A68/38
SIXTY-EIGHTH WORLD HEALTH ASSEMBLY
Provisional agenda item 21.1
24 April 2015

Financial Report

and **Audited Financial Statements** for the year ended 31 December 2014

World Health Organization

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Information on voluntary contributions by fund and by contributor for the year ended 31 December 2014 is contained in the Annex to the Financial Report (document A68/INF./1), which is available on the WHO website, at http://www.who.int/about/finances-accountability/funding/voluntary-contributions/en/.

DIRECTOR-GENERAL'S REPORT

INTRODUCTION

1. In accordance with Article 34 of the Constitution and Financial Regulation XIII of the World Health Organization, I have the honour to present the Financial Report for the year ended 31 December 2014. The financial statements, accounting policies and notes to the financial statements have been prepared in compliance with International Public Sector Accounting Standards (IPSAS) and the Financial Regulations of the World Health Organization and its Financial Rules. The statutory components of the Financial Report have been audited by the Organization's External Auditor, the Republic of the Philippines Commission on Audit, whose opinion is included in the Financial Report.

2. The outbreak of Ebola virus disease had a dramatic impact on WHO in 2014. This outbreak was one of the most severe public health emergencies seen in recent years and WHO was at the forefront of efforts to bring it under control. In 2014, WHO recorded US$ 220 million of revenue relating to the Organization's response to the Ebola outbreak; WHO spent US$ 71 million on activities related to the outbreak. In addition, many resources were re-prioritized and WHO staff were redeployed for this emergency accounting for an estimated additional US$ 28 million. This Financial Report includes further details of the financial consequences of WHO's response to the Ebola outbreak.

3. This is the third year in which the Organization's financial statements have been prepared under the IPSAS basis of accounting. This approach continues to bring greater transparency, accountability and a higher standard of financial reporting. WHO is fully IPSAS compliant, however, the Organization elected for the transitional provision to implement the IPSAS requirements for property and equipment. The value of all buildings and equipment owned by WHO will need to be fully accounted by 31 December 2016. Considerable work remains, most notably in the African Region, and this continues to be a focus for 2015.

4. Highlights of revenue, expenses, net assets/equity, assets and liabilities of the Organization are provided, together with information on cash flow, liquidity and investment management in order to provide a complete picture of WHO's financial position as at 31 December 2014. Finally, I have highlighted certain financial risks facing the Organization and the measures in place to manage them, including steps to address WHO financial management capacity to respond to future large-scale health emergencies.

FINANCIAL HIGHLIGHTS

5. In 2014, the total revenue was US$ 2629 million and the total expenses were US$ 2316 million. The resulting net amount of US$ 313 million reflects funds received in advance of implementation that were carried forward to 2015. Even with this solid overall financial result, certain budget centres continue to be underfunded as a result of mismatches between planned spending and actual resources received. This situation is one of the central issues being addressed through the WHO financing reforms. Table 1 below provides the overall financial highlights.

Table 1. Financial highlights – all funds, 2014 and 2013 (US$ million)

Revenue and expenses	Total 2014	Total 2013
Assessed contributions	492	476
Voluntary contributions – programme budget	2 002	1 930
Total contributions – programme budget	**2 494**	**2 406**
Voluntary contributions – non-programme budget	50	87
Reimbursable procurement	13	34
Other operating revenue	15	26
Voluntary contributions in-kind and in-service	50	44
Finance revenue	7	8
Total revenue (all sources)	**2 629**	**2 605**
Total expenses – programme budget	2 123	2 052
Total expenses – in-kind and in-service	49	39
Total expenses – non-programme budget	144	161
Total expenses (all sources)	**2 316**	**2 252**
Net	**313**	**353**

6. Total contributions for the programme budget in 2014 were US$ 2494 million (in 2013, US$ 2406 million). Assessed contributions from Member States accounted for US$ 492 million being one half of the approved amount for the 2014–2015 biennium adjusted for tax equalization and reflecting the exchange rate impact of the Swiss franc currency. Voluntary contributions under the programme budget accounted for US$ 2002 million in 2014. An additional US$ 135 million was recorded in 2014 for non-programme budget revenue (US$ 199 million in 2013). This included voluntary contributions for partnerships outside the programme budget, in-kind and in-service contributions, reimbursable procurement revenue, other operating revenue (being mainly administrative support costs from WHO entities, rental revenue, sale of publications), and finance revenue. Voluntary contributions in-kind and in-service represent donations of medical supplies, office rentals and staff costs. The list of contributors is summarized in Schedule 5 of the Annex to the Financial Report.[1]

7. The financial statements cover the total effective budget for 2014–2015 of US$ 3977 million.[2] Although the Organization has adopted an annual financial reporting period as stipulated in the revised Financial Regulation XIII,[3] the budgetary period remains a biennium (Financial Regulation II). Therefore, for the purposes of making comparisons between the actual expenses and the planned budget, the biennium's budget is set against two years of annual expenses. The Statement of Comparison of Budget and Actual Amounts (Statement V) provides this comparison by category. In total, expenditure against the programme budget is on track at 48% although there are significant differences between the percentages for base and the emergencies components. Further analysis of the use of funds is available in document A68/6 Implementation and financing of Programme budget 2014–2015: Mid-term review, which describes the implementation of the programme budget for 2014 and the results achieved.

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[1] See document A68/INF./1.

[2] See resolution WHA66.2.

[3] See resolution WHA62.6.

8. In addition to the General Fund (the programme budget), two other fund groups are included in WHO's financial statements: Member States – other and the Fiduciary Fund. Details of the revenue and expenses for each of these three main fund groups can be found in Schedule I of this report.

9. The Organization provides services to six other entities: The Trust Fund for the Joint United Nations Programme on HIV/AIDS (UNAIDS), the International Drug Purchase Facility (UNITAID), the International Agency for Research on Cancer (IARC), the International Computing Centre, the African Programme for Onchocerciasis Control (APOC) and the Staff Health Insurance. Separate financial statements are prepared for each entity, and these are subject to separate external audits. The funds managed by WHO on behalf of these entities[1] are included within the Statement of Financial Position (Statement I) and summarized in Table 5 below.

NET ASSETS/EQUITY

10. The Statement of Changes in Net Assets/Equity (Statement III), and the related notes provides information on the fund balances as at 31 December 2014, the movement of these balances during 2014 and the opening balance from 1 January 2014. The total net assets/equity (carry forward) as at 31 December 2014 was US$ 1848 million (1 January 2014, US$ 1535 million).

Table 2. Summary of net assets/equity in 2014 (US$ million)

Net assets/equity	31 December 2014	Surplus/(deficit) 2014	1 January 2014
General Fund:			
Total Member States' – Regular budget	75	(14)	89
Total voluntary funds	2 354	320	2 034
Total – General Fund	**2 429**	**306**	**2 123**
Other funds:			
Total Member States – other	(667)	55	(722)
Total Fiduciary Fund	86	(48)	134
Total net assets/equity	**1 848**	**313**	**1 535**

11. Net assets/equity under the General Fund increased from US$ 2123 million at the beginning of 2014 to US$ 2429 million by the end of 2014. These funds represent contribution agreements recorded and not yet spent. Of the US$ 2429 million, an amount of approximately US$ 279 million has been committed and will be used for the settlement of contracts made in 2014 for which expenses will be paid and recorded in 2015. The remainder of the funds will be used to support work in 2015 and beyond. The increase from 2013 to 2014 is mainly due to the new agreements recorded as revenue in 2014 which confirms the positive effect of the financing dialogue.

12. Of the net assets/equity balance within the voluntary funds, 78% of the funds are specified. The largest increase was within the Outbreak and Crisis Response Fund, which is mainly due to funds received to respond to the outbreak of Ebola virus disease, received in 2014 for implementation in 2015.

13. The negative balance in the net assets/equity attributable to "Member States – other" of US$ 667 million (as at 1 January 2014, US$ 722 million) arises primarily from the future unfunded liabilities for Staff Health Insurance (see paragraphs 43 to 45 below).

[1] Excludes IARC where funds are not managed by WHO.

REVENUE

14. Total revenue for 2014 was US$ 2629 million (in 2013, US$ 2605 million) (refer to Table 1 above). Revenue is recorded when amounts become due, based on signed agreements. When amounts are due in future periods, according to the payment terms included in donor agreements, the associated revenue is deferred. Revenue from voluntary contributions is summarized in Table 3 below.

Table 3. Voluntary contributions revenue – 2014 and 2013, excluding in-kind and in-service contributions (US$ million)

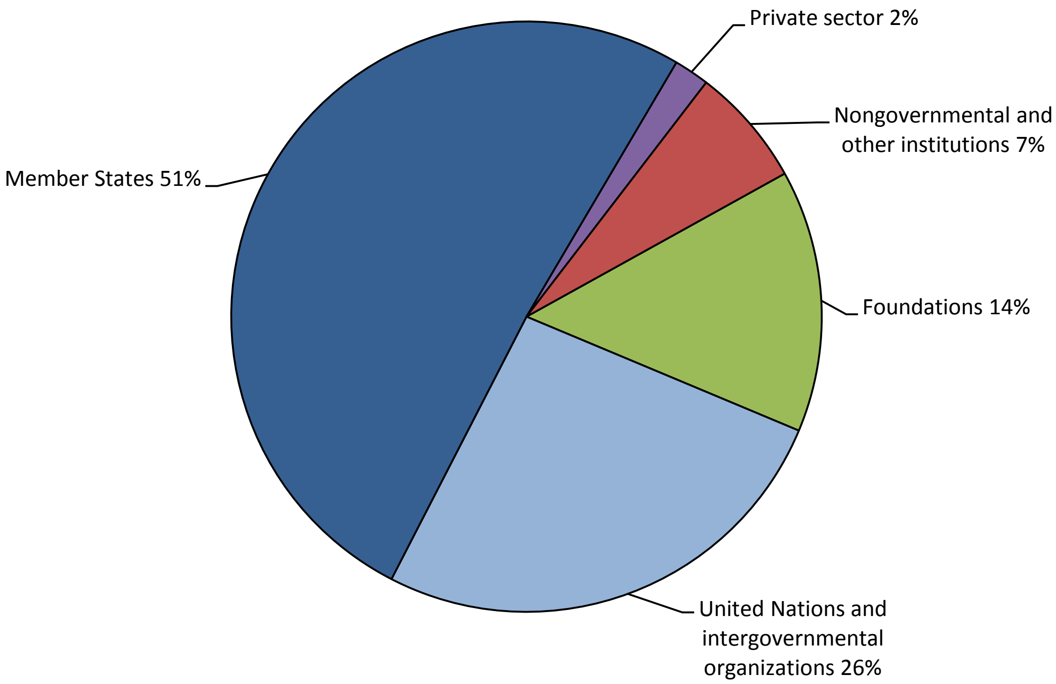
Voluntary contributions revenue	Total 2014	Total 2013
Voluntary contributions – core	133	132
Voluntary contributions – specified	1 869	1 798
Voluntary contributions – programme budget	**2 002**	**1 930**
Voluntary contributions – Fiduciary Fund	50	87
Total **voluntary contributions**	**2 052**	**2 017**

15. Out of the total voluntary contributions for 2014 of US$ 2052 million, US$ 2002 million was for the programme budget. Voluntary contributions – core, remained stable compared to 2013. Most contributions continued to be specified and highly earmarked with Voluntary contributions – specified increasing by 5% from 2013 to 2014. The main increase for the specified contributions was under Outbreak and Crisis response with over US$ 200 million reported as revenue for Ebola outbreak. In addition, to funding under the programme budget, US$ 50 million (US$ 87 million 2013) was received under the Fiduciary Fund. The decrease in Fiduciary Fund revenue is due to the transfer of the Stop TB Partnership and Global Drug Facility to the United Nations Office for Project Services (UNOPS) effective 1 January 2015, which involved the reduction of revenue and transfer of funds to UNOPS during 2014 (resulting in a net outflow of US$ 14 million as compared to an inflow of $67 million in 2013). Full details of all the voluntary contributions recorded in 2014 are contained in the Annex to the Financial Report.[1]

[1] Document A68/INF./1, the Annex to the Financial Report, is also available at: http://www.who.int/about/finances-accountability/funding/voluntary-contributions/en/.

16. Figure 1 below illustrates the relative proportions of the various sources of voluntary contributions for 2014.

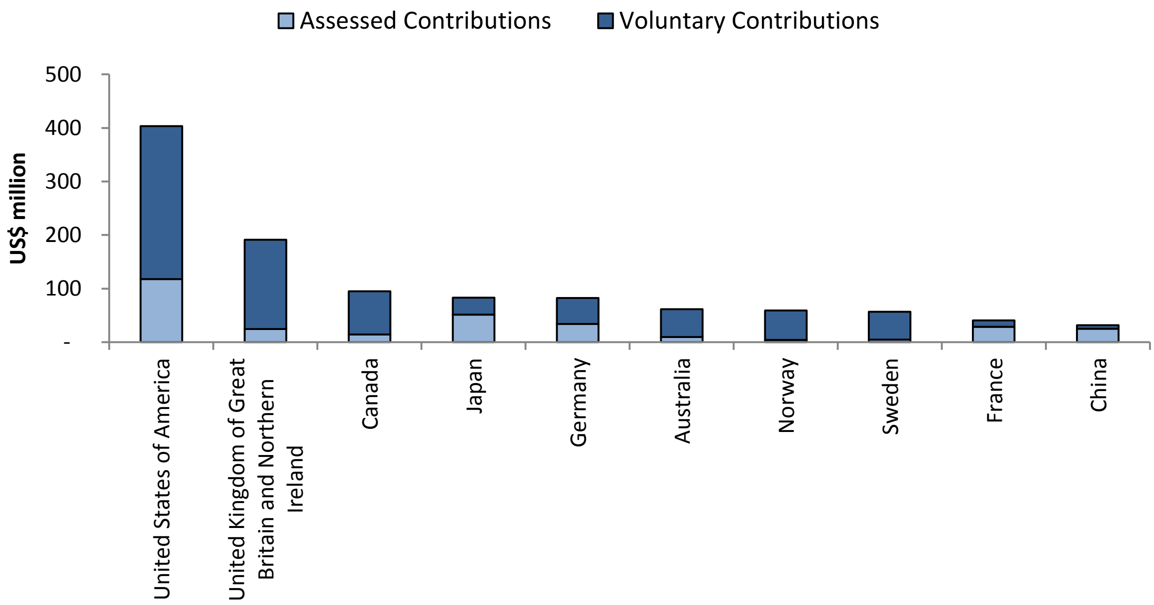
Figure 1. Revenue from voluntary contributions for 2014, by source.



17. Member States continue to be the largest source of voluntary contributions, contributing 51% of the total non-assessed (voluntary) contributions. Revenue from the United Nations and intergovernmental organizations 26%, from foundations was 14%, and revenue from nongovernmental organizations and other institutions was 7%. Donations from the private sector represented 2% of the voluntary contributions to the Organization. The relative percentages are similar to the previous year, with a slight decrease in Member States' and Foundations' contributions, and slight increases from United Nations and intergovernmental organizations.

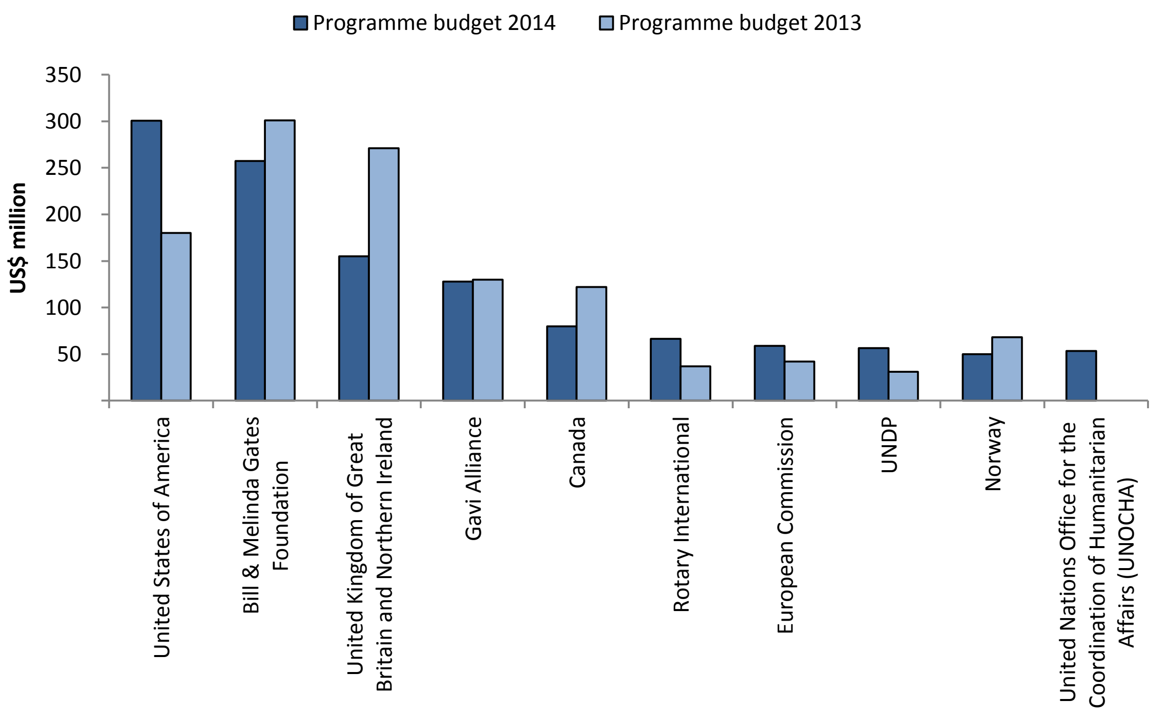
18. The total of contributions by Member States (voluntary contributions and assessed contributions) for 2014 was US$ 1553 million. This represents 61% of total voluntary and assessed contributions. The 10 largest contributors among the Member States are shown in Figure 2 and accounted for a combined total of US$ 1107 million or 71% of the 2014 annual contributions from Member States, or 43% of the total voluntary and assessed contributions.

Figure 2. Top 10 Member State contributors for 2014, combining assessed and voluntary contributions (US$ million)



19. The top voluntary contributors for 2014 are summarized below in Figure 3 with a comparison against 2013. This includes both Member States and other contributors.

Figure 3. Top 10 voluntary contributors to the programme budgets for 2014 and for 2013 (US$ million)

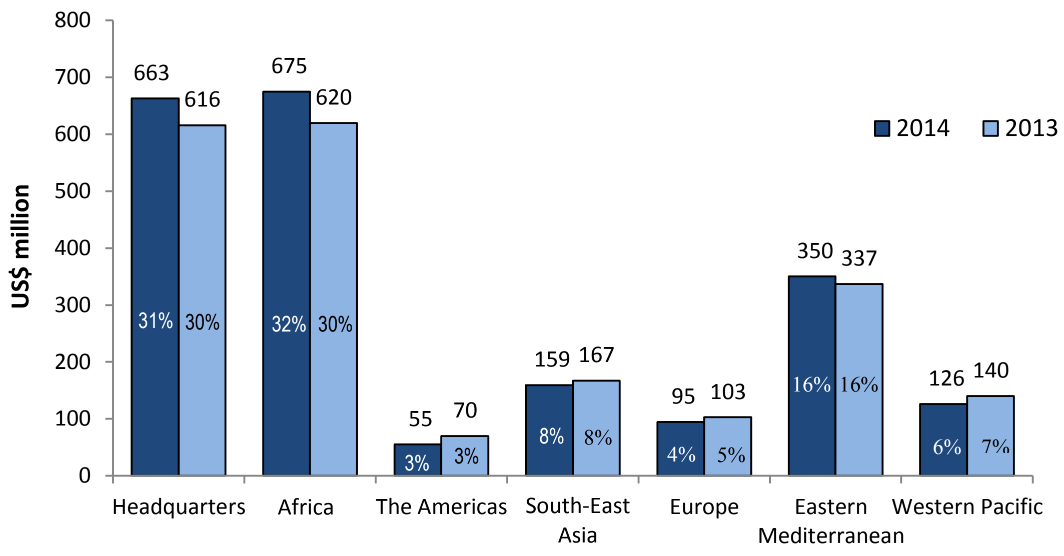


EXPENSES

20. Total expenses for 2014 were US$ 2316 million (US$ 2252 million in 2013). Expenses are recognized in the financial statements when goods and services are received. Total expenses incurred for the implementation of the programme budget excluding in-kind and in-service were US$ 2123 million in 2014 (US$ 2052 million in 2013), or 4% higher in 2014 than 2013. Details of expenses by cost category, major office, and by category for 2014 are provided in Schedules I and II of this report.

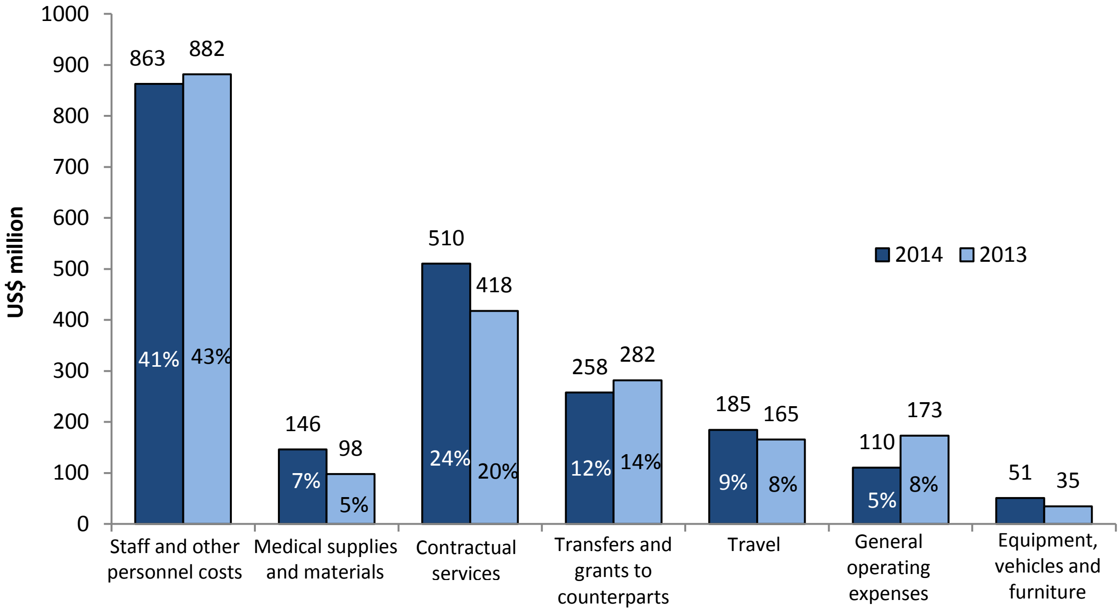
21. The proportion of Programme budget expenses incurred by each major office are shown below in Figure 4. In total, 51% of expenditure is incurred in country offices, with the rest at headquarters and regional offices. In comparison with 2013, there has been a slight increase in the headquarters share of expenses from 30% in 2013 to 31% in 2014. The largest increase was in the African Region and was caused mainly by the Ebola crisis, with specific Ebola-related expenses representing over US$ 45 million in the region in 2014. Similarly in headquarters, the main reason for the increase in expenses was driven by Ebola which accounted for over US$ 26 million of expenditure in 2014 reflecting costs of Ebola staff and consultants deployed from headquarters and coordination carried out from headquarters. Total activity expenses recorded against Ebola funds across the Organization was US$ 71 million in 2014.

Figure 4. Programme budget expenses by major office (excluding in-kind and in-service expenses) in 2014 and 2013 (US$ million)



22. Summary information by cost category is shown below. Figure 5 provides a comparison of programme budget expenses for 2014 with those for 2013.

Figure 5. Programme budget expenses by type (excluding in-kind and in-service expenses) in 2014 and 2013 (US$ million)



23. Staff and other personnel costs were the largest category of expenses and represented 41% of the total expenses incurred in the programme budget for 2014 (43% in 2013). This represented the total cost of employing staff, including charges for base salary, post adjustment and any other types of entitlements paid by the Organization (e.g. pensions and insurances).

24. Compared with 2013, total staff and other personnel costs charged to the Programme budget decreased by 2% or US$ 19 million. Staff and other personnel costs increased by 3% in 2014 for headquarters and by 2% in 2014 for the African Region. These increases were mainly due to additional staff costs relating to the Organization's response to Ebola virus disease outbreak, and were primarily in the fourth quarter of 2014. Offsetting these increases were decreases in all major offices, most notably the Americas, Europe, and the Eastern Mediterranean.

25. Contractual services were the second largest category of expenses accounting for 24% of all expenses in 2014 (20% in 2013) and represent the cost of contracts given to experts and service providers who supported the Organization in achieving its planned objectives. The main components are for direct implementation, agreements for performance of work, consulting contracts and special service agreement (SSA) contracts that are issued to individuals to perform activities on behalf of the Organization. Medical research activities are also included in contractual services. The increase from 2013 to 2014 is mainly due to the increase in activities recoded as Direct Implementation in 2014. Direct Implementation is mainly used for polio vaccination campaigns with 74% of the total costs in 2014 for Global Polio Eradication Initiative activities. The creation of this new expenditure category allows the Organization to better identify and control these costs at the relevant country offices. Table 4 below provides a breakdown of the types of expenses included under contractual services.

Table 4. Programme budget – contractual services, by type (excluding in-kind and in-service expenses) in 2014 and 2013 (US$ million)

Description	Total 2014	Total 2013
Contractual services	227	222
Direct implementation	175	73
Special service agreements	57	53
Consulting, research services	34	49
Training, fellowships and security expenses	17	21
Total	**510**	**418**

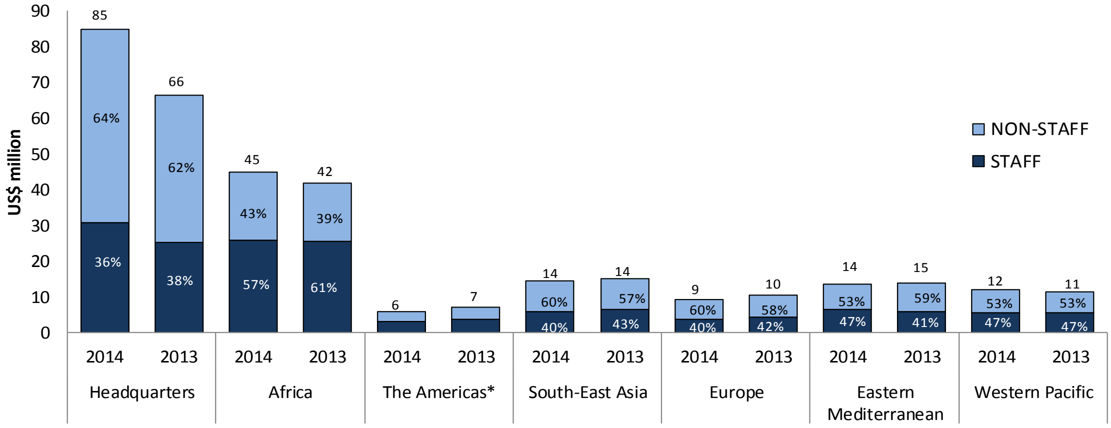
26. The total expenses incurred for special service agreements in 2014 was US$ 57 million. The largest amounts were incurred for the African, South-East Asia and Eastern Mediterranean regions. This represents approximately 3600 additional personnel in these regions, with 62% of the total cost for special service agreements funded by the Global Polio Eradicaiton Initiative.

27. Transfers and grants to counterparts represented 12% of the overall expenses (14% in 2013), and were highest in the African Region and the Eastern Mediterranean Region. The majority of expenses recorded for transfers and grants to counterparts relate to direct financial cooperation arrangements. Direct financial cooperation arrangements are signed with national counterparts (health ministries and other governmental institutions) to perform activities in line with the programme budget. Expenses were recognized at the time of transfer of the funds to the contractual partner. About half of all amounts recorded as transfers and grants to counterparts are related to the Global Polio Eradictation Initiative activities. The policies surrounding the use of direct financial cooperation arrangements have been reviewed by WHO management, with a number of revisions to the policy already implemented in 2014 with the aim of strengthening accountability for the use of such funds.

28. General operating expenses reflect maintenance and operational running costs, including office rental, utilities and other office running costs. These are incurred mainly at the local level and represented 5% of total expenses in 2014 (8% in 2013) under the programme budget. The decrease is mainly due to the improvement in the consistency of expenditure recording in 2014 notably as relates to Direct Implementation mainly for polio activities, as mentioned above.

29. At US$ 185 million, travel constituted 9% of the Organization's total expenses under the General Fund in 2014 (US$ 165 million, or 8% in 2013). Travel expenses include airfare, per diem and other travel-related costs for staff and non-staff. The increase in travel costs from 2013 to 2014 is mainly attributable to travel related to the Organization's response to the Ebola outbreak, as well as increased travel expenses in response to polio activities. Travel costs in connection with the Ebola emergency accounted for US$ 17 million in 2014. Staff travel constituted 44% of the total cost of travel in 2014 (49% in 2013), with 56% being costs that related to travel by consultants, participants to meetings and advisors (delegates of Member States and other non-Secretariat personnel). The proportion of non-staff travel increased during the last six months of 2014 due to the large number of Ebola related consultant travel. Travel costs by major office are summarized below in Figure 6.

Figure 6. Programme budget travel expenses, by major office in 2014 and 2013 (US$ million)



** Data to distinguish between staff/non-staff were not available*

30. The largest increase in travel costs in 2014 compared to 2013 was in headquarters (by 29% compared to 2013), followed by an increase in the African region by 8% compared to 2013. These increases were attributable mainly to the Organization's response to the Ebola emergency, as well as increased polio activities.

31. Expenses for medical supplies and materials relate primarily to medical supplies purchased and distributed by the Organization for programme implementation. They accounted for 7% of total expenses in 2014 (5% in 2013). The main increase in medical supplies is due to emergency medical supplies for Libya and the Syrian Arab Republic in the Eastern Mediterrean Region, as well as, to a lesser degree, needed in response to the Ebola outbreak in the African Region.

32. Equipment, vehicles and furniture represents 2% of WHO's total expenses in 2014 (2% in 2013). These costs continue to be recorded as expenses as allowed by the IPSAS transitional provision. By December 2016, all property, plant, and equipment will be capitalized and depreciated over their expected useful life and will be presented in the Statement of Financial Position.

ASSETS

Liquidity and investment management

33. The totals of cash, cash equivalents and investments at the end of 2014 and at the end of 2013 are summarized below in Table 5.

Table 5. Cash, cash equivalents and investments for 2014 and 2013 (US$ million)

Description	Total 2014	Total 2013
Cash and cash equivalents	633	715
Short-term investments	2 823	2 419
Long-term investments	71	82
Total cash, cash equivalents, and investments	**3 527**	**3 216**
Less: cash, cash equivalents and investments held on behalf of other entities	1 088	982
WHO cash, cash equivalents, and investments	**2 439**	**2 234**

34. Investments are primarily made on a short-term basis in order to ensure that cash is available for programmatic needs. Some funds for longer-term liabilities have been invested in securities, in accordance with the recommendations of the Advisory Investment Committee. In the Organization's accounts, US$ 1088 million of cash and investments are held on behalf of the following entities: APOC, UNAIDS, UNITAID, International Computing Centre and Staff Health Insurance. Table 6 excludes long-term investment portfolios managed for the Staff Health Insurance Fund, which are reported separately.

Accounts receivable

35. The balance of accounts receivable includes amounts due from Member States for assessed contributions, from Member States and other contributors for voluntary contributions and other receivables. For assessed contributions, the total amount due at 31 December 2014 amounted to US$ 105 million and included US$ 37 million of rescheduled arrears (US$ 114 million at 31 December 2013, including US$ 38 million of rescheduled arrears). Further information on the collection of assessed contributions for 2014 is provided in document A68/39, Status of collection of assessed contributions, including Member States in arrears in the payment of their contributions to an extent that would justify invoking Article 7 of the Constitution.

36. For voluntary contributions, the total amount of accounts receivable was US$ 1062 million (US$ 1017 million at the end of 2013). The slight increase in total accounts receivable is commensurate with the increase in revenue with accounts receivable representing approximately 50% of the value of revenue for both 2013 and 2014.

37. The non-current accounts receivable amount represents funds due more than one year in the future (i.e. in 2016 and beyond). Overall the non-current accounts receivable have decreased from US$ 347 million at the end of 2013 to US$ 282 million at the end of 2014. This amount is supported by signed agreements from 48 contributors, with payment terms that specify when the amounts will be paid to WHO. As these future deferred revenue amounts become due for payment, the amounts are transferred to current period revenue. Full details of all voluntary contributions including accounts receivable, by contributor are provided in the Annex to the Financial Report.[1]

[1] Document A68/INF./1, the Annex to the Financial Report is also available at: http://www.who.int/about/finances-accountability/funding/voluntary-contributions/en/.

38. All amounts not yet received, both for assessed and voluntary contributions, were reviewed, with particular focus on any amounts that are more than one year overdue. An allowance was set up for those amounts where there is a risk that the amount is unlikely to be received. The allowance for voluntary contributions at 31 December 2014 was US$ 12 million (or 1% of the total value of amounts not yet received). Within the allowance for non-received voluntary contributions is US$ 9.1 million, that has not been received from the Government of Italy, and which is not now expected to be collected. This will be written off in the 2015 accounts. For assessed contributions the allowance was US$ 43 million, which increased by US$ 1 million from the allowance at 31 December 2013.

Inventory

39. The WHO inventory consists of medicines, vaccines, humanitarian supplies and publications. These are recorded as current assets until sold, distributed or until the expiration of their useful life. Tracking and recording of inventory globally enables the Organization to review and improve its stewardship.

40. As at 31 December 2014, the Organization held inventory valued at US$ 50 million (US$ 51 million at 31 December 2013), confirmed by a physical verification in the 30 countries and over 83 store rooms and warehouses where inventory was held and managed.

Property, plant and equipment

41. Property, plant, and equipment includes land, buildings, furniture, fixtures and fittings, information technology equipment, and vehicles owned by the Organization. WHO is utilizing the transitional provision available under IPSAS to ensure the accurate valuation and recording of all assets globally, before recognition in the Statement of Financial Position and subsequent amortization over the assets' useful lives.

42. As part of the transition process, WHO has recognized the cost and accumulated depreciation of land and buildings at headquarters and all regional and country offices owned by WHO as assets in the Statement of Financial Position. In total, excluding the Region of the Americas, the Organization currently operates from more than 500 premises around the world. More than half of those premises are in the South-East Asia Region, where many premises are very small and have mainly been donated from the government for Global Polio Eradication Initiative. There are 11 countries where WHO owns the property and the remainder of the premises are either donated by a WHO Member State (accounting for 70% of the total) or have been rented.

LIABILITIES

Staff liabilities

43. Based on the latest actuarial projections, the total amount required to settle current liabilities for staff entitlements was US$ 56 million. A further US$ 938 million has been estimated for future non-current staff liabilities (giving a total of US$ 994 million). These liabilities cover the expected costs for accrued annual leave, accrued repatriation grant, travel, removal and the current and future health care scheme costs. The total of the accrued staff liability, funding and net deficit is summarized below in Table 6.

Table 6. Accrued staff liabilities for 2014 (US$ million)

	2014					2013
Description	Staff health insurance liability	Staff health insurance funding	WHO liability	WHO funding	Net deficit – 2014	Net deficit – 2013
Terminal payments	–	–	(114)	93	(21)	(74)
Special Fund for Compensation	–	–	(14)	8	(6)	(6)
Staff health insurance	(1 462)	596	(866)	–	(866)	(853)
Total accrued staff benefits			**(994)**	**101**	**(893)**	**(933)**

44. The health care scheme provides medical reimbursements for serving and retired staff members, and their dependents, subject to strict rules and limits. The actuarial valuation of the future liability for staff health costs at 31 December 2014 was estimated at US$ 1462 million, of which US$ 596 million is funded and US$ 866 million is unfunded for WHO (US$ 853 million at the end of 2013). This valuation was based on estimates of future health care costs and the projections of retired staff, as well as a number of socioeconomic assumptions. The Staff Health Insurance scheme covers other entities, namely PAHO, UNAIDS, UNITAID, APOC, IARC and International Computing Centre. Their share of the future staff liability is reflected in their respective financial statements. The assets of the Staff Health Insurance Fund are reflected in its own financial statements, which, in accordance with IPSAS, are now subject to a full and separate external audit. In order to establish a long-term mechanism to ensure full financing of this liability, changes to the Staff Health Insurance contribution rates were approved in 2011, affecting both the Organization and the scheme participants, and covering all entities. The latest actuarial assessment projected that the plan will reach full funding in 2037. The increase in the net underfunding for Staff Health Insurance is mainly due to the decrease in the discount rate used to value the fund.

45. The decrease in the terminal payments fund deficit is due mainly to the appropriation from Assessed Contributions approved in 2014 for US$ 15 million[1] and the reduction in the maximum allowable annual leave payable on separation from the Organization to 40 days.

FINANCIAL RISKS

46. The Organization must manage a number of financial risks. These are regularly reviewed by the Compliance and Risk Management and Ethics unit and the Independent Expert Oversight Advisory Committee (IEOAC). Many financial risks originate from WHO's decentralized operating environment; for the mitigation of these risks, stronger internal controls are required. A new Internal Control Framework has been introduced across the Organization in 2014, with clearer definitions of responsibilities for controls over financial, procurement, human resources and programmatic processes. New tools are accompanying this framework, including revised delegations of authority, which include clear reference to the responsibilities of senior management for ensuring adequacy of internal controls. A standardized internal control checklist has been developed and was piloted in 2014, pending a large scale roll-out in 2015. A new risk management process also has been developed, which aims to systematically identify and track major risks affecting the achievement of the Organization's objectives. The risk register also includes any significant financial risks.

47. Further information is provided below on some of WHO's significant financial risks.

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[1] See resolution WHA67.4 on supplementary funding for real estate and longer-term staff liabilities.

Investment and foreign currency risks

48. The Organization is exposed to financial risks including those associated with credit risk, interest rate risk, foreign exchange risk and investment price risk. WHO uses derivative financial instruments to hedge some of its risk exposures. In accordance with the Financial Regulations, funds not required for immediate use may be invested. All investments are carried out within the framework of investment policies approved by the Director-General. Some portfolios are managed by external managers appointed by the Organization to manage funds in accordance with a defined mandate. The Advisory Investment Committee regularly reviews the investment policies and the investment performance and risk for each investment portfolio. This Committee comprises external investment specialists and makes recommendations to the Director-General.

49. Investments are placed with a wide range of financial counterparties, whose credit risk is minimized by applying minimum credit quality requirements and maximum investment exposure limits, both by the counterparty and by groups of related counterparties. These terms are set out in agreed investment mandates.

50. The Organization receives contributions and makes payments in currencies other than the United States dollar and it is exposed to foreign exchange currency risk arising from fluctuations in currency exchange rates. Translation into United States dollars of transactions expressed in other currencies is done at the prevailing United Nations Operational Rates of Exchange at the date of transaction. Assets and liabilities that are denominated in foreign currencies are translated at the United Nations Operational Rates of Exchange that prevail at the end of each month. Forward foreign exchange contracts are transacted in order to hedge non-United States dollar currency exposures and to manage short-term cash flows. Realized and unrealized gains and losses resulting from the settlement and revaluation of foreign currency transactions are recognized in the Statement of Financial Performance.

51. With effect from 2014, 50% of assessed contributions are now assessed in Swiss francs to reduce the currency risk of headquarters' expenses in that currency.[1]

52. These currency risk management measures have been effective in protecting the Organization's current budget from short term volatility in exchange rates.

Staff financing risks

53. Although this report shows an improvement in the overall financial situation of the Organization, some budget centres continue to have difficulty in ensuring sufficient stability in the financing of salary costs. In 2014, 57% of staff salaries were financed from voluntary funds, most of which were specified funds. This risk is subject to close monitoring through review of human resource work plans and the matching of these plans to sources of funds.

54. The Organization has long-term financial commitments in respect of future staff liabilities, given that the majority of staff have long-term appointments, with associated future entitlements. The most significant of these is the future cost of the staff health benefits that are provided for staff and dependants, including into retirement for those staff that remain eligible. To mitigate this risk the Organization commissions an annual actuarial assessment for all future staff liabilities. As a result of these reports, adjustments have been made to funding rates. The financial report of the WHO Staff Health Insurance Fund, including further details of these long term liabilities, and the plans to ensure full funding, will be provided to the Executive Board in May 2015. The Organization must also ensure

[1] See resolution WHA66.16.

adequate financing for future staff separation costs, in the event of a significant sudden loss of a major funding source.

Infrastructure financing

55. The Organization has a two-year operating budget but does not have an approved capital budget. In consequence, many of the Organization's owned premises are in need of repair and refurbishment. This is most critical for the headquarters building, built in 1966, which now requires major renovation. A comprehensive headquarters refurbishment strategy is being developed and will be proposed for approval at the Sixty-eighth World Health Assembly as part of the overall Capital Master Plan. An additional proposal for financing the Capital Master Plan will form part of the Secretariat proposal to the Health Assembly in respect of supplemental funding for real estate.[1]

Financial systems

56. The Global Management System, or GSM, continues to be the core system for the Organization's financial and human resource management. Efficient and accurate accounting and financial reporting depends upon this system. The Ebola response provided a "stress-test" for these accounting and financial reporting processes, and overall the systems responded well. Some improvements have been identified for the GSM to improve the speed of the system at country level, and improve certain "non-financial" components, such as the human resources module. These improvements have been packaged into a "GSM transformation" project which will commence in 2015. For that part of the Organization's financial results relating to the Region of the Americas, WHO relies on PAHO financial systems. These systems are being replaced during 2015, and WHO is working closely with PAHO to ensure that AMRO financial reporting requirements are fully met.

CONCLUSION

57. Measures taken in 2011 continue to produce considerable cost savings in 2014, notably lower staff costs, which now represent just 41% of the overall WHO programme budget, the lowest percentage for many years. The Organization has also been successful in controlling some of the significant non-staff cost items, notably direct financial cooperation expenditures, which have been reduced, as part of a package of measures to improve control over these grants and that granting of new direct financial cooperation agreements have been suspended where there are overdue reports. General operating expenses, which include the running costs of offices across the Organization have also decreased. Expenses under contractual services increased, in part due to the contractors engaged for the Ebola response. Taken together these changes create a stronger financial base for the Organization. Given the continued high dependency on voluntary funds, despite some improvements through the financing dialogue, the relative lower staff cost/higher contracting costs means that there is a better match between the Organization's liabilities and its assets: the Organization can more quickly re-scale its operations for either an increase, or decrease in future funding with a lower staff base, with the corollary of higher "non-staff" contracting costs.

Dr Margaret Chan
Director-General

Geneva, 26 March 2015

[1] See document A68/38 Add.1.

Certification of the financial statements for the year ended 31 December 2014

According to Financial Regulation XIII – Accounts and Financial Statements, accounts for the World Health Organization have been established and maintained in accordance with IPSAS. The financial statements for the year ended 31 December 2014, together with the notes to the statements and supporting schedules, have been reviewed and are approved.

Nicholas R. Jeffreys
Comptroller

Dr Margaret Chan
Director-General

Geneva, 26 March 2015

Letter of transmittal

Republic of the Philippines
COMMISSION ON AUDIT
Commonwealth Avenue, Quezon City, Philippines

LETTER OF TRANSMITTAL

9 April 2015

Dear Sir/Madam,

I have the honour to present to the Sixty-Eighth World Health Assembly, the External Auditor's report and opinion on the financial statements of the World Health Organization for the financial year ended 31 December 2014.

I record my appreciation to the World Health Assembly for the honor and privilege to serve as External Auditor of WHO and its non-consolidated entities.

Yours sincerely,

Heidi L. Mendoza
Officer in Charge, Commission on Audit
Republic of the Philippines
External Auditor

COMMISSION ON AUDIT
OFFICE OF THE COMMISSIONER I

The President of the Sixty-Eighth World Health Assembly
World Health Organization
Geneva, Switzerland

Opinion of the External Auditor

Republic of the Philippines
COMMISSION ON AUDIT
Commonwealth Avenue, Quezon City, Philippines

INDEPENDENT AUDITOR'S REPORT

To The World Health Assembly

Report on the financial statements

We have audited the accompanying financial statements of the World Health Organization, which comprise the Statement of Financial Position as at 31 December 2014, and the Statement of Financial Performance, Statement of Changes in Net Assets/Equity, Statement of Cash Flow, Comparison of Budget and Actual Amounts for the year then ended and the Notes to the Financial Statements.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the International Public Sector Accounting Standards (IPSAS). This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the International Standards on Auditing issued by the International Auditing and Assurance Standards Board. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation

and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of the World Health Organization as at 31 December 2014, and its financial performance, changes in net assets/equity, cash flow, and the comparison of budget and actual amounts, in accordance with IPSAS.

Report on other legal and regulatory requirements

Further, in our opinion, the transactions of the World Health Organization that have come to our notice or which we have tested as part of our audit have, in all significant respects, been in accordance with the WHO Financial Regulations.

In accordance with Regulation XIV of the Financial Regulations, we have also issued a Long-form Report on our audit of the World Health Organization.

Heidi L. Mendoza
Officer in Charge, Commission on Audit
Republic of the Philippines
External Auditor

Quezon City, Philippines
9 April 2015

Financial statements

World Health Organization

Statement I. Statement of Financial Position

As at 31 December 2014
(In US dollars)

Description	Notes	31 December 2014	31 December 2013
ASSETS			
Current assets			
Cash and cash equivalents	4.1	632 892 052	714 841 758
Short-term investments	4.2	2 823 227 756	2 419 344 288
Accounts receivable – current	4.3	833 236 726	735 520 722
Staff receivables	4.4	10 446 388	11 349 360
Inventories	4.5	50 417 116	51 124 089
Prepayments and deposits	4.6	383 066	3 454 904
Total current assets		**4 350 603 104**	**3 935 635 121**
Non-current assets			
Accounts receivable – non-current	4.3	282 289 969	346 512 477
Long-term investments	4.2	70 844 630	81 819 896
Property, plant and equipment	4.7	63 991 781	61 694 051
Intangibles	4.8	2 802 700	–
Total non-current assets		**419 929 080**	**490 026 424**
TOTAL ASSETS		**4 770 532 184**	**4 425 661 545**
LIABILITIES			
Current liabilities			
Contributions received in advance	4.9	61 704 567	80 089 221
Accounts payable	4.10	31 578 140	29 718 935
Staff payable	4.11	1 775 794	2 323 781
Accrued staff benefits – current	4.12	55 822 345	70 148 086
Deferred revenue	4.13	366 841 572	342 413 767
Financial liabilities	4.2	33 351 025	19 637 190
Other current liabilities	4.14	42 713 886	59 467 509
Inter-entity liabilities	4.15	1 087 557 308	981 700 319
Total current liabilities		**1 681 344 637**	**1 585 498 808**
Non-current liabilities			
Long-term borrowings	4.16	21 671 229	19 814 277
Accrued staff benefits – non-current	4.12	937 706 374	939 117 427
Deferred revenue – non-current	4.13	282 289 969	346 512 477
Total non-current liabilities		**1 241 667 572**	**1 305 444 181**
TOTAL LIABILITIES		**2 923 012 209**	**2 890 942 989**
NET ASSETS/EQUITY			
Regular budget		75 280 629	88 695 960
Voluntary funds		2 353 708 117	2 034 530 340
Member States – other		(667 324 543)	(722 319 628)
Fiduciary funds		85 855 772	133 811 884
TOTAL NET ASSETS/EQUITY		**1 847 519 975**	**1 534 718 556**
TOTAL LIABILITIES AND NET ASSETS/EQUITY		**4 770 532 184**	**4 425 661 545**

The section on significant accounting policies and the accompanying notes form part of the financial statements.

World Health Organization

Statement II. Statement of Financial Performance

For the year ended 31 December 2014
(In US dollars)

Description	Notes	31 December 2014	31 December 2013 (restated)
REVENUE	5.1		
Member States' assessed contributions		491 865 238	476 306 671
Voluntary contributions		2 051 910 760	2 016 475 602
Voluntary contributions in-kind and in-service		50 269 135	43 827 944
Reimbursable procurement		12 943 673	34 413 016
Other operating revenue		15 622 568	26 527 386
Finance revenue		6 780 858	7 840 095
Total revenue		**2 629 392 232**	**2 605 390 714**
EXPENSES	5.2		
Staff and other personnel costs		867 518 253	890 557 352
Medical supplies and materials		225 293 053	200 260 099
Contractual services		565 886 856	456 161 202
Transfers and grants to counterparts		258 508 726	282 319 117
Travel		193 716 930	174 519 485
General operating expenses		155 734 334	206 903 970
Equipment, vehicles and furniture		47 828 260	39 171 566
Depreciation and amortization		2 104 401	2 079 036
Total expenses		**2 316 590 813**	**2 251 971 827**
TOTAL SURPLUS FOR THE YEAR		**312 801 419**	**353 418 887**

The section on significant accounting policies and the accompanying notes form part of the financial statements.

World Health Organization

Statement III. Statement of Changes in Net Assets/Equity

For the year ended 31 December 2014
(In US dollars)

Description	Notes	31 December 2014	Surplus/(deficit) 2014	1 January 2014
General Fund				
Regular budget	6.1	75 280 629	(13 415 331)	88 695 960
Voluntary funds				
Voluntary Contributions Core Fund		256 950 044	31 230 002	225 720 042
Voluntary Contributions Specified Fund		1 163 874 277	77 117 245	1 086 757 032
TDR[1] Trust Fund		31 585 510	9 705 216	21 880 294
HRP[2] Trust Fund		39 954 007	6 039 389	33 914 618
Stop TB Fund	6.6	–	(52 244 021)	52 244 021
Special Programmes and Collaborative Arrangements Fund		343 742 955	(3 032 959)	346 775 914
Special Account for Servicing Costs Fund	6.2	264 440 707	70 617 950	193 822 757
Outbreak and Crisis Response Fund		253 160 617	179 744 955	73 415 662
Total voluntary funds		**2 353 708 117**	**319 177 777**	**2 034 530 340**
Total General Fund		**2 428 988 746**	**305 762 446**	**2 123 226 300**
Member States – other				
Common Fund		84 765 796	(19 807 045)	104 572 841
Enterprise Fund	6.3	8 099 670	(891 594)	8 991 264
Special Purpose Fund	6.4	(760 190 009)	75 693 724	(835 883 733)
Total Member States – other		**(667 324 543)**	**54 995 085**	**(722 319 628)**
Fiduciary Fund	6.5	**85 855 772**	**(47 956 112)**	**133 811 884**
TOTAL NET ASSETS/EQUITY		**1 847 519 975**	**312 801 419**	**1 534 718 556**

The section on significant accounting policies and the accompanying notes form part of the financial statements.

[1] Trust Fund for the UNICEF/UNDP/World Bank/WHO Special Programme for Research and Training in Tropical Diseases.

[2] Trust Fund for the UNDP/UNFPA/UNICEF/WHO/World Bank Special Programme of Research, Development and Research Training in Human Reproduction.

World Health Organization

Statement IV. Statement of Cash Flow

For the year ended 31 December 2014
(In US dollars)

Description	31 December 2014	31 December 2013 (restated)
CASH FLOWS FROM OPERATING ACTIVITIES		
TOTAL SURPLUS FOR THE YEAR	312 801 419	353 418 887
Depreciation and amortization	2 104 401	2 079 036
Unrealized (gains)losses on investments	29 506 980	5 811 695
Unrealized (gains)losses on revaluation of long-term borrowings	2 462 828	(2 293 622)
(Increase)/decrease in accounts receivable – current	(97 716 004)	(40 466 085)
(Increase)/decrease in staff receivables	902 972	914 577
(Increase)/decrease in inventories	706 973	16 489 945
(Increase)/decrease in prepayments	3 071 838	(1 845 918)
(Increase)/decrease in other current assets	–	12 191 472
(Increase)/decrease in accounts receivable – non-current	64 222 508	(136 235 341)
Increase/(decrease) in contributions received in advance	(18 384 654)	(6 240 658)
Increase/(decrease) in accounts payable	1 859 205	4 735 036
Increase/(decrease) in staff payable	(547 987)	(2 042 234)
Increase/(decrease) in accrued staff benefits – current	(14 325 741)	(1 587 013)
Increase/(decrease) in deferred revenue	24 427 805	25 379 057
Increase/(decrease) in other current liabilities	(16 753 623)	18 025 268
Increase/(decrease) in inter-entity liabilities	105 856 989	(8 109 819)
Increase/(decrease) in accrued staff benefits – non-current	(1 411 053)	27 585 296
Increase/(decrease) in deferred revenue – non-current	(64 222 508)	136 235 341
Net cash flows from operating activities	**334 562 348**	**404 044 920**
CASH FLOWS FROM INVESTING ACTIVITIES		
(Increase)/decrease in short-term investments	(419 312 630)	(606 550 118)
(Increase)/decrease in long-term investments	13 167 862	183 327 104
Increase/(decrease) in financial liabilities	(2 556 579)	335 619
(Increase)/decrease in property, plant and equipment	(4 379 462)	–
(Increase)/decrease in intangibles	(2 825 369)	–
Net cash flows from investing activities	**(415 906 178)**	**(422 887 395)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase/(decrease) in long-term borrowings	(605 876)	(674 183)
Net cash flows from financing activities	**(605 876)**	**(674 183)**
Net increase/(decrease) in cash and cash equivalents	**(81 949 706)**	**(19 516 658)**
Cash and cash equivalents at beginning of the year	**714 841 758**	**734 358 416**
Cash and cash equivalents at end of the year	**632 892 052**	**714 841 758**

The section on significant accounting policies and the accompanying notes form part of the financial statements.

World Health Organization

Statement V. Statement of Comparison of Budget and Actual Amounts

For the year ended 31 December 2014
(In US dollars)

Description	Programme budget 2014–2015	Expenses 2014	Difference – Programme budget and expenses	Implementation (%)
Categories				
1 Communicable diseases	840 800 000	326 666 030	514 133 970	39
2 Noncommunicable diseases	317 900 000	106 357 136	211 542 864	33
3 Promoting health through the life-course	388 500 000	151 857 141	236 642 859	39
4 Health systems	531 100 000	215 177 851	315 922 149	41
5 Preparedness, surveillance and response	287 000 000	121 458 534	165 541 466	42
6 Corporate services/enabling functions	684 000 000	279 681 870	404 318 130	41
Emergencies	927 900 000	689 555 388	238 344 612	74
Total	**3 977 200 000**	**1 890 753 950**	**2 086 446 050**	**48**

Basis differences	
Transfer to IT Fund	811 500
Tax Equalization Fund expenses	9 595 648
Special arrangements	31 935 126
Other non-programme budget utilization	8 834 196
Total basis differences	**51 176 470**
Timing differences	
Programme budget expenses in prior periods	180 737 210
Total timing differences	**180 737 210**
Total expenses – General Fund	**2 122 667 630**
Entity differences	
Expenses under Common Fund, Enterprise Fund, Special Purpose Fund, and Fiduciary Fund	144 733 557
In-kind/in-service expenses	49 189 626
Total entity differences	**193 923 183**
Total expenses as per the Statement of Financial Performance (Statement II)	**2 316 590 813**

The section on significant accounting policies and the accompanying notes form part of the financial statements.

Notes to the financial statements

1. Basis of preparation and presentation

The financial statements of the World Health Organization have been prepared in accordance with the International Public Sector Accounting Standards (IPSAS). They have been prepared using the historical cost convention. Investments and loans, however, which are recorded at fair value or amortized cost. Where a specific matter is not covered by IPSAS, the appropriate International Financial Reporting Standards (IFRS) have been applied.

These financial statements have been prepared under the assumption that WHO is a going concern, will continue in operation, and will meet its mandate for the foreseeable future (IPSAS 1-Presentation of Financial Statements).

Functional currency and translation of foreign currencies

The functional and reporting currency of the Organization is the United States dollar.

Foreign currency transactions are translated into United States dollars at the prevailing United Nations Operational Rates of Exchange, which approximates to the exchange rates at the date of the transactions. The Operational Rates of Exchange are set once a month, and revised mid-month if there are significant exchange rate fluctuations relating to individual currencies.

Assets and liabilities in currencies other than United States dollars are translated into United States dollars at the prevailing United Nations Operational Rates of Exchange year-end closing rate. The resulting gains or losses are accounted for in the Statement of Financial Performance.

The non-United States dollar denominated assets and liabilities in the investment portfolios are translated into United States dollars at the month-end closing rate used by the custodian.

Materiality and the use of judgments and estimates

Materiality[1] is central to WHO's financial statements. The Organization's process for reviewing accounting materiality provides a systematic approach to the identification, analysis, evaluation, endorsement and periodic review of decisions taken involving the materiality of information, spanning a number of accounting areas. The financial statements include amounts based on judgments, estimates and assumptions by management. Changes in estimates are reflected in the period in which they become known.

Financial statements

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

- Statement of Financial Position;
- Statement of Financial Performance;
- Statement of Changes in Net Assets/Equity;
- Statement of Cash Flow;
- Statement of Comparison of Budget and Actual Amounts; and
- Notes to the financial statements, comprising a description of the basis of preparation and presentation of the statements, a summary of significant accounting policies, and other relevant information.

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[1] Omissions or misstatements of items are material if they could, individually or collectively, influence the decisions or assessments of users made on the basis of the financial statements.

2. Significant accounting policies

2.1 Cash and cash equivalents

Cash and cash equivalents are held at nominal value and comprise cash on hand, cash at banks, collateral deposits, commercial paper, money market funds and short-term bills and notes. All investments that have a maturity of three months or less from the date of acquisition are included as cash and cash equivalents. This includes cash and cash equivalents held in the portfolios managed by external investment managers.

2.2 Investments and financial instruments

Financial instruments are recognized when WHO becomes party to the contractual provisions of the instrument until such time as the rights to receive cash flows from those assets have expired or have been transferred and the Organization has transferred substantially all the risks and rewards of ownership. Investments can be classified as being: (i) financial assets or financial liabilities at fair value through surplus or deficit; (ii) held-to-maturity; (iii) available-for-sale; or (iv) bank deposits and other receivables. All purchases and sales of investments are recognized on the basis of their trade date.

Financial assets or financial liabilities at fair value through surplus or deficit are financial instruments that meet either of the following conditions: (i) they are held-for-trading; or (ii) they are designated by the entity upon initial recognition as at fair value through surplus or deficit.

Financial instruments in this category are measured at fair value and any gains or losses arising from changes in the fair value are accounted for through surplus or deficit and included within the Statement of Financial Performance in the period in which they arise. All derivative instruments, such as swaps, currency forward contracts or options are classified as held-for-trading except for designated and effective hedging instruments as defined under IPSAS 29 (Financial Instruments: Recognition and Measurement). Financial assets in the externally managed portfolios designated upon initial recognition as at fair value through surplus or deficit are classified as current assets or non-current assets according to the time horizon of the investment objectives of each portfolio. If the time horizon is less than or equal to one year, they are classified as current assets, and if it is more than one year, they are classified as non-current assets.

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity dates that WHO has both the intention and the ability to hold to maturity. Held-to-maturity investments are stated at amortized cost using the effective interest rate method, with interest revenue being recognized on an effective yield basis in the Statement of Financial Performance.

Available-for-sale investments are classified as being available-for-sale where WHO has not designated them either as held-for-trading or as held-to-maturity. Available-for-sale items are stated at fair value (including transaction costs that are directly attributable to the acquisition of the financial asset) with value changes recognized in net assets/equity. Impairment charges and interest calculated using the effective interest rate method are recognized in the Statement of Financial Performance. As at 31 December 2014, no available-for-sale financial assets were held by the Organization.

Bank deposits and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Accrued revenue related to interest, dividends and pending cash to be received from investments are included herein. Bank deposits and other receivables are stated at amortized cost calculated using the effective interest rate method, less any impairments. Interest revenue is recognized on the effective interest rate basis, with the exception of short-term receivables for which the recognition of interest would be immaterial.

Other financial liabilities include payables and accruals relating to investments and are recognized initially at fair value and subsequently measured at amortized cost using the effective interest rate method, with the exception of short-term liabilities for which the recognition of interest would be immaterial.

2.3 Accounts receivable

Accounts receivable are non-derivative financial assets with fixed or determinable payments that are not traded in an active market. Current receivables are for amounts due within 12 months of the reporting date, while non-current receivables are those that are due more than 12 months from the reporting date of the financial statements.

Voluntary accounts receivable are recognized based on the payment terms specified in a binding agreement between WHO and the contributor. Where no payment terms are specified, the full amount receivable is recognized as currently due. Assessed accounts receivable are recognized annually, at the beginning of the year as per the assessments approved by the Health Assembly. Accounts receivable are recorded at their estimated net realizable value and not discounted as the effect of discounting is considered immaterial.

An allowance for doubtful accounts receivable is recognized when there is a risk that the receivable may be impaired. Changes in the allowance for doubtful accounts receivable are recognized in the Statement of Financial Performance.

2.4 Inventories

WHO recognizes medicines, vaccines, humanitarian supplies, and publications as part of its inventory. Inventories are valued taking the lower amount of (i) cost or (ii) net realizable value, using a weighted average basis. A physical stock count is conducted once every year. Packaging, freight and insurance charges are allocated based on the total value of inventory purchases and added to the inventory value.

Where inventories have been acquired through a non-exchange transaction (i.e. inventories were donated as an in-kind contribution), the value of inventory is determined by reference to the donated goods' fair value at the date of acquisition.

When inventories are sold, exchanged or distributed, their carrying amount is recognized as an expense.

2.5 Prepayments and deposits

Prepayments relate to amounts paid to suppliers for goods or services not yet received. Deposits relate to amounts paid as security for the leasing of office space. Deposits and prepayments are recorded at cost.

2.6 Property, plant and equipment

Property, plant and equipment with a value greater than US$ 5000 are recognized as non-current assets in the Statement of Financial Position. Property, plant and equipment are stated at historical cost, less accumulated depreciation and any impairment losses. Property, plant and equipment acquired through a non-exchange transaction are recognized at fair value at the date of acquisition. WHO considers all assets of this type to be non-cash generating.

Depreciation is calculated on a straight-line basis over the asset's useful life except for land, which is not subject to depreciation. Property, plant and equipment are reviewed annually for impairment to ensure that the carrying amount is still considered to be recoverable. The estimated useful lives of the asset classes that make up property, plant and equipment are provided in the table below.

Asset class	Estimated useful life (in years)
Land	N/A
Buildings – permanent	60
Buildings – mobile	5
Furniture, fixtures and fittings	5
Vehicles and transport	5
Office equipment	3
Communications equipment	3
Audiovisual equipment	3
Computer equipment	3
Network equipment	3
Security equipment	3
Other equipment	3

Improvements are capitalized over the remaining life of the asset when the improvement results in an increase in the useful life of the asset. The residual value of the asset and the cost of the improvement will be amortized over the adjusted useful life (remaining life). Normal repair and maintenance costs are expensed in the year where the costs are incurred.

A transitional provision, which will continue until 31 December 2016, has been applied for the initial recognition of property, plant and equipment that were purchased or donated before 1 January 2012. Land and building assets were recognized by location commencing from 1 January 2012 to 31 December 2014.

As allowed under the transitional provision, other assets in the form of property, plant and equipment acquired during 2014 were expensed at the date of purchase and have not been recognized as assets in 2014.

2.7 Intangible assets

Intangible assets that are above the pre-established threshold of US$ 100 000 are stated at historical cost less accumulated amortization and any impairment losses. Amortization is determined over the estimated useful life of the assets using the straight-line method of amortization. The estimated useful life of 'Software acquired externally' is six years.

WHO's intangible assets are assumed to have a residual value of zero as intangible assets are not sold or transferred at the end of their useful life. Intangible assets are reviewed annually for impairment. Some intangible assets may have a shorter useful life.

2.8 Leases

A lease is an agreement whereby the lessor conveys to the lessee (the Organization), in return for a payment or series of payments, the right to use an asset for an agreed period of time. Every lease is reviewed to determine whether it constitutes a financial or operating lease. Necessary accounting entries and disclosures are made accordingly.

Where WHO is the lessor, lease revenue from operating leases is recognized as revenue on a straight-line basis over the lease term. All costs associated with the asset incurred in earning the lease revenue, including depreciation, are recognized as an expense.

2.9 Contributions received in advance

Contributions received in advance arise from legally binding agreements between WHO and its contributors – including governments, international organizations and private and public institutions – whereby contributions are received in advance of the amounts concerned falling due to the Organization.

2.10 Accounts payable and accrued liabilities

Accounts payable are financial liabilities for goods or services that have been received by WHO but not yet paid for.

Accrued liabilities are financial liabilities for goods or services that have been received by WHO and which have neither been paid for nor invoiced to WHO.

Accounts payable and accrued liabilities are recognized at cost, as the effect of discounting is considered immaterial.

2.11 Employee benefits

WHO recognizes the following categories of employee benefits:

- short-term employee benefits that fall due wholly within 12 months following the end of the accounting period in which employees render the related service;
- post-employment benefits;
- other long-term employee benefits;
- termination benefits.

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

The plan exposes participating organizations to actuarial risks associated with the current and former employees of other organizations participating in the Pension Fund, with the result that there is no consistent and reliable basis for allocating the obligation, plan assets, and costs to individual organizations participating in the plan. WHO and the UNJSPF are not in a position to identify WHO's proportionate share of the defined benefit obligation, the plan assets and the costs associated with the plan with sufficient reliability for accounting purposes; this is also true for other organizations participating in the Pension Fund. WHO has therefore treated it as a defined contribution plan in line with the requirements of IPSAS 25 (Employee Benefits). WHO's contributions to the plan during the financial period are recognized as expenses in the Statement of Financial Performance (see Statement II).

2.12 Provisions and contingent liabilities

Provisions are recognized for future liabilities and charges where WHO has a present legal or constructive obligation as a result of past events and it is probable that the Organization will be required to settle the obligation.

Other commitments, which do not meet the recognition criteria for liabilities, are disclosed in the notes to the financial statements as contingent liabilities when their existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events that are not wholly within the control of WHO.

2.13 Contingent assets

Contingent assets will be disclosed when an event gives rise to a probable inflow of economic benefits or service potential and there is sufficient information to assess the probability of the inflow of economic benefits or service potential.

2.14 Deferred revenue

Deferred revenue derives from legally binding agreements between WHO and its contributors, including governments, international organizations and private and public institutions. Deferred revenue is recognized when:

- a contractual agreement is confirmed in writing by both the Organization and the contributor; and
- the funds are earmarked and due in a future period.

Deferred revenue also includes advances from exchange transactions.

Deferred revenue is presented as non-current if the revenue is due one year or more after the reporting date.

2.15 Revenue

Revenue comprises gross inflows of economic benefits or service potential received and receivable by WHO during the year, and represents an increase in net assets/equity. The Organization recognizes revenue following the established criteria of IPSAS 9 (Revenue from Exchange Transactions) and IPSAS 23 (Revenue from Non-Exchange Transactions).

The main sources of revenue for WHO include but are not limited to:

Non-exchange revenue

- **Assessed contributions.** Revenue from contributions from Member States and Associate Members is recorded annually at the beginning of the year as per the assessments approved by the Health Assembly.

- **Voluntary contributions.** Revenue from voluntary contributions is recorded when a binding agreement is signed by WHO and the contributor. Where there are “subject to” clauses in an agreement, WHO does not control the resource and does not record the revenue and amount receivable until the cash is received. Where there are no payment terms specified by the contributor or payment terms are in the current accounting year, revenue is recognized in the current period. Where payment terms specify payment after the year end, the amount is reported as deferred revenue.

- **Contributions in-kind and in-service.** Contributions in-kind and in-service are recorded by WHO at an amount equal to their fair market value as determined at the time of acquisition, based on an agreement between WHO and the contributor and upon confirmation from the receiving budget centre of the receipt of the goods or services. An entry corresponding to the expense is recorded in the same period that the contributions in-kind and in-service are recorded as revenue.

Exchange revenue

- **Reimbursable procurement, concessions, and revolving sales.** Revenue from reimbursable procurement on behalf of Member States or from the sale of goods or services is recorded on an accrual basis at the fair value of the consideration received or receivable when it is probable that the future economic benefits and/or service potential will flow to WHO and those benefits can be measured reliably.

2.16 Expenses

Expenses are defined as decreases in economic benefits or service potential during the reporting period in the form of outflows, consumption of assets, or incurrences of liabilities that result in decreases in net assets/equity. WHO recognizes expenses at the point where goods have been received or services rendered (delivery principle) and not when cash or its equivalent is paid.

2.17 Fund accounting

Fund accounting is a method of segregating resources into categories (i.e. funds) to identify both the source and the use of the funds. Establishing such funds helps to ensure better reporting of revenue and expenses. The General Fund, the Special Purpose Fund, the Enterprise Fund and the Fiduciary Fund serve to ensure the proper segregation of revenue and expenses. Any transfers between funds that would result in duplication of revenue and/or expenses are eliminated during consolidation. Intra-fund transfers such as programme support costs within the General Fund, are also eliminated.

General Fund

The accounts contained under this fund support the implementation of the programme budget. The General Fund contains the following:

- **Assessed Contributions Fund.** This fund consolidates revenues and expenses arising from assessed contributions from Member States.

- **Non-Assessed Income Fund.** This fund (formerly referred to as the Miscellaneous Income Fund) consolidates all sources of revenue attributable to Member States other than current period assessed contributions. It earns revenue from interest and other miscellaneous revenue.

- **Tax Equalization Fund.** In accordance with resolution WHA21.10, in which the Health Assembly decided to establish the Tax Equalization Fund, the assessed contributions of all Member States are reduced by the revenue generated by the staff assessment plan. In determining the reduction of assessed contributions to be applied to the Member States concerned, the Tax Equalization Fund is credited with the revenue from the staff assessment plan, the credits being recorded in the name of individual Member States, in proportion to their assessments for the biennium. For those Member States that levy income tax on emoluments received from the Organization by their nationals or others liable to such taxes, the credit from the staff assessment plan is charged with the estimated amount to be levied by those Member States. Those amounts which have been charged are, in turn, used by the Organization to reimburse income tax paid by the staff concerned, as per resolution WHA21.10.

- **Working Capital Fund.** The Fund was established to implement the programme budget pending receipt of assessed contributions in arrears. In accordance with Financial Regulation VII, implementation of that part of the budget financed from assessed contributions may be financed from the Working Capital Fund and thereafter by internal borrowing against available cash reserves of WHO, excluding trust funds. Amounts borrowed are repaid from the collection of arrears of assessed contributions and are credited first against any internal borrowing and then against any borrowing from the Working Capital Fund.

- **Voluntary funds (core, specified and partnerships).** This fund consolidates revenue and expenses arising from voluntary contributions and includes the special account for servicing costs.

Member States – other

The following accounts are contained in Member States – other:

- **Common Fund.** This fund reflects the movement in the asset and liability accounts of the Organization resulting from changes in items such as inventory, depreciation and unrealized exchange gains and losses.

- **Enterprise Fund.** This fund contains accounts that generate self-sustaining revenue. The revenue and expenses under this fund are not included in the reporting of the programme budget. The Enterprise Fund contains the following accounts:

  – Revolving Sales Fund[1]
  – Concessions Fund
  – Insurance Policies Fund
  – Garage Rental Fund
  – Reimbursable Procurement Fund[2]
  – Global Conference and Training – Tunis Fund (refer to Note 6.6)
  – In-kind Contributions Fund (refer to Note 6.6)

- **Special Purpose Fund.** The accounts contained under this fund represent transfers from the General Fund or appropriations by the Health Assembly. The revenue and expenses under this fund are not included in the reporting of the programme budget. The Special Purpose Fund contains the following accounts:

  – Real Estate Fund
  – Security Fund
  – Information Technology Fund
  – Special Fund for Compensation
  – Terminal Payments Fund
  – Non-Payroll Staff Entitlements Fund

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[1] In accordance with Health Assembly resolutions WHA22.8 and WHA55.9, the Revolving Sales Fund is credited with proceeds from the sale of publications, international certificates of vaccination, films, videos, DVDs and other information material. The related costs of production and printing are charged to the Fund.

[2] Transactions under this fund are from exchange transactions. Total revenue equals total expenses, hence there is no fund balance at year-end.

- Post Occupancy Charge Fund
- Internal Service Cost Recovery Fund
- Staff Health Insurance Fund
- Stockpiles Replenishment Fund (refer to Note 6.6)
- Polio Staff fund (refer to Note 6.6)

Fiduciary Fund

This fund accounts for assets that are held by WHO in a trustee or agent capacity for others and that cannot be used to support the Organization's own programmes. The Fund includes the assets of the partnerships that are administered by the Organization and whose budgets are not approved by the Health Assembly. Similarly, financial activities related to the financing of WHO's long-term liabilities are managed through it. The Fund is not available for operations and does not contribute to the Programme budget 2014–2015, and contains the following accounts:

- WHO Framework Convention on Tobacco Control (FCTC)
- Stop TB Partnership Fund (refer to Note 6.6)
- Stop TB Partnership Global Drug Facility Fund (refer to Note 6.6)
- Roll Back Malaria Partnership Fund
- Partnership for Maternal, Newborn and Child Health Fund
- United Nations System Standing Committee on Nutrition Fund
- Alliance for Health Policy and System Research Fund
- Global Health Workforce Alliance Fund
- European Observatory on health systems and policies (refer to Note 6.6)

2.18 Segment reporting

As required under IPSAS, WHO reports on segments based on its regional structure. Revenue, expenses, assets and liabilities are reported for each major office (region). The use of major offices is in line with the decision making practices of the Member States and the Secretariat, with respect to the allocation of resources. WHO's programme budget is presented by major office, which supports using major offices as the segments. Furthermore, the accountability for results and management of assets and liabilities lies with the heads of each regional office.

2.19 Statement of Cash Flow

The Statement of Cash Flow (Statement IV) is prepared using the indirect method.

2.20 Budget comparison

WHO's budget and accounting bases differ. Budgets within the Organization are approved on a modified cash basis rather than the full accrual basis of IPSAS. In addition, budgets are prepared on a biennial basis.

Whereas WHO's financial statement covers all the activities of the Organization, budgets are approved only for the General Fund. There are no approved budgets for other funds. All funds are administered in accordance with the Financial Regulations and Financial Rules.

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

The Health Assembly approved the Programme budget 2014–2015 through resolution WHA66.2. WHO's Statement V: Statement of Comparison of Budget and Actual Amounts compares the final budget to actual amounts calculated on the same basis as the corresponding budgetary amounts. As the bases used to prepare the budget and financial statements differ, Note 7 reconciles between the actual amounts presented in Statement V to the actual amounts presented in Statement IV.

2.21 Consolidated and non-consolidated entities

Non-consolidated entities

WHO provides administrative services to a number of entities. Each of these entities produces a full set of financial statements that are subject to a separate audit. The following six entities have their own governing bodies and are not governed by the World Health Assembly:

- Trust Fund for the Joint United Nations programme on HIV/AIDS (UNAIDS)
- International Drug Purchase Facility (UNITAID)
- International Agency for Research on Cancer (IARC)
- International Computing Centre (ICC)
- African Programme for Onchocerciasis Control (APOC)[1]
- Staff health insurance (SHI)

[1] Includes residual values for the former Onchocerciasis Control Programme. APOC operations will be closed by 31 December 2015.

3. Note on the restatement of balances

Reclassification

- The gains and losses from investments, exchange transactions and actuarial valuation are consolidated as Finance revenue. The gains and losses were previously reported as Finance revenue and Finance cost.

- The allowance for doubtful accounts receivable has been reclassified and reported with assessed and voluntary contributions revenue.

Presentation Changes

- The presentation of Statement III has been simplified and details are reported in the notes.

- The unrealized gains and losses from investments and long-term borrowings are presented separately in the statement IV.

For comparative purposes the related 2013 figures have been reclassified.

4. Supporting information to the Statement of Financial Position

4.1 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash at banks, investments in money market funds, collateral deposits, bank deposits, and short-term highly liquid investments with original maturity dates of three months or less from the date of acquisition.

Cash and cash equivalents are held for the purpose of meeting the short-term cash requirements of the Organization, rather than for longer-term investment purposes. They are held on behalf of the Organization, including the General Fund, the Special Purpose Fund, the Enterprise Fund, the Fiduciary Fund and non-WHO entities administered by the Organization. The figures include cash and cash equivalents held in the portfolios managed by external investment managers.The below table shows cash and cash equivalents by major office.

Description	31 December 2014	31 December 2013
Major office		
Headquarters	176 921 158	299 869 779
Regional Office for Africa	24 352 559	21 127 629
Regional Office for South-East Asia	3 435 060	4 455 997
Regional Office for Europe	740 761	1 173 557
Regional Office for the Eastern Mediterranean	8 065 766	7 662 109
Regional Office for the Western Pacific	4 205 035	3 948 813
Cash at banks, investment accounts, in transit and on hand	**217 720 339**	**338 237 884**
Headquarters	415 171 713	376 603 874
Cash and cash equivalents held by investment portfolios	**415 171 713**	**376 603 874**
Total cash and cash equivalents	**632 892 052**	**714 841 758**

4.2 Investments and financial instruments

Details of the accounting policies for investments and financial instruments are described in Note 2.2.

WHO's principal investment objectives in descending order of priority are:

- the preservation of capital;
- the maintenance of sufficient liquidity to meet the payment of liabilities on time; and
- the optimization of investment returns.

The Organization's investment policy reflects the nature of its funds, which may be held either short-term pending implementation of programmes, or for a longer term to meet its long-term liabilities.

WHO's investments include funds managed for other entities.

An analysis of the investments of the Organization is provided in the following table.

Investments and financial instruments (US dollars)

Description	Internally managed funds				Externally managed funds					Foreign exchange hedging contracts	Total managed funds and contracts
	Cash and time deposits	Held-to-maturity portfolio	Long-term portfolio	Total	Short-term portfolio A	Short-term portfolio B	Short-term portfolio C	Short-term portfolio D	Total		
Investments under current assets											
Cash and cash equivalents held by investment portfolios	175 028 014	212 177	675	175 240 866	161 780 425	30 102 893	47 194 975	852 554	239 930 847	–	415 171 713
Short-term investments											
Financial assets at fair value through surplus or deficit – held-for-trading	–	–	–	–	3 001 401	287 694	–	539 354	3 828 449	1 648 365	5 476 814
Financial assets at fair value through surplus or deficit – upon initial recognition	–	–	–	–	179 349 188	221 168 872	498 952 690	529 353 279	1 428 824 029	–	1 428 824 029
Financial assets at amortized cost	–	55 015 306	–	55 015 306	–	–	–	–	–	–	55 015 306
Bank deposits and other receivables	1 323 172 174	9 971	113 787	1 323 295 932	7 421 317	346 992	1 416 613	1 430 753	10 615 675		1 333 911 607
Total short-term investments	**1 323 172 174**	**55 025 277**	**113 787**	**1 378 311 238**	**189 771 906**	**221 803 558**	**500 369 303**	**531 323 386**	**1 443 268 153**	**1 648 365**	**2 823 227 756**
Total investments under current assets	**1 498 200 188**	**55 237 454**	**114 462**	**1 553 552 104**	**351 552 331**	**251 906 451**	**547 564 278**	**532 175 940**	**1 683 199 000**	**1 648 365**	**3 238 399 469**
Investments under non-current assets											
Long-term investments											
Financial assets at fair value through surplus or deficit – upon initial recognition	–	–	70 844 630	70 844 630	–	–	–	–	–	–	70 844 630
Financial assets at amortized cost	–	–	–	–	–	–	–	–	–	–	–
Total long-term investments	–	–	70 844 630	70 844 630	–	–	–	–	–	–	70 844 630
Total investments under non-current assets	**–**	**–**	**70 844 630**	**70 844 630**	**–**	**–**	**–**	**–**	**–**	**–**	**70 844 630**
Financial liabilities under current liabilities											
Financial liabilities											
Financial liabilities at fair value through surplus or deficit – held-for-trading	–	–	–	–	(737 361)	–	–	(908)	(738 269)	(19 418 812)	(20 157 081)
Payables and accruals	–	–	–	–	(13 193 559)	–	(4)	(381)	(13 193 944)	–	(13 193 944)
Total financial liabilities	–	–	–	–	(13 930 920)	–	(4)	(1 289)	(13 932 213)	(19 418 812)	(33 351 025)
Total financial liabilities under current liabilities	**–**	**–**	**–**	**–**	**(13 930 920)**	**–**	**(4)**	**(1 289)**	**(13 932 213)**	**(19 418 812)**	**(33 351 025)**
Total investments – net	**1 498 200 188**	**55 237 454**	**70 959 092**	**1 624 396 734**	**337 621 411**	**251 906 451**	**547 564 274**	**532 174 651**	**1 669 266 787**	**(17 770 447)**	**3 275 893 074**

Short-term investments

Short-term investments relating to funds held pending the implementation of programmes are invested in cash and high-quality short-term government, agency, corporate bonds and time deposits as defined in the approved investment policy. Investments included within "financial assets at fair value through surplus or deficit" include fixed-income securities and derivative instruments held to cover projected liabilities and any unexpected cash requirements. Financial assets in the externally managed portfolios designated upon initial recognition as at fair value through surplus or deficit are classified as short-term investments where the investment time horizon objective of these portfolios is less than or equal to one year. For short-term tactical investment reasons, the external managers of these portfolios may from time to time decide to lengthen temporarily the average duration of these portfolios to slightly longer than one year. This will not change the short-term classification of these financial assets unless the investment time horizon objective of the portfolio and the duration of its benchmark have been changed to more than one year. The investments in the "held-to-maturity" portfolio with a duration of less than one year are classified as current assets in the category "financial assets at amortized cost". Other receivables include accrued revenue on investments and receivables from investments that were sold before 31 December 2014 and settled after that date.

Description	31 December 2014	31 December 2013
Financial assets at fair value through surplus or deficit – held-for-trading	5 476 814	11 837 939
Financial assets at fair value through surplus or deficit – upon initial recognition	1 428 824 029	1 085 141 947
Financial assets at amortized cost	55 015 306	181 146 504
Bank deposits and other receivables	1 333 911 607	1 141 217 898
Total short-term investments	**2 823 227 756**	**2 419 344 288**

Long-term investments

Long-term investments are placed for the Terminal Payments Fund in line with the approved investment policy and are invested in high-quality, medium-dated and long-dated, government, agency and corporate bonds. The financial assets at fair value through surplus or deficit upon initial recognition in the Terminal Payments Fund investment portfolio are classified as long-term investments in accordance with the investment time horizon objective of the portfolio and the duration of its benchmark which are both greater than one year. Investments in the held-to-maturity portfolio whose maturity date is in more than one year are classified as "financial assets at amortized cost".

Description	31 December 2014	31 December 2013
Financial assets at fair value through surplus or deficit – upon initial recognition	70 844 630	26 751 415
Financial assets at amortized cost	–	55 068 481
Total long-term investments	**70 844 630**	**81 819 896**

Financial liabilities

Financial liabilities disclosed under "financial liabilities at fair value through surplus or deficit – held-for-trading" include derivative transactions such as foreign exchange forward contracts and interest rate swaps. Financial liabilities disclosed under "payables and accruals" relate to other financial liabilities from investments, including assets purchased before 31 December 2014 and settled after that date.

Description	31 December 2014	31 December 2013
Financial liabilities at fair value through surplus or deficit – held-for-trading	20 157 081	3 789 398
Payables and accruals	13 193 944	15 847 792
Total financial liabilities	**33 351 025**	**19 637 190**

The fair value hierarchy

The fair value hierarchy represents the categorization of market pricing to indicate the relative ease with which the value of investments held by WHO can be realized.

The majority of the financial instruments held by WHO have quoted prices in active markets which are classified as Level 1. Derivative instruments that are "over-the-counter" are classified as Level 2 because their fair value is observable – either directly as a price, or indirectly after being derived from prices. The instruments shown under the Level 2 fair value measurement category consist of foreign currency hedging forward contracts and derivative contracts in the externally managed portfolios.

Description	Level 1	Level 2	Total
Cash and cash equivalents	5 909 071	–	5 909 071
Short-term investments			
Financial assets at fair value through surplus or deficit – held for trading	–	4 970 440	4 970 440
Financial assets at fair value through surplus or deficit – upon initial recognition	1 428 824 029	–	1 428 824 029
Financial assets at amortized cost	55 015 306	–	55 015 306
Total short-term investments	**1 483 839 335**	**4 970 440**	**1 488 809 775**
Long-term investments			
Financial assets at fair value through surplus or deficit – upon initial recognition	70 844 630	–	70 844 630
Financial liabilities			
Financial liabilities at fair value through surplus or deficit – held-for-trading	–	(20 157 081)	(20 157 081)
Total	**1 560 593 036**	**(15 186 641)**	**1 545 406 395**

Risk management

WHO is exposed to financial risks including credit risk, interest rate risk, foreign exchange risk and investment price risk. The Organization uses derivative financial instruments to hedge some of its risk exposures. In accordance with WHO's Financial Regulations, funds not required for immediate use may be invested. All investments are carried out within the framework of the investment policy approved by the Director-General. Some portfolios are managed by external managers appointed by the Organization to manage funds in accordance with a defined mandate. The Advisory Investment Committee reviews regularly the investment policies, the investment performance and the investment risk for each investment portfolio. The Committee is composed of external investment specialists who can make investment recommendations to the Director-General.

Nature of financial instruments

Investments are categorized as follows.

Investments with short-term maturities. These investments are invested in cash and high-quality short-dated government, agency, and corporate bonds as defined in the approved investment policy.

Investments with long-term maturities. These investments comprise funds managed for the Terminal Payments Fund as defined in the approved investment policy. They are invested in high-quality medium-dated and long-dated, government, agency, corporate bonds and an externally managed global bond index fund.

Credit risk

WHO's investments are widely diversified in order to limit its credit risk exposure to any individual investment counterparty. Investments are placed with a wide range of counterparties using minimum credit quality limits and maximum exposure limits by counterparty established in investment mandates. These limits are applied both to the portfolios managed internally by the Organization's Treasury Unit, and to the portfolios managed by external investment managers. The Treasury Unit monitors the total exposure to counterparties across all internally and externally managed portfolios.

The credit risk and liquidity risk for cash and cash equivalents are minimized by investing only in major financial institutions that have received strong investment grade credit ratings from primary credit rating agencies. The Treasury Unit regularly reviews the credit ratings of the approved financial counterparties and takes prompt action whenever a credit rating is downgraded. The investments with long-term credit ratings are summarized as follows.

Minimum rating category	Total asset value US dollars
AAA	225 238 455
AA+	501 487 354
AA	64 259 656
AA-	228 283 194
A+	86 976 335
A	103 187 448
A-	93 897 317
Total	**1 303 329 759**

Interest rate risk

WHO is exposed to interest rate risk through its short-term and long-term fixed-income investments. The investment duration is a measure of sensitivity to changes in market interest rates, and the effective average duration of the Organization's investments as at 31 December 2014 was 0.4 years for the short-term investments and 5.8 years for the long-term investments. The duration of the long-term investments was lengthened by purchasing longer term fixed income products to better match the duration of the liabilities which are funded by these investments.

Fixed-income derivative instruments may be used by external investment managers to manage interest rate risk under strict investment guidelines. Interest rate instruments of this type are used for portfolio duration management and for strategic interest rate positioning.

Foreign exchange currency risk

WHO receives contributions and makes payments in currencies other than the United States dollar. The Organization is thus exposed to foreign exchange currency risk arising from fluctuations in currency exchange rates. Exchange rate gains and losses on the purchase and sale of currencies, revaluation of cash book balances, and all other exchange differences are adjusted against the funds and accounts eligible to receive interest under the interest apportionment programme. The translation of transactions expressed in other currencies into the United States dollar is performed at the United Nations Operational Rates of Exchange prevailing at the date of transaction. Assets and liabilities that are denominated in foreign currencies are translated at the United Nations Operational Rates of Exchange year-end closing rate. Forward foreign exchange contracts are transacted to hedge foreign currency exposures and to manage short-term cash flows. Realized and unrealized gains and losses resulting from the settlement and revaluation of foreign currency transactions are recognized in the Statement of Financial Performance.

With effect from 2014, 50% of assessed contributions are now calculated in Swiss francs to reduce the currency risk of headquarters expenses in that currency.[1]

Hedging foreign exchange exposures on future payroll costs. The United States dollar value of non-dollar expenses in 2015 has been protected from the impact of movements in foreign exchange rates through the transaction of forward currency contracts during 2014. As at 31 December 2014 these forward foreign currency exchange hedging contracts by currency are summarized as follows.

Currency forward bought	Local currency	Net amount sold (US dollars)	Net unrealized gain/(loss) (US dollars)
Swiss franc	100 320 000	109 311 497	(7 872 904)
Euro	85 200 000	112 757 748	(9 385 394)
Indian rupee	986 400 000	15 156 630	(15 296)
Malaysian ringgit	33 600 000	10 035 569	(571 548)
Philippine peso	728 400 000	16 284 906	(123 340)
Total		**263 546 350**	**(17 968 482)**

There was a net unrealized loss on these contracts of US$ 18 million as at 31 December 2014 (unrealized gain of US$ 8.9 million as at 31 December 2013). Realized gains or losses on these contracts will be recorded on maturity of the contracts and applied during 2015.

Hedging foreign exchange exposures on receivables and payables. Currency exchange risk arises as a result of differences in the exchange rates at which foreign currency receivables or payables are recorded, and the exchange rates at which the cash receipt or payment is subsequently recorded. A monthly programme of currency hedging is in place to protect against this foreign currency risk. On a monthly basis the exposures in respect of accounts receivable and accounts payable are netted by currency and each significant net foreign currency exposure is bought or sold forward using a forward foreign exchange contract equal and opposite to the net currency exposure.

These exposures are re-balanced at each month-end to coincide with the setting of the monthly United Nations Operational Rates of Exchange. Through this process the exchange gains or losses realized on the forward foreign currency contracts match the corresponding unrealized exchange losses and gains on the movements in net accounts receivable and accounts payable. As at 31 December 2014 the total forward foreign currency exchange hedging contracts by currency were as follows.

Currency forward sold	Local currency	Currency forward bought (US dollars)	Net unrealized gain/(loss) (US dollars)
Australian dollar	3 300 000	2 682 460	(13 662)
Canadian dollar	50 600 000	43 487 229	(129 896)
Swiss franc	14 700 000	14 926 712	24 036
Euro	117 063 000	142 968 785	1 331 396
Pound sterling	84 100 000	130 760 278	(301 162)
Norweigan kroner	30 330 000	4 081 462	(9 854)
Swedish kroner	255 500 000	32 558 820	(321 101)
New Zealand dollar	4 500 000	3 497 234	(10 966)
Danish kroner	75 000 000	12 309 232	20 799
Total		**387 272 212**	**589 590**

[1] See resolution WHA66.16.

There was a net unrealized gain on these contracts of US$ 0.6 million as at 31 December 2014 (unrealized net loss of US$ 0.3 million as at 31 December 2013). Realized gains or losses on these contracts will be recorded on the maturity of the contracts and applied during 2015.

Forward foreign exchange contracts to manage operational cash flows. Forward foreign exchange contracts are also used to manage short-term cash flows of foreign currency balances to minimize foreign currency transaction risk. At 31 December 2014 a total amount of 12.7 million Swiss francs and 4.0 million euros was forward bought against the United States dollar. The maturity dates of these forward foreign exchange contracts were in January 2015. Net unrealized losses on these contracts amounted to US$ 391 554 as at 31 December 2014 (unrealized net losses of US$ 150 533 as at 31 December 2013).

Sensitivity of forward foreign exchange contracts to movements in the relative value of the United States dollar. A 1% appreciation in the relative value of the United States dollar against the forward foreign exchange hedging contracts mentioned above would result in an increase in the net unrealized gain of US$ 1.2 million. A 1% depreciation in the relative value of the United States dollar would result in a decrease in the net unrealized gain of US$ 1.2 million.

Forward and spot foreign exchange contracts and other derivative financial instruments held within the externally managed investment portfolios. In accordance with the investment guidelines set up for each externally managed portfolio, the external investment managers use forward and spot foreign exchange contracts, futures contracts and interest rate swap contracts to manage the currency and interest rate risk of groups of securities within each portfolio. The net values of these instruments as at 31 December 2014, as evaluated by the Organization's investment custodian, are recorded by portfolio under "financial assets/liabilities at fair value – held-for-trading". The outstanding forward and spot foreign exchange contracts are summarized below.

Net sold amount	Local currency	(US dollar equivalent)
Australian dollar	294 000	240 543
Canadian dollar	6 337 070	5 466 736
Euro	20 728 000	25 087 327
Pound sterling	34 171 726	53 279 762
Japanese yen	180 300 000	1 504 221
Mexican peso	108 598 290	7 352 165
Total		**92 930 754**

A 1% appreciation in the relative value of the United States dollar against the above-mentioned forward foreign exchange hedging contracts would result in an increase in the unrealized gain of US$ 0.5 million. A 1% depreciation in the relative value of the United States dollar would result in an increase in the unrealized loss of US$ 1.3 million.

The net outstanding interest rate and bond futures contracts are summarized below.

Long positions

Products	Exchange (Note a)	No. of contracts
US 5 year T-NoteMar 2015	CBOT	135
Eurodollar SEP 2015	IMM	25

Note (a). IMM refers to the International Monetary Market and CBOT refers to Chicago Board of Trade. Both are part of Chicago Mercantile Exchange Group.

Short positions

Products	Exchange (Note a)	No. of contracts
Eurodollar MAR 2015	IMM	(27)
Eurodollar JUN 2015	IMM	(40)
Eurodollar DEC 2015	IMM	(7)
Eurodollar MAR 2016	IMM	(50)
Eurodollar JUN 2016	IMM	(30)
Eurodollar SEP 2016	IMM	(32)
Eurodollar DEC 2016	IMM	(32)
Eurodollar MAR 2017	IMM	(20)
Eurodollar JUN 2017	IMM	(15)
Eurodollar SEP 2017	IMM	(18)
Eurodollar DEC 2017	IMM	(12)
Eurodollar MAR 2018	IMM	(6)
Eurodollar JUN2018	IMM	(9)
Eurodollar SEP 2018	IMM	(6)
Eurodollar DEC 2018	IMM	(8)
Eurodollar MAR 2019	IMM	(4)
Eurodollar JUN2019	IMM	(2)

Note (a). IMM refers to the International Monetary Market, which is part of Chicago Mercantile Exchange Group.

The outstanding interest rate swap contracts are summarized below.

Currency	Notional amount	(US dollar equivalent)	Pay/receive	Maturity
US dollar	48 500 000		Pay fixed/receive floating	December 2017
Australian dollar	33 000 000	40 325 043	Pay floating/receive fixed	June 2018
Australian dollar	20 000 000	24 439 420	Pay floating/receive fixed	June 2019

4.3 Accounts receivable

As at 31 December 2014, total accounts receivable (current and non-current) amounted to US$ 1116 million (US$ 1082 million as at 31 December 2013). The receivable balance includes outstanding amounts for both assessed and voluntary contributions. Accounts receivable are split between current and non-current based on the payment terms of when the amounts become due.

Description	31 December 2014	31 December 2013
Accounts receivable – current		
Assessed contributions receivable – current biennium	74 498 432	82 030 622
Assessed contributions receivable – previous biennium	3 456 800	1 153 882
Voluntary contributions receivable	779 329 397	670 280 507
Reimbursable procurement receivable	116 147	411 743
Revolving sales receivable	154 530	247 602
Other receivables	3 807 435	4 335 271
Allowance for doubtful accounts receivable	(28 126 015)	(22 938 905)
Total accounts receivable – current	**833 236 726**	**735 520 722**

Description	31 December 2014	31 December 2013
Accounts receivable – non-current		
Outstanding rescheduled assessments receivable	26 999 596	31 165 856
Voluntary contributions receivable	282 289 969	346 512 477
Allowance for doubtful accounts receivable	(26 999 596)	(31 165 856)
Total accounts receivable – non-current	**282 289 969**	**346 512 477**
Total accounts receivable	**1 115 526 695**	**1 082 033 199**

As at 31 December 2014, the total allowance for doubtful accounts receivable was US$ 55.1 million (US$ 54.1 million at 31 December 2013). This figure comprises an allowance of US$ 43.4 million for assessed contributions and an allowance of US$ 11.7 million for voluntary contributions.

The allowance for assessed contributions receivable includes amounts receivable from prior years, all rescheduled amounts receivable and any current amounts receivable from Member States in arrears. The allowance for voluntary contributions receivable is based on a detailed review of all amounts receivable more than one year overdue and a review of amounts less than one year overdue where there is evidence that the amount is unlikely to be received.

With certain contributors, WHO signs agreements that may span many years of implementation. These agreements do not state the payment terms for the transfer of instalments; instead, they are reimbursed based on quarterly expenses incurred. WHO records the full amount of revenue in the financial year in which the agreement is signed and recognizes the full receivable as currently due. As at 31 December 2014, the total receivable shown as currently due under this arrangement was US$ 300.3 million, of which US$ 158 million was due on agreements ending in 2016 and beyond.

Description	31 December 2014	31 December 2013
Opening balance – assessed contributions	42 406 502	44 072 658
Increase/(decrease) in allowance for doubtful accounts receivable	1 046 460	(1 666 156)
Ending balance – assessed contributions	**43 452 962**	**42 406 502**
Opening balance – voluntary contributions	11 698 259	11 037 114
Increase/(decrease) in allowance for doubtful accounts receivable	(25 610)	661 145
Ending balance – voluntary contributions	11 672 649	11 698 259
Total allowance for doubtful accounts receivable	**55 125 611**	**54 104 761**
Allowance for doubtful accounts receivable		
Allowance – current	28 126 015	22 938 905
Allowance – non-current	26 999 596	31 165 856
Total allowance for doubtful accounts receivable	**55 125 611**	**54 104 761**

4.4 Staff receivables

In accordance with WHO's Staff Regulations and Staff Rules, staff members are entitled to certain advances including those for salary, education, rent and travel.

The total balance of staff receivables amounted to US$ 10.4 million as at 31 December 2014 (US$ 11.3 million as at December 2013). The education grant balance represents advances made to staff for the 2014 portion of the 2014–2015 school year.

Description	31 December 2014	31 December 2013
Salary advances	780 715	1 154 218
Education grant advances	7 605 179	7 450 670
Rental advances	1 542 762	1 658 710
Travel receivables	401 144	1 123 975
Other staff receivables	116 588	(38 213)
Total staff receivables	**10 446 388**	**11 349 360**

4.5 Inventories

The total value of inventory as at 31 December 2014 was US$ 50.4 million (US$ 51.1 million as at 31 December 2013).

The movement of inventory items during the year are shown in the table below:

Description	31 December 2013	Additions	Shipments	Disposals and expired items	Inventory in-transit	31 December 2014
Medicines, vaccines and humanitarian supplies	41 020 425	49 485 007	44 167 840	3 371 746	660 382	43 626 228
Publications	10 103 664	5 154 684	5 085 276	3 382 184	–	6 790 888
Total inventory	**51 124 089**	**54 639 691**	**49 253 116**	**6 753 930**	**660 382**	**50 417 116**

Total expenses relating to inventories during the period (net shipments, net disposals and expired items) amounted to US$ 56 million (US$ 64.9 million as at 31 December 2013). The year-end inventory balance includes shipping cost of 14% (11% in 2013).

4.6 Prepayments and deposits

The total value of prepayments as at 31 December 2014 was US$ 0.4 million (US$ 3.5 million as at 31 December 2013). These represent payments to suppliers in advance of the receipt of goods or services. It is common practice for technical service contractors to request payments in advance to support project work. When goods or services are delivered, prepayments are applied to the appropriate expense account.

Prepayments include US$ 0.2 million of deposits (US$ 0.2 million as at 31 December 2013). Deposits represent amounts given to landlords as a security to rent office space.

4.7 Property, plant and equipment

WHO has invoked the transition provision under IPSAS 17 (Property, Plant, and Equipment) which allows a period of up to five years before requiring full recognition of property, plant and equipment. In 2014 the Organization recognized owned land and buildings at regional and country offices. All other assets were expensed upon acquisition.

As at 31 December 2014, the total value of recognized land and buildings (net of accumulated depreciation) was US$ 64.0 million (US$ 61.7 million as at 31 December 2013). The increase included US$ 4.4 million in new additions and ongoing construction projects.

In locations where WHO does not own the land, surface rights were granted at no cost. No value has been recognized as the Organization does not have the ability to dispose of these rights in a commercial transaction.

Major office	31 December 2013	Additions	Disposals	Impairments	Depreciation	Construction in progress	31 December 2014
Headquarters							
Land	1 000 095	–	–	–	–	–	1 000 095
Buildings	39 064 589	–	–	–	(1 116 198)	1 404 996	39 353 387
Total property – headquarters	**40 064 684**	–	–	–	**(1 116 198)**	**1 404 996**	**40 353 482**
Regional Office for Africa							
Land	13 618	–	–	–	–	–	13 618
Buildings	2 235 437	1 936 748	–	–	(161 114)	438 897	4 449 968
Total property – Regional Office for Africa	**2 249 055**	**1 936 748**	–	–	**(161 114)**	**438 897**	**4 463 586**
Regional Office for South-East Asia							
Buildings	230 095	–	–	–	(28 764)	–	201 331
Total property – Regional Office for South-East Asia	**230 095**	–	–	–	**(28 764)**	–	**201 331**
Regional Office for the Eastern Mediterranean							
Buildings	16 974 155	–	–	–	(340 440)	598 821	17 232 536
Total property – Regional Office for the Eastern Mediterranean	**16 974 155**	–	–	–	**(340 440)**	**598 821**	**17 232 536**
Regional Office for the Western Pacific							
Buildings	2 176 062	–	–	–	(435 216)	–	1 740 846
Total property – Regional Office for the Western Pacific	**2 176 062**	–	–	–	**(435 216)**	–	**1 740 846**
Total WHO							
Land	1 013 713	–	–	–	–	–	1 013 713
Buildings	60 680 338	1 936 748	–	–	(2 081 732)	2 442 714	62 978 068
Total property – WHO	**61 694 051**	**1 936 748**	–	–	**(2 081 732)**	**2 442 714**	**63 991 781**

In order to ensure appropriate control and stewardship over property, plant and equipment, existing assets have been recorded in the asset register, except for the African Region which continues to maintain its asset register offline.

In 2014, new property, plant, and equipment in the amount of US$ 4.1 million was recognized in the assets register. This figure concerned only individual items with a value above US$ 5000, except those pertaining to the African Region for property, plant, and equipment. However, as WHO is using the transitional provision, these purchases were expensed upon acquisition. The details of the property, plant, and equipment concerned are as follows.

Description	Total
Vehicles	1 685 366
Network equipment	1 085 112
Audio visual equipment	430 938
Office equipment	303 489
Security equipment	215 844

Description	Total
Furniture, fixtures and fittings	69 882
Computer equipment	63 877
Communications equipment	10 860
Other equipment	225 490
Total new equipment	**4 090 858**

4.8 Intangible assets

Intangible assets held as at 31 December 2014 amounted to US$ 2.8 million (nil as at 31 December 2013), of that US$ 2.7 million relates to software projects under development.

Description	31 December 2013	Additions	Disposals	Impairments	Amortization	31 December 2014
Software acquired	–	136 000	–	–	(22 669)	113 331
Software under development	–	2 689 369	–	–	–	2 689 369
Total intangible assets	–	**2 825 369**	–	–	**(22 669)**	**2 802 700**

4.9 Contributions received in advance

The amount for contributions received in advance mainly concerns payments received from Member States in 2014 for their 2015 assessed contributions. The balance for advance payments for voluntary contributions reflects funds received for agreements starting in 2015. Unapplied and unidentified receipts are amounts received in 2014 but not yet matched as at 31 December 2014.

Description	31 December 2014	31 December 2013
Assessed contribution advances	46 440 699	57 159 786
Advances for voluntary contributions	8 465 368	8 596 129
Unapplied and unidentified receipts	6 486 127	13 693 346
Other advances	312 373	639 960
Total contributions received in advance	**61 704 567**	**80 089 221**

4.10 Accounts payable

Accounts payable represents the total amount due to suppliers by major office as at 31 December 2014.

Description	31 December 2014	31 December 2013
Headquarters	10 456 965	10 397 884
Regional Office for Africa	9 313 449	6 024 997
Regional Office for South-East Asia	1 703 998	3 127 172
Regional Office for Europe	1 200 808	1 261 224
Regional Office for the Eastern Mediterranean	6 544 561	6 275 565
Regional Office for the Western Pacific	2 358 359	2 632 093
Total accounts payable	**31 578 140**	**29 718 935**

4.11 Staff payable

The balance of staff payable represents the total amount outstanding to staff as at 31 December 2014. Salaries payable consist of balances due to staff pending the finalization of clearance certificates. Bank returns are balances due to staff for which the payment is pending the receipt of updated bank account information.

Description	31 December 2014	31 December 2013
Salaries payable	1 308 316	1 663 038
Bank returns	219 412	217 001
Travel claims payable	248 066	443 742
Total staff payable	**1 775 794**	**2 323 781**

4.12 Accrued staff benefits

Accrued staff benefits include terminal payments, staff health insurance and liabilities due to service-incurred death or disability (Special Fund for Compensation).

Description	31 December 2014	31 December 2013
Accrued staff benefits – current		
Terminal payments	55 246 333	69 737 126
Special Fund for Compensation	576 012	410 960
Total accrued staff benefits – current	**55 822 345**	**70 148 086**
Accrued staff benefits – non-current		
Terminal payments	58 479 833	72 776 045
Special Fund for Compensation	13 100 006	13 297 113
Staff health insurance	866 126 535	853 044 269
Total accrued staff benefits – non-current	**937 706 374**	**939 117 427**
Accrued staff benefits		
Terminal payments	113 726 166	142 513 171
Special Fund for Compensation	13 676 018	13 708 073
Staff health insurance	866 126 535	853 044 269
Total accrued staff benefits	**993 528 719**	**1 009 265 513**

Terminal payments

The Terminal Payments Fund was established to finance the terminal emoluments of staff members, including repatriation grants, accrued annual leave, repatriation travel and removal on repatriation. The Terminal Payments Fund is funded by a charge made to salary.

Liabilities arising from repatriation benefits and annual leave are determined by independent consulting actuaries. However, the accrued leave is calculated on a walk-away basis – that is, as if all staff separated immediately – and, therefore, is not discounted.

The latest actuarial study (as at 31 December 2014) estimated the full terminal payment liability to be US$ 113.7 million (short-term liability, US$ 55.2 million; long-term liability, US$ 58.5 million) which compares to US$ 142.5 million as at 31 December 2013. This calculation did not include costs for the end-of-service grant and for separation by mutual agreement on abolishment of posts. The defined benefit obligation amounted to US$ 65.2 million (US$ 85.4 million as at 31 December 2013) for

terminal entitlements, and US$ 48.5 million (US$ 57.1 million as at 31 December 2013) for annual leave which is included in the terminal payments current balance.

As per the actuarial study, a net reduction of US$ 28.8 million is recognized, by nature of expenses, in the Statement of Financial Performance.

Staff health insurance

The Secretariat manages its own health insurance scheme as a separate entity. The WHO Staff Health Insurance has its own governance structure and provides for the reimbursement of a major portion of expenses for medically recognized health care incurred by staff members, retired staff members and their eligible family members. The WHO Staff Health Insurance is financed from the contributions made by the participants (1/3) and the Organization (2/3) and from investments income.

The Organization accounts for after-service staff health insurance as a post-employment benefit. All gains and losses were recognized upon the adoption of IPSAS 25 (Employee Benefits). Thereafter, gains and losses (unexpected changes in surplus or deficit) will be recognized over time via the corridor method. Under this method, amounts up to 10% of the defined benefit obligation are not recognized, so as to allow gains and losses the reasonable possibility of offsetting one another over time. Gains and losses over 10% of the defined benefit obligation are amortized over the average remaining service period of active staff expected to receive each benefit.

Professional actuaries determined the 2014 defined benefit obligation for the Staff Health Insurance based on personnel data and payment experience provided by WHO. As at 31 December 2014 the unfunded defined benefit obligation amounted to US$ 866 million (US$ 853 million in 2013). As a consequence an additional accrual of US$ 13 million was charged to staff costs.

Further details on the Staff Health Insurance liability can be found in the annual report of the Staff Health Insurance scheme.

Special Fund for Compensation

In the event of a death or disablement attributable to the performance of official duties of an eligible staff member, the Special Fund for Compensation covers all reasonable medical, hospital, and other directly related costs, as well as funeral expenses. In addition, the Fund will provide compensation to the disabled staff member (for the duration of the disability) or to the surviving family members.

WHO accounts for the Special Fund for Compensation as a post-employment benefit. All gains and losses were immediately recognized upon adoption of IPSAS 25 (Employee Benefits). Thereafter, gains and losses (unexpected changes in surplus or deficit) are recognized over time via the corridor method. Under this method, amounts up to 10% of the defined benefit obligation are not recognized, so as to allow gains and losses the reasonable possibility of offsetting one another over time. Gains and losses over 10% of the defined benefit obligation are amortized over the average remaining service of active staff expected to receive each benefit. For accounting purposes, the plan is considered unfunded (the liability is not reduced by plan assets).

As per the actuarial study, the total liability was US$ 13.7 million at 31 December 2014 and at 31 December 2013, with only a minor decrease from the previous year.

Actuarial summary of terminal payments, the Staff Health Insurance and the Special Fund for Compensation (US dollars)

Description	Terminal payments (other than accrued leave)	Staff health insurance	Special Fund for Compensation
Reconciliation of defined benefit obligation			
Defined benefit obligation as at 31 December 2013	85 418 151	1 331 517 873	11 159 701
Service cost	12 091 187	55 209 266	646 153
Interest cost	2 924 468	51 764 963	405 238
Actual Gross Benefit Payments for 2014	(6 526 004)	(35 238 497)	(920 918)
Actual Administrative Expenses	–	(2 334 096)	–
Actual contributions by participants	–	9 337 315	–
Actuarial (gain)/loss	(28 720 424)	287 698 106	6 146 495
Defined benefit obligation as at 31 December 2014	**65 187 378**	**1 697 954 930**	**17 436 669**
Reconciliation of plan assets			
Assets as at 31 December 2013	–	557 008 203	–
Actual Gross Benefit Payments for 2014	(6 526 004)	(58 187 187)	(920 918)
Actual Administrative Expenses	–	(4 231 425)	–
Organization Contributions during 2014	6 526 004	61 161 795	920 918
Participant Contributions during 2014	–	30 837 447	–
Increase/Decrease in WHO SHI Rule 470.1 Reserve	–	(165 290)	–
Expected Return on Assets	–	33 142 946	–
Asset (gain)/loss	–	(24 024 929)	–
Assets as at 31 December 2014	**–**	**595 541 560**	**–**
Reconciliation of unfunded obligation status			
Defined benefit obligation			
Active	65 187 378	915 072 618	4 119 476
Inactive	–	782 882 312	13 317 193
Total defined benefit obligation	65 187 378	1 697 954 930	17 436 669
Plan Assets			
Gross plan assets	–	(616 387 732)	–
Offset for WHO SHI Rule 470.1 Reserve	–	20 846 172	–
Total plan assets	–	(595 541 560)	–
Deficit/(surplus)	65 187 378	1 102 413 370	17 436 669
Unrecognized gain/(loss)	–	(236 286 835)	(3 760 651)
Net liability/(asset) recognized in the Statement of Financial Position	**65 187 378**	**866 126 535**	**13 676 018**
Current liability	6 707 545	–	576 012
Non-current liability	58 479 833	866 126 535	13 100 006
Net liability/(asset) recognized in the Statement of Financial Position	**65 187 378**	**866 126 535**	**13 676 018**
Expenses for 2014			
Service cost	12 091 187	55 209 266	646 153
Interest cost	2 924 468	51 764 963	405 238
Expected return on assets	–	(33 142 946)	–
Recognition of (gain)/loss	(28 720 424)	(3 098 399)	(162 528)
Total expenses recognized in the Statement of Financial Performance	**(13 704 769)**	**70 732 884**	**888 863**
Expected contributions for 2015			
WHO contributions	6 804 109	48 938 065	584 303
Participant contributions	–	14 258 708	–
Total expected contributions for 2015	**6 804 109**	**63 196 773**	**584 303**

Staff health insurance medical sensitivity analysis

2014 service cost plus interest cost	US$
Current medical inflation assumption minus 1%	84 731 956
Current medical inflation assumption	106 974 229
Current medical inflation assumption plus 1%	137 014 620

31 December 2014 defined benefit obligation	US$
Current medical inflation assumption minus 1%	1 386 754 010
Current medical inflation assumption	1 697 954 930
Current medical inflation assumption plus 1%	2 110 824 633

Actuarial methods and assumptions

Each year the Organization identifies and selects assumptions and methods that will be used by the actuaries in the year-end valuation to determine the expense and contribution requirements for the Organization's employee benefits. Actuarial assumptions are required to be disclosed in the financial statements in accordance with IPSAS 25 (Employee Benefits). In addition, each actuarial assumption is required to be disclosed in absolute terms.

Measurement date	
All plans:	31 December 2014
Discount rate	
Terminal payments (other than accrued leave):	The discount rate used is 2.9% (decrease from 3.7% in the prior valuation). Based on the combined projected benefit payments from the prior valuation with weights of 75% on the Aon Hewitt AA Bond Universe yield curve and 25% on the SIX Swiss Exchange yield curve as of 31 December 2014. The resulting discount rate is rounded to the nearest 0.1%.
Staff health insurance:	Europe, 1.6% (decrease from 2.9% in prior valuation); the Americas, 4.1% (decrease from 4.9% in prior valuation); Other Countries, 4.4% (decrease from 5.3% in prior valuation. For Europe, beginning with the 31 December 2010 valuation, WHO adopted a yield curve approach to reflect the pattern of expected cash flows from the European major office. The rate is a weighted average of the 1.31% rate from the SIX Swiss Exchange curve and the 2.21% rate from the iBoxx Euro Zone curve, with a two thirds weight on the former. The resulting rate is rounded to the nearest 0.1%. For the Americas and Other Countries, the rates use the same methodology as for PAHO's valuation of the staff health insurance. Beginning with the 31 December 2012 valuation, PAHO adopted a yield curve approach using the Aon Hewitt AA Bond Universe Curve. The resulting rates for The Americas and Other Countries can differ due to different patterns of expected cash flows from those regions.
Special Fund for Compensation:	The discount rate used is 2.9% (decrease from 3.7% in the prior valuation). Based on the combined projected benefit payments from the prior valuation with weights of 75% on the Aon Hewitt AA Bond Universe yield curve and 25% on the SIX Swiss Exchange yield curve as of 31 December 2014. The resulting discount rate is rounded to the nearest 0.1%.
Annual general inflation	
Terminal payments (other than accrued leave):	The inflation rate used is 2.2%. Based on inflation rates of 2.5% for the United States of America and 1.1% for Switzerland with weights of 75% and 25%, respectively. The resulting inflation rate is rounded to the nearest 0.1%.
Staff health insurance:	Europe 1.4%, the Americas 2.5%, Other Countries 2.5%. Based on Aon Hewitt's Q4 2014 10-year forecast of global capital market assumptions. Rate for Europe is the average of rates for Switzerland (1.1%) and the rest of Europe (1.7%), rounded to the nearest 0.1%. Rate for The Americas and Other Countries is based on the 31 December 2013 valuation of the UNJSPF.
Special Fund for Compensation:	The inflation rate used is 2.2%. Based on inflation rates of 2.5% for the United States of America and 1.1% for Switzerland with weights of 75% and 25%, respectively. The resulting inflation rate is rounded to the nearest 0.1%.

Annual salary scale	
All plans:	General inflation, plus 0.5% per year productivity growth, plus merit componenet. Productivity and merit increases are set equal to those from the 31 December 2013 valuation of the UNJSPF.
Regional groupings for all purposes except claims costs	
Terminal payments (other than accrued leave):	Not applicable
Staff health insurance:	Based on: the Regional Office for Europe, headquarters, International Computing Centre, IARC, UNAIDS, and UNITAID which are grouped as Europe; the Regional Office for the Americas constitutes the Americas; and the African Region, the Eastern Mediterranean Region, APOC, the South-East Asia Region, and the Western Pacific Region, which are grouped as Other Countries.
Special Fund for Compensation:	Not applicable
Repatriation travel and removal on repatriation	
Terminal payments (other than accrued leave):	Calculated using the projected unit credit method with service prorated, and an attribution period from the “entry on duty date” to separation.
Staff health insurance:	Not applicable
Special Fund for Compensation:	Not applicable
Repatriation grant, termination indemnity, and grant in case of death	
Terminal payments (other than accrued leave):	Using the projected unit credit method with accrual rate proration.
Staff health insurance:	Not applicable
Special Fund for Compensation:	Not applicable
Accrued leave	
Terminal payments (other than accrued leave):	The liability is set equal to the walk-away liability – that is, as if all staff separated immediately.
Staff health insurance:	Not applicable
Special Fund for Compensation:	Not applicable
Abolition of post, end-of-service grant, and separation by mutual agreement	
Terminal payments (other than accrued leave):	These benefits are considered termination benefits under IPSAS 25 and, therefore, are excluded from the valuation.
Staff health insurance:	Not applicable
Special Fund for Compensation:	Not applicable

United Nations Joint Staff Pension Fund

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

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

The actuarial valuation performed as of 31 December 2013 revealed an actuarial deficit of 0.72% (1.87% in the 2011 valuation) of pensionable remuneration, implying that the theoretical contribution rate required to achieve balance as of 31 December 2013 was 24.42% of pensionable remuneration,

compared to the actual contribution rate of 23.7%. The next actuarial valuation will be conducted as of 31 December 2015.

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

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

In December 2012 and April 2013, the General Assembly authorized an increase to age 65 in the normal retirement age and in the mandatory age of separation respectively for new participants of the Fund, with effect not later than from 01 January 2014. The related change to the Pension Fund's Regulations was approved by the General Assembly in December 2013. The increase in the normal retirement age is reflected in the actuarial valuation of the Fund as of 31 December 2013.

During 2014, WHO's, contributions paid to the UNJSPF amounted to US$ 154.3 million (US$ 152.3 million in 2013, restated). Expected contributions due in 2015 are US$ 155 million.

The United Nations Board of Auditors carries out an annual audit of the Pension Fund and reports to the Pension Fund Pension Board on the audit every year. The UNJSPF publishes quarterly reports on its investments and these can be viewed by visiting the UNJSPF at www.unjspf.org.

4.13 Deferred revenue

Deferred revenue on voluntary contributions represents multi-year agreements signed in 2014 or prior years but for which the revenue recognition has been deferred to future financial periods. The balance on voluntary contributions is split into current and non-current deferred revenue, depending upon when the funds are available to the Organization to spend.

Deferred revenue on reimbursable procurement relates to revenue recognized where supplies or services have not been delivered to requesting parties at year end. As reimbursable procurement is an exchange transaction, revenue is recorded on an accrual basis. The entire amount of deferred revenue for reimbursable procurement is current.

Description	31 December 2014	31 December 2013
Voluntary contributions	303 412 252	279 833 190
Reimbursable procurement	63 429 320	62 580 577
Total deferred revenue – current	366 841 572	342 413 767
Voluntary contributions	282 289 969	346 512 477
Total deferred revenue – non-current	282 289 969	346 512 477
Total deferred revenue	**649 131 541**	**688 926 244**

4.14 Other current liabilities

The total balance for other current liabilities as at 31 December 2014 was US$ 42.7 million (US$ 59.5 million as at 31 December 2013). The largest component is composed of the various year-end accruals totalling US$ 32.1 million, which are mainly uninvoiced receipt accruals. In

addition to these accruals, refunds payable are recorded relating to the balance of funds reported and due to contributors after programme implementation. Other amounts relate to various short-term liabilities are detailed in the table below.

Description	31 December 2014	31 December 2013
Accrual for uninvoiced goods and services	26 345 655	38 659 225
Accrual for restructuring cost	3 935 074	3 487 317
Accrued staff liability	1 840 976	2 686 943
Accrual for refunds payable	1 977 563	2 441 903
Pension payable	306 499	280 232
Insurance payable	2 561 738	1 693 809
Foundations	3 534 114	3 531 558
Other liabilities	2 212 267	6 686 522
Total other current liabilities	**42 713 886**	**59 467 509**

The balance for foundations concerns funds that WHO holds in trust and for whose financial and administrative management the Organization is responsible. As at 31 December 2014, the foundations with funds in trust were as follows.

- Down Syndrome Research Prize Foundation in the Eastern Mediterranean Region
- Dr A.T. Shousha Foundation
- Dr Comlan A.A. Quenum Prize for Public Health
- Ihsan Doğramacı Family Health Foundation
- Jacques Parisot Foundation
- Léon Bernard Foundation
- Francesco Pocchiari Fellowship
- Foundation for the State of Kuwait Prize for the Control of Cancer, Cardiovascular Diseases and Diabetes in the Eastern Mediterranean Region
- State of Kuwait Health Promotion Foundation
- United Arab Emirates Health Foundation
- Dr LEE Jong-wook Memorial Prize for Public Health

4.15 Inter-entity liabilities

WHO hosts a number of entities through administrative service agreements. As cash for all entities is managed by the Organization, liabilities exist with these entities for funds held on their behalf. The total amounts due per entity are as follows.

Description	31 December 2014	31 December 2013
Staff Health Insurance	29 093 415	37 159 592
International Computing Centre	19 343 227	21 173 528
International Drug Purchase Facility (UNITAID)	852 882 431	707 069 967
African Programme for Onchocerciasis Control (APOC)	1 487 285	5 230 828
Trust Fund for the Joint United Nations Programme on HIV/AIDS (UNAIDS)	184 750 950	211 066 404
Total inter-entity liabilities	**1 087 557 308**	**981 700 319**

4.16 Long-term borrowings

The Health Assembly, in resolutions WHA55.8 and WHA56.13, authorized the Director-General to proceed with the construction of a new building at headquarters for the Organization and UNAIDS at a cost estimated at CHF 66 million, of which WHO's share was estimated at CHF 33 million. The Swiss Confederation agreed to provide an interest-free loan to the Organization and UNAIDS of CHF 59.8 million, of which WHO's share is CHF 29.9 million. In the resolutions mentioned above, the Health Assembly also approved the use of the Real Estate Fund for the repayment over a 50-year period of the Organization's share of the interest-free loan provided by the Swiss Confederation with effect from the first year of the completion of the building.

The outstanding balance of the loan at 31 December 2014 was US$ 21.7 million (US$ 19.8 million at 31 December 2013) is reflected at fair value using the effective interest rate of 0.81% (Swiss franc Libor for 30 years). The increase in the outstanding loan balance is mainly due to the decrease in the effective interest rate used to calculate the present value of the loan.

5. Supporting information to the Statement of Financial Performance

5.1 Revenue

Assessed contributions

In May 2013, the Sixty-sixth World Health Assembly adopted the appropriation resolution for the financial period 2014–2015,[1] in which it approved a total effective budget of US$ 3977 million. In the same resolution, the Health Assembly further resolved that the total assessment on Member States in respect of the financial period 2014–2015 would be US$ 929 million.

The total net assessed contributions were US$ 492 million[2] (compared with US$ 476 million for 2013). In line with resolution WHA66.16, the assessed contributions were invoiced in Swiss francs and United States dollars for the first time in 2014. Where the total annual assessed contribution for a Member State is US$ 200 000 or greater, the contribution is assessed half in United States dollars and half in Swiss francs. Where the annual assessed contribution for a Member State is less than US$ 200 000, the contribution is assessed in United States dollars only. The annual assessment for 2014 amounted to US$ 479 million or US$242 million and CHF 222 million using the May 2013 exchange rate. Contributions are due from 1 January so the Swiss franc portion of the assessment was recorded at the January 2014 exchange rate, which resulted in an exchange gain on recording of US$ 14 million. As a result, the total accounted assessed contributions were US$ 492 million.

Description	31 December 2014	31 December 2013
Assessed contributions	492 911 698	474 640 515
Decrease/(increase) in allowance for doubtful debts	(1 046 460)	1 666 156
Assessed contributions net of allowance	**491 865 238**	**476 306 671**

Voluntary contributions

The total voluntary contributions were US$ 2052 million (US$ 2017 million for 2013). These contributions represent revenue recognized from governments, intergovernmental organizations, institutions, other United Nations organizations as well as non-government organizations. Much of the revenue reported in 2014 relates to agreements that continue in future years.

Out of the total voluntary contributions for 2014 of US$ 2052 million, US$ 2002 million was for the programme budget. Further details of voluntary contributions by fund and by contributor are contained in the Annex to the Financial Report.[3]

The figure for total voluntary contributions reported of US$ 2052 million is after the deduction of (i) refunds to contributors – these amounted to US$ 27.7 million (2013 US$ 14.2 million); (ii) reductions in revenue recognized in prior years due to evidence arising in the current year that amounts will no longer be collected – these amounted to US$ 41.8 million (2013 US$ 10.8 million); and (iii) the adjustment of payment terms with the effect of increasing deferred revenue and decreasing current revenue for revenue recognized in previous years – these amounted to US$ 3.8 million (2013 US$ 5.1 million).

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[1] Resolution WHA66.2.

[2] See document A68/39 for details of the status of collection of assessed contributions.

[3] Document A68/INF./1, the Annex to the Financial Report, is also available at: http://www.who.int/about/finances-accountability/funding/voluntary-contributions/en/.

Description	31 December 2014	31 December 2013
Voluntary contributions	2 051 885 150	2 017 136 747
Decrease/(increase) in allowance for doubtful debts	25 610	(661 145)
Voluntary contributions net of allowance	**2 051 910 760**	**2 016 475 602**

Voluntary contributions in-kind and in-service

WHO receives non-cash contributions from Member States and other contributors. In 2014, the Organization received in-kind and in-service contributions amounting to US$ 50.3 million (US$ 43.8 million as at 31 December 2013).[1]

In 2014, the in-kind and in-service expense was US$ 49.2 million (see Statement V). In-kind contributions of cholera and yellow fever vaccines for US$1 million received from the International Coordinating Group account for the difference between the in-kind revenue and expense. This in-kind contribution was charged to donor activities so that funds would be available under the Outbreak and Crisis Response Fund, Voluntary Fund for the future purchases of vaccines.

WHO also benefits from the free use of land from host governments. As the title to the land remains with the government, the use of the land is not recognized in the financial statements.

Description	31 December 2014	31 December 2013
In-kind – Medical supplies and materials	22 113 235	24 987 545
In-kind – Office space	12 625 235	3 595 280
In-service	15 530 665	15 245 118
Total voluntary contributions in-kind and in-service	**50 269 135**	**43 827 943**

Reimbursable procurement

WHO procures medicines and vaccines on behalf of Member States and other United Nations agencies. The total revenue and expenses recognized for 2014 for reimbursable procurement was US$ 12.9 million (US$ 34.4 million for year-ended 31 December 2013) after the deduction of refunds to contributors of US$ 0.8 million. The balance of funds received in advance for reimbursable procurement are reported as deferred revenue. The revenue and expenses related to reimbursable procurement form part of the Enterprise Fund and are not reported against the programme budget.

Other operating revenue

In 2014, other operating revenue totalled US$ 15.6 million (US$ 26.5 million as at 31 December 2013). This mainly represents earnings generated for hosting entities such as UNAIDS, UNITAID, International Computing Centre and APOC. Other sources of earnings also included the sale of publications and royalties.

[1] See document A68/INF./1, Schedule 5 of the Annex to the Financial Report for details of in-kind and in-service contributions.

Finance revenue

Finance revenue includes the following:

Description	31 December 2014	31 December 2013
Investment revenue	20 128 353	10 119 407
Bank charges and investment management fees	(3 017 698)	(2 708 420)
Net realized foreign exchange gains	31 847 958	8 824 946
Net unrealized foreign exchange (losses)	(63 146 248)	(589 485)
Actuarial revaluation gains on Terminal Payments Fund	28 882 952	6 507 499
Actuarial interest cost related to valuation of Terminal Payments Fund	(3 329 706)	(2 759 469)
Total finance revenue (WHO and other entities)	**11 365 611**	**19 394 478**
Investment revenue and foreign exchange gains and losses apportioned to other entities	(4 584 753)	(11 554 383)
Total finance revenue for WHO	**6 780 858**	**7 840 095**

In order to improve the presentation of the financial operations results, the 2014 finance cost is reported together with finance revenue. For comparative purposes, the 2013 finance cost has been reclassified under finance revenue (finance cost of US$ 9 million was reclassified under finance revenue of US$ 16.9 million, giving a net finance revenue of US$ 7.8 million for 2013). Total finance revenue includes amounts related to funds administered by WHO on behalf of other entities (refer to Note 4.15). The investment income relating to other entities is allocated to those entities.

5.2 Expenses

Staff and other personnel costs

Staff and other personnel costs reflect the total cost of employing staff at all locations and include charges for base salary, post adjustment and any other types of entitlements (e.g. pensions and insurances) paid by the Organization. Staff costs also include the movement in the staff health insurance actuarial liability that is recognized in the Statement of Financial Performance (Statement II).

Medical supplies and materials

The majority of the balance for medical supplies and materials relates to medical supplies purchased and distributed by WHO for programme activities. Medical supplies and materials include in-kind expenses of US$ 22.1 million (US$ 25 million as at 31 December 2013) and reimbursable procurement related expenses of US$ 12.9 million (US$ 34.4 million as at 31 December 2013).

Contractual services

The amount for contractual services represents expenses for service providers. The main components are direct implementation, agreements for performance of work, consulting contracts or special service agreements given to individuals to perform activities on behalf of the Organization. Medical research activities, costs for fellowships, and security expenses are also considered to be contractual services.

Transfers and grants to counterparts

Transfers and grants to counterparts include non-exchange contracts signed with national counterparts (mainly health ministries) and letters of agreement signed with other counterparts to perform activities that are in line with the Organization's programme budget. Transfers and grants to government ministries are also referred to as "direct financial cooperation". Funds are expensed at the time of

transfer to the contractual partner. Counterparts are required to report back on the use of funds to ensure that they are used according to the agreement and on-site monitoring and spot checks of activities may be undertaken. WHO may withhold further funding to recipients of transfers and grants on the basis of a risk assessment or where the requirements of the agreement have not been met.

Travel

The cost of travel for WHO staff, non-staff participants in meetings, consultants and representatives of Member States paid by the Organization is included in the balance for total travel expenses. Travel expenses include airfare, per diem and other travel-related costs. This amount does not include the statutory travel for home leave and education grant that is accounted for within staff and other personnel costs.

General operating expenses

General operating expenses reflect the cost of general operations to support country offices, regional offices and headquarters including utilities, telecommunications (fixed telephone, mobile phone, Internet and global network expenses) and rents.

Equipment, vehicles and furniture

As WHO opted to use the transitional provision under IPSAS 17 (Property, Plant, and Equipment), the Organization currently expenses the full cost of equipment, vehicles and furniture at the point of delivery, excluding owned land and buildings.

Depreciation and amortization

Depreciation is the expense resulting from the systematic allocation of the depreciable amounts of property, plant and equipment over their useful lives. As of 2013, it relates to all the Organization’s buildings. Amortization is the expense resulting from the systematic allocation of the amortizable amount of intangible assets over their useful lives. As of 2014, it relates to purchased software.

6. Supporting information to the Statement of Changes in Net Assets/Equity

6.1 Regular budget

This note provides details of financing and revenue for assessed contributions, along with the transfer made to the Tax Equalization Fund for the year 2014 (as resolved by the World Health Assembly, inter alia, in resolution WHA66.2). The status of the funds available (as shown in the table below) highlights the net surplus/(deficit) of the Regular budget.

Description	Member States' Assessed Contributions Fund	Member States' Non-Assessed Income Fund	Tax Equalization Fund	Working Capital Fund	Total
Balance as at 1 January 2014	56 688 496	14 659 986	(13 652 522)	31 000 000	88 695 960
Programmatic revenue and expenses					
Member States' assessed contributions	492 911 698	–	–	–	492 911 698
Appropriations to Real Estate Fund and Terminal Payment Fund	(40 000 000)	–	–	–	(40 000 000)
Tax equalization reimbursements	(14 774 265)	–	14 774 265	–	–
Effective programme budget	**438 137 433**	–	**14 774 265**	–	**452 911 698**
Programmatic expenses	(452 320 332)	–	–	–	(452 320 332)
Tax reimbursements to staff members	–	–	(9 595 648)	–	(9 595 648)
Increase in the allowance for doubtful receivable	(1 046 460)	–	–	–	(1 046 460)
Interest	–	151 070	–	–	151 070
Finance cost	(4 993 079)	–	–	–	(4 993 079)
Miscellaneous revenue	–	1 477 420	–	–	1 477 420
Total surplus/(deficit)	**(20 222 438)**	**1 628 490**	**5 178 617**	–	**(13 415 331)**
Balance as at 31 December 2014	**36 466 058**	**16 288 476**	**(8 473 905)**	**31 000 000**	**75 280 629**

For details regarding Assessed contributions, see Note 5.1

US$ 493 million has been recognized as revenue for the year 2014 and invoiced to Member States. In line with resolution WHA66.2 US$ 14.8 million was transferred to the Tax Equalization Fund in 2014. Resolution WHA67.4 approved the transfer of, US$ 25 million to the Real Estate Fund and US$ 15 million to the Terminal Payment Fund.

In resolution WHA66.2, the Health Assembly decided that the Working Capital Fund should be maintained at its existing level of US$ 31 million.

6.2 Special Account for Servicing Costs Fund

The Special Account for Servicing Costs Fund was established in order to support the costs of servicing activities financed from sources other than the assessed contribution budget (i.e. from voluntary contributions).

The Fund is credited with revenue from the following sources:

- under resolution WHA34.17, funds are received for programme support costs from voluntary sources and are calculated by applying a fixed percentage rate to total expenses

- administrative service agreements with other entities
- interest earned on voluntary funds as described in document EB122/3

A summary of the Fund is provided below.

Description	31 December 2014	31 December 2013
Balance as at 1 January	**193 822 757**	**150 126 831**
Revenue		
Programme support costs	143 968 623	135 174 154
Interest	12 417 182	10 093 260
Administrative service agreements with other entities	5 259 023	8 677 508
Repayment of advances (Note a)	270 000	1 344 434
Total revenue	**161 914 828**	**155 289 356**
Expenses		
Staff and other personnel costs	58 129 475	74 849 114
Medical supplies and materials	490 077	777 555
Contractual services	11 601 790	12 152 882
Transfers and grants to counterparts	(2 617)	506 273
Travel	1 049 696	3 458 983
General operating expenses	16 034 443	15 438 688
Equipment, vehicles and furniture	3 208 124	3 748 790
Total expenses	**90 510 988**	**110 932 285**
Less:		
Increase/(decrease) in allowance for doubtful accounts receivables – voluntary contributions (Note b)	(25 610)	892 080
Transfers to IT Fund (Note c)	811 500	–
Balance as at 31 December	**264 440 707**	**193 822 757**

Note (a). In 2013, an advance of US$ 0.3 million from the Fund was given to the secretariat of the Framework Convention on Tobacco Control. The advance was repaid in 2014.

Note (b). In 2014, there is a small decrease in the allowance for doubtful accounts receivables under voluntary contributions, refer to Note 4.3.

Note (c). US$ 0.8 million was transferred to support IT system development and enhancements.

Expenses under the Fund by major office are as follows.

Expenses by major office	31 December 2014	31 December 2013
Global and interregional activities	42 413 414	47 527 102
Regional Office for Africa	15 795 036	16 368 703
Regional Office for the Americas	3 722 058	4 279 434
Regional Office for South-East Asia	5 649 091	10 102 940
Regional Office for Europe	5 732 798	9 821 987
Regional Office for the Eastern Mediterranean	11 927 887	11 817 196
Regional Office for the Western Pacific	5 270 704	11 014 923
Total expenses by major office	**90 510 988**	**110 932 285**

6.3 Enterprise Fund

This fund contains accounts for self-sustaining activities. The revenue and expenses under this fund are not included in the reporting of the programme budget. The summary of the Enterprise Fund is as follows.

Description	31 December 2014	31 December 2013
Enterprise Fund		
Revolving Sales Fund	2 450 797	3 446 737
Concessions Fund	2 450 782	2 134 498
Insurance Policies Fund	1 950 123	1 860 610
Garage Rental Fund	1 247 968	927 665
Global Conference and Training Centre – Tunis Fund	–	621 754
Total Enterprise Fund	**8 099 670**	**8 991 264**

6.4 Special Purpose Fund

The accounts contained under this fund represent transfers from the General Fund or appropriations by the Health Assembly. The revenue and expenses under this fund are not included in the reporting of the programme budget. The summary of the Special Purpose Fund is as follows.

Description	31 December 2014	31 December 2013
Special Purpose Fund		
Real Estate Fund	64 767 531	33 773 522
Security Fund	3 986 732	4 353 703
Information Technology Fund	8 874 624	263 302
Special Fund for Compensation	(5 630 822)	(5 566 170)
Terminal Payments Fund	(21 431 432)	(73 895 112)
Non-Payroll Staff Entitlements Fund	18 501 752	25 731 746
Post Occupancy Charge Fund	14 669 197	30 134 981
Internal Service Cost Recovery Fund	2 704 043	2 364 564
Staff Health Insurance Fund	(866 126 535)	(853 044 269)
Stockpiles Replenishment Fund	4 494 901	–
Polio Staff fund	15 000 000	–
Total Special Purpose Fund	**(760 190 009)**	**(835 883 733)**

6.4.a Real Estate Fund

This fund was established by the Health Assembly in resolution WHA23.14. The Fund is used to meet the costs of: the construction of buildings or extensions to existing buildings; the acquisition of land that may be required; and major repairs and alterations to WHO's existing office buildings and to residences leased to staff by the Organization. Specific Health Assembly authorization is required for the acquisition of land and the construction of buildings or extensions to existing buildings.

The summary of the fund is as follows.

Description	31 December 2014	31 December 2013
Balance as at 1 January	**33 773 522**	**19 095 600**
Revenue		
Appropriation received in accordance with resolutions WHA67.4 and WHA63.7	25 000 000	10 000 000
Rents collected	3 464 225	3 225 160
Transfer for special projects for the Regional Office for Africa	–	4 900 000
Other revenue	7 609 727	7 746 491
In-kind revenue	–	2 598 854
Total revenue	**36 073 952**	**28 470 505**
Expenses		
In-kind expenses	–	2 598 854
Staff and other personnel costs	2 898	340 431
Medical supplies and materials	27 205	850 000
Contractual services	1 996 831	2 064 354
Travel	–	4 718
General operating expenses	2 248 934	7 488 891
Equipment, vehicles and furniture	804 075	445 335
Total expenses	**5 079 943**	**13 792 583**
Balance as at 31 December	**64 767 531**	**33 773 522**

Expenses under the Real Estate Fund are as follows.

Description	31 December 2014	31 December 2013
Expenses by major office		
In-kind expenses	–	2 598 854
Headquarters	2 541 649	3 731 294
Regional Office for Africa	1 265 442	3 476 108
Regional Office for the Americas	500 000	850 000
Regional Office for South-East Asia	430 986	265 788
Regional Office for Europe	(131 921)	687 838
Regional Office for the Eastern Mediterranean	408 869	1 861 611
Regional Office for the Western Pacific	64 918	321 090
Total expenses	**5 079 943**	**13 792 583**

6.5 Fiduciary Fund

This fund accounts for assets that are held by WHO in a trustee or agent capacity for others and that cannot be used to support the Organization's own programmes. The Fund includes the assets of the partnerships that are administered by the Organization and whose budgets are not approved by the Health Assembly. The summary of the Fiduciary Fund is as follows.

Description	31 December 2014	31 December 2013
Fiduciary Fund		
WHO Framework Convention on Tobacco Control	9 577 837	4 225 623
Stop TB Partnership Global Drug Facility Fund	12 546 637	88 938 299
Roll Back Malaria Partnership Fund	9 986 854	9 547 172
Partnership for Maternal, Newborn and Child Health Fund	11 739 356	11 121 990
United Nations System Standing Committee on Nutrition Fund	989 560	580 924
Alliance for Health Policy and System Research Fund	18 772 166	16 744 761
Global Health Workforce Alliance Fund	2 343 780	2 653 115
Stop TB Partnership	16 851 085	–
European Observatory on health systems and policies	3 048 497	–
Total Fiduciary Fund	**85 855 772**	**133 811 884**

6.6 Changes to funds under Statement III (Statement of Changes in Net Assets/Equity)

As of 31 December 2014 there are several new funds established and several funds that have closed or are in the process of closing.

Stop TB Fund – As of 1 January 2014, the Stop TB Partnership moved from the General Fund to the Fiduciary Fund.

Stop TB Partnership and Stop TB Partnership Global Drug Facility Fund – Effective 1 January 2015, the administration of the Stop TB Partnership has moved to the United Nations Office for Project Services. Final transfers to that Office and close out will be made in 2015.

Global Conference and Training Centre – Tunis Fund – Operations of the Global Conference and Training Centre are no longer accounted under a separate fund and this fund was closed in 2014. During 2014, charges from internal units using the Centre are accounted under the Internal Service Cost Recovery Fund.

Stockpiles Replenishment Fund – New fund created in 2014 to support emergency procurement needs, mainly for the Eastern Mediterranean Region.

Polio Staff fund – New fund established for the closure of the polio programme. See A67/45Annex.

European Observatory on health systems and policies – Effective 1 January 2014, this fund was moved from the General Fund to the Fiduciary Fund. It was previously reported under Special Programmes and Collaborative Arrangements.

In-kind Contributions Fund – This is a new fund created in 2014 to record and report in-kind contributions.

7. Supporting information to the Statement of Comparison of Budget and Actual Amounts

In May 2013, the Health Assembly adopted resolution WHA66.2 on the Programme budget 2014–2015, in which it approved the budget for the financial period 2014–2015, under all sources of funds, namely, assessed and voluntary contributions of US$ 3977 million. WHO's budget is adopted on a biennial basis by the Health Assembly. No revisions have been made to the Programme budget 2014–2015. As the Organization's methodology is based on a results-based framework, the approved programme budget is measured on expenses incurred during the programme budget period.

WHO's budget and financial statements are prepared using different accounting bases. The Statement of Financial Position (Statement I), Statement of Financial Performance (Statement II), Statement of Changes in Net Assets/Equity (Statement III), and Statement of Cash Flow (Statement IV) are prepared on a full accrual basis, whereas the Statement of Comparison of Budget and Actual Amounts (Statement V) is established on a modified cash basis (i.e. actual expenses are used to measure the budget utilization).

As per the requirements of IPSAS 24 (Presentation of Budget Information in Financial Statements), the actual amounts presented on a comparable basis to the budget shall, where the financial statements and the budget are not prepared on a comparable basis, be reconciled to the actual amounts presented in the financial statements, identifying separately any differences in terms of basis, timing, entity and presentation. The General Fund, as per Note 2.17, represents the programme budget results, except for the Tax Equalization Fund expenses, other non-programme budget utilization and all in-kind/in-service expenses which are not included in the programme budget results.

Explanations of material differences between the final budget and the actual amounts are available in document A68/6 on the implementation and financing of the Programme budget 2014–2015, and the results achieved.

As required by IPSAS 24 (Presentation of Budget Information in Financial Statements), reconciliation is provided on a comparable basis between the actual amounts as presented in Statement V and the actual amounts in the financial accounts identifying separately any basis, timing, entity and presentation differences.

Basis differences occur when the components of the approved programme budget are used for activities other than the implementation of technical programmes. Examples of this include Tax Equalization Fund expenses, other non-programme budget utilization and special arrangements.

Timing differences represent the inclusion in WHO's financial accounts of programme budget expenses in other financial periods.

Entity differences represent the inclusion in WHO's financial accounts of the amounts against two funds: Member States – other and the Fiduciary Fund. These funds do not form part of the Organization's programme budget.

Presentation differences concern differences in the format and classification schemes in the Statement of Cash Flow (Statement IV) and the Statement of Comparison of Budget and Actual Amounts (Statement V).

A reconciliation between the actual amounts on a comparable basis in Statement V and the actual amounts in Statement IV for December 2014 is presented below.

Description	2014			
	Operating	Investing	Financing	Total
Actual amount on a comparable basis (Statement V)	**(1 890 753 950)**	**–**	**–**	**(1 890 753 950)**
Basis differences	51 176 470	(364 847 420)	(605 876)	(314 276 826)
Timing differences	180 737 210		–	180 737 210
Entity differences	193 923 183	(43 853 927)	–	150 069 256
Presentation differences	1 799 479 435	(7 204 831)	–	1 792 274 604
Actual amount in the Statement of Cash Flow (Statement IV)	**334 562 348**	**(415 906 178)**	**(605 876)**	**(81 949 706)**

8. Segment reporting

8.1 Statement of Financial Position by segments

As at 31 December 2014 (In US dollars)

Description	Headquarters	Regional Office for Africa	Regional Office for the Americas	Regional Office for the Eastern Mediterranean	Regional Office for Europe	Regional Office for South-East Asia	Regional Office for the Western Pacific	Total
ASSETS								
Current assets								
Cash and cash equivalents	592 092 871	24 352 559	–	8 065 766	740 761	3 435 060	4 205 035	632 892 052
Short-term investments	2 823 227 756	–	–	–	–	–	–	2 823 227 756
Accounts receivable – current	831 187 636	370 537	460 186	56 634	808 330	266 541	86 862	833 236 726
Staff receivables	2 232 344	3 755 463	–	1 042 066	548 587	999 250	1 868 678	10 446 388
Inventories	36 439 113	2 198 069	–	9 181 971		632 157	1 965 806	50 417 116
Prepayments and deposits	81 913	15 410	–	35 530	9 163	163 489	77 561	383 066
Other current assets	346 615 406	–	(346 615 406)	–	–	–	–	–
Total current assets	**4 631 877 039**	**30 692 038**	**(346 155 220)**	**18 381 967**	**2 106 841**	**5 496 497**	**8 203 942**	**4 350 603 104**
Non-current assets								
Accounts receivable – non-current	282 289 969	–	–	–	–	–	–	282 289 969
Long-term investments	70 844 630	–	–	–	–	–	–	70 844 630
Property, plant and equipment	40 353 482	4 463 586	–	17 232 536	–	201 331	1 740 846	63 991 781
Intangibles	2 689 369	–	–		–	113 331	–	2 802 700
Total non-current assets	**396 177 450**	**4 463 586**	**–**	**17 232 536**	**–**	**314 662**	**1 740 846**	**419 929 080**
TOTAL ASSETS	**5 028 054 489**	**35 155 624**	**(346 155 220)**	**35 614 503**	**2 106 841**	**5 811 159**	**9 944 788**	**4 770 532 184**
LIABILITIES								
Current liabilities								
Contributions received in advance	61 606 322	76 621	–			21 624		61 704 567
Accounts payable	10 456 965	9 313 449	–	6 544 561	1 200 808	1 703 998	2 358 359	31 578 140
Staff payable	532 343	548 749	–	280 527	67 199	213 582	133 394	1 775 794
Accrued staff benefits – current	26 707 717	14 320 659	–	4 321 694	3 395 896	3 436 990	3 639 389	55 822 345
Deferred revenue	366 841 572	–	–	–	–	–	–	366 841 572
Financial liabilities	33 351 025	–	–	–	–	–	–	33 351 025
Other current liabilities	(8 965 295 378)	3 907 597 702	144 152 172	2 094 315 550	724 377 602	1 227 830 514	909 735 724	42 713 886
Inter-entity liabilities	1 087 557 308	–	–	–	–	–	–	1 087 557 308
Total current liabilities	**(7 378 242 126)**	**3 931 857 180**	**144 152 172**	**2 105 462 332**	**729 041 505**	**1 233 206 708**	**915 866 866**	**1 681 344 637**
Non-current liabilities								
Long-term borrowings	21 671 229	–	–	–	–	–	–	21 671 229
Accrued staff benefits – non-current	532 406 628	155 472 619	–	54 751 875	75 228 741	64 790 837	55 055 674	937 706 374
Deferred revenue – non-current	282 289 969	–	–	–	–	–	–	282 289 969
Total non-current liabilities	836 367 826	155 472 619	–	54 751 875	75 228 741	64 790 837	55 055 674	1 241 667 572
TOTAL LIABILITIES	**(6 541 874 300)**	**4 087 329 799**	**144 152 172**	**2 160 214 207**	**804 270 246**	**1 297 997 545**	**970 922 540**	**2 923 012 209**
NET ASSETS/EQUITY								
Regular budget	2 170 746 206	(709 668 680)	(271 196 698)	(295 252 166)	(209 437 421)	(346 445 246)	(263 465 366)	75 280 629
Voluntary funds	9 334 404 329	(3150 024 530)	(208 223 122)	(1660 412 328)	(495 884 709)	(860 992 378)	(605 159 145)	2 353 708 117
Member States – other	(26 804 195)	(192 149 071)	(10 732 038)	(168 760 035)	(92 233 228)	(84 445 449)	(92 200 527)	(667 324 543)
Fiduciary fund	91 582 449	(331 894)	(155 534)	(175 175)	(4 608 047)	(303 313)	(152 714)	85 855 772
TOTAL NET ASSETS/EQUITY	**11 569 928 789**	**(4052 174 175)**	**(490 307 392)**	**(2124 599 704)**	**(802 163 405)**	**(1292 186 386)**	**(960 977 752)**	**1 847 519 975**
TOTAL LIABILITIES AND NET ASSETS/EQUITY	**5 028 054 489**	**35 155 624**	**(346 155 220)**	**35 614 503**	**2 106 841**	**5 811 159**	**9 944 788**	**4 770 532 184**

8.2 Statement of Financial Performance by segments

For the year ended 31 December 2014
(In US dollars)

Description	Headquarters (Note a)	Regional Office for Africa	Regional Office for the Americas	Regional Office for the Eastern Mediterranean	Regional Office for Europe	Regional Office for South-East Asia	Regional Office for the Western Pacific	Total
Revenue								
Assessed contributions	491 865 238	–	–	–	–	–	–	491 865 238
Voluntary contributions	2 051 980 479	–	–	–	(69 881)	–	162	2 051 910 760
Voluntary contributions in-kind and in-service	24 788 734	–	–	–	9 554 777	14 716 736	1 208 888	50 269 135
Reimbursable procurement	12 943 673	–	–	–	–	–	–	12 943 673
Other operating revenue	19 215 702	(2 994 706)	(2 468 217)	3 785 151	(967 738)	(362 705)	(584 919)	15 622 568
Finance revenue	(5 888 616)	4 871 688	7	1 754 679	1 424 924	2 320 671	2 297 505	6 780 858
Total revenue	**2 594 905 210**	**1 876 982**	**(2 468 210)**	**5 539 830**	**9 942 082**	**16 674 702**	**2 921 636**	**2 629 392 232**
Expenses								
Staff and other personnel costs	403 148 982	202 305 433	30 067 034	68 526 146	60 545 755	47 731 862	55 193 041	867 518 253
Medical supplies and materials	66 188 137	33 232 706	4 506 373	77 730 248	944 270	33 795 921	8 895 398	225 293 053
Contractual services	170 070 166	168 879 241	7 546 585	114 931 667	25 388 145	49 870 632	29 200 420	565 886 856
Transfers and grants to counterparts	21 849 583	163 030 220	3 288 893	39 729 551	833 304	15 791 667	13 985 508	258 508 726
Travel	93 254 495	45 251 796	6 125 340	13 460 950	9 367 537	14 369 052	11 887 760	193 716 930
General operating expenses	49 287 482	50 607 877	1 968 971	18 744 088	14 994 769	12 533 156	7 597 991	155 734 334
Equipment, vehicles and furniture	954 065	19 758 464		17 544 080	956 186	4 878 071	3 737 394	47 828 260
Depreciation and amortization	1 116 198	161 114		340 440		51 433	435 216	2 104 401
Total expenses	**805 869 108**	**683 226 851**	**53 503 196**	**351 007 170**	**113 029 966**	**179 021 794**	**130 932 728**	**2 316 590 813**
TOTAL SURPLUS/(DEFICIT) FOR THE YEAR	**1 789 036 102**	**(681 349 869)**	**(55 971 406)**	**(345 467 340)**	**(103 087 884)**	**(162 347 092)**	**(128 011 092)**	**312 801 419**

Note (a). The revenue balance shows a high surplus for headquarters and deficits for other offices. This is a consequence of the policy of centralized accounting for revenue and decentralized accounting for expenses.

9. Amounts written-off and ex-gratia payments

During 2014, a total of US$ 189 687 was approved for write-off. This balance mainly represents two separate cases, (i) US$ 188 298 relates to salary advance, rental advance, missing pension contribution from former staff members where recovery was deemed impossible; and (ii) US$ 1 389 relates to VAT refund rejections.

No ex-gratia payments were made in 2014.

10. Related party and other senior management disclosures

Staff members considered to be "key management personnel" are the Director-General, regional directors and all other ungraded staff.

The number of key management personnel who held these positions over the course of the year was 17. The table below details their aggregate remuneration.

Description	US$
Compensation and post adjustment	3 993 208
Entitlements	355 109
Pension and health plans	1 021 263
Total remuneration	**5 369 580**
Outstanding advances against entitlements	**107 554**
Outstanding loans (in addition to normal entitlements, if any)	**–**

The aggregate remuneration of key management personnel includes: net salaries, post adjustment, entitlements such as representation allowance and other allowances, assignment and other grants, rental subsidy, personal effect shipment costs, and employer pension and current health insurance contributions.

Key management personnel are also qualified for post-employment benefits at the same level as other employees. These benefits cannot be reliably quantified. Key management personnel are ordinary members of the UNJSPF.

The Regional Director for the Americas is included among the key management personnel. However, as the Regional Director is receiving all entitlements and benefits from PAHO, the entitlements and benefits concerned are disclosed in PAHO's financial statements and not in WHO's financial statements.

During the year, no loans were granted to key management personnel beyond those widely available to staff outside this grouping.

11. Events after the reporting date

WHO's reporting date is 31 December 2014. On the date of the signing of these accounts, no material events, favourable or unfavourable, had arisen between the balance sheet date and the date when the financial statements were authorized for issue that would have had an impact on the financial statements.

12. Contingent liabilities, commitments and contingent assets

Contingent liabilities

As at 31 December 2014, WHO had a number of legal cases pending. Most involve disputes that are not recorded because the likelihood of repayment has been determined to be remote. However, there are five cases involving contractual disputes that are to be considered contingent liabilities. The total potential cost to the Organization is estimated at US$ 98 192 (US$ 105 286 as at 31 December 2013).

Operating leases commitments

WHO enters into operating lease arrangements for renting office space in various country offices. Future minimum lease rental payments for the following periods are as follows.

Description	Total	
	2014	**2013**
Under 1 Year	4 713 395	5 118 048
1 to 5 years	7 701 868	10 989 557
5 years +	1 994 801	3 744 785
Total lease commitments	**14 410 064**	**19 852 390**

The Organization has no outstanding leases qualifying as finance leases at the reporting date.

WHO leased office space to seven tenants. As at 31 December 2014, total revenue from the leasing activities was US$ 1.3 million (US$ 1.4 million as at 31 December 2013).

Contingent assets

In accordance with IPSAS 19 (Provisions, Contingent Liabilities and Contingent Assets), contingent assets will be disclosed for cases where an event will give rise to a probable inflow of economic benefits. As at 31 December 2014, there are no material contingent assets to disclose.

Schedule I. Statement of Financial Performance by major funds

For the year ended 31 December 2014
(In US dollars)

Description	General Fund				Member States – other			Fiduciary Fund				
	Member States – regular budget	Voluntary funds	Eliminations	Subtotal	Common Fund	Enterprise Fund	Special Purpose Fund	Fiduciary Fund	Subtotal	Eliminations Note (a)	Total	Percentage
Revenue												
Member States' assessed contributions	491 865 238	–	–	491 865 238	–	–	–	–	–	–	491 865 238	18%
Voluntary contributions	–	2 001 738 857	–	2 001 738 857	–	–	–	53 664 004	53 664 004	(3 492 101)	2 051 910 760	77%
Voluntary contributions in-kind and in-service	–	1 079 509	–	1 079 509	–	49 189 626	–	–	49 189 626	–	50 269 135	2%
Reimbursable procurement	–	–	–		–	12 943 673	–	–	12 943 673	–	12 943 673	1%
Other operating revenue	(38 522 580)	101 090 248	(132 330 830)	(69 763 162)	–	5 118 706	200 745 873	48 137 398	254 001 977	(168 616 247)	15 622 568	1%
Finance revenue	(4 842 009)	8 351 643	–	3 509 634	(24 806 378)		27 775 053	302 548	3 271 223	1	6 780 858	1%
Total revenue	**448 500 649**	**2 112 260 257**	**(132 330 830)**	**2 428 430 076**	**(24 806 378)**	**67 252 005**	**228 520 926**	**102 103 950**	**373 070 503**	**(172 108 347)**	**2 629 392 232**	**100%**
Expenses												
Staff and other personnel costs	362 740 253	500 190 409	–	862 930 662	–	19 015 168	105 247 308	32 929 682	157 192 158	(152 604 567)	867 518 253	39%
Medical supplies and materials	10 361 306	135 607 491	–	145 968 797	706 973	32 565 588	118 212	50 445 981	83 836 754	(4 512 498)	225 293 053	9%
Contractual services	28 312 922	482 084 455	–	510 397 377	–	397 553	15 698 536	42 066 012	58 162 101	(2 672 622)	565 886 856	20%
Transfers and grants to counterparts	12 706 235	244 918 170	–	257 624 405	–	–	–	4 177 022	4 177 022	(3 292 701)	258 508 726	13%
Travel	20 615 339	163 960 568	–	184 575 907	–	633 460	1 073 619	7 969 457	9 676 536	(535 513)	193 716 930	8%
General operating expenses	18 786 704	223 900 282	(132 330 830)	110 356 156	–	14 753 450	26 734 333	12 363 841	53 851 624	(8 473 446)	155 734 334	9%
Equipment, vehicles and furniture	8 393 221	42 421 105	–	50 814 326	(7 810 707)	778 380	3 955 194	108 067	(2 969 066)	(17 000)	47 828 260	2%
Depreciation and amortization	–	–	–		2 104 401	–	–	–	2 104 401		2 104 401	0%
Total expenses	**461 915 980**	**1 793 082 480**	**(132 330 830)**	**2 122 667 630**	**(4 999 333)**	**68 143 599**	**152 827 202**	**150 060 062**	**366 031 530**	**(172 108 347)**	**2 316 590 813**	**100%**
TOTAL SURPLUS/(DEFICIT) FOR THE YEAR	**(13 415 331)**	**319 177 777**	**–**	**305 762 446**	**(19 807 045)**	**(891 594)**	**75 693 724**	**(47 956 112)**	**7 038 973**	**–**	**312 801 419**	**–**
Fund balance – 1 January 2014	**88 695 960**	**2 034 530 340**	**–**	**2 123 226 300**	**104 572 841**	**8 991 264**	**(835 883 733)**	**133 811 884**	**(588 507 744)**	**–**	**1 534 718 556**	**–**
Fund balance – 31 December 2014	**75 280 629**	**2 353 708 117**	**–**	**2 428 988 746**	**84 765 796**	**8 099 670**	**(760 190 009)**	**85 855 772**	**(581 468 771)**	**–**	**1 847 519 975**	**–**

Note (a). Eliminations as reported in the "Statement of financial performance by major fund (Schedule 1)" are accounting adjustments made to remove the effect of inter-fund transfers that would otherwise overstate revenue and expenses of the Organization.These accounting adjustments are done through a separate elimination fund established for this purpose.

Schedule II. Expenses by major office – General Fund only

For the year ended 31 December 2014
(In US dollars unless specified)

Description	Headquarters	Regional Office for Africa	Regional Office for the Americas	Regional Office for the Eastern Mediterranean	Regional Office for Europe	Regional Office for South-East Asia	Regional Office for the Western Pacific	Total
Expenses								
Staff and other personnel costs	394 843 787	207 438 665	32 513 625	69 901 504	53 268 512	48 591 202	56 373 367	862 930 662
Medical supplies and materials	15 510 570	26 287 734	4 504 633	76 179 274	942 081	16 038 488	6 506 017	145 968 797
Contractual services	121 866 795	164 508 099	6 650 425	115 411 597	24 527 195	49 092 833	28 340 433	510 397 377
Transfers and grants to counterparts	21 219 242	163 030 220	3 288 893	39 729 551	579 324	15 791 667	13 985 508	257 624 405
Travel	84 993 739	44 961 222	6 046 002	13 338 593	9 109 602	14 245 962	11 880 787	184 575 907
General operating expenses	20 251 976	47 466 753	1 968 566	17 741 839	5 423 248	11 500 456	6 003 318	110 356 156
Equipment, vehicles and furniture	3 915 725	21 072 734	–	17 999 487	945 719	3 964 536	2 916 125	50 814 326
Total expenses	**662 601 834**	**674 765 427**	**54 972 144**	**350 301 845**	**94 795 681**	**159 225 144**	**126 005 555**	**2 122 667 630**
Percentage of expenses by expense type across major office								
Staff and other personnel costs	46%	24%	4%	8%	6%	6%	7%	100%
Medical supplies and materials	11%	18%	3%	52%	1%	11%	4%	100%
Contractual services	24%	32%	1%	23%	5%	10%	6%	100%
Transfers and grants to counterparts	8%	63%	1%	15%	0%	6%	5%	100%
Travel	46%	24%	3%	7%	5%	8%	6%	100%
General operating expenses	18%	43%	2%	16%	5%	10%	5%	100%
Equipment, vehicles and furniture	8%	41%	0%	35%	2%	8%	6%	100%
Total percentage	**31%**	**32%**	**3%**	**17%**	**4%**	**8%**	**6%**	**100%**
Percentage of expenses by expense type within each major office								
Staff and other personnel costs	60%	31%	59%	20%	56%	31%	45%	41%
Medical supplies and materials	2%	4%	8%	22%	1%	10%	5%	7%
Contractual services	18%	24%	12%	33%	26%	31%	22%	24%
Transfers and grants to counterparts	3%	24%	6%	11%	1%	10%	11%	12%
Travel	13%	7%	11%	4%	10%	9%	9%	9%
General operating expenses	3%	7%	4%	5%	6%	7%	5%	5%
Equipment, vehicles and furniture	1%	3%	0%	5%	1%	2%	2%	2%
Total percentage	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**

World Health Organization