

ORGANIZATION OF AMERICAN STATES



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REPORT TO THE
PERMANENT COUNCIL
OF THE
ORGANIZATION OF AMERICAN STATES

AUDIT OF ACCOUNTS AND
FINANCIAL STATEMENTS
FOR THE BIENNIUM
ENDED
DECEMBER 31, 1995

By the
Board of External Auditors

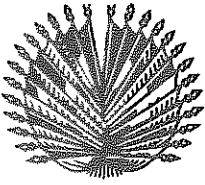
GENERAL SECRETARIAT
ORGANIZATION OF AMERICAN STATES
WASHINGTON, D.C. 20006
1996

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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

April 26, 1996

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) in accordance with Article 114 of the General Standards to govern the operations of the General Secretariat. Our report covers the biennium ended December 31, 1995, and 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 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 of the Unit for the Promotion of Democracy (OAS/DEMOC); and
- Audit of the accounts and financial statements of the Retirement and Pension Fund.

The Board's annual report is based primarily on the independent audit by Ernst & Young performed in accordance with generally accepted auditing standards. The Board reviewed and discussed the audit work and related work papers 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 biennium ended December 31, 1995, on a comparative basis with the previous biennium. (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 financial statements for the biennium ended December 31, 1993 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 funds audited, the Board certifies in accordance with Article 109 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 both at Headquarters and at the Offices in the member states.

During 1995, Article 108 of the General Standards, provided:

"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 1994 (CP/doc.2662/95) was referred by the Permanent Council to its Committee on Administrative and Budgetary Affairs on December 6, 1995.


In June 1995, the General Assembly adopted AG/RES. 1322 (XXV-O/95) which revised Article 108, renumbered it as Article 114, and provided that:


"The Board shall submit its report to the Permanent Council and the General Secretariat within the first four months of every year. The report shall include comments made by the General Secretariat. Additional formal comments will be provided by the General Secretariat on planned implementing measures with respect to the recommendations in the report. The Permanent Council shall make such observations as it deems necessary. The Permanent Council's observations and recommendations on this report and on the comments of the General Secretariat shall be forwarded to the General Assembly following the end of the financial period addressed by the report".

This report is submitted in accordance with Article 114.

At December 31, 1995, the Regular Fund had a positive fund balance of \$129,000 representing a decrease of approximately \$14.1 million from the December 31, 1994 balance of about \$14.2 million. The decline in Fund Balance was primarily due to decreased quota collections during 1995. Quota collections in the Regular Fund during 1995 totaled approximately \$58 million as compared to approximately \$65 million during 1994. During 1995, OAS collected \$21.4 less than assessed. The Board wishes to point out, that although the OAS received about \$19.6 million of the \$51.5 million arrearages, current claims for various activities, principally building renovations, continue to exceed the available balance of the Regular Fund.

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


Jocelyn Thompson
Member

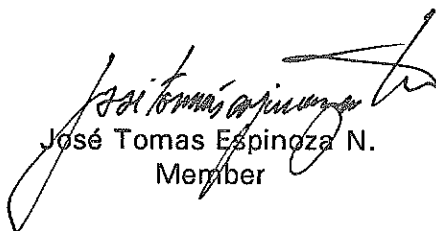

José Tomas Espinoza N.
Member

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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

Issues related to the General Secretariat have been grouped into three categories as follows: (1) issues of continuing concern, (2) new issues, and (3) action on prior issues. Five issues discussed in last year's report related to the General Secretariat continue to be of concern to the Board. Also, the Board identified two new issues that it wishes to bring to the attention of the Permanent Council and General Assembly.

ISSUES OF CONTINUING CONCERN

Management Information System

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 systems capabilities be upgraded. The Board wishes to commend the Organization on completing an indepth analysis of the management information systems needs and continues to urge the development and acquisition of state of the art information systems capable of reducing the current administrative burden. The Board is also pleased that the second Datapoint computer and sets of backup tapes have been relocated to an off-site location.

The Board recommends that the Organization develop manual or other procedures that can be used in the event that computer systems are unavailable to ensure that business continues while system recovery efforts are in progress. Finally, the Organization should include the mainframe used by the Organization in its contingency plan and ensure that its applications and data are incorporated into future recovery testing.

Review of Policies and Procedures

The Organization's policies and procedures governing daily operations were developed in the late 1970's and early 1980's. Previously, the Board had recommended that the Organization review and revise the policies and procedures as appropriate to reflect current operating practices. Manuals pertaining to contracting, investing, personnel, and field financial operations in particular still need updating. Although the General Secretariat planned to complete its review and revise these policies and procedures during 1995, this has not occurred.

Ernst and Young noted that the manual pertaining to field financial operations was not up to date. Specifically, the manual's criteria for obligating funds of the Secretariat did not reflect the existing policies of the Organization. This may have contributed to some of the obligations not supported by firm commitments which Ernst and Young identified. In addition, the policy for conducting investment activities needs to be updated.

The Board continues to recommend that the Organization conduct an indepth review of the General Secretariat's policies and procedures. In light of the planned personnel reductions and absences resulting from the utilization of annual leave awarded under Judgement 124, it is essential that complete and accurate policies and procedures be established to ensure employees and contractors are aware of and comply with these procedures. The Board recognizes the significant commitment of resources that would be needed to complete this exercise and suggests that the Organization consider using an outside contractor to complete this valuable task.

Fixed Assets

In previous reports, 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. By hiring an outside firm to perform a physical inventory and following up on identified discrepancies, the Organization made significant progress in establishing an accurate record of fixed assets at Headquarters.

During 1995, the Department of Material Resources provided each National Office with a list of the fixed assets recorded in the inventory listings maintained at Headquarters. Each office was requested to conduct a physical inventory, update the listing, and return it to Headquarters. To date, approximately 50 percent of the National Offices have not responded to this request.

During 1996, the Department of Material Resources performed a final inventory of the assets maintained by the International Civil Mission and Electoral Observation Mission in Haiti. As a result, the Organization identified assets totaling about \$267,000 which were not on the fixed assets records. Further, assets valued at about \$210,000 could not be located.

The Board recommends that the Department of Material Resources continue to resolve identified discrepancies in the mission's fixed asset records. Further, the Board recommends that the Department of Material Resources follow-up with the National Offices who have yet to respond to the inventory request.

Compliance With Reporting Requirements

Past reports of the Board noted that the Organization had not consistently met its reporting deadlines as required by agreements governing specific projects funded by donors. Although the lack of timely compliance with the various reporting requirements continued during 1995, progress was made in that the accounting position with responsibilities for preparing specific fund financial reports was filled. However, the staff recently hired for the position is to transfer to the Office of the Inspector General on June 15, 1996. The Board recommends that the Organization make all reasonable efforts to ensure that required reports are consistently and accurately prepared and submitted on a timely basis.

Obligations Not Supported Firm Commitments

Previous reports noted instances where the Organization recorded obligations that did not appear to be supported by firm commitments as required by the Budgetary and Financial Rules. 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. However, during its audit of the Organization's 1995 financial statements, Ernst and Young again noted immaterial instances where obligations were made that were not supported by firm commitments. Specifically, obligations in certain specific funds appeared to be created solely based on budgeted amounts established for specific project activities or based on telephone conversations.

Other instances were noted where obligations were made which covered periods of several months. This is contrary to the requirements in the Budgetary and Financial rules and the Field Financial Manual which specify that these estimates should cover one month or one quarter periods, respectively.

NEW ISSUES

Financial Condition of The Regular Fund

The financial position of the Organization's Regular Fund deteriorated greatly during 1995. At December 31, 1995 the Regular Fund's balance was \$129,000, a \$14.1 million decrease from the 1994 balance. Quota collections during 1995 were approximately \$58 million, about 11 percent less than 1994 collections which totaled approximately \$65 million. In addition, Regular Fund arrearages at December 31, 1995 were about \$53.6 million, an increase of about \$15.5 million. Current claims for various activities, principally building renovations, continue to exceed the available balance of the Regular Fund. The board urges the Organization to maintain spending levels that reflect the current rate of quota collections.

Maintaining Adequate Internal Controls

Several management offices of the General Secretariat have experienced personnel reductions and as a result, are operating with minimum staff. The Board understands that further personnel reductions and absences will be experienced as a result of the 1997 budgetary constraints and mandatory utilization of leave awarded under Administrative Tribunal Judgement 124. During its audit, Ernst and Young did not identify any material internal control weaknesses. However, both the Board and Ernst and Young are concerned that the current internal control environment may be compromised by not having enough staff to fill key internal control positions, particularly in the Department of Financial Services. Strong internal controls are essential to safeguarding assets and ensuring that the policies and procedures of the Organization are adhered to. The Board recommends that the Organization take the necessary actions to replace staff who separate or are absent from key internal control positions and that proper segregation of duties and responsibilities are maintained.

ACTION ON PRIOR ISSUES

Budgetary Execution

For the past four years, the Board has reported on the delay in the execution of program budgets of the Voluntary Funds. In approving its budget for 1996, the General Assembly precluded the carryover of 1994/1995 appropriations for the Voluntary Funds. At December 31, 1995, \$14.4 million in unobligated appropriations for these funds expired. On January 29, 1996, the General

Assembly convened in an Extraordinary Session to consider and provide for disposition of the expired balance. The General Assembly established a Special Fund for the Transition to CIDI. This Fund had an appropriation of \$21.6 million which was available for obligation until March 31, 1996. Approximately \$9.8 million was obligated, which must be expended by June 30, 1996.

**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. Also, on April 29, 1996, the General Secretariat issued Executive Order No. 96-3 to spell out the terms of reference of the Ethics Committee.

CHAPTER 2

COMMENTS RELATING TO AUDITS BY THE OFFICE OF THE INSPECTOR GENERAL

During 1995, the Office of the Inspector General conducted the majority of its reviews at headquarters. For example, the Office of the Inspector General audited the Art Museum of the Americas, overtime payments made by the General Secretariat, the computer equipment and supplies bought through the Department of Material Resources, procedures used to manage non-expendable property and warehouses, internal controls in the Inter-American Commission on Human Rights, cash receipts at headquarters, and payroll and personnel systems. During the year, the Office of the Inspector General also conducted audits in four member states.

AUDITS OF OFFICES OF THE GENERAL SECRETARIAT IN THE MEMBER STATES

In 1995, the Office of the Inspector General conducted audits at Offices of the General Secretariat in St. Kitts and Nevis, Ecuador, St. Lucia, and Guatemala. Our review of these reports showed that the same types of control deficiencies identified in the past with regard to fixed assets continued to occur. Specifically, at the National Offices in St. Lucia and Guatemala the inventory records were incomplete.

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:

St. Kitts and Nevis

- effective centralization and control of the essential functions of the National Office should be established, and
- communications should be improved between the National Office and headquarters.

Ecuador

- the Administrative Official misrepresented the amount of rental increase to Headquarters in order to gain permission to relocate the office to a building owned by his brother,
- the Organization paid for, and did not receive, carpet in the new office,
- payment for the carpet went to a company owned by the Administrative official's brother,
- the Administrative Official inappropriately terminated a contract with the

security service and reemployed the security guard through a company owned by the Administrative Official's brother,

- conflicts of interest were not reported to Headquarters, and
- the Administrative Official inappropriately disposed of assets owned by the Organization.

Upon completion of the audit, the Administrative Official resigned his position.

St. Lucia

- adequate segregation of duties were not maintained,
- excessive monthly telephone expenses were incurred,
- attendance activity reports from fellowships were not submitted by students, and
- Annual Statements of Ethics of Conduct and Conflicts of Interest were not submitted by the director.

Guatemala

- inadequate safeguards over blank checks for a closed account,
- lack of control over information on grants,
- lack of control over tax free forms (reported in a previous audit),
- inadequate supporting documentation for some payments, and
- lack of a formal contract with the firm that cleans the office.

Because the Inspector General audits continue to find similar problems year after year in the Offices of the General Secretariat in the member states, the Board last year recommended that the Inspector General identify root causes of such problems and recommend actions to address those underlying causes. This year, the Board reiterates this recommendation to the Inspector General. By identifying the root causes of common problems and correcting them, the Inspector General will be able to expend his valuable time and resources in other more productive areas.

AUDITS OF HEADQUARTERS OPERATIONS

As previously mentioned, the Offices of the Inspector General completed several audits of headquarters operations. The following summarizes the findings of these audits.

Art Museum of the Americas

- 500 works of art on consignment are not insured, are stored in inadequate space, and are not recorded in the inventory, and
- the museum lacks a procedures manual.

Overtime Payments

- instances of overtime abuse were identified,
- some employees that claimed overtime vacated the office before the end of their regular shift,
- extended absences for personal leave are not always supported by leave forms, and
- some professional staff members do not adhere to required hours of attendance.

Procedures and Controls of Maintenance Contract and Warranties of Equipment and License Owned by OAS

- procurement and receipt of computer equipment and software are not coordinated with the Department of Management Systems and Information resulting in incorrect equipment databases and inventories, inadequate control over software licenses, and inaccurate information on equipment configurations,
- the date of acceptance of equipment needs to be carefully established since warranties begin from this date, and
- contracts with two ground maintenance companies were renewed without competition and the work performed by these companies was not always good.

Cost Related to AAC Associates Inc, and a Risk Assessment of the Internet Project

- AAC Associates Inc.'s performance for the internet project was excellent,
- bypassing procurement procedures should be documented when done for priority projects,
- the Organization needs to reimburse the vendor for allowable costs, and

- the Internet Policy and Rules committee needs to address regulation of subsystems, security, management, internal controls over information, and access and use of information gathered.

Procedures Used to Manage Non-Expendable Property and Warehouses

- the Organization has excess property, such as furniture and equipment, which is no longer serviceable or economically repairable,
- this excess property should be removed and purged from the inventory records,
- the inventory listing of non-expendable property belonging to projects needs to be reviewed and culled for completed projects, and
- assets dispersed in 17 small warehouses and storage areas should be better organized and consolidated.

Computer Equipment and Supplies Bought Through the Department Of Material Resources

- two companies apparently received preferential treatment and were awarded contracts totaling \$632,712 without giving other companies a legitimate opportunity to compete for these contracts, and
- the Organization purchased inferior computer equipment at high prices.

Audit of the Travel Unit, Department of Material Resources

- the method of selecting airlines, travel agencies, and purchasing tickets has resulted in substantial savings to the Organization,
- the Travel Unit is not responsible for arranging all official travel,
- Executive Order No. 82-6, which outlines the responsibilities and functions of the Secretariat for Management, does not include the Travel Services Unit,

Evaluation of the Internal Controls in the Inter-American Commission on Human Rights

- inadequate safeguarding of documents, facilities, equipment, and personnel was identified.

Cash Receipts at Headquarters

- the date of receipt of income was not recorded,
- check receipts from other offices were not signed,

- checks were not endorsed and deposited in the bank in a timely manner, and
- receipts and procedures for surrendering cash should be standardized.

Evaluation of the Language Services Unit

- additional qualified staff interpreters and translators are needed,
- written procedures for most functions are lacking, and
- an administrative manager with responsibility for the Language Services and Documents Processing areas should be appointed.

Systems Used to Finance Personnel and Payroll Costs

- significant reductions in the number of staff will necessitate reshaping the Organization, and
- local personnel are paid in local currency at varying rates of exchange.

Secretariat to the General Assembly, the Meeting of Consultation and the Permanent Council

- improvements should be made in the process of issuing documents for meetings, and
- apparent anomalies exist in the classification grade of one Committee Secretary and in the titles and grades of support staff.

CHAPTER 3

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

In past years, the Board has expressed four concerns about Office of Inspector General's operations: audit coverage, staffing, independence, and follow-up on audit recommendations. As discussed in chapter 2, the Office of Inspector General has continued to increase its audit coverage of headquarters operations as recommended by the Board. In addition, the Office of Inspector General has continued to be strengthened in the other three areas.

Staffing

During 1995, a Deputy Inspector General with good auditing credentials was appointed and a resolution passed the General Assembly in Montrouis, Haiti, which authorized one additional staff member and funds for contract work. The additional staff member is scheduled to report to the Office of Inspector General on June 15, 1996.

Independence

The Board previously reported that the Office of Inspector General did not have a separate budget and that its reports were reviewed and approved by the Secretary General before they were released. The Board reported that it believed that the Office of Inspector General did not have sufficient independence to operate most effectively.

According to the Acting Inspector General, the Office of Inspector General now has its own budget, which has been submitted to the Budget Committee without any major changes. He said that he conducts work at the request of the Secretary General and also schedules his own work. The Acting Inspector General has assured the Board that no one has interfered with any audits that he has performed and that he is independent.

Audit Follow-up

The Acting Inspector General has assured the Board that the system established to track actions on recommendations has been successful and that most of the Inspector General's recommendations have been implemented.

The Board commends the General Assembly, the Secretary General, and the Acting Inspector General for the improvements made in the operations of this Office.

CHAPTER 4

COMMENTS RELATING TO THE INTER-AMERICAN DEFENSE BOARD

In 1995 the IADB's revenues exceeded expenses by about \$223,000. Also the IADB's unrestricted net assets (previously referred to as unrestricted fund balance) has grown from a deficit of about \$163,000 at December 31, 1993 to a surplus of about \$154,000 at December 31, 1995. The Board wishes to commend the leadership of the IADB for cutting spending to a level commensurate with its funding.

The recent Statement of Financial Accounting Standards Number 116, Accounting for Contributions Received and Contributions Made, and Statement of Financial Accounting Standards Number 117, Financial Statements of Not-For-Profit Organizations, established criteria for determining whether donated or contributed facilities and services should be included in financial statements. If applied to IADB, the standards would require it to record in-kind contributions for salaries of administrative personnel who are serving in the military of Member States and for office facilities at the OAS building and the Inter-American Defense College. The IADB believes that it does not have a clearly measurable basis for the amount to be recorded and deems it impractical to measure the value of such services.

It should be noted that if IADB was required to record an amount for in-kind contributions, a corresponding expense would also be recorded. Thus, the net effect on the financial statements would be zero. The Board believes that IADB's disclosure of this matter in the footnotes to the financial statements is appropriate.

CHAPTER 5

COMMENTS RELATING TO THE PENSION AND RETIREMENT FUND

During its audit, Ernst and Young noted that a significant number of manual adjustments were required to accurately record liquidation and annuitant payments for the year. To improve the efficiency and effectiveness of its current accounting and reporting efforts, the Retirement and Pension Fund is scheduled to implement new financial accounting software during 1996. As part of this implementation, the Board recommends that a user friendly chart of accounts and trial balance be established to reduce the level of manual adjustments required at year end.

Ernst and Young also noted that the Retirement and Pension Fund opened a money market fund that was used to pay liquidation and annuitant payments. It also noted that bank reconciliations were not prepared in a timely manner and supervisory review was not consistently documented. Management told Ernst & Young that the proper review was performed. Given that significant amounts are disbursed from these accounts, the Board recommends that timely and accurate bank reconciliations be prepared, and supervisory review of these reconciliations be timely and consistently documented.

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 biennium ended December 31, 1995, as listed in the accompanying table of contents, and have issued our report (the Audit Report) thereon dated April 17, 1996.

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, the objective of our audit of the financial statements was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

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. We noted certain immaterial instances of noncompliance with the rules and regulations in the following areas: unliquidated obligations, fixed assets, interest income related to CIAV II, and budgetary appropriation transfers. Our comments on certain of these matters have been reported to the Board of External Auditors in separate correspondence dated April 17, 1996.

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 17, 1996

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, 1995 and for the biennium then ended, listed in the accompanying table of contents on page II-7 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, 1995, and the changes in fund balances for the biennium 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 biennium ended December 31, 1993, summarized comparative information from which is presented herein.

Ernst & Young LLP

April 17, 1996

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, 1995					December 31, 1993 Combined
	Regular	SDAF	FEMCIECC	CEC	CMP	
<u>ASSETS</u>						
Cash and equity in OAS Treasury Fund (Note 6)	\$ 14,861	\$ 12,633	\$ 16,046	\$ 1,460	\$ 4,758	\$ 49,758
Advances to employees	105	12	14		1	132
Other assets	55	7	2	5		69
Amounts to be charged to future years' appropriations (Note 4)	4,184		10		1	4,195
Equity in land, buildings and equipment (Notes 5 and 11)	33,187					33,187
	<u>\$ 52,392</u>	<u>\$ 12,652</u>	<u>\$ 16,072</u>	<u>\$ 1,465</u>	<u>\$ 4,760</u>	<u>\$ 87,341</u>
<u>LIABILITIES AND FUND BALANCES</u>						
Unliquidated obligations (Note 7)	\$ 11,568	\$ 2,617	\$ 2,862	\$ 216	\$ 733	\$ 17,996
Quotas/Pledges collected in advance	208	36	95	32	33	404
Accounts payable and other liabilities	7,300	352	38		12	7,702
Long-term debt (Note 11)	9,955					9,955
	<u>29,031</u>	<u>3,005</u>	<u>2,995</u>	<u>248</u>	<u>778</u>	<u>36,057</u>
Fund balances:						
General/Operating Subfund Appropriated	129					129
General/Operating Subfund Unappropriated		7,827	9,211	916	2,832	20,786
Working Capital/Reserve Subfund		1,820	3,866	301	1,150	7,137
	<u>129</u>	<u>9,647</u>	<u>13,077</u>	<u>1,217</u>	<u>3,982</u>	<u>28,052</u>
Investment in land, buildings, and equipment	23,232					23,232
	<u>\$ 52,392</u>	<u>\$ 12,652</u>	<u>\$ 16,072</u>	<u>\$ 1,465</u>	<u>\$ 4,760</u>	<u>\$ 87,341</u>

(a) The combined amount excludes deferred interest income of \$2,875 in 1993. This amount was recognized as income in the 1994/1995 biennium. (Note 16)

14,375 PPE
6,411 OPERATING RESERVE
\$ 16,968
230
5,066
11,299
33,563
37,970
2,237
4,553
44,760 (a)
18,434
\$ 96,757
20,786
7,137
28,052
23,232
\$ 87,341
20,786
6,411
14,375
14,375

See accompanying notes

ORGANIZATION OF AMERICAN STATES

GENERAL, OPERATING, WORKING CAPITAL AND RESERVE SUBFUNDS
COMBINING STATEMENT OF CHANGES IN FUND BALANCES

(in thousands)

	Biennium ended December 31, 1995				Biennium ended December 31, 1993	
	Regular	SDAF	FEMCIECC	CEC	CMP	Combined
Increases						
Quota/Pledge collections (Note 4)	\$ 123,192	\$ 12,984	\$ 15,486	\$ 982	\$ 3,417	\$ 156,061
Less prompt payment credits	343					343
Contribution for administrative and technical support (Note 4)	122,849	12,984	15,486	982	3,417	155,718
OAS Treasury Fund income (Note 6)	4,830					40 (a)
Other income, refunds, and deobligations (Note 7)	6,348	2,220	2,125	184	532	11,409
	12,839	380	33	3		13,255
Decreases						
Expenditures and obligations pursuant to appropriations:						
General Assembly and Permanent Council Executive Office of the General Secretariat	\$ 23,986					\$ 23,986
Activities of the Secretariat for Economic and Social Affairs	41,131					41,131
Activities of the Secretariat for Educational, Scientific and Cultural Affairs	14,749	17,083				29,528 (a)
Activities of the Offices Away from Headquarters	10,115		\$ 14,560	\$ 1,012	\$ 3,421	26,622 (a)
Activities of the Secretariat for Legal Affairs	14,579					14,579
Activities of the Secretariat for Management	3,605					3,605
Common administrative and personnel costs	18,962					18,962
Contributions to other agencies	25,017					25,017
	10,824					10,824
Net increase (decrease) during period	162,968	17,083	14,560	1,012	3,421	194,254
Fund balances at beginning of period	(16,102)	(1,499)	3,084	154	531	(13,832)
Fund balances at end of period	16,231	11,146	9,993	1,063	3,451	41,884 (b)
	\$ 129	\$ 9,647	\$ 13,077	\$ 1,217	\$ 3,982	\$ 28,052
						\$ 44,760 (b)

(a) The combined amount excludes \$4,790 in 1994-95 and \$3,749 in 1992-93 of interfund contributions to the Regular Fund. Such contributions are eliminated as expenditures in the respective funds.

(b) The combined amount excludes deferred interest income of \$2,875 in 1993. This amount was recognized as income in the 1994/1995 biennium. (Note 16)

See accompanying notes

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

	December 31, 1995				December 31, 1993
	<u>REGULAR</u>	<u>SDAF</u>	<u>FEMCIECC</u>	<u>CEC</u>	<u>Combined</u>
ASSETS					
Cash and equity in OAS Treasury Fund (Note 6)	\$ 21,136	\$ 9,809	\$ 3,888	\$ 162	\$ 35,290
Advances to employees and other receivables	141	58	332		531
	<u>\$ 21,277</u>	<u>\$ 9,867</u>	<u>\$ 4,220</u>	<u>\$ 162</u>	<u>\$ 35,821</u>
LIABILITIES AND FUND BALANCES					
Unliquidated obligations	\$ 2,834	\$ 2,020	\$ 742	\$ 2	\$ 5,722
Accounts payable and other liabilities	871	169	12	12	1,065
Fund balances	17,572	7,678	3,466	148	29,034
	<u>\$ 21,277</u>	<u>\$ 9,867</u>	<u>\$ 4,220</u>	<u>\$ 162</u>	<u>\$ 35,821</u>

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

	Biennium ended December 31, 1995				Biennium ended December 31, 1993
	<u>REGULAR</u>	<u>SDAF</u>	<u>FEMCIECC</u>	<u>CEC</u>	<u>Combined</u>
Increases					
Contributions (Notes 4 and 9)	\$ 31,557	\$ 12,779	\$ 3,447	\$ 212	\$ 48,208
Other income, return to donors, and transfers	(1,195)	236	25	(125)	(1,059)
	<u>30,362</u>	<u>13,015</u>	<u>3,472</u>	<u>87</u>	<u>47,149</u>
Decreases					
Obligations and expenditures	29,492	11,293	3,582	91	44,785
Net increase (decrease) during period	870	1,722	(110)	(4)	2,364
Fund balances at beginning of period	16,702	5,956	3,576	152	26,670
Fund balances at end of period	<u>\$ 17,572</u>	<u>\$ 7,678</u>	<u>\$ 3,466</u>	<u>\$ 148</u>	<u>\$ 29,034</u>

See accompanying notes



ORGANIZATION OF AMERICAN STATES
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1995 AND 1993

ORGANIZATION OF AMERICAN STATES

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 1995 AND 1993

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 quota 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 the 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. The Twenty-Second Special Session of the General Assembly on January 29, 1996 repealed the statutes of this fund through AG/RES.1 (XXII-E/96) except for the sole purpose of executing obligations for projects approved before December 31, 1995. After repealing the statutes of the FEMCIECC, CEC, CMP in the Twenty-Second Special Session of the General Assembly, the Reserve Subfunds of the respective funds were transferred to the Special Transition Fund (FET) as of January 29, 1996.

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. The Twenty-Second Special Session of the General Assembly on January 29, 1996 repealed the statutes of the Uniform Statute of this Special Multilateral Fund through AG/RES.1 (XXII-E/96) except for the sole purpose of executing obligations for projects approved before December 31, 1995. After repealing the statutes of the FEMCIECC, CEC, CMP in the Twenty-Second Special Session of the General Assembly, the Reserve Subfunds of the respective funds were transferred to the Special Transition Fund (FET) as of January 29, 1996.

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. The Twenty-Second Special Session of the General Assembly on January 29, 1996 repealed the statutes of this account through AG/RES.1 (XXII-E/96) except for the sole purpose of executing obligations for projects approved before December 31, 1995. After repealing the statutes of the FEMCIECC, CEC, CMP in the Twenty-Second Special Session of the General Assembly, the Reserve Subfunds of the respective funds were transferred to the Special Transition Fund (FET) as of January 29, 1996.

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. The Twenty-Second Special Session of the General Assembly on January 29, 1996 repealed the statutes of this account through AG/RES.1 (XXII-E/96) except for the sole purpose of executing obligations for projects approved before December 31, 1995. After repealing the statutes of the FEMCIECC, CEC, CMP in the Twenty-Second Special Session of the General Assembly, the Reserve Subfunds of the respective funds were transferred to the Special Transition Fund (FET) as of January 29, 1996.

f. Other Entities and Specialized Organizations

The assets and liabilities at December 31, 1995 and 1993, 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 *

* Recipients of cash and/or in kind contributions or administrative services from the Regular 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, 1995, the balance of the General Subfund of \$129,169 is restricted to finance unobligated appropriations.

- 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. After repealing the statutes of the SDAF in the Twenty-Second Special Session of the General Assembly, the Reserve Subfunds of the respective funds were transferred to the Special Transition Fund (FET) as of January 29, 1996.

In order to adjust the Reserve Subfund to the maximum level of 25 percent of the annual Program Budget as of December 31, 1995, \$1,197,293 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-O/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. After repealing the statutes of the FEMCIECC, CEC, CMP in the Twenty-Second Special Session of the General Assembly, the Reserve Subfunds of the respective funds were transferred to the Special Transition Fund (FET) as of January 29, 1996.

In order to adjust the Reserve Subfund to the maximum level of 20% of the biennium budget as of December 31, 1995, the following amounts were transferred from the Reserve Subfunds to the Operating Subfunds: \$1,196,662 for FEMCIECC, \$248,360 for CMP, and \$110,530 for CEC.

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. The repeal of the voluntary funds mentioned above, do not affect in any way the operation of the Specific Funds.

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>1995</u>	<u>1993</u>
Home travel	\$ 446,000	\$ 476,000
Repatriation of family and household goods upon separation	284,000	168,000
Separation Indemnity and termination pay	1,989,000	2,416,000
Medical benefits subsequent to separation	<u>\$2,006,000</u>	<u>\$ 1,961,000</u>
Total	<u>\$4,725,000</u>	<u>\$5,021,000</u>

Unrecorded earned annual and special leave approximated \$17,553,000 and \$8,193,000 at December 31, 1995 and 1993, 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, FEMCIECC and CMP 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 their value inestimable.

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 (\$703,000 in 1995 and \$1,115,000 in 1993) 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>1995</u>	<u>1993</u>
Land (Note 11) - not depreciated	\$ 5,491,305	\$ 5,491,305
Buildings (Note 11) - 50 years	28,001,759	26,943,549
Vehicles - 5 years	1,696,382	1,729,182
Furniture and equipment - 10 years	7,301,959	7,040,961
Technical machinery and equipment - 10 years	6,350,107	4,228,825
Works of art - not depreciated	<u>1,828,817</u>	<u>1,388,762</u>
	50,670,329	46,822,584
Less: accumulated depreciation	<u>(17,483,669)</u>	<u>(17,090,493)</u>
Book value as of December 31	<u>\$33,186,660</u>	<u>\$29,732,091</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 for the area of Economic and Social Affairs. Equipment and/or scientific materials provided to projects in the CIECC area are treated as donations at the time of delivery and are not reflected in the financial statements.

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:

	<u>December 31</u>	
	<u>1995</u>	<u>1993</u>
Demand and time deposits, net of \$3,065,000 and \$3,864,000 drafts not presented for payment at December 31, 1995 and 1993, respectively	\$8,418,000	\$19,864,000
Overnight repurchase agreements	904,000	7,282,000
United States Treasury Notes at amortized cost (approximate market value of \$76,322,000 and \$72,730,000 at December 31, 1995 and 1993 respectively ¹)	74,400,000	68,300,000
Accrued interest receivable	<u>1,386,000</u>	<u>1,135,000</u>
	<u>\$85,108,000</u>	<u>\$96,581,000</u>
Less Equity of:		
Retirement and Pension Fund	\$ 200,000	
Trust Funds (Rowe, Health Insurance)	379,000	
Add:		
Local Currency at OAS National Offices	480,000	
Petty Cash and Cash in Transit	<u>39,000</u>	
Equity in Exhibits I and III	<u>\$85,048,000</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, 1995.

7. Unobligated Appropriations and Unliquidated Obligations

At its Twenty Second Extraordinary Session in January 1996, and within the context of transition to CIDI, the General Assembly adopted resolution AG/RES.1 (XXII-E/96) which authorized the re-appropriation of \$14 million of unobligated appropriations in chapter 4 and 5 in the Regular Fund, and Voluntary Funds. The

¹ Maturities of US Treasury Notes at December 31, 1995.

	<u>Amortized Cost</u>	<u>Approx. Market Value</u>
Current (1 year or less)	\$ 11,042,000	\$ 11,063,000
1 - 5 years	40,924,000	42,089,000
6 - 8 years	<u>22,434,000</u>	<u>23,170,000</u>
	<u>\$ 74,400,000</u>	<u>\$ 76,322,000</u>

General Assembly authorized the Secretary General to incur obligations against these appropriations until March 31, 1996 and expenditures until June 30, 1996.

In conjunction with the 1991 biennium closing, obligations totalling approximately \$16 million were recorded in the Regular and CIECC Funds which were not in compliance with criteria set forth in the General Standards. As a result of this departure from the Budgetary and Financial Rules of the Organization during 1991, the biennium ended December 31, 1993 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, 1995 and 1993, were as follows:

	December 31	
	1995	1993
Regular Fund	\$221,000	\$150,000
Special Development Assistance Fund	87,000	35,000
Special Multilateral Fund of the Inter-American Council for Education, Science & Culture	177,000	56,000
Special Account for Culture	5,000	5,000
Mar del Plata Account	<u>13,000</u>	<u>9,000</u>
	<u>\$503,000</u>	<u>\$255,000</u>

9. Contributions to Specific Funds

Contributions to Specific Funds during the biennium ended December 31, 1995 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	\$ 277,021	\$ 2,048,638	\$ 716,450		\$ 120,404	\$ 3,162,513
Belize	26,608					26,608
Bolivia	55,001	93				55,094
Brazil	470,333	2,508,646	6,000			2,984,979
Canada	723,348					723,348
Chile	65,000	360,000		\$ 150,000		575,000
Colombia	109,056		162,137			271,193
Costa Rica	35,701					35,701
Dom. Rep.	476					476
Ecuador	46,041					46,041
El Salvador	4,009	209,084				213,093
Guatemala	59,420	212,013				271,433
Haiti	361,653					361,653
Honduras	49,466	208,879				258,345
Mexico	20,000	1,067,098	1,052,212			2,139,310
Nicaragua	36,007	63,500				99,507
Panama	65,130	895,200	75,179			1,035,509
Paraguay	94,666					94,666
Peru		22,717				22,717
St. Lucia	12,270					12,270
Trinidad & Tobago	1,557					1,557
United States	25,071,500	1,760,184	150,000			26,981,684
Uruguay	53,755	406,344				460,099
Venezuela	86,445		365,713	58,297	92,785	603,240
<u>Observers:</u>						
European E.C.	1,218,788	519,392				1,738,180
Germany	29,490		895,992			925,482
Italy		289,873				289,873
Finland		460,789				460,789
Netherlands	247,331	1,125				248,456
Spain	140,998					140,998
Japan	600,000					600,000
Russia	1,500					1,500
<u>Non Member States:</u>						
Australia	3,579					3,579
Denmark	4,960					4,960
Norway	7,500					7,500
Sweden	49,985					49,985
Caribbean Dev. Bank		2,650				2,650
C.A. Bank for Econ. Int.		30,000				30,000
United Nations	218,132	920,608	1,500			1,140,240
World Bank		200,000				200,000
Others	1,310,859	591,694	21,433	3,339		1,927,325
	<u>\$31,557,586</u>	<u>\$12,778,526</u>	<u>\$ 3,446,616</u>	<u>\$ 211,636</u>	<u>\$ 213,189</u>	<u>\$48,207,553</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, 1995	\$9,954,671
Repayment terms	25 years, due in monthly installments through September 2004.
Annual interest rate	9.375%
Interest expense during 1994/1995	\$2,001,656
Amortization of principal during 1994/1995	\$1,344,000
Principal balance, December 31, 1993	\$11,298,594

Principal payments due for the next five years are as follows:
1996, \$772,159; 1997, \$847,741; 1998, \$930,723; 1999, \$1,021,827;
2000, \$1,121,849.

12. Leases

The General Secretariat leases certain facilities and equipment. Rental expense for such leases was approximately \$1,798,000 and \$1,278,000 for the biennium ended December 31, 1995 and 1993, respectively. Aggregate rentals subsequent to December 31, 1995 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 \$13,416,000 in 1994/1995 and \$10,571,000 in 1992/1993.

As of December 31, 1995 accumulated plan benefits and plan net assets were as follows:

Actuarial present value of accumulated plan benefits:

Vested	\$ 195,825,000
Nonvested	<u>16,942,000</u>
Total at December 31, 1995	212,767,000
Net plan assets available for benefits	\$ <u>321,199,000</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, \$562,000 in 1995 and \$497,000 in 1993, is budgeted and recognized in the year paid. The approximate present value of estimated future payments of \$ 4 million, and \$4.1 million at December 31, 1995 and December 31, 1993 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 1995 and 1993, those costs were \$2,301,000 and \$2,209,000, respectively.

15. Foreign Currencies

Certain income and expense transactions during 1995 and 1993 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 (\$480,200 and \$243,000 as of December 31, 1995 and 1993, 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.

As of December 31, 1993, the Regular Fund owed the Special Multilateral Funds a principal amount totaling \$7,000,000, in addition to accrued interest payable on these borrowings of \$2,875,809. In November 1994, the resources available in the Regular Fund permitted repayment of the outstanding balance of the interfund loans. Repayments of \$2,733,000 to SDAF, \$2,459,000 to FEMCIECC, \$206,000 to CEC, and \$1,602,000 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, the Regular Fund would utilize those resources as partial financing of its 1995 budget.

The amount which was previously reflected as deferred interest income in the Regular Fund at December 31, 1994, was 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 at December 31, 1995 of \$7.7 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.

19. Subsequent Events

On February 7, 1996 the Permanent Council of the Organization approved CP/Res. 666 (1059/96) which authorized up to \$3.2 million to implement an early separation program. On March 15, 1996 the General Secretariat announced the availability of a limited early separation program for career staff members who apply before September 1, 1996. The program includes specific indemnizations beyond that provided for in the Staff Rules.

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
BIENNIUM ENDED DECEMBER 31, 1995

Member State	Balances at December 31, 1994		Quota assessments for 1995		Collections for tax reimbursements*	Prompt payment credits	Collections in 1995		Uncollected balances at December 31, 1995
	Uncollected	Received in advance	Percent	Amount			For 1995 and prior years	In advance for 1995	
Antigua and Barbuda	\$ 48,175		0.02	\$ 14,900			\$ 63,075	\$ 3,658,000	
Argentina			4.90	3,658,000					
Bahamas			0.07	52,300			52,300		
Barbados	18,400		0.08	59,700	\$ 1,167		78,100		
Belize			0.03	22,400			22,400		
Bolivia	398,007		0.07	52,300			50,000	400,307	
Brazil	5,900,900		8.55	6,382,800			2,570,519	9,713,181	
Canada			12.36	9,227,100		\$ 170,600	9,056,500		
Chile			0.54	403,100		7,500	395,600		
Colombia		\$ 12,067	0.94	701,700			701,700		
Costa Rica	109,951		0.13	97,000			206,951		
Cuba	2,166,322		1.24				35,707	2,166,322	
Dominica		2,484	0.02	14,900			14,900		
Dominican Republic	1,469,837		0.18	134,400			169,049		
Ecuador	155,119		0.18	134,400				1,604,237	
El Salvador		900	0.07	52,300			52,300		
Grenada	117,100		0.03	22,400			22,400	117,100	
Guatemala	402,369		0.13	97,000				499,369	
Guyana			0.02	14,900			14,900		
Haiti	420,425		0.07	52,300			168,812	303,913	
Honduras	94,810		0.07	52,300			89,950	57,160	
Jamaica	197,400		0.18	134,400				331,800	
Mexico		692	6.08	4,538,900	16,392		4,538,900		
Nicaragua	698,815		0.07	52,300			14,824	736,291	
Panama	210,558		0.13	97,000			150,000	157,558	
Paraguay		124,200	0.18	134,400			134,400		
Peru	344,200		0.41	306,100				650,300	
St. Kitts and Nevis			0.02	14,900			14,900		
Saint Lucia		400	0.03	22,400		400	22,000		
St. Vincent and the Grenadines	6,750		0.02	14,900			21,650		
Suriname	494,017		0.07	52,300				546,317	
Trinidad and Tobago	96,981		0.18	134,400			231,381		
United States	22,322,509		59.47	44,395,900	8,025,100		35,436,900	31,281,509	
Uruguay			0.26	194,100				194,100	
Venezuela	2,378,948		3.20	2,388,900			3,673,236	1,094,612	
	<u>\$ 38,051,593</u>	<u>\$ 140,743</u>	<u>100.00</u>	<u>\$ 73,727,100</u>	<u>\$ 8,042,659</u>	<u>\$ 178,500</u>	<u>\$ 57,987,647</u>	<u>\$ 53,632,546</u>	
							124,200		
							23,200		
							12,416		
							64,881,543		
							\$ 122,849,190		

Collections in the year ended December 31, 1994

Total collections in the biennium ended December 31, 1995

* Uncollected balance at December 31, 1995: Barbados \$4,300; Mexico: \$12,308; United States: \$1,740,891.

ORGANIZATION OF AMERICAN STATES
SPECIAL DEVELOPMENT ASSISTANCE FUND
STATEMENT OF PLEDGES, COLLECTIONS, AND BALANCES
BIENNIUM ENDED DECEMBER 31, 1995

Member State	Balances at December 31, 1994		Pledges for 1995	Collections in 1995		Uncollected balances at December 31, 1995
	Uncollected	Received in advance		For 1995 and in advance for 1995	in advance for 1996	
Antigua and Barbuda	\$ 2,750		\$ 5,500	\$ 8,250		\$ -
Argentina	200,000			11,000		200,000
Bahamas			11,000	20,624		-
Barbados	5,224		8,800	8,800		-
Belize						
Bolivia	22,164					22,164
Brazil	7,228					7,228
Canada			836,352	836,352		-
Chile			4,000	4,000		-
Colombia		\$ 7,200	187,800	187,800	\$ 6,900	-
Costa Rica	13,265		36,300	49,565	709	-
Cuba	24,000					24,000
Dominica			5,500	5,500		-
Dominican Republic	21,849		24,200	34,299		46,049
Ecuador		5,619	35,200			901
El Salvador			39,600	39,600		-
Grenada			8,800	8,800		-
Guatemala	5,295		37,400	40,225		2,470
Guyana			5,500	5,500		-
Haiti	160,491		42,800	42,800		160,491
Honduras	17,939		34,100	47,990		4,049
Jamaica	29,700		39,600	69,300		-
Mexico			400,000	400,000		-
Nicaragua	51,305		29,700	10,643		70,362
Panama		4,184	39,600	39,600	4,184	-
Paraguay		42,800		42,800		-
Peru	43,899		79,000		23,800	122,899
St. Kitts and Nevis			1,100	1,100		-
Saint Lucia			7,700	7,700		-
St. Vincent and the Grenadines	2,750		5,500	6,850		1,400
Suriname						
Trinidad and Tobago			27,500	27,500		-
United States	3,358,020 *	24,988	24,200	24,200	788	-
Uruguay	129,500		4,000,000	4,000,000		3,358,020 *
Venezuela	279,184		81,370	210,870		-
			150,000	294,707		134,477
	<u>\$ 4,374,563</u>	<u>\$ 84,791</u>	<u>\$ 6,266,322</u>	<u>6,486,375</u>	<u>\$ 36,361</u>	<u>\$ 4,154,510</u>
Collections in the year ended December 31, 1994.....						6,497,860
Total collections in the biennium ended December 31, 1995.....						<u>\$ 12,994,235</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
BIENNIUM ENDED DECEMBER 31, 1995

Member State	Balances at December 31, 1994		Pledges for 1995	Collections in 1995		Uncollected balances at December 31, 1995
	Uncollected	Received in advance		For 1995 and prior years	In advance for 1996	
Antigua and Barbuda	\$ 3,150		\$ 2,100	\$ 5,250		
Argentina			525,100	525,100	\$ 13,790	
Bahamas			7,400	7,400		
Barbados			8,500	8,500		
Belize			3,200	3,200		
Bolivia			7,400	7,400		7,400
Brazil			690,200	690,200		
Canada			390,298	390,298		
Chile			43,800	43,500		300
Colombia	45,700		100,600	146,300	17,550	
Costa Rica	17,665		13,800	31,465	6,968	
Dominica			2,100	2,100		
Dominican Republic	155,984		19,100	8,269		175,084
Ecuador	29,386		7,400	7,400		21,117
El Salvador						
Grenada			3,200	3,200		
Guatemala		\$ 14,912	13,800	13,800	1,184	
Guyana			2,100	2,100		
Haiti	14,100		14,800	7,400		21,500
Honduras			7,400	7,400	12,217	
Jamaica	14,350		19,100	33,450		
Mexico	163,025			163,025		
Nicaragua			7,400	7,400		
Panama			13,800	13,800		
Paraguay			19,100	19,100	32,400	
Peru			44,500	55,500		44,500
St. Kitts and Nevis			2,100	2,100		
Saint Lucia			3,200	3,200		
St. Vincent and the Grenadines			2,100	3,150		
Suriname	1,050		7,400			7,400
Trinidad and Tobago			19,100	19,100	11,070	
United States	3,448,000 *		4,800,000	4,800,000		3,448,000 *
Uruguay			27,500			27,500
Venezuela	116,781			116,781		
	<u>\$ 4,064,691</u>	<u>\$ 62,972</u>	<u>\$ 6,827,598</u>	<u>7,139,488</u>	<u>\$ 95,179</u>	<u>\$ 3,752,801</u>
Collections in the year ended December 31, 1994.....				8,346,342		
Total collections in the biennium ended December 31, 1995.....				<u>\$ 15,485,830</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 ACCOUNT FOR CULTURE
STATEMENT OF PLEDGES, COLLECTIONS, AND BALANCES
BIENNIUM ENDED DECEMBER 31, 1995

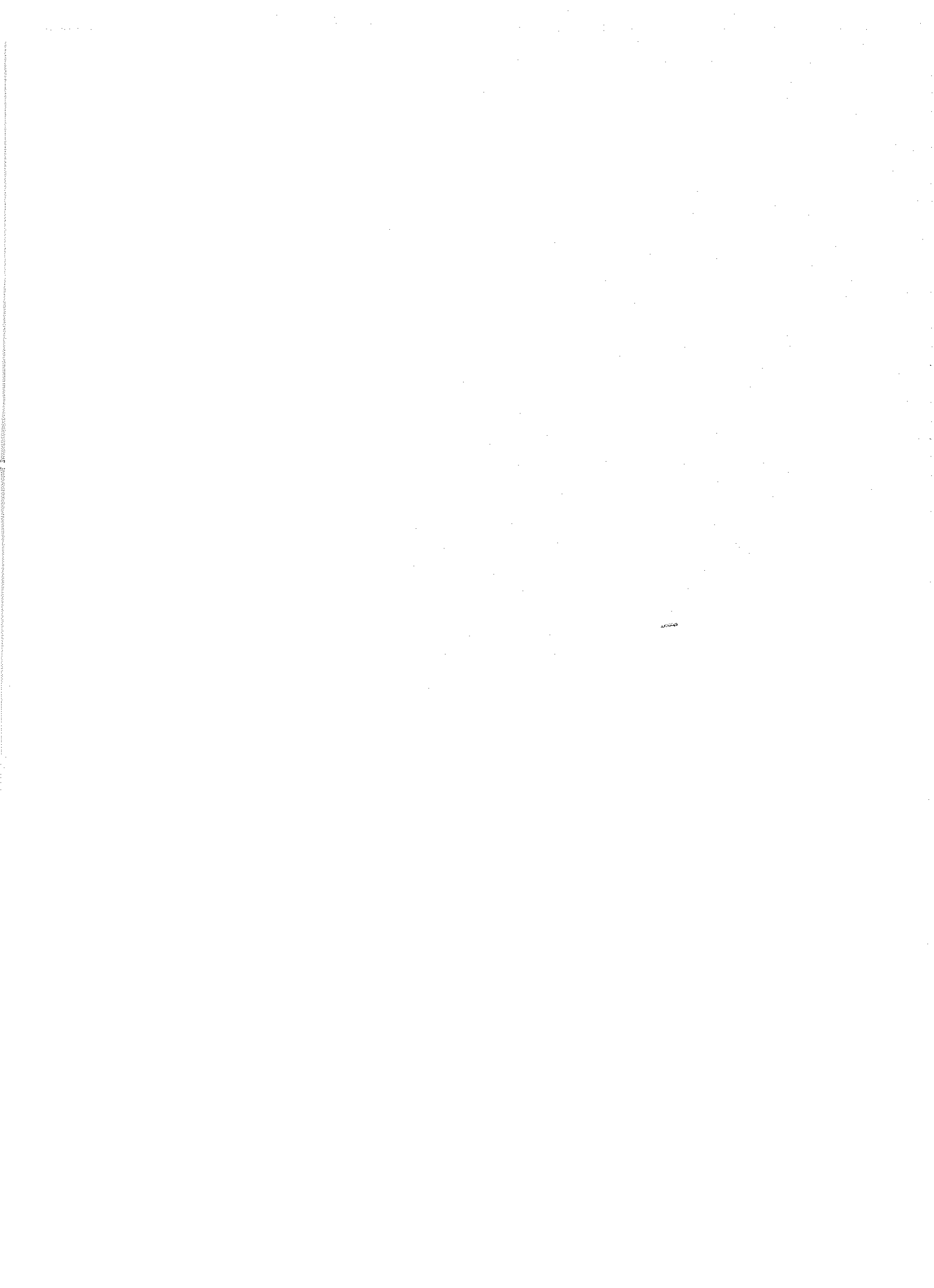
Member State	Balances at December 31, 1994		Pledges for 1995	Collections in 1995		Uncollected balances at December 31, 1995
	Uncollected	Received in advance		For 1995 and prior years	In advance for 1996	
Antigua and Barbuda	\$ 450		\$ 300	750		
Argentina			77,600	77,600		
Bahamas			1,100	1,100		
Barbados			1,300	1,300		
Belize			500	500		
Bolivia			1,100			1,100
Brazil		\$ 17,769	72,630		\$ 17,769	
Canada			39,029			
Chile			4,900			
Colombia			14,900		1,875	
Costa Rica	3,001		2,000	5,001		
Dominica			300	300		
Dominican Republic	2,800		2,800	2,800		
Ecuador	1,576			1,260		2,800
El Salvador			1,100	1,100		316
Grenada			500	500		
Guatemala	13,459		2,000			15,459
Guyana			300	300		
Haiti	2,100		2,200	4,200		100
Honduras			1,100	1,095		5
Jamaica			2,800	2,800		
Mexico	6,839		6,839	6,839		
Nicaragua			1,100	1,100		
Panama		4,400	2,000	2,000	5,500	
Paraguay		5,600	2,800	2,800	4,200	
Peru			6,600	6,600		
St. Kitts and Nevis			300	300		
Saint Lucia			500	500		
St. Vincent and the Grenadines	150		300	450		
Suriname			1,100			1,100
Trinidad and Tobago			2,800	2,800		
United States			200,000	200,000		
Uruguay			4,100			4,100
Venezuela	28,492			28,492		
	<u>\$ 58,867</u>	<u>\$ 34,369</u>	<u>\$ 450,059</u>	<u>483,946</u>	<u>\$ 32,224</u>	<u>\$ 24,980</u>
Collections in the year December 31, 1994.....				498,446		
Total collections in the biennium ended December 31, 1995.....				<u>\$ 982,392</u>		

ORGANIZATION OF AMERICAN STATES

MAR DEL PLATA ACCOUNT
STATEMENT OF PLEDGES, COLLECTIONS, AND BALANCES
BIENNIUM ENDED DECEMBER 31, 1995

Member State	Balances at December 31, 1994		Pledges for 1995	Collections in 1995		Uncollected balances at December 31, 1995
	Uncollected	Received in advance		For 1995 and prior years	In advance for 1996	
Antigua and Barbuda	\$ 1,050		\$ 700	\$ 1,750		\$ -
Argentina			166,900	166,900		-
Bahamas			2,400	2,400		-
Barbados			2,700	2,700		-
Belize			1,000	1,000		-
Bolivia			2,400			2,400
Brazil			143,800	143,800		-
Canada			128,241	128,241		-
Chile			9,100	9,100		-
Colombia	24,000		32,000	56,000	\$ 3,925	-
Costa Rica	5,176		4,400	9,576	1,736	-
Dominica			700	700		-
Dominican Republic	51,817		6,100	2,651		57,917
Ecuador	9,055		2,400	2,400		6,404
El Salvador						-
Grenada			1,000	1,000		-
Guatemala		\$ 7,370	4,400	4,400	2,970	-
Guyana			700	700		-
Haiti	4,500		4,800	2,400		6,900
Honduras		9,432	2,400	2,400	14,832	-
Jamaica			6,100	6,100		-
Mexico	51,220		41,460	41,460		9,760
Nicaragua			2,400	2,400		-
Panama			4,400	4,400		-
Paraguay		12,200	6,100	6,100	9,100	-
Peru		14,100	14,100	14,100		-
St. Kitts and Nevis			700	700		-
Saint Lucia			1,000	1,000		-
St. Vincent and the Grenadines	350		700	1,050		-
Suriname	600		2,400			3,000
Trinidad and Tobago			6,100	6,100		-
United States	1,850,000 *		1,000,000	1,000,000		1,850,000 *
Uruguay			8,700			8,700
Venezuela	44,723			44,723		-
	\$ 2,042,491	\$ 43,102	\$ 1,568,841	1,666,251	\$ 32,563	\$ 1,945,081
Collections in the year December 31, 1994.....				1,750,781		
Total collections in the biennium ended December 31, 1995.....				\$ 3,417,032		

* 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 APPROPRIATIONS
BIENNIUM ENDED DECEMBER 31, 1995**

	1994-95 Budget approved by the General Assembly (a,b)	Cost of living adjustment	Global personnel adjustments (c)	Supplementary Appropriations (d)	Discretionary Transfers by the Secretary General	1994-95 Adjusted Budget
General Assembly and Permanent Council	\$ 21,885,000	\$ 345,300	\$ (312,450)	\$ 1,666,795	\$ 522,574	\$ 24,107,219
Executive Office of the General Secretariat	34,257,000	196,100	(296,600)	1,918,656	5,483,010	41,558,166
Activities of the Executive Secretariat for Economic and Social Affairs	15,620,700	156,800	(266,100)	1,290,870	(1,678,405)	15,123,865
Activities of the Executive Secretariat for Educational, Scientific, and Cultural Affairs	11,456,200	96,200	(179,800)	478,391	(1,252,662)	10,598,329
Offices Away from Headquarters	14,353,500	150,600	(281,900)	761,774	(368,573)	14,615,401
Activities of the Secretariat for Legal Affairs	3,285,700	59,400	(71,600)	232,845	100,865	3,607,210
Activities of the Secretariat for Management	18,059,200	238,400	(395,000)	1,910,178	(838,776)	18,974,002
Common Administrative and Personnel Costs	28,412,800	(1,290,000)	1,875,200	4,627,966	(2,731,228)	30,894,738
Contributions to:						
Inter-American Defense Board	4,336,000				191,000	4,527,000
Inter-American Children's Institute	2,522,600	31,600	(47,900)	128,890	258,277	2,893,467
Inter-American Commission of Women	1,655,200	13,400	(19,300)	162,276	132,276	1,943,852
Pan American Development Foundation	419,400					419,400
Inter-American Music Council	115,500	2,200	(4,550)	2,305	(1,825)	113,630
Inter-American Commission of Telecommunications	519,300			348,490	183,467	1,051,257
	<u>\$ 156,898,100</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 13,529,436</u>	<u>\$ 0</u>	<u>\$ 170,427,356</u>

(a) AG/Res. 1230 (XXIII-O/93).
 (b) AG/Res. 1277 (XXIV-O/94).
 (c) 1995 amounts are included in the approved budget.
 (d) Supplementary Appropriation:
 Permanent Council Res. 634 and 635.
 AG/Res 1230 (XXIII - O/93)
 CP Res 607, 608, 609, 617, 621, 625, 631, 632
 Americas Magazine

ORGANIZATION OF AMERICAN STATES

REGULAR FUND
SUMMARY OF DISPOSITIONS OF APPROPRIATIONS
BIENNIUM ENDED DECEMBER 31, 1995

	1994-95 Final Appropriation	Charges for expenditures	Unliquidated Obligations	Total expenditures and obligations	Unused Appropriations
General Assembly and Permanent Council	\$ 24,107,219	\$ 23,592,357	\$ 393,473	\$ 23,985,830	\$ 121,389
Executive Office of the General Secretariat	41,558,166	33,542,349	7,588,198	41,130,547	427,619
Activities of the Executive Secretariat for Economic and Social Affairs	15,123,865	14,263,823	485,624	14,749,447	374,418
Activities of the Executive Secretariat for Educational, Scientific, and Cultural Affairs	10,598,329	9,822,472	292,234	10,114,706	483,623
Offices Away from Headquarters	14,615,401	14,539,034	39,784	14,578,818	36,583
Activities of the Secretariat for Legal Affairs	3,607,210	3,557,995	47,362	3,605,357	1,853
Activities of the Secretariat for Management	18,974,002	18,800,983	161,062	18,962,045	11,957
Common Administrative and Personnel Costs	30,894,738	22,616,712	2,400,443	25,017,155	5,877,583
Contributions to:					
Inter-American Defense Board	4,527,000	4,527,000		4,527,000	
Inter-American Children's Institute	2,893,467	2,986,801	(95,479)	2,891,322	2,145
Inter-American Commission of Women	1,943,852	1,701,853	224,924	1,926,777	17,075
Pan American Development Foundation	419,400	417,900		417,900	1,500
Inter-American Music Council	113,630	110,282	3,000	113,282	348
Inter-American Commission of Telecommunications	1,051,257	920,136	27,713	947,849	103,408
TOTAL	<u>\$ 170,427,536</u>	<u>\$ 151,399,697</u>	<u>\$ 11,568,338</u>	<u>\$ 162,968,035</u>	<u>\$ 7,459,501</u>

Budgeted Funding:	
Quotas	\$ 141,887,300
Supplementary Appropriations	12,633,891
Other funding	15,010,800
Americas subscriptions revenue:	895,545
	<u>\$ 170,427,536</u>

**ORGANIZATION OF AMERICAN STATES
SPECIAL DEVELOPMENT ASSISTANCE FUND
SUMMARY OF APPROPRIATIONS
BIENNIUM ENDED DECEMBER 31, 1995**

	1994-95 Budget approved by the General Assembly (a,b)	Unobligated Appropriations carried forward at Dec 31, 1993 (c)	Adjustments approved by CEPCIES (d)	Supplementary Appropriations by CEPCIES (e)	Discretionary transfers by the Secretary General	1994-95 Adjusted Budget
National Technical Cooperation Projects	\$ 15,377,400	\$ 5,384,026	\$ (8,320,760)	\$ 14,590	\$ 43,392	\$ 12,498,648
Plurinational Projects	1,564,200	302,014	(846,400)	1,079,200	510,345	2,609,359
Inter-American Centers	2,867,400	515,485			(375,744)	3,007,141
Special Conferences		4,060		191,200	129,907	325,167
Executive Secretary		65,018		279,250	287,812	632,080
Human Resources		26,712			18,913	45,625
Support Resources	151,400	1,800	(81,920)	361,000	107,586	539,866
Contribution for Administrative and Technical Support	4,039,600	644,553	(1,386,940)		(722,211)	2,575,002
	<u>\$ 24,000,000</u>	<u>\$ 6,943,668</u>	<u>\$ (10,636,020)</u>	<u>\$ 1,925,240</u>	<u>\$ 0</u>	<u>\$ 22,232,888</u>

(a) 1995: AG/Res. 1277 (XXIV-O/94).
 (b) 1994: AG/Res. 1230 (XXIII-O/93).
 (c) AG/Res. 1277 (XXIV-O/94); General Provisions A.12..
 (d) CEPCIES/Res. 49 (CXXXII-O/94); CEPCIES/Res. 50(CXXXV-O/95).
 (e) CEPCIES (CXXXXI), CIES 4689.
 CEPCIES SPP 11/94 9/13/94
 CEPCIES SPP 18/95 7/14/95
 Additional Reappropriation Subcommittee 6/15/95

ORGANIZATION OF AMERICAN STATES
 SPECIAL DEVELOPMENT ASSISTANCE FUND
 SUMMARY OF DISPOSITION OF APPROPRIATIONS
 BIENNIUM ENDED DECEMBER 31, 1995

	1994-95 Adjusted Budget	Charges for expenditures	Unliquidated obligations	Total expenditures and obligations	Unused Appropriations
National Technical Cooperation Projects	\$ 12,498,648	\$ 6,463,924	\$ 1,826,103	\$ 8,290,027	\$ 4,208,621
Plurinational Projects	2,609,359	1,918,089	457,951	2,376,040	233,319
Inter-American Centers	3,007,141	2,774,480	122,187	2,896,667	110,474
Special Conferences	325,167	162,014	44,581	206,595	118,572
Executive Secretary	632,080	523,954	52,153	576,107	55,973
Human Resources	45,625	45,539		45,539	86
Support Resources	539,866	346,535	113,593	460,128	79,738
Contribution for Administrative and Technical Support	2,575,002 ✓	2,231,485 ✓	572	2,232,057	342,945
	<u>\$ 22,232,888</u>	<u>\$ 14,466,020</u>	<u>\$ 2,617,140</u>	<u>\$ 17,083,160</u>	<u>\$ 5,149,728</u>

ORGANIZATION OF AMERICAN STATES
 SPECIAL MULTILATERAL FUND OF THE INTER-AMERICAN COUNCIL
 FOR EDUCATION, SCIENCE AND CULTURE
 SUMMARY OF APPROPRIATIONS
 BIENNIUM ENDED DECEMBER 31, 1995

	1994-95 Approved by the General Assembly (a, b)	Unobligated appropriations carried forward at March 31, 1994 (c)	Adjustments approved by CEPCIECC (d)	Discretionary transfers by the Secretary General	1994-95 Adjusted Budget
Activities of the Executive Secretariat	\$ 667,800	\$ 79,600	\$ 749,500	\$ 60,886	\$ 1,557,786
Regional Educational Development Programs	8,870,600	1,307,000	(2,809,800)	54,186	7,421,986
Regional Scientific and Technological Development Programs	8,872,000	1,674,600	(2,605,100)	(49,757)	7,891,743
Contribution for Administrative and technical Support	2,761,600	459,200	(698,700)	(65,315)	2,456,785
	<u>\$ 21,172,000</u>	<u>\$ 3,520,400</u>	<u>\$ (5,364,100)</u>	<u>\$ 0</u>	<u>\$ 19,328,300</u>

(a) 1995: AG/Res. 1277 (XXIV-O/94).
 (b) 1994: AG/Res. 1230 (XXIII-O/93).
 (c) General Provisions A.13 - AG/Res. 1230 (XXIII-O/93).
 (d) CEPCIECC/Res.1242/94 August 3, 1994.
 CEPCIECC/Sub/Doc. 235/95
 CEPCIECC/Doc. 1266/95

ORGANIZATION OF AMERICAN STATES
 SPECIAL MULTILATERAL FUND OF THE INTER-AMERICAN COUNCIL
 FOR EDUCATION, SCIENCE AND CULTURE
 SUMMARY OF DISPOSITION OF APPROPRIATIONS
 BIENNIUM ENDED DECEMBER 31, 1995

	1994-95 Adjusted budget	Charges for expenditures	Unliquidated obligations	Total expenditures and obligations	Unused Appropriations
Activities of the Executive Secretariat	\$ 1,557,786	\$ 690,697	\$ 338,545	\$ 1,029,242	\$ 528,544
Regional Educational Development Programs	7,421,986	4,451,722	1,333,656	5,785,378	1,636,608
Regional Scientific and Technological Development Programs	7,891,743	3,566,682	1,190,216	4,756,898	3,134,845
Contribution for Administrative and Technical Support	2,456,785	1,735,728		1,735,728	721,057
	<u>\$ 19,328,300</u>	<u>\$ 10,444,829</u>	<u>\$ 2,862,417</u>	<u>\$ 13,307,246</u>	<u>\$ 6,021,054</u>
Charged to 1995 appropriations	\$ 10,444,829	\$ 2,862,417		\$ 13,307,246	
Charged to prior years appropriations	1,253,075	-		1,253,075	
	<u>\$ 11,697,904</u>	<u>\$ 2,862,417</u>		<u>\$ 14,560,321</u>	

**ORGANIZATION OF AMERICAN STATES
SPECIAL ACCOUNT FOR CULTURE
SUMMARY OF APPROPRIATIONS
BIENNIUM ENDED DECEMBER 31, 1995**

	1994-95 Approved by the General Assembly (a,b)	Unobligated appropriations carried forward at March 31, 1994 (c)	Adjustments approved by CEPCIECC (d)	Discretionary Transfers by the Secretary General	1994-95 Adjusted Budget
Activities of the Executive Secretariat	\$ 30,200	\$ 3,643	\$ (737)	\$ (3,506)	\$ 29,600
Regional Cultural Development Program Direction		25,380	42,600	14,533	82,513
Regional Cultural Development Plurinational Projects	1,489,400	309,170	(696,630)	(149,376)	952,564
Regional Cultural Development National Projects	171,000	27,559	(90,543)	138,207	246,223
Contribution for Administrative and Technical Support	253,400	54,900	(113,742)	142	194,700
	<u>\$ 1,944,000</u>	<u>\$ 420,652</u>	<u>\$ (859,052)</u>	<u>\$ 0</u>	<u>\$ 1,505,600</u>

(a) 1995: AG/Res. 1277 (XXIV-O/94).
 (b) 1994: AG/Res. 1230 (XXIII-O/93).
 (c) General Provisions A.13 - AG/Res. 1230 (XXIII-O/93).
 (d) CEPCIECC/Res.1242/94 August 3, 1994.
 CEPCIECC/Sub/Doc. 235/95
 CEPCIECC/Doc. 1266/95

ORGANIZATION OF AMERICAN STATES
SPECIAL ACCOUNT FOR CULTURE
SUMMARY OF DISPOSITION OF APPROPRIATIONS
BIENNIUM ENDED DECEMBER 31, 1995

	1994-95 Adjusted Budget	Charges for expenditures	Unliquidated obligations	Total expenditures and obligations	Unused Appropriations
Activities of the Executive Secretariat	\$ 29,600	\$ 11,118	\$ 586	\$ 11,704	\$ 17,896
Regional Cultural Development Program Direction	82,513	39,913		39,913	42,600
Regional Cultural Development Plurinational Projects	952,564	459,188	169,120	628,308	324,256
Regional Cultural Development National Projects	246,223	70,683	46,676	117,359	128,864
Contribution for Administrative and Technical Support	194,700	119,593		119,593	75,107
	<u>\$ 1,505,600</u>	<u>\$ 700,495</u>	<u>\$ 216,382</u>	<u>\$ 916,877</u>	<u>\$ 588,723</u>
Charged to 1995 appropriations	\$ 700,495	\$ 216,382	\$ 916,877		
Charged to prior years appropriations	95,093	-	95,093		
	<u>\$ 795,588</u>	<u>\$ 216,382</u>	<u>\$ 1,011,970</u>		

**ORGANIZATION OF AMERICAN STATES
MAR DEL PLATA ACCOUNT
SUMMARY OF APPROPRIATIONS
BIENNIUM ENDED DECEMBER 31, 1995**

	1994-95 Approved by the General Assembly (a,b)	Unobligated appropriations carried forward at March 31, 1994 (c)	Adjustments approved by CEPCIECC (d)	Discretionary transfers by the Secretary General	1994-95 Adjusted Budget
Executive Secretariat	\$ 250,200	\$ 208,650	\$ 222,112	\$ (4,862)	\$ 676,100
Director of Educational Department		433,493	100,600	(45,315)	488,778
Regional Educational Development Plurinational Projects	2,399,800	176,252	(1,404,078)	251,548	1,423,522
Regional Educational Development National Projects	88,600	20,246	(27,077)	(64,669)	17,100
Director of Science and Technology Department	301,000	130,238	(22,066)	(85,270)	323,902
Regional Scientific and Technological Development Programs -Plurinational	2,733,000	546,588	(1,275,104)	43,314	2,047,798
Regional Scientific and Technological Development Programs -National	79,600	1,260	(54,047)	6,887	33,700
Contribution for Administrative and Technical Support	877,800	331,473	(366,740)	(101,633)	740,900
	<u>\$ 6,730,000</u>	<u>\$ 1,848,200</u>	<u>\$ (2,826,400)</u>	<u>\$ 0</u>	<u>\$ 5,751,800</u>

(a) 1995: AG/Res. 1277 (XXIV-O/94).
 (b) 1994: AG/Res. 1230 (XXIII-O/93).
 (c) General Provisions A.13 - AG/Res. 1230 (XXIII-O/93).
 (d) CEPCIECC/Res.1242/94 August 3, 1994.
 CEPCIECC/Sub/Doc. 235/95
 CEPCIECC/Doc. 1266/95
 CEPCIECC/SubCPP/Doc. 238/95

ORGANIZATION OF AMERICAN STATES
 MAR DEL PLATA ACCOUNT
 SUMMARY OF DISPOSITION OF APPROPRIATIONS
 BIENNium ENDED DECEMBER 31, 1995

	1994-95 Adjusted Budget	Charges for expenditures	Unliquidated obligations	Total expenditures and obligations	Unused Appropriations
Executive Secretariat	\$ 676,100	\$ 40,044	\$	\$ 40,044	\$ 636,056
Director of Educational Department	488,778	178,778		178,778	310,000
Regional Educational Development Plurinational Projects	1,423,522	848,205	311,514	1,159,719	263,803
Regional Educational Development National Projects	17,100	14,271	1,079	15,350	1,750
Director of Science and Technology Department	323,902	146,971	12,641	159,612	164,290
Regional Scientific and Technological Development Programs -Plurinational	2,047,798	738,939	403,629	1,142,568	905,230
Regional Scientific and Technological Development Programs -National	33,700	26,970	3,843	30,813	2,887
Contribution for Administrative and Technical Support	740,900	409,033		409,033	331,867
	<u>\$ 5,751,800</u>	<u>\$ 2,403,211</u>	<u>\$ 732,706</u>	<u>\$ 3,135,917</u>	<u>\$ 2,615,883</u>
Charged to 1995 appropriations		\$ 2,403,211	\$ 732,706	\$ 3,135,917	
Charged to prior years appropriations		284,857	-	284,857	
		<u>\$ 2,688,068</u>	<u>\$ 732,706</u>	<u>\$ 3,420,774</u>	

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

ORGANIZATION OF AMERICAN STATES
REGULAR FUND
SPECIFIC FUNDS
STATEMENT OF CHANGES IN NET ASSETS AND FUND BALANCES

Donor and Project	From January 1, 1994 to December 31, 1995				Cash Balance Dec. 31, 1995	Unliquidated Obligations	Fund Balance (deficit) Dec. 31, 1995
	Cash Balance Jan. 1, 1994	Contributions	Transfers and Refunds	Expenditures			
Designated by Donor:							
Argentina XII CIECC Meeting	\$(66,356)	\$44,459		\$40,044	\$4,415		\$(66,356)
Argentina XV Ordinary Session CICAD		2,664			2,664		4,415
Argentina Security Meeting		89,191		41,092	48,099	\$8,179	2,664
Argentina XXVI CIECC Meeting	(43,618)				(43,618)		39,920
Bahamas XXII General Assembly		26,608		26,996	(388)		(43,618)
Belize Computer Consultancy							(388)
Bolivia I-A Conference Int'l Law	(41,870)				(41,870)		(41,870)
Bolivia IX General Assembly	(55,001)	55,001			55,001		
Brazil Social Integrated Development Program	15,165		\$(15,165)		(15,165)		
Brazil XVII General Assembly Belem Do Para		464,333		459,021	5,312		5,312
Canada Meeting Experts Argentina		22,086		22,086			
Chile I-A Tribune	2,625			65	(65)		2,560
Chile XVI Session CICAD		25,000	\$37,500		25,000		5,000
Chile Food Policy Seminar				32,500	5,000	5,000	
Chile XXI General Assembly							
Colombia XXV Ordinary Meeting - CIECC	20,000	109,056		109,056			20,000
Colombia Human Assistance Haiti							
Costa Rica XIII Meeting CICAD	1,107				1,107		1,107
Dominican Republic IACW - XX Assembly	(11,335)				(11,335)		(11,335)
Ecuador OAS Building	47,646		\$5,082		5,082		52,728
Ecuador Model Assembly		46,041		40,222			9,287
El Salvador XVIII General Assembly	9,287				9,287		(14,341)
Grenada VII General Assembly	(14,341)				(14,341)		(14,341)
Guatemala XVI General Assembly	(1,373)	24			24		(1,349)
Guatemala I-A Commission of Nuclear Energy	41,546				41,546		41,546
Haiti XXV General Assembly		361,653	(5,912)	355,741			(363,508)
Honduras/El Salvador Military Observation Mission	(363,508)						(363,508)
Jamaica Chalkmaking Industry - St. Thomas	1,619				1,619		1,619
Jamaica Food & Nutrition Policy-Prog.Course	6,398				6,398		6,398
Mexico CIDIP V - 1984							
Nicaragua/Costa Rica Civilian Observers	(24,703)				(24,703)		(24,703)
Nicaragua XXIII General Assembly	(102,761)	36,007	68,961		2,207		2,207
Panama Canal Treaty	(24,487)				(24,487)		(24,487)
Panama XVII CICAD Meeting		20,730		20,730			52,255
Paraguay XX Ordinary Meeting CIECC	52,255				52,255		52,255
St. Vincent Fellowship Program	1,374				1,374		1,374
U.S. NEA Grant-Latin American Paintings	366				366		366
U.S. Observation Electoral El Salvador	1,190,794		(1,190,794)				
U.S. NEH Grant-Museum Humanities Catalog	6,940				6,940		6,940
U.S. XIV Panamerican Child Congress	(11,218)				(11,218)		(11,218)
U.S. IAHR Court		100,000			100,000		100,000
U.S. Observation Electoral Process Peru	726,467		(705,633)	20,834	(726,467)		7,000
U.S. Technical Assistance Peru		1,010,000	(204,525)	792,914	12,561		12,561
U.S. Electoral Observation 1995			910,158	852,112	58,046		58,046
Uruguay IV I-A Special Conference Int'l Law	126			6,068	(6,068)		126
Uruguay XXIV Meeting CIECC	7,489			392	(392)		1,401
Venezuela Promotion Peace in Suriname	392						1,401

ORGANIZATION OF AMERICAN STATES

REGULAR FUND

SPECIFIC FUNDS

STATEMENT OF CHANGES IN NET ASSETS AND FUND BALANCES

Donor and Project	From January 1, 1994 to December 31, 1995						Fund Balance (deficit) Dec. 31, 1995			
	Cash Balance Jan. 1, 1994	Contributions	Transfers	Interest Income	Returns and Refunds	Expenditures		Net Change	Cash Balance Dec. 31, 1995	Unliquidated Obligations
IDB Seminar on Probity & Ethics	\$9,737					\$20,107	\$(20,107)	\$(20,107)	\$2,226	
Inter-American Emergency Aid Fund	1,153,168	\$721,820			\$(62,556)	902,311	(243,047)	910,121	8,003	
Inter-American Children Institute	408,693	706,654				290,670	415,984	824,677	2,037	
Inter-American Commission of Human Rights										
Inter-American Statistical Institute	210,823	35,882				44,545	(8,663)	202,160	3,517	
I-A Priority Assistance Haiti	802,179					466,701	(466,701)	345,478	2,338	
Inter-American Commission of Women	105,605	31,069	\$(60,893)	\$2,178		39,658	(67,304)	38,301	15,647	
Inter-American Program of Rio de Janeiro - CICAD	1,949,187	3,091,532	(2,002)	14,426	(61,282)	2,153,604	889,070	2,838,257	232,062	
International Civilian Mission Haiti	8,921,960	13,200,165				13,380,981	(180,816)	8,741,044	1,086,406	
International Commission Supp. CIAV II	3,266,151	7,339,504	106		(38)	7,910,677	(571,105)	2,695,046	1,076,769	
Mime Clearing Assistance-Central America	(304,915)	293,579	75,000	4,063		222,750	149,892	(155,023)	133,445	
OAS / DEMOC	466,723	2,398,653	(75,000)	19,504	65,833	901,790	1,507,200	1,973,923	141,113	
Italy Cooperative Tourism	2,300							2,300		
Italy to 500 Anniversary Discovery of America	2,084		(2,081)			3	(2,084)			
Netherlands Promote Peace in Suriname	72,484	147,331				194,039	(46,706)	25,776	11,373	
Support Offices away from Headquarters	358,694	386,659				253,335	133,324	492,018	8,638	
Norberto Odebrecht Construction - Peru	5,038							5,038		
IBM/PADF/OAS Education Program	7,936							7,936		
IICA to OAS Guyana	2,164	6,100				3,760	2,340	2,340		
Emilio Odebrecht Foundation -Brazil	766				(2,164)					
Luis O. Carneiro Exposition -Paraguay										
Ohio University 500 Anniversary Disc. of America	50		(50)					766		
PAHO Historical Research		6,737	(1)			6,736	(50)			
PALCO to Museum	2,363							2,363		
PAT-SENAL-OEA		6,000	(6,000)							
SDAF/FEMCIECC to OAS Fellowship Program	29,080	2,306				23,242	(20,936)	8,144	1,576	
SECAB Restoration Course	8,000							8,000		
UN-ACNUR Refugees in Latin America	10,940							4,866		
Xerox Grant Latin American Art Museum	706					6,074	(6,074)	706		
XXI Consultative Meeting of Ministers	4,600							4,600		
Designated by OAS:										
Subtotal	18,867,421	30,786,844	29,828	45,253	(1,271,985)	29,655,856	(66,116)	18,801,305	2,765,050	16,036,255
IICA Administrative Tribunal	13,943	38,422				37,933	489	14,432	238	
Art Permanent Collection	(2,821)	16,765				3,016	13,747	10,926		
GSB Cafeteria Operation	254,548					24,104	(24,104)	230,444	2,875	
Microfiche Sales	33,285					10,291	(10,291)	22,994	552	
Model OAS - Public Information	7,712	67,938				54,177	13,761	21,473	1,530	
OAS Vehicle Replacement Fund	54,707	102,235				151,534	(49,289)	5,408	157	
Rental Hall of the Americas	375,427	168,625				104,790	53,835	439,262	25,813	
Sales Audio Visual Materials	14,867	16,920				20,613	(3,693)	11,174	732	
Staff Development Activities	14,034	20,102				9,291	10,811	24,845	13,782	
Columbus Memorial Library	116,147	31,741	2,131			12,688	21,184	137,331	69	
Publication Sales	244,907	107,994				197,903	(99,909)	154,998	9,369	
Work Related Disabilities Fund	466,729	200,000				137,232	52,768	531,497	13,516	
Subtotal	1,595,485	770,742	2,131			763,574	9,299	1,604,784	68,633	1,536,151
Total	\$20,462,906	\$31,557,586	\$31,759	\$45,253	\$(1,271,985)	\$30,419,430	\$(66,817)	\$20,406,089	\$2,833,683	\$17,572,406

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

Donor and Project	Cash Balance		From January 1, 1994 to December 31, 1995				Cash Balance		Unliquidated Obligations	Fund Balance (deficit) Dec. 31, 1995
	Jan. 1, 1994	Jan. 1, 1994	Contributions	Transfers	Interest Income and Refunds	Expenditures	Net Change	Dec. 31, 1995		
Argentina - CITAF	463,345		846,435			727,791	118,644	581,989	95,682	486,307
Argentina - CIDES	71,614					52,767	(52,767)	18,847	15,563	3,284
Argentina School Dinning Program	29			(29)						
Argentina X Conf. Labor Ministers		6,458					6,458	6,458		6,458
Argentina Horizontal Cooperation	1,377,734	1,195,745				570,741	625,004	2,002,736	50,490	1,952,248
Bolivia Pilcomayo River Basin Phase II	808			(23)		785	(608)			
Bolivia Parapeti CORDECruz	67	93		(1)		159	(67)			
Brazil Horizontal Cooperation		300,000					300,000	300,000		300,000
Brazil CODEVASF to PLANVASF	3,212			167		2,210	(2,043)	1,169	1,169	
Brazil SUDAM	239,233	1,298,646			54,009	1,191,024	181,631	400,864	117,178	283,686
Brazil SUDENE	381			(21)		360	(381)			
Brazil PRONI - CODEVASF	400,659	910,000		(424)		992,853	(83,277)	317,382	56,627	260,755
Brazil Reconstruction Alagoas	4,161			(412)		3,749	(4,161)			
Brazil CICOM	15,061					1,250	(1,250)	13,811		13,811
Canada CIDA Technical Coop.	735		136,707		7,570	74,629	69,648	70,383	21,135	49,248
Canada CITEI	130							130		130
Canada CIDA Interamerican Customs	974			(1)		973	(974)			
Canada CIDA Small Business Development	92,325			(51,712)	1,560	42,173	(92,325)			
Canada CIDA Tech. Coop. Honduras	3,315			(463)	83	2,935	(3,315)			
Canada CIDA Putumayo River Basin	15,762			(6,734)	378	9,406	(15,762)			
Canada CIDA Amazon Envir. Protection	296,676			(12,542)	3,415	287,548	(296,676)	1		
CIENES - Other Sources	405,183		453,575			530,376	(76,801)	328,382	86,563	241,819
Chile CITEI	(12,730)							(12,730)		(12,730)
Colombia CAR Natural Resources	1,604			(370)		1,234	(1,604)			
Dominican Republic Public Finance IDB	1,754			(1,754)			(1,754)	6,444		6,444
Dominican Republic VII I-A Ports Conference	6,444									
Dominican Republic Tech. Cooperation	13			3		16	(13)			
Ecuador Putumayo River Basin	363			(42)		321	(363)			
EI Salvador Environmental Program	172,795	109,084				222,883	(113,799)	58,996	8,950	50,046
Guat-Hond-Salv-ICA Trifinio II	77,142	384,326		(15)	81	284,425	119,967	197,109	72,114	124,995
Guatemala Gulf Honduras		105,125				46,686	58,439	58,439	31,406	27,033
Guatemala Aldea Maraxco		1,484					1,484	1,484		1,484
Honduras Gulf of Honduras		29,956				26,056	3,920	3,920		3,920
Honduras VIII Ports Conference	5,928			(3)		5,925	(5,928)			
Mexico Unprogrammed Funds	835,714	1,066,000		(1,473,928)			(407,928)	427,786	427,786	
Mexico Regional Enterprises		1,098				53,866	112,232	112,232	13,650	98,582
Mexico Indigenous Organizations		100,000				28,436	71,564	71,564	51,828	19,736
Mexico Technical Cooperation		1,208,928				717,288	491,640	491,640	160,312	331,328
Nicaragua Telecommunications Regulation	(34,902)	63,500				19,922	43,578	8,676		8,676
Panama Strengthening of Privatization		480,200				194,205	285,995	285,995	44,337	241,658
Panama Tourism Development	18,609	415,000		(108)	15,303	287,025	163,278	181,887	72,318	109,569
Paraguay IDB Tax Administration	714					606	(714)			
Paraguay IDB Programming and Budgeting	27					27	(27)			
Peru Capacitation Model	1,165			(1,165)			(1,165)			
Peru - OCIPTEL		22,717		(100)		13,540	9,077	9,077	9,077	
Suriname Van Wouw Canal	987					6,318	(987)			
U.S. Cellular Telecommunications	371			(178)		193	(371)			
U.S. Regional Satellite Communications	6,462			(162)		6,300	(6,462)			

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

Donor and Project	From January 1, 1994 to December 31, 1995				Net Change	Cash		Fund Balance (deficit) Dec. 31, 1995	
	Cash Balance Jan. 1, 1994	Contributions	Transfers	Interest Income and Refunds Returns		Expenditures	Balance Dec. 31, 1995		Unliquidated Obligations
U.S. ASETA Satellite Services	14,889				1,039	(1,039)	13,850	6,200	7,650
U.S. Telecommunications Systems TDP	8,606		(617)		7,989	(8,606)			
U.S. Investments in Telecommunications TDP	29,378		(871)	(5,001)	23,506	(29,378)			
U.S. CITEI	1,076			(1,076)		(1,076)			
U.S. BICJP	19,600				16,239	(16,239)	3,361		3,361
U.S. Telecom. Develop. Fellow. Program	75,000				1,500	(1,500)	73,500		73,500
U.S. Temporary Committe CITEI	5,000	20,000					25,000		25,000
U.S. AID Hazard Support to AID Mission	(3,109)	14,900			11,756	3,109			
U.S. AID Amazon Environmental Program	244,269	450,000		(35)	288,522	181,478	425,747	64,663	361,084
U.S. AID Caribbean Disaster Mitigation	289,953	750,388			1,076,708	(326,320)	(96,367)	312,111	(348,478)
U.S. FEMA Hazards Mitigation	(11,763)	24,896	88		13,221	11,763			
U.S. DOE Disaster Mitigation		100,000			81,593	18,407	18,407	2,100	16,307
U.S. to Telecommunications		100,000				100,000	100,000		100,000
Uruguay HGAP Forestry Investment		157,119			122,984	34,135	34,135	31,250	2,885
Uruguay Forestry Development Seminar	66,939		(11)		48,317	(48,328)	18,611		18,611
Uruguay Public Transportation Montevideo	7,237	10,515			9,033	1,482	8,719		8,719
Uruguay Transportation MERCOSUR		238,710			184,624	74,086	74,086	19,358	54,728
Venezuela Mobile Telecommunications	1,221		(124)		1,097	(1,221)			
Italy Telecommunications Study CONSULTEL	64,870			2,985	44,400	(41,415)	23,455		23,455
Italy Ecuador Fiber Optics		289,873			193,728	96,145	96,145	65,425	30,720
BCIE Frontier Development Honduras/Guatemala		30,000				30,000	30,000		30,000
CDB Caribbean Disaster Mitigation Project		2,650	(2,650)						
CITEI I		45,686				45,686	45,686		45,686
CITEI II		2,798				2,798	2,798		2,798
CITEI III		36,782				36,782	36,782		36,782
CAF Energy Bolivia-Ecuador	362		(348)		14	(362)			
EEC Develop Flood Hazard		228,373			81,453	146,920	146,920	34,826	112,094
EEC Improving HQ Readiness		291,014			71,276	219,738	219,738	23,195	196,543
Development Project Staff Reimbursement	71				26	(26)	45		45
Dutch contribution to CINDER/CIDIAT	16,825	1,125	(75)		17,470	(16,420)	405		405
European Economic Community Trifinio	3,674	5				5	3,679		3,679
Emergency Ports Projects - Various		131,003			5,500	125,503	125,503		125,503
Finlandia Trifinio II	464,004	460,789			656,169	(175,595)	288,409	11,120	277,289
IDB Inter-American Customs Program	69,420		(17,538)	(48,187)	3,695	(69,420)			
IDB National Customs Costa Rica	168,847	159,063			211,632	(52,569)	116,278	56,000	60,278
IDB Meeting PISD/C	2,817				148	(148)	2,669	1,269	1,400
IDB Environmental Study Uruguay	16,010				13,831	(13,831)	2,179		2,179
IDB/GUA/HON El Cajon River Basin	11,085		(585)		10,500	(11,085)			
IDB Forestry Arbonito Basin Haiti	1,801		(1,420)		381	(1,801)	(5,626)		(5,626)
IDB Technical Support to External Projects		23,200	463		29,289	(5,626)	2,236		2,236
ILDES	2,236						3,507		3,507
PAHO Parliamentary Health Meeting	16,733				13,226	(13,226)			
Saudi Arabia Rural Development	2,734		(2,210)		524	(2,734)			
Social Affairs Department	2,609		6,989		9,202	(2,213)	396		
UN Diagnostic Study San Juan River		423,400	(2)		245,631	176,767	176,767	176,767	
UN Disaster Management Training	2,116		(362)		1,754	(2,116)			
UN Plan Tifacaca Basin		270,000	1		124,357	145,644	145,644	193,279	(47,635)
UNDP Fiscal Policy	2,380		(95)		2,285	(2,380)			
UNDP Natural Hazards Mitigation		39,708			6,224	33,484	33,484	17,817	15,667

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

Donor and Project	Cash Balance Jan. 1, 1994	From January 1, 1994 to December 31, 1995				Cash Balance Dec. 31, 1995	Unliquidated Obligations	Fund Balance (deficit) Dec. 31, 1995		
		Contributions	Transfers	Interest Income	Returns and Refunds				Expenditures	Net Change
UNEP Watershed Colombia-Venezuela	28,972		1			17,525	(17,524)	11,448	3,554	7,894
UNEP La Amistad Costa Rica	71,779	15,000				64,371	(49,371)	22,408	985	21,423
UNEP Source Book		80,000				60,700	19,300	19,300	19,300	
UNEP Water Resources		92,500				83,284	9,216	9,216	9,216	
Tinker Found - Tech. Coop. Seminar HQ. World Bank GEF	8,520	200,000				81,415	118,585	8,520	57,850	8,520
World Bank Center for Privatization	101		(101)				(101)	118,585		60,735
Information Service Foreign Trade - SICE	1,192,677	399,587				355,053	44,534	1,237,211	2,429	1,234,782
Accounting Support	26,592		3,652			102,077	(23,037)	3,555	2,934	521
Regional Development Support	17,542		(1,387)			9,870	49,445	66,987		66,987
	<u>\$7,416,937</u>	<u>\$12,778,526</u>	<u>\$48,767</u>	<u>\$241,158</u>	<u>\$(54,218)</u>	<u>10,733,119</u>	<u>\$2,281,114</u>	<u>\$9,696,051</u>	<u>\$2,020,443</u>	<u>\$7,677,607</u>

431,170

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

Donor and Project	From January 1, 1994 to December 31, 1995						Fund Balance (deficit) Dec. 31, 1995			
	Cash Balance Jan. 1, 1994	Contributions	Transfers	Interest Income	Returns and Refunds	Expenditures		Net Change	Cash Balance Dec. 31, 1995	Unliquidated Obligations
Argentina Unprogrammed funds	17,411	527,713	(508,540)				19,173	36,584		36,584
Argentina Center Textile Research		8,131			7,695		436	436	436	
Argentina Education Projects	238,787	180,608	508,540		325,649		182,891	182,891	39,174	143,717
Argentina Science Projects					261,944		(91,336)	157,449	156,923	526
Canada Education Projects	57,977		(1,962)	341	55,445		(57,066)	911	647	264
Canada Science Projects										
Chile Science Projects	2,001							2,001		2,001
Colombia Unprogrammed funds	35,140	162,137	(72,813)		18,626		89,324	124,464		124,464
Colombia Secretariat Projects			19,558		25,897		932	932		932
Colombia Education Projects			28,538				2,641	2,641	551	2,090
Dominican Republic Education Projects	25,919							25,919		25,919
Mexico Unprogrammed funds Secretariat	1,462,422	359,660	(1,822,082)		118,236		(1,462,422)	109,774	40,104	69,670
Mexico Secretariat Projects	130,484	87,282	10,244				(20,710)	528,405		528,405
Mexico Unprogrammed funds Education			528,405		659,074		621,600	621,600	280,075	341,525
Mexico Education Projects		505,270	775,404		173,717		434,312	434,312	52,934	371,378
Mexico Science Projects		100,000	508,029							
Panama Plan for Science & Technology		50,000			32,191		17,809	17,809	6,327	11,482
Paraguay Unprogrammed funds	29,379		2,776		2,372		2,776	2,776		2,776
Paraguay Education Projects			(2,776)				(5,148)	24,231		24,231
U.S. Unprogrammed funds to FEM/CIACC	223,006				4,483		(4,483)	223,006		223,006
U.S. Education Projects	13,827				831,604		(681,604)	9,344	46,724	9,344
U.S. Science Projects	1,012,076	150,000						330,472		283,748
U.S. AID Caribbean Basin Scholarship Fund	437,735	6,571		51,802	(4,986)		53,291	491,026	1	491,025
Venezuela Unprogrammed funds	37,268	365,713	(35,811)		28,333		329,902	367,170	193	367,170
Venezuela Education Projects			35,811				7,478	7,478		7,285
Germany Science Projects	294,807	895,992			739,819		156,173	450,980	93,999	356,981
Perkins School for the Blind	2,500							2,500		2,500
University of Panama Environment	7,438	25,179			5,777		25,179	25,179		25,179
Administrative Support CIDA-CREAR			(1,661)				(7,438)			
International Relations Studies Center	6		(6)				(6)			
Netherlands Food Technology Brazil	6,982				8,741		(8,818)	6,982		6,982
IDB Technical Cooperation Central America	8,818	1,500	(77)		1,500					
U.N. Solar Energy Productive Uses		6,000			1,020		10,980	10,980		10,980
Senai-Brazil - PAT-SENAL-OEA	62,490	14,862	6,000		68,147		(53,285)	9,205	13,551	(4,346)
Scientific Monographs										
	<u>\$4,106,473</u>	<u>\$3,446,616</u>	<u>\$(22,423)</u>	<u>\$52,143</u>	<u>\$(4,986)</u>	<u>\$3,370,366</u>	<u>\$100,984</u>	<u>\$4,207,457</u>	<u>\$741,639</u>	<u>\$3,465,818</u>

ORGANIZATION OF AMERICAN STATES
SPECIAL ACCOUNT FOR CULTURE
SPECIFIC FUNDS
STATEMENT OF CHANGES IN NET ASSETS AND FUND BALANCES

Donor and Project	Cash Balance		From January 1, 1994 to December 31, 1995		Net Change	Cash Balance Dec. 31, 1995	Unliquidated Obligations	Fund Balance (deficit) Dec. 31, 1995
	Jan. 1, 1994	44,420	Interest Income	Returns and Refunds				
Brazil Unprogrammed Funds	44,420					44,420		44,420
Chile Unprogrammed Funds	41,991	150,000	(37,500)	(88,700)	63,000	2,791		2,791
Colombia Cultural Projects						1,367		
Mexico Cultural Projects	16,942		1,367		16,877	1,367	1,367	65
Uruguay Cultural Projects	177		(177)					
Venezuela Unprogrammed Funds	33,394	58,297	(32,447)		9,719	59,244		59,244
Venezuela Cultural Projects			32,448			22,729		22,729
Spain Belize Museum	17,000					17,000		17,000
Colombia Andres Bello XV Cuzco Course	15,843					(21)		(21)
Amalia Fortabat Music Friends Fellowships	876				15,864	876		876
Miscellaneous Records	12,020	3,339	177		13,919	1,617	1,053	564
OAS Concerts UTAH Chamber Players	50				50			
	\$182,713	\$211,636	\$(86,132)	\$(88,700)	\$119,429	\$150,088	\$2,420	\$147,668

ORGANIZATION OF AMERICAN STATES
MAR DEL PLATA ACCOUNT
SPECIFIC FUNDS
STATEMENT OF CHANGES IN NET ASSETS AND FUND BALANCES

Donor and Project	From January 1, 1994 to December 31, 1995						Fund Balance (deficit) Dec. 31, 1995
	Cash Balance Jan. 1, 1994	Contributions	Transfers	Interest Income and Refunds	Expenditures	Net Change	
Argentina CNEA Degradation Materials	165,072	120,404			160,346	(39,942)	125,130
Brazil Unprogrammed Funds	3,895						3,895
Colombia Fitoquimica	11,448				8,984	(8,984)	2,464
Costa Rica Science Projects	1,547						1,547
Mexico Unprogrammed Funds Secretariat	53,362		(53,362)			(53,362)	
Mexico Unprogrammed Funds Education			53,362			53,362	
Mexico Unprogrammed Funds Science					32,359	32,359	21,003
Venezuela Unprogrammed Funds	131,023	92,785	(91,479)		29,532	1,306	132,329
Venezuela Science Projects			31,479		54,250	1,947	1,946
Venezuela Preventive Education			60,000			5,750	5,750
	\$386,347	\$213,189	\$0	\$0	\$285,471	\$(72,282)	\$294,065
							\$123,621
							\$170,444

28,314,006
 121,886,233
 140,199,239

SECTION III
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, 1995 AND 1994
WITH
REPORT OF INDEPENDENT AUDITORS**

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

We have audited the accompanying statements of financial position of the Rowe Memorial Benefit Fund (the Fund) as of December 31, 1995 and 1994, and the related statements of activities and cash flows 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, 1995 and 1994, and the results of its operations and its cash flows for the years then ended in conformity with generally accepted accounting principles.

As discussed in Note 1 to the financial statements, in 1995 the Fund changed its accounting policies related to financial statement display to conform with Statement of Financial Accounting Standards No. 117.



April 12, 1996

ORGANIZATION OF AMERICAN STATES

**ROWE MEMORIAL BENEFIT FUND
STATEMENTS OF FINANCIAL POSITION**

	December 31,	
	1995	1994
Assets		
Equity in OAS Treasury Fund (Note 2)	\$ 20,080	\$ 18,901
Investments at cost (approximate market value of \$204,000 and \$171,000 at December 31, 1995 and 1994, respectively)	184,129	171,593
Total net assets	\$ 204,209	\$ 190,494

STATEMENTS OF ACTIVITIES

	Year ended December 31,	
	1995	1994
Income		
Dividends and interest	\$ 6,994	\$ 6,170
Capital Gain distributions from mutual funds	5,542	2,002
Income from OAS Treasury Fund (Note 2)	1,179	965
	13,715	9,137
Awards and other benefits (Note 1)	-	600
Change in net assets	13,715	8,537
Net assets, beginning of year	190,494	181,957
Net assets, end of year	\$ 204,209	\$ 190,494

See accompanying notes

ORGANIZATION OF AMERICAN STATES

ROWE MEMORIAL BENEFIT FUND
STATEMENTS OF CASH FLOWS

	Year ended December 31,	
	<u>1995</u>	<u>1994</u>
Operating activities		
Change in net assets	\$ <u>13,715</u>	\$ <u>8,537</u>
Net cash provided by operating activities:	13,715	8,537
Investing activities		
Increase in securities	<u>(12,536)</u>	<u>(8,173)</u>
Net cash used in investing activities:	(12,536)	(8,173)
Net increase in cash and cash equivalents	<u>1,179</u>	<u>364</u>
Equity in OAS Treasury Fund, beginning of year	<u>18,901</u>	<u>18,537</u>
Equity in OAS Treasury Fund, end of year	\$ <u><u>20,080</u></u>	\$ <u><u>18,901</u></u>

See accompanying notes

ORGANIZATION OF AMERICAN STATES

ROWE MEMORIAL BENEFIT FUND NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 1995 AND 1994

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.

During 1995, the Fund adopted Financial Accounting Standards Board Statement No. 117, (FAS 117) "Financial Statements of Not-For-Profit Organizations". FAS 117 requires that the Fund provide a statement of cash flows (reporting the change in cash and cash equivalents) in addition to the statement of financial position and the statement of activity currently provided. FAS 117 also requires revenue, expenses and net assets to be classified based on the existence or absence of donor imposed restrictions. All revenue, expenses and net assets reported in the financial statements of the Fund are unrestricted and relate to its single function of providing benefits for employees of the OAS.

In 1996, the Fund plans to adopt Financial Accounting Standard No. 124 (FAS 124), "Accounting for Certain Investments Held by Not-For-Profit Organizations". FAS 124 will require the Fund to report investments in equity securities with readily determinable fair values and all investments in debt securities at fair value with gains and losses included in the statement of activity.

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.

(In Thousands)
December 31, 1995

	<u>Cost</u>	<u>Gross Unrealized Gains</u>	<u>Gross Unrealized Losses</u>	<u>Net Unrealized Gains</u>	<u>Approximate Market Value</u>
Mutual funds invested in Equity and Fixed income securities	\$ 184	20	0	20	\$ 204

(In Thousands)
December 31, 1994

	<u>Cost</u>	<u>Gross Unrealized Gains</u>	<u>Gross Unrealized Losses</u>	<u>Net Unrealized Gains</u>	<u>Approximate Market Value</u>
Mutual funds invested in Equity and Fixed income securities	\$ 172	5	(6)	(1)	\$ 171

**LEO S. ROWE PAN AMERICAN FUND
FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 1995 AND 1994
WITH
REPORT OF INDEPENDENT AUDITORS**

Report of Independent Auditors

Board of External Auditors
Organization of American States

We have audited the accompanying statements of financial position of the Leo S. Rowe Pan American Fund (the Fund) as of December 31, 1995 and 1994, and the related statements of activities and cash flows 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, 1995 and 1994, and the results of its operations and its cash flows for the years then ended in conformity with generally accepted accounting principles.

As discussed in Note 1 to the financial statements, in 1995 the Fund changed its accounting policies related to financial statement display to conform with Statement of Financial Accounting Standards No. 117.



April 12, 1996

ORGANIZATION OF AMERICAN STATES

**LEO S. ROWE PAN AMERICAN FUND
STATEMENTS OF FINANCIAL POSITION**

<u>ASSETS</u>	December 31,	
	1995	1994
Equity in OAS Treasury Fund (Note 3)	\$ 316,852	\$ 228,091
Investments at cost (approximate market value at December 31, 1995, and 1994, respectively shown in parentheses)		
Mutual funds invested in equity investments (\$1,873,000 and \$1,565,000)	1,674,045	1,505,484
Mutual funds invested in fixed income securities (\$4,402,000 and \$4,178,000)	4,274,863	4,363,253
Allowance for Unrealized Loss (Note 6)	-	(125,737)
	6,265,760	5,971,091
Loans receivable (Note 4)		
Students		
Installments not yet due	1,758,564	1,510,588
Installments past due	334,673	244,046
Allowance for uncollectible loans	(197,774)	(129,344)
	1,895,463	1,625,290
Employees of the Organization of American States	554,634	507,007
	2,450,097	2,132,297
Total Assets	\$ 8,715,857	\$ 8,103,388
<u>LIABILITIES AND NET ASSETS</u>		
Miscellaneous payables	\$ 68,074	\$ 77,257
Net assets		
Restricted (Note 1)	1,000,000	1,000,000
Unrestricted		
Balance before unrealized loss on investments	7,522,046	7,151,868
Plus unrealized gain (loss) on investments (Note 6)	125,737	(125,737)
Total Unrestricted Net Assets	7,647,783	7,026,131
Total Liabilities and Net Assets	\$ 8,715,857	\$ 8,103,388

See accompanying notes

ORGANIZATION OF AMERICAN STATES

LEO S. ROWE PAN AMERICAN FUND
STATEMENTS OF ACTIVITIES

	<u>Year ended December 31,</u>	
	<u>1995</u>	<u>1994</u>
Income		
Dividend and interest income	\$ 298,078	\$ 289,645
Capital gains distributions from mutual funds	282,967	146,851
Miscellaneous income	46,360	41,367
	<u>627,405</u>	<u>477,863</u>
Expenses		
Increase in allowance for uncollectible loans (Note 4)	68,430	21,902
Investment management and custodian fees	15,000	15,000
Administrative expenses (Note 5)	20,000	20,000
Other expenses	28,060	47,468
	<u>131,490</u>	<u>104,370</u>
Change in net assets	495,915	373,493
Net assets, beginning of year	7,026,131	6,778,375
Net assets, end of year	7,522,046	7,151,868
Plus unrealized gain (loss) on investments (Note 6)	125,737	(125,737)
	<u>\$ 7,647,783</u>	<u>\$ 7,026,131</u>

See accompanying notes

ORGANIZATION OF AMERICAN STATES

**LEO S. ROWE PAN AMERICAN FUND
STATEMENTS OF CASH FLOWS**

	Year ended December 31,	
	1995	1994
Operating activities		
Change in net assets	\$ 495,915	\$ 373,493
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Changes in operating assets and liabilities:		
Increase in provision for uncollectible loans	68,430	21,902
Increase in loans to students	(338,603)	(425,775)
Increase in loans to employees	(47,627)	(41,638)
Increase (decrease) in miscellaneous payable	(9,183)	6,381
Net cash provided by (used in) operating activities:	168,932	(65,637)
Investing activities		
Increase in equity securities	(168,561)	(7,041)
Decrease in fixed income securities	88,390	263,619
Net cash (used in) provided by investing activities	(80,171)	256,578
Net increase in cash and cash equivalents	88,761	190,941
Equity in OAS Treasury Fund, beginning of year	228,091	37,150
Equity in OAS Treasury Fund, end of year	\$ 316,852	\$ 228,091

See accompanying notes

ORGANIZATION OF AMERICAN STATES

LEO S. ROWE PAN AMERICAN FUND NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 1995 AND 1994

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 net assets are not segregated, the net assets of the restricted net assets (\$1,000,000) are regarded as being comprised of investments held by the restricted net assets and, to that extent, are not considered to be available for the purpose of granting loans.

During 1995, the Fund adopted Financial Accounting Standards Board Statement No. 117, (FAS 117) "Financial Statements of Not-For-Profit Organizations". FAS 117 requires that the Fund provide a statement of cash flows (reporting the change in cash and cash equivalents) in addition to the statement of financial position and the statement of activity currently provided. FAS 117 also requires revenue, expenses and net assets to be classified based on the existence or absence of donor imposed restrictions. Except for the assets of the restricted net assets, all revenue, expenses and net assets reported in the financial statements of the Fund are unrestricted and relate to its single function of providing loans to students from member states and employees of the OAS.

In 1996, the Fund plans to adopt Financial Accounting Standard No. 124 (FAS 124), "Accounting for Certain Investments Held by Not-For-Profit Organizations". FAS 124 will require the Fund to report investments in equity securities with readily determinable fair values and all investments in debt securities at fair value with gains and losses included in the statement of activity.

2. Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

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 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.

4. 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:

	1995	1994
Balance, beginning of year	\$ 129,344	\$ 107,442
Provision for uncollectible loans	<u>68,430</u>	<u>21,902</u>
Balance, end of year	<u>\$ 197,774</u>	<u>\$ 129,344</u>

In the opinion of the Committee, the allowance of \$197,774 at December 31, 1995 is sufficient to provide for losses that may be incurred upon the ultimate realization of these loans.

During 1995 and 1994 the Fund disbursed new student loans aggregating approximately \$625,000 and \$641,000, respectively. The Fund received loan repayments of approximately \$286,000 and \$215,000 in 1995 and 1994, respectively.

New loans to employees for educational purposes or in emergency situations aggregated \$173,000 and \$160,000 in 1995 and 1994 respectively. The Fund received loan repayments of approximately \$125,000 and \$150,000 in 1995 and 1994 respectively. The interest rate on new employee loans granted in 1995 varied from 6.5% to 8%. Interest rates on outstanding loans granted in 1994 varied from 6.5% to 7.5%.

5. Administrative Expenses

The Committee authorized payments of \$20,000 in both 1995 and 1994 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 \$28,000 in other expenses related to the services of a contract employee in 1995 (\$27,000 in 1994). 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.

6. 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.

(In Thousands)
December 31, 1995

	<u>Cost</u>	<u>Gross Unrealized Gains</u>	<u>Gross Unrealized Losses</u>	<u>Net Unrealized Gains</u>	<u>Approximate Market Value</u>
Mutual funds invested in Fixed income securities	\$4,275	135	(8)	127	\$4,402
Mutual funds invested in Equity investments	<u>\$1,674</u>	<u>199</u>	<u>-</u>	<u>199</u>	<u>\$1,873</u>
	<u>\$5,949</u>	<u>334</u>	<u>(8)</u>	<u>326</u>	<u>\$6,275</u>

(In Thousands)
December 31, 1994

	<u>Cost</u>	<u>Gross Unrealized Gains</u>	<u>Gross Unrealized Losses</u>	<u>Net Unrealized Losses</u>	<u>Approximate Market Value</u>
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>

SECTION IV
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 financial position of the Inter-American Defense Board (the Board) as of December 31, 1995 and 1994, and the related statements of activities 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, 1995 and 1994, and the results of its operations and its cash flows for the years then ended in conformity with generally accepted accounting principles.



April 12, 1996

ORGANIZATION OF AMERICAN STATES
INTER-AMERICAN DEFENSE BOARD
STATEMENTS OF FINANCIAL POSITION

	December 31,	
	1995	1994
<u>ASSETS</u>		
Current assets:		
Cash and cash equivalents	\$ 137,138	\$ 179,473
Prepaid expenses and other assets	102,082	89,149
Total current assets	239,220	268,622
Property and equipment, at cost:		
Furniture and equipment	625,182	579,115
Less accumulated depreciation	508,728	475,068
	116,454	104,047
Total assets	\$ 355,674	\$ 372,669
<u>LIABILITIES AND NET ASSETS</u>		
Current liabilities:		
Accounts payable	\$ 6,376	\$ 93,233
Funding received in advance (Note 4)	-	162,500
Accrued leave (Note 2)	195,118	185,725
Total current liabilities	201,494	441,458
Unrestricted net assets	154,180	(68,789)
Total liabilities and net assets	\$ 355,674	\$ 372,669

See accompanying notes

ORGANIZATION OF AMERICAN STATES

**INTER-AMERICAN DEFENSE BOARD
STATEMENTS OF ACTIVITIES**

	Year ended December 31,	
	1995	1994
Revenue:		
Funding received from the Organization of American States (Note 4)	\$ 2,392,100	\$ 2,134,900
Interest and other income	32,248	36,160
Total revenue	2,424,348	2,171,060
Expenses:		
Personnel	1,693,338	1,499,045
Building and maintenance	77,287	69,989
Equipment and supplies	118,538	146,446
Other general and administrative costs	103,075	107,484
Travel	43,770	38,258
Depreciation	41,050	106,417
Documents	28,059	35,436
Contracts	96,262	73,629
Total expenses	2,201,379	2,076,704
Change in net assets	222,969	94,356
Unrestricted net assets, beginning of year	(68,789)	(163,145)
Unrestricted net assets, end of year	\$ 154,180	\$ (68,789)

See accompanying notes

ORGANIZATION OF AMERICAN STATES

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

	Year ended December 31,	
	1995	1994
Operating activities		
Change in net assets	\$ 222,969	\$ 94,356
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	41,050	106,417
Changes in operating assets and liabilities:		
Prepaid expenses and other assets	(12,933)	(47,431)
Accounts payable	(86,857)	(1,016)
Accrued leave	9,393	23,449
Net cash provided by (used in) operating activities	173,622	175,775
Investing activities		
Purchase of property and equipment	(53,457)	(46,782)
Net cash used in investing activities	(53,457)	(46,782)
Financing activities		
Repayments of funding received in advance	(162,500)	(162,500)
Net cash used in financing activities	(162,500)	(162,500)
Net decrease in cash and cash equivalents	(42,335)	(33,507)
Cash and cash equivalents at beginning of year	179,473	212,980
Cash and cash equivalents at end of year	\$ 137,138	\$ 179,473

See accompanying notes

ORGANIZATION OF AMERICAN STATES

INTER-AMERICAN DEFENSE BOARD NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 1995 AND 1994

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.

Adoption of Statement of Financial Accounting Standards No. 116 and 117 - In 1995, the IADB adopted the provisions of Statement of Financial Accounting Standards No. 116, "Accounting for Contributions Received and Contributions Made" (FAS 116), and Statement of Financial Accounting Standards No. 117, "Financial Statements of Not-For-Profit Organizations" (FAS 117). FAS 116 established criteria to use in determining whether donated or contributed facilities and services should be recorded in the financial records. FAS 117 established broad standards for general purpose external financial statements of not-for-profit organizations. The adoptions changed certain presentation formats and disclosures in these financial statements. However, there has been no change in the reported financial condition or results of operations as a result of adopting FAS 116 and 117.

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 assets. The useful life of furniture and printing equipment is estimated at ten years, and the estimated life of other equipment 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 in 1994 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 1995 for these benefits amounted to approximately \$5,500. There were no such payments made during 1994.

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 contributory 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 approximated \$213,000 and \$209,000 in 1995 and 1994, 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 increased from \$2,134,900 in 1994 to \$2,392,100 in 1995. The OAS has currently appropriated \$2,151,200 for 1996. 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 a 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 V
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, 1995 and 1993, and the related statements of activity and changes in fund balance for the biennium ended December 31, 1995 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, 1995 and 1993, and its activity and its changes in fund balance for the biennium ended December 31, 1995, 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 12, 1996



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

<u>ASSETS</u>	December 31	
	1995	1993
Equity in OAS Treasury Fund	\$ 2,725,404	\$ 3,303,141
Other assets	39,022	48,357
	2,764,426	3,351,498
<u>LIABILITIES AND FUND BALANCE</u>		
Unliquidated obligations	1,076,769	1,135,192
Accounts payable	69,380	85,347
Fund balance	1,618,277	2,130,959
	\$ 2,764,426	\$ 3,351,498

See accompanying notes

ORGANIZATION OF AMERICAN STATES
INTERNATIONAL COMMISSION OF SUPPORT AND VERIFICATION II

STATEMENTS OF ACTIVITY AND CHANGES IN FUND BALANCE
FROM INCEPTION (JULY 1, 1993) TO DECEMBER 31, 1995

	Biennium ended Dec. 31, 1995	July 1, 1993 (Inception) to Dec. 31, 1993	TOTAL
Increases			
Contributions			
United States - State Department	\$ 6,350,000	\$ 5,000,000	\$ 11,350,000
European Economic Community (EEC)	989,504	-	989,504
	<u>7,339,504</u>	<u>5,000,000</u>	<u>12,339,504</u>
Decreases			
Obligations and Expenditures			
Operational Costs	1,719,582	691,163	2,410,745
Programming, Following & Verification	3,349,085	1,661,469	5,010,554
Tri-partisan Commission	227,858	87,498	315,356
Institutional Support	1,685,477	391,890	2,077,367
EEC - New Segovia	857,363	-	857,363
England - Purified water project	1,178	-	1,178
Germany Microprojects	11,596	-	11,596
	<u>7,852,139</u>	<u>2,832,020</u>	<u>10,684,159</u>
Transfers			
Transfer from(to) CIAV I - U.S.	53	63,412	63,465
Transfer from(to) CIAV I - Others	(62)	(100,433)	(100,495)
Return to Donor - Germany	(38)	-	(38)
	<u>(47)</u>	<u>(37,021)</u>	<u>(37,068)</u>
Fund balance at beginning of period	<u>2,130,959</u>	<u>-</u>	<u>-</u>
Fund balance at end of period	<u>\$ 1,618,277</u>	<u>\$ 2,130,959</u>	<u>\$ 1,618,277</u>

See accompanying notes

ORGANIZATION OF AMERICAN STATES

INTERNATIONAL COMMISSION OF SUPPORT AND VERIFICATION II NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 1995 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, 1995. 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 \$11,350,000 from the inception to December 31, 1995. In addition CIAV/OAS received \$989,504 from the European Community Commission.

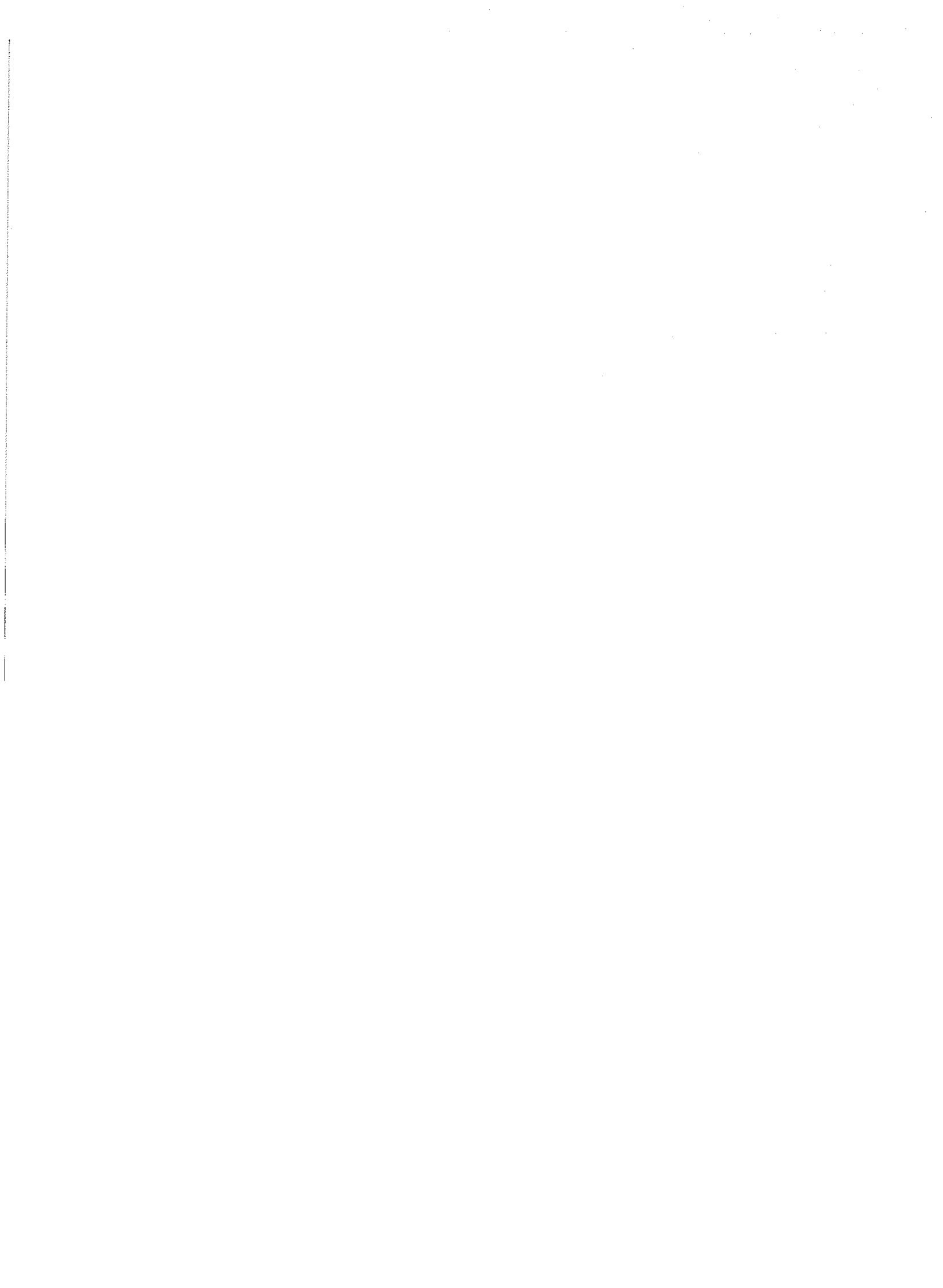
5. Status of the Commission

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 VI
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

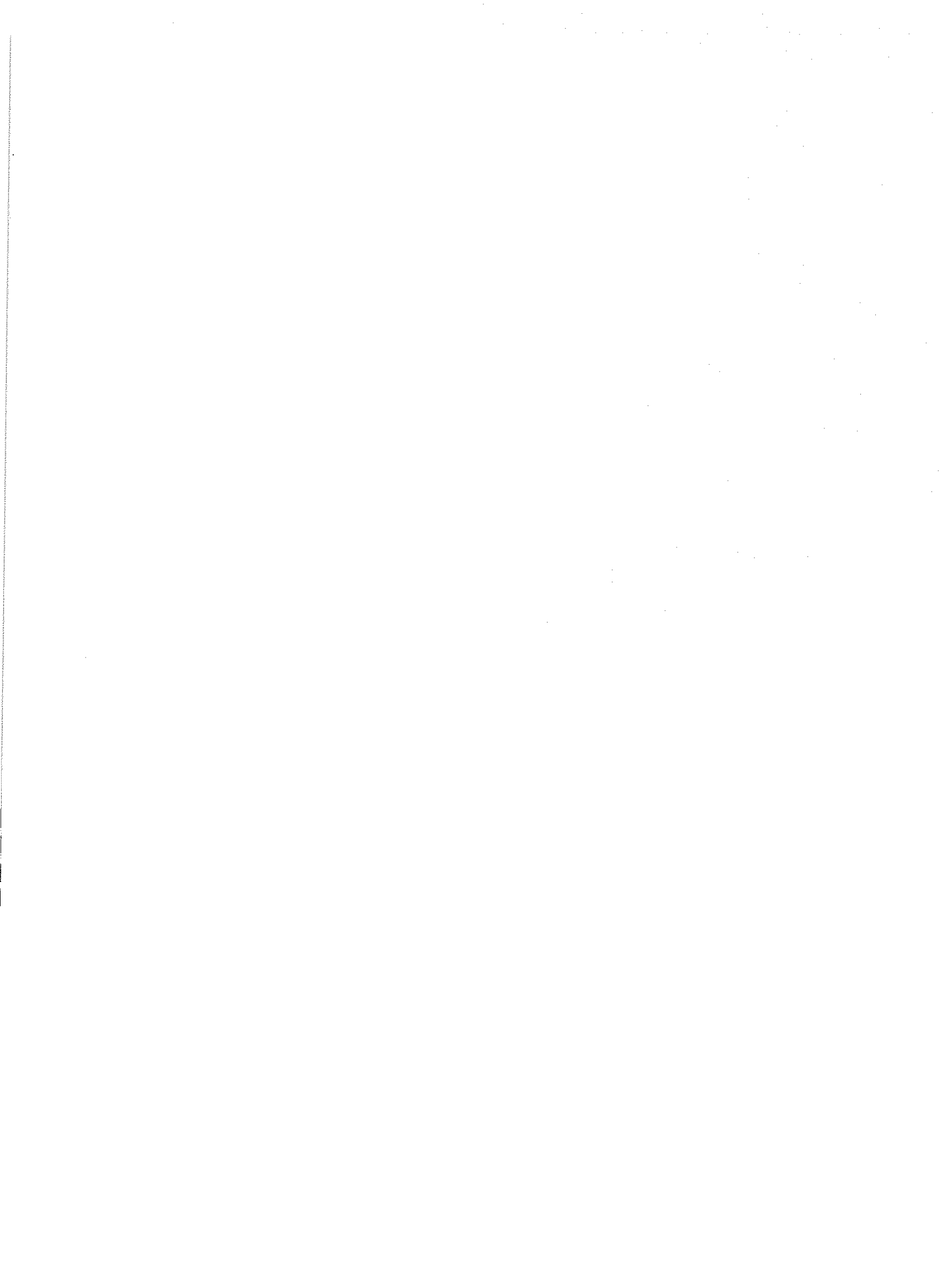
We have audited the accompanying combined statement of assets, liabilities and fund balance of the activities of the Unit for the Promotion of Democracy of the Organization of American States (the Unit) as of December 31, 1995, and the related combined statement of activity and changes in fund balance for the biennium 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.

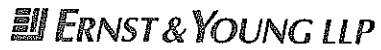
We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting 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, 1995, and the activity and changes in fund balance for the biennium then ended on the basis of accounting described in Note 2.

Our audit has been made primarily for the purpose of expressing an opinion on the basic financial statements mentioned above for the Unit taken as a whole. The accompanying supplementary information in Schedule 1 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Schedule 1 has been subjected to the procedures applied in the audit 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.





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.

Ernst + Young LLP

April 12, 1996

**ORGANIZATION OF AMERICAN STATES
OAS / DEMOC**

**COMBINING STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCE
DECEMBER 31, 1995**

		PROMOTION DEMOCRACY AND PEACE SURINAME	INTERNAT. CIVILIAN PRESENCE HAITI	ELECTORAL OBSERVATION / TECH. ASSISTANCE PERU	ELECTORAL OBSERVATION / TECH. ASSISTANCE GUATEMALA	OTHER DEMOCRATIC INITIATIVES	MINE CLEARING CENTRAL AMERICA	ELECTORAL OBSERVATION EL SALVADOR	MINE CLEARING CENTRAL AMERICA	ELECTORAL OBSERVATION EL SALVADOR	COMBINED
Equity in OAS Treasury Fund	\$	125,776	8,699,982	115,269	281,026	1,588,752	170,678		170,678		\$ 10,981,483
Other assets	\$	<u>125,776</u>	<u>8,792,848</u>	<u>114,832</u>	<u>281,026</u>	<u>1,595,674</u>	<u>170,678</u>	-	<u>170,678</u>	-	<u>\$ 11,080,834</u>
ASSETS											
Unliquidated obligations	\$	49,673	1,086,406	26,722	80,353	22,459	133,446		133,446		\$ 1,399,059
Accounts payable			51,798	44,225		2,777	325,700		325,700		424,500
Fund balance		76,103	7,654,644	43,885	200,673	1,570,438	(288,468)		(288,468)		9,257,275
	\$	<u>125,776</u>	<u>8,792,848</u>	<u>114,832</u>	<u>281,026</u>	<u>1,595,674</u>	<u>170,678</u>	-	<u>170,678</u>	-	<u>\$ 11,080,834</u>
LIABILITIES AND FUND BALANCE											

**ORGANIZATION OF AMERICAN STATES
OAS / DEMOC**

**COMBINING STATEMENT OF ACTIVITY AND CHANGES IN FUND BALANCE
FOR THE BIENNIUM ENDED DECEMBER 31, 1995**

	PROMOTION DEMOCRACY AND PEACE SURINAME	INTERNAT. CIVILIAN PRESENCE		ELECTORAL OBSERVATION / TECH. ASSISTANCE		ELECTORAL OBSERVATION / TECH. ASSISTANCE		OTHER DEMOCRATIC INITIATIVES		MINE CLEARING CENTRAL AMERICA		ELECTORAL OBSERVATION EL SALVADOR		COMBINED
		HAITI	PERU	GUATEMALA	GUATEMALA	DEMOCRATIC INITIATIVES	CLEARING CENTRAL AMERICA	EL SALVADOR						
Increases														
Contributions														
Australia		\$ 72,297						\$ 30,782						\$ 3,579
Canada								29,490						103,079
Germany														29,490
Guatemala				\$ 59,396				15,000						59,396
IADB										20,000				35,000
Japan				100,000										100,000
Netherlands	\$ 247,331													247,331
Norway				7,500										7,500
Panama			44,400											44,400
Russia				1,500										1,500
Sweden								49,985						49,985
United States		13,000,000	\$ 1,010,000	559,123				1,365,877		345,000				16,280,000
Uruguay								5,000						5,000
Venezuela			83,468											83,468
European Econ. Community								65,833						65,833
OAS Treasury Fund income		13,200,165		727,519				19,505		4,063				23,568
		<u>247,331</u>	<u>13,200,165</u>	<u>727,519</u>	<u>1,010,000</u>	<u>727,519</u>	<u>1,581,472</u>	<u>1,581,472</u>	<u>372,642</u>	<u>372,642</u>	<u>-</u>	<u>1,190,794</u>	<u>1,190,794</u>	<u>17,139,129</u>
Decreases														
Refund to United States														
Obligations and Expenditures														
Travel	63,857	1,712,440		72,893				181,169		47,539				3,036,215
Equipment	36,091	1,160,950		81,846				25,362		46,757				1,521,067
Maintenance and Supplies	9,613	32,970		10,097				36,412		3,594				144,126
Contracts	108,624	8,700,660		338,263				124,626		140,055				9,779,895
Other	16,033	1,224,205		23,747				17,987		67,448				1,352,616
	<u>234,218</u>	<u>12,831,225</u>		<u>526,846</u>			<u>385,556</u>	<u>385,556</u>	<u>305,393</u>	<u>305,393</u>	<u>(6,653)</u>	<u>1,184,141</u>	<u>1,184,141</u>	<u>17,024,713</u>
Fund balance beginning of period	62,990	7,285,704		591,219				374,522		(355,717)				9,142,859
Net change during period	13,113	368,940		(547,334)				1,195,916		67,249				114,416
Fund balance end of period	<u>\$ 76,103</u>	<u>\$ 7,654,644</u>		<u>\$ 43,885</u>			<u>\$ 1,570,438</u>	<u>\$ 1,570,438</u>	<u>\$ (288,468)</u>	<u>\$ (288,468)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>\$ 9,257,275</u>

See accompanying notes

SUPPLEMENTARY INFORMATION

**ORGANIZATION OF AMERICAN STATES
OAS / DEMOC**

**COMBINING STATEMENT OF ACTIVITY AND CHANGES IN FUND BALANCE
FROM INCEPTION TO DECEMBER 31, 1995**

	PROMOTION DEMOCRACY AND PEACE SURINAME (Jul. 20, 1992)	INTERNATIONAL CIVILIAN PRESENCE HAITI (Oct. 2, 1991)	ELECTORAL OBSERVATION / TECH. ASSISTANCE PERU (May 18, 1992)	ELECTORAL OBSERVATION / TECH. ASSISTANCE GUATEMALA (Sep. 14, 1995)	OTHER DEMOCRATIC INITIATIVES	MINE CLEARING CENTRAL AMERICA (Jun. 15, 1992)	ELECTORAL OBSERVATION PARAGUAY (Oct. 4, 1991)	ELECTORAL OBSERVATION EL SALVADOR (Jan. 11, 1991)	COMBINED
Increases									
Contributions									
Argentina			\$ 20,000			\$ 100,000			\$ 120,000
Australia		5,000				3,579			3,579
Bolivia		50,000							5,000
Brazil		1,072,297			\$ 570,085				50,000
Canada		20,000			5,000				1,642,382
Chile		25,000							25,000
Colombia		1,000							25,000
Dominica			100,207						1,000
E.E.C.		353,982				18,182			100,207
France		130,000			172,332	62,000			372,164
Germany				\$ 59,396			20,000		394,332
Guatemala					15,000				59,396
IADB						20,000			35,000
Italy		91,875				78,046			169,921
Japan		105,661	1,000,000						1,100,000
Netherlands	\$ 620,979								726,640
Norway		45,400	7,500						7,500
Panama			1,500						45,400
Russia									1,500
Spain		3,000				50,000			50,000
St. Kitts and Nevis					49,985				3,000
Sweden		29,000,000	4,510,000		1,815,877	1,100,000	110,000	\$ 2,000,000	148,732
United States				559,123	5,000				39,095,000
Uruguay									5,000
Venezuela	5,000	83,469							88,469
Transfers		56,702	14,410		65,833				(12,542)
European Econ. Community		31,043,386	5,644,617		35,612	4,063			66,833
OAS Treasury Fund income				727,519	2,734,724	1,534,617	117,458	110,988	221,775
	<u>625,979</u>	<u>31,043,386</u>	<u>5,644,617</u>	<u>727,519</u>	<u>2,734,724</u>	<u>1,534,617</u>	<u>117,458</u>	<u>2,110,988</u>	<u>44,539,288</u>
Decreases									
Refund to United States								1,190,794	1,190,794
Obligations and Expenditures									
Travel	220,069	3,050,026	3,002,584	72,893	671,374	830,600	69,923	584,020	8,501,489
Equipment	97,435	2,380,845	558,445	81,846	85,795	565,362	26,108	147,968	3,944,404
Maintenance and Supplies	9,613	32,970	51,440	10,097	36,412	3,594			144,126
Contracts	170,784	14,461,717	657,366	338,263	252,634	182,605	10,063	44,352	16,117,784
Other	51,975	3,463,184	1,330,897	23,747	118,071	240,324	11,364	143,854	5,363,416
	<u>549,876</u>	<u>23,388,742</u>	<u>5,600,732</u>	<u>526,846</u>	<u>1,164,286</u>	<u>1,823,085</u>	<u>117,458</u>	<u>2,110,988</u>	<u>35,282,013</u>
Net change during period	<u>76,103</u>	<u>7,654,644</u>	<u>43,885</u>	<u>200,673</u>	<u>1,570,438</u>	<u>(288,468)</u>	<u>-</u>	<u>-</u>	<u>9,257,275</u>
Fund balance end of period	<u>\$ 76,103</u>	<u>\$ 7,654,644</u>	<u>\$ 43,885</u>	<u>\$ 200,673</u>	<u>\$ 1,570,438</u>	<u>\$ (288,468)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,257,275</u>

See accompanying notes

ORGANIZATION OF AMERICAN STATES

UNIT FOR THE PROMOTION OF DEMOCRACY NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 1995

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, 1995. 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 \$30,986,684 was received from inception until December 31, 1995. 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. Total contributions to the mission since inception are \$5,630,207, out of which the United States contributed \$4,510,000; Japan \$1,000,000; E.E.C. \$100,207 and Argentina \$20,000.

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. Upon completion of the initial phase, the agreement was extended for another two years. The scope of the project was expanded to include a number of activities all related to promotion of peace and strengthening of democracy.

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 Honduras, Venezuela, Dominican Republic and Panama. Among the largest contributors was the United States Government who contributed a total of \$2,000,000 for the year ending December 31, 1995. Certain of these contributions are restricted as to their use.

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.

GUATEMALA

Pursuant to the request of the Government of Guatemala, on October 19, 1995 the General Secretariat agreed to send a Mission to Guatemala in order to witness the two rounds of the electoral process to culminate in general elections on January 1996. In addition, the Unit for the Promotion of Democracy agreed with the Government of Guatemala to start a pilot project in Conflict Resolution in Guatemala, which encompasses prevention and resolution of community conflicts. Member and non-Member contributions to missions totaled \$727,519 from inception to date.

5. 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.

SECTION VII
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, 1995, the committee was composed of:

Chairman:	Ambassador Lawrence Chewing Fabrega, representing the Permanent Council
Vice Chairman:	Ms. Joan E. Segerson, representing the Permanent Council
Member:	Mr. Jose Luis Restrepo, representing the Secretary General
Alternate:	Mr. Raul Sanguinetti, representing the Secretary General
Member:	Mr. Alfonso Munévar, representing the participants in the Plan
Alternate:	Mr. Juan Carlos Jordán, 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, 1995 and 1994 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, 1995 and 1994, 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, information regarding the Fund's net assets available for participant benefits at December 31, 1995, and the changes therein for the year then ended, and the financial status of the Fund at December 31, 1994, and the changes therein for the year then ended, in conformity with generally accepted accounting principles.



April 17, 1996

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

	December 31,	
	<u>1995</u>	<u>1994</u>
ASSETS		
Investments, at market		
Short Term Investments	\$ 4,880,220	\$ 10,161,224
U.S. Govt. And Agency Issues	76,798,754	54,905,974
Corporate Bonds	35,236,310	36,148,526
Municipal Bonds	881,371	855,596
Miscellaneous Bonds	6,912,209	8,309,636
Preferred Stock	5,808	-
Common Stock	194,380,892	147,797,795
	<u>319,095,564</u>	<u>258,178,751</u>
Equity in OAS Treasury Fund	200,452	2,574,476
Money Market Account	6,950,302	-
Receivable from OAS	985,215	-
Receivables, principally accrued dividends and interest	1,987,638	2,071,338
	<u>\$ 329,219,171</u>	<u>\$ 262,824,565</u>
LIABILITIES		
Participant accounts pending liquidation	5,912,987	1,669,496
Provident Plan participant accounts	1,823,270	1,122,214
Miscellaneous payables	283,528	130,421
	<u>8,019,785</u>	<u>2,922,131</u>
Net assets available for participant benefits	<u>\$ 321,199,386</u>	<u>\$ 259,902,434</u>

See accompanying notes

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

	<u>Year ended December 31,</u>	
	<u>1995</u>	<u>1994</u>
Investment income		
Net unrealized appreciation (depreciation) in value of investments	\$ 41,156,779	\$ (17,467,262)
Net realized gains on sale of investments	13,187,978	7,885,760
Interest	9,048,469	8,108,394
Dividends	3,613,931	3,237,480
	<u>67,007,157</u>	<u>1,764,372</u>
Less investment expenses	494,393	418,871
	<u>66,512,764</u>	<u>1,345,501</u>
Contributions		
Institutions	8,199,673	7,828,394
Participants	4,123,069	4,354,936
	<u>12,322,742</u>	<u>12,183,330</u>
Increase	<u>78,835,506</u>	<u>13,528,831</u>
Payments to pensioners	2,141,395	1,983,314
Liquidations paid to participants (or their beneficiaries)	14,703,804	13,806,171
Interest credited to Provident Plan accounts	173,397	42,035
	<u>17,018,596</u>	<u>15,831,520</u>
Administrative expenses	519,958	413,594
Decrease	<u>17,538,554</u>	<u>16,245,114</u>
Net increase (decrease)	61,296,952	(2,716,283)
Net assets available for participant benefits:		
Beginning of year	259,902,434	262,618,717
End of year	<u>\$ 321,199,386</u>	<u>\$ 259,902,434</u>

See accompanying notes

ORGANIZATION OF AMERICAN STATES

RETIREMENT AND PENSION FUND NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 1995 AND 1994

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 4.5% and 19.77% in 1994 and 1995, respectively. Participants accumulated contributions were \$68,800,000 and \$82,500,000 at December 31, 1994 and 1995, 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 Money Market account with Merrill Lynch and 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 \$25,133,577, 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 1995					
FINANCIAL CATEGORIES	SHORT TERM	FIXED TERM	DOMESTIC EQUITIES	INTL. EQUITY	TOTAL
SHORT TERM INVESTMENTS	\$ 843,900	\$ 3,773,343	\$ 262,977		\$ 4,880,220
U.S.GOVERNMENT AND AGENCY ISSUES	20,617,583	56,181,171			76,798,754
CORPORATE BONDS	15,664,284	19,572,026			35,236,310
MUNICIPAL BONDS		881,371			881,371
MISCELLANEOUS BONDS		6,912,209			6,912,209
PREFERRED STOCK			5,808		5,808
COMMON STOCK			147,796,370	\$46,584,522	194,380,892
TOTAL	\$37,125,767	\$87,320,120	\$148,065,155	\$46,584,522	\$319,095,564

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, 1994 and 1995, are as follows:

	DECEMBER 31, 1994		
	Net 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 stocks	(432,333)	(449,012)	(881,345)
	\$(8,893,627)	\$(687,875)	\$(9,581,502)

**DECEMBER 31, 1995
Net Appreciation**

	Quoted Price on Active Market	Otherwise Determined	Total
United States Government and Agency Obligations	\$ 6,573,955	--	\$ 6,573,955
Corporate bonds	2,805,690	\$ 110,986	2,916,676
Municipal bonds	72,109	--	72,109
Miscellaneous bonds	898,802	31,451	930,253
Common Stock	42,573,014	1,278,749	43,851,763
	\$52,923,570	\$ 1,421,186	\$54,344,756

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, 1993, 1994 and 1995 are shown in the following table:

	DECEMBER 31		
	1993	1994	1995
	(US \$1,000)		
ACTUARIAL PRESENT VALUE OF ACCUMULATED PLAN BENEFITS			
Vested Benefits			
Participants	\$161,130	\$146,212	\$162,148
Pensioners	<u>29,556</u>	<u>33,465</u>	<u>33,677</u>
Total vested benefits	190,686	179,677	195,825
Non vested benefits	<u>3,928</u>	<u>15,271</u>	<u>16,942</u>
Total actuarial present value of accumulated plan benefits	<u>\$ 194,614</u>	<u>\$ 194,948</u>	<u>\$ 212,767</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, 1994 and December 31, 1995:

	YEARS ENDED DECEMBER 31	
	1994	1995
	(US \$1,000)	
Total actuarial present value of accumulated Plan benefits at beginning of the year	\$ 194,614	\$ 194,948
Increase (decrease) attributable to:		
Interest earned on accumulated Plan benefits	17,515	16,571
Benefits paid	(15,789)	(16,512)
Benefits accumulated	2,579	17,760
Assumption changes	<u>(3,971)</u>	<u>-</u>
Total actuarial present value of Accumulated Plan benefits at end of the year	<u>\$ 194,948</u>	<u>\$ 212,767</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.

9. Money Market Account

In January 1995, the Retirement and Pension Committee authorized the establishment of a system to maintain and monitor contributions and pension expenses independent from the OAS. In May 1995, the Retirement and Pension Fund opened an operational Money Market account with Merrill Lynch from which liquidation and annuitant payments are made. This account is considered to be part of the investment portfolio maintained by the Fund and is included as part of cash and cash equivalents when calculating the investment allocation in accordance with the investment policy guidelines established by the Retirement and Pension Committee.

