

AGENCY FOR THE
PROHIBITION OF NUCLEAR
WEAPONS IN LATIN AMERICA
AND THE CARIBBEAN



Dist.
General

CG/581
18 March 2005

GENERAL CONFERENCE
XIX Regular Session
Item 20 of the Agenda
Santiago, Chile, 7 – 8 November 2005

**EXTERNAL AUDITORS' CERTIFICATION
OF THE FINANCIAL STATEMENTS
FROM OCTOBER 1 TO DECEMBER 31, 2004**

INDEX

1. Letter of Presentation to the Secretary General.
2. Note of Appreciation.
3. Opinion of the External Auditor on the Financial Statements from October 1 to December 31, 2004.
4. External Auditors' Report.
5. Statement of Financial Position at December 31, 2004.
6. General Fund Statement of Revenues and Expenditures from October 1 to December 31, 2004.
7. Budget Exercise at December 31, 2004.



Mexico City, March 18, 2005

Ambassador Edmundo Vargas Carreño
Secretary General of the
Agency for the Prohibition of Nuclear Weapons
in Latin America and the Caribbean
OPANAL
Present

Your Excellency:

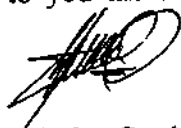
It is an honor for me to submit to you the Audit Report on the Financial Statements of the Agency for the Prohibition of Nuclear Weapons in Latin America and the Caribbean (OPANAL), which I performed by the period from October 1 to December 31, 2004.

I respectfully request the presentation of this Report at the corresponding General Conference with the Representative of the Illustrious Governments of the Member States, in accordance with the Regulations governing the General Conference.

The Report contains the following documents:

1. Audit opinion of Muñoz Gómez Hernández y Cía., S. C., public accountants as external auditors, appointed by Resolution 427 at the XVII Regular Session of the General Conference of the OPANAL.
2. Auditors' Report.
3. Statement of financial situation as of December 31, 2004.
4. General fund statement of revenues and expenditures from October 1 to December 31, 2004.
5. Exercise of the budgeted revenues and expenditures from October 1 to December 31, 2004.

I avail myself the opportunity to renew to you the assurances of my highest and most distinguished consideration.


Ramón Hernández Garduño
External Auditor
Muñoz Gómez Hernández y Cía., S. C.




NOTE OF APPRECIATION

It is a pleasure for me to express my sincere thanks for the courtesies shown to me during my Audit of the Financial Statements of the Agency for the Prohibition of Nuclear Weapons in Latin America and the Caribbean, by the Secretary General, Ambassador Edmundo Vargas Carreño, whose valuable cooperation and courtesy helped to make my job easier and more pleasant, which I truly appreciate.

Mexico City, March 18, 2005



Ramón Hernández Garduño
External Auditor of OPANAL
Muñoz Gómez Hernández y Cía., S. 



Independent Auditors' Report

The Member States:

I have audited the statement of financial situation and the statements of budget income and expenses of the Agency for the Prohibition of Nuclear Weapons in Latin America and the Caribbean (OPANAL), for the period from October 1 to December 31, 2004, in accordance with the principles governing the external auditor activities, in conformity with numeral 10.03 of the Financial Regulations. These financial statements are the responsibility of the OPANAL. My responsibility is to express an opinion on these financial statements based on my audit.

In my opinion, except for the unpaid accounts receivables from the Member States to the OPANAL for \$960,606.06 dollars, the accompanying financial statements, as identified in the Presentation Letter addressed to the Agency Secretary General, which in accordance with regulations are disclosed in U.S. dollars, present fairly the financial position of the Agency for the period from October 1 to December 31, 2004 and the related allocation of funds to the items of the approved budget for 2004.

I CERTIFY: that the submitted financial statements and their accompanying tables "A", "B", "C" and "D" attached, were prepared in conformity with the data registered in the OPANAL's accounting records.

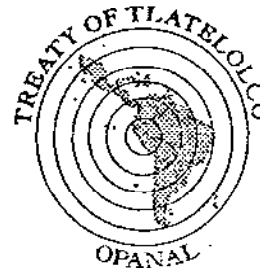
In the report attached to this opinion, complementary data is provided for a better interpretation of the Financial Statements and their corresponding accounts.

Mexico City, March 18, 2005



Ramón Hernández Garduño
External Auditor

Muñoz Gómez Hernández y Cía., S. C.



AUDIT REPORT

From October 1 to December 31, 2004

The Agency for the Prohibition of Nuclear Weapons
in Latin America and the Caribbean

(Amounts in U. S. dollars)

1. Available and realizable assets

The available and realizable assets include deposits in checking accounts and fixed maturity securities. At December 31, 2004, the Reserve Subfund was deposited to fixed maturity of 28 days amounted to \$71,591.66, maturing on January 14, 2005. For the fixed characteristic of this investment it would not be able to dispose it until their maturity.

2. Receivable contributions

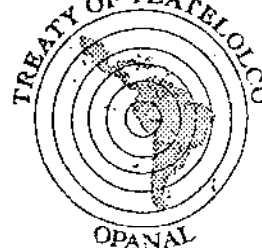
The receivable contributions at December 31, 2004, were for an amount of \$960,606.06, from which \$820,097.44 coming from previous years, \$141,180.43 corresponds to the year 2004 and \$671.81 were collected in advance for the year 2005.

3. Permanent equipment

The permanent equipment includes furniture and office equipment, computer equipment and transport equipment.

4. Accounts payable

Accounts payable of \$75,200.00 as of December 31, 2004, are related to the item number 2.1.1.1 Offices lease of the OPANAL, for the unpaid rent from March 2003 to December 2004, which was paid in November 2004. However, at December 31, 2004 the corresponding check had not been deposited by the Embassy of Venezuela.



(Continued)

5. Peaceful Uses of Nuclear Energy Fund

It is represented mainly by different funds settled in previous years, not contributed by the slowness in the recovery of the quotas of the Member States, and the not exercised items of the annual budgets.

6. Budgetary situation at December 31, 2004

a) Revenues:

Budgeted revenues contributions for the year 2004	\$ 302,490.00	100%
Contributions collected during 2004 of the budget of 2004	(161,309.57)	53%
Uncollected balance to the Member States for budgeted revenues of the year 2004	\$ 141,180.43	47%

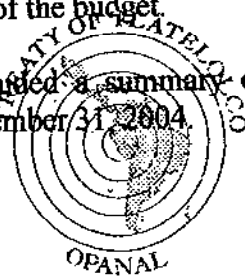
As it is previously shown and in the statement of account "B" page 1, as of December 31, 2004, 47% of the budgeted contributions for the year 2004 had not been collected.

b) Expenditures:

Budgeted expenses for the year 2004	\$ 302,490.00	100%
Exercised at December 31, 2004	(310,002.05)	102%
Excess of expenditures over budget	\$ (7,512.05)	(2%)

The excess of obligations over the budget for \$7,512.05 is mainly due to the payment during 2004 of the accumulated premium of vacations to the employees amounted to \$19,389.13, included in the item 1.1 Salaries of the budget.

In the statement of account "C" it is included a summary of the budgeted items compared with the exercised amounts at December 31, 2004.



(Continued)

7. Member States report on payment of contributions

The situation regarding the Member States' payment of contributions is as follows:

a) Members States that are up to date in the payment of contributions at December 31, 2004:

Bahamas, Belize, Brazil, Chile, Ecuador, Guatemala, Honduras, Mexico, Nicaragua¹ and Trinidad and Tobago.

b) Countries with pending payments of contributions at December 31, 2004; for the budget of the year 2004:

Antigua and Barbuda, Argentina, Barbados, Bolivia, Colombia², Costa Rica, Cuba, Dominica, Dominican Republic, El Salvador, Grenada, Guyana, Haiti, Jamaica, Panama, Paraguay, Peru, Saint Kitts and Nevis, Saint Vincent and the Grenadines, Saint Lucia, Suriname, Uruguay and Venezuela.

c) Countries with pending payments prior to December 31, 2003:

Antigua and Barbuda, Argentina, Bolivia, Dominica, Dominican Republic, El Salvador, Grenada, Guyana, Haiti, Jamaica, Nicaragua¹, Panama, Paraguay, Peru, Saint Kitts and Nevis, Saint Vincent and the Grenadines, Saint Lucia, Suriname and Uruguay.

d) Payment of contributions:

It is important to highlight the necessity that the pending payment contributions are collected for the Agency to be under better conditions of fulfilling their objectives.



(Continued)

¹ The Government of the Republic of Nicaragua decided to opt for the parenthesis "a" of the Resolution 393 (XVI) paying in 5 years the total of its owe up to 2001, with a discount of 50%.

² Discount Program, Resolution 463 (E-XVII) number 2, subparagraph "c"

8. Other matters

a) Social contributions:

As of December 31, 2004, the OPANAL has not carried out the salary modifications to the Mexican Institute of Social Security (IMSS), to the National Institute of the Housing for the Workers (INFONAVIT) and to the System of Saving for Retirement (SAR) for the increase in salaries for the year 2004. Additionally, contributions to those institutes for one of the employees have not been regularized, which could be required up to the last five years. Additionally, the OPANAL has not regularized the contributions to these institutes for one of its employees, which could be required up to the last five years.

b) Labor obligations:

Accumulated seniority premium benefits, to which employees are entitled were accrued at December 31, 2004, for an estimated amount of \$7,000.00. In accordance with the labor legislation the seniority premium will consist on the amount of twelve days of wage for every year of services.

Other compensations, mainly severance, are recognized in the exercise in which they are paid. According to the labor law severance consists mainly on twenty days of wage for every year of rendered services and in addition three months of wage.

In October 2004, the OPANAL paid the remnant amount of \$9,702.86 for vacation premium.



Agency for the Prohibition of Nuclear Weapons in Latin America and the Caribbean
Statement of Financial Situation
As of December 31, 2004

(Amounts in US dollars)

ASSETS

Available assets:

Bank (local currency account)	US \$	1,960.46
Bank (dollars account)		134,465.65
Petty cash	177.97	US \$
		136,604.08

Reserve Subfund

71,591.66

Pending contributions:

Accounts receivable	881,181.46
Accounts receivable prior 1982	79,424.60
	960,606.06

Other accounts receivable

89.46

Permanent equipment

21,168.95

Guaranteed deposits

3,400.00

Total assets

US \$ 1,193,460.21

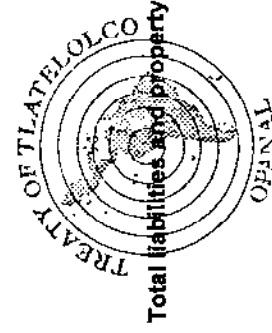
LIABILITIES AND PROPERTY

Accounts payable	US \$	75,200.00
Other accounts payable		2,680.46
Seniority premium		7,000.00

Peaceful uses of nuclear energy fund:	US \$	69,517.38
Agency contributions		14,466.41
Member States' contributions		447,773.10
Contributions for cancellation of the operations fund		478,956.71
Unexercised entries		76,697.20
Other products		1,087,410.80

21,168.95

US \$ 1,193,460.21



Edmundo Vargas Carreño
Edmundo Vargas Carreño
Secretary General

Ramón Hernández Garduño
Verified by: Ramón Hernández Garduño
External Auditor

**Agency for the Prohibition of Nuclear Weapons in Latin America and the Caribbean
Income and Outlays of the General Fund
From October 1 to December 31, 2004**

(Amounts in US Dollars)

Budgeted Income from contributions for the year 2004	US\$	302,490.00
Expenses audited at September 30, 2004		185,335.52
Expenditures from October 1 to December 31, 2004		
1.1 Salaries	US\$	54,394.84
1.2 Fees		1,950.00
1.3 Contributions and Social Benefits		19,658.40
2.1 Leases and Services		42,406.60
2.2 Acquisition and Maintenance of Equipment, Furniture and others		1,371.96
2.4 Office Expenses		3,490.98
2.5 Various Expenses		26.81
3.1 General Conference		532.57
3.2 Official Representations		834.37
		<u>124,666.53</u>
 BALANCE AT DECEMBER 31, 2004	 US\$ -	 <u><u>7,512.05</u></u>

MIGH



[Signature]
Fernando García
Public Accountant

[Signature]
Edmundo Vargas Carreño
Secretary General

[Signature]
Verified by: Ramón Hernández Garduño
External Auditor

**Agency for the Prohibition of Nuclear Weapons in Latin America and the Caribbean
 Projected Income for 2004**

(Amounts in US Dollars)

Budgeted income from contributions for the year 2004 US\$ 302,490.00

Income audited at September 30, 2004 **137,095.98**

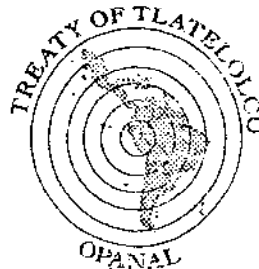
Income from contributions from October 1 to December 31, 2004

	US\$	
ANTIGUA AND BARBUDA	0.00	
ARGENTINA	0.00	
BAHAMAS	0.00 (1)	
BARBADOS	0.00	
BELIZE	0.00	
BOLIVIA	0.00	
BRAZIL	0.00	
CHILE	10,470.00	
COLOMBIA	11,343.59 (3)	
COSTA RICA	0.00	
CUBA	0.00	
DOMINICA	0.00	
DOMINICAN REPUBLIC	0.00	
ECUADOR	0.00	
EL SALVADOR	0.00	
GRENADA	0.00	
GUATEMALA	0.00	
GUYANA	0.00	
HAITI	0.00	
HONDURAS	1,200.00	
JAMAICA	0.00	
MEXICO	0.00	
NICARAGUA	1,200.00 (2)	
PANAMA	0.00	
PARAGUAY	0.00	
PERU	0.00	
SAINT KITTS AND NEVIS	0.00	
SAINT LUCIA	0.00	
SAINT VINCENT AND THE GRENADINES	0.00	
SURINAME	0.00	
TRINIDAD AND TOBAGO	0.00	
URUGUAY	0.00	
VENEZUELA	0.00	
	<u>24,213.59</u>	

**Outstanding contributions of the year 2004
 as of December 31, 2004**

US\$ 141,180.43

- (1) Positive balance for the year 2005, applied in Statement of Account "B", page 3
- (2) Discount Program, Resolution 393 (XVI) subparagraph "a"
- (3) Discount Program, Resolution 463 (E-XVII) number 2, subparagraph "c"



[Signature]
 Fernando García
 Public Accountant

[Signature]
 Edmundo Vargas Carreño
 Secretary General

[Signature]
 Verified by: Ramón Hernández Garduño
 External Auditor

**Agency for the Prohibition of Nuclear Weapons in Latin America and the Caribbean
Income from Contributions Before 2003**

(Amounts in US Dollars)

Balance of accounts receivable at December 31, 2003 US\$ 1,101,821.87

Income audited at September 30, 2004 109,722.48

Income from payments received for 2003 and previous years
from October 1 to December 31, 2004

	US\$	
ANTIGUA AND BARBUDA	0.00	
ARGENTINA	0.00	
BAHAMAS	0.00	
BARBADOS	0.00	
BELIZE	0.00	
BOLIVIA	0.00	
BRAZIL	0.00	
CHILE	0.00	
COLOMBIA	5,644.41 (2)	
COSTA RICA	0.00	
CUBA	0.00	
DOMINICA	0.00	
DOMINICAN REPUBLIC	0.00	
ECUADOR	0.00	
EL SALVADOR	0.00	
GRENADA	0.00	
GUATEMALA	0.00	
GUYANA	0.00	
HAITI	0.00	
HONDURAS	90.51	
JAMAICA	0.00	
MEXICO	0.00	
NICARAGUA	6,887.43 (1)	
PANAMA	0.00	
PARAGUAY	0.00	
PERU	0.00	
SAINT KITTS AND NEVIS	0.00	
SAINT LUCIA	0.00	
SAINT VINCENT AND THE GRENADINES	0.00	
SURINAME	0.00	
TRINIDAD AND TOBAGO	0.00	
URUGUAY	0.00	
VENEZUELA	<u>142,603.13</u>	<u>155,225.48</u>

Outstanding contributions of previous years
as of December 31, 2004

US\$ 836,873.91

- (1) Discount Program, Resolution 383 (XVI) subparagraph "a"
(2) Discount Program, Resolution 463 (E-XVII) number 2, subparagraph "c"



Fernando García
Fernando García
Public Accountant

Edmundo Vargas Carreño
Edmundo Vargas Carreño
Secretary General

Ramón Hernández Garduño
Verified by: Ramón Hernández Garduño
External Auditor

**Accounts Receivable
As of December 31, 2004**

(Amounts in US Dollars)

Accounts receivable at December 31, 2003		US \$	76,214.12
ANTIGUA AND BARBUDA			96,000.00
ARGENTINA			-643.68
BAHAMAS			95,755.40
BOLIVIA			60,000.00
BRAZIL			15,533.44
COLOMBIA			4.96
COSTA RICA			18,599.63
DOMINICA			118,552.50
DOMINICAN REPUBLIC			105,782.33
EL SALVADOR			50,799.66
GRENADA			120.37
GUATEMALA			2,393.82
GUYANA			108,131.67
HAITI			3,690.51
HONDURAS			2,400.00
JAMAICA			41,060.50
NICARAGUA			157.97
PANAMA			77,148.76
PARAGUAY			22,620.00
PERU			9,669.06
SAINT KITTS AND NEVIS			16,599.63
SAINT VICENT AND THE GRENADINAS			7,895.99
SAINT LUCIA			11,851.75
SURINAME			20,880.35
URUGUAY			142,803.13
VENEZUELA			
			<hr/>
Accounts receivable at December 31, 2003			1,101,821.87
Plus: Budgeted income from contributions for the year 2004			302,490.00
			<hr/>
Subtotal			1,404,311.87
Less:			
Income from collection of contributions of the year 2004			
From 1 January to 30 September 2004	137,095.98		
From 1 October to 31 December 2004	<u>24,213.59</u>		161,309.57
Income from collection of contributions previous to year 2004			
From 1 January to 30 September 2004	109,722.48		
From 1 October to 31 December 2004	<u>155,225.48</u>		264,947.96
Member States with credit balance for 2005			
Bahamas	510.00		
Guatemala	29.75		
Nicaragua	<u>132.06</u>		671.81
Discounts approved by the General Conference			
Colombia (Resolution 463 (XVII-E))	9,889.03		
Nicaragua (Resolution 393 (XVI) subparagraph "a")	<u>16,887.44</u>		16,776.47
			<hr/>
Accounts receivable at December 31, 2004		US\$	960,606.06


Fernando García
Public Accountant


Edmundo Vargas Carreño
Secretary General






Verified by: Ramón Hernández Garduño
External Auditor

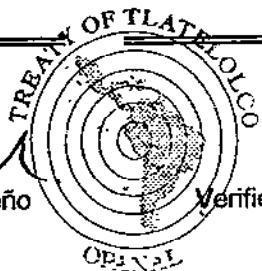
**Agency for the Prohibition of Nuclear Weapons in Latin America and the Caribbean
Expenses Budget for the Year 2004**

(Amounts in US Dollars)

	Authorized Budget for 2004	Audited as of Sep. 30, 2004	Expenditures from Oct. 1 to Dec. 31, 2004	Difference to exercise
TITLE I: SALARIES AND PERSONNEL BENEFITS				
SECTION 1.1 Salaries	US\$ 178,768.10	143,762.24	54,394.84	-19,388.98
SECTION 1.2 Fees	3,900.00	1,949.99	1,950.00	0.01
SECTION 1.3 Contributions and social benefits	<u>35,398.00</u>	<u>14,081.60</u>	<u>19,658.40</u>	<u>1,658.00</u>
TOTAL	<u>218,066.10</u>	<u>159,793.83</u>	<u>76,003.24</u>	<u>-17,730.97</u>
TITLE II: ADMINISTRATIVE EXPENSES				
SECTION 2.1 Leases and services	46,800.00	4,675.94	42,406.60	-282.54
SECTION 2.2 Acquisition and maintenance of equipment, furniture and others	7,450.00	1,100.84	1,371.96	1,977.20
SECTION 2.4 Office expenses	13,100.00	5,797.66	3,490.98	3,811.36
SECTION 2.5 Various expenses	<u>523.90</u>	<u>108.48</u>	<u>26.81</u>	<u>388.61</u>
TOTAL	<u>67,873.90</u>	<u>14,682.92</u>	<u>47,296.35</u>	<u>5,894.63</u>
TITLE III: MEETINGS, CONFERENCES AND OTHERS				
SECTION 3.1 General Conference	2,000.00	407.86	532.57	1,059.57
SECTION 3.2 Official representations	13,050.00	10,450.91	0.00	2,599.09
SECTION 3.3 Other Activities	<u>1,500.00</u>	<u>0.00</u>	<u>634.37</u>	<u>665.63</u>
TOTAL	<u>16,550.00</u>	<u>10,858.77</u>	<u>1,366.94</u>	<u>4,324.29</u>
GRAND TOTAL	US\$ 302,490.00	185,335.52	124,666.53	-7,512.05


Fernando García
Public Accountant


Edmundo Vargas Carreño
Secretary General




Verified by: Ramón Hernández Garduño
External Auditor



AGENCY FOR THE PROHIBITION OF NUCLEAR WEAPONS
IN LATIN AMERICA AND THE CARIBBEAN

Num.S-17175

Mexico City, March 18, 2005

Mr. Ramon Hernandez Garduño
External Auditor of the
Agency for the Prohibition of Nuclear Weapons
in Latin America and the Caribbean (OPANAL).
Muñoz Gómez Hernández y Cia., S.C.

To the External Auditor:

With reference to your Audit Report dated today, regarding your External Audit on OPANAL Financial Statements, from October 1 to December 31, 2004, I hereby express the following:

1. Currently, there is not, nor can exist due to legal incompatibility with the Agency's Statutes, any embargo or limitations over the use of the Agency's funds.
2. To the best of our knowledge, all of the assets and liabilities of OPANAL are properly recorded in the Agency's accounting books.
3. The receivable contributions at December 31, 2004, were for an amount of \$960,606.06, from which \$820,097.44 coming from previous years, \$141,180.43 corresponds to the year 2004 and \$671.81 were collected in advance for the year 2005.
4. Accounts payable of \$75,200.00 as of December 31, 2004, are related to the item number 2.1.1.1 Offices lease of the OPANAL, for the unpaid rent from March 2003 to December 2004, which was paid in November 2004. However, at December 31, 2004 the corresponding check had not been deposited by the Embassy of Venezuela.

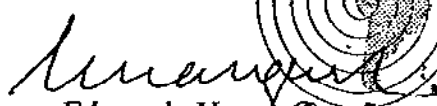
mm



(Continued)

5. As of December 31, 2004, the OPANAL has not carried out the salary modifications to the Mexican Institute of Social Security (IMSS), to the National Institute of the Housing for the Workers (INFONAVIT) and to the System of Saving for Retirement (SAR) for the increase in salaries for the year 2004. Additionally, contributions to those institutes for one of the employees have not been regularized, which could be required up to the last five years. Additionally, the OPANAL has not regularized the contributions to these institutes for one of its employees, which could be required up to the last five years.
6. In October 2004, the OPANAL paid the remnant amount of \$9,702.86 for vacation premium.
7. To the best of our knowledge, there are no contingent liabilities due to temporary obligations not recorded in the Agency's accounting books.
8. This is also to certify that all disbursements recorded are supported with the corresponding documentation, duly filed in OPANAL and that we have the responsibility about the information contained in the financial statements.

I avail myself of the opportunity to renew to you the assurances of my highest and most distinguished consideration.


Edmundo Vargas Cordero
Secretary General

