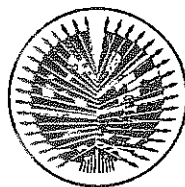


ORGANIZATION OF AMERICAN STATES



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March 27, 1998
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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, 1997**

By the
Board of External Auditors

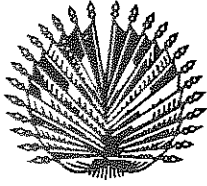
GENERAL SECRETARIAT
ORGANIZATION OF AMERICAN STATES
WASHINGTON, D.C. 20006
1998

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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

March 27, 1998

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 117 of the General Standards to govern the operations of the General Secretariat. Our report covers the biennium ended December 31, 1997, 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 Multilateral Fund of the Inter-American Council of Integral Development (FEMCIDI) (established April 1997)
 - Temporary Special Multilateral Fund (FET) (terminated April 1997)
- 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); and
- Audit of the accounts and financial statements of the Unit for the Promotion of Democracy (OAS/Democ).

The Board's annual report is based primarily on the audit conducted by Ernst & Young, which was performed in accordance with generally accepted auditing standards. The Board reviewed and discussed the audit work and related workpapers with representatives from the firm. In preparing its report, the Board has also considered the reports of the organization'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, 1997, on a comparative basis with the previous biennium. (See Note 3 to the financial statements). 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, 1997, is unqualified.

Based on the opinions rendered by Ernst & Young on funds audited, the Board certifies in accordance with Article 119 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.

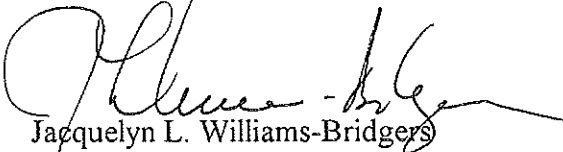
In May 1997, the Permanent Council adopted CP/RES. 703 (1122/97) which revised Article 108, renumbered it as Article 124, and provided that:

"The Board shall submit its report to the Permanent Council within the first four months of the year. The report shall include the preliminary comments of the General Secretariat. Additional formal comments on the plans for adopting measures relating to the recommendations of the report shall be furnished by the General Secretariat and the Office of the Inspector General. The Permanent Council shall make such observations and recommendations as it sees fit. The Report shall be submitted to the next regular session of the General Assembly, together with the observations from the Permanent Council, the General Secretariat and the Office of the Inspector General".

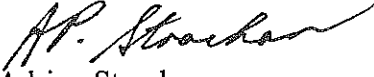
This report is submitted in accordance with Article 124 with one exception. Due to circumstances beyond the control of the Board, the report does not include the financial statements and opinion for the Pension and Retirement Fund because the financial information was not available for review within the necessary timeframes. The Board spoke with an Ernst & Young representative and a representative from the Pension Fund in order to establish reasonable timeframes for each group. We believe that the agreement reached will lead to timely preparation of financial statements and will allow these financial statements to be included in next year's Board report. The Board members will continue to review E&Y's and OAS' efforts in this area in future years.

As of December 31, 1997, the Regular Fund had a positive fund balance of \$5.5 million which was an increase of approximately \$2.8 million from the December 31, 1996, balance of about \$2.7 million. Quota collections in the Regular Fund during 1997 totaled approximately \$75 million (with 85% of the current year assessment and 30% of prior years' arrearages collected). Uncollected quota balances at December 31, 1997, totaled \$40.7 million, as compared to \$42.2 million at December 31, 1996.

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.



Jacquelyn L. Williams-Bridgers
Chairman



Adrian Strachan
Member



Jose Tomas Espinoza Norambuena
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) action on prior issues, and (3) new issues. Six issues discussed in last year's report related to the General Secretariat continue to be of concern to the Board members.

ISSUES OF CONTINUING CONCERN

Management Information Systems

The Department of Management Systems and Information Technology (DMSIT) is in the process of implementing corrective measures to enhance the overall control structure of the Organization's information systems environment. The Board members have identified the MIS system as one of the most vital issues facing OAS at this time and feels that much attention and effort needs to be focused on this area in the next year, especially considering the unavoidable Year 2000 deadline. The Board would like to stress the need for adequate funding for this program on a timely basis. Also, the Board would like to ensure that an adequate training program be developed for the users of the new system.

During its audit, Ernst and Young, LLP (E&Y) noted additional control issues that warrant management's consideration:

Physical Access - The data center contains a high volume of sensitive information located on small data cartridges, which could easily be removed from the premises. Accidental disruption to operations can result through inadvertent or intentional mishandling of computer equipment located within the computer room. Efficiency could be compromised if an excessive number of individuals have access to the computer room. OAS management has significantly improved the physical security over the computer room; however, the Board feels there is a need for continued vigilance in this area and recommends that the list of individuals with access to the data center be reviewed on a monthly basis and that those persons who no longer require "routine" or

"daily" access be deleted from the card key system.

Program Change Controls - OAS has established policies and procedures for system development and maintenance. The policies cover requirements definition, programming standards, and documentation standards. However, there are no policies regarding testing to be performed as part of the program development and change process. The lack of guidance could compromise the quality of newly developed or changed programs. The Board recommends that procedures regarding program testing be formalized and communicated to all personnel involved in the system development and change process.

Also, there is no formal coordination between the users and MIS management prior to migration of new or changed programs to production. Without formal coordination, the Organization can not ensure that only authorized, tested, and approved changes are being migrated to production. The Board recommends that all changes, independent of their nature, be initiated by a formal change request form and that all changes be coordinated with the users before they are moved to production.

Disaster Recovery Planning - The OAS contingency plan is out of date and needs to be revised to reflect the current systems environment so that all critical OAS business processes could be recovered in a timely manner.

Additionally, the Organization needs to develop a manual on non-automated user procedures that will be deployed by departmental business users in the event of computing systems unavailability. Since OAS is in the process of developing the new MIS program, the Board believes that it is worth the risk to wait until the new system is implemented before a disaster recovery plan is developed. However, the Board wants to stress they believe that this is an important issue and a plan should be developed immediately after the system is implemented.

PC User Guidelines - The use of personal computers (PCs) within the organization becomes more important as more functions are migrated from the Mainframe environment to the PC LAN. With the exception of some memoranda which have been distributed, there are no user guidelines for the use of PCs. We recommend that management develop, distribute, and monitor compliance with user guidelines, outlining the basic rules to be observed by the users. These guidelines could increase user awareness in relevant areas such as password security, data backup, use of private software, use of the Internet, and email. Again, the Board would like to point out that since OAS is in the process of developing the new MIS program, the Board believes that OAS should wait and develop the PC user guidelines concurrently with the development of the new MIS program.

Local Area Network (LAN) - In the past, each Department within the OAS has been able to purchase and install software on its PCs without consulting the MIS department. This practice can lead to instances where installed software does not comply with OAS strategies and policies as well as problems with license agreements. Furthermore, because MIS would not have knowledge of the end user applications, the applications might not be included in the Year 2000 readiness assessment.

At the 1996 General Assembly, the Member States resolved to centralize all software purchasing responsibility under the control of DMSIT. The Board is pleased with the concern of the General Assembly and believes this will improve the situation. However, the Board is providing additional recommendations that we believe will strengthen this area even more. The Board believes that additional control will be realized with the distribution of the above mentioned PC user guidelines. In addition, the Board recommends that a centralized policy regarding use and installation of software be formulated and communicated to all users. To further increase user awareness we recommend having the user sign a declaration of compliance on an annual basis.

Control Environment

Over the past few years, several of the management area offices of the General Secretariat have experienced personnel reductions and as a result, operate with minimal staff levels. During 1996, further personnel reductions were experienced, particularly within the Department of Financial Services. The Board members understand that downsizing is a necessity for the Organization. However, the Board members feel it is important to ensure that adequate staffing is maintained in the most critical functions and the most vulnerable areas of the Organization, such as in the areas of the DMSIT and the Department of Financial Services. We are pleased that OAS undertook a review of the Department of Financial Services during 1997; however, the Board reiterates its prior recommendation that OAS management review the staffing of additional areas within the Organization. OAS management would, of course, identify the scope of this review and determine how the review would be conducted. While performing the staff review, the changes envisioned by the MIS system should be taken into account.

In 1997, the Department of Financial Services faced other significant and unique challenges. In addition to planning to reengineer its accounting and reporting functions to offset human resource constraints, Financial Services implemented a new general ledger structure in order to account for the activities of CIDI. Concurrently, Financial Services personnel were heavily involved in the initial planning phase of the Information Systems Modernization Plan of the Organization.

Financial Services outsourced certain of its functions, the most significant of which was the recording of transactions of the offices away from Headquarters and the bank account reconciliation procedures for the OAS' main operating account at Headquarters. E&Y believes that the approach taken by management to address its resource constraints was prudent. In fact, E&Y noted an improvement in the timeliness of recording National Office transactions and approving bank reconciliations for these offices during 1997. The Board supports efforts to retrain employees across

functional areas since such training increases the employees' knowledge of the transactions processed through Financial Services and enhances their understanding of the impact of their functions on the Organization as a whole.

E&Y stressed that until employees and contractors become completely familiar with their new responsibilities, review functions need to be strengthened so as to ensure that transactions are being appropriately recorded. The Board believes that due diligence must continue to be given by the Department of Financial Services. Although E&Y did not identify any material internal control weaknesses; they did note the following areas which could be improved.

Bank Reconciliations - E&Y found that bank reconciliations for the main operating account at Headquarters were not consistently being performed on a timely basis. This lack of timeliness appeared to have been a direct result of the competing demands placed upon Financial Services personnel. Financial Services attempted to address this issue by outsourcing the reconciliation of the operating bank account. Review and approval of the reconciliations and any required adjustments remained the responsibility of appropriate Financial Services personnel.

The bank reconciliations were effective in identifying reconciling items; however, as E&Y observed in prior years, these reconciliations are excessively complex. This factor, coupled with the outsourcing firm's relative unfamiliarity with the OAS' accounting processes and the volume of transactions processed through this account, make it particularly important that the reviewers of these reconciliations remain at all times aware of all significant reconciling items identified, particularly when such items require adjustments to the accounting records. Adequate review and approval of the reconciliations and any required adjustments is an essential component of the controls to ensure that cash receipts and disbursements of the OAS are authorized and recorded in the appropriate amounts. E&Y noted no instances in which improper adjustments had

been made to the cash accounts as a result of the reconciliation procedures; however, E&Y believes that the complexity of this control procedure can be reduced.

The Cashiers Division within the Department of Financial Services monitors the operating account activity on a daily basis. Accordingly, they are aware in a timely manner of transactions, which may require adjustments. Recording these transactions by the Accounting Division when they are identified would limit the number of reconciling items generated at month-end, reduce the volume of adjustments, and ensure that transactions are recorded in a timely manner. The Board recommends that the Accounting and Cashiers Divisions coordinate efforts with respect to the monitoring and recording of operating account activity, while maintaining the appropriate segregation of duties, in order to enhance the timeliness of recording of transactions and efficiency of the bank reconciliation process.

Adequate Review of Transactions - During E&Y's testing of the operating account bank reconciliations, E&Y noted errors in checks issued to retirees of the OAS for reimbursements of taxes. In particular, computer-generated checks had been issued which were not consistent in the amounts recorded in words and the amounts recorded in dollars on the face of the checks. This occurred because of the inability of the check writing program to recognize and print amounts in excess of five digits. These checks were manually signed by authorized parties, were issued and presented for payment. OAS canceled the checks and reissued them.

Although OAS did not suffer financial loss due to this error, the underlying risk and susceptibility to loss should not be overlooked. Adequate review of these checks prior to their issuance would have revealed these errors. E&Y did not identify other instances in which checks were improperly prepared. However, the Board would like to stress the need for proper review and approval of check issuance by all individuals with check signing authority. The Board suggests that the OAS consider requiring dual signatures on checks

issued at Headquarters which are in excess of a certain defined limit.

Maintenance of Documentation - E&Y was unable to obtain the supporting documentation for certain expenditures processed during the year, as these records could not be located. Although this was not identified as a widespread problem, the Board recommends that efforts be made to ensure that expenditure documentation is appropriately maintained for a reasonable period of time.

The Board recognizes that certain of the errors noted may have occurred as a result of the significant changes experienced by the Department of Financial Services during the year. Additional demands may be placed upon its personnel during the upcoming year as the implementation of the new Information Systems Modernization Program progresses. It is important therefore, that an adequate control environment is maintained during the implementation phase of the Information Systems Modernization Program. The Department of Financial Services should evaluate whether greater efficiencies can be achieved in the processing of transactions and/or consider the need for additional outsourcing of transactional responsibility to qualified firms during the implementation phase. OAS would need to consider the oversight requirements that additional outsourcing would create. Whatever strategy is developed, the Board can not stress enough that it must be executed without sacrificing the integrity of the control environment. Individuals with authority must ensure that important functions are adequately performed.

Review of Policies and Procedures

As in prior years, we determined that the Organization's overall policies and procedures governing daily operations of the General Secretariat were in need of being updated. This includes the Budgetary and Financial Rules of the OAS, the Field Financial Manual, as well as the departmental manuals which govern the day-to-day activities and operations of each Department. In conjunction with the current year audit, E&Y noted that the manuals outlining competitive bidding procedures also require revision.

The Board continues to recommend that the necessary resources be allocated to facilitate an Organization-wide review of the General Secretariat's policy and procedural guides. It is important that a consistent body of criteria which documents the existing rules and regulations of the Organization exists to ensure that employees and contractors of the OAS are aware of and comply with these procedures. OAS should consider initiating the review and revision concurrently with its implementation of updated automated systems or should ensure that this process is performed as soon as the implementation phase is completed. While the Board members recognize that such an undertaking is not feasible considering the current staffing levels of the General Secretariat, we believe a project of this nature could be accomplished by an outside contractor with limited supervision by the Subsecretariat for Management.

Fixed Assets

Headquarters' Assets - The Board is pleased with the improvements made in this area. However, we did identify a few areas of concern related to Headquarters Assets. During its review, E&Y noted that fixed assets purchased by OAS in December 1997 had not been recorded. Fixed assets are entered in the accounting system in batches of 200 items, and the minimum number of items was not received in December to be recorded. The total amount of fixed asset additions that were not recorded in the balance was \$151,759. The Board recommends that OAS procedures be changed so that the Master File is updated whenever a fixed asset is acquired which meets the capitalization threshold, regardless of the number of items.

Also, E&Y determined that OAS did not always record donated artwork immediately upon receipt, but instead waited until the Art Committee, which meets twice a year, approved its appropriateness for the Museum. OAS adjusted the balances accordingly for the financial statements. The Board recommends that OAS' procedures be changed so that a subsidiary ledger of artwork be updated when a donation of artwork is made to the Museum. Once the artwork is accepted, the

Master File should be updated. At the end of the year, the Master File should be updated, even if the Art Committee had not yet made a decision on the appropriateness of the donated artwork.

During 1995, the Office of the Inspector General conducted an audit of the Art Museum of the Americas during which it was noted that the Museum's listing of art works in its permanent collection needed to be updated. Also, it was found that although the Budgetary and Financial rules require independent appraisals, they have not been performed on a regular basis because of the cost. In 1996, OAS hired Christies Auction House to perform an appraisal of the Museum's artwork. Christies had not yet presented its report. Unfortunately, the funds obligated for the appraisal have lapsed. The Board recommends that OAS reobligate the amount for the appraisal. Also, OAS should ensure that the person responsible for the oversight of a contract understands their responsibilities related to obligated funds.

It has also come to the Board's attention that two related areas in the OAS's policies and procedures need review and possible revision. One requires the OAS to perform a full inventory of its fixed assets every two years. The other requires the OAS to perform regular independent appraisals of the Museum's artwork. The Board believes that OAS's management should review and revise these policies to ensure that they are as cost-beneficial as possible. For instance, an OAS representative indicated that it was impractical to perform a complete inventory every two years with the exception of items that are at greater risk for theft, such as laptop computers. With regards to the appraisal of the artwork, OAS officials have indicated that due to budget constraints, they will be unable to regularly appraise the artwork. Since the value of artwork does not fluctuate greatly over time, perhaps a greater length of time between appraisals would be appropriate, with an independent appraisal done for all newly donated artwork. The Board therefore recommends that the Budgetary and Financial Rules related to artwork and inventory requirements be reviewed and revised as appropriate.

National Office Assets - Beginning in 1995, the Department of Material Resources provided each National Office a list of fixed assets maintained away from Headquarters in order to perform a physical inventory and update the list. Only a small number of National Offices had returned the fixed asset listing. At the end of 1996, another fixed asset listing was sent to each National Office for verification. According to OAS management, more than 30 National Offices responded to the request for information. We are pleased with the progress that has been made in this area; however, the Organization should continue its efforts in this area particularly with regard to those National Offices which have not yet responded in order to maintain continued communications with the National Offices. The Department should also consider the establishment of policies which foster compliance with its physical inventory requests.

Project Assets - E&Y noted that the OAS had not yet established a formal capitalization policy for Inter-American Council for Integral Development (CIDI) project assets and that project assets were being capitalized depending on the office to which they belonged. For example, assets of the former area of Education, Science, and Culture were not capitalized and assets of the former area of Economic and Social Affairs were capitalized. OAS management recognizes this deficiency, but at this time is unsure if CIDI will maintain any fixed assets. The Board recommends that OAS management review the structure of CIDI to determine whether any fixed assets will be maintained. If so, we recommend that a policy for the capitalization of CIDI projects assets be established and communicated to the appropriate project administrators.

**Specific Criteria
for 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 (now Article 94) of the General Standards to specifically require that obligations be recorded when the General

Secretariat becomes legally required to expend funds. During 1997, the Department of Program-Budget made efforts to ensure that all the obligations maintained in the budgetary accounts represent firm commitments. The Department conducted quarterly reviews that gave particular attention to obligation balances that had remained inactive for more than 180 days. However, during its audit of the Organization's 1997 financial statements, E&Y again noted many instances where obligations were recorded that were not supported by firm commitments.

Unliquidated obligations for the Organization at December 31, 1997, totaled \$22.3 million (Regular Fund: \$7.5 million; FEMCID: \$8.1 million; Specific Funds: \$6.3 million). During its review, E&Y identified approximately \$500,000 in unsupported obligations, which represented such a high error rate that E&Y requested OAS management to perform an institutional review of obligations. OAS reviewed approximately \$12 million of unliquidated obligations (which included all obligations that did not have any activity during the year). As a result of this review, OAS identified \$1.2 million of open obligations which were not supported (this includes \$0.1 million previously identified by E&Y). The total of approximately \$1.6 million in unsupported obligations is represented as follows:

	<u>OAS</u>	<u>E&Y</u>	<u>TOTAL</u>
Regular Fund	\$ 426,222	\$320,576	\$ 746,798
FEMCID	\$ 48,685	\$ 342	\$ 49,027
Specific Funds	<u>\$ 618,202</u>	<u>\$136,887</u>	<u>\$ 755,089</u>
	<u>\$1,093,109</u>	<u>\$457,805</u>	<u>\$1,550,914</u>

Prior to the adjustments, unsupported obligations represented 9.5% of the unliquidated obligation balance and 13.6% of the fund balance of the Regular Fund. Likewise, they represent 11.4% and 3.2% of the open obligation and fund balances of the Specific Funds, respectively. E&Y observed that many of the unsupported amounts were obligations for travel and fellowships. The OAS recorded adjustments of \$424,000 to deobligate unsupported balances. The remaining amount is not material to the financial statements,

and therefore, OAS will not make any additional adjustments for the 1997 financial statements. However, OAS has indicated that it plans to deobligate all unsupported obligations that were identified during 1998.

Consistent with findings in prior years, adequate maintenance and review of these balances at or near year-end to determine whether these obligations continue to meet the criteria outlined in Article 94 is not being performed by the appropriate individuals within the Organization.

As in prior years, the Board members recommend that the Organization establish detailed review procedures to be performed in order to ensure that obligations are valid. Policies should also be created which ensure compliance with these review procedures at all levels of the Secretariat. Further, we continue to stress that efforts should be made to ensure that all Offices of the Secretariat adhere to the criteria necessary for obligating funds. We understand the Department of Program-Budget, along with the other departments of the Secretariat, was heavily involved in all the tasks leading to the completion of the modernization plan and expects their involvement to increase in 1998. It is essential that the obligation process be more closely monitored both at the initiation phase and completion phase of the related activity. This review should be performed by the appropriate individuals within the technical areas who are responsible for the execution of the activity. During a discussion with the Director of Program Budget, he suggested that periodic training sessions be held to provide guidance on adequate review of obligations. The Board agrees with this suggestion and hopes that it is implemented in the following year. As noted in the prior year, the Field Financial Manual and Budgetary and Financial Rules do not contain a consistent set of criteria for obligating funds in Offices Away from Headquarters as required by Article 94.

Art Museum of the Americas

The Art Museum of the Americas displays works of art from numerous American artists. The Board members feel that the art collection in this Museum is of extreme educational and cultural

importance. In 1996, the Board reported that the Museum did not seem to attract the number of patrons that the Board members believed such an important collection should attract. The Board members felt it was their duty to ensure that OAS' assets were put to the best use possible, including works of art. Therefore, the Board members recommended that OAS management consider alternatives for displaying these works of art.

During 1997, the Office of the Secretary General began several initiatives to increase the exposure of the works of art held by the Museum. For instance, the Museum became part of the Museum Bus network, a local joint collaborative transportation project to connect the Mall with museums not located on the Mall during the summer months. Also, the Museum loaned works of art from its permanent collection to outside institutions to increase visibility and accessibility to these artworks. Also, partnerships with the Smithsonian Institution and the Inter-American Development Bank are under consideration.

We are pleased with the progress made by OAS in this area. However, we believe that there is still much to be done in this area in the future. We encourage the OAS to develop other innovative methods to display the works of art.

ACTION ON PRIOR ISSUES

Financial Condition of the Regular Fund

The financial position of the Organization's Regular Fund had significantly improved during 1997. As of December 31, 1997, a \$5.5 million balance existed in the Regular Fund -- an increase of approximately \$2.8 million from December 31, 1996, when the Regular Fund balance totaled about \$2.7 million. Quota collections during 1997 totaled \$75 million, with 85% of the 1997 assessment and 30% of prior years' arrearages collected. Uncollected quota balances at December 31, 1997, are \$40.7 million, as compared to \$42.2 million at December 31, 1996.

Pledge collections in support of the Fund of the Inter-American Council for Integral Development (CIDI) (FET and FEMCIDI) totaled \$12.6 million with 99.7% of the current year pledges collected.

As in prior years, the majority of the outstanding pledge balances at December 31, 1997, relates to a 1977 pledge made by the United States of approximately \$8.7 million. In early 1997, the U.S. Mission to the Organization of American States informed the Board of External Auditors, in conjunction with the annual audit of the financial statements, that the U.S. does not acknowledge this outstanding \$8.7 million balance.

On May 8, 1997, the Board brought this matter to the attention of the Committee on Administrative and Budgetary Affairs for consideration and resolution. The Board has received no indication from the Committee that this issue was considered and we have found that the issue remains unresolved. In December 1997, OAS' Assistant Secretary for Management requested that the Board formally recommend to the Committee on Administrative and Budgetary Affairs that this amount be removed from the financial records. Although the Board agrees that this issue needs to be formally resolved, it is not within the purview of the Board of External Auditors to resolve disputes between Member States and the OAS. Since we have not been informed that any resolution was achieved by the Committee on Administrative and Budgetary Affairs during the previous year, we are forwarding the letter from the U.S. Mission which describes its position to you and request that the Permanent Council finally resolve this situation in whatever manner it deems most appropriate. We have also communicated this decision directly to the Assistant Secretary for Management and the U.S. Mission to the OAS.

In early 1998, in conjunction with the annual audit of the financial statements, the U.S. Mission to the Organization of American States informed the Board that with regard to the amount shown due to the Regular Fund, the U.S. Mission's records reflect a \$1.2 million difference. OAS management has informed the Board that they are attempting to reconcile this difference. The Board recommends that OAS coordinate with the U.S. Mission to the Organization of American States to determine the cause of this difference. The Board

hopes this difference is corrected by the next Board meeting.

Fixed Assets

Mission Assets - At the end of 1994, as a result of a CIAV physical inventory, a global entry in the amount of \$1,325,353 was recorded in the fixed asset file. This entry was added as a global entry due to time constraints. E&Y had determined that the effect of this global entry would not materially misstate the fixed assets, but that it should be reversed and the assets should be individually entered into the fixed asset file. During 1997, in response to E&Y's prior management letter comments and the Board's urging, the Department of Material Resources removed the global entries previously recorded for CIAV II and Haiti mission assets and replaced the global entry with a specific listing of the assets. During its review, E&Y noted that the individual asset entries had been recorded in the Master File with 1996 and 1997 acquisition dates and with incorrect useful lives. Because of this error, the fixed assets account was overstated by approximately \$755,000. E&Y proposed an adjustment to properly reflect accumulated depreciation, and the Department of Material Resources corrected the Master File and the balances on the financial statements were appropriately adjusted.

NEW ISSUE

Year 2000 Readiness

The Year 2000 will focus the world's attention on computerized systems and applications not being able to recognize the Year 2000 in a date field. This would cause a system to be unable to process critical applications. The situation is very complex and serious and threatens virtually all areas of the Secretariat's operations to some degree and virtually all computer systems including financial and measurement systems. These operations could be significantly affected if the Organization and its vendors do not deal effectively with the Year 2000 issue.

E&Y made limited inquiries of selected personnel regarding the Organization's Year 2000 readiness plan. Based on these inquiries, management indicated that they had taken an inventory of hardware, software, and infrastructure equipment

that may be at risk for Year 2000 related failure and OAS management believes that at a minimum, the critical mission systems will be replaced with Year 2000 compliant software.

In light of the risks posed by Year 2000, the Board recommends that OAS continue to monitor its progress, as well as continuously reassess its systems and operations to identify areas of risk not previously identified. The Board also recommends that OAS ensure that these issues are considered with regard to the systems that control the physical plant. OAS should assess exposures to external agents; since OAS cannot be assured that its vendors and contractors will be properly prepared for the changeover, the Organization should consider implementing additional verification procedures to ensure the accuracy of information received from the external agents that is date dependent.

CHAPTER 2

COMMENTS RELATING TO AUDITS BY THE OFFICE OF THE INSPECTOR GENERAL

In 1997, the Office of the Inspector General issued 16 audit reports. Fifty-six percent of the audit reports issued by the IG's Office were a result of audits at the General Secretariat Headquarters. The OAS IG audited the system used on flow of funds and payment procedures; the modernization plans and procedures used on the Cycle of Funds of the OAS; pensions funded through the OAS budget; the Department of Public Information; the cost of official headquarters travel; the follow-on project for the National Alphabetization Campaign for Haiti, Staff Association; the Inter-American Drug Abuse Control Commission; and the procurement of computer equipment and supplies. The OIG also reviewed the National Offices and Projects in Guyana; Suriname; Uruguay; Argentina (including the Inter-American Center on Taxation and Financial Administration and the Inter-American Center for Social Development); and Venezuela. The OIG also reviewed the Inter-American Children's Institute in Uruguay and the Inter-American Judicial Committee and the Inter-American Trade Center in Brazil.

AUDITS OF OFFICES PROJECTS OF THE GENERAL SECRETARIAT IN THE MEMBER STATES

In 1997, the Office of the Inspector General conducted audits at Offices and Projects of the General Secretariat in Guyana; Suriname; Uruguay; Argentina (including the Inter-American Center on Taxation and Financial Administration and the Inter-American Center for Social Development); and Venezuela. The OIG also reviewed the Inter-American Children's Institute in Uruguay and the Inter-American Juridical Committee and the Inter-American Trade Center in Brazil.

Guyana

- Director is being transferred to Headquarters, which will create a void in experienced personnel with knowledge of financial procedures. Consequently, adequate training in financial procedures must be provided to ensure continuity of operations.
- Improved communications between the National Office and Headquarters is necessary.

Suriname

- The Department of Human Resources violated Staff Rules and procedures in the payment of Special Duty Allowances and contract approval.
- Several procedures that govern activities and financial transactions were not followed.
- Improved communications between the National Office and Headquarters is necessary.

Uruguay

- Improved communications between the National Office and Headquarters is necessary
- The regulations relating to the quantity and use of official cars should be updated.
- OAS should consider the feasibility of electronic transmittal of supporting documentation for financial transactions.

Inter-American Children's Institute, Montevideo, Uruguay

- Controls over petty cash and blank checks needed improvement.
- Inventory items needed to be reported to the Department of Material Resources.
- Personal long distance phone calls needed better control.
- The Institute's library needs renovation.
- The National Office should discontinue the construction of the building within the Inter-American Institute premises until the Director studies alternatives or develops a more adequate design for the building.

Inter-American Judicial Committee and the Inter-American Trade Center, Rio de Janeiro, Brazil

- The Trade Center has stored its assets, including a damaged automobile, for almost four years. The cost of the storage, \$24,000, has been paid by contributions of the Brazilian Government. These contributions should have been used for the Center's main mission.
- The Secretary General needs to consider the offer of office space in a Brazilian Government building.
- The OAS needs to review the Inter-American Trade Center to determine if the responsibility should be transferred to Headquarters.

Argentina (including the Inter-American Center for Tax and Financial Administration, and the Inter-American Center for Social Development)

- The mission needs to ensure that Headquarters has a correct inventory.
- The mail and courier service expense should be reviewed in order to effect cost savings.
- One of the official automobiles should be sold.

Venezuela

- Control over petty cash needs improvement.
- Personal long-distance phone calls need to be controlled.
- Communications between Headquarters and the National Office need improvement.

The Board members recommend that the OIG continue to explore the root causes of issues identified at National Offices and Projects such as lack of guidance or training and inadequate communications.

AUDITS OF HEADQUARTERS OPERATIONS

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

Review of the System Used on Flow of Funds and Payment Procedures

- At least \$400,000 should have been deobligated.
- Fund advances continued to be a weak point in the accounting system because reports contained discrepancies and because some advances remained outstanding for too long.
- The operational manuals of the General Secretariat need updating.

Assessment of the Modernization Plans and Procedures used on the Cycle of Funds

- AMS captured and explained the complex interrelationship of the information needs of the General Secretariat and its functions, procedures, and problems. AMS recommended the migration from the present system toward modern technology. The migration plan was well formulated.
- AMS was able to capture the complex problems related to the multiple infrastructure profiles. AMS also identified a number of system duplications caused by a lack of communication and coordination between various departments and the Department of Management Systems and Information.
- Documentation and training is needed.

Pensions Funded Through the OAS Budget

- The pensions for two employees who died in 1994 were still included in the 1997 budget.
- One person who should receive a pension was not included in the 1997 or 1998 budget.
- The pension beneficiary records should be updated every 6 months, and at that time, compliance with the requirements to receive the pensions should be verified.

Department of Public Information

- The Secretary General needs to issue an executive order which defines the functions and responsibilities of the Department of Public Information and develop the lines of authority within the Department and its relationship with the Office of the Secretary General.
- OAS should consider moving the function of liaising with U.S. agencies to the Office of the Secretary General.

The Revised Policy and Costs of Official Headquarters Travel

- The review identified defects with the decentralization concept and a need for the Department of Financial Services to reassume the review functions.
- Administrative Memorandum Number 79 needs to be reissued so as to state policy, definition, instructions, and categorize types of travel, conditions, and travelers who are exempt from preparing Travel Expense Claims and/or Trip Reports.
- A number of obligations for travel need to be deobligated.
- Management of the Operating Funds could be improved by better estimating obligations, getting approval for deviating from established policies and procedures, not allowing the Department of Human Resources to alter Travel Expense Claims, and ensuring the consistency in the submission of Travel Expense Claims.

Pilot Literacy Project of Haiti and an Assessment of the Follow-on Project for the National Alphabetization Campaign of Haiti

- The pilot program provided valuable lessons towards (a) training teachers; (b) the structure of the organization; and (c) the problems which lie ahead for the development of the literacy program. These lessons should be used in the second phase of the project.
- Plans for the National Alphabetization Campaign Project are faulty, inconsistent, and unrealistic. The Resolution does not state program duration. The Financing request is outdated and needs revision. The Plan states unrealistic time-frames and goals. As a result, the program can not be implemented within the given time-frames and the project goals most likely cannot be achieved.
- The Secretariat for Literacy Programs has major systemic defects, which seriously affect the internal control environment. For instance, there are no project agreements or accounting records and project funds are commingled.

Staff Association *

- The review of the independent accountant's financial statements identified a number of deficiencies, including financial information that did not reconcile with bank statements, misleading statement presentation, and an emergency fund account that should be closed immediately.
- A number of internal control weaknesses existed, such as irregularities in the payments to contract employees, inadequate procedures for the Receipt of Funds, deficiencies in the maintenance of financial records, deficiencies in the inventory of fixed assets, and inadequate control over long distance phone calls.
- A number of weak administrative procedures existed including inadequate procedures for approval of official travel and representation expenses, unsupported advances, and untimely processing of insurance payments.

*Not a financial entity of the General Secretariat

Inter-American Drug Abuse Control Commission (CICAD)

- CICAD continues to operate without an Executive Order in force. An Executive Order remains the basic internal document of the General Secretariat, which establishes both the mandate and the objectives of a Department, and which forms the basis on which to evaluate the performance of the Department.
- More control over personal long-distance phone calls is needed.
- Travel Expense Claims were not presented in a timely manner.

Procurement of Computer Equipment and Supplies

- There is a need for more effective supervision and improvement in the control of procurement activities including printing services, purchase of paper supplies, and monitoring the delivery of goods and services.
- In some cases, the bidding process did not adhere the OAS requirements.
- In some cases, goods were delivered prior to the issuance of purchase orders and obligations.
- Procedures for obtaining bids and/or telephone price quotations are sometimes circumvented.
- Not all purchases requiring bidding procedures were channeled through the Selection and Awards Committee.
- Funds need to be deobligated for purchase orders, which have been long outstanding.

CHAPTER 3

COMMENTS RELATING TO THE OPERATIONS OF THE OFFICE OF INSPECTOR GENERAL

In past years, the Board members expressed concern about the Office of Inspector General's (OIG) audit coverage, staffing, independence, and follow-up on audit recommendations. As discussed in chapter 2, the OIG performed 56% of their audits at Headquarters. This rate of audit coverage at Headquarters' is fairly consistent from the 1996 rate of 58%. Although the Board members agree that there are areas of high risk at the National Offices, it must again stress the need to maintain significant audit coverage of Headquarters.

The Board members would also like to note three other areas, which have been discussed in earlier reports and one new issue.

Staffing

The Board would like to reiterate its prior recommendation that the Office of Inspector General is below the appropriate level of staffing at this time and that adequate staffing is vital to ensure that adequate internal controls are maintained. The Board believes this position should be filled with an auditor with computer expertise. Reviews of the new MIS program will be vital in the upcoming years, and therefore, the OIG should have qualified personnel to examine this area.

The Board is interested in ensuring that employees chosen to fill vacant positions within the OIG can fulfill the requirements of the position and are located appropriately. For instance, the Board is concerned with the OIG's decision to develop a field office in Panama. Although the Board is pleased that the OIG was allowed to increase the number of its positions, the Board is concerned that having an employee located somewhere other than Headquarters limits the flexibility of that position. The Board wants to ensure that due attention continues to be given to the coverage of Headquarters' programs. Although the IG indicated that there would be cost-savings because the employee lives in Central America, the Board needs to be fully assured of the validity of this assumption. The Board is also concerned that supervision of a staff person, especially a junior staff person, will be difficult away from Headquarters. Another concern is whether the employee will be able to maintain independence due to reliance on OAS personnel in Panama. In light of these concerns, the Board recommends that the Acting IG reevaluate the decision to maintain a field office. Another concern the Board has identified concerns the qualifications of the new employee. Although the Board did not specifically review the employee's qualifications, the Acting Inspector General estimated that it could take 1-2 years of training before the junior employee would be ready to perform an audit. The Board recommends that OAS management ensures that all employees assigned to particular duties are adequately experienced to fulfill the requirements of the job. The Board believes that due to budget and personnel constraints, each position must be utilized to its fullest potential.

Audit Follow-up

The Acting Inspector General has assured the Board members 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 Acting Inspector General indicated that his office is developing a new database to track the recommendations. The Acting Inspector General stated that there was a major improvement during the year in the timeliness with which the OAS reported to the OIG on their compliance with the recommendations directed to them. The Board members commend the General Assembly, the Secretary General, and the Acting Inspector General for maintaining this high level of compliance and hopes that this continues.

Planning

The Board members have noted that the OIG basically plans its audits using a cyclical methodology, although other work is done as needed. The Board is pleased that the OIG focused several audits on areas, which the Board felt were potentially high risk, such as the new MIS system and also the Department of Financial Services. We encourage the OIG to continue reviewing the Board's annual report and E&Y's annual report to identify high risk areas. The Board has identified several areas of concern for next year, including the MIS project, the oversight of areas outsourced, the collection of loans from the Leo S. Rowe Pan American Fund, and internal controls within the Department of Financial Services. We encourage the OIG to review these areas appropriately.

OAS Comments to OIG Reports

Currently there is no formal policy for the consideration and inclusion of auditee's comments to OIG reports. The Board feels that obtaining formal comments to OIG reports and carefully considering the inclusion of the auditee's comments in OIG reports would lead to more balanced and accurate audit reports. The Board is not suggesting that the OIG reports have to be revised based on OAS's comments, but appropriate changes to reports could be made and the formal comments could be included as an appendix to each report.

CHAPTER 4

COMMENTS RELATING TO THE LEO S. ROWE PAN AMERICAN FUND

The Rowe Pan American Fund is a trust fund established to provide loans to students from member countries, other than residents and citizens of the U.S., and make loans to OAS employees for educational and emergency purposes. During 1997, the fund assets earned \$973,851 and the total net assets increased from \$9,329,116 for the year ended December 31, 1996, to \$10,100,515 for the year ended December 31, 1997.

During testing of the Rowe Pan American Fund, E&Y noted that out of \$2.6 million of loans, approximately \$500,000 had payments that were overdue and that payments for these loans were sporadic. Collection efforts are limited because there is only one person who handles the task for approximately 1000 students. Further, the Fund cannot force payments from students that return to their countries -- especially if the guarantor is also residing outside the United States. In 1997, E&Y found that OAS had begun using a collection agency to attempt to collect on some of the more delinquent loans, with limited success thus far. However, most of the collection efforts are limited to attempts to contact the students and family through letters and phone calls. The Board believes that the Rowe Fund should make a greater effort to have the loan guarantors pay off several of the oldest loans outstanding (those where payment has not been made in at least 5 years), or, if that approach proves futile, they should be written off as uncollectible. The Rowe Committee continues to be reluctant to write off any loans because the members believe that collection of these loans will eventually take place. Rowe Fund management should work closely with the Department of Legal Services to adopt and implement more aggressive debt collection efforts.

E&Y also found two instances in which loans granted to employees during the year were not recorded as receivables. The appropriate loan payments were being deducted from the paychecks of the employees. Even though the loans receivable balance is not materially misstated, the Board recommends that a thorough review of all issued and outstanding loans be performed in order to ensure that the receivables of the Fund are correctly recorded. Additionally, the Department of Financial Services should institute periodic reconciliation procedures to compare new loans to the accounting records. Also, the Board recommends that the Rowe loan program be incorporated into the Systems Modernization Plan concurrent with the other financial applications utilized by the Organization.

CHAPTER 5

COMMENTS RELATING TO THE PENSION AND RETIREMENT FUND

The Retirement and Pension Fund is comprised of the Retirement and Pension Plan (Plan) and the Provident Plan. The Plan is a contributory plan maintained for the benefit of all "regular" OAS employees and other affiliated agencies. The Provident Plan is maintained for certain "non-regular" employees of the OAS and other affiliated agencies. The audit of this fund has not yet been completed because financial information was not provided within the necessary timeframes. The Board spoke with an E&Y representative and Pension Fund representatives to establish reasonable timeframes for each group. We believe that the agreement reached will lead to timely preparation of financial statements and will allow these financial statements to be included in next year's Board report. The Board members will continue to review E&Y's and OAS' efforts in this area in future years.

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, 1997, as listed in the accompanying table of contents, and have issued our report (the Audit Report) thereon dated March 13, 1998.

We conducted our audits in accordance with generally accepted auditing standards and the external auditing requirements prescribed in Chapter IX 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 III, IV, VII and IX 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 IX 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 the International Commission of Support and Verification II and competitive bidding procedures, in that international bids were not obtained in every instance. Our comments on certain of these matters have been reported to the Board of External Auditors in separate correspondence dated March 13, 1998.

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.



March 13, 1998

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. 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

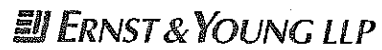
We have audited the combined financial statements of the funds of the Organization of American States (the Organization) as of December 31, 1997 and for the biennium then ended, listed in the accompanying table of contents on page II-9 herein. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards and the external auditing requirements prescribed in Chapter IX 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, 1997, 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 9 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 an unqualified opinion on the financial statements of the above funds of the Organization of American States as of and for the biennium ended December 31, 1995, summarized comparative information from which is presented herein.

Ernst & Young LLP

March 13, 1998

ORGANIZATION OF AMERICAN STATES

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ORGANIZATION OF AMERICAN STATES
FINANCIAL STATEMENTS

ORGANIZATION OF AMERICAN STATES

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

	December 31, 1997		December 31, 1995 Combined
	Regular	FEMCIDI	
ASSETS			
Cash and equity in OAS Treasury Fund (Note 7)	\$ 14,414	\$ 29,214	\$ 43,628
Advances to employees	40	9	49
Other assets	380	32	412
Amounts to be charged to future years' appropriations (Note 14)	4,192	16	4,208
Equity in land, buildings and equipment (Notes 6 and 12)	34,136	0	34,136
	<u>\$ 53,162</u>	<u>\$ 29,271</u>	<u>\$ 82,433</u>
LIABILITIES AND FUND BALANCES			
Unliquidated obligations (Note 4)	\$ 7,239	\$ 8,081	\$ 15,320
Quotas/Pledges collected in advance	452	54	506
Accounts payable and other liabilities	5,804	1,073	6,877
Long-term debt (Note 12)	8,408	0	8,408
	<u>21,903</u>	<u>9,208</u>	<u>31,111</u>
Fund balances:			
Operating Subfund Appropriated	5,531	16,815	22,346
Operating Subfund Unappropriated Reserve Subfund	0	2,024	2,024
	0	1,224	1,224
	5,531	20,063	25,594
Investment in land, buildings, and equipment	25,728	0	25,728
	<u>\$ 53,162</u>	<u>\$ 29,271</u>	<u>\$ 82,433</u>
			<u>\$ 48,464</u>
			<u>132</u>
			<u>69</u>
			<u>4,195</u>
			<u>33,187</u>
			<u>\$ 86,047</u>
			<u>\$ 17,996</u>
			<u>404</u>
			<u>6,408</u>
			<u>9,955</u>
			<u>34,763</u>
			<u>129</u>
			<u>20,786</u>
			<u>7,137</u>
			<u>28,052</u>
			<u>23,232</u>
			<u>\$ 86,047</u>

ORGANIZATION OF AMERICAN STATES
OPERATING AND RESERVE SUBFUNDS
COMBINING STATEMENT OF CHANGES IN FUND BALANCES
(in thousands)

	For the biennium ended December 31, 1997		Biennium December 31, 1995 Combined
	Regular	FET/FEM/CIDI Combined	
Increases			
Quota/Pledge collections	\$ 158,211	\$ 23,776	\$ 181,987
Less prompt payment credits	424		424
	<u>157,787</u>	<u>23,776</u>	<u>181,563</u>
Contribution for administrative and technical support	5,709		695 (a)
OAS Treasury Fund income	3,061	4,642	7,703
Other income, refunds, and deobligations	8,158	2,164	10,322
	<u>\$ 174,715</u>	<u>\$ 30,582</u>	<u>\$ 200,283</u>
Decreases			
Expenditures and obligations pursuant to appropriations:			
General Assembly and Permanent Council	25,981		25,981
Executive Office of the General Secretariat	31,621		31,621
Activities of the Secretariat for Economic and Social Affairs	6,488		6,488
Activities of the Secretariat for Educational, Scientific and Cultural Affairs	4,267		4,267
Units and Specialized Offices	18,335		18,335
Executive Secretariat for Integral Development	2,366	38,442	35,794 (a)
Activities of the Offices Away from Headquarters	14,855		14,855
Activities of the SubSecretariat for Legal Affairs	2,366		2,366
Activities of the SubSecretariat for Management	18,458		18,458
Common administrative and personnel costs	32,536		32,536
Contributions to other agencies	12,040		12,040
	<u>169,313</u>	<u>38,442</u>	<u>202,741</u>
Net increase (decrease) during period	5,402	(7,860)	(2,458)
Fund balances at beginning of period	129	27,923 (b)	28,052
Fund balances at end of period	<u>\$ 5,531</u>	<u>\$ 20,063</u>	<u>\$ 25,594</u>
			<u>\$ 156,061</u>
			<u>343</u>
			<u>155,718</u>
			<u>40 (a)</u>
			<u>11,409</u>
			<u>13,255</u>
			<u>\$ 180,422</u>
			<u>23,986</u>
			<u>41,131</u>
			<u>29,528 (a)</u>
			<u>26,622 (a)</u>
			<u>14,579</u>
			<u>3,605</u>
			<u>18,962</u>
			<u>25,017</u>
			<u>10,824</u>
			<u>194,254</u>
			<u>(13,832)</u>
			<u>41,884</u>
			<u>\$ 28,052</u>

(a) The combined amount excludes \$5,014 in 1996/1997 and \$4,790 in 1994/1995 of interfund contributions to the Regular Fund. Such contributions are eliminated as expenditures in the respective funds.

(b) Represents fund balances of the ex-voluntary funds (SDAF, FEM/CIECC, CEC and CMP) at December 31, 1995.

See accompanying notes

ORGANIZATION OF AMERICAN STATES

EXHIBIT 3

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

	December 31, 1997		December 31, 1995 Combined
	REGULAR	FET/FEMCIDI	
<u>ASSETS</u>			
Cash and equity in OAS Treasury Fund (Note 7)	\$ 16,306	\$ 14,726	\$ 31,032
Advances to employees and other receivables	374	26	400
	<u>\$ 16,680</u>	<u>\$ 14,752</u>	<u>\$ 31,432</u>
<u>LIABILITIES AND FUND BALANCES</u>			
Unliquidated obligations (Note 4)	\$ 2,472	\$ 3,378	\$ 5,850
Accounts payable and other liabilities	684	223	907
Fund balances	13,524	11,151	24,675
	<u>\$ 16,680</u>	<u>\$ 14,752</u>	<u>\$ 31,432</u>

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

	Biennium ending December 31, 1997		Biennium ended December 31, 1995 Combined
	REGULAR	FET/FEMCIDI	
<u>Increases</u>			
Contributions (Note 4 and 10)	\$ 23,704	\$ 19,646	\$ 43,350
Other income, return to donors, and transfers	430	(461)	(31)
	<u>24,134</u>	<u>19,185</u>	<u>43,319</u>
<u>Decreases</u>			
Obligations and expenditures	28,182	19,496	44,785
Net increase (decrease) during period	(4,048)	(311)	(4,359)
Fund balances at beginning of period	17,572	11,462 (a)	29,034
Fund balances at end of period	<u>\$ 13,524</u>	<u>\$ 11,151</u>	<u>\$ 24,675</u>

(a) Represents fund balances in specific funds at December 31, 1995 related to ex-voluntary funds - SDAF, FEMCIECC, CEC, CMP.

See accompanying notes

ORGANIZATION OF AMERICAN STATES
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1997 AND 1995

ORGANIZATION OF AMERICAN STATES

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 1997 AND 1995

1. Organization and Financial Statements

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

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

The Special Multilateral Fund of the Inter-American Council for Integral Development, financed mainly by voluntary contributions of the member states to support the programs adopted by the Council 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. Operations Subfund

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 operations 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
Permanent Council of the OAS
Inter-American Commission of Human Rights
Inter-American Commission of Women
Inter-American Council for Integral Development
Inter-American Juridical Committee
Inter-American Children's Institute
Inter-American Court on Human Rights
Inter-American Commission for Drug Abuse Control
Inter-American Telecommunications Commission

b. Special Multilateral Fund of the Inter-American Council for Integral Development

In April 1997, the Special Multilateral Fund of the Inter-American Council for Integral Development (FEMCIDI) was established to finance the multilateral and national cooperation programs, projects and activities of the Inter-American Council for Integral Development (CIDI).

c. Temporary Special Multilateral Fund

The Temporary Special Multilateral Fund (FET) was established in January 1996 to finance the cooperation activities of the member states during the period of transition to CIDI. The Operations and reserve subfunds of the Special Development Assistance Fund, Special Multilateral Fund of the Inter-American Council for Education, Science and Culture, Special Account for Culture, and Mar del Plata Account including interest earned and miscellaneous income as of January 29, 1996 were transferred to the FET after the statutes of these funds were repealed in the Twenty-Second Special Session of the General Assembly.

FET had the objectives of financing ongoing technical cooperation projects with unobligated appropriations as of December 1995, and new projects for Partnership for Development. FET was initially under the supervision of the Joint CEPCIES/CEPCIECC Working Group in Charge of the Transition to CIDI (GTC) and in June of 1996 came under the supervision of CIDI. The unobligated and unexpended resources of FET at December 31, 1997 were transferred to FEMCIDI for the financing of CIDI's cooperation programs, projects and activities.

d. Other Entities and Specialized Organizations

The assets and liabilities at December 31, 1997 and 1995, and the related income and expenses for the biennia then ended, of the following organizations, which are subject to separate budgetary control and financial reporting, are not included within the accompanying financial statements of the OAS:

Inter-American Defense Board *
Inter-American Indian Institute
Inter-American Institute for Cooperation on Agriculture*

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

2. Reserve Subfund

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

- a. Regular Fund - Reserve 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 Operations Subfund is to be added to the Reserve Subfund. To the extent that there is a Reserve Subfund balance, excess obligations and expenditures over income in the Operations Subfund is covered by a transfer from the Reserve Subfund. In addition, the General Standards permit the temporary use of the Reserve Subfund to finance Regular Fund expenditures pending the receipt of anticipated income.

As of December 31, 1997, the balance of the Subfund of \$5,531,000 is restricted to finance unobligated appropriations.

- b. FEMCIDI - Reserve Subfund is a contingency reserve to ensure the normal and continuous financial operation of FEMCIDI until the General Secretariat receives pledged contributions. The amount of this Reserve Subfund shall be equivalent to 10% of the FEMCIDI's total budget.

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.

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

In 1997, internal service funds which had been previously consolidated in the Regular Fund, are presented as part of the Specific Funds. In order to permit comparability between accounting periods, 1995 statements (Exhibits I and III) have been modified to reflect these changes.

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

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 and a financial statement display 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. 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 for the biennia ended December 31, 1997 and 1995 are as follows:

	<u>1997</u>	<u>1995</u>
Home travel	\$ 384,000	\$ 446,000
Repatriation of family and household goods upon separation	252,000	284,000
Separation Indemnity and termination pay	2,744,000	1,989,000
Medical benefits subsequent to separation	<u>\$2,212,000</u>	<u>\$2,006,000</u>
Total	<u>\$5,592,000</u>	<u>\$4,725,000</u>

Unrecorded earned annual and special leave approximated \$8,087,250 and \$17,553,000 at December 31, 1997 and 1995, respectively.

- D. The General Assembly of the OAS adopts a consolidated program-budget which includes the budgets for the Special Multilateral Fund of the Inter-American Council for Integral Development in addition to the Regular Fund. In the consolidated budget, the amounts appropriated for substantially all approved (career) personnel costs are included in the Regular Fund's budget. In addition, certain other administrative costs benefiting all funds are included in the budget of the Regular Fund. In lieu of allocating these costs to various funds on a services-rendered basis, the General Assembly has provided that the other funds pay a contribution to the Regular Fund for administrative and technical support. The amount of the contribution may not bear a direct relationship to the actual cost of the services provided to those funds during the period.
- E. The Combining Statement of Assets, Liabilities and Fund Balances of the Regular Fund and FEMCIDI 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 Special

Multilateral Fund 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.
- H. A Cash Flow Statement is not provided and certain other provisions pertaining to generally accepted accounting principles related to financial statement display are not applied. In addition, unrealized gains (losses) on investments are not included in income and investments are not recorded at fair market value.

5. 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.

6. 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 (\$848,000 in 1997 and \$703,000 in 1995) to provide for current mortgage payments. (See Note 12).

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>		1997	1995
Land (Note 12)	- not depreciated	\$ 5,491,305	\$ 5,491,305
Buildings (Note 12)	- 50 years	30,669,776	28,001,759
Vehicles	- 5 years	2,088,310	1,696,382
Furniture and equipment	- 10 years	6,439,440	7,301,959
Technical machinery and equipment	- 10 years	7,611,210	6,350,107
Works of art	- not depreciated	<u>2,026,917</u>	<u>1,828,817</u>
		54,326,958	50,670,329
Less: accumulated depreciation		<u>(20,191,313)</u>	<u>(17,483,669)</u>
Book value as of December 31		<u>\$34,135,645</u>	<u>\$33,186,660</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.

7. 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 Fund, and the Specific Funds maintain an equity to the extent of their cash balances retained therein. The Treasury Fund is administered by the General Secretariat and amounts not immediately required for operations are invested. Subject to certain conditions, income earned by the Treasury Fund is added to the equities of the various funds in proportion to their equity balances.

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

December 31

	1997	1995
Demand and time deposits, net of \$1,275,000 and \$3,065,000 drafts not presented for payment at December 31, 1997 and 1995, respectively	\$ 24,307,000	\$ 8,418,000
Overnight repurchase agreements	499,000	904,000
United States Treasury Notes at amortized cost (approximate market value of \$48,182,000 and \$76,322,000 at December 31, 1997 and 1995 respectively ¹)	49,477,000	74,400,000
Accrued interest receivable	<u>1,115,000</u>	<u>1,386,000</u>
	<u>\$75,398,000</u>	<u>\$85,108,000</u>
Less Equity of:		
Retirement and Pension Fund	\$ 289,000	\$ 200,000
Trust Funds (Rowe, Health Insurance)	697,000	379,000
Add:		
Local Currency at OAS National Offices	222,000	480,000
Petty Cash and Cash in Transit	<u>26,000</u>	<u>39,000</u>
Equity in Exhibits I and III		
	<u>\$74,660,000</u>	<u>\$85,048,000</u>

8. 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 General Assembly authorized the Secretary General to incur obligations against these appropriations until March 31, 1996 and expenditures until June 30, 1996. The Permanent Council later extended the authorization to obligate to May 31, 1996 and to spend until June 30, 1996. Subsequent to this Permanent Council decision, CEPCIDI (Executive Secretariat of the Inter-American Council for Integral Development) authorized the obligation of the

¹ Maturities of US Treasury Notes at December 31, 1997.

	<u>Amortized Cost</u>	<u>Approx. Market Value</u>
Current (1 year or less)	\$ 9,043,000	\$ 7,064,000
1 - 5 years	33,978,000	34,506,000
6 - 8 years	<u>6,456,000</u>	<u>6,612,000</u>
	<u>\$49,477,000</u>	<u>\$48,182,000</u>

expired appropriations of AG/RES.1 until June 1997 with the requirement that these obligations be expended by December 1997.

9. Accountable Advances

In the performance of various activities, the administrators of the various funds may deem it necessary 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, 1997 and 1995, were as follows:

	December 31	
	1997	1995
Regular Fund	\$189,000	\$221,000
Special Development Assistance Fund	-	87,000
Special Multilateral Fund of the Inter- American Council for Education, Science & Culture	-	177,000
Special Account for Culture	-	5,000
Mar del Plata Account	-	13,000
Special Multilateral Fund of the Inter-American Council for Integral Development	<u>309,000</u>	-
	<u>\$498,000</u>	<u>\$503,000</u>

10. Contributions to Specific Funds

Contributions to Specific Funds during the biennium ended December 31, 1997 as reflected in Exhibit 3 of the accompanying financial statements were as follows:

ACTIVITIES RELATED TO:

<u>CONTRIBUTOR</u>	<u>REGULAR FUND</u>	<u>FET/FEMCIDI</u>	<u>TOTAL</u>
<u>Members:</u>			
Argentina	\$ 142,574	\$ 838,465	\$ 981,039
Barbados		11,955	11,955
Belize	699	4,000	4,699
Bolivia	175,689		175,689
Brazil		4,473,381	4,473,381
Canada	679,827	4,000	683,827
Chile	74,953	659,860	734,813
Colombia	79,681	191,890	271,571
Costa Rica	70,232		70,232
Dominica		35,735	35,735
Dominican Republic	280	4,000	4,280
Ecuador		4,000	4,000
El Salvador	12,027	100,000	112,027
Guatemala	838,496	202,981	1,041,477
Honduras	250,000	290,211	540,211
Mexico		1,437,564	1,437,564
Nicaragua		3,945	3,945
Panama	319,753	2,268,383	2,588,136
Paraguay	31,500	12,000	43,500
Peru	454,200	14,000	468,200
Saint Lucia	14,388	4,000	18,388
Suriname	866,426		866,426
Trinidad & Tobago	1,479		1,479
United States	9,427,120	3,858,340	13,285,460
Uruguay	26,846	146,183	173,029
Venezuela	3,346	19,946	23,292
<u>Observers:</u>			
European E.C.	207,275	525,582	732,857
France	180,180		180,180
Germany		514,405	514,405
Japan	860,000		860,000
Netherlands	519,168		519,168
Spain	748,181		748,181
Sweden	3,225,338		3,225,338
Switzerland	199,983		199,983
United Kingdom	220,000		220,000
<u>Non Member and Others:</u>			
Denmark	700,000		700,000
Norway	539,070		539,070
I-A Development Bank	236,255	119,019	355,274
C.A. Bank for Eco. Int.		40,000	40,000
United Nations	65,948	2,448,182	2,514,130
World Bank		737,816	737,816
Others	<u>2,533,174</u>	<u>675,790</u>	<u>3,208,964</u>
	<u>\$ 23,704,086</u>	<u>\$ 19,645,633</u>	<u>\$ 43,349,719</u>

11. 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.

12. Long-term Debt

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

A. First Mortgage with Legg Mason Real Estate Services (secured by the General Secretariat Building - 1889 F St.)

Principal amount at December 31, 1997	\$8,408,478		
Repayment terms	25 years,	due in	monthly
	installments	through	November
			2004
Annual interest rate	9.375%		
Interest expense during 1996/7	\$1,725,679		
Amortization of principal during 1996/7	\$1,619,901		
Principal balance, December 31, 1995	\$9,954,671		

Principal payments due for the next five years are as follows: 1998, \$930,723; 1999, \$1,021,827; 2000, \$1,121,849; 2001, \$1,231,661; 2002, \$1,352,222.

13. Leases

The General Secretariat leases certain facilities and equipment. Rental expense for such leases was approximately \$1,430,000 and \$1,798,000 for the biennia ended December 31, 1997 and 1995, respectively. Aggregate rentals subsequent to December 31, 1997 are not significant.

14. 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 \$13,923,000 in 1996/1997 and \$13,416,000 in 1994/1995.

As of December 31, 1997 accumulated plan benefits and plan net assets were as follows:

Actuarial present value of accumulated plan benefits:

Vested	\$212,851,000
Nonvested	<u>15,234,000</u>
Total at December 31, 1997	\$228,085,000
Net plan assets available for benefits	<u>\$344,024,000</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, \$582,000 in 1997 and \$562,000 in 1995, is budgeted and recognized in the year paid. The approximate present value of estimated future payments of \$4.2 million, and \$4.0 million at December 31, 1997 and December 31, 1995, respectively, is reflected in the statement of Assets, Liabilities and Fund Balance of the Regular Fund.

15. Post Employment Health Care and Life Insurance Benefits

In addition to providing pension benefits as described in Note 14 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 the biennia ended 1997 and 1995, those costs were \$2,546,000 and \$2,301,000 respectively.

16. Foreign Currencies

Certain income and expense transactions during 1997 and 1995 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 (\$222,000 and \$480,000 as of December 31, 1997 and 1995, 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.

17. Staff Claims

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

On May 13, 1994 the Tribunal rendered Judgment No. 124 in favor of some 500 complaining staff members and former staff members related to non-application of the cost-of-living provision of the salary policy adopted in 1983. The Judgment gave the General Secretariat the option to pay the value of the indemnity in leave to current staff members. Thus, in May 1995, the Secretariat, with the approval of the Permanent Council, implemented a plan under which the indemnities were converted into annual leave with an estimated value of \$6.5 million. The leave is to be utilized or forfeited, if not used, within an established schedule. The estimated value of the annual leave associated with Judgment No. 124 at December 31, 1997, is approximately \$2.9 million. 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 approximately \$410,000 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. Impact of Year 2000 (unaudited)

The Year 2000 issue is the result of computer programs being written using two digits rather than four to define the applicable year. Any of the Organization's computer programs that have time-sensitive software may recognize a date using "00" as the year 1900 rather than the year 2000. This could result in system failure or miscalculations causing disruptions of operations, including among other things, a temporary inability to process transactions, and invoices, or engage in normal business activities.

The Organization has partially completed an assessment and a process of modifying or replacing a portion of its software and equipment so that its computer systems will function properly with respect to dates in the year 2000 and after.

SUPPLEMENTARY INFORMATION

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

REGULAR FUND
STATEMENT OF QUOTA ASSESSMENTS, COLLECTIONS, AND BALANCES
YEAR ENDED DECEMBER 31, 1997

Member State	Balances at December 31, 1996		Quota assessments for 1997		Collections for tax reimbursements	Prompt payment credit	Collections in 1997		Uncollected balances at December 31, 1997
	Uncollected	Received in advance	Percent	Amount			For 1997 and prior years	In advance for 1998	
Antigua and Barbuda			0.02	\$ 14,900			\$ 3,725	\$ 11,175	
Argentina	\$ 2,858,000		4.90	3,658,000			2,058,000	4,458,000	
Bahamas			0.07	52,300			52,300	-	
Barbados	29,850		0.08	59,700	\$ 8,140		89,550	-	
Belize			0.03	22,400			22,400	-	
Bolivia	383,307		0.07	52,300			6,346,681	435,607	
Brazil	9,538,061		8.55	6,382,800		\$ 184,500	9,042,600	9,574,200	
Canada			12.36	9,227,100		8,100	395,000	50,000	
Chile		\$ 8,100	0.54	403,100		14,000	687,700	-	
Colombia		40	0.94	701,700				14,000	
Costa Rica	23,515		0.13	97,000			120,515	-	
Cuba	2,166,322		1.24					2,166,322	
Dominica			0.02	14,900		300	14,600	300	
Dominican Republic	1,738,637		0.18	134,400			134,400	1,738,637	
Ecuador	250,828		0.18	134,400			190,400	194,828	
El Salvador			0.07	52,300		1,000	51,300	-	
Grenada	133,800		0.03	22,400			7,107	149,093	
Guatemala	443,370		0.13	97,000			540,370	-	
Guyana			0.02	14,900			14,900	-	
Haiti	316,037		0.07	52,300			50,601	317,736	
Honduras	66,924		0.07	52,300			78,344	40,880	
Jamaica	142,000		0.18	134,400			276,400	-	
Mexico	272,222		6.08	4,536,900	40,808		4,811,122	-	
Nicaragua	788,591		0.07	52,300			100,000	-	
Panama	52,604		0.13	97,000				49,604	
Paraguay		116,157	0.18	134,400		2,700	116,157	15,543	
Peru	487,040		0.41	306,100			479,200	313,940	
St. Kitts and Nevis			0.02	14,900			14,900	-	
Saint Lucia		1,200	0.03	22,400		400	22,000	-	
St. Vincent and the Grenadines			0.02	14,900			14,900	1,400	
Suriname	52,300		0.07	52,300			52,300	52,300	
Trinidad and Tobago		2,700	0.18	134,400		2,700	131,700	-	
United States	22,322,509		59.47	44,395,900	13,298,384 *		44,395,900	22,322,509	
Uruguay	388,200		0.26	194,100			388,200	194,100	
Venezuela	1,946,351		3.20	2,388,900			4,335,251	-	
	<u>\$ 44,400,488</u>	<u>\$ 128,197</u>	<u>\$ 100.00</u>	<u>\$ 73,727,100</u>	<u>\$ 13,347,332</u>	<u>\$ 213,700</u>	<u>\$ 75,038,523</u>	<u>\$ 452,187</u>	<u>\$ 42,875,365</u>

* Paid in advance: United States \$4,831,616.

ORGANIZATION OF AMERICAN STATES
FEMCID
SPECIAL MULTILATERAL FUND OF THE INTERAMERICAN COUNCIL FOR INTEGRAL DEVELOPMENT
STATEMENT OF PLEDGES, COLLECTIONS, AND BALANCES
YEAR ENDED DECEMBER 31, 1997

Member State	Balances at December 31, 1996		Pledges for 1997	Collections		Uncollected balances at December 31, 1997
	Uncollected	Received in advance		For 1997 and prior years	In advance for 1998	
Antigua and Barbuda			\$ 5,100	\$ 5,100		-
Argentina			580,000	580,000	\$ 400	-
Bahamas			13,100	13,100		-
Barbados	\$ 8,200		16,400	24,600		-
Belize			7,800	7,800		-
Bolivia	22,164		29,100	29,100		\$ 22,164
Brazil	7,228		1,003,650	1,003,650		7,228
Canada			2,873,136	2,873,136		-
Chile			60,000	60,000		-
Colombia		\$ 52,271	104,600	104,600		-
Costa Rica	1,145		32,900	16,485		17,560
Cuba	24,000					24,000
Dominica			5,100	5,100		-
Dominican Republic	313,050		34,000	337,050		10,000
Ecuador		37,300	74,600	66,949		7,651
El Salvador			29,100	29,100		-
Grenada			7,800	7,800	40,158	-
Guatemala			24,000	24,000		-
Guyana			5,100	5,100		-
Haiti	219,791		30,800	92,891		157,700
Honduras		60,163	31,100	31,100		-
Jamaica			39,800	39,800		-
Mexico	271,546		1,087,370	1,358,916		-
Nicaragua	82,603		26,500 1/	59,712		49,391
Panama		11,784	54,484	54,484	9,100	-
Paraguay		45,700	41,500	41,500	4,200	-
Peru			75,200	75,200		-
St. Kitts and Nevis	1,600		5,100	5,100		1,600
Saint Lucia			7,200	7,200		-
St. Vincent and the Grenadines			5,100	5,100		-
Suriname			44,600	44,600		-
Trinidad and Tobago			31,200	31,200		-
United States	8,656,020		6,200,000	6,200,000		8,656,020 2/
United States			(1,300,000) 3/			-
Uruguay	40,300		97,600	137,900		-
Venezuela	134,477		348,000	482,477		-
	\$ 9,782,124	\$ 207,218	\$ 13,031,040	\$ 12,559,850	\$ 53,858	\$ 8,953,314

1/ Increased pledge of 1,500 and payment for 1996 in 1997.
 2/ 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.
 3/ Certain whether future funding will be made available to the United States to satisfy that pledge referred to Specific Fund in 1997.

STATEMENTS OF SUMMARY OF APPROPRIATIONS

ORGANIZATION OF AMERICAN STATES
REGULAR FUND
SUMMARY OF APPROPRIATIONS
BIENNIUM ENDED DECEMBER 31, 1997

	1996-97 Budget Approved by the General Assembly (a)	Supplementary Appropriations(b)	Cost of Living Adjustment	Transfers Between Chapters by Political Bodies (c)	Discretionary Transfers by the Secretary General (d)	1996-97 Adjusted Budget
General Assembly and Permanent Council	\$ 27,228,900	\$	\$ 17,703	\$ (352,400)	\$ (57,684)	\$ 26,836,519
Executive Office of the General Secretariat	30,987,200	1,115,373	20,771	(101,400)	2,276,629	34,298,573
Activities of the Executive Secretariat for Economic and Social Affairs	7,829,900		4,319		(839,898)	6,994,321
Activities of the Executive Secretariat for Educational, Scientific and Cultural Affairs	5,982,200		5,539		(865,950)	5,121,789
Units and Specialized Offices	19,438,300	43,845		(69,400)	(212,939)	19,199,806
Inter-American Council for Integral Development (CID)	2,879,700			(25,600)	23,274	2,877,374
Offices Away from Headquarters	15,302,300				(304,171)	14,998,129
Activities of the Secretariat for Legal Affairs	2,942,000		1,405	342,100	(818,460)	2,467,045
Activities of the Secretariat for Management	19,066,500	168,011	26,765	(21,700)	(563,763)	18,675,813
Common Administrative and Personnel Costs	24,921,300	7,017,653	(77,961)	232,700	1,221,952	33,315,644
Contributions to:						
Inter-American Defense Board	4,551,200					4,551,200
Seed Fund - Inter-American Defense Board	100,000					100,000
Inter-American Children's Institute	3,342,300			(800)	396,510	3,738,010
Inter-American Commission of Women	2,169,200		861		(258,467)	1,911,594
Inter-American Development Foundation	405,800					405,800
Inter-American Commission of Telecommunications	1,520,200		598	(3,500)	2,967	1,520,265
	<u>\$ 168,667,000</u>	<u>\$ 8,344,882</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 177,011,882</u>

(a) AG/Res. 1317 (XXV-0/95).

(b) AG/Res. 1381 (XXVI-0/96).

(c) AG/Res. 1381 (XXVI-0/96) III.A.18.

(d) CP/Res. 2847/97, CP/doc.2942/97, CP/doc. 2945/97

ORGANIZATION OF AMERICAN STATES
REGULAR FUND
SUMMARY AND DISPOSITION OF APPROPRIATIONS
BIENNIUM ENDED DECEMBER 31, 1997

	1996-97 Adjusted Budget	Charges for Expenditures	Unliquidated Obligations	Total Expenditures and Obligations	Expired Appropriations
General Assembly and Permanent Council	\$ 26,836,519	\$ 25,663,777	\$ 317,574	\$ 25,981,351	\$ 855,168
Executive Office of the General Secretariat	34,298,573	31,524,443	96,751	31,621,194	2,677,379
Activities of the Executive Secretariat for Economic and Social Affairs	6,994,321	6,487,785		6,487,785	506,536
Activities of the Executive Secretariat for Educational, Scientific and Cultural Affairs	5,121,789	4,266,844		4,266,844	854,945
Units and Specialized Offices	19,199,806	14,003,492	4,330,900	18,334,392	865,414
Inter-American Council for Integral Development (CIDI)	2,877,374	2,354,354	11,299	2,365,653	511,721
Offices Away from Headquarters	14,998,129	14,800,375	54,588	14,854,963	143,166
Activities of the Secretariat for Legal Affairs	2,467,045	2,347,809	18,439	2,366,248	100,797
Activities of the Secretariat for Management	18,675,813	18,389,929	67,825	18,457,754	218,059
Common Administrative and Personnel Costs	33,315,644	30,281,540	2,254,405	32,535,945	779,699
Contributions to:					
Inter-American Defense Board	4,551,200	4,551,200		4,551,200	
Seed Fund - Inter-American Defense Board	100,000	100,000		100,000	
Inter-American Children's Institute	3,738,010	3,714,453	4,235	3,718,688	19,322
Inter-American Commission of Women	1,911,594	1,718,419	68,679	1,787,098	124,496
Pan American Development Foundation	405,800	405,800		405,800	
Inter-American Commission of Telecommunications	1,520,265	1,463,772	13,875	1,477,647	42,618
	<u>\$ 177,011,882</u>	<u>\$ 162,073,992</u>	<u>\$ 7,238,570</u>	<u>\$ 169,312,562</u>	<u>\$ 7,699,320</u>
Budgeted Funding:					
Quotas	\$ 147,454,200				
Supplementary Appropriations	7,394,995				
Other Funding	21,212,800				
Americas subscriptions revenue	949,887				
	<u>\$ 177,011,882</u>				

ORGANIZATION OF AMERICAN STATES
SPECIAL TRANSITION FUND (FET)
DISPOSITION OF 1995 UNOBLIGATED APPROPRIATIONS
FOR THE PERIOD JANUARY 1 TO JUNE 30, 1996

	Unobligated appropriations at Dec. 31, 1995 as approved by extraordinary meeting of the General Assembly (a)	Discretionary Transfers by the Secretary General	Adjusted appropriations	Charge for expenditures	Expired appropriations in 1996	Expired appropriations in 1997
National Projects	\$ 4,456,851	\$ -	\$ 4,456,851	\$ 2,493,934	\$ 1,574,417	\$ 388,500
Regional Projects	4,757,723		4,757,723	3,249,275	1,556,109	(47,661)
Inter-American Centers	140,560	1,105,172	1,245,732	1,233,103		12,629
Special Conferences	214,744		214,744	82,566	122,789	9,389
Executive Secretary	1,265,182		1,265,182	16,401	961,215	287,566
Human Resources and Direction	2,847,652		2,847,652	674,895	2,053,517	119,240
Support Resources	79,738		79,738	11,285	34,610	33,843
Contribution for Administrative and Technical Support	1,470,976	(342,059)	1,128,917	1,164,219	(155,999)	120,697
Unprogrammed Funds	6,410,600	(763,113)	5,647,487		5,647,487	
	<u>\$ 21,644,026</u>	<u>\$ -</u>	<u>\$ 21,644,026</u>	<u>\$ 8,925,678</u>	<u>\$ 11,794,145</u>	<u>\$ 924,203</u>

(a) AG/RES. I (XXII-E/96). These 1996 appropriations for FET are comprised of the 1994-95 unobligated appropriations from SDAF, FEMCIECC, CEC and Cuenta Mar del Plata.

FINANCING:
Voluntary Funds Expired Appropriations \$ 14,375,388
Regular Fund Transfers 858,038
1996 Voluntary Fund 6,410,600
Unappropriated Balances \$ 21,644,026

ORGANIZATION OF AMERICAN STATES

SPECIAL TRANSITION FUND (FET)
SUMMARY AND DISPOSITION OF APPROPRIATIONS
FOR THE PERIOD JULY 1, 1996 TO DECEMBER 31, 1997

	Adjusted appropriations as of Dec. 31, 1996 (a)	Adjustments by CEP/CI (b)	Programming Transfers (c)	Adjusted appropriations	Charge for expenditures	Expired appropriations
National Projects	\$ 2,273,261	\$ 6,751,529	\$ 61,608	\$ 9,086,398	\$ 7,766,761	\$ 1,319,637
Regional Projects	2,934,100	3,809,912		6,744,012	6,174,174	569,838
Inter-American Centers	114,000			114,000	1,800,359	(1,686,359)
Contribution for Administrative and Technical Support	2,741,548			2,741,548	2,361,193	380,355
Unprogrammed Funds:						
National Projects	7,823,671	(6,819,810)	(61,608)	942,253		942,253
Regional Projects	5,137,564	(3,697,938)		1,439,626		1,439,626
	\$ 21,024,144	\$ 43,693	\$ -	\$ 21,067,837	\$ 18,102,487	\$ 2,965,350

(a) CP/RES.690 (1095/96), CEP/CI/RES.6 (IX-0/96),

(b) CEP/CI/RES.8 (XIII-0/97), CEP/CI/RES.9 (XVI-0/97), CEP/CI/RES.10 (XVI-0/97), CEP/CI/RES.11 (XVII-0/97), CEP/CI/RES.12 (XVIII-0/97), CEP/CI/RES.13 (XVIII-0/97), CEP/CI/RES.14 (XIX-0/97), CEP/CI/RES.15 (XX-0/97), SE/SEDI/189/97.

(c) SE/SEDI/249/97

FINANCING:

Expired Appropriations	\$ 11,794,145
Additional Appropriation	115,144
Deobligations	84,548
Operating and reserve subfund	7,137,000
Interest income	1,937,000
	\$ 21,067,837

ORGANIZATION OF AMERICAN STATES

SPECIAL MULTILATERAL FUND OF THE INTER-AMERICAN COUNCIL FOR INTEGRAL DEVELOPMENT - FEMCIDI
SUMMARY DISPOSITION OF 1996 APPROPRIATIONS
YEAR ENDED DECEMBER 31, 1997

	1996 Budget approved by the General Assembly (a)	Adjustments by CIDI (b)	Adjustments by CEF/CIDI (c)	Adjusted budget	Charge for expenditures	Unliquidated obligations	Total expenditures and obligations	Unobligated appropriations
Integral Development Account	\$	\$ 1,428,683	\$ (1,428,683)	\$	\$	\$	\$	\$
Social Development and Creation of Productive Employment		616,338	411,352	1,027,690	56,034	101,862	157,896	869,794
Education		2,245,560	392,020	2,637,580	82,870	713,834	796,704	1,840,876
Economic Diversification and Integration, Trade Liberalization and Market Access		450,989	169,583	620,572	74,084	447,221	521,305	99,267
Scientific Development, Exchange and Transfer of Technology		1,531,949	764,076	2,296,025	243,777	874,201	1,117,978	1,178,047
Strengthening of Democratic Institutions		505,872	44,128	550,000	79,175	89,435	168,610	381,390
Sustainable Development of Tourism		790,486	113,514	904,000	25,000	115,000	140,000	764,000
Sustainable Development and Environment		1,126,364	353,376	1,479,740	597,715	520,219	1,117,934	361,806
Culture		302,406	61,794	364,200	52,421	191,065	243,486	120,714
Ex - Voluntary Funds *	14,113,900	(14,113,900)						
Contribution for Administrative and Technical Support	2,117,100	(529,103)	(106,026)	1,481,971	639,587	3,052,837	639,587	842,384
	\$ 16,231,000	\$ (5,644,356)	\$ 775,134	\$ 11,361,778	\$ 1,850,663	\$ 3,052,837	\$ 4,903,500	\$ 6,458,278

* Special Development Assistance Fund (SDAF), Special Multilateral Fund of the Inter-American Council for Education, Science, and Culture (FEMCIECC), Special Account for Culture (CEC), Mar del Plata Account (CMP).

(a) AG/RES. 1317 (XX-O/95).

(b) CIDI/RES. 15 (II-0/97).

(c) CEF/CIDI/RES.16 (XXII-0/97), CEF/CIDI/RES.19 (XXVII-0/97)

FINANCING:

Pledge Collections	\$ 11,215,132
1996 Interest Needed to Finance Appropriations	146,646
	<u>\$ 11,361,778</u>

ORGANIZATION OF AMERICAN STATES

SPECIAL MULTILATERAL FUND OF THE INTER-AMERICAN COUNCIL FOR INTEGRAL DEVELOPMENT - FEMCIDI
 SUMMARY DISPOSITION OF 1997 APPROPRIATIONS
 YEAR ENDED DECEMBER 31, 1997

	1997 Budget approved by the General Assembly (a)	Adjustments by CIDI (b)	Adjustments by CEPICIDI (c)	Adjusted budget	Charge for expenditures	Unliquidated obligations	Total expenditures and obligations	Unused appropriations
	\$	\$	\$	\$	\$	\$	\$	\$
Integral Development Account		763,610	(763,610)					
Social Development and Creation of Productive Employment	821,819		893,231	1,717,050	47,790	286,510	334,300	1,382,750
Education	2,005,910		701,420	2,707,330	6,000	604,980	610,980	2,096,350
Economic Diversification and Integration, Trade Liberization and Market Access	862,288		819,662	1,681,950		229,470	229,470	1,452,480
Scientific Development, Exchange and Transfer of Technology	1,726,768		1,881,192	3,607,960	487,980	2,310,980	2,798,960	809,000
Strengthening of Democratic Institutions	698,327		586,273	1,284,600	92,620	521,980	614,600	670,000
Sustainable Development of Tourism	960,734		239,266	1,200,000				1,200,000
Sustainable Development and Environment	1,096,176		960,574	2,056,750		866,322	866,322	1,190,428
Culture	242,477		169,363	411,840		206,840	206,840	205,000
Ex - Voluntary Funds *	14,114,500	(14,114,500)						
Contribution for Administrative and Technical Support	2,116,500	(280,878)	364,500	2,200,122	849,221		849,221	1,350,901
	\$ 16,231,000	\$ (5,217,269)	\$ 5,853,871	\$ 16,867,602	\$ 1,483,611	\$ 5,027,082	\$ 6,510,693	\$ 10,356,909

* Special Development Assistance Fund (SDAF), Special Multilateral Fund of the Inter-American Council for Education, Science, and Culture (FEMCIECC), Special Account for Culture (CEC), Mar del Plata Account (CMP).

(a) AG/RES. 1317 (XX-O/95).

(b) CIDI/RES. 15 (II-0/97).

(c) CEPICIDI/RES. 16 (XXII-0/97), CEPICIDI/RES. 19 (XXVII-0/97)

FINANCING:

Pledge Collections	\$ 12,559,850
Less: 10% Reserve Subfund	(1,255,985)
FET - Expired Appropriations 1996	924,203
FET - Expired Appropriations 1997	2,965,350
Interest Needed to Finance Appropriations	1,674,184
	\$ 16,867,602

**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, 1996 to December 31, 1997					Cash Balance Dec. 31 1997	Unliquidated Obligations	Fund Balance (deficit) Dec. 31 1997
	Cash Jan. 1, 1996	Contributions	Transfers	Interest Income and Refunds	Returns			
Designated by Donor:								
Argentina XII CIECC Meeting 1981	\$(66,356)					\$(66,356)		\$(66,356)
Argentina XV Ordinary Session CICAD	4,415					4,415		4,415
Argentina XX Ordinary Meeting CICAD		\$35,374				(3,900)		(3,900)
Argentina XXVI CIECC Meeting	48,099					48,099		48,099
Argentina Security Meeting	2,664					2,258	\$318	1,940
Bahamas XXII General Assembly	(43,618)					(43,618)		(43,618)
Belize Computer Consultancy	(388)	699		\$(311)		388		
Bolivia I-A Conference Int'l Law	(41,870)	23				23		(41,847)
Bolivia-Americas Meeting Sustainable Development		49,755				4,995		4,995
Brazil XVII General Assembly Belem Do Para	5,312					5,312		5,312
Chile Food Policy Seminar	5,000					5,000		5,000
Chile I-A Tribune	2,560					2,560		2,560
Colombia Human Assistance Haiti	20,000					20,000		
Colombia Security Service - SG		79,681				(20,000)		
Costa Rica XIII Meeting CICAD	1,107					(102,382)		(102,382)
Dominican Republic IACW - XX Assembly	(11,335)	280				280		(11,055)
Ecuador OAS Building	52,728			\$6,806		6,806		59,534
El Salvador XVIII General Assembly	9,287					9,287		9,287
Grenada VII General Assembly	(14,341)					(14,341)		(14,341)
Guatemala XVI General Assembly	(1,349)	1,373		(24)		1,349		
Guatemala I-A Commission of Nuclear Energy	41,546					41,546		41,546
Honduras/El Salvador Military Observation Mission	(363,508)					(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
Nicaragua/Costa Rica Civilian Observers	(24,703)					(24,703)		(24,703)
Nicaragua XXIII General Assembly	2,207					2,207		2,207
Panama Canal Treaty	(24,487)					(24,487)		(24,487)
Panama XXVI General Assembly		319,753				319,753		
Paraguay IX Ports Conference		31,500				14,548		
Paraguay XX Ordinary Meeting CIECC	52,255					16,952		16,952
Peru - General Assembly XXVII		454,200		(48,054)		406,146		
St. Vincent Fellowship Program	1,374					1,374		1,374
U.S. Development Assistance Unprogrammed			\$805,372			805,372		805,372
U.S. to Electoral Observation Process - Peru	70,607	143		120		(70,450)		
U.S. IAHR Court	100,000					(100,000)		157
U.S. NEA Grant-Latin American Paintings	366			(366)		(366)		
U.S. NEH Grant-Museum Humanities Catalog	6,940			(6,940)		(6,940)		
U.S. XIV Panamerican Child Congress	(1,218)			11,218		11,218		
Uruguay Judiciary Development on Integration		7,151				149		149
Uruguay IV I-A Special Conference Int'l Law	126					126		126
Uruguay XXIV Meeting CIECC	1,401					1,401		1,401
Inter-American Emergency Aid Fund	9,737					9,737		9,737
Inter-American Children Institute	910,121	86,665				(187,727)		713,467
Inter-American Commission of Human Rights	824,677	66,061				(321,310)		170,545
							8,927	20,659

ORGANIZATION OF AMERICAN STATES
REGULAR FUND

SPECIFIC FUNDS
STATEMENT OF CHANGES IN NET ASSETS AND FUND BALANCES

Donor and Project	From January 1, 1996 to December 31, 1997					Fund Balance (deficit) Dec. 31 1997
	Cash Balance Jan. 1, 1996	Contributions	Transfers	Interest Income and Refunds	Expenditures	
Inter-American Commission of Women	\$38,300	\$47,528	\$89,599		\$105,580	\$31,567
Inter-American Priority Assistance Haiti	345,479			\$16,656	293,302	(276,646)
Inter-American Program of Rio de Janeiro - CICAD	2,838,258	3,840,929		(221,608)	3,851,963	(185,924)
Inter-American Statistical Institute	202,160	19,215		(199,876)	20,336	(200,997)
International Civilian Mission Haiti	8,741,044	20,060	1,154	59,526	7,084,110	(7,003,370)
International Commission Supp. CIAV II	2,685,046	1,989,279	(60,314)	(3,707)	4,604,083	(2,668,825)
Boiero Exhibition		5,000			5,000	
IBM/PADF/OAS Education Program	7,936					
IDB Seminar on Probity & Ethics	(20,107)	35,069	(14,788)		174	20,107
IICA to OAS Guyana	2,340					
Italy Cooperative Tourism	2,300					
Luis O. Carneiro Exposition -Paraguay	766					
Mine Clearing Assistance-Central America	(155,022)	2,913	329,401	(1,047)	172,683	158,584
Netherlands Promote Peace in Suriname	25,776		(25,776)			(25,776)
Norberto Odebrecht Construction - Peru	5,038			(5,038)		(5,038)
OAS / DEWOC	1,973,923	14,004,123	(700,251)	73,974	9,440,815	3,937,283
Open Society Institute		12,500			7,078	5,422
PALCO to Museum	2,363					
SDAF/FEMCIECC to OAS Fellowship Program	8,145					
SECAB Restoration Course	8,000					
Support Offices away from Headquarters	492,019	254,143	(20,220)		364,873	(130,950)
UN-ACNUR Refugees in Latin America	4,866					
UN High Commissioner Refugee		8,000			6,347	1,653
Univ. of Notre Dame-IACHR Fellowship	706	10,000			2,500	7,500
Xerox Grant Latin American Art Museum	4,600					
XXI Consultative Meeting of Ministers						
Subtotal	18,801,309	21,391,417	(13,221)	(403,111)	27,716,065	(6,613,482)
Designated by OAS:						
Support to Specific Funds						
Art Permanent Collection	10,926	5,025	(49,277)	750,055	9,364	700,778
Columbus Memorial Library	137,332	58,089	1,515		166,599	(4,339)
GSB Cafeteria Operation	230,444		(10,000)		8,859	(106,995)
IICA Administrative Tribunal	14,432	42,352			44,688	(2,336)
IICA Legal Services		20,212			20,212	
Microfische Sales	22,994		(1,515)		19,073	(20,588)
Model OAS Interamerican Studies Found			5,000		5,000	
Model OAS - Public Information	21,473	70,834	(5,000)	(55)	79,606	(13,827)
Museum of Art of the Americas	472	16,438			3,566	12,870
OAS Vehicle Replacement Fund	5,407	75,497			51,920	23,577
Publication Sales	154,998	38,453			99,543	(61,090)
Work Related Insurance Policy	531,498	100,000			151,746	(51,746)
Rental GSB 6th Floor		3,250			1,650	
Rental Hall of the Americas	439,261	189,938	10,000		115,650	74,288
Sales Audio Visual Materials	11,174	2,196			11,654	
Subtotal	12,187,827	2,385,885			12,187,827	9,801,942
Support to Specific Funds						
Art Permanent Collection	700,778				9,364	700,778
Columbus Memorial Library	6,587				166,599	(4,339)
GSB Cafeteria Operation	30,337				8,859	(106,995)
IICA Administrative Tribunal	211,585				44,688	(18,859)
IICA Legal Services	12,096				20,212	(2,336)
Microfische Sales	20,212				19,073	(20,588)
Model OAS Interamerican Studies Found	2,406				5,000	
Model OAS - Public Information	5,000			(55)	79,606	(13,827)
Museum of Art of the Americas	7,646				3,566	12,870
OAS Vehicle Replacement Fund	13,342				51,920	23,577
Publication Sales	28,984				99,543	(61,090)
Work Related Insurance Policy	93,908				151,746	(51,746)
Rental GSB 6th Floor	479,926				1,650	
Rental Hall of the Americas	11,600				115,650	74,288
Sales Audio Visual Materials	513,549				11,654	
Subtotal	1,716	320			1,716	1,396

ORGANIZATION OF AMERICAN STATES
REGULAR FUND

SPECIFIC FUNDS
STATEMENT OF CHANGES IN NET ASSETS AND FUND BALANCES

Donor and Project	Cash Balance		From January 1, 1996 to December 31, 1997				Cash Balance Dec. 31 1997	Unliquidated Obligations	Fund Balance (deficit) Dec. 31 1997
	Jan. 1, 1996		Contributions	Transfers	Interest Income	Returns and Refunds			
Staff Development Activities	\$24,845		\$9,399			\$9,254	\$32,118	\$(13,465)	\$11,380
Sales Video Tapes The Poisoned Land		40					40	40	40
Scientific Monographs Sales				\$8,446				8,446	8,446
XXII Ordinary Period Meeting/CICAD			31,953				31,741	212	212
Document Management Services			664,360					664,360	664,360
Communication Services			984,636					984,636	984,636
Subtotal	1,605,256		2,312,672	(40,831)	750,055	9,199	827,779	2,203,316	3,808,572
	\$20,406,565		\$23,704,089	\$(54,052)	\$877,553	\$(393,912)	\$28,543,844	(4,410,166)	\$15,996,399
									86,252
									\$2,472,137
									\$13,524,262

ORGANIZATION OF AMERICAN STATES

SPECIAL MULTILATERAL FUND FOR THE INTER-AMERICAN COUNCIL FOR INTEGRAL DEVELOPMENT
SPECIFIC FUNDS
STATEMENT OF CHANGES IN NET ASSETS AND FUND BALANCES

Donor and Project	From January 1, 1996 to December 31, 1997				Net Change	Cash		Fund Balance (deficit) Dec.31 1997
	Cash Balance Jan. 1, 1996	Contributions	Transfers	Interest Income and Refunds		Expenditures	Unliquidated Obligations	
Argentina Center Textile Research	\$437						\$437	
Argentina - CIDES	18,847	\$20,000			\$8,260		10,587	\$6,379
Argentina - CITAF	581,990	766,300		\$264	823,497		525,057	131,536
Argentina CNEA Degradation Materials	125,130			132	109,139		16,123	1,205
Argentina Education Projects	182,891	30,380	\$26,000		105,823		133,458	115,167
Argentina Horizontal Cooperation	2,002,738			5,809	1,773,652		397,496	205,559
Argentina Science Projects	157,448			945	149,659		8,734	4,861
Argentina Unprogrammed funds	36,584	13,790	(26,000)		(12,210)		24,374	24,374
Argentina X Conf. Labor Ministers	6,458						6,458	6,458
Brazil CICOM	13,811	6,308			19,699		420	860
Brazil CODEVASF to PLANVASF	1,170		(1,170)		(1,170)			(440)
Brazil - Cultural Projects (FEMCIDI)		55,000			55,000		55,000	55,000
Brazil Horizontal Cooperation	300,000				230,137		69,863	9,560
Brazil MIMA Operation			817,919		361,920		455,999	84,387
Brazil PRONI - CODEVASF	317,382	997,496		55,778	1,216,390		154,266	24,987
Brazil SUDAM	400,863	1,903,275	(817,919)	102,210	854,422		734,007	155,870
Brazil Strengthening Water Res. SRHOAS		1,181,657			430,066		751,591	170,340
Brazil Tourism-South Region		30,303			28,037		2,266	2,266
Brazil Unprogrammed Funds (ex CMP)	3,895						3,895	3,895
Brazil Unprogrammed Funds (ex CEC)	44,420						44,420	44,420
Brazil Unprogrammed Funds-Education		287,769	(270,000)		17,769		17,769	17,769
Canada CIDA Technical Cooperation	70,382		(39,214)	3,624	10,634		24,158	24,158
Canada CITEL	130		(130)					
Canada Education Projects	910				86		824	824
Canada Science Projects								
Chile - III Curso Alimentacion & Nutricion			54,003		54,003			
Chile III Curso Gestion Fondos Pension.			35,250		35,250			
Chile-Latin American/Caribbean in new word			35,005		35,005			
Chile CITEL	(12,730)						(12,730)	(12,730)
Chile Science Projects	2,001						2,001	2,001
Chile Unprogrammed Funds	2,791	244,900	(124,258)	(2,791)	107,250		13,392	13,392
CIENES	328,382	410,975			447,001		292,356	208,596
CIDA Unprogrammed Funds								
CITEL Total	85,266	320,861			51,372		354,755	354,755
Colombia Andres Bello XV Cuzco Course								
Colombia Cultural Projects	1,346		49,021		49,320		1,047	397
Colombia Education Projects			54,471		36,294		18,177	17,755
Colombia Fitoumica	2,464						2,464	2,464
Colombia Secretariat Projects					20,000		52,271	52,271
Colombia Unprogrammed funds	128,038	139,619	(228,091)		(68,472)		39,566	39,566
Costa Rica Science Projects	1,547						1,547	1,547
Dominica-Coastal Hazard Assessment Storm R.		33,750			36,840		(3,090)	20,855
Dominican Republic Education Projects	25,919						25,919	25,919
Dominican Republic VII I-A Ports Conference	6,444		(6,444)					
El Salvador Environmental Program	58,996				58,805		191	191
Emergency Ports Projects - Various	125,503	109,749	18,444		80,427		173,269	3,373
Guatemala Aldea Maraxco	1,484		(1,484)					

ORGANIZATION OF AMERICAN STATES

SPECIAL MULTILATERAL FUND FOR THE INTER-AMERICAN COUNCIL FOR INTEGRAL DEVELOPMENT
SPECIFIC FUNDS

STATEMENT OF CHANGES IN NET ASSETS AND FUND BALANCES

Donor and Project	From January 1, 1996 to December 31, 1997				Net Change	Cash Balance		Fund Balance (deficit) Dec. 31 1997
	Cash Balance Jan. 1, 1996	Contributions	Transfers	Returns and Refunds Interest Income		Expenditures	Expenditures	
Guatemala Gulf Honduras	\$58,439	\$104,045	\$12,226		\$79,699	\$36,572	\$95,011	\$17,983
Guatemala-Honduras-Salvador- IICA Trifinio II	197,109	298,409			325,808	(27,399)	169,710	63,295
Honduras Gulf of Honduras	3,920	138,876	(12,226)		104,027	22,623	26,543	22,835
Honduras Proyecto Telebasica		21,778				21,778	21,778	
Honduras Strengthening Technological Capacity		26,103		\$(10,252)	12,536	3,315	3,315	
Mexico Cultural Projects	65		256,500		256,500		65	
Mexico Education Projects	621,600	9,130	271,905		432,315	(151,280)	470,320	68,994
Mexico Fortalecimiento Coop. tec. Am.		683,546				683,546	683,546	20,000
Mexico Horizontal Cooperation		206,155	561,041		337,250	429,846	429,846	74,303
Mexico Indigenous Organizations	71,564				46,353	(46,353)	25,211	7,740
Mexico Regional Enterprises	112,232	19,810			43,135	(23,325)	88,907	2,604
Mexico Science Projects (ex FEMICIECC)	434,312	90,240	(28,997)		210,892	(149,649)	284,663	5,802
Mexico Science Projects (ex CMP)	21,003		(21,003)			(21,003)		
Mexico Technical Cooperation	491,640	407,477	(243,466)		611,194	(447,183)	44,457	12,429
Mexico Unprogrammed Funds (ex Eco/Soc)	427,786		(407,476)			(407,476)	20,310	20,310
Mexico Unprogrammed funds Education	638,178	17,207	(528,405)		58,990	(570,188)	67,990	19,202
Mexico 2nd Meeting of Drug Traffic			18,335		18,335			
Nicaragua Telecommunications Regulation	8,676						8,676	
Panama Investigaciones Farmacognosticas		25,515			12,415	13,100	13,100	11,390
Panama Plan for Science & Technology	17,809	265,000			231,093	33,907	51,716	12,828
Panama Strengthening of Privatization	285,995	1,941,672			1,473,139	468,533	754,528	416,249
Panama Tourism Development	181,888			\$10,342	182,170	(171,828)	10,060	1,572
Panama University Environment	25,179	36,196			54,184	(17,988)	7,191	6,930
Paraguay Education Projects	27,007				22,460	(22,460)	4,547	
Peru - OCIPTEL	9,077				9,077	(9,077)		
Uruguay HGAP Forestry Investment	52,745	22,830			67,788	(44,958)	7,787	7,787
Uruguay Public Transportation Montevideo	8,719		(1,483)		6,762	(8,245)	474	474
Uruguay Transportation MERCOSUR	74,086	119,353			184,226	(64,873)	9,213	18,246
U.S. AID Amazon Environmental Program	425,747		(200,000)		222,342	(422,342)	3,405	3,405
U.S. AID Caribbean Disaster Mitigation	(36,367)	1,600,000			1,509,938	90,062	53,695	268,646
U.S. AID I-A Strategy Particip.-Bo.					6,401	(6,401)	(6,401)	7,200
U.S. AID Public Particip. Seminar-Uruguay		50,000			54,810	(4,810)	(4,810)	(4,810)
U.S. Alt. Resources/Priv. Enterprise		250,000				250,000	250,000	250,000
U.S. ASETA Satellite Services	13,850		(871)	(6,089)	6,890	(13,850)		
U.S. BICIP	3,361		(1)		3,360	(3,361)		
U.S. AID Caribbean Basin Scholarship Fund	491,026	3,340		63,699		67,039	558,065	2
U.S. CIDI's Institutional Capacity		200,000	(200,000)					
U.S. DOE Disaster Mitigation	18,407	100,000			103,066	(3,066)	15,341	8,759
U.S. Education Projects	9,344				1,903	(1,904)	7,440	1,017
U.S. Exchange Water Resource Information Americas				486	160,810	19,676	19,676	3,734
U.S. Information/Tech. Cooperation		250,000				250,000	250,000	25,000
U.S. Research/Tech. Cooperation		500,000				500,000	500,000	500,000
U.S. Science Projects	330,472			1,144	137,542	(136,398)	194,074	444
U.S. Telecom. Develop. Fellow. Program	73,500				67,608	(67,608)	5,892	2,500
U.S. Temporary Committe CITEI	25,000				19,299	(19,299)	5,701	5,701
U.S. to Telecommunications	100,000		(100,000)				900,000	8,800
U.S. Training/Resource Development		900,000				900,000		

ORGANIZATION OF AMERICAN STATES

SPECIAL MULTILATERAL FUND FOR THE INTER-AMERICAN COUNCIL FOR INTEGRAL DEVELOPMENT
SPECIFIC FUNDS
STATEMENT OF CHANGES IN NET ASSETS AND FUND BALANCES

Donor and Project	From January 1, 1996 to December 31, 1997				Cash Balance Dec. 31 1997	Unliquidated Obligations Dec. 31 1997	Fund Balance (deficit) Dec. 31 1997
	Cash Balance Jan. 1, 1996	Contributions	Transfers	Interest Income and Refunds Returns			
U.S. TVA Support to Dialogue II Meeting		\$5,000	\$(12)		\$4,988		
U.S. Unprogrammed funds to FEMICIECC	\$223,006	1				\$1	\$223,007
Venezuela Cultural Projects	22,729	8,144			423	7,721	30,450
Venezuela Peace Seminar in Latin America		23,500					
Venezuela Preventive Education	5,750	(55)			5,695	(5,750)	
Venezuela Science Projects	1,947	(1,947)		\$(84,000)		(1,947)	
Venezuela Unprogrammed Funds		8,053				8,053	8,053
Venezuela Unprogrammed Funds-Cultura	59,244	(8,144)		(51,100)		(59,244)	
Venezuela Unprogrammed Funds (ex CMP)	132,329	2,002				(81,998)	50,331
Venezuela Unprogrammed funds (ex FEMICIECC)	374,649	(125,842)		(214,900)	188	(340,930)	33,719
Dutch contribution to CINDER/CIDIAT	405					405	405
EEC Develop Flood Hazard	(11,456)	9,263				9,263	(2,193)
EEC/ECHO Flood Mapping Honduras II	97,392	(10,990)			108,382	(10,990)	\$2,554
EEC Develop Flood Hazard Mapping	158,376	149,787			291,136	(141,349)	384
EEC Improving EQ Readiness	(13,606)	11,538				11,538	(2,068)
EEC Pilot Disast. Vulnerab. Profiles/ECHO	115,636	95,569			189,443	(93,874)	20,762
EEC Reduc. of Hurricane Impact on school build.		59,419			39,864	19,555	12,026
EEC Road Natural Disaster	117,708	102,613			210,873	(108,260)	8,983
EEC Trifinio	3,679				3,500	(3,500)	179
Finlandia Trifinio II	288,410			\$14,941	252,962	(238,021)	50,305
Germany Science Projects	450,980	514,405		9,982	741,007	(216,620)	160,151
Support to Specific Funds							
Italy Ecuador Fiber Optics Teleport	96,145		(134,479)	758,014	37,072	586,463	586,463
Italy Telecommunications Study CONSULTEL	23,455			1,953	74,159	(74,159)	10,986
Netherlands Food Technology - Brazil	6,982				10,333	(8,380)	15,075
Spain Belize Museum	17,000				17,000	(17,000)	6,982
Amalia Fortabat Music Friends Fellowships	876						876
Accounting Support	3,555	32,932			27,286	5,646	2,392
SCIE Frontier Development Honduras/Guatemala	30,000	40,000			67,162	(27,162)	12,385
Development Project Staff Reimbursement	45		(2)		43	(45)	
IDB Environmental Study Uruguay	2,179		(2,179)			(2,179)	
IDB Meeting PISD/C	2,669				1,890	(1,890)	779
IDB National Customs Costa Rica	116,278	119,019			222,229	(103,210)	12,602
IDB Technical Support to External Projects	(5,626)			6,089	1,737	4,352	(1,274)
ILDES	2,236				14	(2,236)	
Information Service Foreign Trade - SICE	1,237,211	217,091	(200,000)		574,990	(557,899)	582,830
Miscellaneous Record Sales	1,617	3,049			394	2,655	4,272
PAHO Parliamentary Health Meeting	3,507						3,507
Perkins School for the Blind	2,500						2,500
Peru Horizontal Cooperation Contribution		10,000				10,000	10,000
Regional Development Support	66,987	63,930	6,315		59,083	11,162	78,149
Scientific Monographs	9,206	9,240	(8,446)		10,000	(9,206)	10,574
Senal-Brazil - PAT-SENAL-OEA	10,980	3,573			3,979	(406)	
Social Affairs Department Administrative Support	396				396	(396)	
Tinker Found - Tech. Coop. Seminar HQ.	8,520						8,520
UN Diagnostic Study San Juan River	176,768		585		176,006	(175,421)	1,347

ORGANIZATION OF AMERICAN STATES

SPECIAL MULTILATERAL FUND FOR THE INTER-AMERICAN COUNCIL FOR INTEGRAL DEVELOPMENT
SPECIFIC FUNDS

STATEMENT OF CHANGES IN NET ASSETS AND FUND BALANCES

Donor and Project	Cash Balance		From January 1, 1996 to December 31, 1997			Cash Balance	Unliquidated Obligations	Fund Balance (deficit) Dec. 31 1997
	Jan. 1, 1996	Dec. 31, 1997	Transfers	Interest Income	Returns and Refunds	Expenditures		
UN Plan Titicaca Basin	\$145,644	\$47,600	\$(585)			\$191,342	\$(144,327)	\$1,317
UNDP Natural Hazards Mitigation	33,484					33,430	(33,430)	54
UNEP/GEF I-A Strategy for Participation		22,877				23,779	(902)	(902)
UNEP/GEF Sao Francisco River Basin - Brasil		279,750				75,462	204,288	\$105,865
UNEP/GEF Upper Paraguay River Basin		229,750				52,183	177,567	123,887
UNEP Approach to Managing the Environment		395,000					395,000	395,000
UNEP La Amistad Costa Rica	22,408	1,198,225			\$264	4,040	(3,776)	18,632
UNEP Basin of the Bermejo River		231,000				283,710	904,515	904,515
UNEP Rio Bermejo Basin						221,679	9,321	9,321
UNEP Source Book	19,300					18,766	(18,766)	534
UNEP Water Resources	9,216					1,028	(1,028)	8,188
UNEP Watershed Colombia-Venezuela	11,448					9,378	(9,378)	2,070
UNICEF PROPOSAL/CEPAL		43,980				12,589	33,613	28,501
World Bank GEF	118,585	745,483				677,040	68,443	187,028
World Bank-Symposium Early Child Development		9,000				8,761	239	239
	<u>\$14,349,663</u>	<u>\$19,645,633</u>	<u>(1,289,663)</u>	<u>\$1,183,144</u>	<u>\$(353,999)</u>	<u>19,006,226</u>	<u>\$178,889</u>	<u>\$14,528,552</u>
								<u>\$3,377,389</u>
								<u>\$11,151,163</u>

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.

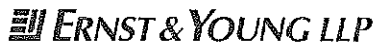
Beginning in 1931, the assets of the Fund have been accumulated principally by contributions received from Dr. Rowe during his lifetime and are held in trust to provide certain benefits to staff members of the General Secretariat.

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, 1997 AND 1996
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, 1997 and 1996, 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, 1997 and 1996, and the results of its operations and its cash flows for the years then ended in conformity with generally accepted accounting principles.

Ernst & Young LLP

March 13, 1998

ORGANIZATION OF AMERICAN STATES

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

	December 31,	
	1997	1996
Assets		
Equity in OAS Treasury Fund (Note 3)	\$ 15,791	\$ 20,681
Investments at market value (Note 4)	272,289	226,992
Total unrestricted net assets	\$ 288,080	\$ 247,673

STATEMENTS OF ACTIVITIES

	Year ended December 31	
	1997	1996
Income		
Dividends and Interest	\$ 7,414	\$ 7,357
Capital gains distributions from mutual funds	26,158	11,963
Realized gains on investments	-	1,242
Income from OAS Treasury Fund (Note 3)	1,071	1,200
Change in unrealized gains/losses on investments (Note 4)	11,724	2,267
	46,367	24,029
Awards and other benefits (Note 1)	(5,960)	(600)
Change in net assets	40,407	23,429
Unrestricted net assets, beginning of year	247,673	224,244
Unrestricted net assets, end of year	\$ 288,080	\$ 247,673

See accompanying notes

ORGANIZATION OF AMERICAN STATES

**ROWE MEMORIAL BENEFIT FUND
STATEMENTS OF CASH FLOWS**

	Year ended December 31	
	1997	1996
Operating activities		
Change in net assets	\$ 40,407	\$ 23,429
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Unrealized gains on investments	(11,724)	(2,267)
Gain on sale of securities	-	(1,242)
Net cash provided by operating activities	28,683	19,920
Investing activities		
Proceeds from sale of securities	-	3,235
Purchase of securities	(33,573)	(22,554)
Net cash used in investing activities	(33,573)	(19,319)
Net increase in cash and cash equivalents	(4,890)	601
Equity in OAS Treasury Fund, beginning of year	20,681	20,080
Equity in OAS Treasury Fund, end of year	\$ 15,791	\$ 20,681

ORGANIZATION OF AMERICAN STATES

ROWE MEMORIAL BENEFIT FUND NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 1997 AND 1996

1. Organization and Financing

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

2. 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. Investments

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

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

(In Thousands)
December 31, 1997

	<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	\$238	35	(1)	34	\$ 272

(In Thousands)
December 31, 1996

	<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	\$205	23	(1)	22	\$ 227

**LEO S. ROWE PAN AMERICAN FUND
FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 1997 AND 1996
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, 1997 and 1996, 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, 1997 and 1996, and the results of its operations and its cash flows for the years then ended in conformity with generally accepted accounting principles.

Ernst & Young LLP

March 13, 1998

ORGANIZATION OF AMERICAN STATES

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

<u>Assets</u>	December 31,	
	1997	1996
Equity in OAS Treasury Fund (Note 4)	\$ 216,863	\$ 13,211
Investments at market value (Note 7)		
Mutual funds invested in equity investments	2,445,038	1,956,831
Mutual funds invested in fixed income securities	4,700,208	4,778,098
	7,145,246	6,734,929
Loans receivable (Note 5)		
Students		
Installments not yet due	2,141,657	1,998,907
Installments past due	527,978	439,256
Allowance for uncollectible loans	(423,938)	(292,458)
	2,245,697	2,145,705
Employees of the Organization of American States	581,219	637,797
	2,826,916	2,783,502
Total Assets	\$ 10,189,025	\$ 9,531,642
<u>Liabilities and Net Assets</u>		
Miscellaneous payables	88,510	202,526
Unrestricted Net Assets		
Committee designated (Note 1)	1,000,000	1,000,000
Available for loans	9,100,515	8,329,116
Total Net Assets	10,100,515	9,329,116
Total Liabilities and Net Assets	\$ 10,189,025	\$ 9,531,642

See accompanying notes

ORGANIZATION OF AMERICAN STATES

**LEO S. ROWE PAN AMERICAN FUND
STATEMENTS OF ACTIVITIES**

Income	Year ended December 31,	
	1997	1996
Dividend and interest income (Note 3)	\$ 336,938	\$ 333,255
Capital gain distributions from mutual funds	638,164	306,945
Realized gains on investments	34,277	66,576
Miscellaneous income (Note 3)	3,967	7,385
Unrealized losses on investments (Note 7)	(39,495)	(201,736)
	<u>973,851</u>	<u>512,425</u>
Expenses		
Increase in allowance for uncollectible loans (Note 5)	131,481	94,684
Investment management and custodian fees	15,000	15,000
Administrative expenses (Note 6)	20,000	20,000
Other expenses	35,971	27,075
	<u>202,452</u>	<u>156,759</u>
Change in net assets	771,399	355,666
Net assets, beginning of year	9,329,116	8,973,450
Net assets, end of year	<u>\$ 10,100,515</u>	<u>\$ 9,329,116</u>

See accompanying notes

ORGANIZATION OF AMERICAN STATES

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

Operating Activities	Year ended December 31,	
	1997	1996
Change in net assets	\$ 771,399	\$ 355,666
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Unrealized loss on investments	39,495	201,736
Gain on sale of investments	(34,277)	(66,576)
Increase in provision for uncollectible loans	131,480	94,684
Changes in operating assets and liabilities:		
(Increase) in loans to students	(231,472)	(344,926)
Decrease (increase) in loans to employees	56,578	(83,163)
(Decrease) increase in miscellaneous payables	(114,016)	134,452
Net cash provided by operating activities	619,187	291,873
Investing activities		
Proceeds from the sale of investments	500,000	215,500
Purchase of investments	(915,535)	(811,014)
Net cash used in investing activities	(415,535)	(595,514)
Net increase (decrease) in cash and cash equivalents	203,652	(303,641)
Equity in OAS Treasury Fund, beginning of year	13,211	316,852
Equity in OAS Treasury Fund, end of year	\$ 216,863	\$ 13,211

See accompanying notes
III-19

ORGANIZATION OF AMERICAN STATES

LEO S. ROWE PAN AMERICAN FUND NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 1997 AND 1996

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. The Committee designated net assets of \$1,000,000 as being comprised of investments not considered to be available for the purpose of granting loans.

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. Reclassifications

Certain prior year amounts have been reclassified to conform to current year financial statement presentation.

4. 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.

5. 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:

	1997	1996
Balance, beginning of year	\$ 292,458	\$ 197,774
Provision for uncollectible loans	<u>131,480</u>	<u>94,684</u>
Balance, end of year	<u>\$ 423,938</u>	<u>\$ 292,458</u>

In the opinion of the Committee, the allowance of \$423,938 at December 31, 1997 is sufficient to provide for losses that may be incurred upon the ultimate realization of these loans.

During 1997 and 1996 the Fund disbursed new student loans aggregating approximately \$687,000 and \$680,000, respectively. The Fund received loan repayments of approximately \$456,000 and \$333,000 in 1997 and 1996, respectively.

New loans to employees for educational purposes or in emergency situations aggregated \$165,000 and \$184,000 in 1997 and 1996 respectively. The Fund received loan repayments of approximately \$263,000 and \$144,000 in 1997 and 1996 respectively. The interest rate on new employee loans granted in 1997 remained at 7.5%. Interest rates on outstanding loans granted in 1996 varied from 8% to 7.5%.

6. Administrative Expenses

The Committee authorized payments of \$20,000 in both 1997 and 1996 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 \$35,000 and \$28,000 in other expenses related to the services of a contract employee in 1997 and 1996, respectively. 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.

7. Investments

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

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

(In Thousands)
December 31, 1997

	<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	\$4,670	70	(40)	30	\$4,700
Mutual funds invested in Equity investments	<u>2,390</u>	<u>55</u>	<u>-</u>	<u>55</u>	<u>2,445</u>
	<u>\$7,060</u>	<u>125</u>	<u>(40)</u>	<u>85</u>	<u>\$7,145</u>

(In Thousands)
December 31, 1996

	<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	\$4,768	51	(41)	10	\$4,778
Mutual funds invested in Equity investments	<u>1,843</u>	<u>114</u>	<u>-</u>	<u>114</u>	<u>1,957</u>
	<u>\$6,611</u>	<u>165</u>	<u>(41)</u>	<u>124</u>	<u>\$6,735</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, 1997 and 1996, 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, 1997 and 1996, and the results of its operations and its cash flows for the years then ended in conformity with generally accepted accounting principles.



February 20, 1998

ORGANIZATION OF AMERICAN STATES

**INTER-AMERICAN DEFENSE BOARD
STATEMENTS OF FINANCIAL POSITION**

	December 31	
	1997	1996
<u>ASSETS</u>		
Current assets:		
Cash and cash equivalents	\$ 237,812	\$ 180,071
Prepaid expenses and other assets	54,092	74,619
	291,904	254,690
Property and equipment, at cost:		
Furniture and equipment	984,167	706,759
Less accumulated depreciation	610,513	543,170
	373,654	163,589
Total assets	665,558	418,279
<u>LIABILITIES AND NET ASSETS</u>		
Current liabilities:		
Accounts payable	\$ 206,552	\$ 13,867
Accrued leave (Note 2)	162,475	192,379
	369,027	206,246
Unrestricted net assets	296,531	212,033
Total liabilities and net assets	\$ 665,558	\$ 418,279

See accompanying notes

ORGANIZATION OF AMERICAN STATES

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

	Year ended December 31	
	1997	1996
Revenue:		
Funding received from the Organization of American States (Note 5)	\$ 2,500,000	\$ 2,151,200
Interest and other income	32,760	29,371
Total revenue	2,532,760	2,180,571
Expenses:		
Personnel	1,756,769	1,527,508
Building and maintenance	109,509	81,657
Equipment and supplies	161,797	173,918
Other general and administrative	146,148	124,438
Travel	68,722	60,604
Depreciation	67,343	34,442
Documents	54,297	30,421
Contracts	83,677	89,730
Total expenses	2,448,262	2,122,718
Change in net assets	84,498	57,853
Unrestricted net assets, beginning of year	212,033	154,180
Unrestricted net assets, end of year	\$ 296,531	\$ 212,033

See accompanying notes

ORGANIZATION OF AMERICAN STATES

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

	<u>Year ended December 31</u>	
	<u>1997</u>	<u>1996</u>
Operating activities		
Change in net assets	\$ 84,498	\$ 57,853
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	67,343	34,442
Changes in operating assets and liabilities:		
Decrease in prepaid expenses and other assets	20,527	27,463
Increase in accounts payable	192,685	7,491
Decrease in accrued leave	(29,904)	(2,739)
Net cash provided by operating activities	<u>335,149</u>	<u>124,510</u>
Investing activities		
Purchase of property and equipment	(277,408)	(81,577)
Net cash used in investing activities	<u>(277,408)</u>	<u>(81,577)</u>
Net increase in cash and cash equivalents	57,741	42,933
Cash and cash equivalents at beginning of year	<u>180,071</u>	<u>137,138</u>
Cash and cash equivalents at end of year	<u><u>\$ 237,812</u></u>	<u><u>\$ 180,071</u></u>

See accompanying notes

ORGANIZATION OF AMERICAN STATES

INTER-AMERICAN DEFENSE BOARD NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 1997 AND 1996

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.

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.

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 1997 and 1996 for these benefits amounted to approximately \$177,000 and \$4,200 respectively.

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

3. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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.

4. Pension Plan

Substantially all of the employees of the Board participate in a contributory 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 \$202,000 and \$213,000 in both 1997 and 1996, respectively.

5. Funding

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

Funding received from the OAS in the form of direct cash contributions decreased from \$2,151,200 in 1996 to \$2,500,000 in 1997. The OAS has currently appropriated \$2,192,500 for 1998. 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.

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

6. Program Expenses

The Board incurred approximately \$1,210,430 and \$1,086,000 in 1997 and 1996, respectively, related to the Inter-American Defense College. All other expenses incurred were classified as General and Administrative Expenses.

7. Impact of Year 2000 (unaudited)

The Year 2000 issue is the result of computer programs being written using two digits rather than four to define the applicable year. Any of the Board's computer programs that have time-sensitive software may recognize

a date using "00" as the year 1900 rather than the year 2000. This could result in system failure or miscalculations causing disruptions of operations, including among other things, a temporary inability to process transactions, and invoices, or engage in normal business activities.

The Board has substantially completed an assessment and a process of modifying or replacing portions of its software and equipment so that its computer systems will function properly with respect to dates in the year 2000 and after.

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, 1997 and the related statement of activity and changes in fund balance from July 1, 1993 (inception) to December 31, 1997. 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 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 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, 1997, and its activity and its changes in fund balance from July 1, 1993 (inception) to December 31, 1997 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 Fund 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.



March 13, 1998

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

STATEMENTS OF ASSETS, LIABILITIES AND FUND BALANCE

AS OF DECEMBER 31, 1997

<u>ASSETS</u>	<u>December 31</u> <u>1997</u>
Equity in OAS Treasury Fund (Note 4)	\$ 44,920
Other assets	-
	<u>44,920</u>

<u>LIABILITIES AND FUND BALANCE</u>	
Unliquidated Obligations	26,221
Accounts payable	18,699
Fund balance	-
	<u>\$ 44,920</u>

ORGANIZATION OF AMERICAN STATES
INTERNATIONAL COMMISSION OF SUPPORT AND VERIFICATION II

STATEMENTS OF ACTIVITY AND CHANGES IN FUND BALANCE

	Biennium ended Dec. 31, 1997	Biennium ended Dec. 31, 1995	July 1, 1993 (Inception) to Dec. 31, 1993	TOTAL
Increases				
Contributions (Note 4)				
United States - State Department	\$ 1,787,100	\$ 6,350,000	\$ 5,000,000	\$ 13,137,100
European Economic Community (EEC)	207,275	989,504	-	1,196,779
Canada - Cooperation Office in Nicaragua	4,904	-	-	4,904
Other financing sources	11,494	-	-	11,494
Other income	3,497	-	-	3,497
	<u>2,014,270</u>	<u>7,339,504</u>	<u>5,000,000</u>	<u>14,353,774</u>
Decreases				
Obligations and Expenditures				
Operational Costs	853,280	1,719,591	691,163	3,264,034
Programming, Following and Verification	1,350,130	3,349,085	1,661,469	6,360,684
Tri-partisan Commission	4,247	227,858	87,498	319,603
Institutional Support	1,027,775	1,685,477	391,890	3,105,142
Final audit - Project closing costs	105,339	-	-	105,339
European Community - Nueva Segovia	207,409	857,363	-	1,064,772
England - Purified water project	-	1,178	-	1,178
Germany Microprojects	-	11,596	-	11,596
Canada - Rehabilitation of armed groups	4,904	-	-	4,904
	<u>3,553,084</u>	<u>7,852,148</u>	<u>2,832,020</u>	<u>14,237,252</u>
Transfers				
Transfer from (to) CIAV I - U.S.	-	-	63,412	63,412
Transfer from (to) CIAV I - Others	-	-	(100,433)	(100,433)
Transfer to OAS Democ Unprogrammed funds	(60,764)	-	-	(60,764)
Return to Donor - European Economic Community	(18,699)	-	-	(18,699)
Return to Donor - Germany	-	(38)	-	(38)
	<u>(79,463)</u>	<u>(38)</u>	<u>(37,021)</u>	<u>(116,522)</u>
Fund balance at beginning of period	1,618,277	2,130,959	-	-
Net change during period	(1,618,276)	(512,682)	2,130,959	-
Fund balance at end of period	<u>\$ -</u>	<u>\$ 1,618,277</u>	<u>\$ 2,130,959</u>	<u>\$ -</u>

See accompanying notes

ORGANIZATION OF AMERICAN STATES

INTERNATIONAL COMMISSION OF SUPPORT AND VERIFICATION II NOTES TO FINANCIAL STATEMENTS

December 31, 1997

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 provided 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.

On December 31, 1997, CIAV II was closed. Certain amounts were refunded to the European Economic Community in accordance with donor specifications. The remaining fund balance was transferred to the Unit for 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 and a financial statement display 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 represents liabilities to unrelated third party at December 31, 1997 and activities related to the completion of the project.

3. 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.

4. 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.

5. Funding

The Government of the United States has contributed to CIAV/OAS a total of \$13,137,100 from its inception to December 31, 1997. In addition CIAV/OAS received \$ 1,196,779 from the European Community Commission.

6. Status of the Commission

CIAV/OAS was headquartered in Managua, Nicaragua and its activities included 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. CIAV/OAS ended its activities on December 31, 1997.

7. 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, 1997, 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, 1997, 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.



March 13, 1998

ORGANIZATION OF AMERICAN STATES
OAS / DEMOC

COMBINING STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCE
December 31, 1997

	PROMOTION DEMOCRACY AND PEACE SURINAME	INTERNAT. CIVILIAN PRESENCE HAITI	ELECTORAL OBSERVATION/ TECHASSISTANCE PERU	ELECTORAL OBSERVATION NICARAGUA	ELECTORAL OBSERVATION/ TECH. ASSISTANCE GUATEMALA	PROGRAM FOR PEACE GUATEMALA	OTHER DEMOCRATIC INITIATIVES	MINE CLEARING CENTRAL AMERICA	COMBINED
Equity in OAS Treasury Fund	\$ 286,146	\$ 1,555,152	\$ 95,896	\$ 341,374	\$ 229,524	\$ 400,438	\$ 2,904,683	\$ 1,669,491	\$ 7,492,704
Other assets	\$ 286,146	\$ 270,188	\$ 95,896	\$ 341,374	\$ 229,524	\$ 400,438	\$ 79,296	\$ -	\$ 349,484
		\$ 1,825,340	\$ 95,896	\$ 341,374	\$ 229,524	\$ 400,438	\$ 2,983,979	\$ 1,669,491	\$ 7,842,188
ASSETS									
Unliquidated obligations	\$ 13,754	\$ 686,835	\$ 158	\$ 15,944	\$ 60,534	\$ 96,737	\$ 652,366	\$ 536,668	\$ 2,062,996
Accounts payable	282,392	87,664	95,738	325,430	168,990	303,701	10,328	1,047	194,777
Fund balance	\$ 286,146	\$ 1,050,841	\$ 95,896	\$ 341,374	\$ 168,990	\$ 303,701	\$ 2,321,285	\$ 1,131,776	\$ 5,584,415
		\$ 1,825,340	\$ 95,896	\$ 341,374	\$ 229,524	\$ 400,438	\$ 2,983,979	\$ 1,669,491	\$ 7,842,188
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, 1997

	PROMOTION DEMOCRACY AND PEACE SURNAME	INTERNATIONAL CIVILIAN PRESENCE HAITI	ELECTORAL OBSERVATION/ TECH-ASSISTANCE PERU	ELECTORAL OBSERVATION NICARAGUA	ELECTORAL OBSERVATION / TECH. ASSISTANCE GUATEMALA	PROGRAM FOR PEACE GUATEMALA	OTHER DEMOCRATIC INITIATIVES	MINE CLEARING CENTRAL AMERICA	COMBINED
Increases									
Contributions									
Bolivia				\$ 70,220			\$ 125,911	\$ 291,450	\$ 125,911
Canada						700,000	71,022		432,692
Denmark								180,180	700,000
France					\$ 724,039			180,180	180,180
Guatemala						113,084		250,000	837,123
Honduras							150,186		250,000
IADB	\$ 224,186			240,000				150,000	150,186
Japan				200,000					390,000
Netherlands						539,070			424,186
Norway								707,641	539,070
Spain				226,750					707,641
Suriname				199,983					926,426
Sweden						583,325		1,486,281	3,225,339
Switzerland							928,983		926,426
United Kingdom								100,000	3,225,339
United States	25,000	20,060	263	1,200,000	497,095		2,045,489	100,000	220,000
Uruguay	58,400				5,000			535,401	4,323,308
OAS Treasury Fund Income		60,681		120	(5,254)		10,380		5,000
Other Income/transfers	1,234,012	80,741	263	2,137,073	1,220,880	1,935,479	3,450,971	3,701,028	54,622
									13,760,447
Decreases									
Refunds									
Obligations and Expenditures									
Travel	117,475	80,420	-	181,186	147,470	63,094	451,850	1,047	1,047
Equipment	467,926	(54,155)	-	284,542	168,417	235,593	454,633	302,624	1,344,119
Maintenance and Supplies	46,343	(449)	-	74,232	38,285	67,507	111,903	554,873	2,131,829
Contracts	347,625	5,531,151	-	1,143,538	686,681	1,119,498	1,363,384	39,729	377,556
Other	48,354	1,127,565	44,148	128,145	152,314	185,482	318,354	861,283	11,053,160
	1,027,723	6,684,538	44,148	1,811,643	1,193,167	1,691,174	2,700,124	521,228	2,525,590
								2,280,784	17,433,301
Fund balance beginning of period	76,103	7,654,638	43,885	-	141,277	59,396	1,570,438	(288,468)	9,257,269
Net change during period	206,289	(6,603,797)	(43,885)	325,430	27,713	244,305	730,847	1,420,244	(3,672,854)
Fund balance end of period	282,392	1,050,841	-	325,430	168,990	303,701	2,321,285	1,131,776	5,584,415

ORGANIZATION OF AMERICAN STATES

UNIT FOR THE PROMOTION OF DEMOCRACY NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 1997

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 and a financial statement display 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, 1997. It represents amounts anticipated to be expended in the subsequent year in the completion of these projects.

3. 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.

4. 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.

5. 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 \$31,124,127 was received from inception until December 31, 1997. 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 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 \$5,644,880, out of which the United States contributed \$4,510,263; Japan \$1,000,000; E.E.C. \$100,207 and Argentina \$20,000.

SURINAME

On July 21, 1992 an agreement signed between the Secretary General of the Organization of American States and the Government of the Republic of Suriname

established the "Special Mission to Suriname". The purpose of the Mission is to assist the Government of the Republic of Suriname in formalizing and safeguarding durable peace, and in strengthening of the national institutions and the democratic order. Initially the Mission was established for a period of two years (1992-1994) but its mandate has been renewed for two additional two-year periods. The current mandate of the Mission will expire on July 21, 2000.

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 \$3,861,366 since the inception of the Unit to December 31, 1997. 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.

ELECTORAL OBSERVATION AND TECHNICAL ASSISTANCE GUATEMALA

In a letter to the Secretary General of the OAS dated July 25, 1995, the Guatemalan Government invited the Organization of American States "to observe the general election process" in Guatemala. The objectives of the Mission were to observe the conduct of participants in the electoral process with the aim of verifying its conformity to prevailing election norms, observing the organization and management of the electoral process, the degree of freedom of expression, and the electioneering process. The general elections filled the offices of president and vice-president, congressional deputies, deputies to the Central American Parliament, mayors, council

members, and alternates from the country's municipalities. There were two rounds of elections, on November 12, 1995 and the second on January 7, 1996. From inception to December 31, 1997, financing in the amount of \$1,889,003 was received from Member States and Observer Countries.

In late 1994, the Guatemalan Government, through its National Fund for Peace (FONAPAZ), requested an OAS mission to develop a program designed to strengthen the capacity of Guatemalans to prevent and peacefully resolve conflicts affecting the population. After a series of meetings with Guatemalan authorities, the OAS proposal for a "Program for the Prevention and Resolution of Community Conflicts in Guatemala" was accepted. The program was subsequently renamed "Culture of Dialogue in Guatemala: Program for the Development of Resources for Peacebuilding" (PROPAZ). FONAPAZ and the Presidential Secretariat for Peace, Development and National Reconciliation (SEPAZ) were designated as the government counterparts for the Program.

The first pilot phase of the program is financed by a special contribution from the Guatemalan government, which agreed to contribute forty percent of the budget, and the remainder with DEMOC funds and special contributions by the Canadian and U.S. governments. In September 1996, a letter of understanding was signed by the OAS and the governments of Guatemala, Sweden, Norway and Denmark, which enhanced the Program to provide technical support and training to State institutions and civil society institutions at a national level. From inception to December 31, 1997, financing in the amount of \$1,994,875 was received from Member States and Observer Countries.

ELECTORAL OBSERVATION PROCESS IN NICARAGUA

In an effort to address the concerns of its people, the Nicaraguan Government formally requested that the OAS field an observation mission that could monitor the entire process leading up to the national elections, scheduled for October 1996, including registration, the campaign and the preparations for the national elections. The Government extended this information at the OAS General Assembly Meeting in June 1995 in Montrouis, Haiti. From inception to December 31, 1996, financing in the amount of \$2,137,072 was received from Member States and Observer Countries. In addition CIAV provided the mission on a temporary basis, the use of its vehicles and communication equipment to the extent possible without impeding on the work of the Commission.

6. Staffing and Administrative Support

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

SUPPLEMENTARY INFORMATION

**ORGANIZATION OF AMERICAN STATES
OAS / DEMOC**

**COMBINING STATEMENT OF ACTIVITY AND CHANGES IN FUND BALANCE
FROM INCEPTION TO DECEMBER 31, 1997**

	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 NICARAGUA (Jan 1, 1996)	ELECTORAL OBSERVATION / TECH. ASSISTANCE GUATEMALA (Sep. 14, 1995)	PROGRAM FOR PEACE GUATEMALA (Aug. 8, 1995)	OTHER DEMOCRATIC INITIATIVES	MINE CLEARING CENTRAL AMERICA (Jun. 15, 1992)	COMBINED
Increases									
Contributions									
Argentina			\$ 20,000					\$ 3,579	\$ 20,000
Australia		5,000							3,579
Bolivia		50,000							130,911
Brazil		1,072,297		\$ 70,220				291,450	50,000
Canada		20,000							2,075,074
Chile		25,000							25,000
Colombia					\$ 700,000				700,000
Denmark		1,000							1,000
Dominica		353,982						198,362	552,344
France		130,000						62,000	364,332
Germany					\$ 724,039				896,519
Guatemala						172,480			250,000
Honduras							165,186		250,000
IADB									185,186
Italy		91,875							169,921
Japan	\$ 845,165		1,000,000	240,000	100,000				1,590,000
Netherlands		105,661		200,000					1,150,826
Norway					7,500	539,070			546,570
Norway		45,400			1,500				45,400
Paaatua									1,500
Russia									757,641
Spain		3,000							3,000
Saint Kitts and Nevis									926,426
Suriname	926,426					583,325			926,426
Sweden				226,750					3,374,071
Switzerland				199,983					199,983
United Kingdom									220,000
United States	25,000	29,020,060	4,510,263	1,200,000	1,056,218				41,308,308
Uruguay					5,000				5,000
Venezuela	5,000	83,469							88,469
European Econ. Community			100,207						166,040
OAS Treasury Fund income	58,400	56,702	14,410					4,063	179,567
Other Income/Transfers	1,859,991	31,124,127	5,644,880	2,137,073	1,889,003	1,994,875	6,185,695	5,235,645	56,071,289
Decreases									
Refund to United States									1,047
Obligations and Expenditures									
Travel	337,544	3,130,446	3,002,583	181,186	220,363	63,094	1,123,224	1,133,224	9,191,664
Equipment	565,361	2,326,690	558,445	284,542	250,263	255,593	540,428	1,120,835	5,902,157
Maintenance and Supplies	55,956	32,528	51,440	74,232	48,382	67,507	43,323	521,683	521,683
Contracts	518,409	19,992,868	657,366	1,143,558	1,024,944	1,119,498	1,043,888	1,043,888	27,116,529
Other	100,329	4,590,754	1,375,046	128,145	176,061	185,482	456,425	761,552	7,753,794
	1,577,599	30,073,286	5,644,880	1,811,643	1,720,013	1,691,174	3,864,410	4,109,869	50,486,874
Net change during period	282,392	1,050,841		325,430	168,990	303,701	2,321,285	1,131,776	5,584,415
Fund balance end of period	282,392	1,050,841		325,430	168,990	303,701	2,321,285	1,131,776	5,584,415

See accompanying notes

