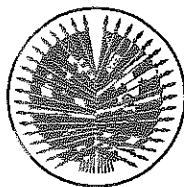


ORGANIZATION OF AMERICAN STATES



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June 23, 1995
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REPORT TO THE
PERMANENT COUNCIL
OF THE
ORGANIZATION OF AMERICAN STATES

AUDIT OF ACCOUNTS AND
FINANCIAL STATEMENTS
FOR THE YEAR
ENDED
DECEMBER 31, 1994

By the
Board of External Auditors

GENERAL SECRETARIAT
ORGANIZATION OF AMERICAN STATES
WASHINGTON, D.C. 20006

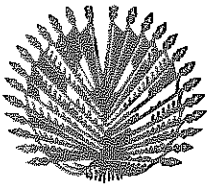
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ORGANIZATION OF AMERICAN STATES BOARD OF EXTERNAL AUDITORS

The Board is responsible for the external audit of the accounts of the General Secretariat pursuant to the General Assembly Resolution 123 adopted on April 14, 1973, and Permanent Council Resolution 124 dated June 30, 1975. It began to function in March 1976, and adopted detailed rules and procedures to carry out its duties and responsibilities. These rules reflect the standards and requirements prescribed by the General Assembly and the Permanent Council for the external audit of the OAS.

The Board is composed of three members elected by the General Assembly.



ORGANIZACION DE LOS ESTADOS AMERICANOS
ORGANIZAÇÃO DOS ESTADOS AMERICANOS
ORGANISATION DES ETATS AMERICAINS
ORGANIZATION OF AMERICAN STATES

JUNTA DE AUDITORES EXTERNOS
BOARD OF EXTERNAL AUDITORS
JUNTA DE AUDITORES EXTERNOS
COMMISSION DE VÉRIFICATEURS EXTÉRIEURS

17th Street and Constitution Avenue, N.W. Washington, D.C. 20006

June 23, 1995

To the Permanent Council of the
ORGANIZATION OF AMERICAN STATES

The Board of External Auditors is pleased to present its annual report on the external audit of the accounts and financial statements of the ORGANIZATION OF AMERICAN STATES (OAS) for the year ended December 31, 1994. Our report includes:

- Comments and recommendations by the Board for improving the OAS operating procedures and internal accounting controls;
- Audit of the accounts and financial statements of major OAS funds:
 - Regular Fund
 - Special Development Assistance Fund
 - Special Multilateral Fund for Education, Science,
and Culture
 - Special Account for Culture
 - Mar del Plata Account
- Audit of the accounts and financial statements of the Retirement and Pension Fund.
- Audit of the accounts and financial statements of the Rowe Memorial Benefit Fund and the Leo S. Rowe Pan American Fund.
- Audit of the accounts and financial statements of the Inter-American Defense Board.
- Audit of the accounts and financial statements of the International Commission of Support and Verification (CIAV II).
- Audit of the accounts and financial statements for the Activities of the Unit for the Promotion of Democracy.

The Board's annual report is based primarily on the independent audit Ernst & Young performed in accordance with generally accepted auditing standards. The Board reviewed and discussed the audit work and related workpapers with representatives of the firm. In preparing its report, the Board has also considered the reports of the General Secretariat's Inspector General and discussions with management officials.

The financial statements included in this report represent the financial activity for the year ended December 31, 1994, on a comparative basis with the year ended December 31, 1992. (See Note 3 to the financial statements). Except as described in the following paragraph, the statements have been prepared in conformity with accounting practices prescribed by the Budgetary and Financial Rules of the General Secretariat which require the measurement of financial position and operating results in terms of historical cost without regard to changes in the purchasing power of money over time.

Ernst & Young's opinion as it pertains to the 1992 financial statements is qualified because of the recording of certain obligations and related interfund income in 1991, as discussed in Note 7 to the financial statements. These obligations departed from the criteria set forth in the General Standards to govern the operations of the General Secretariat and the Budgetary and Financial Rules in that they did not represent firm commitments as prescribed by such rules.

Based on the opinions rendered by Ernst & Young on the funds audited, the Board certifies in accordance with Article 103 of the General Standards to govern the operations of the General Secretariat that:

- The financial statements of all funds audited agree with the books, records, documents, and vouchers of the General Secretariat.
- The securities and cash on deposit have been checked by means of certification from depositories of the General Secretariat and the cash on hand has been checked by actually counting it as deemed appropriate by the Board in accordance with generally accepted auditing standards.

We have included, as Appendix A of Section I, Ernst & Young's opinion on compliance with the General Standards to govern the operations of the General Secretariat. In addition, our

report contains a number of recommendations designed to improve OAS operating procedures and internal accounting controls at both Headquarters and member states offices .

Article 108 of the General Standards, provides:

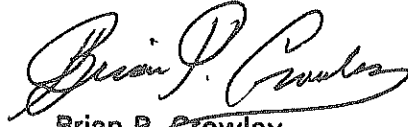
"The Board shall submit its report to the Permanent Council and the General Secretariat within the first semester of every year. The Permanent Council shall make the observations it deems necessary. Bearing in mind such observations, within sixty days of receiving them, the General Secretariat shall submit a report to the Permanent Council on the measures taken to implement the Board's recommendations."

The Board's report for 1993 was referred by the Permanent Council to its Committee on Administrative and Budgetary Affairs on November 9, 1994. The Committee on Administrative and Budgetary Affairs submitted its report, document CP/doc. 2599, on May 16, 1995, to the Permanent Council, which approved the Committee's report.

At December 31, 1994, the Regular Fund had a positive fund balance of approximately \$14.2 million, a decrease of approximately \$2 million from the December 31, 1993 balance of \$16.2 million. Overall, quota collections by the Regular Fund during 1994 were \$65 million or about 13 percent lower than the 1993 level of \$75.1 million. The Board wishes to point out that current claims for various activities, principally building renovations, continue to exceed the available balance of the Regular Fund.

The Board is pleased to acknowledge the excellent progress made to improve the financial management operations of the Organization since the Board's last report. The General Assembly in Montrouis, Haiti adopted resolutions to improve the operations of the Inspector General's Office, and to provide for the implementation of several other of the Board's recommendations, as well as to advance the timing of the Board's annual report so that it may be considered each year by the General Assembly. In addition, the General Secretariat took action to improve accounting for fixed assets, strengthen the financial disclosure and conflict of interest process for the staff of the General Secretariat, ensure compliance with specific fund reporting requirements, improve budgetary execution, and enhance staffing and resources available to the Inspector General's Office.

The Members of the Board wish to express their appreciation for the cooperation of the General Secretariat in facilitating the audit work and to the General Assembly and Permanent Council for the opportunity to assist in evaluating the financial operations of the OAS.



Brian P. Crowley
Chairman



Marcelo Zalles B.
Member



Jocelyn Thompson
Member

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SECTION I
COMMENTS AND RECOMMENDATIONS TO IMPROVE
OPERATING PROCEDURES AND INTERNAL ACCOUNTING CONTROLS

CHAPTER 1

COMMENTS RELATING TO THE GENERAL SECRETARIAT

The financial position of the Organization's Regular Fund deteriorated slightly during 1994, although all interfund debt was repaid. The only remaining long-term debt is a mortgage on the General Secretariat building. At December 31, 1994, the Regular Fund's balance was \$14.2 million, a \$2 million decrease from the 1993 balance of \$16.2 million. Quota collections during 1994 were \$65 million, about 13 percent less than the \$75.1 million collected in 1993. Also, total Regular Fund arrearages at December 31, 1994, were about \$38 million, an increase of about \$5 million from 1993. The Board noted that the Regular Fund balance is already designated to finance various activities, primarily building renovations.

The General Secretariat and the General Assembly took a number of actions to address issues raised in past reports of the Board. Of the issues reported on last year, only two remain of continuing concern to the Board and, in both cases, action has been initiated to address the Board's concerns but will take some time to complete.

ISSUES OF CONTINUING CONCERN

Management Information Systems

In past reports, the Board has stated that the information systems and software programs used by the Organization were out of date and recommended that the Organization's management information system capabilities be upgraded.

During 1994, the Permanent Council approved \$180,000 to implement Phase I of the systems development work plan. This phase was designed to upgrade managerial systems (i.e, finance, personnel, budgetary, and payroll). These funds have not been committed at year-end.

An additional \$119,000 was approved to finance the first part of Phase II of the plan to

- develop specialized data bases,
- make these data bases accessible to the permanent missions,
- provide electronic mail service, and
- establish on-line access to Organization documents.

Phase II is considered a high-priority project and work on the project is underway.

During 1994, the Organization took action to upgrade its main operating systems' software. It also improved its contingency controls by installing a second Datapoint computer to serve as a backup to its primary system. The Board continues to believe that the backup processor should be located in a separate building to increase security.

Also, the Department of Financial Services, in conjunction with the Department of Management Systems, continued to work to correct problems with the communications systems that were established in 1993 in the National Offices in Mexico, Dominica, and Guatemala.

In June 1995, the General Assembly adopted a resolution requiring the General Secretariat to complete a study for upgrading and integrating the Organization's management information systems. This study is to include a review of the General Standards and the Budgetary and Financial Rules. Specific consideration is to be given to the special financial accounting software needs of the Retirement and Pension Fund.

Once the study is completed, the Secretary General is to report his recommendations for implementation of the study's findings to the Permanent Council. At that time, the Permanent Council may authorize reallocation of previously appropriated funds.

The Board is pleased to note that the Secretary General included, as an objective in A New Vision of the OAS, the modernization of internal administrative systems for a more effective and efficient management process.

Review of Policies and Procedures

The Organization has policies and procedures to govern its day-to-day operations which were developed mostly in the late 1970's and early 1980's. The Board had recommended that the Organization review and revise the policies and procedures as appropriate. Manuals pertaining to contracting, investing, personnel, and field financial operations in particular need updating.

The General Secretariat plans to complete the review and revise these policies and procedures by the end of 1995.

ACTION ON PRIOR ISSUES

Compliance With Reporting Requirements

In past reports, the Board has noted that the Organization had not consistently met its reporting deadlines as required by agreements governing specific projects funded by donors. In 1994, specific fund contributions were about \$30 million--including \$13 million and \$3 million for special missions in Haiti and Nicaragua, respectively.

Although the lack of timely compliance with the various reporting requirements continued during 1994, significant progress was made. An additional position was approved for this function. Also, the Department of Financial Services continued to work on automating the reporting process and the new automated process was used on a trial basis for the first few months in 1995.

In June 1995, the General Assembly authorized the General Secretariat to obtain, for technical supervision and administrative support, a contribution of up to 10 percent of the total of the specific fund contribution that it receives. Under this provision, the General Secretariat is to ensure that, in using these funds, attention is given to the requirement of providing timely reports to donors and member states.

Budgetary Execution

For the last 3 years, the Board has reported on the delay in the execution of program budgets of the Voluntary Funds and recommended that an evaluation be made to identify the elements that preclude the timely execution of the approved budgets. The Board had been told that some of the delay was due to delays in receiving pledged funds from donors.

In approving the budget for 1996, the General Assembly required that appropriations for the Voluntary Funds be adjusted to reflect the level of financing available and precluded the carryover of 1995 appropriations into 1996.

Separation Indemnities

The Board had questioned payments made to employees terminating in 1993 under Article 53F of the General Standards. Under Article 53F, the Secretary General pays indemnities to employees whose appointments are terminated in the best interest of the Organization. Because the majority of employees receiving indemnities in 1993 had requested to be separated, it was not clear that these payments were appropriate under Article 53F.

During 1994, five employees were paid separation indemnities under Article 53F, but these were made early in the year. After the Board brought this issue to the attention of the General Secretariat, no further Article 53F terminations were approved under these circumstances. The Board was informed that the Department of Human Resources is now monitoring terminations to ensure that the Article 53F payments are limited to cases where the termination is justified as being in the best interest of the Organization.

**Conflict-of-Interest
Statements**

In past reports, the Board had recommended that procedures be established for reviewing conflict-of-interest statements, whereby employees' statements would be reviewed for completeness and substance by supervisors knowledgeable about the employees' duties and responsibilities.

On June 2, 1995, the General Secretariat issued Administrative Memorandum No. 77 establishing such procedures.

Fixed Assets

The Board had pointed out that the Organization had not been taking physical inventories of fixed assets as required by the Budgetary and Financial Rules. In April 1994, the General Secretariat contracted with an outside firm to perform a physical inventory of headquarters fixed assets. This inventory could not locate some items reported on the master listing and located other items that were not on the master listing.

The Organization is continuing to resolve the discrepancies disclosed by the inventory. The Board recommends that the Organization ensure that all new items are added to the master list when acquired and items disposed of are promptly removed. The Board also recommends that the Organization continue to take physical inventories in accordance with the Budgetary and Financial Rules.

The Board had also recommended an increase to the minimum capitalization amount to reduce the administrative burden associated with tracking small dollar items. In April 1995, the General Secretariat raised the minimum capitalization amount from \$50 to \$500 as the Board recommended.

**Specific Criteria
for Firm Commitments**

Past Board reports noted instances where the Organization had recorded obligations that did not appear to be supported by firm commitments as required by the Budgetary and Financial Rules. The Board stated that the rules were not clear and recommended that specific criteria for obligations be established. During 1994, the Board noted that some unliquidated obligations, totaling about \$639,000, were not supported by firm commitments. The financial statements were adjusted to correct these amounts.

In June 1995, the General Assembly approved a modification to Article 72 of the General Standards to specifically require that obligations be recorded when the General Secretariat becomes legally required to expend funds. This modification is in line with the Board's recommendations.

Personnel Budget

Last year, the Board noted that the Organization had 24 long-term contract employees whose salaries of about \$1 million were not included in the current budget.

During 1994, the Organization substantially reduced the number of such contract employees.

Staffing

During its discussions last year with various officials of the General Secretariat, the Board was told that the Organization did not have adequate staffing to carry out important functions, such as physical inventories of fixed assets, compliance reporting, audits and evaluations by the Inspector General's office, and modernization of computer systems. The Board recommended that the Organization conduct a thorough staffing study to ensure that an appropriate number and quality of staff are available to carry out essential functions.

The recently completed classification audit will result in significant changes in the Organization's pay levels and in its position descriptions. The Board was informed that the contract for the audit includes, as a second phase, a staffing study as recommended by the Board.

CHAPTER 2

COMMENTS RELATING TO AUDITS BY THE OFFICE OF THE INSPECTOR GENERAL

In its 1993 report, the Board reported that almost all of the Inspector General's resources were devoted to audits of Offices of the General Secretariat in the member states and limited work occurred at the Organization's headquarters where the majority of administrative management takes place and where the majority of the funds are disbursed.

During 1994, the Office of the Inspector General initiated more audits at headquarters and planned several others. It conducted audits of scholarships, conference travel procedures, the flow of funds and payment procedures, personnel and payroll costs, and the use of gasoline credit cards. During the same time, the Office of the Inspector General conducted audits in six member states.

AUDITS OF OFFICES OF THE GENERAL SECRETARIAT IN THE MEMBER STATES

In 1994, the Office of the Inspector General conducted audits at Offices of the General Secretariat in Brazil, Chile, Colombia, and Panama. It also conducted an audit of CIAV Nicaragua and a special audit in Guatemala. Review of the audit reports showed that the same types of control deficiencies identified in the past continued to occur. These include

- unsatisfactory control over fixed assets,
- expenditures that were not always adequately supported by documentation, and
- no agreements between the Organization's General Secretariat and host governments, except for Chile.

In addition, individual National Office reports noted findings and/or actions needed to eliminate other problems identified. The following are examples of some of these findings/actions:

Brazil

- The safe box should be under the custody of a permanent employee.
- The National Director should sign payment vouchers.
- At least two quotations should be obtained to buy any goods.

Chile

- Receipts should be pre-numbered.
- Only authorized personnel should make collections.

- Records of payment authorizations should be kept up-to-date.
- Internal control procedures related to issuing checks should be strengthened.
- All projects should be periodically supervised.

Colombia

- Travel reports should be attached to travel voucher claims.

Panama

This followup of a July 1993 audit reported that action had not been initiated on four recommendations made in the prior report. These recommendations were to

- establish agreement between the Organization and the Government of Panama on operations and privileges,
- prohibit contracts with the families of local Organization personnel,
- request a refund of \$1,500 not used in a project from the Coordinator of Epidemiology in Panama, and
- prohibit giving funds to project coordinators since they are employees of the host government.

CIAV Nicaragua

- Wives of international staff should not be hired.
- The Organization's International Identification Cards were inappropriately delivered to some individuals.
- Personnel and vehicles were increased without programs to develop.

Guatemala

- The General Secretariat and the cleaning service contractor should sign a formal contract.
- The Director of Financial Services should ascertain that the office in Guatemala store its blank checks in a safe deposit box and should obtain voucher checks the next time checks are printed.
- The Director of the Office of Material Resources should include the items identified by the auditors in the inventory of fixed assets and should eliminate items that are no longer in the office's possession.

- The Assistant Secretary for Management should instruct the Director of the Department of Management Systems to either enter into a contract or designate a technician to complete the electronic information system so that this system can be used in other offices. The system should not be implemented until it is working properly in both Guatemala and Mexico, where it was a pilot project.

Because the Inspector General audits continue to find the same problems year after year in the Offices of the General Secretariat in the member states, the Board recommends that the Inspector General identify the root causes of such problems and recommend actions to address those underlying causes. For example, one underlying cause may be that the staff of the local offices may not be aware of administrative requirements. Training could address that cause and might lead to fewer deficiencies in the future.

AUDITS OF HEADQUARTERS OPERATIONS

In addition to the audits of Offices of the General Secretariat in the member states, the Office of the Inspector General also completed several audits of headquarters operations.

Flow of the Funds and Payment Procedures

The findings reported by the Inspector General in this review included:

- Coordination and cooperation from technical offices and some Field Offices (General Secretariat Office in the member states) needs to be significantly improved so that the flow of funds can be more expeditious and unliquidated balances reprogrammed in a more timely manner.
- Control over the advance of funds needs improvement.
- Complex projects need more planning and better administrative management.
- Efforts to regain control over the Organizations' assets are still facing complex challenges.
- Operational manuals need urgent upgrading.

Financing Personnel and Payroll Costs

This review revealed a series of management problems and areas which require resolution and/or attention. With respect to the Payroll System, the report concluded that, despite the problems, payroll procedures were adequate and payroll-related costs were adequately supported by documentation and represented fair and accurate costs to the Organization.

Conference Travel Procedures

The Office of the Inspector General reviewed practices and reference material, including job descriptions, manuals, and reports. As a result of the review, a recommendation

was made and implemented that the conference travel function be moved from Conference Services to the Travel Section of the Department of Material Resources.

Procedures Used to Manage Nonexpendable Property and Warehouses

This report represents a series of management problems and areas which include resolution and/or attention. Its principal findings included:

- The Organization needs to rid itself of Excess Property which are no longer either serviceable or economically repairable.
- The use of numerous storage areas creates problems of control and allocation of valuable office space. The Organization needs to have a coordinated effort to reduce the number of warehouses.

The report also called for a change to the Budgetary and Financial Rules to eliminate the depreciation concept and to adopt policies similar to those used by the Pan American Health Organization, the World Health Organization, and the United Nations. These institutions expense all assets (except land and buildings) in the year when the items are bought.

The Board considered this recommendation and discussed it at length with Ernst & Young and with the Acting Inspector General. The Board and Ernst & Young concluded that the Organization should continue to depreciate its fixed assets. Depreciation allocates the cost of an asset over its estimated useful life. This allocation allows the Organization to know its costs of operation for specific accounting periods. The Board believes that the Organization should continue to be cost-conscious and, therefore, it strongly disagrees with this recommendation and recommends that the Organization not implement it.

CHAPTER 3

COMMENTS RELATING TO THE OPERATIONS OF THE OFFICE OF THE INSPECTOR GENERAL

In past years, the Board expressed concern about the Office of the Inspector General's audit coverage, staffing, independence, and followup on audit recommendations. As discussed in chapter 2, the Office of the Inspector General increased its audit coverage of headquarters operations in 1994. Also, the Secretary General and the General Assembly took action to strengthen the office in the other three areas.

Staffing

Past personnel reductions in the Office of the Inspector General staff severely hampered the Inspector General's ability to review critical headquarters functions and activities. In 1995, several personnel actions that address this issue occurred. A Deputy Inspector General with good auditing credentials was appointed in early 1995. In addition, a resolution passed by the General Assembly in Montrouis, Haiti, authorized the office one additional staff member and about \$50,000 for contract work.

Audit Followup

The system established to track action on the Office of the Inspector General recommendations appears to have been successful. The Acting Inspector General reported to the Board that most recommendations have been implemented.

Independence

In its 1993 report, the Board reported that the Office of the Inspector General did not have a separate budget and that its reports were reviewed and approved by the Secretary General before they were released. It reported that it believed that the Office of the Inspector General did not have sufficient independence to operate most effectively. The Secretary General made all routine and substantive decisions regarding obligations and personnel actions for the Organization. By having one person control all personnel and administrative decisions and the operation of the Office of the Inspector General, there was not a separation of duties normally found in a good internal control environment.

After this issue was discussed at the Twenty-Fourth Regular Session of the General Assembly held in Belem do Para, Brazil, the General Assembly adopted a resolution instructing the Permanent Council to analyze the structure and functions of the auditing systems of the Organization, especially the Office of the Inspector General. Based on that study, the Permanent Council was to present a report to the General Assembly at its next regular session with recommendations for increasing the scope and number of internal audits and for providing the Office of the Inspector General with the resources and the structural independence necessary for conducting those audits.

The Committee on Administrative and Budgetary Affairs established the Working Group for Strengthening the Office of the Inspector General and asked the Board for its

recommendations for improving the auditing function at the Organization. The Board provided its recommendations to the Committee on February 22, 1995.

Although the Working Group did not accept some of the Board's recommendations, the Group made a number of recommendations which should result in strengthening the Office of the Inspector General. The Working Group's report and recommendations were accepted and adopted by the General Assembly in Montrouis, Haiti. The General Assembly also requested the Permanent Council to submit a report on the impact of these measures to the Twenty-Sixth Regular Session of the General Assembly. The Board commends the Chairman of the Working Group for his efforts in strengthening the Office of the Inspector General.

CHAPTER 4

COMMENTS RELATING TO THE INTER-AMERICAN DEFENSE BOARD

The Inter-American Defense Board (IADB) receives substantially all of its funding from the Organization. Until last year, this funding had been decreasing at the rate of about 5 percent a year. The Board's past reports have stated that, because of the reduced funding, the continued viability of the IADB was in question and suggested that alternative funding sources be considered or that costs be reduced.

In a meeting before the Board last year, the IADB presented a detailed budget and financial plan that showed how it planned to operate within its budget. Because it took action to reduce its costs by about \$1 million, the IADB had a surplus of about \$94,000 in 1994 compared with a deficit of about \$772,000 in 1993. As a result, IADB was able to reduce its accumulated fund deficit from about \$163,000 in 1993 to about \$69,000 in 1995.

Ernst & Young noted that IADB management closely monitored operations and that the control environment was effective, even though, because of limited numbers of staff, separation of duties was not always possible. The Board commends IADB for taking appropriate steps to operate within its available resources.

CHAPTER 5

COMMENTS RELATING TO THE OPERATION OF THE BOARD OF EXTERNAL AUDITORS

For the past several years, the Board has presented its preliminary findings orally to the General Assembly. During this last year, the Board, the Committee on Administrative and Budgetary Affairs, and the Working Group for Strengthening the Office of the Inspector General concluded that the comments and recommendations of the Board should be addressed in the process of considering the Program Budget of the Organization. Therefore, the General Assembly adopted a resolution requiring the Board to submit its report to the Permanent Council and the General Secretariat within the first 4 months of every year. The report is to include comments made by the General Secretariat. Additional formal comments are to be provided by the General Secretariat on planned actions to implement the recommendations in the report. The Permanent Council's observations and recommendations on the report and on the comments of the General Secretariat are to be forwarded to the General Assembly.

The Board has been working with the Treasurer of the Organization and with Ernst & Young to carry out the General Assembly's resolution. The Board will make every effort to comply with this resolution. However, the Board will need the support of the Permanent Council for the resources, including additional funds, necessary to carry out the accelerated audit.

The Board wishes to point out that it fully supports this resolution and it will endeavor to minimize the additional resources necessary to carry it out.

Independent Auditor's Report on Compliance

Board of External Auditors
Organization of American States

We have audited the financial statements of the funds of the Organization of American States (the Organization) as of, and for the year ended December 31, 1994, as listed in the accompanying table of contents, and have issued our report (the Audit Report) thereon dated April 28, 1995.

We conducted our audits in accordance with generally accepted auditing standards and the external auditing requirements prescribed in Chapter VII of the General Standards of the Organization of American States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

Compliance with the rules and regulations of the Organization (rules and regulations) is the responsibility of the Organization's management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the Organization's compliance with provisions included in Chapters IV, V, VI and VII of the General Standards. However, our objective was not to provide an opinion on overall compliance with such provisions.

We also tested certain expenditures of senior executives concerning executive compensation, travel, official entertainment, contracting and consulting services, speaking honoraria and gifts, and executive perquisites to determine compliance with the Organization's Staff Rules and Chapters III and VIII of the General Standards.

The results of our tests indicate that with respect to the items tested, the Organization complied, in all material respects, with the provisions referred to above. With respect to items not tested, nothing came to our attention that caused us to believe that the Organization had not complied, in all material respects, with those provisions. In addition, we noted certain immaterial instances of noncompliance with the rules and regulations in the following areas: fixed assets, unliquidated obligations and separation indemnities. Our comments on these matters have been reported to the Board of External Auditors in separate correspondence dated April 28, 1995.

This report is intended solely for the information of the Board of External Auditors, the General Secretariat, Permanent Council, and the General Assembly of the Organization. This restriction is not intended to limit the distribution of this report, which is a matter of public record.



April 28, 1995

SECTION II
FINANCIAL STATEMENTS OF THE ORGANIZATION OF AMERICAN STATES
WITH
REPORT OF INDEPENDENT AUDITORS

RESPONSIBILITY FOR FINANCIAL STATEMENTS

The General Secretariat has prepared and is responsible for the integrity of the financial data included in the accompanying financial statements. Except as described in note 7 of the financial statements, the statements have been prepared in conformity with accounting practices prescribed by the Budgetary and Financial Rules of the Organization which include the financially oriented General Standards to Govern the Operations of the General Secretariat and other provisions approved by the General Assembly.

The accounting practices utilized by the General Secretariat differ in certain respects from generally accepted accounting principles customarily applied in the presentation of financial statements. A description of the significant differences from generally accepted accounting principles is set forth in Note 4 to the financial statements. The General Secretariat maintains an accounting system and related controls to provide reasonable assurance that financial records are reliable for preparing financial statements. The system includes a program of internal audit to provide assurance that proper procedures and methods of operations are used to implement plans, policies and directives of the General Secretariat.

In addition, the Board of External Auditors, which consists of three members elected by the General Assembly, is authorized to audit all accounts, funds, and operations of the Organization. The Board of External Auditors has engaged the services of the independent accounting firm of Ernst & Young LLP to audit the financial statements. Their opinion on the financial statements is based on auditing procedures which include a review of the internal control structure and selected tests of transactions and records. These auditing procedures are intended to provide a reasonable level of assurance that the financial statements are fairly stated in all material respects. The Board periodically meets with the independent auditors, officials of the General Secretariat, and internal auditors to review and evaluate accounting, auditing and financial reporting activities and responsibilities. The Board of External Auditors, the independent auditors as well as the internal auditors have unlimited access to all records maintained by the General Secretariat.

Report of Independent Auditors

Board of External Auditors
Organization of American States

We have audited the combined financial statements of the funds of the Organization of American States (the Organization) as of December 31, 1994 and for the year then ended, listed in the accompanying table of contents on page II - 9 herein. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards and the external auditing requirements prescribed in Chapter VII of the General Standards of the Organization of American States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As described in Note 4, the Organization of American States prepares its financial statements on the basis of accounting practices prescribed by the Budgetary and Financial Rules (which include the applicable financially-oriented General Standards adopted by the General Assembly of the Organization of American States) which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements listed in the accompanying table of contents present fairly, in all material respects, the combined funds' assets, liabilities and fund balances for the funds of the Organization of American States referred to above at December 31, 1994, and the changes in fund balances for the year then ended on the basis of accounting described in Note 4.

Our audits have been made primarily for the purpose of expressing an opinion on the basic financial statements listed in the accompanying table of contents for the funds of the Organization of American States referred to in the first paragraph of this report taken as a whole. The accompanying supplementary information in Schedules 1 through 20 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such supplementary information has been subjected to the procedures applied in the audits of the basic financial statements and, in our opinion is fairly stated in all material respects in relation to the basic financial statements mentioned above taken as a whole.

We have previously audited and expressed a qualified opinion for the effects of recording certain obligations and related interfund income, as discussed in Note 7, on the financial statements of the above funds of the Organization of American States for the year ended December 31, 1992, summarized comparative information from which is presented herein.



April 28, 1995

ORGANIZATION OF AMERICAN STATES

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ORGANIZATION OF AMERICAN STATES
FINANCIAL STATEMENTS

ORGANIZATION OF AMERICAN STATES

GENERAL, OPERATING, WORKING CAPITAL AND RESERVE SUBFUNDS
 COMBINING STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCES
 (in thousands)

	December 31, 1994					December 31, 1992 Combined
	Regular	SDAF	FEMCIECC	CEC	CMP	
<u>ASSETS</u>						
Cash and equity in OAS Treasury Fund (Note 6)	\$ 26,207	\$ 13,549	\$ 15,618	\$ 1,465	\$ 4,721	\$ 61,560
Advances to employees	57	1	6			64
Other assets	5	2		6		13
Amounts to be charged to future years' appropriations (Note 4)	4,162		10			4,172
Equity in land, buildings and equipment (Notes 5 and 11)	31,490					31,490
	<u>\$ 61,921</u>	<u>\$ 13,552</u>	<u>\$ 15,634</u>	<u>\$ 1,471</u>	<u>\$ 4,721</u>	<u>\$ 97,299</u>
<u>LIABILITIES AND FUND BALANCES</u>						
Unliquidated obligations (Note 7)	\$ 9,202	\$ 1,548	\$ 995	\$ 65	\$ 180	\$ 11,990
Quotas/Pledges collected in advance	141	85	63	34	43	366
Accounts payable and other liabilities	4,044	369	39		18	4,470
Long-term debt (Note 11)	10,658					10,658
Deferred interest income (Note 16)	2,875					2,875
	<u>26,920</u>	<u>2,002</u>	<u>1,097</u>	<u>99</u>	<u>241</u>	<u>30,359</u>
Fund balances:						
General/Operating Subfund Appropriated	14,169	7,840	8,138	775	3,082	34,004
General/Operating Subfund Unappropriated		2,039	2,691	299	355	5,384
Working Capital/Reserve Subfund		1,671	3,708	298	1,043	6,720
	<u>14,169</u>	<u>11,550</u>	<u>14,537</u>	<u>1,372</u>	<u>4,480</u>	<u>46,108</u>
Investment in land, buildings, and equipment	20,832					20,832
	<u>\$ 61,921</u>	<u>\$ 13,552</u>	<u>\$ 15,634</u>	<u>\$ 1,471</u>	<u>\$ 4,721</u>	<u>\$ 97,299</u>
						<u>\$ 82,048</u>

ORGANIZATION OF AMERICAN STATES

GENERAL, OPERATING, WORKING CAPITAL AND RESERVE SUBFUNDS
 COMBINING STATEMENT OF CHANGES IN FUND BALANCES
 (in thousands)

	Year ended December 31, 1994				Year ended	
	Regular	SDAF	FEMCIECC	CEC	CMP	December 31, 1992 Combined
Increases						
Quota/Pledge collections (Note 4)	\$ 65,046	\$ 6,498	\$ 8,346	\$ 498	\$ 1,751	\$ 87,657
Less prompt payment credits	165					129
Contribution for administrative and technical support (Note 4)	64,881	6,498	8,346	498	1,751	87,528
OAS Treasury Fund income (Note 6)	1,704					20 (a)
Other income, refunds, and deb obligations (Note 7)	3,104	873	771	70	176	4,994
	5,303	141	15	1	1	5,460
Decreases	\$ 74,992	\$ 7,512	\$ 9,132	\$ 568	\$ 1,928	\$ 92,448
Expenditures and obligations pursuant to appropriations:						
General Assembly and Permanent Council	\$ 11,447					\$ 9,245 (a)
Executive Office of the General Secretariat	16,643					6,669
Activities of the Secretariat for Economic and Social Affairs	7,391	7,108				13,292 (a)
Activities of the Secretariat for Educational, Scientific and Cultural Affairs	4,932		\$ 4,588	\$ 259	\$ 899	9,929 (a)
Activities of the Offices Away from Headquarters	7,282					7,282
Activities of the Secretariat for Legal Affairs	1,972					1,972
Activities of the Secretariat for Management	9,301					9,301
Common administrative and personnel costs	13,000					13,000
Contributions to other agencies	5,086					5,086
	77,054	7,108	4,588	259	899	88,224
Net increase (decrease) during period	(2,062)	404	4,544	309	1,029	4,224
Fund balances at beginning of period	16,231	11,146	9,993	1,063	3,451	41,884
Fund balances at end of period	\$ 14,169	\$ 11,550	\$ 14,537	\$ 1,372	\$ 4,480	\$ 46,108

(a) The combined amount excludes \$1,684,000 in 1994 and \$1,454,000 in 1992 of interfund contributions to the Regular Fund. Such contributions are eliminated as expenditures in the respective funds.

See accompanying notes

ORGANIZATION OF AMERICAN STATES

SPECIFIC FUNDS
COMBINING STATEMENT OF ASSETS, LIABILITIES, AND FUND BALANCES
(in thousands)

	December 31, 1994				December 31, 1992 Combined	
	REGULAR	SDAF	FEMCIECC	CEC		CMP
<u>ASSETS</u>						
Cash and equity in OAS Treasury Fund (Note 6)	\$ 29,981	\$ 8,854	\$ 3,876	\$ 128	\$ 304	\$ 43,143
Advances to Employees and other receivables	439	31	2			472
	<u>\$ 30,420</u>	<u>\$ 8,885</u>	<u>\$ 3,878</u>	<u>\$ 128</u>	<u>\$ 304</u>	<u>\$ 43,615</u>
<u>LIABILITIES AND FUND BALANCES</u>						
Unliquidated Obligations (Note 6)	\$ 1,555	\$ 1,470	\$ 984	\$ 2	\$ 103	\$ 4,114
Accounts payable and other liabilities	856	171	2	12	2	1,043
Fund balances	28,009	7,244	2,892	114	199	38,458
	<u>\$ 30,420</u>	<u>\$ 8,885</u>	<u>\$ 3,878</u>	<u>\$ 128</u>	<u>\$ 304</u>	<u>\$ 43,615</u>

SPECIFIC FUNDS
COMBINING STATEMENT OF CHANGES IN FUND BALANCES
(in thousands)

	Year ended December 31, 1994				Year ended December 31, 1992 Combined	
	REGULAR	SDAF	FEMCIECC	CEC		CMP
<u>Increases</u>						
Contributions (Note 4)	\$ 22,266	\$ 6,191	\$ 1,401	\$ 57	\$ 40	\$ 29,955
Other income, return to donors, and transfers	(65)	62	22	(88)		(69)
	<u>22,201</u>	<u>6,253</u>	<u>1,423</u>	<u>(31)</u>	<u>40</u>	<u>29,886</u>
<u>Decreases</u>						
Obligations and expenditures	10,894	4,965	2,108	7	125	18,099
Net increase (decrease) during period	<u>11,307</u>	<u>1,288</u>	<u>(685)</u>	<u>(38)</u>	<u>(85)</u>	<u>11,787</u>
Fund balances at beginning of period	16,702	5,956	3,577	152	284	26,671
Fund balances at end of period	<u>\$ 28,009</u>	<u>\$ 7,244</u>	<u>\$ 2,892</u>	<u>\$ 114</u>	<u>\$ 199</u>	<u>\$ 38,458</u>

ORGANIZATION OF AMERICAN STATES
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1994 AND 1992

ORGANIZATION OF AMERICAN STATES

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 1994 AND 1992

1. Organization and Financial Statements

The General Secretariat is the central and permanent organ of the Organization of American States (OAS). To ensure observance of limitations and restrictions placed on the use of resources available to the OAS, the accounts of the OAS are maintained in accordance with fund accounting principles. Separate accounts are maintained for each fund. In the accompanying financial statements, the funds administered by the General Secretariat are grouped in the following categories, according to their source of financing and purpose:

Regular Fund, financed mainly by the assessment of quotas to the member states and contributions from certain other OAS funds (see Note 4D). The purpose of this fund is to provide the General Secretariat with general support as well as technical supervision and administrative services to the programs;

Special Multilateral Funds, financed mainly by voluntary contributions of the member states to support the programs adopted by the Councils and approved by the General Assembly;

Specific funds and funds from special contributions (Specific Funds), financed by grants or bequests to finance activities specified by the donor or legator, and any other contributions by national or international, public or private entities, for carrying out or strengthening specific activities or programs of the General Secretariat.

The financial position and changes in fund balances of the Regular and Special Multilateral Funds are reflected in Exhibits 1 and 2 on a combined basis. In addition, the financial position and changes in fund balances of the Specific Funds are included as Exhibit 3 on a combined basis.

A. General and Operating Subfunds

Quota and voluntary pledge contributions and the corresponding costs incurred in carrying out budgetary activities of the funds are included in the accompanying financial statements, where applicable, as general or operating subfunds activity.

a. Regular Fund

In addition to the activities of the General Secretariat, the following activities are financed through budgetary appropriations of the Regular Fund and are included in the financial statements of the Regular Fund:

General Assembly
Meeting of Consultation of Ministers of Foreign Affairs
Special Consultation Committee on Security
Permanent Council of the OAS
Inter-American Council for Education, Science and Culture
Inter-American Economic and Social Council
Inter-American Commission of Human Rights
Inter-American Nuclear Energy Commission
Inter-American Commission of Women
Inter-American Committee on Peaceful Settlement
Inter-American Juridical Committee
Inter-American Children's Institute
Inter-American Statistical Institute
Inter-American Court on Human Rights
Inter-American Commission for Drug Abuse Control
Inter-American Quincentennial
Inter-American Telecommunications Commission

b. Special Development Assistance Fund

The Special Development Assistance Fund (SDAF) was established in 1964 to provide training, technical and other assistance in the economic and social affairs areas to the member states. SDAF is under the supervision of the Inter-American Economic and Social Council.

c. Special Multilateral Fund of the Inter-American Council for Education, Science and Culture

The Special Multilateral Fund of the Inter-American Council for Education, Science and Culture (FEMCIECC) was established in 1968 to promote relations and mutual understanding between the peoples of the Americas through educational, scientific and cultural cooperation and exchange among the member states. FEMCIECC is under the supervision of the Inter-American Council for Education, Science and Culture.

d. Special Account for Culture

The Special Account for Culture (CEC) was established in 1971 to promote the identification, restoration and preservation of the many manifestations of cultural heritage of Latin America and the Caribbean.

CEC is under the supervision of the Inter-American Council for Education, Science and Culture.

e. Mar del Plata Account

The Mar del Plata Account (CMP) was established in 1972 as a regional effort to promote institutional development of the educational, scientific and technological

infrastructure in the member states by seeking both to expand it and to apply it to practical problems of development. CMP is under the supervision of the Inter-American Council for Education, Science and Culture.

f. Other Entities and Specialized Organizations

The assets and liabilities at December 31, 1994 and 1992, and the related income and expenses for the years then ended, of the following organizations, which are subject to separate budgetary control and financial reporting, are not included within the accompanying financial statements of the OAS: ●

Inter-American Defense Board *
Inter-American Indian Institute
Inter-American Institute for Cooperation on Agriculture*
Inter-American Library Simon Bolivar *
Inter-American Music Council *
Leo S. Rowe Pan American Fund *
OAS Medical Benefits Trust Fund *
OAS Retirement and Pension Fund *
Pan American Development Foundation *
Pan American Health Organization
Pan American Institute of Geography and History
Rowe Memorial Benefit Fund *

2. Working Capital and Reserve Subfunds

Subfunds have been established and are financed under the following criteria:

- a. Regular Fund - Working Capital Subfund is a contingency reserve to provide for the continuous functioning of the regular activities of the General Secretariat. In accordance with the General Standards to Govern the Operations of the General Secretariat (General Standards), the excess of income over obligations and expenditures of the General Subfund is to be added to the Working Capital Subfund. To the extent that there is a Working Capital Subfund balance, excess obligations and expenditures over income in the General Subfund is covered by a transfer from the Working Capital Subfund. In addition, the General Standards permit the temporary use of the Working Capital Subfund to finance Regular Fund expenditures pending the receipt of anticipated income.

As of December 31, 1994, the balance of the General Subfund of \$14,169,000 is restricted to finance unobligated appropriations.

* Recipients of cash and/or in kind contributions or administrative services from the Regular Fund.

- b. SDAF - Reserve Subfund is a contingency reserve to provide for the continuous functioning of the regular activities of the Operating Subfund. In accordance with the statutes of the SDAF, interest earned and miscellaneous income are added to the Reserve Subfund.

In order to adjust the Reserve Subfund to the maximum level of 25 percent of the annual Program Budget as of December 31, 1994, \$1,172,128 was transferred from the Reserve Subfund to the Operating Subfund.

- c. FEMCIECC, CEC, CMP - Reserve Subfund Pursuant to the Uniform Statutes of FEMCIECC, CEC and CMP, approved by the General Assembly in 1988, AG/RES. 919 (XVIII-0/88), the Reserve Subfunds are contingency reserves to provide for the continuous functioning of the regular activities of the Operating Subfunds. The Reserve Subfunds are financed by the expired appropriations of the corresponding Operating Subfunds, interest earned on their balance, and other miscellaneous income. The Reserve Subfunds may not exceed 20% of the biennium appropriation of their corresponding Operating Subfund.

In order to adjust the Reserve Subfund to the maximum level of 20% of the biennium budget as of December 31, 1994, the following amounts were transferred from the Operating Subfunds to the Reserve Subfunds: \$825,345 for FEMCIECC, and \$802,811 for CMP. In CEC, in order to adjust the operating subfund to the level of 1994 unobligated appropriations, \$8,144 was transferred from the Reserve Subfund to the Operating Subfund.

Specific Funds (Exhibit 3)

These funds include contributions and grants from member states observers and other interested parties for purposes of conducting special projects and activities. These funds also include designated funds which have been segregated for specific purposes and whose use is restricted through designation by the General Assembly or the General Secretariat.

3. Biennium Financial Reporting

The OAS operates on a two-year (biennium) budgetary reporting period. As a result, the aggregate funds appropriated for the biennium are divided into two reporting periods: 1) the Secretary General approved budget representing that portion of appropriations allocated to the first year of the biennium; and 2) appropriations reserved for execution during the second year of the biennium.

To the extent that the appropriations allocated to the first year are not obligated at the end of the first year, they are added to the second year's reserved balances and the aggregate becomes available for obligation in that year. The preparation of financial statements is based on this biennium cycle, with interim statements being prepared at the end of the first year, the midpoint of the biennium. The statements at the end of a biennium period include the cumulative financial information for the two-year period. For comparative purposes, interim statements at the midpoint of the

biennium are compared to the most recent previous midpoint; statements at the end of a biennium are compared to the most recent previous biennium.

The General Standards provide that appropriations are available to meet the obligations incurred during the fiscal period for which they were approved. At the end of a fiscal period, unobligated appropriations expire and are not available for future use, unless otherwise approved by the General Assembly.

4. Accounting Principles

Except as described in Note 7 below, the accompanying financial statements have been prepared in accordance with the Budgetary and Financial Rules of the OAS (Rules). The Rules provide the basis for the accounting principles applied in the preparation of the financial statements. The Rules were adopted to meet budgetary and other requirements of the OAS and, as such, result in accounting principles which vary in certain material respects from generally accepted accounting principles. The significant deviations from generally accepted accounting principles are as follows:

- A. The General Secretariat deems it impractical to evaluate the collectibility of assessed but uncollected quotas and voluntary pledges outstanding; therefore, quotas and pledges are included in the financial statements of the various funds only to the extent collected. Contributions from member states and from other interested parties for specific purposes are similarly recorded at the time of collection.
- B. As described in Note 7, unliquidated obligations in certain funds include amounts related to commitments resulting from offers made by the funds to member states or other institutions to disburse monies for the procurement of goods or services in future periods. Such amounts do not represent liabilities or unrelated third party commitments at the end of the respective periods. They represent amounts anticipated to be expended in the subsequent year or biennium in the completion of a particular program or activity.
- C. The OAS provides certain benefits to its employees which accrue to them during periods of employment and are payable at various times during employment or upon separation, whether voluntary or involuntary. Costs for such employee benefits are recorded upon payment rather than as such benefits accrue.

These expenditures are as follows:

	<u>1994</u>	<u>1992</u>
Home travel	\$ 193,000	\$ 228,000
Repatriation of family and household goods upon separation	203,000	115,000
Separation Indemnity and termination pay	916,000	805,000
Medical benefits subsequent to separation	<u>\$1,031,000</u>	<u>\$ 988,000</u>
Total	<u>\$2,343,000</u>	<u>\$2,136,000</u>

Unrecorded earned annual and special leave approximated \$8,460,000 and \$8,033,000 at December 31, 1994 and 1992, respectively.

- D. The General Assembly of the OAS adopts a consolidated program-budget which includes the budgets for the Special Development Assistance Fund, the Special Multilateral Fund of the Inter-American Council for Education, Science and Culture, the Special Account for Culture and the Mar del Plata Account in addition to the Regular Fund. In the consolidated budget, the amounts appropriated for substantially all approved (career) personnel costs are included in the Regular Fund's budget. In addition, certain other administrative costs benefiting all funds are included in the budget of the Regular Fund. In lieu of allocating these costs to various funds on a services-rendered basis, the General Assembly has provided that the other funds pay a contribution to the Regular Fund for administrative and technical support. The amount of the contribution may not bear a direct relationship to the actual cost of the services provided to those funds during the period.
- E. The Combining Statement of Assets, Liabilities and Fund Balances of the Regular Fund and FEMCIECC include certain amounts to be charged against future appropriations. These expenditures are deferred as a means of budgetary financing and not because of or in relation to benefits which may accrue to future periods.
- F. The Statements of Assets, Liabilities and Fund Balances of the Regular and consolidated Special Multilateral Funds do not include unexpended advances issued in the performance of certain OAS programs. (See Note 8).
- G. Contributions from member states and other interested parties in the form of use of facilities and services are received by certain of the activities of the funds

administered by the General Secretariat. No amounts are recorded in the accompanying financial statements relating to the use of such facilities or services inasmuch as the General Secretariat deems it impractical to measure their value.

5. Land, Buildings and Equipment

The General Secretariat follows the practice of charging to current fiscal period's appropriations the amount disbursed in acquiring real property, equipment, and works of art and subsequently capitalizing such acquisitions in a separate Fixed Assets Fund. This practice allows the OAS to continue to reflect those expenditures for fixed assets against the amounts appropriated for such purposes while, at the same time, presenting them as capitalized assets on the Combining Statement of Assets, Liabilities and Fund Balances. Such assets acquired by the Regular Fund with associated long-term debt are capitalized in the amount of the total cost including the long-term debt. That portion of the Regular Fund's purchases not financed by long-term debt is included in investment in land, buildings and equipment.

The associated debt is then amortized against current and future years' appropriations (\$641,000 in 1994 and \$531,000 in 1992) to provide for current mortgage payments. (See Note 11).

Land, buildings and equipment are recorded at cost and depreciated on a straight-line basis over their estimated useful lives. The composition of fixed assets at December 31, was as follows:

<u>Depreciation Basis</u>		<u>December 31</u>	
		<u>1994</u>	<u>1992</u>
Land (Note 11)	- not depreciated	\$ 5,491,305	\$ 5,491,305
Buildings (Note 11)	- 50 years	27,785,906	24,374,561
Vehicles	- 5 years	1,144,888	1,197,012
Furniture and equipment	- 10 years	6,552,844	7,747,098
Technical machinery and equipment	- 10 years	4,329,496	3,506,322
Works of art	- not depreciated	<u>1,490,612</u>	<u>1,136,092</u>
		46,795,051	43,452,390
Less: accumulated depreciation		<u>(15,304,968)</u>	<u>(16,208,860)</u>
Book value as of December 31		<u>\$31,490,083</u>	<u>\$27,243,530</u>

Only those assets under direct control of the General Secretariat at its headquarters, its offices in the member states and certain assets within the missions are included in the financial statements. Acquisitions on behalf of OAS supported projects in the member states are recorded in memorandum accounts only since it is the policy of the General Secretariat to donate these assets to the recipient projects after a two-year period.

Equipment and/or scientific materials provided to projects in the CIECC area are treated as donations at the time of delivery.

6. Equity in OAS Treasury Fund

All U.S. dollars available for use in carrying out the activities of the various funds of the OAS are consolidated in the OAS Treasury Fund. The Regular Fund, the Special Multilateral Funds, and the Specific Funds maintain an equity to the extent of their cash balances retained therein. The Treasury Fund is administered by the General Secretariat and amounts not immediately required for operations are invested. Subject to certain conditions, income earned by the Treasury Fund is added to the equities of the various funds in proportion to their equity balances.

The composition of the OAS Treasury Fund at the end of the corresponding periods is as follows:

	December 31	
	1994	1992
Demand and time deposits, net of \$3,076,000 and \$1,449,000 drafts not presented for payment at December 31, 1994 and 1992, respectively	\$32,920,000	\$25,227,000
Overnight repurchase agreements	3,600,000	5,160,000
United States Treasury Notes at amortized cost (approximate market value of \$64,778,000 and \$45,864,000 at December 31, 1994 and 1992 respectively (1))	68,798,000	45,848,000
Accrued interest receivable	<u>1,408,000</u>	<u>636,000</u>
	<u>\$106,726,000</u>	<u>\$76,871,000</u>
Less Equity of:		
Retirement and Pension Fund	(2,574,000)	
Trust Funds (Rowe, Health Insurance)	(260,000)	
Add:		
Local Currency at OAS National Offices	663,000	
Petty Cash and Cash in Transit	<u>148,000</u>	
Equity in Exhibits I and III	\$104,703,000	

(1) Maturities of US Treasury Notes at December 31, 1994.

	<u>Amortized Cost</u>	<u>Aprox. Market Value</u>
Current (less than 1 year)	\$ 6,002,000	\$ 5,930,000
1 - 5 years	34,740,000	33,220,000
6 - 8 years	<u>28,056,000</u>	<u>25,628,000</u>
	<u>\$68,798,000</u>	<u>\$64,778,000</u>

It is the intention of the General Secretariat to hold investments to their maturity; accordingly, no loss has been recognized in the accounts of the Treasury Fund attributable to the excess of cost over market value at December 31, 1994.

7. Unobligated Appropriations and Unliquidated Obligations

At its Twenty-Third Regular Session in June 1993, the General Assembly adopted AG/RES.1230 (XXIII-O/93) which authorized the carryover of unobligated appropriations in the Special Development Assistant Fund from the 1991 and 1993 biennia into the 1995 biennium. In the CIECC Funds, 90% of the unobligated appropriations as of June 30, 1994 were authorized for use in 1995 programming, while 10% was designated for the reserve subfunds.

In conjunction with the 1991 biennium closing, obligations totalling approximately \$16 million were recorded the Regular and CIECC Funds which were not in compliance with criteria set forth in the General Standards. The effect of recording the obligations was that at December 31, 1991: a) obligations and unliquidated obligations of the Regular and CIECC Funds were overstated by approximately \$7 million and \$9 million, respectively, and b) the contribution for administrative and technical support (income of the Regular Fund and expense of the CIECC Funds) was overstated by \$1.4 million.

As a result of this departures from the Budgetary and Financial Rules of the Organization during 1991, the December 31, 1992 financial statements reflect misstatements causing deobligations to be overstated by \$4.3 million; obligations to be understated by as much as \$11.3 million; and, charges to the CIECC Funds for administrative and technical support and corresponding Regular Fund income to be understated by as much as \$0.8 million.

8. Accountable Advances

In the performance of various activities, the administrators of the various funds may deem it necessary or appropriate to advance funds for the conduct of a program or a specific event prior to the actual occurrence of the expenses. In the opinion of the administrators of the funds such action is necessary to assure the timely performance of such activities. Recipients of advances are required to submit an accounting or suitable supporting documentation for the resulting expenditures in a

form deemed adequate by the administrators of the funds and by the Department of Financial Services. Advances of this nature are recorded as expenditures in the period in which funds are advanced. Advances for which a subsequent accounting was required at December 31, 1994 and 1992, were as follows:

	December 31	
	1994	1992
Regular Fund	\$135,000	\$147,000
Special Development Assistance Fund	58,000	41,000
Special Multilateral Fund of the Inter-American Council for Education, Science & Culture	97,000	152,000
Special Account for Culture	5,000	-
Mar del Plata Account	<u>8,500</u>	<u>47,000</u>
	<u>\$303,500</u>	<u>\$387,000</u>

9. Contributions to Specific Funds

Contributions to Specific Funds during the year ended December 31, 1994 as reflected in Exhibit 3 of the accompanying financial statements were as follows:

<u>Contributor</u>	<u>REGULAR FUND</u>	<u>SDAF</u>	<u>FEMCIECC</u>	<u>CEC</u>	<u>CMP</u>	<u>TOTAL</u>
<u>Members:</u>						
Argentina	\$ 117,830	\$ 1,676,806	\$ 596,450		\$ 40,404	\$ 2,431,490
Bolivia	55,001	93				55,094
Brazil	470,333	1,837,994	6,000			2,314,327
Canada	312,590					312,590
Chile	45,000	245,602		\$ 55,000		345,602
Colombia	109,056					109,056
Costa Rica	14,941					14,941
Dom. Rep.	476					476
Ecuador	46,041					46,041
El Salvador	2,293	109,084				111,377
Guatemala		105,542				105,542
Honduras		109,543				109,543
Mexico	20,000	458,000	376,268			854,268
Nicaragua	36,007	63,500				99,507
Panama	22,200					22,200
Paraguay	94,666					94,666
Peru		22,717				22,717
St. Lucia	1,860					1,860
Trinidad Tobago	768					768
United States	18,782,500	574,896	150,000			19,507,396
Uruguay	21,649	180,305				201,954
Venezuela	83,844					83,844
<u>Observers:</u>						
European E.C.	468,766					468,766
Germany	29,490		259,508			288,998
Italy		289,873				289,873
Netherlands	147,331	1,125				148,456
Spain	70,453					70,453
Japan	250,000					250,000
<u>Non Member States:</u>						
Australia	3,579					3,579
Sweden	49,985					49,985
United Nations	185,718	356,000	1,500			543,218
Others	<u>823,241</u>	<u>159,506</u>	<u>11,286</u>	<u>1,995</u>		<u>996,029</u>
	<u>\$22,265,618</u>	<u>\$ 6,190,586</u>	<u>\$ 1,401,014</u>	<u>\$ 56,995</u>	<u>\$ 40,404</u>	<u>\$29,954,615</u>

10. Tax Reimbursements

Tax reimbursements represent amounts assessed or to be assessed to certain member states for reimbursements made to certain employees of the General Secretariat for income taxes paid to the respective member state.

11. Long-term Debt

Long-term debt was incurred solely by the Regular Fund under the following terms and conditions:

A. First Mortgage with Aetna Life Insurance Company (secured by the General Secretariat Building - 1889 F St.)

Principal amount at December 31, 1994:	\$10,657,986
Repayment terms:	25 years, due in monthly installments through September 2004.
Annual interest rate:	9.375%
Interest expense during 1994:	\$1,032,181
Amortization of principal during 1994:	\$ 641,000
Principal balance, December 31, 1993:	\$11,298,594

Principal payments due for the next five years are as follows:
1995, \$703,315; 1996, \$772,159; 1997, \$847,741; 1998, \$930,723; 1999,
\$1,021,827.

12. Leases

The General Secretariat leases certain facilities and equipment. Rental expense for such leases was approximately \$995,000 and \$631,500 for the biennium ended December 31, 1994 and 1992, respectively. Aggregate rentals subsequent to December 31, 1994 are not significant.

13. Retirement Plans

All qualified employees of the General Secretariat are participants in either the Retirement and Pension Plan or the Provident Plan. The plans are funded by the General Secretariat, other participating agencies and employee contributions at fixed percentages of salaries. Pension expense aggregated approximately \$6,387,000 in 1994 and \$4,874,000 in 1992.

As of December 31, 1994 accumulated plan benefits and plan net assets were as follows:

Actuarial present value of accumulated plan benefits:

Vested	\$ 179,677,000
Nonvested	<u>15,271,000</u>
Total at December 31, 1994	194,948,000
Net plan assets available for benefits	\$ <u>259,902,000</u>

The weighted average assumed rate of return used in determining the actuarial present value of accumulated plan benefits was 8.5%.

In addition to the retirement plan described above, the General Secretariat provides a lifetime annuity to former Secretaries General and Assistant Secretaries General with survival benefits for their spouses and has extended pension benefits to certain former staff members with expired fixed term pensions. The cost of these annuities, \$270,000 in 1994 and \$252,000 in 1992, is budgeted and recognized in the year paid. The approximate present value of estimated future payments of \$3.9 million, and 3.5 million at December 31, 1994 and December 31, 1992 respectively, is reflected in the statement of Assets, Liabilities and Fund Balance of the Regular Fund.

14. Post Employment Health Care and Life Insurance Benefits

In addition to providing pension benefits as described in Note 13 above, the General Secretariat provides health care and life insurance benefits for retirees and their dependents. The cost of health care is partially borne by the retirees. The cost to the General Secretariat for its portion of the health care as well as the life insurance is recognized when paid. For 1994 and 1992 those costs were \$1,162,000 and \$1,093,000, respectively.

15. Foreign Currencies

Certain income and expense transactions during 1994 and 1992 were in currencies other than United States dollars. These transactions have been translated into United States dollar equivalents at rates of exchange in effect at the time of the transactions. Foreign currency assets included in the accompanying financial statements, consisting principally of cash and time deposits (\$663,000 and \$185,000 as of December 31, 1994 and 1992, respectively) have been translated into United States dollars at the then applicable rates of exchange. Certain of these currencies are restricted as to convertibility and, therefore, must be utilized in OAS activities.

16. Interfund Borrowings

From time to time during 1980's, the Regular Fund effected temporary borrowings from each of the Special Multilateral Funds pursuant to Permanent Council authorizations. The borrowings were non-interest bearing with various terms of repayment, except for interfund borrowings made during 1982 and 1983 for which \$2,875,809 of interest was accrued.

As of December 31, 1992, the Regular Fund owed the Special Multilateral Funds a principal amount totalling \$8,000,000. In February 1993, and again in November 1994 the resources available in the Regular Fund permitted repayment of the interfund loans. Total repayments of \$3,124,000 to SDAF, \$2,810,000 to FEMCIECC, \$235,000 to CEC, and \$1,831,000 to CMP were made to cancel the outstanding principal balance.

The General Assembly at its twenty-fourth regular session, through AG/RES. 1277/94 (XXIV-0/94) decided that, in lieu of paying the interest accrued on interfund borrowings in 1982 and 1983 by the Regular Fund, would utilize those resources as partial financing of the Regular Fund's 1995 budget. Consequently, as of December 31, 1994, the accrued interest receivable in the special multilateral funds, together with the related accrued interest payable in the Regular Fund, were removed from the accounts. The writeoff resulted in no charge to the fund balance of the Special Multilateral Funds because from the time the interest was first recorded there was doubt that the Regular Fund would be able to pay it, and, therefore, the recognition of the income was deferred.

The amount which was previously reflected as accrued interest payable in the Regular Fund at December 31, 1994, has been reclassified to deferred income and will be recognized as income in 1995.

17. Staff Claims

There are a number of pending and threatened actions before the Administrative Tribunal (Tribunal) in which it is alleged that the Secretary General has taken administrative measures which have adversely affected the interest of the complaining staff members.

On May 13, 1994 the Tribunal rendered Judgment No. 124 in favor of some 500 complaining staff members and former staff members related to non application of the cost-of-living provision of the salary policy adopted in 1983. The Judgment gave the General Secretariat the option to pay the value of the indemnity in leave to current staff members. Thus, in May 1995, the Secretariat, with the approval of the Permanent Council, implemented a plan under which the indemnities were converted into annual leave with an estimated value of \$6.5 million. The leave is to be utilized or forfeited, if not used, within an established schedule. A number of staff members have filed hearing requests objecting to the schedule and the mandatory use provisions of the plan.

In the opinion of management, staff claims pending or otherwise threatened will not result in a material adverse financial effect on the financial condition of the General Secretariat.

18. Contingencies

There are several cases pending in the labor courts of Brazil brought by individuals who allege to have been employees of the General Secretariat. So far, the Brazilian Courts have handed down judgments in two cases awarding damages of about \$200,000 against the General Secretariat. These cases as well as similar ones are now in various stages of appeal. Additionally there are several claims asserted by others arising from the normal course of the Organization's activities. In the opinion of management, these cases and assertions will not result in a material adverse financial effect on the financial condition of the General Secretariat.

SUPPLEMENTARY INFORMATION

ORGANIZATION OF AMERICAN STATES

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**STATEMENTS OF QUOTA ASSESSMENTS,
PLEDGES, COLLECTIONS, AND BALANCES**

ORGANIZATION OF AMERICAN STATES

REGULAR FUND
STATEMENT OF QUOTA ASSESSMENTS, COLLECTIONS, AND BALANCES
YEAR ENDED DECEMBER 31, 1994

Member State	Balances at December 31, 1993		Quota assessments for 1994		Collections for tax reimbursements*	Prompt payment credit	Collections		Uncollected balances at December 31, 1994
	Uncollected	Received in advance	Percent	Amount			For 1994 and prior years	In advance for 1995	
Antigua and Barbuda	\$ 34,375		0.02	\$ 13,800			\$ 3,381,800	\$ 48,175	
Argentina			4.90	3,381,800			59,450		
Bahamas	11,150		0.07	48,300			36,800	18,400	
Barbados			0.08	55,200	\$ 4,533	\$ 400	20,300		
Belize		\$ 400	0.03	20,700					
Bolivia	414,182		0.07	48,300			64,475	398,007	
Brazil	5,511,700		8.55	5,900,900			5,511,700	5,900,900	
Canada			12.36	8,530,400		143,500	8,386,900		
Chile			0.54	372,700		7,000	365,700		
Colombia		99,967	0.94	648,800		12,100	636,700	\$ 12,067	
Costa Rica	20,251		0.13	89,700				109,951	
Cuba	2,166,322		1.24					2,166,322	
Dominica		100	0.02	13,800		300	13,500		
Dominican Republic	1,345,637		0.18	124,200				1,469,837	
Ecuador	138,381		0.18	124,200			107,462	155,119	
El Salvador			0.07	48,300		900	47,400	900	
Grenada	96,400		0.03	20,700				117,100	
Guatemala	312,669		0.13	89,700				402,369	
Guyana			0.02	13,800			13,800		
Haiti	372,125		0.07	48,300				420,425	
Honduras	46,510		0.07	48,300				94,810	
Jamaica	133,200		0.18	124,200			60,000	197,400	
Mexico		702	6.08	4,196,200			4,196,200		
Nicaragua	797,928		0.07	48,300			147,413	698,815	
Panama	250,858		0.13	89,700			130,000	210,558	
Paraguay			0.18	124,200			124,200		
Peru	267,300		0.41	283,000			206,100	344,200	
St. Kitts and Nevis		100	0.02	13,800			13,800		
Saint Lucia		400	0.03	20,700		400	20,300		
St. Vincent and the Grenadines			0.02	13,800		300	6,750	6,750	
Suriname	459,774		0.07	48,300			14,057	494,017	
Trinidad and Tobago	66,117		0.18	124,200			93,336	95,981	
United States	22,322,509		59.47	41,044,000	5,134,009		41,044,000	22,322,509	
Uruguay			0.26	179,400			179,400		
Venezuela	170,448		3.20	2,208,500				2,378,948	
	<u>\$ 34,937,836</u>	<u>\$ 101,669</u>	<u>100.00</u>	<u>\$ 68,160,200</u>	<u>\$ 5,138,542</u>	<u>\$ 164,900</u>	<u>\$ 64,881,543</u>	<u>\$ 140,743</u>	<u>\$ 38,051,593</u>

* Uncollected balances at December 31, 1994: Barbados: \$1,167; Mexico: \$13,000; United States \$1,165,991.

ORGANIZATION OF AMERICAN STATES

SPECIAL DEVELOPMENT ASSISTANCE FUND
STATEMENT OF PLEDGES, COLLECTIONS, AND BALANCES
YEAR ENDED DECEMBER 31, 1994

Member State	Balances at December 31, 1993		Pledges for 1994	Collections		Uncollected balances at December 31, 1994
	Uncollected	Received in advance		For 1994 and prior years	In advance for 1995	
Antigua and Barbuda	\$ 4,125		\$ 5,500	\$ 6,875		\$ 2,750
Argentina			200,000			200,000
Bahamas	2,750		11,000	13,750		
Barbados		\$ 1,702	15,400	10,176		5,224
Belize			8,800	8,800		
Bolivia	61,764		39,600	79,200		22,164
Brazil	7,228					7,228
Canada	21,612		822,392	844,004		
Chile			3,000	3,000		
Colombia			187,800	187,800	\$ 7,200	
Costa Rica	13,265					13,265
Cuba	24,000					24,000
Dominica		1,800	5,500	5,500		
Dominican Republic	26,134		24,200	28,485		
Ecuador	16,300		35,200	51,500	5,619	21,849
El Salvador			39,600	39,600		
Grenada			8,800	8,800		
Guatemala	2,866		37,400	34,971		5,295
Guyana			5,500	5,500		
Haiti	117,691		42,800			160,491
Honduras		575	34,100	16,161		17,939
Jamaica	29,700		39,600	39,600		29,700
Mexico			550,000	550,000		
Nicaragua	62,257		29,700	40,652		51,305
Panama		4,184	35,500	35,500	4,184	
Paraguay			42,800	42,800		
Peru	303,834		79,000	338,935		43,899
St. Kitts and Nevis			1,100	1,100		
Saint Lucia			7,700	7,700		
St. Vincent and the Grenadines	800		5,500	3,550		2,750
Suriname	27,331		27,500	54,831		
Trinidad and Tobago	14,870		24,200	39,070	24,988	
United States	3,358,020 *		4,000,000	4,000,000		3,358,020 *
Uruguay			129,500			129,500
Venezuela	129,184		150,000			279,184
	<u>\$ 4,223,731</u>	<u>\$ 8,261</u>	<u>\$ 6,648,692</u>	<u>\$ 6,497,860</u>	<u>\$ 84,791</u>	<u>\$ 4,374,563</u>

* Uncollected balance of the United States results from a 1977 pledge for which the Government, in 1985, informed the General Secretariat that funding is unavailable. It is uncertain whether future funding will be made available to enable the United States to satisfy that amount.

ORGANIZATION OF AMERICAN STATES

SPECIAL MULTILATERAL FUND OF THE INTER-AMERICAN COUNCIL FOR EDUCATION, SCIENCE AND CULTURE
STATEMENT OF PLEDGES, COLLECTIONS, AND BALANCES
YEAR ENDED DECEMBER 31, 1994

Member State	Balances at December 31, 1993		Pledges for 1994	Collections		Uncollected balances at December 31, 1994
	Uncollected	Received in advance		For 1994 and prior years	In advance for 1995	
Antigua and Barbuda	\$ 2,100		\$ 2,100	\$ 1,050	\$ 3,150	
Argentina	389,087		395,300	784,387		
Bahamas	1,850		7,400	9,250		
Barbados			8,500	8,500		
Belize			3,200	3,200		
Bolivia	3,824		7,400	11,224		
Brazil	442,153		690,200	1,132,353		
Canada			383,783	383,783		
Chile		\$ 26,500	43,800	43,800		
Colombia		62,900	100,600	54,900		45,700
Costa Rica	3,865		13,800			17,665
Dominica			2,100	2,100		
Dominican Republic	136,884		19,100			155,984
Ecuador	14,174		19,100	3,888		29,386
El Salvador			7,400	7,400		
Grenada			3,200	3,200		
Guatemala	59,806		13,800	73,606	\$ 14,912	
Guyana			2,100	2,100		
Haiti	14,100		7,400	7,400	9,860	14,100
Honduras						
Jamaica	9,550		19,100	14,300		14,350
Mexico			490,900	327,875		163,025
Nicaragua			7,400	7,400		
Panama	900		13,800	14,700		
Paraguay			19,100	19,100	38,200	
Peru	242,046		44,500	231,046		55,500
St. Kitts and Nevis			2,100	2,100		
Saint Lucia			3,200	3,200		
St. Vincent and the Grenadines			2,100	1,050		1,050
Suriname	5,550		7,400	12,950		
Trinidad and Tobago			19,100	19,100		
United States	3,448,000 *		4,800,000	4,800,000		3,448,000 *
Uruguay			27,500	27,500		
Venezuela	258,000		192,661	333,880		116,781
	\$ 5,031,889	\$ 89,400	\$ 7,379,144	\$ 8,346,342	\$ 62,972	\$ 4,064,691

* Uncollected balance of the United States results from a 1977 pledge for which the government, in 1985, informed the General Secretariat that funding is unavailable. It is uncertain whether future funding will be made available to enable the United States to satisfy that amount.

SPECIAL ACCOUNT FOR CULTURE
STATEMENT OF PLEDGES, COLLECTIONS, AND BALANCES
YEAR ENDED DECEMBER 31, 1994

Member State	Balances at December 31, 1993		Pledges for 1994	Collections		Uncollected balances at December 31, 1994
	Uncollected	Received in advance		For 1994 and prior years	In advance for 1995	
Antigua and Barbuda	\$ 300		\$ 300	\$ 150		\$ 450
Argentina	45,700		44,300	90,000		
Bahamas	275		1,100	1,375		
Barbados			1,300	1,300		
Belize			500	500		
Bolivia			1,100	1,100	\$ 17,769	
Brazil						
Canada			38,378	38,378		
Chile			4,900	4,900		
Colombia		\$ 14,900	14,900	14,900		
Costa Rica	1,001		2,000			3,001
Dominica			300	300		
Dominican Republic			2,800			2,800
Ecuador		630	2,800	1,224		1,576
El Salvador			1,100	1,100		
Grenada			500	500		
Guatemala	13,459					13,459
Guyana			300	300		
Haiti	2,100					2,100
Honduras		2	1,100	1,100		
Jamaica			2,800	2,800		
Mexico		11	55,000	48,161		6,839
Nicaragua			1,100	1,100		
Panama		3,300	2,000	2,000	4,400	
Paraguay			2,800	2,800	5,600	
Peru	24,300		6,600	30,900	6,600	
St. Kitts and Nevis			300	300		
Saint Lucia			500	500		
St. Vincent and the Grenadines			300	150		150
Suriname	825		1,100	1,925		
Trinidad and Tobago	2,157		2,800	4,957		
United States			200,000	200,000		
Uruguay			4,100	4,100		
Venezuela	32,126		37,992	41,626		28,492
	<u>\$ 122,243</u>	<u>\$ 18,843</u>	<u>\$ 435,070</u>	<u>\$ 498,446</u>	<u>\$ 34,369</u>	<u>\$ 58,867</u>

ORGANIZATION OF AMERICAN STATES

MAR DEL PLATA ACCOUNT
STATEMENT OF PLEDGES, COLLECTIONS, AND BALANCES
YEAR ENDED DECEMBER 31, 1994

Member State	Balances at December 31, 1993		Pledges for 1994	Collections		Uncollected balances at December 31, 1994
	Uncollected	Received in advance		For 1994 and prior years	In advance for 1995	
Antigua and Barbuda	\$ 700		\$ 700	\$ 350		\$ 1,050
Argentina	82,300		82,400	164,700		
Bahamas	600		2,400	3,000		
Barbados			2,700	2,700		
Belize			1,000	1,000		
Bolivia	1,200		2,400	3,600		
Brazil	13,543		143,800	157,343		
Canada			126,100	126,100		
Chile			9,100	9,100		
Colombia			32,000	8,000		24,000
Costa Rica	776		4,400			5,176
Dominica			700	700		
Dominican Republic	45,717		6,100			51,817
Ecuador	4,203		6,100	1,248		9,055
El Salvador			2,400	2,400		
Grenada			1,000	1,000		
Guatemala	18,300		4,400	22,700	\$ 7,370	
Guyana			700	700		
Haiti	4,500		2,400	2,400		4,500
Honduras						
Jamaica			6,100	6,100		
Mexico			102,300	51,080		51,220
Nicaragua			2,400	2,400		
Panama	200		4,400	4,600		
Paraguay			6,100	6,100	12,200	
Peru	64,100		14,100	78,200	14,100	
St. Kitts and Nevis			700	700		
Saint Lucia			1,000	1,000		
St. Vincent and the Grenadines			700	350		350
Suriname	1,800		2,400	3,600		600
Trinidad and Tobago	6,100		6,100	12,200		
United States	1,850,000 *		1,000,000	1,000,000		1,850,000 *
Uruguay			8,700	8,700		
Venezuela	53,800		59,633	68,710		44,723
	<u>\$2,147,839</u>	<u>\$ 11,832</u>	<u>\$ 1,645,433</u>	<u>\$ 1,750,781</u>	<u>\$ 43,102</u>	<u>\$ 2,042,491</u>

* Uncollected balance of the United States results from a 1977 pledge for which the Government, in 1985, informed the General Secretariat that funding is unavailable. It is uncertain whether future funding will be made available to enable the United States to satisfy that amount.

STATEMENTS OF SUMMARY OF APPROPRIATIONS

ORGANIZATION OF AMERICAN STATES
REGULAR FUND
SUMMARY OF DISPOSITIONS OF APPROPRIATIONS
YEAR ENDED DECEMBER 31, 1994

	1994 Final appropriations	Charges for expenditures	Unliquidated Obligations	Total expenditures and obligations	Unobligated balance carried forward	Unobligated and reserved for execution in 1995
General Assembly and Permanent Council	\$ 11,821,152	\$ 11,211,429	\$ 235,962	\$ 11,447,391	\$ 373,761	\$ 11,529,761
Executive Office of the General Secretariat	17,753,272	12,148,722	4,494,446	16,643,168	1,090,104	18,615,004
Activities of the Executive Secretariat For Economic and Social Affairs	8,177,778	7,086,355	304,161	7,390,516	787,262	8,428,662
Activities of the Executive Secretariat for Educational, Scientific, and Cultural Affairs	5,528,889	4,616,711	315,801	4,932,512	596,377	6,310,677
Offices Away from Headquarters	7,275,980	7,180,936	100,678	7,281,614	(5,634)	7,183,766
Activities of the Secretariat for Legal Affairs	1,909,714	1,941,225	30,600	1,971,825	(62,111)	1,474,789
Activities of the Secretariat for Management	9,663,914	9,098,352	202,856	9,301,208	362,706	9,342,006
Common Administrative and Personnel Costs	13,124,504	10,988,442	2,011,733	13,000,175	124,329	19,268,929
Contributions to:						
Inter - American Defense Board	2,134,900	2,134,900		2,134,900		2,201,100
Inter - American Children's Institute	1,338,768	1,332,684		1,332,684	6,084	1,286,584
Inter - American Commission of Women	967,425	824,972	116,827	941,799	25,626	860,626
Pan American Development Foundation	206,500	183,900		183,900	22,600	235,500
Inter - American Music Council	61,449	59,584	1,711	61,295	154	17,454
Inter - American Telecommunications Commission	432,823	405,520	25,349	430,869	1,954	521,254
	<u>\$ 80,377,068 (b)</u>	<u>\$ 69,213,732</u>	<u>\$ 7,840,124 (c)</u>	<u>\$ 77,053,856</u>	<u>\$ 3,323,212</u>	<u>\$ 87,276,112</u>
(c) Unliquidated Obligations charged to prior year appropriations			1,361,876			
(b) Budgeted Funding:			<u>\$ 9,202,000</u>			
Quotas	\$ 72,945,200					
Other sources:						
Americas subscriptions revenue:	348,942					
Other Funding:	<u>\$ 7,082,926</u>					
	<u>\$ 80,377,068</u>					

ORGANIZATION OF AMERICAN STATES
SPECIAL DEVELOPMENT ASSISTANCE FUND
SUMMARY OF APPROPRIATIONS
YEAR ENDED DECEMBER 31, 1994

	1994-95 Approved budget by the General Assembly (a)+(b)	Reserved for execution in 1995 (a)	1994 Approved budget (b)	Unobligated appropriations carried forward at Dec 31, 1993 (c)	Adjusted by CEPCIES (d)	Supplementary appropriations by CEPCIES (e)	CEPCIES discretionary transfers	1994 Final appropriation
Human Resources	\$ 15,377,400	\$ 7,688,700	\$ 7,688,700	\$ 26,711	\$ (4,160,380)	\$	\$ 18,987	\$ 45,698
National Technical Cooperation Projects	1,564,200	782,100	782,100	5,384,025	(18,987)	534,800	20,182	8,893,358
Plurinational Projects	2,867,400	1,433,700	1,433,700	302,013	(423,200)	534,800	40,054	1,215,895
Inter - American Centers				515,484				1,989,238
Special Conferences				4,059		191,200		195,259
Executive Secretary				65,017		239,248	31,415	335,680
Support Resources	151,400	75,700	75,700	1,799	(40,960)	361,000	318	397,857
Contribution for Administrative and Technical Support	4,039,600	2,019,800	2,019,800	644,553	(693,470)		(91,969)	1,878,914
	\$ 24,000,000	\$ 12,000,000	\$ 12,000,000	\$ 6,943,661	\$ (5,318,010)	\$ 1,326,248	\$ -	\$ 14,951,899

(a) 1995: AG/Res. 1277 (XXIV-0/94).
 (b) 1994: AG/Res. 1230 (XXIII-0/93).
 (c) General Provisions A.12 of AG/Res. 1277 (XXIV-0/94).
 (d) CEPCIES/Res. 49. (CXXXII-0/94).
 (e) Plurinational Projects: Decision CEPCIES CXXXXI meeting, CIES/4689.
 Specialized Conferences: Decision CEPCIES CXXXXI meeting, CIES/4689.
 Support Projects: CEPCIES/1831 and CIES/4689.
 Executive Secretary: CEPCIES/1830 and CIES/4689.

ORGANIZATION OF AMERICAN STATES

SPECIAL DEVELOPMENT ASSISTANCE FUND
SUMMARY OF DISPOSITION OF APPROPRIATIONS
YEAR ENDED DECEMBER 31, 1994

	1994 Final appropriations	Charges for expenditures	Unliquidated Obligations	Total expenditures and obligations	Unobligated balance carried forward	Unobligated and reserved for execution in 1995
Human Resources	\$ 45,698	\$ 39,816	\$	\$ 39,816	\$ 5,882	\$ 5,882
National Technical Cooperation Projects	8,893,358	2,481,887	968,463	3,450,350	5,443,008	13,131,708
Plurinational Projects	1,215,895	663,940	82,985	746,925	468,970	1,251,070
Inter - American Centers	1,989,238	1,441,603	91,051	1,532,654	456,584	1,890,284
Special Conferences	195,259	6,714		6,714	188,545	188,545
Executive Secretary	335,680	260,670	36,223	296,893	38,787	38,787
Support Resources	397,857	56,529	51,180	107,709	290,148	365,848
Contribution for Administrative and Technical Support	1,878,914	927,231		927,231	951,683	2,971,483
	\$ 14,951,899	\$ 5,878,390	\$ 1,229,902	\$ 7,108,292	\$ 7,843,607	\$ 19,843,607
Charged to 1994 appropriations		5,878,390	1,229,902	7,108,292		
Charged to prior years appropriations		58,135	-	58,135		
		\$ 5,936,525	\$ 1,229,902	\$ 7,166,427		

ORGANIZATION OF AMERICAN STATES
SPECIAL MULTILATERAL FUND OF THE INTER-AMERICAN COUNCIL
FOR EDUCATION, SCIENCE AND CULTURE
SUMMARY OF APPROPRIATIONS
YEAR ENDED DECEMBER 31, 1994

	1994-95 Budget approved by the General Assembly (a)+(b)	Reserved for execution in 1995 (a)	1994 Approved Budget (b)	Unobligated appropriations carried forward at March 31, 1994 (c)	Adjusted by CEPCIECC (d)	CEPCIECC discretionary transfers	1994 Final appropriation
Activities of the Executive Secretariat	\$ 667,800	\$ 333,900	\$ 333,900	\$ 79,600	\$ (100,900)	\$ (200)	\$ 312,400
Regional Educational Development Programs	8,870,600	4,435,300	4,435,300	1,307,000	(1,016,400)		4,725,900
Regional Scientific and Technological Development Programs	8,872,000	4,436,000	4,436,000	1,674,600	(1,172,500)	200	4,938,300
Contribution for Administrative and Technical Support	2,761,600	1,380,800	1,380,800	459,200	(343,500)		1,496,500
	\$ 21,172,000	\$ 10,586,000	\$ 10,586,000	\$ 3,520,400	\$ (2,633,300)	\$ -	\$ 11,473,100

(a) 1995: AG/Res. 1277 (XXIV-0/94).
 (b) 1994: AG/Res. 1230 (XXIII-0/93).
 (c) General Provisions A.13 of AG/Res. 1230 (XXIII-0/93).
 (d) CEPCIECC/doc. 1242/94 of August 3, 1994.

ORGANIZATION OF AMERICAN STATES
 SPECIAL MULTILATERAL FUND OF THE INTER-AMERICAN COUNCIL
 FOR EDUCATION, SCIENCE AND CULTURE
 SUMMARY OF DISPOSITION OF APPROPRIATIONS
 YEAR ENDED DECEMBER 31, 1994

	1994 Final appropriation	Charges for expenditures	Unliquidated Obligations	Total expenditures and obligations	Unobligated balance carried forward	Unobligated and reserved for execution in 1995
Activities of the Executive Secretariat	\$ 312,400	\$ 115,342	\$ 41,375	\$ 156,717	\$ 155,683	\$ 489,583
Regional Educational Development Programs	4,725,900	948,868	665,624	1,614,492	3,111,408	7,546,708
Regional Scientific and Technological Development Programs	4,938,300	840,974	287,816	1,128,790	3,809,510	8,245,510
Contribution for Administrative and Technical Support	<u>1,496,500</u>	<u>435,000</u>		<u>435,000</u>	<u>1,061,500</u>	<u>2,442,300</u>
	<u>\$ 11,473,100</u>	<u>\$ 2,340,184</u>	<u>\$ 994,815</u>	<u>\$ 3,334,999</u>	<u>\$ 8,138,101</u>	<u>\$ 18,724,101</u>
Charges against 1994 appropriations		2,340,184	994,815	3,334,999		
Charges against 1993 appropriations		<u>1,253,071</u>	<u>—</u>	<u>1,253,071</u>		
		<u>\$ 3,593,255</u>	<u>\$ 994,815</u>	<u>\$ 4,588,070</u>		

ORGANIZATION OF AMERICAN STATES
 SPECIAL ACCOUNT FOR CULTURE
 SUMMARY OF APPROPRIATIONS
 YEAR ENDED DECEMBER 31, 1994

	1994-95 Budget approved by the General Assembly (a)+(b)	Reserved for execution in 1995 (a)	Approved budget for 1994 (b)	Unobligated appropriations carried forward at March 31, 1994 (c)	Adjusted by CEPCIECC (d)	CEPCIECC discretionary transfers (e)	1994 Final appropriation
Activities of the Executive Secretariat	\$ 30,200	\$ 15,100	\$ 15,100	\$ 3,643	\$ (7,037)	\$ (3,406)	\$ 8,300
Regional Cultural Development Program Direction	1,489,400	744,700	744,700	25,380	(347,030)	127,520	152,900
Regional Cultural Development Multilateral Projects	171,000	85,500	85,500	27,559	(39,843)	28,584	554,100
Regional Cultural Development National Projects	253,400	126,700	126,700	54,900	(59,042)	42	122,600
Contribution for Administrative and Technical Support	\$ 1,944,000	\$ 972,000	\$ 972,000	\$ 420,652	\$ (452,952)	\$ -	\$ 939,700

(a) 1995: AG/Res.1277 (XXIV-0/94).
 (b) 1994: AG/Res. 1230 (XXIII-0/93).
 (c) General Provisions A.13 of AG/Res. 1230 (XXIII-0/93).
 (d) CEPCIECC/Doc. 1242/94 of August 3, 1994.
 (e) CEPCIECC/Doc. 1242/94 of August 3, 1994.

ORGANIZATION OF AMERICAN STATES
SPECIAL ACCOUNT FOR CULTURE
SUMMARY OF DISPOSITION OF APPROPRIATIONS
YEAR ENDED DECEMBER 31, 1994

	1994 Final appropriation	Charges for expenditures	Unliquidated Obligations	Total expenditures and obligations	Unobligated balance carried forward	Unobligated and reserved for execution in 1995
Activities of the Executive Secretariat	\$ 8,300	\$ 1,577	\$ 5,449	\$ 7,026	\$ 1,274	\$ 16,374
Regional Cultural Development Program Direction	152,900	39,914		39,914	112,986	112,986
Regional Cultural Development Multilateral Projects	554,100	24,190	36,914	61,104	492,996	1,237,696
Regional Cultural Development National Projects	101,800	12,670	22,332	35,002	66,798	152,298
Contribution for Administrative and Technical Support	<u>122,600</u>	<u>21,457</u>		<u>21,457</u>	<u>101,143</u>	<u>227,843</u>
	<u>\$ 939,700</u>	<u>\$ 99,808</u>	<u>\$ 64,695</u>	<u>\$ 164,503</u>	<u>\$ 775,197</u>	<u>\$ 1,747,197</u>
Charges against 1994 appropriations		99,808	64,695	164,503		
Charges against 1993 appropriations		95,093	—	95,093		
		<u>\$ 194,901</u>	<u>\$ 64,695</u>	<u>\$ 259,596</u>		

ORGANIZATION OF AMERICAN STATES
MAR DEL PLATA ACCOUNT
SUMMARY OF APPROPRIATIONS
YEAR ENDED DECEMBER 31, 1994

	1994-95 Approved by the General Assembly (a)+(b)	Reserved for execution in 1995 (a)	Approved for 1994 (b)	Unobligated appropriations carried forward at March 31, 1994 (c)	Adjusted by CEPCIECC (d)	CEPCIES discretionary transfers (e)	1994 Final appropriations
Executive Secretariat	\$ 2,50,200	\$ 125,100	\$ 125,100	\$ 208,650	\$ (63,988)	\$ 74,738	\$ 344,500
Director of Educational Department				433,493		309,207	742,700
Regional Educational Development Program Multinational Projects	2,399,800	1,199,900	1,199,900	176,252	(541,078)	(228,874)	606,200
Regional Educational Development Program National Projects	88,600	44,300	44,300	20,246	(19,977)	(34,369)	10,200
Director of Science and Technology Department	301,000	150,500	150,500	130,238	(67,866)	264,528	477,400
Regional Scientific and Technological Development Program Multinational Projects	2,733,000	1,366,500	1,366,500	546,588	(616,204)	(284,284)	1,012,600
Regional Scientific and Technological Development Program National Projects	79,600	39,800	39,800	1,260	(17,947)	(19,713)	3,400
Contribution for Administrative and Technical Support	877,800	438,900	438,900	331,473	(190,340)	(81,233)	498,800
	\$ 6,730,000	\$ 3,365,000	\$ 3,365,000	\$ 1,848,200	\$ (1,517,400)	\$ --	\$ 3,695,800

(a) 1995: AG/Res. 1277 (XXIV-0/94).
 (b) 1994: AG/Res. 1230 (XXIII-0/93).
 (c) General Provision A.13 of AG/Res. 1230 (XXIII-0/93).
 (d) CEPCIECC/Doc. 1242/94 of August 3, 1994.
 (e) CEPCIECC/Doc. 1242/94 of August 3, 1994.

ORGANIZATION OF AMERICAN STATES

MAR DEL PLATA ACCOUNT
 SUMMARY OF DISPOSITIONS OF APPROPRIATIONS
 YEAR ENDED DECEMBER 31, 1994

	1994 Final appropriation	Charges for expenditures	Unliquidated Obligations	Total expenditures and obligations	Unobligated balance carried forward	Unobligated and reserved for execution in 1995
Executive Secretariat	\$ 344,500	\$	\$	\$	\$ 344,500	\$ 469,600
Director of the Education Department	742,700	166,431		166,431	576,269	576,269
Regional Educational Development Program Multinational Projects	606,200	33,878	130,146	164,024	442,176	1,642,076
Regional Educational Development Program National Projects	10,200	966	7,774	8,740	1,460	45,760
Director of Science and Technology Department	477,400	141,674		141,674	335,726	486,226
Regional Scientific and Technological Development Program Multinational Projects	1,012,600	8,936	42,410	51,346	961,254	2,327,754
Regional Scientific and Technological Development Program National Projects	3,400	1,191		1,191	2,209	42,009
Contribution for Administrative and Technical Support	498,800	80,011		80,011	418,789	857,689
	\$ 3,695,800	\$ 433,087	\$ 180,330	\$ 613,417	\$ 3,082,383	\$ 6,447,383
Charges against 1994 appropriations	433,087		180,330	613,417		
Charges against 1993 appropriations	284,857			284,857		
	\$ 717,944		\$ 180,330	\$ 898,274		

**SPECIFIC FUNDS - STATEMENTS OF ASSETS,
LIABILITIES AND CHANGES IN NET ASSETS AND FUND BALANCES**

ORGANIZATION OF AMERICAN STATES
REGULAR FUND
SPECIFIC FUNDS

STATEMENT OF ASSETS, LIABILITIES, CHANGES IN NET ASSETS AND FUND BALANCES

Designated by Donor:	From January 1, 1994 to December 31, 1994				Cash Balance 12/31/94	Unliquidated Obligations	Fund Balance (deficit) 12/31/94
	Cash Balance Jan. 1, 1994	Contributions	Transfers	Interest Income and Refunds			
Argentina XII CIECC Meeting	\$ (66,356)	\$			\$ (66,356)	\$	\$ (66,356)
Argentina - Security Meeting		2,664			2,664		2,664
Argentina - XV Regular Session CIOCAD	(43,618)	44,459			6,296		1,271
Bahamas XXII General Assembly	(41,870)			\$ 38,163	(43,618)	\$ 5,025	(43,618)
Bolivia I - A Conference Int'l Law	(55,001)				(41,870)		(41,870)
Bolivia IX General Assembly	15,165	55,001			55,001		15,165
Brazil Social Integrated Development Program		464,333		459,021	5,312		5,312
Brazil XVII General Assembly		22,086		19,330	2,756		2,756
Canada Meeting Experts in Argentina				65	(65)	137	2,423
Chile I - A Tribunal	2,825						2,423
Chile XXI General Assembly		25,000		27,256	(2,256)	1	(2,257)
Chile XVI Session CIOCAD		109,056		109,056			1,107
Colombia XV Ordinary Meeting - CIECC	1,107				1,107		1,107
Costa Rica - XIII Meeting CIOCAD	20,000				20,000		20,000
Colombia Humanitarian Assist. in Haiti	(11,335)				(11,335)		(11,335)
Dominican Republic CIM - XX Assembly	47,646		\$ 2,486		50,132		50,132
Ecuador OAS Building					2,486		
Ecuador OAS Model Assembly		46,041		40,222			9,287
El Salvador XVIII General Assembly	9,287		\$ (5,819)		9,287		9,287
Grenada VII General Assembly	(14,341)				(14,341)		(14,341)
Guatemala XVI General Assembly	(1,373)				(1,373)		(1,373)
Guatemala I - A Commission of Nuclear Energy	41,546				41,546		41,546
Guatemala, XXIII CIECC Meeting	1,619				1,619		1,619
Jamaica Chalkmaking Industry - St. Thomas	6,398				6,398		6,398
Jamaica Food & Nutrition Policy - Prog. Course	(24,703)				(24,703)		(24,703)
Nicaragua/Costa Rica Civilian Observers	(102,761)				2,207		1,757
Nicaragua XXIII General Assembly	(24,487)	36,007	\$ 68,961		104,968	450	1,757
Panama - Panama Canal Treaty					(24,487)		(24,487)
Paraguay XX Ordinary Meeting CIECC	52,255				52,255		52,255
Uruguay IV I - A Special Conference Int'l Law	126				126		126
Uruguay - XXIV Meeting CIECC	7,469				1,401		1,401
U.S. NEA Grant - Latin American Paintings	366			6,068	366		366
U.S. Observation Electoral El Salvador	1,190,794		(55,479)		1,135,765		1,135,765
U.S. NEH Grant - Museum Humanities Catalog.	6,940		450		6,940		6,940
U.S. XIV Panamerican Child Congress	(11,218)				(11,218)		(11,218)
U.S. Vincent - OAS Fellowship Program	1,374				1,374		1,374
Venezuela - Promotion Peace in Suriname	392			3	389		389
Honduras/El Salvador Military Observers Mission	(363,508)				(363,508)		(363,508)
Inter-American Priority Assistance Haiti	802,179			163,215	638,964		50,558
Inter-American Emergency Aid Fund	9,737				9,737		4,157
Inter-American Children Institute	1,153,166		(62,556)		972,767		910,698
Inter-American Human Rights Comm.	408,693	282,374		400,219	180,401		62,069
Inter-American Quincentennial Fund		300,411		220,252	488,852		416,164
Inter-American Statistical Institute	210,823	22,733		23,180	210,376		202,672
Inter-American Commission of Women	105,605	8,477		19,389	35,997		16,603
Inter-American Program of Rio de Janeiro - CIOCAD	1,949,187	1,542,018	(60,874)	1,040,114	2,429,100	151,428	2,277,672

ORGANIZATION OF AMERICAN STATES

REGULAR FUND
SPECIFIC FUNDS

STATEMENT OF ASSETS, LIABILITIES, CHANGES IN NET ASSETS AND FUND BALANCES

	Cash Balance Jan. 1, 1994	From January 1, 1994 to December 31, 1994	Cash Balance 12/31/94	Fund Balance (deficit) 12/31/94		
	Contributions	Transfers Interest Income and Refunds	Expenditures	Net Change		
International Commission Supp. CIAV II	3,266,151	3,309,766	4,522,461	(1,212,695)	560,893	1,492,563
International Civil Mission Haiti	8,921,860	13,105,669	4,519,416	8,586,253	312,164	17,195,949
Mine Clearing Assistance—Central America	(304,915)	23,579	45,427	32,215	15,301	(288,001)
U.S. Observation Electoral Process Peru	726,467	50,000	20,814	(20,814)	705,653	705,653
U.S. Technical Assistance Peru	466,723	1,000,000	406,667	593,133	61,137	531,996
OAS / DEMOC	358,694	1,084,475	340,052	763,655	69,819	1,160,559
Support Offices away of Headquarters	2,300	219,466	146,756	72,710	29,076	402,328
Italy Cooperative Tourism	2,084				2,300	2,300
Italy to 500 Anniversary Discovery of America	2,084	3		(3)	2,081	2,081
Netherlands — Promote Peace in Suriname	72,484	147,331	102,624	44,707	7,636	109,555
Constructora Norberto Odebrecht—Peru	5,038				189	4,849
Emilio Odebrecht Foundation — Brazil	2,164				2,164	2,164
IBM/PADFFOAS Education Program	7,936				7,936	7,936
Luis O Carneiro Exposition — Paraguay	766				766	766
Ohio University—500 Ann.Disc.of America	50				50	50
PALCO Museum	2,363	6,737			2,363	2,363
PAHO — Historical Research	29,080	2,306	23,242	6,737	8,144	6,737
SDAF/FEMCIECC to OAS Fellowship Program	8,000			(20,936)		
SECAB — Restoration Course	10,940				8,000	8,000
UN—ACNUR— Refugees in Latin Amer.	706				10,940	5,240
Xerox — Latinoamerican Art Museum	4,600	(6,000)			706	706
PAT — SENAI—OEA						
XXI Consultation Meeting Ministers						
Subtotal	18,867,421	21,865,989	12,693,215	9,107,425	1,445,093	26,529,753
Designated by OAS:						
IICA — Administrative Tribunal	13,943	19,211	3,045	16,166	9,121	20,988
Art Permanent Collection	(2,821)	4,963	198	4,765	1,944	1,944
GSB Cafeteria Operation	254,548		9,336	(9,336)	245,212	244,028
Microfische Sale	33,285		7,064	(7,064)	26,221	23,206
Model OAS — Public Information	7,712		25,960	8,163	15,875	15,437
OAS Equipment Replacement Fund	54,707	34,143	64,536	(33,281)	21,426	20,671
Rental Hall of the Americas	375,427	31,255	109,700	53,345	428,772	400,705
Sales Audio Visual Materials	14,867	7,510	56,355		9,505	7,897
Staff Development Activities	14,034	9,787	12,872	(5,362)	18,079	14,510
Columbus Memorial Library	116,147	22,117	5,742	4,045	136,367	135,705
Publications Sales	244,907	60,944	1,897	20,220	154,375	133,355
Work Related Disabilities Fund	468,729	100,000	151,476	(90,532)	500,535	460,011
Subtotal	1,595,485	399,630	68,194	31,806	1,588,420	1,478,457
	\$20,462,906	\$ 22,265,619	\$ 2,087	\$ (94,412)	\$ 29,563,266	\$ 28,008,210
Consisting of:						
Cash and equity in OAS Treasury Fund					\$ 29,980,816	\$ 29,980,816
Travel, salary advances and other receivables					438,704	438,704
Accounts payable and other liabilities					(856,254)	(856,254)
Unliquidated obligations					(1,555,056)	(1,555,056)
					\$ 29,563,266	\$ 28,008,210

ORGANIZATION OF AMERICAN STATES
SPECIAL DEVELOPMENT ASSISTANCE FUND
SPECIFIC FUNDS
STATEMENT OF ASSETS, LIABILITIES, CHANGES IN NET ASSETS AND FUND BALANCES

	From January 1, 1994 to December 31, 1994				Fund Balance (deficit) 12/31/94	
	Cash Balance Jan. 1, 1994	Contributions	Transfers	Returns Interest Income and Refunds		Unliquidated Obligations
Argentina CITAF	\$ 463,345	\$ 481,061		\$ 339,691	\$ 86,803	
Argentina CIDES	71,614			32,137	8,628	
Argentina School Dinning Program	29				29	
Argentina - Horizontal Cooperation	1,377,734	1,195,745		316,438	165,891	
Bolivia Pilcomayo River Basin - Phase	808			105	703	
Bolivia Parapeti CORDECruz	67	93		159	1	
Brazil CODEVASF	3,212			1,842	1,370	
Brazil SUDAM	239,233	1,327,994		637,774	929,453	
Brazil CIENES-SUDENE	333				333	
Brazil SUDENE	381			155	226	
Brazil PRONI-CODEVASF	400,659	410,000		445,995	364,664	
Brazil Reconstruction ALAGOAS	4,161			2,644	1,517	
Brazil CICOM	15,061			1,250	13,811	
Canada CITEI	130				130	
Canada CIDA Tech. Coop. Honduras	3,315		(2,764)	2,935	(2,301)	
Canada CIDA River Basin Putumayo	15,762		(6,819)	9,406	(85)	
Canada CIDA Interamerican Customs	974			398	576	
Canada CIDA Tech. Coop. Unprogram	735		136,707	42,173	139,959	
Canada CIDA Small Business Develop	92,325		(51,712)	1,560	(33)	
Canada CIDA Envir. Protection Amazo	296,676		(12,576)	287,548	139,959	
Chile CIENES	404,851	245,602		224,106	88,201	
Chile CITEI	(12,730)				(12,730)	
Colombia CAR Natural Resources	1,604			1,234	370	
Dominican Republic Public Finance ID	1,754				1,754	
Dominican Republic Tech. Cooperation	13				13	
Dominican Republic VII I-A Ports Conf	6,444				6,444	
Ecuador Putumayo River Basin	363			236	127	
Guatemala - Gulf Honduras		52,632		15,491	31,878	
Guat-Hond-Salv-IICA Trifinio II	77,142	235,418		107,463	60,045	
Honduras - Gulf of Honduras		27,035		12,658	11,377	
Honduras - VIII Port Conference	5,928				4,575	
Mexico Technical Cooperation	835,714	458,000		341,419	177,853	
Nicaragua Telecommunications	(34,902)				26,949	
El Salvador environment program	172,795	63,500		1,649	92,700	
Paraguay iDB Tax Administration	714	109,084		169,406	19,773	
Paraguay iDB Programming & Budgeti	27			506	208	
Peru Capacitation Model	1,165				1,165	
Peru-OCIPTEL		22,717		13,540	9,077	
U.S. Cellular Telecommunications	371			193	178	
U.S. Regional Satellite Communication	6,462			100	6,362	
U.S. ASETA Satellite Services	14,889			300	14,589	
U.S. Telecommunications Systems TD	8,606			5,690	2,916	
U.S. Investments in Telecommunicatio	29,378		\$ (5,000)	18,988	4,664	
Suriname Van Wouw Canal	987			6,318	(5,331)	
U.S. Hazards Mitigation Latin America			(1,076)			
U.S. CITEI	1,076			16,239	3,361	
U.S. BICIP	19,600			11,756	35	
USAID Hazards Support to AID Missio	(3,109)	14,900		1,500	73,500	
U.S. Telecom. Develop. Fellow. Progra	75,000					

ORGANIZATION OF AMERICAN STATES
SPECIAL DEVELOPMENT ASSISTANCE FUND
SPECIFIC FUNDS
STATEMENT OF ASSETS, LIABILITIES, CHANGES IN NET ASSETS AND FUND BALANCES

	From January 1, 1994 to December 31, 1994					Fund Balance (deficit) 12/31/94			
	Cash Balance Jan. 1, 1994	Contributions	Transfers	Interest Income and Refunds	Returns		Expenditures	Net Change	Cash Balance 12/31/94
U.S. Temporary Committee CITEI	5,000							5,000	
U.S. Amazon Environmental Program	244,269	250,000				127,502	122,498	366,767	61,358
U.S. FEMA Hazards Mitigation	(11,763)	24,896				13,221	11,675	(88)	
Panama Tourism Master	18,609			303		16,432	(16,129)	2,480	400
USAID Caribbean Disaster Mitigation	289,953	185,100				519,348	(334,248)	(44,295)	208,279
Uruguay Forestry Development Phase	66,939					4,956	(4,956)	61,983	
Venezuela Telecommunication mobile	1,221					1,098	(1,098)	123	18
Citel-Executive Committee	7,237	18,016				6,000	18,016	18,016	
Uruguay Public Transportation Montev		10,515				6,000	4,515	11,752	3,000
Dutch Contribution to CINDER/CIDIAT	16,825	1,125				12,738	(11,613)	5,212	2,625
Uruguay FONPLATA Transportation S	16,733	119,370				90,694	28,676	28,676	14,918
PAHO - Parliamentary Health Meetin						13,226	(13,226)	3,507	3,507
Emergency Ports Project-Variou		94,463				1,500	92,963	92,963	4,000
Uruguay Forestry Development Phase	2,734	50,420				3,520	46,900	46,900	28,480
Saudi Arabia - Rural Development	71					524	(524)	2,210	2,210
Development Project Staff Reimburse	64,870			1,830		44,400	(42,570)	22,300	71
Italy Telecommunications Consulitel		289,873				168,628	121,245	121,245	90,744
Italy-Ecuador Fiber Optics						14	(14)	348	
CAF Energy Bolivia-Ecuador	362							3,674	400
EEC Trifinio	3,674							69,384	14,543
Finlandia Trifinio II	464,004			12,642		407,262	(394,620)	28,926	8,700
IDB - National Customs Costa Rica	168,847					139,921	(139,921)	2,817	
IDB - Meeting PISDIC	2,817							48,525	1
IDB Customs Program	69,420					3,395	(20,895)		
UNDP - Fiscal Policy	2,380							2,380	
IDB - Forestry Basin Arribonito Haiti	1,801					233	(233)	1,568	
Accounting Support	26,592					7,874	(7,874)	18,718	16,085
Regional Development Support	17,542					2,090	(2,090)	15,452	2
Tinker Found. - Tech. Coop. Seminar H	8,520							8,520	
Inst. Coop. Ibero-Americana to CIENE									
Social Affairs Department	2,609					1,581	(1,581)	1,028	
Information Service Foreign Trade - SI	1,192,677	147,025				204,424	(57,399)	1,135,278	65,329
BIRF - Center for Privatization	101							101	
IDB - Environmental Study Uruguay	16,010					4,273	(4,273)	11,737	131
IDB-GUA-HON-River Basin	11,085					10,500	(10,500)	585	
UNDP Disaster Management Training	2,116					1,395	(1,395)	721	163
ILDES	2,236							2,236	
UNEP Watershed Colombia-Venezuel	28,972					17,525	(17,525)	11,447	3,554
UNEP Diagnostic Study San Juan		233,000					233,000	233,000	
UNEP Plan Titicaca Basin		123,000					123,000	123,000	
UNEP La Amistad Costa Rica	71,779					62,323	(62,323)	9,456	4,681
	<u>\$7,416,938</u>	<u>\$ 6,190,584</u>	<u>45,336</u>	<u>22,728</u>	<u>\$ (6,076)</u>	<u>\$ 4,956,039</u>	<u>1,296,533</u>	<u>\$ 8,713,471</u>	<u>\$1,470,163</u>
									<u>7,243,308</u>



Consisting of:
Cash and equity in OAS Treasury F
Travel, salary advances and other r
Accounts payable and other liabilitie
Unliquidated obligations

ORGANIZATION OF AMERICAN STATES

SPECIAL MULTILATERAL FUND OF THE INTER-AMERICAN COUNCIL FOR EDUCATION, SCIENCE AND CULTURE
 SPECIFIC FUNDS
 STATEMENT OF ASSETS, LIABILITIES, CHANGES IN NET ASSETS AND FUND BALANCES

	From January 1, 1994 to December 31, 1994				Cash Balance Dec. 31, 1994	Unliquidated Obligations Dec. 31, 1994	Fund Balance (deficit) Dec. 31, 1994
	Cash Balance Jan. 1, 1994	Contributions	Transfers	Interest Income and Refunds			
Argentina Science Projects	\$ 238,787	\$ 60,606			\$ 177,837	\$ 128,707	\$ 49,130
Argentina Unprogrammed funds	17,411	527,713			445,124	77,140	367,984
Argentina - Centro Textil		8,131			8,131		8,131
Canada Education Projects	57,977	\$	(1,962)	\$ 341	1,421	647	774
Canada Science Projects	2,001				2,001	2,000	1
Chile Science Projects							
Colombia Unprogrammed funds	35,140		(35,140)				
Colombia Secretariat Projects			14,490		13,971	485	34
Colombia Education Projects			20,651		18,302	2,191	158
Dominican Republic Education Projects	25,919				25,919		25,919
Mexico Unprogrammed funds - Secretariat	1,462,422	318,349	(1,096,521)		684,250	87,679	684,250
Mexico Secretariat Projects	130,484	57,919			116,143		28,464
Mexico Unprogrammed funds - Education							
Mexico Education Projects			855,574		373,923	373,923	
Mexico Unprogrammed funds - Science							
Mexico Science Projects			240,947		196,440	129,138	67,302
Paraguay Unprogrammed funds	29,379						
Paraguay Education Projects	223,006				27,166	299	26,867
U.S. Unprogrammed funds	13,827				223,006		223,006
U.S. Education Projects					9,344		9,344
U.S. Science Projects	1,012,076	150,000			760,402	115,995	644,407
USAID - Caribbean Basin Scholarships	437,735	2,594		22,948	458,195	2	458,193
Venezuela Unprogrammed funds	37,268		(27,482)		9,786		9,786
Venezuela Education Projects			27,482		14,519	9,975	4,544
Germany Science Projects	294,807	259,508			298,050	39,832	258,218
Other Education Projects	9,944				9,944		9,944
Other Science Projects	15,800	7,500	6,000		10,241		19,059
Scientific Monographs	62,490	8,693			58,481	15,847	(3,145)
	\$ 4,106,473	\$ 1,401,013	\$ 4,039	\$ 23,289	\$ 1,653,598	\$ 983,860	\$ 2,892,370
				\$ (4,986)	\$ 3,876,230		
Consisting of:					\$ 3,875,501		\$ 3,875,501
Cash and equity in OAS Treasury Fund					2,499		2,499
Travel, salary advances and other receivables					(1,770)		(1,770)
Accounts payable and other liabilities							(983,860)
Unliquidated obligations					\$ 3,876,230		\$ 2,892,370

ORGANIZATION OF AMERICAN STATES

SPECIAL ACCOUNT FOR CULTURE
SPECIFIC FUNDS
STATEMENT OF ASSETS, LIABILITIES, CHANGES IN NET ASSETS AND FUND BALANCES

	From January 1, 1994 to December 31, 1994						Fund Balance (deficit) Dec. 31, 1994			
	Cash Balance Jan. 1, 1994	Contributions	Transfers	Interest Income and Refunds	Returns	Expenditures		Net Change	Cash Balance Dec. 31, 1994	Unliquidated Obligations
Brazil Unprogrammed funds	\$ 44,420							\$ 44,420		\$ 44,420
Chile Unprogrammed funds	41,991	\$ 55,000		\$ (88,700)			\$ (33,700)	8,291		8,291
Chile Cultural Projects										
Colombia Cultural Projects	15,843							7,921	\$ 78	7,843
Mexico Unprogrammed funds - Education	16,942		\$ (16,942)				(7,922)			
Mexico Cultural Projects			16,942				(16,942)			
Uruguay Cultural Projects	177						65	65		65
Venezuela - Unprogrammed funds	33,394		(32,447)				(32,447)	177		177
Venezuela Cultural Projects			32,448				23,477	947	2,067	947
Beca Amalia Fortabat Music friends	876							876		876
Miscellaneous records	12,020						1,244	13,264		12,720
IAME										
OAS-Concert - UTAH Chambers players	50									
Spain - Belize Museum	17,000						(50)	17,000		17,000
	\$ 182,713	\$ 56,995	\$ 1	\$ (88,700)			\$ (66,275)	\$ 116,438	\$ 2,754	\$ 113,684
Consisting of:										
Cash and equity in OAS Treasury Fund								\$ 128,460		\$ 128,460
Travel, salary advances and other receivables								(12,022)		(12,022)
Accounts payable and other liabilities										(2,754)
Unliquidated obligations								\$ 116,438		\$ 113,684

SECTION III
FINANCIAL STATEMENTS
OF THE RETIREMENT AND PENSION FUND
WITH
REPORT OF INDEPENDENT AUDITORS

RETIREMENT AND PENSION FUND

The Retirement and Pension Fund of the Organization of American States is administered by the Retirement and Pension Committee. At December 31, 1994, the committee was composed of:

Chairman:	Ambassador Lawrence Chewing Fabrega, representing the Permanent Council
Vice Chairman:	Mr. Owen B. Lee, representing the Permanent Council
Member:	Mr. Jose Luis Restrepo, representing the Secretary General
Alternate:	Mr. Raul Sanguinetti, representing the Secretary General
Member:	Mr. Patricio Chellew, representing the participants in the Plan
Alternate:	Mr. Roberto Recalde, representing the participants in the Plan
Secretary-Treasurer: <i>(not a member of the Committee)</i>	Mr. Luis M. Lizondo

The jurisdiction of the Board with respect to the external audit of the Fund was clarified by the Department of Legal Affairs of the General Secretariat in 1976 at the request of the Board.

The Board used the services of Ernst & Young LLP to audit the accounts and financial statements of the Fund at December 31, 1994 and 1993 and for the years then ended. That firm's opinion on the statements is included in this report.

Report of Independent Auditors

Board of External Auditors
Organization of American States

We have audited the accompanying statements of net assets available for participant benefits of the Retirement and Pension Fund of the General Secretariat of the Organization of American States (the Fund) as of December 31, 1994 and 1993, and the related statements of changes in net assets available for participant benefits for the years then ended. These financial statements are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial status of the Fund at December 31, 1994 and 1993, and the changes in its financial status for the years then ended, in conformity with generally accepted accounting principles.



April 20, 1995

ORGANIZATION OF AMERICAN STATES
RETIREMENT AND PENSION FUND
STATEMENT OF NET ASSETS
AVAILABLE FOR PARTICIPANT BENEFITS

	December 31,	
	1994	1993
ASSETS		
Investments, at market		
Short Term Investments	\$ 10,161,224	\$ 11,679,515
U.S. Govt. And Agency Issues	54,905,974	56,129,518
Corporate Bonds	36,148,526	41,857,389
Municipal Bonds	855,596	1,007,163
Miscellaneous Bonds	8,309,636	4,296,580
Common Stock	147,797,795	150,078,318
	258,178,751	265,048,483
Equity in OAS Treasury Fund	2,574,476	1,276,686
Receivables, principally accrued dividends and interest	2,071,338	1,656,285
	\$ 262,824,565	\$ 267,981,454
LIABILITIES		
Participant accounts pending liquidation	1,669,496	3,517,708
Provident Plan participants accounts	1,122,214	1,333,463
Miscellaneous payables	130,421	511,566
	2,922,131	5,362,737
Net assets available for participant benefits	\$ 259,902,434	\$ 262,618,717

See accompanying notes

ORGANIZATION OF AMERICAN STATES
RETIREMENT AND PENSION FUND
STATEMENT OF CHANGES IN NET ASSETS
AVAILABLE FOR PARTICIPANT BENEFITS

	Year ended December 31,	
	1994	1993
Investment income		
Net unrealized depreciation (appreciation) in value of investments	\$ (17,467,262)	\$ 8,039,084
Net realized gains on sale of investments	7,885,760	9,431,310
Interest	8,108,394	7,803,774
Dividends	3,237,480	2,984,701
	1,764,372	28,258,869
Less investment expenses	418,871	409,750
	1,345,501	27,849,119
Contributions		
Institutions	7,828,394	7,757,279
Participants	4,354,936	3,877,413
	12,183,330	11,634,692
Increase	13,528,831	39,483,811
Payments to pensioners	1,983,314	1,793,212
Liquidations paid to participants (or their beneficiaries)	13,806,171	12,393,374
Interest credited to Provident Plan accounts	42,035	179,300
	15,831,520	14,365,886
Administrative expenses	413,594	374,885
Decrease	16,245,114	14,740,771
Net increase	(2,716,283)	24,743,040
Net assets available for participant benefits:		
Beginning of year	262,618,717	237,875,677
End of year	\$ 259,902,434	\$ 262,618,717

See accompanying notes

ORGANIZATION OF AMERICAN STATES

RETIREMENT AND PENSION FUND NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 1994 AND 1993

1. Description of plans

The activity of the Organization of American States Retirement and Pension Fund includes both the Retirement and Pension Plan (Plan) and the Provident Plan. The following brief description of the Plan and the Provident Plan is provided for general information purposes only. The Plan documents should be consulted for detailed information.

General - The Plan is a contributory plan maintained for the benefit of all staff members of the Organization of American States (OAS) and other affiliated agencies. Compulsory contributions are shared 2/3 by the institution and 1/3 by the staff member.

The Provident Plan is also a contributory plan established for the benefit of certain contracted employees. Contributions by the employer and the participant are made in equal amounts, and the balances in the accounts are fully vested in the name of the participants. The total of the accumulated funds in the Provident Plan participants' accounts may only be withdrawn at the time of death, transfer to the Plan, or separation.

Benefits - Amounts included in participants' Plan accounts may only be withdrawn at the time of death or separation. Should participants in the Plan resign, they are entitled to receive the amount of their personal credits (contributions plus interest) and a percentage of the institutional credit (employer's contributions plus interest) based upon the vesting provisions of the Plan.

The vesting provisions provide that participants with less than four years of participation receive, in addition to 100% of their personal credits, 35% of the institutional credit. Participants with four years of participation receive 40% of the institutional credit. Participants receive an additional 20% of the institutional credit for each additional year in excess of four. They are fully vested in their institutional credits after seven years of participation.

Minimum conditions for retirement are 55 years of age and 15 years of participation in the Plan. Upon retiring, participants in the Plan are entitled to pensions payable for life. Participants who joined the Plan before January 1, 1982, may elect, instead of the preceding benefit, a life annuity based on the total sum standing to their credit in their accounts. Alternatively, at their request, the Committee has the power to substitute some other form of benefit of equivalent value.

The Plan provides for minimum pension benefits. The minimum life pension for a participant at age sixty-five, with not less than fifteen years of participation in the Plan,

is an annual amount equal to 2% of the average annual pensionable remuneration for the thirty-six consecutive months of highest pensionable remuneration within the last five years of remunerated participation, multiplied by the number of years of participation up to a maximum of thirty, and 1 2/3% additional for every year of participation in excess of thirty but no more than forty. The same method is used to determine the amount of the voluntary retirement pension due to participants who elect that form of retirement which is applicable to participants fifty-five years of age or older but less than sixty-five whose years of participation and age, when added, total not less than eighty-five. Certain reductions are made for retirement at an age less than sixty or participation of less than thirty years. Cost-of-living adjustments to pensions are contemplated in the Plan.

Death benefits - Upon death of a pensioner (or a participant with no less than five years of participation who dies while in active service), the pensioner's surviving spouse, and minor or disabled children, are entitled to a pension, as defined in the Plan. When an active participant dies with less than five years of participation, the surviving spouse and the minor or disabled children, if any, receive the total of the accumulated funds in the participant's account. Also, for a participant who dies while in active service with no surviving spouse or children, the Plan authorizes payment of the respective personal credit to the designated beneficiaries.

Disability benefits - Participants with five or more years of participation in the Plan, whose services are terminated because of physical or mental disability receive annual disability benefits, in the form of a life pension, as defined in the Plan. Participants who have less than five years of participation receive the total of the accumulated funds in their accounts. A participant who joined the Plan before January 1, 1982 may elect to be covered instead by alternative provisions on disability retirement defined in the Plan.

2. Income tax status of the Fund

As an international organization, the OAS is exempt from U.S. Federal income taxes and such exemption applies to the Retirement and Pension Fund of the General Secretariat of the OAS.

3. Funding policy

The plans are funded by the General Secretariat, other affiliated agencies and compulsory participants' contributions at fixed percentages of annual pensionable remuneration. A portion of the income earned on the Retirement and Pension Fund's investments is allocated semi-annually to Provident and Plan participants' accounts at rates determined by the Retirement and Pension Committee. The remaining portion, if any, is retained in the Plan's General Reserve for administrative expenses and to ensure continued Plan stability. Interest credited to participants' accounts was 12.5% and 4.5% in 1993 and 1994, respectively. Participants accumulated contributions were \$68,500,000 and \$68,800,000 at December 31, 1993 and 1994, respectively, including interest credited at rates determined by the Committee, compounded semi-annually.

4. Investments

The Fund's investment portfolio is managed by the State Street Bank of Boston, The Northern Trust Company of Chicago, and Wells Fargo Institutional Trust Company of San Francisco, within the investment policy guidelines established by the Retirement and Pension Committee. The Committee also retains the firm Buck Consultants (Pension Fund Services) as financial advisors.

The State Street Bank manages the domestic equity and bond portfolios. The Northern Trust Company manages the short-term investment portfolio. The Wells Fargo Institutional Trust Company manages and acts as custodian of the international equity portfolio. The Northern Trust Company is the custodian of all remaining investments of the Fund, except for the funds in the Treasury Account of the General Secretariat of the OAS.

Buck Consultants also performs the monitoring of the investment managers and investment returns to assure compliance with the Committee's established policies. Quarterly reports are presented by Buck Consultants to the Committee.

The Plan has an investment in EAFE (excluding Japan) Equity Index Fund in the amount of \$17,099,000, which represents more than 5% of the Net Plan Assets. This fund invests in an index composed of assets of companies located in fifteen countries.

The classification of investments in terms of portfolios and financial instruments allows the matrix presentation that follows:

PORTFOLIOS 1993

FINANCIAL CATEGORIES	SHORT TERM	FIXED TERM	DOMESTIC EQUITIES	INTL. EQUITY	TOTAL
SHORT TERM INVESTMENTS	\$ 7,294,000	\$ 4,172,460	\$ 213,055		\$ 11,679,515
U.S.GOVERNMENT AND AGENCY ISSUES	18,538,920	37,590,598			56,129,518
CORPORATE BONDS	10,290,253	31,567,136			41,857,389
MUNICIPAL BONDS		1,007,163			1,007,163
MISCELLANEOUS BONDS		4,296,580			4,296,580
COMMON STOCK			121,482,092	\$28,596,226	150,078,318
TOTAL	\$36,123,173	\$78,633,937	\$121,695,147	\$28,596,226	\$265,048,483

PORTFOLIOS 1994

FINANCIAL CATEGORIES	SHORT TERM	FIXED TERM	DOMESTIC EQUITIES	INTL. EQUITY	TOTAL
SHORT TERM INVESTMENTS	\$ 3,180,300	\$ 6,073,928	\$ 906,996		\$ 10,161,224
U.S. GOVERNMENT AND AGENCY ISSUES	17,150,591	37,755,383			54,905,974
CORPORATE BONDS	11,899,681	24,248,845			36,148,526
MUNICIPAL BONDS		855,596			855,596
MISCELLANEOUS BONDS	1,553,349	6,756,287			8,309,636
COMMON STOCK			119,408,346	\$28,389,449	147,797,795
TOTAL	\$33,783,921	\$75,690,039	\$120,315,342	\$28,389,449	\$258,178,751

These tables facilitate the understanding of the composition and nature of the investment structure of the Fund. Also, the listing of investment assets in the Statement of Net Assets available for Participant Benefits follows the classification by financial instruments in full compliance with generally accepted accounting principles.

5. Investment valuation

Common stocks and bonds are valued at fair market value measured by the quoted price of the active market on which the security is traded as of the latest trade date prior to year end.

Any asset not traded on an active market such as thinly traded issues are valued by either obtaining a price from their issuer, a reputable private dealer, or from pricing specialists. Quoted prices in active markets or prices otherwise determined are provided by The Northern Trust Company. Investments for which fair values were determined by means other than a quoted price in an active market and net appreciation (depreciation) for the years ended December 31, 1993 and 1994, are as follows:

	DECEMBER 31, 1993 Net Appreciation (depreciation)		
	Quoted Price on Active Market	Otherwise Determined	Total
United States Government and Agency Obligations	\$ 1,888,243	\$ (56,146)	\$ 1,832,097
Corporate bonds	618,321	(146,423)	471,898
Municipal bonds	59,130		59,130
Miscellaneous bonds	64,950	142,240	207,190
Common stocks	14,466,882	433,197	14,900,079
	\$17,097,526	\$372,868	\$17,470,394

DECEMBER 31, 1994
Net Appreciation (depreciation)

	Quoted Price on Active Market	Otherwise Determined	Total
United States Government and Agency Obligations	\$(5,571,091)		\$(5,571,091)
Corporate bonds	(2,313,159)	\$ (96,235)	(2,409,394)
Municipal bonds	(109,659)		(109,659)
Miscellaneous bonds	(467,385)	(142,628)	(610,013)
Common Stock	(432,333)	(449,012)	(881,345)
	<u>\$(8,893,627)</u>	<u>\$(687,875)</u>	<u>\$(9,581,502)</u>

6. Plan termination

If the Plan is terminated, every participant, regardless of length of participation, is entitled to all the contributions credited to his or her account and the increment thereon.

Except to correct any actuarial errors, no part of the contributions to the Fund made by the General Secretariat of the OAS or any other affiliated institution, or of the increment thereon, shall revert to the general funds of the institutions or be used for any other purpose than the exclusive benefit of the participants or their beneficiaries.

7. Actuarial present value of accumulated plan benefits

Accumulated plan benefits are those future periodic payments, including lump-sum distributions, that are attributable under the Plan's provisions to the participants or their beneficiaries. The actuarial present value of accumulated plan benefits is determined by the consulting actuaries, George B. Buck Consulting Actuaries, Inc.

The significant assumptions used in the valuation as of December 31, 1994, the date of the most recent in-depth valuation, were (a) life expectancy of participants (United Nations Mortality Tables - males 1990 table and female 1982 table); (b) retirement assumptions (assumed 1.3% - 26.4% for ages 55-64 with 7 or more years of participation or immediately if older than 64); (c) investment return (an assumed annual rate of return of 8.5%, of which 5.5% assumed credited semi-annually to retirement accounts); (d) retirement benefit elections (the 1994 valuation assumed 20% of participants prior to January 1, 1982, and 100% of subsequent participants elect pensions upon retirement with all such individuals commuting 1/3 of their benefits, the remaining assumed to elect full commutation); (e) cost-of-living adjustments to pensions (the 1994 valuation assumes that all cost-of-living granted to prospective pensioners will be funded directly by the Plan); (f) pensionable remuneration increases of 5% in 1994 and thereafter; and (g) administrative expenses of 0.4%.

In addition, the 1994 study assumes that the participating population would remain level at 800 with new entrants assumed to have the age characteristics of new entrants since 1988. The foregoing actuarial assumptions are based on the presumption that the Plan will continue. Were the Plan to terminate, different actuarial assumptions and other factors might be applicable in determining the actuarial present value of accumulated plan benefits.

The actuarial present value of accumulated Plan benefits, and benefit information for December 31, 1992, 1993 and 1994 are shown in the following table:

	DECEMBER 31		
	1992	1993	1994
	(US \$1,000)		
ACTUARIAL PRESENT VALUE OF ACCUMULATED PLAN BENEFITS			
Vested Benefits			
Participants	\$135,691	\$161,130	\$146,212
Pensioners	<u>28,430</u>	<u>29,556</u>	<u>33,465</u>
Total vested benefits	164,121	190,686	179,677
Non vested benefits	<u>3,308</u>	<u>3,928</u>	<u>15,271</u>
Total actuarial present value of accumulated plan benefits	<u>\$167,429</u>	<u>\$194,614</u>	<u>\$194,948</u>

The reconciliation shown below sets forth the reasons for the increase in the total actuarial present value of accumulated Plan benefits between December 31, 1993 and December 31, 1994:

	YEARS ENDED DECEMBER 31	
	1993	1994
	(US \$1,000)	
Total actuarial present value of accumulated Plan benefits at beginning of the year	\$167,429	\$194,614
Increase (decrease) attributable to:		
Interest earned on accumulated Plan benefits	15,069	17,515
Benefits paid	(10,280)	(15,789)
Benefits accumulated	21,881	2,579
Assumption changes	<u>515</u>	<u>(3,971)</u>
Total actuarial present value of Accumulated Plan benefits at end of the year	<u>\$194,614</u>	<u>\$194,948</u>

8. Equity in the OAS Treasury Fund

All United States dollars available for use in carrying out the activities of the various funds of the General Secretariat of the OAS are consolidated in the Treasury Fund, in which the Retirement and Pension Fund maintains an equity to the extent of its cash balance retained therein. The Treasury Fund is administered by the General Secretariat. Amounts not immediately required for operations are invested by the Treasury Fund and income earned thereon is added to the equity of the Retirement and Pension Fund in proportion to its equity balance.

SECTION IV
FINANCIAL STATEMENTS
OF THE ROWE MEMORIAL BENEFIT FUND AND
THE LEO S. ROWE PAN AMERICAN FUND
WITH
REPORTS OF INDEPENDENT AUDITORS

ROWE MEMORIAL BENEFIT FUND AND

LEO S. ROWE PAN AMERICAN FUND

The Rowe Funds are trust funds established from monies made available by Dr. Leo S. Rowe, former Director General of the Pan American Union, the predecessor of the General Secretariat, and are administered within the General Secretariat by special committees.

Ernst & Young LLP has audited the accompanying financial statements of these trust funds and their opinion on the statements of each fund is included in this report.

Rowe Memorial Benefit Fund

The Fund is administered by the Rowe Memorial Benefit Fund Committee. The Committee is composed of five ex-officio members who are officers of the General Secretariat.

Beginning in 1931, the assets of the Fund have been accumulated principally by contributions received from Dr. Rowe during his lifetime and are held in trust to provide certain benefits to staff members of the General Secretariat.

Leo S. Rowe Pan American Fund

The Fund is administered by the Committee of the Leo S. Rowe Pan American Fund. The Committee is composed of representatives from four OAS member states, elected by representatives to the Permanent Council for a four year term and with the Secretary General of the OAS as a permanent member.

The Fund was established in 1948 as a trust in accordance with the will of Dr. Rowe. Its purpose is to provide loans to students from member states other than residents and citizens of the United States and to make loans to OAS staff members for educational purposes or in emergency situations.

**ROWE MEMORIAL BENEFIT FUND
FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 1994 AND 1993
WITH
REPORT OF INDEPENDENT AUDITORS**

Report of Independent Auditors

Board of External Auditors
Organization of American States

We have audited the accompanying statements of assets and fund balance of the Rowe Memorial Benefit Fund (the Fund) as of December 31, 1994 and 1993, and the related statements of income, expenses and changes in fund balance for the years then ended. These financial statements are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Rowe Memorial Benefit Fund at December 31, 1994 and 1993, and the results of its operations and its changes in fund balance for the years then ended in conformity with generally accepted accounting principles.



April 20, 1995

ORGANIZATION OF AMERICAN STATES
ROWE MEMORIAL BENEFIT FUND
STATEMENT OF ASSETS AND FUND BALANCE

	December 31,	
	1994	1993
Assets and Fund Balance		
Equity in OAS Treasury Fund (Note 2)	\$ 18,901	\$ 18,537
Investments at cost (approximate market value of \$171,000 and \$175,000 at December 31, 1994 and 1993, respectively)	171,593	163,420
Total assets and fund balance	\$ 190,494	\$ 181,957

**STATEMENT OF INCOME, EXPENSES AND
CHANGES IN FUND BALANCE**

	Year ended December 31,	
	1994	1993
Income		
Dividends and interest	\$ 6,170	\$ 1,569
Capital Gain distributions from mutual funds	2,002	4,789
Income from OAS Treasury Fund (Note 2)	965	819
	9,137	7,177
Awards and other benefits (Note 1)	600	300
Net Increase during the year	8,537	6,877
Fund balance, beginning of year	181,957	175,080
Fund balance, end of year	\$ 190,494	\$ 181,957

See accompanying notes

ORGANIZATION OF AMERICAN STATES

**ROWE MEMORIAL BENEFIT FUND
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1994 AND 1993**

1. Organization and Financing

The assets of the Rowe Memorial Benefit Fund (Fund) have been accumulated principally from contributions received from Dr. Leo S. Rowe, a former Director General of Pan American Union. These assets are held in trust to provide certain welfare benefits for employees of the OAS. Administrative functions of the Fund are provided without charge by the General Secretariat of the OAS. No amounts are recorded in the accompanying financial statements relating to the use of services and facilities provided to the Fund as no objective basis is available to measure the value of such contributions.

2. Equity in OAS Treasury Fund

All U.S. dollars available for use in carrying out the activities of the various funds of the OAS are consolidated in the Treasury Fund. Each fund administered by the General Secretariat maintains an equity to the extent of its cash balance retained therein. The Treasury Fund is administered by the General Secretariat and amounts not immediately required for operations are invested. Income earned by the Treasury Fund is added to the equity of each fund in proportion to its balance.

3. Investments

Investments are presented in the financial statements in the aggregate of the lower of cost or market value as determined by the latest available published or brokers' prices.

	<u>Cost</u>	<u>Gross Unrealized Gains</u>	<u>Gross Unrealized Losses</u>	<u>Net Unrealized Losses</u>	<u>Aproximate Market Value</u>
(In Thousands)					
December 31, 1994					
Mutual funds invested in Equity and Fixed income securities	\$ <u>172</u>	<u>5</u>	<u>(6)</u>	<u>(1)</u>	\$ <u>171</u>
	\$ <u>172</u>	<u>5</u>	<u>(6)</u>	<u>(1)</u>	\$ <u>171</u>

	<u>Cost</u>	<u>Gross Unrealized Gains</u>	<u>Gross Unrealized Losses</u>	<u>Net Unrealized Gains</u>	<u>Approximate Market Value</u>
(In Thousands) December 31, 1993					
Mutual funds invested in Equity and Fixed income securities	\$ <u>163</u>	<u>13</u>	<u>(1)</u>	<u>12</u>	\$ <u>175</u>
	\$ <u>163</u>	<u>13</u>	<u>(1)</u>	<u>12</u>	\$ <u>175</u>

**LEO S. ROWE PAN AMERICAN FUND
FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 1994 AND 1993
WITH
REPORT OF INDEPENDENT AUDITORS**

Report of Independent Auditors

Board of External Auditors
Organization of American States

We have audited the accompanying statements of assets, liabilities and fund balances of the Leo S. Rowe Pan American Fund (the Fund) as of December 31, 1994 and 1993, and the related statements of income, expenses and changes in operating account fund balance for the years then ended. These financial statements are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Leo S. Rowe Pan American Fund at December 31, 1994 and 1993, and the results of its operations and its changes in operating account fund balance for the years then ended in conformity with generally accepted accounting principles.



April 20, 1995

ORGANIZATION OF AMERICAN STATES

**LEO S. ROWE PAN AMERICAN FUND
STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCES**

<u>ASSETS</u>	December 31,	
	1994	1993
Equity in OAS Treasury Fund (Note 2)	\$ 228,091	\$ 37,150
Investments at cost (approximate market value at December 31, 1994, and 1993, respectively shown in parentheses)		
Mutual funds invested in equity investments (\$1,565,000 and \$1,768,000)	1,505,484	1,498,443
Mutual funds invested in fixed income securities (\$4,178,000 and \$4,872,000)	4,363,253	4,626,872
Allowance for Unrealized Loss (Note 5)	(125,737)	—
	5,971,091	6,162,465
Loans receivable (Note 3)		
Students		
Installments not yet due	1,510,588	1,126,261
Installments past due	244,046	202,598
Allowance for uncollectible loans	(129,344)	(107,442)
	1,625,290	1,221,417
Employees of the Organization of American States	507,007	465,369
	2,132,298	1,686,786
	\$8,103,388	\$7,849,251
<u>LIABILITIES AND FUND BALANCES</u>		
Miscellaneous payable	\$ 77,257	\$ 70,876
Fund balances		
Capital account (Note 1)	1,000,000	1,000,000
Operating account		
Balance before unrealized loss on investment	7,151,868	6,778,375
Less unrealized loss on investments (Note 5)	(125,737)	—
	7,026,131	
	\$8,103,388	\$7,849,251

See accompanying notes

ORGANIZATION OF AMERICAN STATES

LEO S. ROWE PAN AMERICAN FUND
STATEMENT OF INCOME, EXPENSES AND CHANGES
IN OPERATING ACCOUNT FUND BALANCE

	Year ended December 31,	
	1994	1993
Income		
Dividend and interest income	289,645	327,266
Capital gains distributions from mutual funds	146,851	108,624
Miscellaneous income	41,367	34,416
	477,863	470,306
Expenses		
Increase in allowance for uncollectible loans (Note 3)	21,902	14,922
Investment management and custodian fees	15,000	15,000
Administrative expenses (Note 4)	20,000	20,000
Other expenses	47,468	29,452
	104,370	79,374
	373,493	390,932
Fund balance, beginning of year	6,778,375	6,387,443
Fund balance, end of year	7,151,868	6,778,375
Less unrealized loss on investments (Note 5)	(125,737)	-
	7,026,131	6,778,375

See accompanying notes

ORGANIZATION OF AMERICAN STATES

LEO S. ROWE PAN AMERICAN FUND NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 1994 AND 1993

1. Organization and Financing

The Leo S. Rowe Pan American Fund (Fund), a charitable trust, was established in 1948 by the Governing Board of the General Secretariat of the Pan American Union (PAU) in accordance with the will of Dr. Leo S. Rowe, a former Director General of the Pan American Union. The purpose of the Fund is to provide loans to students from member states, who desire to study at colleges in the United States and to provide education and emergency loans to employees of the OAS. Although the assets of the capital account and the operating account are not segregated, the assets of the capital account (\$1,000,000) are regarded as being comprised of investments held by the Fund and, to that extent, are not considered to be available for the purpose of granting loans.

2. Equity in OAS Treasury Fund

All U.S. dollars available for use in carrying out the activities of the various funds of the OAS are consolidated in the Treasury Fund. Each fund administered by the General Secretariat maintains an equity to the extent of its cash balance retained therein. The Treasury Fund is administered by the General Secretariat and amounts not immediately required for operations are invested. Income earned by the Treasury Fund is added to the equity of each fund in proportion to its balance.

3. Loan Status

Non-interest bearing loans are granted to students, payable on various terms not to exceed five years from the termination of the studies for which the loans are granted. The Committee of the Leo S. Rowe Pan American Fund (Committee) has extended the repayment dates for certain loans.

The activity in the allowance for uncollectible loans was as follows:

	1994	1993
Balance, beginning of year	\$107,442	\$ 93,525
Provision for uncollectible loans	<u>21,902</u>	<u>13,917</u>
Balance, end of year	<u>\$ 129,344</u>	<u>\$ 107,442</u>

In the opinion of the Committee, the allowance of \$129,344 at December 31, 1994 is sufficient to provide for losses that may be incurred upon the ultimate realization of these loans.

During 1994 and 1993 the Fund disbursed new student loans aggregating approximately \$641,000 and \$389,000, respectively. The Fund received loan repayments of approximately \$215,000 and \$180,000 in 1994 and 1993, respectively.

New loans to employees for educational purposes or in emergency situations aggregated \$160,000 and \$118,000 in 1994 and 1993 respectively. The Fund received loan repayments of approximately \$150,000 and \$81,000 in 1994 and 1993 respectively. The interest rate on new employee loans granted in 1994 was 7.5%. Interest rates on outstanding loans granted in prior years varied from 6.5% to 10%.

4. Administrative Expenses

The Committee authorized payments of \$20,000 in both 1994 and 1993 to the General Secretariat of the OAS as a reimbursement for a portion of costs incurred in the administration of the Fund. The accompanying financial statements include approximately \$27,000 in other expenses related to the services of a contract employee in 1994 (\$29,000 in 1993). No additional amounts are recorded in the accompanying financial statements relating to the use of services and facilities provided to the Fund by the General Secretariat as no objective basis is currently available to measure the value of such contribution.

5. Investments

Investments are presented in the financial statements in the aggregate of the lower of cost or market value as determined by the latest available published or brokers' prices.

	<u>Cost</u>	<u>Gross Unrealized Gains</u>	<u>Gross Unrealized Losses</u>	<u>Net Unrealized Losses</u>	<u>Approximate Market Value</u>
(In Thousands)					
December 31, 1994					
Mutual funds invested in Fixed income securities	\$4,363	8	(194)	(186)	\$4,178
Mutual funds invested in Equity investments	<u>\$1,505</u>	<u>115</u>	<u>(55)</u>	<u>(60)</u>	<u>\$1,565</u>
	<u>\$5,868</u>	<u>123</u>	<u>(249)</u>	<u>(126)</u>	<u>\$5,743</u>

	<u>Cost</u>	<u>Gross Unrealized Gains</u>	<u>Gross Unrealized Losses</u>	<u>Net Unrealized Gains</u>	<u>Approximate Market Value</u>
(In Thousands)					
December 31, 1993					
Mutual funds invested in Fixed income securities	\$4,627	252	(7)	245	\$4,872
Mutual funds invested in Equity investments	<u>\$1,498</u>	<u>286</u>	<u>(16)</u>	<u>270</u>	<u>\$1,768</u>
	<u>\$6,125</u>	<u>538</u>	<u>(23)</u>	<u>515</u>	<u>\$6,640</u>

SECTION V
FINANCIAL STATEMENTS
OF THE INTER-AMERICAN DEFENSE BOARD
WITH
REPORT OF INDEPENDENT AUDITORS

Report of Independent Auditors

Board of External Auditors
Organization of American States

We have audited the accompanying statements of assets, liabilities and fund balance of the Inter-American Defense Board (the Board) as of December 31, 1994 and 1993, and the related statements of revenue, expenses and changes in fund balance, and cash flows for the years then ended. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Inter-American Defense Board at December 31, 1994 and 1993, and the results of its operations and cash flows for the years then ended in conformity with generally accepted accounting principles.

Ernst & Young LLP

April 7, 1995

ORGANIZATION OF AMERICAN STATES
INTER-AMERICAN DEFENSE BOARD
STATEMENT OF ASSETS, LIABILITIES, AND FUND BALANCE

	December 31,	
	1994	1993
<u>ASSETS</u>		
Current assets:		
Cash and cash equivalents	\$ 179,473	\$ 212,980
Prepaid expenses and other assets	89,149	41,718
Total current assets	268,622	254,698
Property and equipment, at cost:		
Furniture and equipment	579,115	553,391
Vehicles	—	11,891
	579,115	565,282
Less accumulated depreciation	475,068	401,600
	104,047	163,682
Total assets	\$ 372,669	\$ 418,380
<u>LIABILITIES AND FUND BALANCE</u>		
Current liabilities:		
Accounts payable	\$ 93,233	\$ 94,249
Funding received in advance—current portion (Note 4)	162,500	162,500
Accrued leave (Note 2)	185,725	162,276
Total current liabilities	441,458	419,025
Funding received in advance—long term (Note 4)	—	162,500
Unrestricted fund balance	(68,789)	(163,145)
Total liabilities and fund balance	\$ 372,669	\$ 418,380

See accompanying notes

ORGANIZATION OF AMERICAN STATES
INTER-AMERICAN DEFENSE BOARD
STATEMENT OF REVENUE, EXPENSES AND CHANGES
IN FUND BALANCE

	<u>Year ended December 31,</u>	
	<u>1994</u>	<u>1993</u>
Revenue:		
Funding received from the Organization of American States (Note 4)	\$2,134,900	\$2,218,900
Interest and other income	36,160	18,840
Total revenue	<u>2,171,060</u>	<u>2,237,740</u>
Expenses:		
Personnel	1,499,045	2,526,142
Building and maintenance	69,989	106,809
Equipment and supplies	146,446	117,861
Other general and administrative costs	107,484	109,736
Travel	38,258	22,481
Depreciation	106,417	64,724
Documents	35,436	28,571
Contracts	73,629	33,478
Total expenses	<u>2,076,704</u>	<u>3,009,802</u>
Surplus (deficit) of revenue over expenses	94,356	(772,062)
Unrestricted (deficit) fund balance, beginning of year	(163,145)	608,917
Unrestricted deficit balance at end of year	<u>\$ (68,789)</u>	<u>\$ (163,145)</u>

See accompanying notes

ORGANIZATION OF AMERICAN STATES

**INTER-AMERICAN DEFENSE BOARD
STATEMENT OF CASH FLOWS**

	Year ended December 31,	
	1994	1993
Operating activities		
Surplus (deficit) of revenue over expenses	\$ 94,356	\$ (772,062)
Adjustments to reconcile surplus (deficit) to net cash provided by (used in) operating activities:		
Depreciation	106,417	64,724
Changes in operating assets and liabilities:		
Prepaid expenses and other assets	(47,431)	7,059
Accounts payable	(1,016)	64,685
Accrued Leave	23,449	(81,963)
Net cash provided by (used in) operating activities	175,775	(717,557)
Investing activities		
Purchase of property and equipment	(46,782)	(11,493)
Net cash used in investing activities	(46,782)	(11,493)
Financing activities		
Proceeds from funding received in advance	-	325,000
Repayments of funding received in advance	(162,500)	-
Net cash (used in) provided by financing activities	(162,500)	325,000
Net decrease in cash and cash equivalents	(33,507)	(404,050)
Cash and cash equivalents at beginning of year	212,980	617,030
Cash and cash equivalents at end of year	\$ 179,473	\$ 212,980

See accompanying notes

ORGANIZATION OF AMERICAN STATES

INTER-AMERICAN DEFENSE BOARD NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 1994 AND 1993

1. Organization

The Inter-American Defense Board (the Board) was established on March 30, 1942 and was designated, by executive order, as a public international organization on March 26, 1951. The Board is comprised of military officers representing the highest echelons of their nations' defense establishments. Its mission is to maintain the collective self-defense of the Western Hemisphere with peace and security as primary objectives.

The Inter-American Defense College was established in 1962 as a suborganization of the Board. Its primary goal is the preparation of future military and civilian leaders for their role in hemispheric security.

2. Summary of Significant Accounting Policies

Basis of presentation - The accompanying financial statements are prepared on the accrual basis of accounting.

Reclassifications - Certain prior year balances have been reclassified to conform with the current year presentation.

Cash and Cash Equivalents - The Board considers highly liquid investments with original maturities of three months or less to be cash equivalents.

Depreciation - Depreciation expense is recognized using the straight-line method over the estimated useful life of the asset. The useful life of furniture and printing equipment is estimated at ten years; the estimated life of other equipment is five years; and the useful life of vehicles is five years.

During 1993 and previously, the Board depreciated all equipment purchased prior to 1990 over ten years. In 1994, the Board accelerated its depreciation of these assets in order to completely depreciate them in accordance with the new depreciation policy. The amount of additional depreciation recognized due to this acceleration was approximately \$40,500.

In-Kind Contributions - Significant contributions are received by the Board from the Organization of American States (OAS) and member countries in the form of use of facilities, services of military personnel and air transportation. No amounts are recorded in the accompanying financial statements relating to the use of such facilities or services since the Board deems it impractical to measure the value of such contributions.

Employee benefits - The Board provides certain benefits to its employees, which accrue to them during periods of employment and are payable upon separation. All employees are entitled to accrued vacation; certain other employees receive terminal pay, merit awards and special leave. The payments made during 1993 for these benefits amounted to approximately \$8,000. There were no such payments made during 1994.

Due to decreased funding and efforts to reduce personnel costs the Board implemented a plan for reorganization in 1993. The reorganization entailed termination of 23 employees. In conjunction with this reorganization, the Board paid accrued vacation, terminal pay, merit awards and special leave which amounted to approximately \$353,000.

Income taxes - The Board is a public international organization, and as such is exempt from paying income tax.

3. Pension Plan

Substantially all of the employees of the Board participate in a defined benefit multi-employer pension plan administered by the Retirement and Pension Committee of the Organization of American States (OAS). Contributions to the Plan by the Board and employees are based on fixed percentages of annual pensionable salaries. Pension expense approximately \$209,000 and \$290,000 in 1994 and 1993, respectively.

4. Funding

The Board is an affiliated agency of the OAS, and as such receives a substantial portion of its funding through OAS appropriations; however, the two organizations maintain separate management structures.

Funding received from the OAS in the form of direct cash contributions decreased from \$2,218,900 in 1993 to \$2,134,900 in 1994. The OAS has currently appropriated \$2,201,100 for 1995. The Board relies upon the OAS for funding substantially all of its operating activities and is dependent upon the continued financial support of the OAS.

During 1993, the OAS approved an advance of funding in the amount of \$325,000 so that the Board would be able to meet its financial obligations related to the reorganization. During 1994, the Board repaid \$162,500 of this advance. The remaining \$162,500 was fully repaid as of April 1, 1995.

The headquarters of the Board is a building owned by the General Secretariat of the OAS; therefore, expenditures incurred for building renovation and improvements are not capitalized by the Board.

SECTION VI
FINANCIAL STATEMENTS
FUND FOR THE INTERNATIONAL COMMISSION
OF SUPPORT AND VERIFICATION II
WITH
REPORT OF INDEPENDENT AUDITORS

Report of Independent Auditors

Board of External Auditors
Organization of American States

We have audited the accompanying statements of assets, liabilities and fund balance of the Fund for the International Commission of Support and Verification II of the Organization of American States (the Fund), pursuant to the agreement between the Organization of American States (the OAS) and the United States Department of State (the Agreement), as of December 31, 1994, and 1993, and the related statements of activity and changes in fund balance for the year ended December 31, 1994 and for the period from July 1, 1993 (inception) to December 31, 1993. These financial statements are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As described in Note 2, the financial statements of the Fund have been prepared on the basis of accounting practices prescribed by the Budgetary and Financial Rules of the Organization of American States (which include the applicable financially-oriented General Standards adopted by the General Assembly of the OAS) which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Fund at December 31, 1994, and 1993, and its activity and its changes in fund balance for the year ended December 31, 1994, and for the period from July 1, 1993 (inception) to December 31, 1993 on the basis of accounting described in Note 2.

As explained in Note 1, the financial statements being presented are only for the fund referred to above, which was established by the Organization of American States to account for the assets, liabilities and fund balance and the support, revenues and expenses of the Fund pursuant to the Agreement.



April 28, 1995

ORGANIZATION OF AMERICAN STATES
INTERNATIONAL COMMISSION OF SUPPORT AND VERIFICATION II
STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCE

<u>ASSETS</u>	Year ended December 31,	
	1993	1994
Equity in OAS Treasury Fund	\$ 3,303,141	\$ 2,090,440
Other assets	48,357	33,126
	3,351,498	2,123,567
<u>LIABILITIES AND FUND BALANCE</u>		
Unliquidated obligations	1,135,192	560,893
Accounts payable	85,347	70,111
Fund (deficit) balance	2,130,959	1,492,563
	\$ 3,351,498	\$ 2,123,567

See accompanying notes

**ORGANIZATION OF AMERICAN STATES
INTERNATIONAL COMMISSION OF SUPPORT AND VERIFICATION II**

**STATEMENT OF ACTIVITY AND CHANGES IN FUND BALANCE
FROM INCEPTION (JULY 1, 1993) TO DECEMBER 31, 1994**

	July 1, 1993 (Inception) to Dec. 31, 1993	Jan. 1, 1994 to Dec. 31, 1994	TOTAL
Increases			
Contributions			
United States - State Department	\$ 5,000,000	\$ 2,841,000	\$ 7,841,000
European Economic Community (EEC)	-	468,766	468,766
	<u>5,000,000</u>	<u>3,309,766</u>	<u>8,309,766</u>
Decreases			
Obligations and Expenditures			
Operational Costs	691,163	873,682	1,564,845
Programming, Following & Verification	1,661,469	2,199,946	3,861,415
Tri-partisan Commission	87,498	147,444	234,942
Institutional Support	391,890	714,203	1,106,093
England - Purified water project	-	1,178	1,178
Germany Microprojects	-	11,596	11,596
	<u>2,832,020</u>	<u>3,948,049</u>	<u>6,780,069</u>
Transfers			
Transfer from CIAV I - U.S.	63,412	(112)	63,300
Transfer from CIAV I - Others	(100,433)	-	(100,433)
	<u>(37,021)</u>	<u>(112)</u>	<u>(37,133)</u>
Fund balance at beginning of period	<u>-</u>	<u>2,130,959</u>	
Fund at end of period	<u>\$ 2,130,959</u>	<u>\$ 1,492,563</u>	<u>\$ 1,492,563</u>

See accompanying notes

ORGANIZATION OF AMERICAN STATES

INTERNATIONAL COMMISSION OF SUPPORT AND VERIFICATION II NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 1994 AND 1993

1. Organization

On August 7, 1989, the five Central American Presidents met in Tela, Honduras, and entered into what is commonly known as the Tela Agreement (Agreement).

The Agreement provides for the demobilization and voluntary repatriation or relocation into Nicaragua and third countries of members of the former Nicaraguan Resistance and their families. The agreement also provided for the assistance to persons involved in combat operation in the countries of the region at their voluntary request. On September 6, 1989, the Tela agreement further established the International Commission of Support and Verification (CIAV) to execute and fulfill the objectives of the agreement. This commission is composed of the Secretaries General of the United Nations (CIAV/UN) and of the Organization of American States (CIAV/OAS).

In general, CIAV/UN is responsible for the activities conducted outside of Nicaragua, whereas CIAV/OAS is responsible for activities within Nicaragua.

The Secretary General of the OAS established an OAS International Commission of Support and Verification (CIAV I) to account for the proceeds and disbursements pursuant to CIAV's activities. On December 31, 1993, CIAV I was closed. The Secretary General of the OAS established an OAS International Commission of Support and Verification II (The Fund) to account for the on-going proceeds and disbursements pursuant to CIAV's activities. All unexpended balances of CIAV I were transferred to the Fund.

2. Basis of Accounting

The accompanying financial statements have been prepared in accordance with the Budgetary and Financial Rules of the OAS (Rules). The Rules provide the basis for the accounting principles applied in the preparation of the financial statements. The Rules were adopted to meet budgetary and other requirements of the OAS and, as such, result in accounting principles which vary in certain material respects from generally accepted accounting principles. The significant deviation from generally accepted accounting principles is as follows:

Unliquidated obligations include amounts related to commitments resulting from offers made by the Fund to vendors to disburse monies for the procurement of goods or services in future periods. This amount does not represent liabilities to unrelated third party commitments at December 31, 1994. It represents amounts anticipated to be expended in the subsequent year in the completion of the project.

3. Equity in OAS Treasury Fund

All U.S. dollars available for use in carrying out the activities of the various funds of the OAS are consolidated in the OAS Treasury Fund. Each fund administered by the General Secretariat maintains an equity to the extent of its cash balance retained therein. The OAS Treasury Fund is administered by the General Secretariat, and amounts not immediately required for operations are invested. Subject to certain conditions, income earned by the OAS Treasury Fund is added to the equity of each fund in proportion to its balance.

4. Funding

The Government of the United States has contributed to CIAV/OAS a total of \$7,841,000 from the inception to December 31, 1994. In addition CIAV/OAS received; \$468,766 from the European Community Commission.

5. Status of the Commission

CIAV/OAS is headquartered in Managua, Nicaragua and its activities include a number of stages: demobilization, repatriation and monitoring of guaranteed human and civil rights, programs for development areas, and assistance to members of the Resistance and their families.

6. Administrative Support

The General Secretariat of the OAS has provided non-reimbursable administrative support in the form of personnel, communication and office space to CIAV/OAS.

SECTION VII
FINANCIAL STATEMENTS
FUNDS FOR THE UNIT FOR THE PROMOTION OF DEMOCRACY
WITH
REPORT OF INDEPENDENT AUDITORS

Report of Independent Auditors**Board of External Auditors
Organization of American States**

We have audited the accompanying combined statement of assets, liabilities and fund balance of the activities of the Unit for the Promotion of Democracy of the Organization of American States (the Unit) as of December 31, 1994, and the related combined statement of activity and changes in fund balance for the year then ended. These financial statements are the responsibility of the Unit's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 2, the financial statements of the activities of the Unit have been prepared on the basis of accounting practices prescribed by the Budgetary and Financial Rules of the Organization of American States (which include the applicable financially-oriented General Standards adopted by the General Assembly of the OAS) which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the Unit's assets, liabilities and fund balance at December 31, 1994, and the activity and changes in fund balances for the year then ended on the basis of accounting described in Note 2.

As explained in Note 1, the financial statements being presented are only for the funds referred to above, which was established by the Organization of American States to account for the assets, liabilities and fund balance and the support, revenues and expenses of activities of the Unit for the Promotion of Democracy.



April 28, 1995

ORGANIZATION OF AMERICAN STATES
OAS / DEMOC

STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCE
AS OF DECEMBER 31, 1994

		INTERNAT.		ELECTORAL		DEMING		ELECTORAL
PROMOTION		CIVILIAN		OBSERVATION		CENTRAL		OBSERVATION
DEMOCRACY		PRESENCE		PERU		AMERICA		EL SALVADOR
AND PEACE		HAITI						COMBINED
SURINAME					INITIATIVES			
Equity in OAS Treasury Fund	\$ 117,580	\$ 17,488,914	\$ 1,342,037	\$ 1,229,704	\$ 53,001	\$ 810,065	\$ 21,041,301	
Other assets		24,488	1,745	935		325,700	352,868	
	<u>\$ 117,580</u>	<u>\$ 17,513,402</u>	<u>\$ 1,343,782</u>	<u>\$ 1,230,639</u>	<u>\$ 53,001</u>	<u>\$ 1,135,765</u>	<u>\$ 21,394,169</u>	
<u>LIABILITIES AND FUND BALANCE</u>								
Unliquidated obligations	\$ 7,636	\$ 312,164	\$ 61,137	\$ 69,819	\$ 15,303	\$ 466,059		
Accounts payable		5,289	44,996	261	325,700	376,246		
Fund balance	109,944	17,195,949	1,237,649	1,160,559	(288,002)	1,135,765	20,551,864	
	<u>\$ 117,580</u>	<u>\$ 17,513,402</u>	<u>\$ 1,343,782</u>	<u>\$ 1,230,639</u>	<u>\$ 53,001</u>	<u>\$ 1,135,765</u>	<u>\$ 21,394,169</u>	

ORGANIZATION OF AMERICAN STATES
OAS / DEMOC

STATEMENT OF ACTIVITY AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED DECEMBER 31, 1994

	PROMOTION DEMOCRACY AND PEACE SURINAME	INTERNAT. CIVILIAN PRESENCE HAITI	ELECTORAL OBSERVATION PERU	DEMOCRATIC INITIATIVES	DEMING CENTRAL AMERICA	ELECTORAL OBSERVATION EL SALVADOR	COMBINED
Increases							
Contributions							
Argentina				\$ 29,490	\$ 3,579		\$ 3,579
Australia							29,490
Germany					20,000		20,000
IADB							
Italy							
Japan							
Netherlands	\$ 147,331						147,331
Panama		\$ 22,200					22,200
Sweden				49,985			49,985
United States		13,000,000	\$ 1,000,000	1,000,000			15,000,000
Uruguay				5,000			5,000
Venezuela		83,469					83,469
Transfers				5,479	50,000	\$ (55,479)	
OAS Treasury Fund income				13,753	4,063		17,816
Miscellaneous						450	450
	<u>147,331</u>	<u>13,105,669</u>	<u>1,000,000</u>	<u>1,103,707</u>	<u>77,642</u>	<u>(55,029)</u>	<u>15,379,320</u>
Decreases							
Obligations and Expenditures							
Travel	45,949	1,076,096	222,768	184,600	2,446		1,531,859
Equipment and Supplies	2,493	(8,105)	14,035	31,923	5,430		45,776
Contracts	39,428	2,053,566	171,642	59,527	(429)		2,323,734
Other	12,507	73,867	(54,875)	41,620	2,480	(6,653)	68,946
	<u>100,377</u>	<u>3,195,424</u>	<u>353,570</u>	<u>317,670</u>	<u>9,927</u>	<u>(6,653)</u>	<u>3,970,315</u>
Fund balance beginning of year	62,990	7,285,704	591,219	374,522	(355,717)	1,184,141	9,142,859
Net change during year	46,954	9,910,245	646,430	786,037	67,715	(48,376)	11,409,005
Fund balance end of year	<u>\$ 109,944</u>	<u>\$ 17,195,949</u>	<u>\$ 1,237,649</u>	<u>\$ 1,160,559</u>	<u>\$ (288,002)</u>	<u>\$ 1,135,765</u>	<u>\$ 20,551,864</u>

ORGANIZATION OF AMERICAN STATES
UNIT FOR THE PROMOTION OF DEMOCRACY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1994

1. Organization

In Resolution AG/RES.1063/90, the General Assembly requested the Secretary General to establish within the General Secretariat a Unit for the Promotion of Democracy. On October 15, 1990, the Secretary General by Executive Order 90-3 created the Unit for the Promotion of Democracy, assigning the following functions:

Develop standards and procedures for organizing electoral observation missions

Plan and coordinate electoral observer missions

Develop inventories and data banks of individuals and institutions specializing in political studies on democratic systems and institutions as well as human and material resources for carrying out missions, training, and other activities

Coordinate with other multilateral organizations, and governments and private institutions activities, and missions concerned with democratic development

Plan, and coordinate courses, seminars, and training programs to facilitate exchange of information and expertise in order to strengthen political institutions and democratic procedures in member states

The Secretary General established various OAS funds (the Funds) to account for the proceeds and disbursements pursuant to the activities coordinated by the Unit for the Promotion of Democracy.

2. Basis of Accounting

The accompanying financial statements have been prepared in accordance with the Budgetary and Financial Rules of the OAS (Rules). The Rules provide the basis for the accounting principles applied in the preparation of the financial statements. The Rules were adopted to meet budgetary and other requirements of the OAS and, as such, result in accounting principles which vary in certain material respects from generally accepted accounting principles. The significant deviation from generally accepted accounting principles is as follows:

Unliquidated obligations include amounts related to commitments resulting from offers made by the Funds to vendors to disburse monies for the procurement of goods or services in future periods. This amount does not represent liabilities to unrelated third party commitments at December 31, 1994. It represents amounts anticipated to be expended in the subsequent year in the completion of these projects.

3. Equity in OAS Treasury Fund

All U.S. dollars available for use in carrying out the activities of the various funds of the OAS are consolidated in the OAS Treasury Fund. Each fund administered by the General Secretariat maintains an equity to the extent of its cash balance retained therein. The OAS Treasury Fund is administered by the General Secretariat, and amounts not immediately required for operations are invested. Subject to certain conditions, income earned by the OAS Treasury Fund is added to the equity of each fund in proportion to its balance.

4. Status of Missions

HAITI

At the Ad Hoc meeting of Ministers of Foreign Affairs held on October 2, 1991, it was resolved to establish an OAS civilian mission entrusted to facilitate reestablishment and strengthening of the democratic institutions in Haiti. To this end, financing from Member States and Permanent Observers totaling \$30,948,889 was received from inception until December 31, 1994. In addition there were in-kind contributions by other countries such as an aircraft by Argentina, Canada, Colombia, Chile and Venezuela.

PERU

On May 18, 1992, the President of Peru made a commitment to the OAS XXII General Assembly in Bahamas to hold elections for the Constituent Assembly. In subsequent meetings held by the Ministers of Foreign Affairs, the General Secretariat was requested to observe the electoral process leading to the elections which took place on November 22, 1992. Subsequently the OAS participated in the observation of municipal and constituent elections, observation of a Constitutional Referendum and continued to provide long term technical assistance for electoral systems improvement.

SURINAME

The Special Mission to Suriname was established by agreement between the General Secretariat of the Organization of American States and the Government of the Republic of Suriname. The agreement specifies a presence of the mission in that country for a period of two years during which it will assist in formalizing and safeguarding a durable peace between the Government of Suriname, the Jungle Commando and Tucajan Amazons, and in further strengthening the national institutions within the framework of democratic institutions in Suriname.

DEMOCRATIC INITIATIVES

The Unit of Democracy undertook a number of additional activities with the contributions of member states and observer states, including the electoral observation in Dominican Republic and Panama. Among the largest contributors was the United States Government who contributed a total of \$1,000,000 for the year ending December 31, 1994.

MINE CLEARING ASSISTANCE PROGRAM IN CENTRAL AMERICA

At its XXII Regular Session, the General Assembly asked the Secretary General "to establish a Special Fund to accept contributions and pledges from those countries that wish to cooperate in mine-clearing operations in Central America"[AG/RES. 1191(XXII-O/92)].

At the meeting of the Commission on Central American Security held in San Salvador, June 15-16, 1992, the Secretary General was asked to expand the mine removal program from Nicaragua to include the other Central American nations, Costa Rica, El Salvador, Guatemala and Honduras. The Secretary General, in turn, sought the assistance of the Inter-American Defense Board (IADB) in extending the mine removal program. Such a program would be implemented by each nation's army and, in the case of Costa Rica, specialized personnel.

The Secretary General made appeals for funding to member countries, observer countries, and members of the Partnership for Democracy and received affirmative responses from the Governments of Argentina, Brazil, Chile, Colombia, Peru and Uruguay. Grant funds were additionally received from the Governments of Germany, Italy, France, Spain, Sweden, and the United States.

6. Staffing and Administrative Support

Appropriations for the approved personnel posts budgeted on a recurring basis for the Unit for Promotion of Democracy, are financed by the Regular Fund of the Organization. Financing for experts or observers in specific missions of the Unit are, for the most part, financed by special contributions either for that mission or for missions of the Unit in general.

