 664) | ( 1 722) | ( 48 386) |
| **Net Liability/(Asset) Recognized in the Statement of Financial Position** | **186 516** | **( 1 486)** | **185 030** |
| Split between: | | | |
| Current Liability | 7 192 | 2 129 | 9 321 |
| Non-Current Liability / (Asset) | 179 324 | ( 3 615) | 175 709 |
| | **186 516** | **( 1 486)** | **185 030** |

## 11.3.3 Annual Expense for Calendar Year 2010

| | After-Service Health Insurance Fund | Termination and Repatriation Entitlements Fund | Total |
|---|---|---|---|
| Current Service Cost for 2010 | 4 555 | 1 022 | 5 577 |
| Interest Cost for 2010 | 11 964 | 537 | 12 501 |
| Expected Return on Assets | ( 728) | ( 329) | ( 1 057) |
| **Total Expense Recognized in the Statement of Financial Performance** | **15 791** | **1 230** | **17 021** |

## 11.3.4 Reconciliation of Defined Benefit Obligation

| | After-Service Health Insurance Fund | Termination and Repatriation Entitlements Fund | Total |
|---|---|---|---|
| **Defined Benefit Obligation as of 1 January 2010** | **202 550** | **9 881** | **212 431** |
| Current Service Cost for 2010 | 4 555 | 1 022 | 5 577 |
| Interest cost for 2010 | 11 964 | 537 | 12 501 |
| Less: Benefits paid | ( 8 744) | ( 2 716) | ( 11 460) |
| Add: Contributions by plan participants | 1 309 | | 1 309 |
| Add: Actuarial (Gain) / Loss | 46 116 | 1 489 | 47 605 |
| **Define Benefit Obligation as of 31 December 2010 including actuarial loss** | **257 750** | **10 213** | **267 963** |
| Less: Actuarial (Gain) / Loss - not recognized: | | | |
| Actuarial (Gain) / Loss - on DBO | 46 116 | 1 488 | 47 604 |
| Actuarial (Gain) / Loss - on Plan assets | 548 | 234 | 782 |
| | 46 664 | 1 722 | 48 386 |
| **Define Benefit Obligation as of 31 December 2010 excluding actuarial loss** | **211 086** | **8 491** | **219 577** |
| Less: Plan Assets | ( 24 570) | ( 9 977) | ( 34 547) |
| **Net Defined Benefit Obligation as of 31 December 2010** | **186 516** | **( 1 486)** | **185 030** |

### 11.3.5 Reconciliation of Plan Assets

| | After-Service Health Insurance Fund | Termination and Repatriation Entitlements Fund | Total |
|---|---|---|---|
| Plan Assets as of 1 January 2010 | 22 160 | 9 881 | 32 041 |
| Benefits Paid | ( 8 744) | ( 2 716) | ( 11 460) |
| Contributions by plan participants | 1 309 | | 1 309 |
| Contributions by the employer | 5 256 | 2 716 | 7 972 |
| PAHO/WHO SHI Fund Contribution | 4 409 | | 4 409 |
| Expected Return on Assets | 728 | 329 | 1 057 |
| Actuarial Gain / (Loss) - on Plan assets | ( 548) | ( 233) | ( 781) |
| **Plan Assets as of 31 December 2010** | **24 570** | **9 977** | **34 547** |
| Made up of: | | | |
| Long Term Investments - Fixed Income Notes (Note 4.2) | 21 336 | 8 664 | 30 000 |
| Long Term Investments - Enhanced Cash Portfolio (Note 4.2) | 3 234 | 1 313 | 4 547 |
| | **24 570** | **9 977** | **34 547** |

### 11.3.6 Sources of Change in Past Service Liability Since Prior Valuation

| | After-Service Health Insurance Fund | Termination and Repatriation Entitlements Fund | Total |
|---|---|---|---|
| Value as of 31 December 2009 | 202 550 | 9 881 | 212 431 |
| Value as of 31 December 2010 | 257 750 | 10 213 | 267 963 |
| Change | 55 200 | 332 | 55 532 |
| **Sources of Change:** | | | |
| Expected Change | 9 084 | ( 1 156) | 7 928 |
| Benefit Payments Different Than Expected during 2010 | 1 031 | 869 | 1 900 |
| New Hires during 2009 and 2010 | 584 | 410 | 994 |
| Rehires/Transfers in during 2009 and 2010 | 4 185 | 626 | 4 811 |
| Pay Changes Different Than Expected in 2009 and 2010 | | ( 17) | ( 17) |
| Miscellaneous Demographic Experience | 2 094 | ( 583) | 1 511 |
| Claims and Administrative Expenses Experience | ( 2 525) | | ( 2 525) |
| Inclusion of Future AMRO Expenses in PAHO DBO | 4 201 | | 4 201 |
| Increase in Assumed Medical Trend Rates | 20 212 | | 20 212 |
| Change in Discount Rate from 6.0% to 5.6% | 15 432 | 183 | 15 615 |
| Inclusion of Short Term Staff | 902 | | 902 |
| Total | 55 200 | 332 | 55 532 |
| **Liability (Gain)/Loss during 2010** | **46 116** | **1 488** | **47 604** |

### 11.3.7 After-Service Medical Plan - Sensitivity Analysis

Three of the principal assumptions in the valuation of the After-Service Medical Plan are: 1) the rate at which medical costs are expected to increase in the future; 2) the return on the assets; and 3) the discount rate used to determine the present value of benefits that will be paid from the plan in the future. Because the medical inflation rate and the discount rate have a very significant impact on the determination of the Organization’s long-term valuation, it is helpful to conduct sensitivity analysis on them. The sensitivity analysis identifies the impact which the medical inflation rate and the discount rate variables will have on the total valuation. The Aon Hewitt Corporation determined the impact of increasing or decreasing assumptions on the valuation.

### 11.3.8 Medical Sensitivity Analysis - After - Service Health Insurance *

| | Current Medical Inflation Assumption Minus 1% | Current Medical Inflation Assumption | Current Medical Inflation Assumption Plus 1% |
|---|---|---|---|
| 2010 Service Cost plus Interest Cost | 13 730 | 16 518 | 20 034 |
| Defined Benefit Obligation as of 31 December 2010 | 222 474 | 257 750 | 301 547 |

### 11.3.9 Discount Rate Sensitivity Analysis – After - Service Health Insurance *

| | Current Discount Rate Assumption Minus 1% | Current Discount Rate Assumption | Current Discount Rate Assumption Plus 1% |
|---|---|---|---|
| Defined Benefit Obligation as of 31 December 2010 | 303 812 | 257 750 | 221 455 |

*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.

### 11.3.10 Settlement of Employee Benefit Liability

| | | |
|---|---|---|
| **Termination and Repatriation Entitlements Plan** | | |
| Settlement of Benefits | 2 716 | 2 716 |
| **After- Service Health Insurance** | | |
| Administrative Expenses paid by the Organization | 407 | |
| SHI Fund Contribution | 4 409 | |
| Contribution to PAHO's ASHI Fund paid by the Organization | 2 618 | 7 434 |
| **Total** | | 10 150 |

### 11.4 United Nations Joint Staff Pension Fund

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

During 2010, contributions paid to UNJSPF amounted to $16 310 211 by the Organization and $8 306 859 by the participants, including $151 754 in pension restoration payments.

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

The actuarial method adopted for the UNJSPF is the Open Group Aggregate method to determine whether the present and estimated future assets of the Fund will be sufficient to meet its present and estimated future liabilities, using various sets of assumptions as to future economic and demographic developments. The actuarial study is carried out at least once every three years. A review of the 2008 annual report of the UNJSPF reveals that an actuarial valuation has been carried out every two years from as early as 1997. The United Nations Board of Auditors carries out an annual audit of the UNJSPF and reports to the United Nations Joint Staff Pension Board on the audit every two years. The most recent actuarial valuation at the time of preparing these accounts was the one carried out at 31 December 2009.

The Organization's financial obligation to the UNJSPF consists of its mandated contribution at the rate established by the United Nations General Assembly, currently at 7.9 per cent for the participants and 15.8 per cent for member organizations, respectively, of the applicable pensionable remuneration, together with its share of any actuarial deficiency payments under Article 26 of the Regulations of the Pension Fund. Such deficiency payments are payable only if and when the United Nations General Assembly has invoked the provision of Article 26, following determination that there is a requirement for deficiency payments based on an assessment of the actuarial sufficiency of the Pension Fund as of the valuation date. Each member organization shall contribute to this deficiency an amount proportionate to the total contributions which each paid during the three years preceding the valuation date. At the time of this report, the United Nations General Assembly had not invoked this provision.

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

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

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

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

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

## 12. Deferred Revenue

### 12.1 Deferred Revenue – Current

| | **31 December 2010** |
|---|---|
| Voluntary Contributions | |
| Natural Disaster Fund | 6 200 |
| Trust Funds | 47 925 |
| Trust Funds Governments Financing of Internal Projects | 90 737 |
| Trust Funds CFNI | 376 |
| Procurement of Public Health Supplies | |
| Revolving Fund for Vaccine Procurement | 99 962 |
| Regional Revolving Fund for Strategic Public Health Supplies | 29 424 |
| Reimbursable Procurement | 9 002 |
| **Total** | **283 626** |

## 12.2 Deferred Revenue – Non-Current

| | 31 December 2010 |
|---|---|
| Voluntary Contributions | |
| Trust Funds | 58 575 |
| Trust Funds Governments Financing of Internal Projects | 110 901 |
| **Total** | **169 476** |

## 13. 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 Government 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
- Special Fund for Natural Disaster Relief
- Governing Bodies Authorized Fund
- Special Fund for Health Promotion.

## Summary of Fund Balances and Reserves

| | | Balance as of 31 December 2010 |
|---|---|---|
| **Fund Balances:** | | |
| Strategic Public Health Supplies | 2 534 | |
| PAHO After-Service Health Insurance | ( 186 516) | |
| Trust Funds (external) | 722 | |
| Income from Services | 2 476 | |
| Provision for Staff Entitlements | 531 | |
| Revolving Funds for Vaccine Procurement | 85 836 | |
| PAHO Regular Budget | 131 095 | |
| Provision for Terminal Entitlements | ( 2 001) | |
| CAREC Provident Fund | 1 217 | |
| CAREC Income from Services | 38 | |
| CAREC Capital Equipment Fund | 31 | |
| CAREC Provision for Terminal Entitlements | 462 | |
| CAREC Regular Budget | 5 716 | |
| CAREC Building Fund | 63 | |
| CFNI | 1 409 | **43 613** |
| **Reserves:** | | |
| Working Capital Fund | 20 000 | |
| Holding Account | 19 142 | |
| Tax Equalization Fund | ( 4 973) | |
| Master Capital Investment Fund | 5 049 | |
| Special Fund for Program Support | 32 856 | |
| Special Fund for Natural Disaster Relief | 2 662 | |
| Governing Bodies Authorized Fund | 3 612 | |
| Special Fund for Health Promotion | 814 | **79 162** |
| **Total** | | **122 775** |

## 13.1 Working Capital Fund

The Working Capital Fund was established for the primary purpose of providing funds as required to finance the Regular Budget pending receipt of contributions from Member and Participating States and Associate Members. The Consolidated Centers' Working Capital Funds are also used to provide funds for the Centers pending receipt of their assessed quota contributions.

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

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

The Directing Council noting that the Working Capital Fund served as a guarantee for the loan from the IDB, approved the allocation from the Working Capital Fund of a reserve amount equal to the outstanding loan balance, which would be reduced as the loan is paid. The unencumbered level of the Working Capital Fund would increase accordingly. The amount of the loan outstanding as of 31 December 2010 is $1 416 667.

| | Unencumbered Balance | Allocated for Guarantee of Loan | Total |
|---|---|---|---|
| Balance as of 1 January 2010 | 18 410 | 1 590 | 20 000 |
| Reduction for guarantee of loan as of 31 December 2010 | 173 | ( 173 ) | |
| **Balance as of 31 December 2010** | 18 583 | 1 417 | **20 000** |

## 13.2 Holding Account

In accordance with Financial Regulations 4.4 and 4.6, any balance of the Regular Budget appropriation not committed by the end of the budgetary period shall be used to replenish the Working Capital Fund to its authorized level. Any excess shall be considered a Revenue Surplus and shall be available for use in subsequent periods to cover the unfunded portion of the Strategic Plan, as determined by the Director and with the concurrence of the Subcommittee on Program, Budget, and Administration. Because 2010 was the first year of the 2010-2011 biennial budget period, no replenishments or transfers were performed.

## 13.3 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 2010 | Credits from the Tax Equalization Fund | Apportionment to Member States | Available to Cover Tax Reimbursements to Staff | Taxes Reimbursed to Staff | Balance 31 December 2010 |
|---|---|---|---|---|---|---|
| Canada | 14 | 3 630 | ( 3 605) | 25 | ( 38) | 1 |
| Colombia | 17 | 213 | ( 213) | | | 17 |
| United States | ( 3 969) | 15 679 | ( 10 579) | 5 100 | ( 6 135) | ( 5 004) |
| Venezuela | 15 | 724 | ( 724) | | ( 2) | 13 |
| Other | | 6 130 | ( 6 130) | | | |
| **Total** | **( 3 923)** | **26 376** | **( 21 251)** | **5 125** | **( 6 175)** | **( 4 973)** |

There are no outstanding accounts receivable for the Tax Equalization Fund because the liabilities for the income taxes are included in the quota assessments.

## 13.4 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 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.

## 13.5 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.

## 13.6 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.

## 13.7 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.

## 13.8 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. Revenue

| | Gross Revenue | Eliminations | Net Revenue |
|---|---|---|---|
| **Revenue from Non-Exchange Transactions** | | | |
| **Assessed Contributions** | | | |
| PAHO Regular Budget | 93 200 | | |
| Caribbean Epidemiology Center | 2 614 | | |
| Caribbean Food and Nutrition Center | 412 | | |
| Tax Equalization Fund | 5 125 | | |
| **Subtotal** | **101 351** | | **101 351** |
| **Voluntary Contributions** | | | |
| Trust Funds | 82 946 | | |
| Trust Funds Governments Financing of Internal Projects | 106 767 | | |
| Trust Funds-Natural Disaster Fund | 9 911 | | |
| Program Support Costs | 12 754 | | |
| Caribbean Food and Nutrition Center | 176 | | |
| **Subtotal** | **212 554** | **( 12 757)** | **199 797** |
| **Other Revenue** | | | |
| WHO Regular Budget | 39 543 | | |
| WHO Voluntary Contributions | 32 799 | | |
| Sasakawa Health Trust Fund | 131 | | |
| AMRO Special Fund for Servicing Costs | 6 419 | | |
| AMRO Special Program Research & Training | 582 | | |
| AMRO Information Technology Fund | 592 | | |
| AMRO Post Occupancy Charges | 2 371 | | |
| **Subtotal** | **82 437** | **( 2 371)** | **80 066** |
| **Revenue from Exchange Transactions** | | | |
| **Procurement of Public Health Supplies** | | | |
| Revolving Fund for Vaccine Procurement | 510 640 | | |
| Reimbursable Procurement | 8 837 | | |
| Regional Revolving Fund for Strategic Public Health Supplies | 21 673 | | |
| Program Support Costs | 241 | | |
| **Subtotal** | **541 391** | **( 241)** | **541 150** |
| **Other Revenue** | | | |
| Income for Services | 3 647 | | |
| Program Support Costs | 401 | | |
| Health Promotion | 13 | | |
| Provision for Termination and Repatriation Entitlements | 1 235 | | |
| Provisons for Staff Entitlements | 4 284 | | |
| After Service Health Insurance | 2 231 | | |
| Master Capital Investment Fund | 908 | | |
| AMRO Terminal Payment Account | 595 | | |
| AMRO Payroll Statutory Entitlements | 1 420 | | |
| Caribbean Epidemiology Center | 358 | | |
| Caribbean Food and Nutrition Center | 14 | | |
| **Subtotal** | **15 106** | **( 10 077)** | **5 029** |
| **Miscellaneous Revenue** | | | |
| PAHO Regular Budget | | | |
| Interest Earned | 4 083 | | |
| Savings on or Cancellation of prior periods' Commitments | 1 254 | | |
| Valuation Gains and Losses | ( 563) | | |
| Other Miscellaneous | 385 | | |
| Caribbean Epidemiology Center | 25 | | |
| **Subtotal** | **5 184** | | **5 184** |
| **TOTAL REVENUE** | **958 023** | **( 25 446)** | **932 577** |

## 15. Expenses

| | | Gross Expenses | Eliminations | Net Expenses |
|---|---|---|---|---|
| **Staff and Other Personnel Costs** | | | | |
| International and National Staff | | 164 950 | | |
| Consultants | | 8 022 | | |
| Temporary Staff | | 8 465 | | |
| | **Subtotal** | **181 437** | **( 10 078)** | **171 359** |
| **Supplies, Commodities, Materials** | | | | |
| Vaccines / Syringes / Cold Chain | | 496 275 | | |
| Medications and Medical Supplies | | 29 915 | | |
| Other Goods and Supplies | | 45 361 | | |
| | **Subtotal** | **571 551** | **( 339)** | **571 212** |
| **Equipment, Vehicles, Furniture and Depreciation** | | | | |
| Equipment, Vehicle, Furniture | | ( 681) | | |
| Depreciation | | 1 540 | | |
| | **Subtotal** | **859** | | **859** |
| **Contractual Services** | | | | |
| Contracts | | 86 217 | | |
| | **Subtotal** | **86 217** | **( 2 075)** | **84 142** |
| **Travel** | | | | |
| Duty Travel | | 9 494 | | |
| Courses and Seminars | | 42 919 | | |
| | **Subtotal** | **52 413** | | **52 413** |
| **Transfers and Grants to Counterparts** | | | | |
| Letters of Agreements | | 36 874 | | |
| | **Subtotal** | **36 874** | | **36 874** |
| **General Operating and Other Direct Costs/[1]** | | | | |
| Maintenance, Security and Insurance | | 10 601 | | |
| | **Subtotal** | **10 601** | **( 197)** | **10 404** |
| **Indirect Support Costs** | | | | |
| Program Support Costs | | 12 757 | | |
| | **Subtotal** | **12 757** | **( 12 757)** | |
| **Total Expenses** | | **952 709** | **( 25 446)** | **927 263** |

Note/[1] General Operating Expense and Other Direct Costs Include lease payments for $2 137 457

## 16. 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 2010 is presented below:

| | 31 December 2010 | | |
|---|---|---|---|
| | Operating | Investing and Financing | Total |
| **Actual Amount on Comparable Basis (Statement V)** | ( 340 761) | | ( 340 761) |
| Basis Differences | | | |
| Timing Differences | | | |
| Presentation Differences | 945 704 | ( 13 646) | 932 058 |
| Entity Differences | ( 599 461) | | ( 599 461) |
| **Actual amount in the Statement of Cash Flow (Statement III)** | **5 482** | **( 13 646)** | **( 8 164)** |

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.

# 17. Segmental Information

## 17.1 Statement of Financial Position by Segments

| | Total Core Activities Segment | Total Partnership Activities Segment | Total Enterprise Activities Segment | Total Special Activities Segment | Total Consolidated Sub-Regional Centers Activity Segment | Intra-Party Transactions | Total |
|---|---|---|---|---|---|---|---|
| **ASSETS** | | | | | | | |
| **Current Assets** | | | | | | | |
| Cash and Cash Equivalents | 167 531 | | | | 43 | | **167 574** |
| Short Term Investments | 175 060 | | | | | | **175 060** |
| Owed From Other Segments * | | 197 945 | 239 445 | ( 727) | 4 222 | ( 440 885) | |
| Accounts Receivable | 52 835 | 79 853 | 32 598 | 824 | 5 253 | | **171 363** |
| Inventories | 841 | | | | | | **841** |
| **Total Current Assets** | 396 267 | 277 798 | 272 043 | 97 | 9 518 | ( 440 885) | **514 838** |
| **Non-Current Assets** | | | | | | | |
| LongTerm Investments | 141 815 | | | | | | **141 815** |
| Accounts Receivable | | 57 992 | | 3 614 | | | **61 606** |
| Net Fixed Assets | 105 220 | | | | | | **105 220** |
| **Total Current Assets** | 247 035 | 57 992 | | 3 614 | | | **308 641** |
| **TOTAL ASSETS** | 643 302 | 335 790 | 272 043 | 3 711 | 9 518 | ( 440 885) | **823 479** |
| **LIABILITIES** | | | | | | | |
| **Current Liabilities** | | | | | | | |
| Accruals | 3 639 | 11 520 | 9 998 | 1 333 | 61 | | **26 551** |
| Owed To Other Segments * | 440 885 | | | | | ( 440 885) | |
| Accounts Payable | 5 968 | 6 547 | 4 | 830 | 96 | | **13 445** |
| Employee Benefits | | | | 9 321 | | | **9 321** |
| Deferred Revenue | | 144 863 | 138 387 | | 376 | | **283 626** |
| **Total Current Liabilities** | 450 492 | 162 930 | 148 389 | 11 484 | 533 | ( 440 885) | **332 943** |
| **Non-Current Liabilities** | | | | | | | |
| Accounts Payable | 18 961 | | | | | | **18 961** |
| Employee Benefits | | | | 179 324 | | | **179 324** |
| Deferred Revenue | | 169 476 | | | | | **169 476** |
| **Total Non-Current Liabilities** | 18 961 | 169 476 | | 179 324 | | | **367 761** |
| **TOTAL LIABILITIES** | 469 453 | 332 406 | 148 389 | 190 808 | 533 | ( 440 885) | **700 704** |
| **NET ASSETS / EQUITY** | | | | | | | |
| **Fund Balances and Reserves** | | | | | | | |
| Fund Balances | 131 095 | 722 | 90 798 | ( 187 986) | 8 984 | | **43 613** |
| Reserves | 42 754 | 2 662 | 32 856 | 890 | | | **79 162** |
| **NET RESERVES & FUND BALANCES** | 173 849 | 3 384 | 123 654 | ( 187 096) | 8 984 | | **122 775** |

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

## 17.2 Statement of Financial Performance by Segments

| | Total Core Activities Segment | Total Partnership Activities Segment | Total Enterprise Activities Segment | Total Special Activities Segment | Total Consolidated Sub-Regional Centers Activity Segment | Inter-Party Transactions | Total |
|---|---|---|---|---|---|---|---|
| **REVENUE** | | | | | | | |
| **Revenue from Non-Exchange Transactions** | | | | | | | |
| Assessed Contributions | 93 200 | | | 5 125 | 3 026 | | **101 351** |
| Voluntary Contributions | | 199 625 | 12 753 | | 176 | ( 12 757) | **199 797** |
| Other Revenue | 39 543 | 32 930 | 6 420 | 3 544 | | ( 2 371) | **80 066** |
| **Revenue from Exchange Transactions** | | | | | | | |
| Procurement of Public Health Supplies | | | 541 391 | | | ( 241) | **541 150** |
| Other Revenue | | | 4 048 | 10 686 | 373 | ( 10 078) | **5 029** |
| Miscellaneous Revenue | 5 159 | | | | 25 | | **5 184** |
| **TOTAL REVENUE** | **137 902** | **232 555** | **564 612** | **19 355** | **3 600** | **( 25 447)** | **932 577** |
| **EXPENSES** | | | | | | | |
| Staff and Other Personnel Costs | 103 713 | 32 472 | 10 225 | 34 552 | 475 | ( 10 078) | **171 359** |
| Supplies, Commodities, Materials | 3 137 | 39 662 | 526 789 | 1 793 | 171 | ( 340) | **571 212** |
| Equipment, Vehicles, Furniture and Depreciation | 859 | | | | | | **859** |
| Contractual Services | 12 537 | 66 180 | 2 260 | 3 448 | 1 792 | ( 2 075) | **84 142** |
| Travel | 8 391 | 43 590 | ( 82) | 344 | 170 | | **52 413** |
| Transfers and Grants to Counterparts | 2 033 | 34 653 | 74 | 114 | | | **36 874** |
| General Operating and Other Direct Costs | 4 765 | 3 125 | 1 444 | 1 066 | 201 | ( 197) | **10 404** |
| Indirect Support Costs | | 12 737 | | | 20 | ( 12 757) | |
| **TOTAL EXPENSES** | **135 435** | **232 419** | **540 710** | **41 317** | **2 829** | **( 25 447)** | **927 263** |
| **NET SURPLUS/ (DEFICIT)** | **2 467** | **136** | **23 902** | **( 21 962)** | **771** | | **5 314** |

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

In accordance with Financial Regulation 13.5, the Director has the authority to make such ex-gratia payments that he/she deems necessary in the interest of the Organization. These payments amounted to $24 000 during 2010.

As of 31 December 2010, a total of $74 084 was recorded as administrative waivers reflecting seminars and courses given by the governments.

There were no write-offs to be reported.

## 19. Cases of Fraud and Presumptive Fraud

In 2010, the Organization experienced one case of financial fraud and 19 cases of theft of property for a total of $61 544. Of this total, an amount of $1 679 was recovered as of the end of the year. In addition, three cases of credit card fraud and one case of check fraud were committed by people outside the Organization. In all four of these cases, the misappropriated funds amounting to $14 168 were recovered from the financial institutions concerned.

## 20. 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 adjustments, 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).

## 20.1 Key Management Personnel

| | Number of Individuals | Compensation and Post Adjustment | Entitlements | Pension and Health Plans | Total Remuneration | Outstanding Advances against Entitlements |
|---|---|---|---|---|---|---|
| Key Management Personnel in 2010 | 4 | 718 | 235 | 224 | 1 177 | 22 |

During the reporting period, the position of Director of Administration was covered by two different staff members; although, at the end of the period the total computation accounts only for one full-time staff member.

## 21. Events after Reporting Date

The Organization's reporting date is 15 April 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.

## 22. Consolidate Financial Statements for Sub - Regional Centers

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

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

| Category | Total Revenue in 2010 | Total Expenses in 2010 | Net Assets as of 31 December 2010 |
|---|---|---|---|
| Caribbean Epidemiology Center | 2 998 | 2 329 | 7 527 |
| Caribbean Food and Nutrition Institute | 602 | 499 | 1 457 |

## 23. De-recognition of Liability

The de-recognition of the Staff Health Insurance liability to Reserves, is due to the increase in the Staff Health Insurance contribution rates in 2010.

## 24. Reconciliation of Opening Balance Adjustments

Opening balances represent the 2009 audited Statement of Assets, Liabilities, and Reserves and Fund Balances which have been restated to incorporate adjustments made due to changes in accounting policies and other adjustments made at 1 January 2010. These adjustments pertain to the inclusion of Caribbean Epidemiology Center (CAREC) and the Caribbean Food and Nutrition Institute (CFNI); recognition of assessed contribution revenue and accounts receivables; recognition of accrued interest related to investments; revaluation of land and buildings; the recognition of inventories; recognition of revenue, deferred revenue, accounts receivables related to voluntary contributions and the procurement of vaccines and public health supplies; and recognition of liabilities related to employee benefits liabilities.

Net assets of the Organization changed as of 1 January 2010 due to changes in accounting policy with the adoption of IPSAS. The changes totaled $404 351 896. This amount is included in the Statement of Changes in Net Assets.

| | 31 December 2009 Audited | Change in Accounting Policy | Opening Balance 1 January 2010 Restated |
|---|---|---|---|
| **ASSETS** | | | |
| **Current Assets** | | | |
| Cash and Cash Equivalents | 351 419 | ( 175 681) | 175 738 |
| Short Term Investments | 154 858 | 25 142 | 180 000 |
| Accounts Receivable | 11 972 | 153 124 | 165 096 |
| Inventories | | 789 | 789 |
| **Total Current Assets** | **518 249** | **3 374** | **521 623** |
| **Non-Current Assets** | | | |
| Long Term Investments | | 123 586 | 123 586 |
| Accounts Receivable | | 64 022 | 64 022 |
| Property, Plant and Equipment | 14 208 | 91 871 | 106 079 |
| **Total Non-Current Assets** | **14 208** | **279 479** | **293 687** |
| **TOTAL ASSETS** | **532 457** | **282 853** | **815 310** |
| **LIABILITIES** | | | |
| **Current Liabilities** | | | |
| Accrued Liabilities | 13 460 | 22 948 | 36 408 |
| Accounts Payable | 11 805 | ( 4 056) | 7 749 |
| Employee Benefits | | | |
| Deferred Revenue | | 289 682 | 289 682 |
| **Total Current Liabilities** | **25 265** | **308 574** | **333 839** |
| **Non-current Liabilities** | | | |
| Accounts Payable | | 18 961 | 18 961 |
| Employee Benefits | | 180 390 | 180 390 |
| Deferred Revenue | | 179 279 | 179 279 |
| **Total Non-Current Liabilities** | | **378 630** | **378 630** |
| **TOTAL LIABILITIES** | **25 265** | **687 204** | **712 469** |
| **NET ASSETS / EQUITY** | | | |
| **Fund Balances and Reserves** | | | |
| Fund Balances | 429 266 | ( 402 749) | 26 517 |
| Reserves | 77 926 | ( 1 602) | 76 324 |
| **NET RESERVES & FUND BALANCES** | **507 192** | **( 404 351)** | **102 841** |

## 25. Contingent Asset/Liability

The Organization has a possible contingent asset/liability related to the WHO/PAHO Staff Health Insurance Plan. A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Organization. And, a contingent liability is a present obligation that arises from past events but is not recognized because: (i) it is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; or (ii) the amount of the obligation cannot be measured with sufficient reliability and will not be material in the context of the financial statements. WHO and PAHO must analyze the historical financial activity of the WHO/PAHO Staff Health Insurance Plan in order to measure the PAHO share of the possible asset or liability of the Plan with sufficient reliability. Therefore, because PAHO's share of the Staff Health Insurance Plan is unknown at this time, the Organization is disclosing the current status of PAHO's share of the Plan as a contingent asset/liability.

## 26. Provisions

As at 31 December 2010, the Organization had not recognized any provisions.

## 27. In-Kind Contributions

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

| Country Office or Center | Services Received In-Kind | | | | |
|---|---|---|---|---|---|
| | Personnel | Office Premises | Office Services | Office Equipment | Vehicles |
| Argentina | x | | | | |
| Bahamas | x | | x | | |
| Belize | x | | x | | |
| Bolivia | x | | | | |
| Brazil | | | | | |
| Chile | x | x | | | |
| Colombia | | | | | |
| Costa Rica | x | | x | | |
| Cuba | x | x | x | | |
| Dominican Republic | x | x | | x | x |
| Ecuador | x | x | | | |
| El Salvador | x | x | x | | |
| Guatemala | x | | | | x |
| Guyana | x | x | x | | |
| Haiti | x | x | | | |
| Honduras | x | | | | |
| Jamaica | x | x | x | | |
| México | x | | | | |
| Nicaragua | x | x | x | | |
| Panamá | x | x | x | | |
| Paraguay | x | | | | |
| Perú | | | | | |
| Suriname | x | | x | | x |
| Trinidad and Tobago | x | x | x | | x |
| Uruguay | x | | x | | x |
| Venezuela | | | | | |
| PANAFTOSA | x | x | x | x | x |
| BIREME | x | x | x | | |
| CAREC | x | | | | |
| CEPIS | | | | | |
| CFNI | | | | | |
| CLAP | x | x | x | | |
| El Paso | | | | | |