

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



Dist.
General

CG/E/603
17 March 2006

GENERAL CONFERENCE
XVIII Special Session
Item 7 of the Agenda
Mexico City, 23 November 2006

**EXTERNAL AUDITORS' CERTIFICATION
OF THE FINANCIAL STATEMENTS
FROM OCTOBER 1 TO DECEMBER 31, 2005**

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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, 2005.
4. External Auditors' Report.
5. Statement of Financial Position at December 31, 2005.
6. General Fund Statement of Revenues and Expenditures from October 1 to December 31, 2005.
7. Budget Exercise at December 31, 2005.



RIO DANUBIO No. 54 PB.
COL. CUAUHEMOC
06500 MEXICO, D.F.

TEL.: 5207-1465 5208-4294
5514-1385
FAX: 5207-1476 Mexico City, March 17, 2006

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:

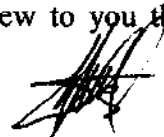
It is an honor for me to submit to you the Audit Report on the Financial Statements of the Agency for the Prohibition of Nuclear Weapons in Latin America and the Caribbean (OPANAL), which I performed by the period from October 1 to December 31, 2005.

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.

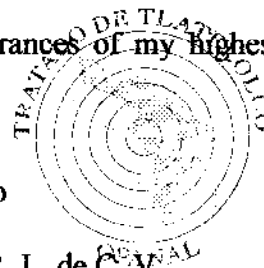
The Report contains the following documents:

1. Audit opinion of MGH Consultores de Negocios, S. de R. L. de C. V. (formerly 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, 2005.
4. General fund statement of revenues and expenditures from October 1 to December 31, 2005.
5. Exercise of the budgeted revenues and expenditures from October 1 to December 31, 2005.

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


Ramón Hernández Garduño
External Auditor

MGH Consultores de Negocios, S. de R. L. de C. V.
(Formerly 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 17, 2006



Ramón Hernández Garduño
External Auditor of OPANAL

MGH Consultores de Negocios, S. de R. L. de C. V.
(Formerly Muñoz Gómez Hernández y Cía., S. C.)



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Independent Auditors' Report

The Member States:

I have audited the statement of financial situation of the Agency for the Prohibition of Nuclear Weapons in Latin America and the Caribbean (OPANAL), as of December 31, 2005, and the related statements of budget income and expenses for the period from October 1 to December 31, 2005, 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 \$1,036,285.47 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, 2005 and the related allocation of funds to the items of the approved budget for 2005.

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 17, 2006



Ramón Hernández Garduño
External Auditor



MGH Consultores de Negocios, S. de R. L. de C. V.
(Formerly Muñoz Gómez Hernández y Cía., S. C.)

AUDIT REPORT

From October 1 to December 31, 2005

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. On November 18, 2005, the administration of the OPANAL decided to transfer to the checking account the balance of \$56,690.81 that there was in the investment account corresponding to the Reserve Subfund at that date.

2. Receivable contributions

The receivable contributions at December 31, 2005, were for an amount of \$1,036,285.47, from which \$859,508.12 coming from previous years, \$188,932.40 corresponds to the year 2005 and \$12,155.05 were collected in advance for the year 2006.

3. Permanent equipment

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

4. Accounts payable

Accounts payable of \$20,400.00 as of December 31, 2005, are related to the item number 2.1.1.1 Offices lease of the OPANAL, for the unpaid rent from July to December 2005.

Additionally, at December 31, 2005, an unpaid check exists for the amount of \$18,350.13, corresponding to the refund of the not used portion of a contribution from the Embassy of Sweden, for the expenses of some participants to the Conference of States Parties and Signatories of Treaties that establish Nuclear-Weapons-Free Zones, carried out from April 26 to 28, 2005. Such check was paid for the bank on January 6, 2006.



(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, 2005

a) Revenues:

Budgeted revenues contributions for the year 2005	\$ 302,490.00	100%
Contributions collected during 2005 of the budget for 2005	<u>(113,557.60)</u>	38%
Uncollected balance to the Member States for budgeted revenues of the year 2005	<u>\$ 188,932.40</u>	62%

As it is previously shown and in the statement of account "B" page 1, as of December 31, 2005, 62% of the budgeted contributions for the year 2005 had not been collected.

b) Expenditures:

Budgeted expenses for the year 2005	\$ 302,490.00	100%
Exercised at December 31, 2005	<u>(285,994.88)</u>	95%
Not exercised budget at December 31, 2005	<u>\$ 16,495.12</u>	5%

The budget of expenses for the year 2005 only includes the lease until the month of September. Consequently, the amount of \$10,200.00 from October to December 2005 is not budgeted. Additionally, the unpaid rents of \$20,400 that are mentioned in the note 4 of this inform, are not considered as part of the exercised budget of \$285,994.88.

In the statement of account "C" it is included a summary of the budgeted items compared with the exercised amounts at December 31, 2005.



(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, 2005:

Bahamas, Barbados, Belize, Chile, Colombia, Cuba, Ecuador, Guatemala, Guyana, Honduras, Mexico, Nicaragua¹, Panama, and Trinidad and Tobago.

b) Countries with pending payments of contributions at December 31, 2005; for the budget of the year 2005:

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

c) Countries with pending payments prior to December 31, 2004:

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

8. Other matters

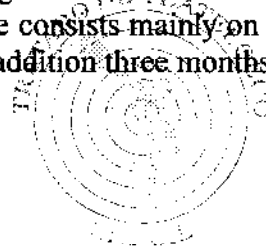
a) Social contributions:

As of December 31, 2005, the OPANAL has been regularized the contributions for one of its employees 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), which could be required up to the last five years. The salaries for the employees are established in dollars and are paid in Mexican pesos at the exchange rate prevailing at the beginning of the month, for IMSS purposes the salaries are modified at the exchange rate prevailing at the beginning of year.

b) Labor obligations:

Accumulated seniority premium benefits to which employees are entitled were accrued at December 31, 2005, for an estimated amount of \$7,600.00. 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.



Agency for the Prohibition of Nuclear Weapons in Latin America and the Caribbean
Statement of Financial Situation

As of December 31, 2005
(Amounts in US dollars)

ASSETS

Available assets:

Bank (local currency account)	US \$	1,762.57
Bank (dollars account)		83,378.68
Petty cash		189.05
Other accounts receivable	US \$	<u>85,522.36</u>

Reserve Subfund 0.00

Pending contributions:

Accounts receivable	956,860.87
Accounts receivable prior 1982	<u>79,424.60</u>

Permanent equipment

14,750.22

Guaranteed deposits

3,400.00

Total assets

US \$ 1,139,958.05

LIABILITIES AND PROPERTY

Accounts payable	US \$	20,400.00
Other accounts payable		3,495.67
Check in transit		18,750.13
Seniority premium		<u>7,600.00</u>

FUND:

General Fund

1,036,285.47

Peaceful uses of nuclear energy fund:

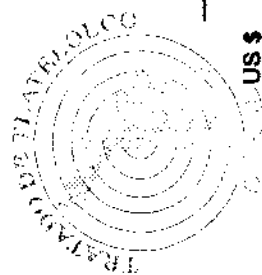
Agency contributions	US \$	69,517.38
Member States' contributions		14,466.41
Contributions for cancellation of the operations fund		447,773.10
Unexercised entries		474,451.83
Other products		<u>68,753.31</u>

Property fund

14,750.22

Total liabilities and property

US \$ 1,139,958.05



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Fernando García
Public Accountant

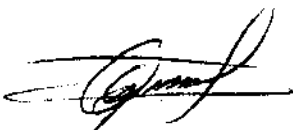
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Edmundo Vargas Carreño
Secretary General

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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, 2005


(Amounts in US Dollars)

Budgeted Income from contributions for the year 2005	US\$	302,490.00
Expenses audited at September 30, 2005		200,045.27
Expenditures from October 1 to December 31, 2005		
1.1 Salaries	US\$	45,770.03
1.2 Fees		1,650.00
1.3 Contributions and Social Benefits		21,792.78
2.1 Leases and Services		1,638.52
2.2 Acquisition and Maintenance of Equipment, Furniture and others		1,094.14
2.4 Office Expenses		5,306.45
2.5 Various Expenses		19.00
3.1 General Conference		8,678.69
		<u>85,949.61</u>
BALANCE AT DECEMBER 31, 2005	US\$	<u>16,495.12</u>


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
Projected Income for 2005**

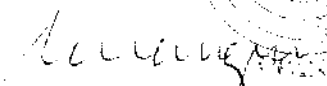
(Amounts in US Dollars)

Budgeted income from contributions for the year 2005	US\$	302,490.00
Income audited at Septemeber 30, 2005		108,757.60
Income from contributions from October 1 to December 31, 2005		
ANTIGUA AND BARBUDA	US\$	0.00
ARGENTINA		0.00
BAHAMAS		0.00 (1)
BARBADOS		0.00
BELIZE		0.00
BOLIVIA		0.00
BRAZIL		0.00
CHILE		0.00
COLOMBIA		0.00 (1)
COSTA RICA		0.00
CUBA		0.00
DOMINICA		0.00
DOMINICAN REPUBLIC		0.00
ECUADOR	3,600.00	
EL SALVADOR		0.00
GRENADA		0.00
GUATEMALA		0.00 (1)
GUYANA	1,200.00	
HAITI		0.00
HONDURAS		0.00
JAMAICA		0.00
MEXICO		0.00
NICARAGUA		0.00
PANAMA		0.00 (1)
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>4,800.00</u>
Outstanding contributions of the year 2005 as of December 31, 2005	US\$	188,932.40

(1) Positive balance for the year 2006, applied in Statement of Account "B", page 3




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
 Income from Contributions Before 2005**

(Amounts in US Dollars)

Balance of accounts receivable at December 31, 2004 US\$ **960,606.08**

Income audited at September 30, 2005 **92,999.22**

**Income from payments received for 2004 and previous years
 from October 1 to December 31, 2005**

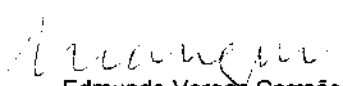
	US\$	
ANTIGUA AND BARBUDA	0.00	
ARGENTINA	0.00	
BAHAMAS	0.00	
BARBADOS	0.00	
BELIZE	0.00	
BOLIVIA	0.00	
BRAZIL	0.00	
CHILE	0.00	
COLOMBIA	0.00	
COSTA RICA	0.00	
CUBA	0.00	
DOMINICA	0.00	
DOMINICAN REPUBLIC	0.00	
ECUADOR	0.00	
EL SALVADOR	0.00	
GRENADA	0.00	
GUATEMALA	0.00	
GUYANA	1,211.29	
HAITI	0.00	
HONDURAS	0.00	
JAMAICA	0.00	
MEXICO	0.00	
NICARAGUA	0.00 (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	0.00	
		<u>1,211.29</u>


**Outstanding contributions of previous years
 as of December 31, 2005** US\$ **866,395.57**

(1) Discount Program, Resolution 393 (XVI) subparagraph "a"




 Fernando Garcia
 Public Accountant

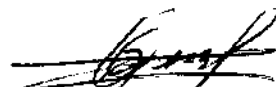

 Edmundo Vargas Carreño
 Secretary General


 Verified by: Ramón Hernández Garduño
 External Auditor


Agency for the Prohibition of Nuclear Weapons in Latin America and the Caribbean
Accounts Receivable
As of December 31, 2005

(Amounts in US Dollars)

Accounts receivable at December 31, 2004		US \$	77,414.12
ANTIGUA AND BARBUDA			99,200.00
ARGENTINA			(1,163.68)
BAHAMAS			1,200.00
BARBADOS			98,955.40
BOLIVIA			8,086.41
COLOMBIA			514.02
COSTA RICA			2,480.00
CUBA			17,799.63
DOMINICA			121,042.50
DOMINICAN REPUBLIC			106,982.33
EL SALVADOR			51,999.66
GRENADA			(29.75)
GUATEMALA			2,396.67
GUYANA			109,331.67
HAITI			3,600.00
JAMAICA			27,153.58
NICARAGUA			2,647.97
PANAMA			79,638.76
PARAGUAY			30,420.00
PERU			10,869.06
SAINT KITTS AND NEVIS			17,799.63
SAINT VINCENT AND THE GRENADINES			9,095.99
SAINT LUCIA			13,051.75
SURINAME			26,100.36
URUGUAY			48,000.00
VENEZUELA			
			<hr/>
Accounts receivable at December 31, 2004			960,606.08
Plus: Budgeted income from contributions for the year 2005			302,490.00
			<hr/>
Subtotal			1,263,096.08
Less:			
<u>Income from collection of contributions of the year 2005</u>			
From January 1 to September 30, 2005	108,757.60		
From October 1 to December 31, 2005	<u>4,800.00</u>		113,557.60
<u>Income from collection of contributions previous to year 2005</u>			
From January 1 to September 30, 2005	92,999.22		
From October 1 to December 31, 2005	<u>1,211.29</u>		94,210.51
<u>Member States with credit balance for 2006</u>			
Bahamas	1,513.68		
Colombia	10,541.59		
Guatemala	37.75		
Panama	<u>62.03</u>		12,155.05
<u>Discounts approved by the General Conference</u>			
Nicaragua (Resolution 393 (XVI) subparagraph "a")			6,887.45
			<hr/>
Accounts receivable at December 31, 2005		US\$	1,036,285.47
			<hr/>


 Fernando Garcia
 Public Accountant


 Edmundo Vargas Carreño
 Secretary General



 Verified by: Ramón Hernández Garduño
 External Auditor

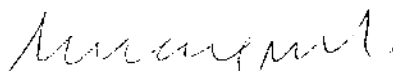


**Agency for the Prohibition of Nuclear Weapons in Latin America and the Caribbean
Budget of Expenses for the Year 2005**

(Amounts in US Dollars)

		Authorized Budget for 2005	Audited as of Sep. 30, 2005	Expenditures from Oct. 1 to Dec 31, 2005	Difference to exercise
TITLE I: SALARIES AND PERSONNEL BENEFITS					
SECTION	1.1 Salaries	US\$ 181,114.00	136,439.92	45,770.03	-1,095.95
SECTION	1.2 Fees	3,900.00	2,250.00	1,650.00	0.00
SECTION	1.3 Contributions and social benefits	37,786.00	15,553.80	21,792.78	439.42
	TOTAL	222,800.00	154,243.72	69,212.81	-856.53
TITLE II: ADMINISTRATIVE EXPENSES					
SECTION	2.1 Leases and services	36,700.00	25,253.15	1,638.52	9,808.33
SECTION	2.2 Acquisition and maintenance of equipment, furniture and others	8,250.00	3,894.09	1,094.14	3,261.77
SECTION	2.4 Office expenses	13,800.00	5,967.35	5,306.45	2,526.20
SECTION	2.5 Various expenses	1,350.00	787.65	19.00	543.35
	TOTAL	60,100.00	35,902.24	8,058.11	16,139.65
TITLE III: MEETINGS, CONFERENCES AND OTHERS					
SECTION	3.1 General Conference	8,190.00	485.46	8,678.69	-974.15
SECTION	3.2 Official representations	9,900.00	9,413.85	0.00	486.15
SECTION	3.3 Other Activities	1,500.00	0.00	0.00	1,500.00
	TOTAL	19,590.00	9,899.31	8,678.69	1,012.00
	GRAND TOTAL	US\$ 302,490.00	200,045.27	85,949.61	16,495.12


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-17394

Mexico City, March 17, 2006

Mr. Ramon Hernandez Garduño
External Auditor of the
Agency for the Prohibition of Nuclear Weapons
in Latin America and the Caribbean (OPANAL).
MGH Consultores de Negocios, S. de R. L. de C. V.
(Formerly Muñoz Gómez Hernández y Cía., S. C.)

To the External Auditor:

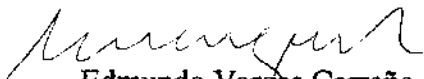
With reference to your Audit Report, regarding your External Audit on OPANAL Financial Statements, from October 1 to December 31, 2005, I hereby express the following:

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 available and realizable assets include deposits in checking accounts and fixed maturity securities. On November 18, 2005, the administration of the OPANAL decided to transfer to the checking account the balance of \$56,690.81 that there was in the investment account corresponding to the Reserve Subfund at that date.
4. The receivable contributions at December 31, 2005, were for an amount of \$1,036,285.47, from which \$859,508.12 coming from previous years, \$188,932.40 corresponds to the year 2005 and \$12,155.05 were collected in advance for the year 2006.
5. Accounts payable of \$20,400.00 as of December 31, 2005, are related to the item number 2.1.1.1 Offices lease of the OPANAL, for the unpaid rent from July to December 2005.

(Continued)

6. As of December 31, 2005, the OPANAL has been regularized the contributions for one of its employees 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), which could be required up to the last five years. The salaries for the employees are established in dollars and are paid in Mexican pesos at the exchange rate prevailing at the beginning of the month, for IMSS purposes the salaries are modified at the exchange rate prevailing at the beginning of year.
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 Carreño
Secretary General

