

# Creating a Hemisphere of Opportunity



Pan American  
Development  
Foundation

**2010 Annual Report**





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# Vision

A Hemisphere of Opportunity for All

## Mission

The mission of the Pan American Development Foundation is to empower disadvantaged people and communities in Latin America and the Caribbean to achieve sustainable economic and social progress, strengthen their communities and civil society, and prepare for and respond to natural disasters and other humanitarian crises, thereby advancing the principles of the Organization of American States.

## Values

1. Innovation and risk-taking to meet needs
2. Commitment to our mandate
3. Sustainable results
4. Excellence in service
5. Respect for all our partners and those we serve
6. Teamwork and open communication
7. Integrity and dependability with partners, donors and beneficiaries
8. Accountability and transparency in our operations
9. Commitment to personal and professional growth for employees

# A Year of Inter-American Solidarity and Opportunity

As the Pan American Development Foundation (PADF) nears its 50th year of working to meet the needs of disadvantaged people in Latin America and the Caribbean, I am proud to say that this year has been one of its finest.

**José Miguel Insulza**  
Secretary General  
Organization of American States  
Chairman  
PADF's Board of Trustees

From Haiti to Chile, PADF has improved the lives of millions of people by responding to natural disasters and humanitarian crises, implementing integral development that creates new opportunities, and strengthening civil society in accordance with the Inter-American Democratic Charter. **PADF is duly recognized for empowering local communities so they can better advocate for and address their own development needs.**

PADF reflects the continuation of the spirit of hemispheric solidarity that inspired those who set in motion the creation of the Inter-American System over a century ago. They had a vision of establishing mechanisms that promote peace and prosperity through regional cooperation and development. Exactly one century ago, those early pioneers of multilateralism completed the construction of the main building of the Organization of American States, an enduring symbol of the ideals of the Pan American spirit that continue to motivate PADF today.

Those visionaries said that the OAS Building was "...a structure that will stand alone, the first of its kind—a temple dedicated to international peace and friendship... May all the Americas come to feel that for them this place is home, for it is theirs, the product of a common effort and the instrument of a common purpose."

The reference to a "common effort" is as important today for the OAS and PADF as it was for

those who established the Inter-American System a century ago. Today, PADF continues with those lasting ideals through programs that provide sustainable economic and social opportunities for the least fortunate, that strengthen democratic institutions and local participation and that bring hope to those suffering from natural disasters and exclusion from the mainstream of their own societies.

PADF's successes are the result of several factors, including deep knowledge of local communities, highly innovative and creative programs, and effective mobilization of private sector goodwill to provide development, democracy and disaster assistance. Other key components are PADF's broadly representative Board of Trustees, its dedicated staff and its close working relationship with the OAS and other Inter-American agencies. Our Trustees bring diverse perspectives from throughout the Americas. They volunteer their time to govern the Foundation, set strategic priorities, raise funds and support key programs

**The past twelve months have presented us with many challenges and opportunities. But together, the OAS and the PADF responded to the call. We saw more people and institutions working together to advance our common development goals and democratic values.** It is such collaboration that makes us stronger and allows us to help those most in need.

# Hope and Opportunity Grow in the Region

The past year will be remembered for both tragedy and triumph, for the spirit of giving, and the desire to rebuild. Our neighbors in Haiti and Chile suffered through two of the hemisphere's worst natural disasters in modern times. In Haiti, more than 300,000 people perished in the January 12 earthquake. Less than two months later, an earthquake of 8.8 on the Richter Scale struck Chile, displacing some 1.5 million people.

**Francis D. Gómez**  
President, Board of Trustees

**John A. Sanbrailo**  
Executive Director

The Pan American Development Foundation and its partners responded immediately to relieve the suffering, shelter the homeless and begin a process of rebuilding. Thanks to support from the Organization of American States, other international agencies, corporate and private donors and non-governmental organizations, PADF helped millions of disaster survivors in both countries.

**All our efforts in 2010—disaster relief, reconstruction, creating sustainable livelihoods and strengthening civil society—assisted more than 10 million beneficiaries in 22 countries.** This was made possible by a program budget of \$55 million, one of the largest in the history of the Foundation.

In Colombia our nine regional offices reached more than 160,000 people. PADF's efforts focused on providing sustainable livelihoods for displaced persons, assisting Afro-descendants and indigenous communities, helping former coca growers start new lives, and other initiatives. Thanks to the U.S. Agency for International Development, Colombia's Acción Social, and many other private and public sector donors we implemented innovative programs that had proven and measurable results.

In Haiti, more than 2.2 million people benefited from disaster relief, community-driven development, and protection of the human rights of the most vulnerable population. The World Bank, USAID, Chevron, Caterpillar, Royal Caribbean International and other donors were joined by

new contributors such as MoneyGram and Warner Music, among others, to support PADF's three "Rs": Returning people to safe homes; Rebuilding neighborhoods; and Restoring livelihoods.

In accordance with the Inter-American Democratic Charter, PADF continued to be a primary mechanism for strengthening civil society throughout the region. During the past five decades we have engaged almost 5,000 non-governmental organizations and community groups in every country of the hemisphere as they strive to empower citizens to determine their own destiny. During the past year, we provided assistance to organizations in Bolivia, Brazil, Chile, Colombia, Cuba, the Dominican Republic, Ecuador, El Salvador, Jamaica, Peru and Venezuela, among others.

As PADF moves forward, it builds on a rich past extending over five decades and applies many lessons learned from its programs. Each day we use our history to further develop and improve our programs so that they contribute even more to our vision of Creating a Hemisphere of Opportunity for All. **We are grateful to all those who have served on our Board of Trustees and our Advisory Council and, of course, to our dedicated staff at headquarters and in the field.**



# PADF at a Glance

## COLOMBIA

PADF's work in Colombia places a heavy emphasis on engaging vulnerable populations through its network of **eighteen field offices, which reached more than 160,344 beneficiaries** during the fiscal year.

- Assisted 77,156 internally displaced people with support ranging from education and psychological services, to new infrastructure and job training.
- Helped 41,311 people find viable alternatives to coca cultivation.
- Worked to protect the rights of 5,651 children and teach them responsible citizenship.
- Coordinated and delivered assistance that strengthens the Afro-Colombian and indigenous populations in the states of Guajira, Nariño, Cauca, and Valle del Cauca.

## DOMINICAN REPUBLIC

- **Positively impacted the lives of more than 135,000 inhabitants** of the Dominican-Haitian borderlands through a combination of training and technical assistance aimed at improving local production and reducing cross-border conflicts.
- Held a binational conference to discuss with results and outcomes of the Haiti-Dominican Republic "Our Border" Project with all significant stakeholders.
- Published a study of the sources of conflict along the Haitian-Dominican border.



## HAITI

PADF works directly with Haitians through a network of seven field offices that benefitted over 2.7 million people.

- Conducted a massive assessment program in which more than **389,000 buildings in Port-au-Prince** were inspected to determine their safety.
- Assisted more than **1.7 million people** during the first 12 months after the January 12th earthquake by providing food water, tarps, rubble removal, and temporary jobs.
- Provided support to victims of exploitation and gender-based violence in 27 displacement camps immediately after the earthquake.
- Released the results of the first comprehensive in-home survey on child trafficking and *restavék* in Haiti.
- Organized training at four major border points between Haiti and the Dominican Republic to help reduce the potential trafficking of people by training elected and appointed officials and working with grassroots organizations.

**In 2010, PADF assisted more than 10 million beneficiaries in 22 countries through disaster relief, reconstruction, sustainable livelihoods and civil society programs. This was made possible by a program budget of \$55 million, one of the largest in the history of the Foundation.**



## PADF at a Glance continued

### PRIVATE SECTOR ENGAGEMENT

- Assisted nearly 23,970 beneficiaries in 11 countries, including Argentina, Brazil, Mexico, Jamaica, Colombia, St. Lucia, Belize, Dominica, Haiti, and Panama with corporate social responsibility initiatives.
- Increased private sector participation in the innovative Disaster Management and Emergency Response Program, which delivered results in a variety of countries, including Chile, El Salvador, Guatemala, Peru, and St. Lucia.
- Created 15 new corporate and foundation partnerships.

### IN-KIND DONATIONS (HEALTH AND TOOLS)

- PADF provided a total of 1,511,892 beneficiaries in nine countries with donations of health equipment, vocational tools, computers, and food valued at more than \$5.1 million. The distribution broke down as follows:
  - 569,300 beneficiaries received medical, dental, and vocational equipment and supplies.
  - 942,592 beneficiaries of disaster-related and other food distribution.

Working in partnership with local non-profits, PADF makes assistance available to some of the least fortunate in the Americas, such as those trapped in poverty and conflictive areas, displaced and indigenous people, Afro-descendent populations, victims of natural disasters, and other vulnerable groups.



## REGIONAL CIVIL SOCIETY STRENGTHENING

- Implemented successful communications programs that disseminated information to key population segments on democracy and citizen participation.
- Sponsored training for micro-enterprises.
- **Provided technical assistance, financial support, exchanges, and materials to hundreds of civil society organizations.**
- Strengthened civil society organizations and relations along the Haiti-Dominican Republic border, in Cuba, Venezuela, Colombia, Haiti and other countries.
- Held workshops related to disaster prevention and emergency networks.
- Produced publications and reports on access to justice, human rights, citizen campaigns, rights of free association, violence reduction and monitoring, investigative reporting, women's rights, and social rights.

## NATURAL DISASTER RELIEF & MITIGATION

- **Provided immediate disaster relief, delivered medical equipment, rebuilt hospitals, and provided housing to more than 500,000 beneficiaries** after Chile suffered the world's largest earthquake in the past 50 years.
- Provided disaster relief and assistance in Haiti, Chile, Peru, El Salvador, St. Lucia, and Guatemala.
- Helped nearly 1,000 direct beneficiaries with disaster mitigation, business continuity planning, and community preparedness.
- **PADF's Disaster Management Alliance Regional Integration Conference** brought together over 55 participants representing 10 countries and a variety of business sectors to discuss the important of disaster mitigation and preparedness.

# Relief and Rebuilding After the Earthquake

Providing food to survivors of the January 12 earthquake became a top priority for PADF as food access for millions of Haitians living in Port-au-Prince and other areas was severely affected.

It was 4:53 p.m. on Jan. 12, 2010, and most Haitians were looking forward to an evening like any other. Then, the country changed forever. The 7.0 earthquake was swift, powerful, and devastating, killing more than 316,000 people, leaving some 1.2 million people homeless, and ruining the nation's already fragile economy.

PADF and its partners immediately responded from its offices in Port-au-Prince, Washington, D.C., and Santo Domingo. Facing enormous challenges, PADF's Senior Director of Caribbean Programs Dan O'Neil organized—and led—one of the first land-based supply routes from the Dominican Republic to Port-au-Prince.

With a team of 150 staff in Haiti and a network of grassroots organizations set up prior to the devastating quake, PADF distributed food, water, medicine, clothing, tents, and tarps, and implemented much-needed employment programs. Its human rights program focused on rape prevention,



psychological services, strengthening the government's social service response, and more.

Off the island, corporations and individuals rallied in support of Haiti. Through PADF's "I'm United for Haiti" initiative, more than 200 tons of relief supplies were sent. From Jan. 13 to Sept. 30, PADF received and distributed \$2.2 million in private sector and individual donations for Haiti. **These benefited more than 1.7 million people. This single largest relief effort carried out by PADF.**

To help rebuild Haiti, PADF initiated in May a strategy it calls the three "Rs."

**RETURNING PEOPLE TO SAFE HOMES:** PADF, the Haitian Public Works Ministry, Miyamoto International, and other partners assessed more than 389,000 homes to determine their safety and what repairs were needed. This helped move people out of the displacement camps and into safe homes. With support from the U.S. Agency for International Development's Office of Foreign Disaster Assistance and The World Bank, reconstruction professionals trained Haitian engineers, masons and contractors to use safer construction techniques, a legacy that will help the country for years to come.

**REBUILDING NEIGHBORHOODS:** PADF gathered resources and mobilized teams to continue the tough task of transforming damaged and destroyed neighborhoods into livable communities with repaired homes, roads, and revitalized infrastructure.

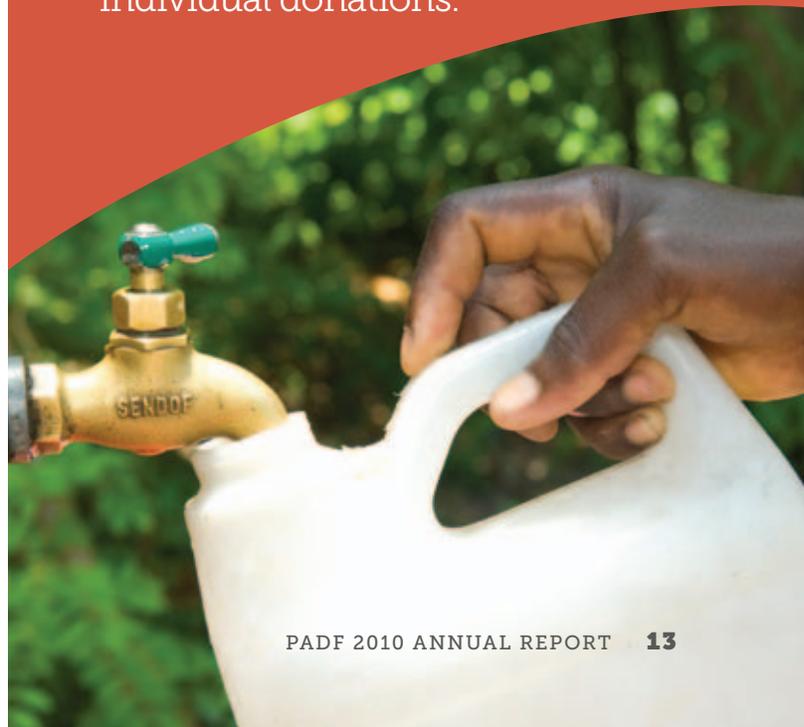
**RESTORING LIVELIHOODS:** Haitians were eager to support their families and rebuild their communities. With assistance from USAID, the World Bank, Caterpillar, and other donors, PADF worked with communities to create jobs and livelihood opportunities. This ensures sustainability and job growth in the most heavily impacted areas.

Haiti still needs help. But by bringing stakeholders together to respond to the needs of the people, we can be a part of building back a better, stronger Haiti.



From Jan. 13 to Sept. 30 PADF:

- sent more than **200 tons of relief supplies** by land, sea, and air.
- **received and distributed \$2.2 million** in private sector and individual donations.



# Returning People to Safe Homes

**H**aitian engineer Yves Bellevue closely monitors a group of masons who are repairing a damaged home in the Delmas 32 neighborhood. They were recently trained to use techniques that meet international standards for repairing earthquake-damaged homes, and Bellevue is pleased with their work.

PADF trained 400 engineers who inspected more than 389,000 homes in the capital—the largest assessment ever conducted for a disaster of this size—as part of a USAID Office of Foreign Disaster Assistance and World Bank-funded program that is managed by PADF in cooperation with Haiti’s Ministry of Public Works (MTPTC).

PADF contracted Miyamoto International to train Haitian structural engineers under the MTPTC management to inspect buildings and tag them using international standards: A red tag indicates a heavily damaged building that is unsafe; a yellow tag indicates a damaged building that can be used with repairs; a green tag means a building safe for occupancy.

Throughout the capital, inspectors found that 54 percent were safe, 26 percent needed repairs and 20 percent needed to be demolished.

The tagging program indicated that the priority should be repairing the more than 90,000 yellow-tagged homes. **This is the fastest, least-expensive method to get hundreds of thousands of people out of displacement camps. Plus, the repairs are 300 percent stronger than before**

**and make the houses safer from future quakes and hurricanes.**

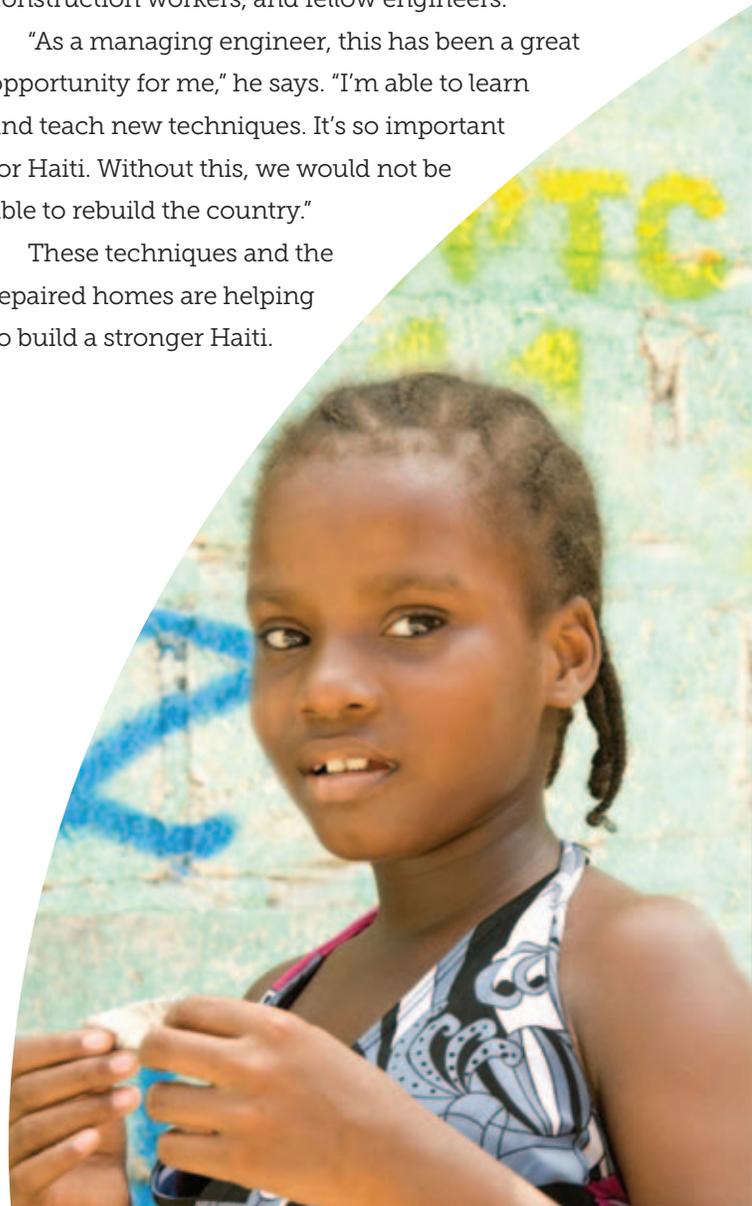
During the inspection process, the engineers identified 12 types of crack patterns, which are marked on the wall. When contractors arrive to a yellow-tagged home, they are able to match the inspection with government-authorized repairs.

“Our job is to be professors,” says Miyamoto of the program to train Haitian masons and contractors. “The masons ask questions all the time. Their masons are quite good. We just need to refine their techniques. It doesn’t take much to bring them up to international standards.”

The 34-year-old Bellevue also knows that the massive project is building the capacity of masons, construction workers, and fellow engineers.

“As a managing engineer, this has been a great opportunity for me,” he says. “I’m able to learn and teach new techniques. It’s so important for Haiti. Without this, we would not be able to rebuild the country.”

These techniques and the repaired homes are helping to build a stronger Haiti.



PADF trained 400 engineers who inspected more than 389,000 homes in the capital—the largest assessment ever conducted for a disaster of this size.



PADF's house tagging and repairs program assessed the structural safety of more than 389,000 homes in Port-au-Prince, allowing families living on the streets or in makeshift camps to return home and start rebuilding their lives.

# PADF Responds to Chile's Call for Help

It was just past 3:30 a.m. when the first shock waves from the massive earthquake started—and they continued for nearly three agonizing minutes. Shaken from their beds by the movement and noise, many startled Chileans had never experienced anything quite like it before.

The 8.8 quake, the world's fifth largest since 1900, struck on Feb. 27 and shook six



regions of Chile, affecting some 80 percent of the population. More than 520 people died in the disaster and about 12,000 were injured. At its peak, about 800,000 people were displaced.

But the seismic disaster did more than destroy buildings. Some 30 minutes after the initial tremor, the first tsunami crashed into the coast, with the city of Concepción suffering the worst damage. Later, another massive wave came ashore near Valparaiso. About some 4,200 boats were destroyed or damaged by the tsunamis that struck the Valparaiso-Concepción-Constitución area, according to the U.S. Geological Survey.

President Michelle Bachelet put out a call for international assistance, calling the quake and tsunamis unprecedented.

PADF, already fully engaged in Haiti after the devastating Jan. 12 earthquake, responded immediately to President Bachelet's appeal. PADF mobilized resources and alerted its network in an effort to obtain support to help



with the humanitarian crisis in Chile. Praxair, Lockheed-Martin, MoneyGram, Royal Caribbean International and other companies immediately stepped forward.

**PADF leveraged more than \$750,000 in cash and donated goods for the Chilean people, with an**

## emphasis on health care and sustainable economic opportunities.

Working in collaboration with the Organization of American States, the Chilean government, the U.S. Southern Command, the private sector, and non-governmental organizations, PADF implemented relief and recovery plans to help the survivors to get back on their feet.

Along the coast that was struck by the massive tsunami, PADF coordinated with the American Chamber of Commerce in Chile and a regional association called *Mar de Esperanza* (Sea of Hope) to purchase new 26-foot fiberglass boats, 40-horsepower outboard motors, tackle, and other equipment for small-boat fishermen.

Other parts in Chile needed assistance as well, and PADF provided relief.



For example, a major burn rehabilitation center for children in Santiago called COANIQUEM

A young child is treated at COANIQUEM, a major burn rehabilitation center in Chile's capital Santiago that received PADF support to rebuild infrastructure damaged during the February quake.

suffered heavy damage from the earthquake.

This was a major loss for both Chile and the region, since COANIQUEM provides complete rehabilitation services free of charge to severely burned children throughout Latin America. Prior to the quake, it treated an average of 8,000 children per year.

PADF shipped medical equipment and other supplies to a major hospital that serves the most disadvantaged residents in the cities of Santiago, Linares, and Pucón. The hospital at the Universidad Autónoma de Chile en Temuco was damaged and needed new beds and other equipment, which were shipped from the United States.

Despite Chile's high standards of construction, thousands

PADF helped purchase new fiberglass boats, outboard motors, tackle, and other equipment for fishermen. We also **shipped medical equipment** and other supplies to a major hospital that serves the most disadvantaged residents in Santiago Linares, and Pucón.

of people were left homeless from the quake and were in urgent need of shelter. PADF directed funds to the nonprofit *Un Techo Para mi País* to rebuild homes and restore hope to the victims of the earthquake.

# How Donated Supplies Save Lives and Change Communities

**A**s the ground crews at the Miami International Airport pushed the pallets through the cargo door of the 767-300 jet, they knew this was not an ordinary flight. The pallets were packed with desperately needed food, medicine, and other relief supplies destined for Haiti. Some 20 tons of the precious cargo were set aside for PADF.

On the morning of Jan. 25, 2010, just days after the horrific 7.0 Haiti earthquake, the LAN Cargo flight touched down in Port-au-Prince. The supplies, donated by Missionary Flights International of Fort Pierce, Fla., were quickly delivered to PADF's warehouse for distribution throughout the capital.

It was one of many deliveries—including multiple flights by FedEx and AmeriJet—packed with life-saving supplies.

In the eight months after the quake, 250 tons of food, water, clothing, medical supplies, and more came to Haiti.

The In-Kind Donation Program tapped into a well-developed network of supporters. For example, Feed My Starving Children of Coon Rapids, Minn., donated 11 shipping containers with food that would feed more than 110,000 Haitians. Meanwhile, ISOH/Impact of Holland, Ohio, shipped two 40-foot containers filled with fortified rice and soy packages.

While these organizations are longtime PADF partners, they were joined by a large number of private sector donors who were new to the organization. Exxel Outdoors, a global manufacturer and distributor of outdoor gear, donated 1,000 sleeping bags and other equipment. From Colombia, 40 tons of powdered milk (enough for 20,000 children) were shipped to Haiti.

Haiti is just one example of how PADF's In-Kind Donation Program assists the most disadvantaged during a humanitarian crisis. However, it also plays

**In Bolivia, children living in a La Paz orphanage received computer access and training through PADF's In-Kind Donation Program, which benefitted more than 1.5 million people in nine countries during 2010 alone.**



a role in economic development, supporting civil society, helping education, and equipping hospitals.

**During the past 40 years, the program has provided more than \$100 million of goods—including \$20 million during the past five years—that served more than 60 million low-income beneficiaries.**

In fiscal year 2010, the In-Kind Donation Program benefited more than 1.5 million people in nine countries.

The Bolivian-based *Arco Iris* (which means Rainbow in English) will have computer rooms in its Casa de Paso, Casa Refugio, and Casa Esperanza orphanages in La Paz. PADF will also provide two local teachers for a year to train the children and staff. Hundreds of children in

three Bolivian orphanages will have a new connection to the world thanks to 100 computers and Internet access provided by PADF.

“This work is improving their quality of life and, even better, is giving them a chance at a completely new and different life,” says Pilar Heraud, PADF’s Director of In-Kind Donations Program in Washington, D.C.

From connecting orphanages to the outside world to bringing relief supplies from the worldwide donors to natural disaster survivors, PADF’s In-Kind Donation Program continues to build hope and opportunities.

PADF’s In-Kind Donation Program provided a total of **250 tons of relief supplies** including:

- 11 shipping containers as well as 40 tons of powdered milk to Haiti.
- two 40-foot containers filled with fortified rice and soy packages.
- 1,000 sleeping bags and other equipment.





With PADF's support, hundreds of displaced women living in 21 provinces across Colombia received training and financial help to start small businesses.

SUSTAINABLE DEVELOPMENT

## 600 Displaced Women Become Entrepreneurs

**F**alconery Vergara and her two daughters, Diana Patricia and Ana Cecilia, struggled to make ends meet. Displaced by violence in Colombia, they relocated to a rough area of Cartagena that offered some refuge, but few economic opportunities.

It is an all too common story that displaced families fall into a cycle of poverty and despair. But the Vergaras seized on an opportunity to improve their lives, and broke free.

Through an innovative PADF program called *Mujeres Productivas*, the women of the Vergara family were selected to receive training and financial support to start a business in the area of Revivir de los Campanos, which is home to thousands of other displaced families from the provinces of Antioquia, Chocó, and Bolívar.

They created a business plan for a convenience store that they called “*La Fe en Dios*” (Faith in God). The *Mujeres Productivas* program approved the plan, and provided the Vergara family with technical and financial support. Within a few months, *La Fe en Dios* was a success. Falconery is already reinvesting the store's profits to expand her business.

The *Mujeres Productivas* income-generation program, which is supported by Colombia's *Acción Social*, the National Training Service, the Ministry of Commerce and the Small Business Fund, improves socioeconomic conditions and quality of life for 600 displaced women in 38 municipalities spread across 21 Colombian provinces.

Implemented by PADF from March to October 2010, it **uses joint strategies and approaches to facilitate participants' access to services offered by the program and interagency coordination for its implementation.**

To begin the process, a specialist visits each participant at home and creates a profile of potential income-improvement opportunities, like the Vergara family's store. The program helps participants draw up business plans, giving them the power and knowledge to be recognized as entrepreneurs and traders. The women are central to the decision-making process.

*Mujeres Productivas* raises the profile of women entrepreneurs—vibrant and proactive as they face business challenges.

Government institutions and the community work together, exchanging ideas and experiences. To ensure sustainability, operators implementing small business development funds (FOMIPYME) continue to provide technical support in each region.

New assessment schemes and instruments improve understanding of socioeconomic status and business performance, coordination and articulation with the National System for

Displaced Populations (SNAIPD), and provision of services according to each participant's individual profile.

Today, the participants are more independent and can better provide stability for their families. They feel that this empowerment contributes to building a more equitable and prosperous society.

"The project is the beginning of a better life for ourselves and those around us," said Kitlis Tapias, a participant on the Atlantic Coast.

*Mujeres Productivas* is one of many successful, sustainable economic programs that PADF has launched and managed with the support of the Colombian government and the U.S. Agency for International Development. It has changed the lives of thousands of Colombians and ensures a more prosperous future for their communities.

From connecting orphanages to the outside world to bringing relief supplies from the worldwide donors to natural disaster survivors, PADF's In-Kind Donation Program continues to build hope and opportunities.

PADF's  
*Mujeres Productivas* program:

- improves **quality of life for 600 displaced women** in 38 municipalities spread across 21 Colombian provinces.
- makes women central to the decision-making process.



# Sewing a Better Future in Haiti

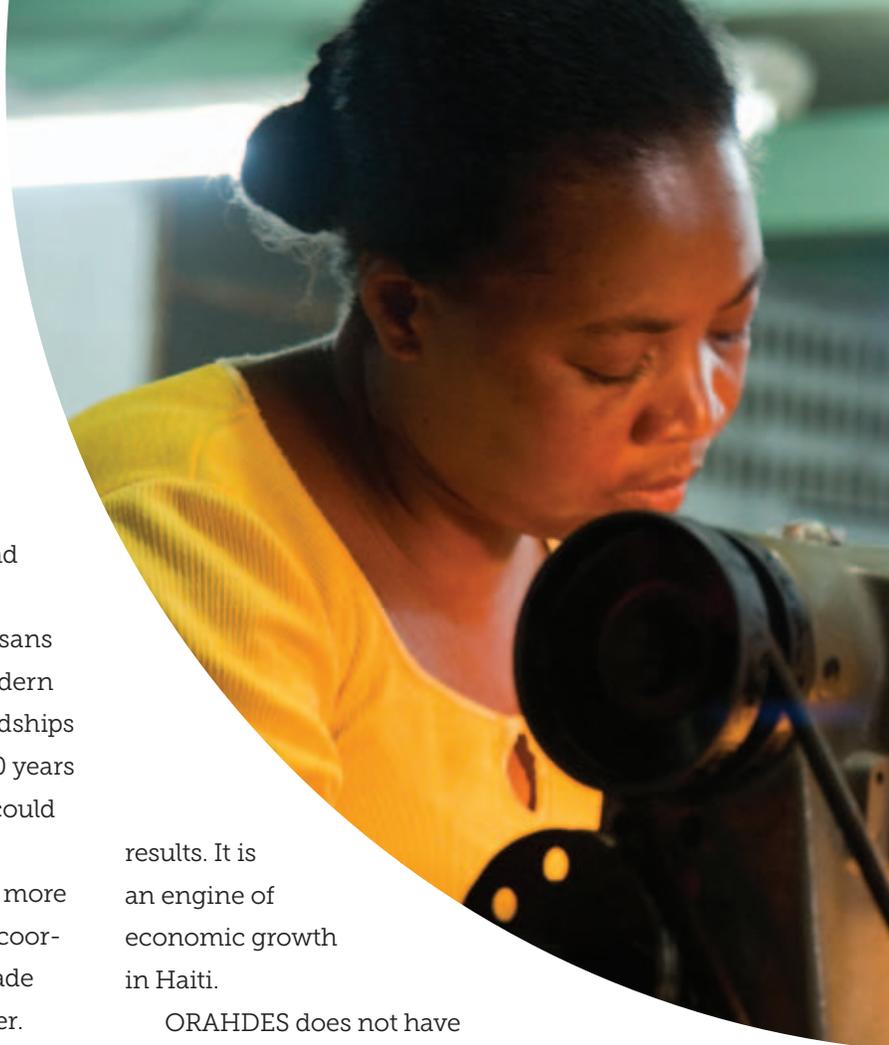
In 1989, a group of tailors, shoemakers, and bag makers from Cité Soleil teamed up to form ORAHDES, a co-op to help local artisans become more efficient through the use of modern tools and techniques. Confronted with the hardships of the sprawling seaside slum, it took almost 20 years and help from PADF before the organization could get a roof over its head.

“We got this place and we were able to buy more machines,” explains Pierre Otege, the co-op’s coordinator as he goes through a pile of jackets made for the country’s largest cellular phone provider. “We now get bigger contracts and are able to better serve our members when they need to use our sewing machines.”

PADF’s community-driven development program, which is funded by the World Bank and coordinated by Haiti’s government, has more than 750 such projects in the country. **This program empowers communities to decide their economic needs,** reviews proposals submitted by residents, and then monitors the

results. It is an engine of economic growth in Haiti.

ORAHDES does not have employees. Instead, when an order comes in, associate members are called in according to their specialties, which typically include school uniforms or t-shirts. Members can also use the facility and machines to prepare their own orders. Senèque François, a 52-year-old bag maker, comes to the co-op on a regular basis to make his trademark leather briefcases, which he then sells in the city’s busy markets. “If I was working alone, without this place and these machines, I wouldn’t be able to





“We want to become better artisans by achieving a better quality for our products,” says Otege. “That’s how we’ll progress.”

The co-op doesn’t just offer training to its members, but also to the local youth. Young, aspiring craftspeople get small jobs as assistants and support staff when a large order comes in, and have the chance to learn how to operate the machines and gain a trade. Otege’s plans for the future include putting together a vocational school to train industrial mechanics, a skill severely lacking in Haiti’s growing apparel industry.

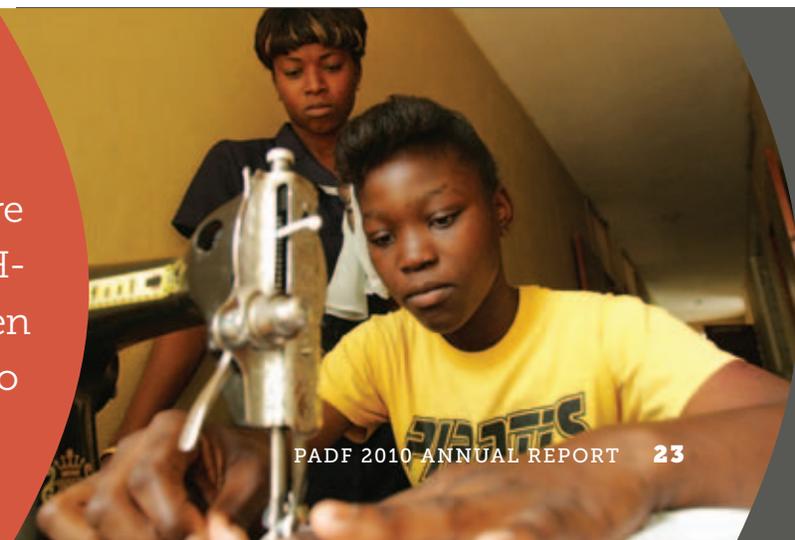
“We need to invest in our youth, train them so they can build a better future,” adds Otege. “That’s the way we can best serve our country as craftsmen.”

Through PADF’s community driven development program in Haiti, local leaders decide on what projects are necessary and take the lead in carrying them out.

be as efficient,” he says. “We are a group, and from the group we each gain strength to become better craftspeople.”

**Today, more than 60 artisans are part of the organization, a majority of them are women. In addition to providing access to bigger contracts and better equipment, the organization offers training workshops to better their skills.**

PADF’s community-driven development program has more than **750 projects in the country.** More than 60 artisans are part of the ORAH-DES co-op, a majority of them women and young, aspiring craftspeople who have the chance to learn a trade.



# A Head Start on Success in Cartagena

**G**erardo Maza, 21, knew that he would need an education to support his family in Cartagena, Colombia. In his financial situation, he knew that attending university was out of reach. But a program developed through a partnership between PADF and Citibank trained Gerardo and other young Colombians to begin their careers in Cartagena's thriving tourism economy.

In the neighborhood of Olaya Herrera in Cartagena, Gerardo is one of 120 young Colombians who were taught the technical skills needed in order to get better paying, more stable jobs. The goal was to create better lives for themselves and their families.

"The program has fulfilled my expectations and those of my classmates. Thanks to entities like Citigroup, we have the means to move our families forward," said Gerardo, with a smile.

This program is an example of how PADF brings together the public and private sectors to create sustainable opportunities.

With funds from the U.S. Agency for International Development, PADF implemented the Cartagena program in coordination with the nonprofit *Fundación Granitos de Paz* and support from Colombia's National Training Service (SENA), the only state-run institution in Colombia that offers free vocational training to prepare students for skilled careers.

The training program has three main components: health, technical training and income generation.

Technical training in restaurant and hotel work allowed participants to develop labor skills, generate greater incomes, and improve their lives by working with the Colombian Association of Hotels (COTELCO), a nonprofit dedicated to strengthening the country's growing and important tourism industry.

But the program did more than provide technical skills to help participants find work in the short-term.

**The program's comprehensive approach supplies the abilities and knowledge that allows participants to form a life-long link to the professional world.**

Citibank employees volunteered to teach classes on customer service, teamwork and workplace culture, among others.

And with bilingual instruction, these young people can carry out all of the duties required of them in the tourism sector, including conducting fluent English conversations with foreign visitors.

Participants also gained a boost in self-esteem as they built skills and continued improving them through education.

Gerardo is sure he has embarked upon an excellent career.

"We are surprised and enthusiastic about the program, enough so that many of us want to start our own businesses," he added.

In addition to providing training, the program equipped participants to fulfill their own entrepreneurial ambitions. Several did start up their own small businesses, including "Parkids," which operates amusement parks, "Banhotelcoop," which works in catering and hotels, and "Rapidely," which sells frozen treats.

**Working together, PADF and Citibank equipped 120 young Colombians with technical skills to start up their own small businesses in Cartagena's tourism economy.**

120 young Colombians were taught the technical skills needed in order to get better paying, more stable jobs.



Several started their own small businesses, including "Parkids," which operates amusement parks, "Banhotelcoop," which works in catering and hotels, and "Rapidely," which sells frozen treats.





HEROES OF THE HEMISPHERE

# A Celebration of Outstanding People

Five extraordinary people from Haiti, the Dominican Republic, Colombia, Brazil, and Mexico were honored as the 2010 *Heroes of the Hemisphere* for their dedication to improving the lives of people in their communities.

Their backgrounds and experiences vary greatly, but they all have one thing in common. They selflessly gave their time and effort so others could have better lives. These five honorees truly deserve to be called Heroes of the Hemisphere.

The second-annual *Heroes of the Hemisphere*, which celebrates the achievements of PADF beneficiaries in Latin America and the Caribbean, honored the five during a gala luncheon and celebration in Ft. Lauderdale, Fla., with 250 leaders from business, government, diplomacy, philanthropy, and entertainment. Celebrity Cruises hosted the event aboard



Actress Gabrielle Union speaks during the Heroes of the Hemisphere event that was held October 2010.



PADF honored five extraordinary people during a **gala with 250 leaders** from business, government, diplomacy, philanthropy, and entertainment.



its luxurious *Solstice*, which was docked at the Port of the Everglades for this exclusive gala.

In addition to these five people, PADF honored Royal Caribbean Cruise Lines Ltd. for its corporate social responsibility efforts in the Western Hemisphere.

The five selected for this prestigious recognition were the following:

Dominican Republic: **Amarilis Castillo**, Las Matas de Farfan, for creating relationships that reduced tensions and increased opportunities along the Haiti-D.R. border.

Brazil: **Henrique Gelinski**, São João, who taught skeptical farmers that protecting the environment is profitable.

Haiti: **Nicole Orelus**, Cité Soleil, whose small cosmetology school expanded its curriculum to include classes on how to combat domestic violence and increase social responsibility and family planning to high-risk girls in this dangerous area.

Colombia: **Flor Nancy Muelas**, Misak, Cauca, for generating sustainable economic projects that also protect the indigenous community's cultural heritage.

Mexico: **Montserrat Guzman Salamanca**, San Miguel, Puebla, convinced *campesino* parents to invest their time and money to expand and improve the local school, which resulted in higher rates of graduation and one

student selected as the best in the country.

Joining PADF at the 2010 *Heroes of the Hemisphere* celebration were actress **Gabrielle Union**, actor **Jimmy Jean-Louis**, former NBA player **Olden Polynice**, celebrity chef **Ron Duprat**, actress and Cover Girl model **Dania Ramirez**, and television host **María Elvira Salazar**. Univision's **Satcha Pretto** returned as the mistress of ceremonies.

Colombian pop star **Marre** performed at the 2010 *Heroes of the Hemisphere* celebration. The 19-year-old singer/songwriter has performed throughout Latin America and the United States where she has a large (and growing) following.

The 2010 *Heroes of the Hemisphere's* partners included Celebrity Cruises, Chevron, Caterpillar, RCCL, Private Sector of the Americas, United Way, IMCA, Merck, MTV, the University of Miami Center for Hemispheric Policy, San Antonio-based Interlex, Greenberg Traurig, and Univision, among others.

# Donors

## Corporate

Aeropost-Aerocasillas  
Arizona Biltmore Resort & Spa  
Bacardi Ltd.  
Barcelona West Hartford  
LLC-Hearts For Haiti  
Boeing  
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U.S. Chamber of Commerce

## Foundations

Caterpillar Foundation  
Citi Foundation  
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Feed the Children  
Global Impact  
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Cooperación Internacional

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Bureau for Monetization

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### Government of Taiwan

### Government of the United States

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of America, Bolivia

U.S. Agency for International  
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U.S. Department of State

U.S. Southern Command

## Multilateral

OPEC Fund for  
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Organization of  
American States

UN-Habitat

The World Bank Group

## Other Donors

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Círculo Católico de Obreros

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Laboratorio Clínico Amadita

Mercado de Valores  
de Costa Rica

Universidad de Concepcion



PADF has evolved into  
the largest foundation in the  
Inter-American system,  
**mobilizing almost \$600  
million for projects**  
during its nearly 50 years of operation.

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Alejandro Orfila, 1975-1984

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Jack Heller, 1997-2000

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Alexander Watson, 2006-2009

Francis D. Gómez, 2009-present

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Sarah Horsey-Bar, 1998-1999

Robert Moore (acting), 1999

John Sanbrailo, 1999-present



## In Fond Memory of Rayson Paul

Rayson Paul, a dedicated PADF employee in Haiti, was kidnapped and later murdered while acting in the performance of his duties. He was a kind man and a loving father and husband. He will be missed by his family, friends and colleagues at PADF.

# PADF Staff

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DEPUR) Urban Community-Driven  
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Technical Director Emergency Projects

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Community Driven Development, South,  
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**Cesáreo Guillermo**  
Regional Director for Dominican Border  
Activities

**Adnerys Ramirez**  
Finance Manager

# Creating a Hemisphere of Opportunity: Five Decades of Achievements

The Pan American Development Foundation (PADF) was established in 1962 as an affiliate of the Organization of American States (OAS).

It was created through a unique cooperative agreement between the OAS and private enterprise to provide a specialized non-governmental organization to assist the least advantaged people in Latin America and the Caribbean in support of the **Alliance for Progress** initiated by the Kennedy administration. Funding was provided by the Social Progress Trust Fund at the Inter-American Development Bank, the U.S. Agency for International Development, the OAS and corporate and private donors.

They were interested in creating a foundation that could mobilize the private sector to assist the neediest people through productive employment in micro-enterprises, technical training, developing civil society, encouraging national entrepreneurship, and facilitating corporate social responsibility.

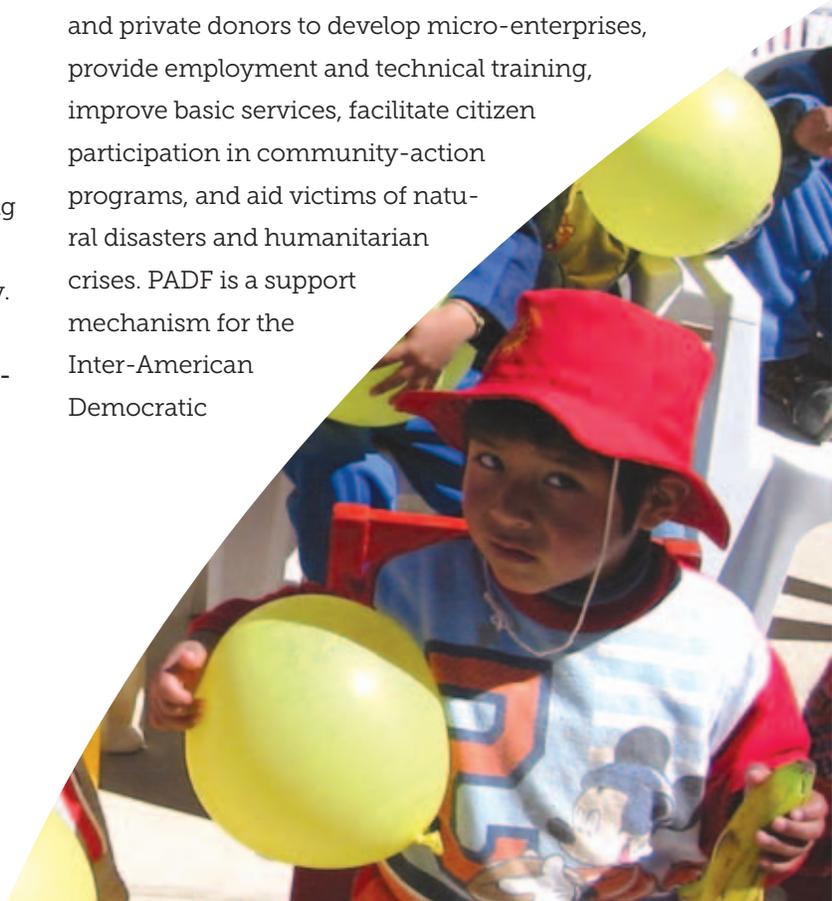
PADF was inspired by the establishment in Guatemala in the early 1960s of the **Penny Foundation** by Samuel Greene who organized a group of

local businessmen to create a fund to provide small loans to indigenous people and *campesinos* who had no access to credit. It pioneered one of the first micro-lending programs, later made famous by the Grameen Bank in Bangladesh.

PADF provided support to the Penny Foundation and sought to replicate its methods throughout the hemisphere. Beginning with assistance to a group in the Dominican Republic, this initiative then expanded to create 33 similar micro-enterprise foundations or institutes in other countries during the 1970s and 1980s.

Over the past five decades, PADF has strengthened thousands of Latin American civil society groups through the provision of technical assistance, equipment and training for institution-building and local fundraising. It has provided grants to expand their activities that have benefited millions of destitute people living in the Americas, especially in countries like Haiti, Honduras, Bolivia, Colombia, the Caribbean Basin, among others.

PADF has also helped NGOs form alliances with municipalities, government agencies, corporate and private donors to develop micro-enterprises, provide employment and technical training, improve basic services, facilitate citizen participation in community-action programs, and aid victims of natural disasters and humanitarian crises. PADF is a support mechanism for the Inter-American Democratic



Charter approved by OAS-member States on September 11, 2001 for strengthening civil society, community groups and the private sector as fundamental pillars of democracy.

The Foundation embodies the spirit of hemispheric solidarity and cooperation that gave birth to Pan-Americanism and the Inter-American system in the late 19th and early 20th centuries. Working in partnership with local non-profits, PADF makes assistance available to some of the least fortunate in the Americas, such as those trapped in poverty and conflictive areas, displaced and indigenous people, Afro-descendent populations, victims of natural disasters, and other vulnerable groups. With support from public and private donors, PADF has evolved into the largest foundation in the Inter-American system, mobilizing almost \$600 million

for projects during its nearly 50 years of operation.

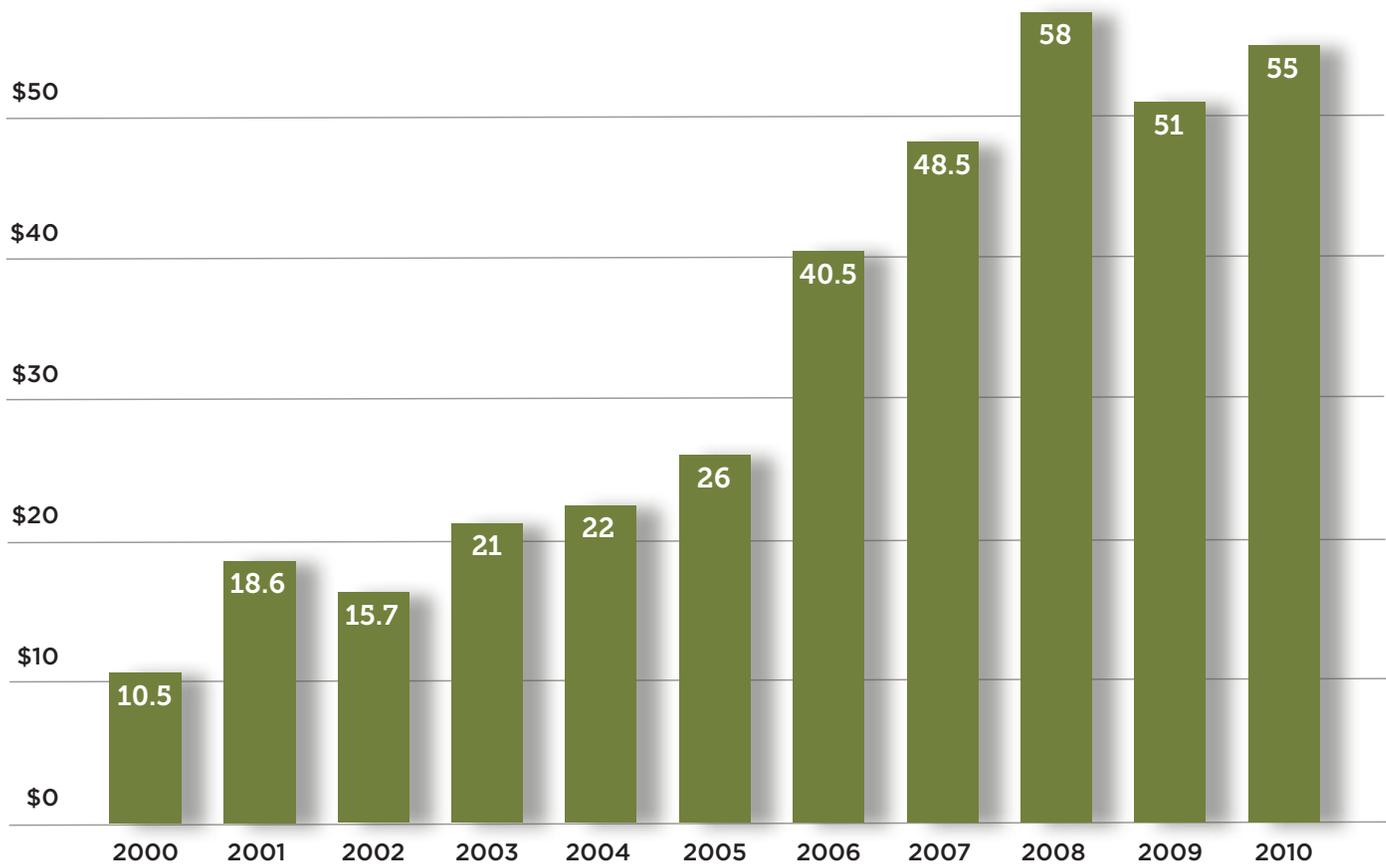
The OAS was the first international organization to create a specialized NGO affiliate. The United Nations, the U.S. government and others later used PADF as a model for establishing similar foundations.

**Each day PADF strives to further develop and improve the quality of programs so that they contribute even more to the vision of Creating a Hemisphere of Opportunity for All.**



# Program Growth

2000-2010  
(in millions of dollars)



# Financials

## Independent Auditor's Report

To the Board of Trustees  
Pan American Development Foundation  
Washington, D.C

We have audited the accompanying balance sheet of Pan American Development Foundation (the Foundation) as of September 30, 2010, and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year's summarized comparative information has been derived from the Foundation's 2009 financial statements and, in our report dated April 7, 2010, we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Pan American Development Foundation as of September 30, 2010, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated March 25, 2011, on our consideration of the Foundation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

McGladrey & Pullen, LLP  
is a member firm of RSM  
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of separate and independent  
legal entities

*McGladrey & Pullen, LLP*  
Vienna, Virginia  
March 25, 2011

# Balance Sheet

September 30, 2010  
(with comparative totals for 2009)

	2010	2009
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 9,352,196	\$ 10,882,753
Strategic Development Fund	758,918	757,987
Accounts And Grants Receivable	2,074,287	2,895,477
Advances to Subcontractors	1,564,731	1,966,501
Prepaid Expenses and Other Assets	344,750	266,973
Undesignated Donated Goods	742,217	1,695,626
Property and Equipment, Net	465,773	79,958
<b>Total Assets</b>	<b>\$ 15,302,872</b>	<b>\$ 18,545,275</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Liabilities</b>		
Accounts Payable and Accrued Expenses	\$ 3,468,974	\$ 4,230,562
Refundable Advances, Non-Federal	6,611,313	8,238,725
Refundable Advances, Federal	967,253	2,166,575
<b>Total Liabilities</b>	<b>11,047,540</b>	<b>14,635,862</b>
<i>Commitments and Contingencies (Notes 6 And 7)</i>		
<b>Net Assets</b>		
Unrestricted		
Undesignated	1,907,360	942,809
Board Designated	758,918	757,987
Temporarily Restricted	1,589,054	2,208,617
<b>Total Net Assets</b>	<b>4,255,332</b>	<b>3,909,413</b>
<b>Total Liabilities And Net Assets</b>	<b>\$ 15,302,872</b>	<b>\$ 18,545,275</b>

See Notes to Financial Statements.

# Statement of Activities

Year Ended September 30, 2010  
(with comparative totals for 2009)

	2010			2009
	Unrestricted	Temporarily Restricted	Total	Total
<b>SUPPORT AND REVENUE</b>				
Grants and contributions	\$ 47,482,537	\$ 2,230,286	\$ 49,712,823	\$ 45,643,799
In-kind contributions	511,443	5,241,945	5,753,388	4,073,073
Shipping reimbursables/subsidies	168,196	—	168,196	98,850
Other income	35,933	—	35,933	418,302
Net assets released from restrictions:				
Satisfaction of program restrictions	8,091,793	(8,091,793)	—	—
<b>Total Support and Revenue</b>	<b>56,289,903</b>	<b>(619,563)</b>	<b>55,670,340</b>	50,234,024
<b>EXPENSES</b>				
<b>Program services:</b>				
Creating Economic Opportunities	34,166,012	—	34,166,012	34,675,697
Promoting Social Progress	8,681,704	—	8,681,704	6,868,921
Responding to Natural Disasters	3,531,615	—	3,531,615	409,938
Strengthening Communities and Civil Society	3,178,460	—	3,178,460	2,448,546
<b>Total Program Services</b>	<b>49,557,791</b>	<b>—</b>	<b>49,557,791</b>	44,403,102
<b>Supporting services</b>				
Management and general	5,451,659	—	5,451,659	6,011,856
Development	314,971	—	314,971	311,947
<b>Total Supporting Services</b>	<b>5,766,630</b>	<b>—</b>	<b>5,766,630</b>	6,323,803
<b>Total Expenses</b>	<b>55,324,421</b>	<b>—</b>	<b>55,324,421</b>	50,726,905
<b>Change in net assets</b>	<b>965,482</b>	<b>(619,563)</b>	<b>345,919</b>	(492,881)
<b>NET ASSETS</b>				
Beginning	1,700,796	2,208,617	3,909,413	4,402,294
<b>Ending</b>	<b>\$ 2,666,278</b>	<b>\$ 1,589,054</b>	<b>\$ 4,255,332</b>	\$ 3,909,413

See Notes to Financial Statements.

# Statement of Functional Expenses Year

Ended September 30, 2010  
(with comparative totals for 2009)

	2010 Program Services					2010 Supporting Services			2010	2009
	Creating Economic Opportunities	Promoting Social Progress	Responding to Natural Disasters	Strengthening Communities & Civil Society	Total Program Services	Management & General	Development	Total Supporting Services	Total	Total
PVO subproject	\$26,379,775	\$ 794,596	\$ 664,236	\$ 2,280,914	\$30,119,521	\$ 26,045	\$ —	\$ 26,045	\$ 30,145,566	\$27,830,599
Operating material support	2,143,134	6,574,518	1,215,472	184,078	10,117,202	1,178,788	727	1,179,515	11,296,717	9,745,726
Salaries and benefits	4,701,831	875,551	628,203	467,728	6,673,313	3,223,484	241,961	3,465,445	10,138,758	9,634,262
Consultants and professional fees	369,563	164,258	561,741	117,486	1,213,048	554,379	51,129	605,508	1,818,556	1,867,210
Travel and related expenses	441,911	151,685	395,044	109,927	1,098,567	324,871	17,673	342,544	1,441,111	1,112,263
Project vehicles and equipment	73,041	45,881	17,863	556	137,341	39,853	—	39,853	177,194	151,675
Telephone and fax	45,704	17,325	18,934	12,294	94,257	66,028	2,392	68,420	162,677	145,850
Shipping and related expenses	3,028	57,634	28,855	144	89,661	27,497	3	27,500	117,161	181,217
Conference and meeting	8,150	256	763	4,777	13,946	10,747	1,086	11,833	25,779	19,544
Unallowables	(125)	—	504	556	935	(33)	—	(33)	902	38,559
<b>Total expenses</b>	<b>\$34,166,012</b>	<b>\$8,681,704</b>	<b>\$ 3,531,615</b>	<b>\$3,178,460</b>	<b>\$49,557,791</b>	<b>\$5,451,659</b>	<b>\$314,971</b>	<b>\$5,766,630</b>	<b>\$55,324,421</b>	<b>\$50,726,905</b>

See Notes to Financial Statements. Program Services Supporting Services 2010.

# Statement of Cash Flows

Year Ended September 30, 2010  
(with comparative totals for 2009)

	2010	2009
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 345,919	\$ (492,881)
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation and amortization	139,427	45,361
Allowance for obsolete donated goods	—	(257,336)
Donated goods	(5,241,945)	(4,073,073)
Donated property and equipment	(511,443)	—
Realized and unrealized (gains) on investments	—	(5,358)
Changes in assets and liabilities:		
(Increase) decrease in:		
Accounts and grants receivable	821,190	(1,755,922)
Advances to subcontractors	401,770	86,768
Prepaid expenses and other assets	(77,777)	120,607
Undesignated donated goods	6,195,354	4,960,328
Increase (decrease) in:		
Accounts payable and accrued expenses	(761,588)	59,493
Refundable advances	(2,826,734)	4,088,839
<b>Net cash (used in) provided by operating activities</b>	<b>(1,515,827)</b>	<b>2,776,826</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sales of investments	—	757,825
Purchases of Strategic Development Fund assets	(931)	(764,687)
Purchases of property and equipment	(13,799)	—
<b>Net cash used in investing activities</b>	<b>(14,730)</b>	<b>(6,862)</b>
<b>Net (decrease) increase in cash and cash equivalents</b>	<b>(1,530,557)</b>	<b>2,769,964</b>
<b>CASH AND CASH EQUIVALENTS:</b>		
Beginning	10,882,753	8,112,789
<b>Ending</b>	<b>\$ 9,352,196</b>	<b>\$ 10,882,753</b>
<b>SUPPLEMENTAL SCHEDULE OF NONCASH OPERATING ACTIVITIES</b>		
<b>Donated goods</b>	<b>\$ 5,241,945</b>	<b>\$ 4,073,073</b>
<b>Donated property and equipment</b>	<b>\$ 511,443</b>	<b>\$ —</b>

See Notes to Financial Statements.

# Notes to Financial Statements

## NOTE 1. Nature of Activities and Significant Accounting Policies

**Nature of activities:** Created in 1962 through a unique agreement between the Organization of American States (OAS) and the private sector, the Pan American Development Foundation (the Foundation) is an independent, non-profit organization incorporated in Washington, D.C., that creates public-private partnerships to assist the least advantaged people in Latin America and the Caribbean. The Foundation engages community-based groups, non-governmental organizations (NGOs), municipal governments and the private sector in the process of implementing appropriate solutions for sustainable development. Through these partnerships, the Foundation seeks to achieve excellence and lasting programmatic impact in creating economic opportunities, promoting social progress, strengthening communities and civil society, and responding to natural disasters. These activities are funded primarily through United States government contracts and non-federal grants and contributions.

A summary of the significant accounting policies of the Foundation follows:

**Basis of accounting:** The accompanying financial statements are presented in accordance with the accrual basis of accounting, whereby, revenue is recognized when earned and expenses are recognized when incurred.

**Basis of presentation:** The Foundation follows the Not-for-Profit Topic of the Financial Accounting Standards Board Accounting Standards Codification (the Codification). Under this topic, the Foundation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. There were no permanently restricted net assets at September 30, 2010.

**Cash and cash equivalents:** For purposes of the statement of cash flows, the Foundation considers all highly liquid instruments which have an original maturity of three months or less, to be cash and cash equivalents.

**Financial risk:** The Foundation maintains its cash in bank accounts which, at times, may exceed federally insured limits. The Foundation has not experienced any losses on such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents. At September 30, 2010, the Foundation maintained cash deposits totaling \$5,505,578 in Latin America and the Caribbean, which are not insured and are subject to foreign currency fluctuation and potential bank failure. The Foundation periodically assesses the financial condition of the institutions and believes that the risk of any loss is minimal.

**Strategic Development Fund:** The Strategic Development Fund (the Fund) consisted of cash and cash equivalents as of September 30, 2010. The funds are invested according to the Foundation's investment policy that has been implemented by the Board of Trustees, which the primary objective is the preservation of principle with a high level of liquidity. Interest earned is included in other income in the accompanying statement of activities.

**Receivables:** Receivables are carried at original invoice amount less an estimate made for doubtful receivables, if necessary, based on a review of all outstanding amounts on a quarterly basis. Management determines the allowance for doubtful accounts by identifying troubled accounts and by using the historical experience applied to an aging of accounts. Receivables are written off when deemed uncollectible. Recoveries of receivables previously written off are recorded when received. There was no provision for doubtful accounts at September 30, 2010.

**Advances to subcontractors:** Advances to subcontractors, in most cases, consist of amounts provided to subcontractors of \$250,000 or more to execute project objectives within a three-month period.

**Undesignated donated goods:** Donated goods consist of donated health service equipment and tools inventory and are valued at fair market value at the date of donation. The inventory is capitalized until such time as it is distributed for its particular purpose, at which point it is expensed. The allowance for obsolete inventory is reviewed and calculated annually by management. Each donation is entered with its fair market value and then evaluated for its condition. The allowance is primarily used for computer hardware that is not in workable condition; if a piece of hardware is considered unusable it is then deducted from inventory at the same value in which it was originally booked. There was no provision for obsolete inventory at September 30, 2010.

**Property and equipment:** Property and equipment are being depreciated using the double-declining method over estimated useful lives of three to five years, with no salvage value. Expenditures for major repairs and improvements are capitalized; expenditures for minor repairs and maintenance costs are expensed when incurred. Upon the retirement or disposal of assets, the cost and accumulated depreciation are eliminated from the respective accounts and the resulting gain or loss is included in revenue or expenses. The cost and accumulated depreciation at September 30, 2010, was \$1,273,615 and \$807,842, respectively.

**Valuation of long-lived assets:** The Foundation accounts for the valuation of long-lived assets by reviewing such assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of the long-lived asset is measured by a comparison of the carrying amount of the asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the estimated fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value, less costs to sell.

**Classification of net assets:** The net assets of the Foundation are reported as follows:

Unrestricted net assets represent the portion of expendable funds that are available for support of the Foundation's operations.

Board designated net assets are not subject to donor-imposed restrictions (unrestricted), but are designated as to use by the Board of Trustees. The total value of these net assets is the same as the Strategic Development Fund.

Temporarily restricted net assets are restricted by grantors or contributors for specific purposes.

**Support and revenue:** The Foundation has grants with U.S. government agencies and foreign governments in exchange for services. Support and revenue from the grants is recognized

as costs are incurred on the basis of direct costs plus allowable indirect costs. Grant awards received but not yet expended for the purpose of the grant are reflected as refundable advances in the accompanying balance sheet.

The Foundation reports contributions as temporarily restricted support if they are received with donor or grantor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Financial contributions to support the shipping of health supplies and tools and equipment are recorded as shipping reimbursements/subsidies in the accompanying statement of activities.

**In-kind contributions:** In-kind contributions include contributions of health supplies and tools, which are recorded at their fair market value at the time of the donation. The Foundation reports those contributions as temporarily restricted support when received as these goods are received with donor stipulations that limit their use. When the goods are designated by the Foundation to a potential recipient, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

**Functional expenses:** The Foundation charges salaries to various programs and supporting services based upon the actual amount of time worked in each area. Fringe benefits and indirect costs are allocated to various programs based on total direct salaries and total direct costs, respectively. The statement of functional expenses is calculated by grouping corresponding natural account numbers to the line items and project codes between program services and supporting services. The amounts represent actual expenses taken from the general ledger.

**Transactions in foreign currencies:** The Foundation has field offices in various foreign countries which transact business using the local currency of the country in which the field offices is located. Management of the Foundation has determined that the functional currency, as well as the reporting currency of the Foundation and each of the field offices is the U.S. dollar. Accordingly, gains and losses from changes in exchange rates between the functional currency, or the U.S. dollar, and the currency in which the transaction is denominated are recorded as foreign currency transaction gains or losses, as appropriate.

**Income taxes:** The Foundation is generally exempt from federal income tax under Internal Revenue Code (IRC) Section 501(c)(3). Income, which is not related to its exempt purposes, less applicable deductions, is subject to federal and state corporate income taxes. The Foundation had no net unrelated business income for the year ended September 30, 2010.

## Notes to Financial Statements (con't.)

The Foundation has adopted the accounting standard on accounting for uncertainty in income taxes, which addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under this policy, the Foundation may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position would be sustained on examination by taxing authorities, based on the technical merits of the position. Management has evaluated the Foundation's tax positions and has concluded that the Foundation has taken no uncertain tax positions that require adjustment to the financial statements to comply with provisions of this guideline.

The Foundation would be liable for income taxes in the U.S. federal jurisdiction. With few exceptions, the Foundation is no longer subject to U.S. federal tax examinations by tax authorities before 2007.

**Use of estimates:** The preparation of the financial statements requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

**Prior year information:** The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Foundation's financial statements for the year ended September 30, 2009, from which the summarized information was derived.

**Subsequent events:** The Foundation evaluated subsequent events for potential required disclosures through March 25, 2011, which is the date the financial statements were available to be issued.

### NOTE 2. Strategic Development Fund

The Strategic Development Fund consists of the following as of September 30, 2010 and 2009, respectively:

	2010	2009
Cash and cash equivalents	\$ 758,918	\$ 757,987
<b>Total</b>	<b>\$ 758,918</b>	<b>\$ 757,987</b>

The Strategic Development Fund earned interest income of \$931 and \$12,220 during the years ended September 30, 2010 and 2009, respectively.

### NOTE 3. Undesignated Donated Goods

Undesignated donated goods consist of the following inventory on hand as of September 30, 2010 and 2009:

	2010	2009
Tools and equipment	\$ 742,217	\$ 1,695,626
	<b>\$ 742,217</b>	<b>\$ 1,695,626</b>

### NOTE 4. Temporarily Restricted Net Assets

Temporarily restricted net assets at September 30, 2010, are available for the following programs:

	Balance Sept. 30, 2009	Additions	Releases	Balance Sept. 30, 2010
Promoting Social Progress	\$ 1,794,426	\$ 5,526,895	\$ 6,499,636	<b>\$ 821,685</b>
Responding to Natural Disasters	97,240	1,945,285	1,577,728	<b>464,797</b>
Strengthening Communities and Civil Society	197,421	50	14,429	<b>183,042</b>
Creating Economic Opportunities	119,531	—	—	<b>119,531</b>
<b>Total</b>	<b>\$ 2,208,617</b>	<b>\$ 7,472,231</b>	<b>\$ 8,091,793</b>	<b>\$ 1,589,054</b>

### NOTE 5. Employee Retirement Plans

The Foundation maintains a defined contribution retirement savings plan for all qualified employees who have met certain length of service requirements. The Foundation makes contributions in an amount which equals 10 percent of all full-time permanent employees' base salaries. These contributions are immediately vested. Upon termination, death, or retirement, employees are entitled to the current value of the contributions in their accounts. Retirement saving plan expense totaled \$234,181 for the year ended September 30, 2010, and is included in salaries and benefits in the accompanying statement of functional expenses.

## NOTE 6. Commitments and Contingencies

**Provisional indirect cost rates:** Billings under cost-reimbursable government grants are calculated using provisional rates that permit recovery of indirect costs. These rates are subject to audit on an annual basis by the Foundation's cognizant agency. The audit results in the negotiation and determination of the final indirect cost rates which may create a liability for indirect cost recovery billed in excess of the actual rates or may allow for additional billings for unbilled indirect costs.

The Foundation has instructed its independent auditors to audit the costs related to U.S. government funds for the year ended September 30, 2010, in accordance with Circular A-133 issued by the U.S. Office of Management and Budget (OMB). USAID has yet to audit the rate for the year ended September 30, 2010. Management believes that matters arising from USAID's review of the independent auditor's report for 2010 will not have a material effect on the financial position of the Foundation.

**Federal awards:** The Foundation participates in a number of federally assisted grant programs, which are subject to financial and compliance audits by the federal agencies or their representatives. As such, there exists a contingent liability for potential questioned costs that may result from such an audit. Management does not anticipate any significant adjustments as a result of such an audit.

**Operating lease:** The Foundation has a ten year, non-cancelable operating lease with the Organization for American States (See Note 8) for office space which commenced on April 1, 2004. During 2005, an amendment was made to incorporate additional space. The lease was again modified in 2006, 2007, 2008, and 2009 to account for CPI increases in the Washington D.C. area and to increase the term of the lease for a storage space. A lease assumption for additional space was signed through March 31, 2011.

The future minimum payments due under this lease are as follows:

<b>Years Ending September 30,</b>	
2011	\$ 447,178
2012	287,766
2013	287,766
2014	117,345
<b>Total</b>	<b>\$1,140,055</b>

Rent expense for the year ended September 30, 2010, was \$425,951.

**Litigation:** In the normal course of operations, the Foundation has been involved in various litigation. Management is of the opinion, as of September 30, 2010, that any liability or loss resulting from such litigation will not have a material adverse effect on the financial position, net assets, or cash flows of the Foundation.

## NOTE 7. Concentrations of Financial Risk

**Major federal grantor:** During 2010, the Foundation earned grant revenue of \$26,726,148, through direct grants and pass-through grants from the U.S. Government. The U.S. Government grant funding was predominantly from the United States Agency for International Development (USAID). Revenue earned from USAID represented approximately 94 percent of the total federal revenue recognized by the Foundation for the year ended September 30, 2010.

**Foreign operations:** The Foundation has field offices in various developing countries, namely Colombia, Haiti and Venezuela, which work with USAID, State Department, and World Bank representatives and with corporate donors, local groups and NGOs on various programs for the purpose of providing assistance to persons displaced by violence, vocational training for low-income people, agro forestry programs to promote soil conservation and reforestation, providing medical equipment and supplies to health care facilities throughout the regions, providing tools for vocational training addressing the most critical needs of disaster victims and to better prepare them for future natural disasters. The future results of these programs could be adversely affected by a number of potential factors such as currency devaluations or changes in the political climate.

## NOTE 8. Related Party Transactions

The Foundation, while separate from the Organization of American States (OAS), has a working agreement with OAS (approved by the OAS General Assembly) under which the Foundation received during the year ended September 30, 2010, a grant of \$131,800, consisting of \$98,850 for general support and \$32,950 in temporarily restricted support. In addition, under the agreement, the Permanent Council of the OAS may appoint a representative to the Foundation's Executive Committee and two of the 23 trustees of the Foundation are officials of the OAS General Secretariat.

# How to Contribute

## **Your Donations Make a Difference**

From individual donations to corporate partnerships, a range of contribution sources enhances PADF's ability to reach those most in need of support. Government and multilateral donors, foundations, private companies, and people like you are all necessary to facilitate our work throughout the hemisphere.

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## About PADF

The Pan American Development Foundation brings together all stakeholders to improve livelihoods, respond to natural disasters, empower communities, strengthen civil society, support human rights, and protect the environment in Latin America and the Caribbean. PADF has worked in Haiti for nearly 30 years.

PADF, a non-profit and non-governmental organization, has worked in every country in the region. In 2010, its programs reached more than 10 million people in 22 countries. PADF's headquarters is located in Washington, D.C. It is an affiliate of the Organization of American States.

