

	NATO	NORTH ATLANTIC COUNCIL
	OTAN	CONSEIL DE L'ATLANTIQUE NORD

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24 July 2017

DOCUMENT
C-M(2017)0035-AS1

**IBAN AUDIT ON THE 2015 FINANCIAL STATEMENTS OF THE NATO DEFINED
CONTRIBUTION PENSION SCHEME**

ACTION SHEET

On 20 July 2017, under the silence procedure, the Council noted the IBAN report on the 2015 financial statements of the DCPS attached to C-M(2017)0035 and agreed the RPPB recommendation regarding disclosure of the financial statements and the associated audit report.

(Signed) Rose E. Gottemoeller
Deputy Secretary General

NOTE: This Action Sheet is part of, and shall be attached to C-M(2017)0035.

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13 July 2017

DOCUMENT
C-M(2017)0035
Silence Procedure ends:
20 Jul 2017 17:30

**IBAN AUDIT ON THE 2015 FINANCIAL STATEMENTS OF THE NATO DEFINED
CONTRIBUTION PENSION SCHEME**

Note by Deputy Secretary General

1. I attach the International Board of Auditors for NATO (IBAN) report on the audit of the 2015 financial statements of the NATO Defined Contribution Pension Scheme (DCPS). The IBAN report sets out an unqualified opinion on the financial statements and a qualified opinion on compliance.
2. The IBAN report has been reviewed by the Resource Policy and Planning Board (RPPB) (see Annex). I do not believe that this matter requires discussion in the Council. Consequently, **unless I hear to the contrary by 17:30 hours on Thursday, 20 July 2017**, I shall assume that the Council has noted the IBAN report on the 2015 financial statements of the DCPS and agreed the RPPB recommendation regarding disclosure of the financial statements and the associated audit report.

(Signed) Rose E. Gottemoeller

1 Annex
2 Enclosures

Original: English

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**IBAN AUDIT ON THE 2015 FINANCIAL STATEMENTS OF THE NATO DEFINED
CONTRIBUTION PENSION SCHEME (DCPS)**

Report by the Resource Policy and Planning Board (RPPB)

References:

- | | |
|-------------------|---|
| A. IBA-AR(2016)28 | (IBAN report) |
| B. M(2015)0025 | (NATO Financial Regulations) |
| C. PO(2016)0542 | (Late issuance of financial statements) |

BACKGROUND

1. This report covers the audit of the 2015 financial statements of the NATO Defined Contribution Pension Scheme (DCPS). The IBAN have issued an unqualified opinion on the financial statements of the DCPS and a qualified opinion on compliance for the year 2015 (reference A).

DISCUSSION

2. The IBAN issued a qualified opinion on compliance based on the fact that the financial statements were issued on 29 July 2016 which is later than the deadline of 31 March set out in the NATO Financial Regulations (NFRs) (reference B). Council is aware of the background to the delays encountered by the Financial Controller (FC) of the International Staff (IS) in issuing a number of financial statements (reference C). The audit opinion was also influenced by the fact that the statement of internal control was not issued on time.

3. The other six observations did not impact the audit opinion and are related to transactional and technical accounting errors and weaknesses. The majority of these observations are connected with the variety of issues encountered by the IS in implementing the new Enterprise Resource Planning (ERP) following its introduction in 2015.

4. The FC is confident that these issues are being successfully addressed and a number of improvements were implemented during 2016 in the area of ERP controls. While it is too early to say if all of the weaknesses in transactional and accounting controls have been resolved, the RPPB notes that the 2016 financial statements were submitted to the IBAN on time. The audit report on the 2016 financial statements should be issued by the end of August and the Board will pay close attention to its findings.

5. The IBAN and the FC however have a difference of opinion on how and where to account for €6 million which an insurance company has agreed to compensate NATO in relation to excessive insurance premiums for DCPS participants. The FC decided to report the amount in the DCPS financial statements for a variety of reasons including transparency and the fact that no other single NATO entity was seen as providing a better alternative for

dealing with the funds. The IS FC was faced with a difficult decision and a range of options in dealing with this matter (which didn't affect the audit opinion) and the Board welcomes the fact that the IS FC used his judgement in recognising the importance of disclosing the information.

6. No payment has yet been received and the IBAN recommend that the situation be reviewed in order to clarify which NATO reporting entities have the right to the compensation and, when received, who the funds should ultimately be returned to. The solution to how to deal with the compensation is being dealt with by IS Human Resources to enable a consistent treatment. No action is required by the Board at this stage.

Public Disclosure

7. The IS FC has confirmed that the 2015 financial statements can be publicly disclosed.

CONCLUSIONS

8. The IBAN issued an unqualified opinion on the financial statements of the DCPS and a qualified opinion on compliance due to the late submission of the 2015 financial statements for the DCPS and the statement of internal control. The majority of the audit observations are connected with issues encountered by the IS in implementing the new ERP following its introduction in 2015. While it is too early to say if all of the weaknesses in transactional and accounting controls have been resolved, the Board notes that the 2016 financial statements for the IS were submitted to the IBAN on time. The audit report on the 2016 financial statements should be issued by the end of August and the Board will pay close attention to its findings.

9. With regards the issue of compensation for excessive insurance premiums for DCPS participants (which didn't affect the audit opinion), the FC effectively used his judgement in recognising the importance of disclosing the information. Staff action is in hand to deal with the matter and no further action is required at this stage by the Board.

RECOMMENDATIONS

10. The RPPB recommends that the Council:
- a. Note the IBAN report IBA-AR(2016)28;
 - b. Note the conclusions in paragraph 8 and 9; and,
 - c. Approve the public disclosure of this report, the IBAN audit and the associated 2015 financial statements of the DCPS.

**Summary Note for Council
by the International Board of Auditors for NATO
on the audit of the financial statements of the
NATO Defined Contribution Pension Scheme (DCPS)
for the year ended 31 December 2015**

The International Board of Auditors for NATO (Board) audited the NATO Defined Contribution Pension Scheme (DCPS), which is a money purchase pension scheme which includes contributions from staff recruited on or after 1 July 2005 as well as employer contributions from NATO. The value of the NATO DCPS's assets at 31 December 2015 was EUR 296.3 million. The DCPS had 3,172 members by the end of 2015.

The Board issued an unqualified opinion on the 2015 financial statements and a qualified opinion on compliance for the year ended 31 December 2015.

During the audit, the Board made eight observations with recommendations which are summarised herein:

Two observations impact the audit opinion on compliance:

1. Late issuance of the financial statements.
2. No Statement of Internal Control was issued.

The remaining six observations do not impact the audit opinion:

3. Insufficient rights of the DCPS to a receivable recorded in the financial statements.
4. Inability to obtain sufficient appropriate audit evidence in a timely manner.
5. Insufficient data transparency and availability in the accounting system.
6. Misstatements and unsupported balances in the financial statements.
7. Unclear foreign currency conversion policy.
8. No regular reconciliation of bank balances.

The Board followed up on the status of an observation from a previous years' audit and noted that it was only partially settled. This status is summarised in the Letter of Observations and Recommendations (Annex 3).

23 May 2017

INTERNATIONAL BOARD OF AUDITORS FOR NATO

AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS OF

THE NATO DEFINED CONTRIBUTION PENSION SCHEME

(NATO DCPS)

FOR THE YEAR ENDED 31 DECEMBER 2015

**AUDITOR'S REPORT TO THE NORTH ATLANTIC COUNCIL AND
STAFF MEMBERS AFFILIATED TO THE
NATO DEFINED CONTRIBUTION PENSION SCHEME (NATO DCPS)**

Report on the Financial Statements

The International Board of Auditors for NATO (Board) audited the attached financial statements of the NATO Defined Contribution Scheme (NATO DCPS) for the year ended 31 December 2015, which comprised the Statement of Net Assets Available for Benefits, the Statement of Changes in Net Assets Available for Benefits, the Statements on the NATO-DCPS Retirement and Invalidity Pensions, the Schedule of Costs and Market Values of Investments and the Explanatory Notes, including a summary of significant accounting policies.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Accounting Standard (IAS) 26 *Accounting and Reporting by Retirement Benefit Plans*¹ and the requirements of the NATO Financial Regulations as authorised by the North Atlantic Council (NAC). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit, which is conducted in accordance with our Charter and international standards on auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, due to fraud or error. In making those risk assessments, internal control relevant to the entity's preparation and presentation of financial statements is considered in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control. An audit also includes evaluating the appropriateness of accounting policies used, the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

¹ As the NATO Accounting Framework does not have a standard specific to accounting and reporting by retirement plans, the NATO International Staff presents the DCPS Financial Statements in accordance with IAS 26.

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

Opinion on Financial Statements

In our opinion the financial statements present fairly, in all material respects, the financial position of the DCPS as at 31 December 2015, the changes in financial position thereof for the year then ended in accordance with IAS 26.

Other Matters

The NATO International Staff implemented a new accounting software in January 2015. This software, Enterprise Resource Planning (ERP), was planned to be used by the IS to perform the 2015 accounting for the DCPS. The IS experienced some issues with the ERP software and its implementation, and the software was not fully used for the 2015 accounting for the DCPS. However, due to the limited types of transactions related to this retirement plan, the IS manually prepared, outside the new accounting system, the DCPS Financial Statements using alternative information sources, although not in time to meet the 31 March deadline. We were able to perform audit procedures using these alternative sources of information. Our opinion is not qualified in respect to this matter.

Report on Compliance

Management's Responsibility for Compliance

In addition to the responsibility for the preparation and presentation of the financial statements described above, management is also responsible for ensuring that the financial transactions and information reflected in the financial statements are in compliance with the NATO Financial Regulations and the NATO Civilian Personnel Regulations as authorised by the North Atlantic Council (NAC).

Auditor's Responsibility

In addition to the responsibility to express an opinion on the financial statements described above, our responsibility includes expressing an opinion on whether the financial transactions and information reflected in the financial statements are, in all material respects, in compliance with the NATO Financial Regulations and the NATO Civilian Personnel Regulations. This responsibility includes performing procedures to obtain reasonable assurance about whether the funds have been used for the settlement of authorised expenditure and whether their operations have been carried out in compliance with the financial and personnel regulations in force. Such procedures include the assessment of the risks of material non-compliance.

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

Basis for Qualified Opinion on Compliance

The NATO Financial Regulations require the financial statements to be submitted for audit to the International Board of Auditors for NATO by the Financial Controller not later than 31 March following the end of the financial year. The financial statements of DCPS for the year ended 31 December 2015, though, were only submitted on 29 July 2016, a delay of almost four months. This represents a material weakness in internal control over financial reporting.

Furthermore, the NATO Financial Regulations require the Statement of Internal Control to be signed annually by the Secretary General and the Financial Controller. However, no Statement of Internal Control was issued for the year 2015.

Qualified Opinion on Compliance

In our opinion, except for the matters and the possible effects of the matters described above in the *Basis for Qualified Opinion on Compliance* paragraph, in all material respects the financial transactions and information reflected in the financial statements are in compliance with the NATO Financial Regulations and the NATO Civilian Personnel Regulations.

Brussels, 23 May 2017

A handwritten signature in blue ink, appearing to read 'L. Sachs', is positioned above the printed name.

Lyn Sachs
Chairman

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ANNEX 3
IBA-AR(2016)28

INTERNATIONAL BOARD OF AUDITORS FOR NATO

LETTER OF OBSERVATIONS AND RECOMMENDATIONS

FOR THE NATO DEFINED CONTRIBUTION PENSION SCHEME

(NATO DCPS)

FOR THE YEAR ENDED 31 DECEMBER 2015

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Introduction

The International Board of Auditors for NATO (Board) audited the NATO Defined Contribution Pension Scheme (DCPS) Financial Statements for the year ended 31 December 2015, and issued an unqualified opinion on those financial statements and a qualified opinion on compliance.

The Board also included an Other Matters paragraph in the Auditor's Report (Annex 1) to draw the reader's attention to the fact that the International Staff (IS) manually prepared the DCPS 2015 Financial Statements, outside the new accounting system, and also used alternative information sources.

Observations and Recommendations

During the audit, the Board made eight observations with recommendations which are summarised herein:

Two observations impact the audit opinion on compliance:

1. Late issuance of the financial statements.
2. No Statement of Internal Control was issued.

The remaining six observations do not impact the audit opinion:

3. Insufficient rights of the DCPS to a receivable recorded in the financial statements.
4. Inability to obtain sufficient appropriate audit evidence in a timely manner.
5. Insufficient data transparency and availability in the accounting system.
6. Misstatements and unsupported balances in the financial statements.
7. Unclear foreign currency conversion policy.
8. No regular reconciliation of bank balances.

The Board followed up on the status of an observation from a previous years' audit and noted that it was only partially settled.

OBSERVATIONS AND RECOMMENDATIONS

1. LATE ISSUANCE OF THE FINANCIAL STATEMENTS

Reasoning

1.1 Article 35 of the NATO Financial Regulations (NFRs) states that: “An annual financial statement for each NATO body, consolidated where applicable and appropriate, shall be submitted for audit to the International Board of Auditors for NATO by the Financial Controller not later than 31 March following the end of the financial year.”

Observation

1.2 The financial statements of the DCPS were received by the Board on 29 July 2016, thus not respecting the requirements of the NFRs. This represents a material weakness in internal control over financial reporting. As a result, the Board was not able to properly plan and carry out a financial statement audit and to report its results to the Council on a timely basis. This limits, in part, the usefulness of the financial statements.

Recommendation

1.3 The Board recommends that future financial statements be submitted to the Board by 31 March, respecting the deadline in the NFRs.

Comment of the International Staff

The recommendation is agreed. The issuance of the 2015 financial statements was impacted by specific circumstances linked to difficulties encountered with the implementation of the new ERP and more generally understaffing of the IS OFC.

2. NO STATEMENT OF INTERNAL CONTROL WAS ISSUED

Reasoning

2.1 According to Article 3 of the NFRs, the Secretary General is responsible and accountable for sound financial management and shall put in place the necessary governance arrangements to ensure and maintain this. This shall include, but is not limited to, the establishment and maintenance of financial governance, resource management practices, internal controls and financial information systems to achieve the efficient and effective use of resources. The adherence to this is confirmed annually by the signature of the financial statements and the Statement of Internal Control. Both documents should be signed by the Head of the NATO body and the Financial Controller.

Observation

2.2 A Statement of Internal Control, to be signed by the Secretary General and the Financial Controller, was not issued.

Recommendation

2.3 The Board recommends following the requirements of the NFRs to provide the Board with the signed Statement of Internal Control along with the signed Financial Statements, and in due time.

Comment of the International Staff

The recommendation is agreed. The Statement of Internal Control has in the meantime been signed by the Secretary General and the Financial Controller and has been issued.

Board's position

The Board notes the receipt of the Statement of Internal Control on 9 December 2016, after the issuance of our report for factual and formal comments.

3. INSUFFICIENT RIGHTS OF THE DCPS TO A RECEIVABLE RECORDED IN THE FINANCIAL STATEMENTS

Reasoning

3.1 According to IAS 26, the objective of reporting by a defined contribution plan is periodically to provide information about the plan and the performance of its investments.

Observations

3.2 Based on an analysis performed by the IS covering the last ten years of the history of death in service and invalidity risks in relation to insurance premiums for DCPS participants, it was identified that possible excessive payments for risk benefits had taken place. After discussions on this subject, the insurance company committed in December 2015, to compensate NATO on the basis of a maximum amount of EUR 6 million. The Board was informed by the IS that, in 2017, it intends to formally accept the offer from the insurance company. No payments have yet been received.

3.3 As a result of the abovementioned transaction, a EUR 6 million receivable and a EUR 6 million provision (liability) was recorded in the 2015 DCPS Financial Statements. The provision was recorded to account for the fact that a decision on what to do with the EUR 6 million, if and when received, was pending.

3.4 However, the Board was unable to satisfy itself that the DCPS, as a separate reporting entity, had sufficient rights to this EUR 6 million to meet the asset recognition criteria from the accounting point of view. As a result, we were also unable to conclude on the reasonableness of the EUR 6 million receivable and provision being recognised.

Recommendation

3.5 The Board recommends the Secretary General, responsible for the administration and management of the DCPS, review this situation in order to clarify which NATO reporting entities have the right to this EUR 6 million, and, when received, who the funds should ultimately be returned to (e.g. nations, DCPS participants, etc.).

Comment of the International Staff

The IS OFC does not agree with IBAN's analysis for what concerns the points about the reporting entity and the amount.

Concerning the reporting entity:

The decision to report, in the DCPS financial statements, the amount receivable from the insurance company related to death in service and invalidity risk premiums paid by staff members affiliated to the DCPS and their employing NATO body, was taken by the IS FC for the following reasons:

- *These death-in-service and invalidity premiums are a specific and exclusive feature of the Defined Contribution Pension Scheme. NATO staff affiliated to the other pension schemes (Provident Fund and Coordinated Pension Scheme) are not concerned by these premiums. These premiums stem from the benefits provided to DCPS members in accordance with Articles 13 and 14 of Annex VI of the Civilian Personnel Regulations "Regulations governing the NATO Defined Contribution Pension Scheme".*
- *The payment of the death-in-service (survivor pension) and invalidity benefits that these premiums fund are reported in the DCPS financial statements.*
- *Since reporting year 2012, the DCPS financial statements disclose in the notes (e.g. Note 20 for 2015) the existence of such benefits and the associated NATO wide costs (premiums), paid from the NATO entities employing said staff.*
- *It is not possible to assess, at this stage, with reasonable accuracy which NATO staff is concerned by the premiums that are being taken into consideration with this compensation. Therefore requiring each employing NATO body, for instance, to report its share would have proven particularly cumbersome to assess and put in place. The cost of providing this information*

would have exceeded the benefits derived from providing it (see IPSAS 1 Appendix A “balance between benefit and cost”).

- *Requiring each employing NATO body to report its share would have blurred the overall picture by having significantly smaller amounts scattered among various financial statements. This could have been considered as not being transparent with regard to the total amount involved.*
- *The solution of this question will be dealt at NATO wide level by IS Human Resources, this enables a consistent treatment of all cases.*
- *No other single NATO entity was seen as providing a better alternative for dealing with the funds.*

Consequently, IS OFC believes that in doing so, the solution, although not ideal, provided to the Nations, staff and any other reader, complete information as to the global cost of the DCPS, and a complete picture of benefits and any related issues. The IS OFC believes that this approach provides information that is easy to understand and serves transparency much better than if this sum had been broken down and reported in each of the numerous (at least fifteen) NATO entities employing the staff concerned. The IS OFC believes it has been consistent, specific and transparent. This is maybe a case where IBAN could consider that substance should prevail over form.

We note that IBAN:

- *Never challenged in the past the disclosure of the global amount of premiums paid in the notes to the DCPS financial statements.*
- *Does not make any specific recommendation as to which reporting entity or entities, in its view, would be better suited than DCPS to report these amounts.*

Concerning the amount:

Effective payment of EUR 6 million to NATO will take into consideration cash management issues.

Board's position

As previously stated, the DCPS Financial Statements are to provide information about the plan and the performance of its investments. The participants of the plan are interested in the activities of the plan because they directly affect the level of their future benefits.

The EUR 6 million payment from the insurance company, in our view, is not expected to impact the level of participant investments or their future benefits.

Rather, it is only a return of a portion of previously paid insurance premiums, the payment of which were not recorded in the DCPS financial statements, but in those of the NATO bodies employing the participants. This is why the Board does not believe that the DCPS itself has sufficient rights to record the receivable in its financial statements.

The Board understands, and even agrees, with the desire to disclose this information in the DCPS Financial Statements. However, it believes the explanatory notes provided the appropriate place to do so.

As to which NATO body should have reported the receivable, the Board's view is that the insurance company's offer, which was made in December 2015, should have been coordinated with the impacted NATO bodies at that time to allow for a thorough analysis to be performed before the issuance of the 2015 financial statements.

Since both a receivable and a provision (liability) were recorded for EUR 6 million, there is no impact on the net assets available for plan benefits. As a result, this observation does not impact the audit opinion.

4. INABILITY TO OBTAIN SUFFICIENT APPROPRIATE AUDIT EVIDENCE IN A TIMELY MANNER

Reasoning

4.1 Article 12 of the NFRs requires that the Secretary General ensures the necessary internal management functions are in place in the NATO International Staff (IS) to support effective internal control, designed to provide reasonable assurance that the NATO body will achieve its objectives in various categories, including: verify the accuracy and reliability of accounting data and records, establish and maintain comprehensive accounting records of all assets and liabilities, and adequate audit trails and data confidentiality, integrity and availability in information systems.

4.2 Furthermore, the Board's Charter states that it shall undertake its audits in accordance with the auditing standards of the International Organisation of Supreme Audit Institutions. These auditing standards require the Board to obtain sufficient and appropriate audit evidence to support its opinions.

4.3 In addition, a Letter of Understanding was signed whereby the IS acknowledged and understood that they had responsibility to provide the Board with the following:

- access to all information of which the IS is aware that is relevant to the preparation of the financial statements and compliance with financial rules and regulations such as records, documentation and other matters;

- additional information that the Board may request from the IS for the purpose of the audit; and
- unrestricted access to persons within the entity from whom the Board determines it necessary to obtain audit evidence.

Observation

4.4 The Board made multiple attempts to obtain all of the supporting documentation from the IS that was necessary for the performance of audit procedures. However, this documentation was not provided in a timely manner. It took nearly three months from the date of issuance of the financial statements on 29 July 2016 to receive the requested information to complete the audit. This was further complicated by the fact that the documentation needed could not in many cases be produced directly from the new ERP system itself (see also observation 5 below). This negatively impacted the ability of the Board to complete and report upon its audit in a timely manner from the date it received the financial statements.

Recommendation

4.5 The Board recommends that the IS provide the Board with the information that it needs for its audits in a timely manner so as to not cause unnecessary delays in the completion and reporting of its audits. This would be helped by ensuring adequate audit trails and data availability in the accounting system.

Comment of the International Staff

The recommendation is agreed. This was linked to the implementation of the ERP, the workload, understaffing of the IS OFC and the need to keep 2016 transactions ongoing.

5. INSUFFICIENT DATA TRANSPARENCY AND AVAILABILITY IN THE ACCOUNTING SYSTEM

Reasoning

5.1 According to Article 4.2 of the NFRs, transparency is one of the main principles on which the financial administration of NATO bodies must be based on.

5.2 Article 12.1 part (b) of the NFRs states that the Secretary General shall ensure the necessary internal management functions are in place to support effective internal control, designed to provide reasonable assurance that the NATO body will achieve its objectives in verifying the accuracy and reliability of accounting data and records.

5.3 As set out in Article 12.2 part (c) of the NFRs, in order to meet the desired internal control standards the Financial Controller shall establish and maintain comprehensive accounting records of all assets and liabilities.

5.4 According to Article 12.3 part (c) of the NFRs, the internal control activities shall include, but not be limited to adequate audit trails and data confidentiality, integrity and availability in information systems.

Observations

5.5 The Board found that the financial statements do not directly reconcile to the balances in the new Enterprise Resource Planning (ERP) accounting system. Moreover, a significant amount of transactions which have occurred during the year had not been captured within the ERP on a transaction-by-transaction basis. Rather, account transactions have been aggregated outside of the system and subsequently manually entered into the ERP.

5.6 Keeping accounting records outside the ERP system significantly deteriorated the availability and transparency of the accounting data and underlying supporting documentation, causing inefficiencies in the Board's audit. This also significantly increases the risk over the integrity of the accounting records and the financial statements.

5.7 In addition, not following standard ERP workflows for individual routine transactions increases the risk of insufficient segregation of duties and as a result, the risk of errors and fraud.

Recommendations

5.8 The Board recommends improving the transparency and availability of the accounting data by recording all individual accounting transactions in the ERP system and using standard workflows for routine transactions. In situations when aggregated data is entered in the accounting program, underlying supporting details (summaries, listings, calculations, etc.) should be available within the ERP and should be subject to proper verification and approval within the system.

5.9 The Board recommends using a trial balance, generated by the ERP, as a main source for the preparation of financial statements. The preparer of the financial statements should keep detailed supporting working papers in order to be able to support any information disclosed in the financial statements.

Comment of the International Staff

The recommendation is agreed. The situation concerning 2015 was due to a variety of issues encountered further to the implementation of the ERP. The use of data held outside of the ERP enabled the issuance of the financial statements.

Currently all transactions are recorded in batches in the ERP.

It is not possible to capture in the ERP all transactions at the individual employee level given the high number of such transactions and the limited benefit this would provide.

Board's position

The way how transactions are accounted for remains under the discretion of the DCPS. However, the Board emphasises the importance of transparency and availability of the information. If the transactions are recorded in batches (aggregated transactions), underlying supporting details (summaries, listings, calculations, etc.) should be available within the ERP and should be subject to proper verification and approval within the system. It is of outmost importance that the recorded transactions have a full audit trace.

6. MISSTATEMENTS IN THE FINANCIAL STATEMENTS

Reasoning

6.1 According to best practices, the process of preparation of the financial statements involves a number of actors, performing multi-level review of the financial statements in order to ensure their quality and reduce the risk of material errors.

Observations

6.2 The Board found several misstatements in the financial statements issued to the Board on 29 July 2016. The number of these misstatements demonstrates weaknesses in internal control over financial reporting.

6.3 First, the net assets presented in the Statement of Changes in Net Assets Available for Benefits for 2015 did not agree with the net assets presented in the Statement of Net Assets Available for Benefits as at 31 December 2015. The net assets presented in these two statements should be the same. However, there was a difference of approximately EUR 500,000 that is due to three liability balances (EUR 91,051.22, EUR 41,606.13, and EUR 370,829.89) presented in the Statement of Net Assets Available for Benefits that should not have been included. This misstatement was corrected with revised financial statements received on 24 October 2016.

6.4 Second, the amount reported in the Statement of Changes in Net Assets Available for Benefits for 'Accounts Closed' was EUR 1.1 million overstated. Furthermore, the 'Net Unrealised Gain in Market Value of Investments' in the same statement was also overstated by the same EUR 1.1 million. These misstatements were corrected with revised financial statements received on 24 October 2016. This error occurred because the Unrealised Gain balance was not presented based on detailed

supporting documentation, but was a final plug in order to present net assets as equaling each other in the two statements presented. The Unrealised Gain balance also included realised gains and losses in market value of investments, as well as foreign exchange gains and losses. However, since there was no supporting detail making up the total balance, it is not known what amounts relate to realised gains and losses and foreign exchange gains and losses. The Board does not believe this Unrealised Gain balance is materially misstated, though.

6.5 Third, the Board found that several other financial statement captions presented as assets and liabilities within the Statement of Net Assets Available for Benefits were misstated. The misstatements are summarised below, and were corrected with revised financial statements.

Captions	Originally Presented	Corrected	Difference
Contributions receivables from NATO bodies	66,137	85,841	19,703
Deferred revenue	496,365	-	(496,365)
Payable to staff members/NATO bodies	165,010	1,268	(163,742)
Prior and current year surpluses	(662,881)	(22,477)	640,404
Total Net Differences			-

6.6 Lastly, Annex 3 (Statement of Net Assets Available for Benefits for Retirement and Invalidity Pensions), is not necessary because the balances are already reported as a separate column in the overall Statement of Net Assets Available for Benefits at Annex 1. Also, the overall Statements of Changes in Net Assets Available for Benefits at Annex 2 did not separately present information for the Retirement and Invalidity Pensions, which is not consistent with Annex 1.

Recommendation

6.7 The Board recommends implementing the multi-level financial statements review process in order to ensure the mathematical accuracy and overall quality of the produced financial statements and supporting documentation.

Comment of the International Staff

The recommendation is agreed. A revised version was submitted to IBAN so that the information disclosed to the public is as accurate and as free of error as possible. None of the errors had any impact on the value of the holdings of DCPS members, neither did they have an impact on the budgets from which the contributions are paid.

7. UNCLEAR FOREIGN CURRENCY CONVERSION POLICY

Reasoning

7.1 According to the NATO Accounting Framework, the entity translates foreign currency items into its functional currency, and reports the effects of such translation. Furthermore, it states that a foreign currency transaction shall be recorded, on initial recognition in the functional currency, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transactions.

7.2 According to best practices, entities with significant amount of operations in foreign currencies should develop a policy, explaining the process of accounting for and reporting transactions stated in foreign currencies.

Observation

7.3 Significant portions of DCPS incoming and outgoing payments were made in currencies other than the DCPS functional currency, which is the EUR. The Board was unable to obtain a policy or detailed explanations regarding conversion of transactions stated in foreign currencies and accounting for the gain or loss from these transactions.

Recommendation

7.4 The Board recommends developing and implementing a comprehensive policy on the accounting and reporting of transactions, stated in foreign currencies.

Comment of the International Staff

The recommendation is noted. DCPS transactions are presently recorded at the EUR values when received or disbursed, as is the case for all NATO budgets denominated in EUR. Moreover, there is no foreign exchange risk to the organisation and all foreign exchange risk is borne by the individual DCPS affiliates.

Board's position

The Board highlights the necessity to develop and implement a comprehensive policy on the accounting and reporting of transactions, stated in foreign currencies, which would be applicable to all International Staff entities. The policy should also foresee and describe situations, when exchange rates, different from NATO parity rates, are applied.

8. NO REGULAR RECONCILIATION OF BANK BALANCES**Reasoning**

8.1 According to paragraph VI 4) (c) of NATO Financial Rules and Procedures, the Financial Controller shall ensure that all accounts are reconciled and verified on a regular basis, and all activities with financial implications, including multinational and non-appropriated fund activities, controlled by periodic inspection.

Observation

8.2 The Board found that the IS did not perform monthly reconciliations of cash balances between the accounting system and bank statements for 2015 and through the date of this report for 2016. Monthly reconciliations can only be performed after all bank transactions have been recorded and reconciled in the ERP. This did not happen because there were a significant amount of unreconciled and unprocessed bank transactions in the ERP in 2015.

Recommendation

8.3 The Board recommends performing and documenting regular monthly cash reconciliations, which will help to identify misstatements (if any) on a timely basis. This should include signatures of the preparer and the reviewer.

Comment of the International Staff

Agreed. The ERP automatically reconciles, on a daily basis, most cash transactions and provides an up-to-date report of unreconciled cash movements and their dates.

Board's position

The ERP recurring reconciliation of most (not all) cash transactions is a complimentary control. The Board recommends performing the control, covering all cash transactions by comparing bank balances with ERP on a monthly basis.

The Board reminds that the ERP system was set-up as one company for many financial reporting entities, and that cash receipts and payments intended for one financial reporting were incorrectly being reported against those of an incorrect financial reporting entity. Also, in 2015 and 2016, there have been many unreconciled bank transactions in the ERP system that remained unreconciled for many months. These are clear evidence of material weaknesses in internal controls in respect to the reconciliation of bank transactions.

FOLLOW-UP OF A PREVIOUS YEARS' OBSERVATION

The Board reviewed the status of the observation and recommendation arising from a previous years' audit. The observation and its status are summarised in the table below.

STATUS OF PREVIOUS YEARS' OBSERVATION

OBSERVATION / RECOMMENDATION	ACTION TAKEN	STATUS
<p>Audit Report FY 2009 IBA-AR(2011)09, paragraph 5.1 Weaknesses in the preparation of pension benefit payments</p> <p>Observation The Board observed that the IS was only partially prepared for the pension benefit payments due to:</p> <ul style="list-style-type: none"> • the lack of the use of any IT application for benefit payments. • the lack of a pension provider. • the need to borrow money from the Coordinated Pension Scheme due to liquidity problems. <p>Board's recommendation The Board recommends that the IS ensures the proper preparation to deal with the expected increase in numbers of pension benefit payments of the DCPS, i.e., the application of the IT system for the DCPS benefit payments, the selection of the pension provider(s), the timely collection of amounts needed for the benefit payments from the insurance company and the pension provider(s), and to discontinue the borrowing from the Coordinated Pension Scheme.</p>	<p>The Board noted the following actions:</p> <ul style="list-style-type: none"> • the still small number of benefit payments allows sufficient control over the payments and the requirements of the future ERP system contain this function. • a procurement procedure of an annuity provider was completed but did not deliver the expected results. This issue is being addressed in the context of the on-going review study of the DCPS. • the DCPS paid back the amount borrowed from the Coordinated Pension Scheme and solved the liquidity problem with an internal transfer of money in the DCPS. Advances are now made from the IS accounts. 	<p>Observation Partially Settled.</p>

**NATO DEFINED CONTRIBUTION PENSION SCHEME
FINANCIAL STATEMENTS AS AT 31/12/2015
FINANCIAL YEAR 2015**

Annexes:

- 1 Statement of Net Assets Available for Benefits
- 2 Statement of Changes in Net Assets Available for Benefits
- 3 Retirement and Invalidity Pensions - Statement of Net Assets Available for Benefits
- 4 Schedule - Cost and Market Values of Investments
- 5 Explanatory notes to the financial statements



Jens STOLTENBERG
Secretary General



Stephane CHAGNOT
Financial Controller

NATO DEFINED CONTRIBUTION PENSION SCHEME
Statement of Net Assets Available for Benefits

(All amounts in EUR)								
	Notes	Current Year				Prior Year		
		Investment Management	Ret & Inval Pension	Total		Investment Management	Ret & Inval Pension	Total
		31-Dec-15				31-Dec-14		
Assets								
Cash	4	4,421,707.50	137,139.32	4,558,846.82		3,684,045.18	118,012.35	3,802,057.53
Investments at market value	5	291,922,696.86		291,922,696.86		238,846,533.23		238,846,533.23
Short term Investments			3,762.43	3,762.43		4,357.06		4,357.06
Accounts Receivable	6			-				-
Billed revenue		6,039,894.39		6,039,894.39				-
Receivable from Insurance Company			1,333.29	1,333.29		110.47	1,333.29	1,333.29
Contributions receivable from NATO bodies		85,840.93		85,840.93				110.47
Bank interest accrued		-		-			277.65	277.65
Tax Adjustment Receivable			109,377.92	109,377.92			39,808.00	39,808.00
Other receivable		7,465.87		7,465.87		0.00	1,041.62	1,041.62
Total Assets		302,477,605.55	251,612.96	302,729,218.51		242,535,045.94	160,472.91	242,695,518.85
Liabilities								
Provisions	17	- 6,000,000.00	-	6,000,000.00				
Deferred revenue		-		-				
Other current liabilities		- 106,431.35	-	106,431.35			-10,472.91	10,472.91
Payable	3, 20							
Payable to I.S.								
Payable to DCPS								
Net interest payable to DBPS		1,267.93		1,267.93				
Payable to staff members/NATO bodies		-2,378.39	-76,612.96	78,991.35		-1,041.62	-	1,041.62
Other payable								
Prior year surplus		- 43,124.48	-	43,124.48				
Prior year surplus		- 21,789.11	-	21,789.11		0.00		-
Current year surplus		42,436.35		42,436.35				
Total Liabilities		- 6,130,019.05	- 251,612.96	- 6,381,632.01		-1,041.62	-160,472.91	-161,514.53
Net assets available for benefits								
	8	296,347,586.50	-	296,347,586.50		242,534,004.32	-	242,534,004.32

NATO DEFINED CONTRIBUTION PENSION SCHEME
Statement of Changes in Net Assets Available for Benefits

(All amounts in EUR)	Notes	Current Year	Current Year
		31-Dec-15	31-Dec-14
Increase in net assets			
Net unrealized gain in market value of investments	5	23,317,733.00	26,147,997.90
Contributions	9	44,183,345.17	40,905,625.92
Inward transfer of pension rights	10	370,829.89	137,389.61
Advances to retirement & invalidity pensions	6	0.00	0.00
Impact of change of accounting classification	2	0.00	0.00
Miscellaneous receipts	11	10,418.22	21,837.38
Total increase in net assets available for benefits		67,882,326.28	67,212,850.81
Decrease in net assets			
Net unrealized loss in market value of investments	5		0.00
Accounts closed (Staff)	12	14,264,998.40	14,738,448.23
Outward transfer of pension rights	10	176,382.46	152,059.84
Transfers to insurance and DCPS retirement account	13	42,929.95	780,979.43
Transfer to NATO Bodies (amount due by member)	14	155,933.54	11,310.63
Miscellaneous payments	15	8,906.92	7,074.59
Other net changes	16	-580,261.97	
Total decrease in net assets available for benefits		14,068,889.30	15,689,872.72
Net increase for the year		53,813,436.98	51,522,978.09
Net assets available for benefits, beginning of year		242,534,149.52	191,011,171.43
Net assets available for benefits, end of year		296,347,586.50	242,534,149.52

NATO DCPS RETIREMENT AND INVALIDITY PENSIONS
Statement of Net Assets Available for Benefits

(All amounts in EUR)	Notes	Current Year	Current Year	Variance
		31-Dec-15	31-Dec-14	CY - PY
ASSETS				
CURRENT ASSETS				
Cash and Cash Equivalents	4			
Cash			0.00	0.00
Current bank accounts		137,139.32	118,012.35	19,126.97
Cash equivalents			0.00	0.00
Total Cash and Cash Equivalents		137,139.32	118,012.35	19,126.97
Receivables	3, 20			
Receivable from Insurance Company		1,333.29	1,333.29	0.00
Tax Adjustment Receivable		109,377.92	39,808.00	69,569.92
Receivable from DBPS		3,762.43	0.00	3,762.43
Miscellaneous receivable		0.00	1,041.62	-1,041.62
Total Receivables		114,473.64	42,182.91	72,290.73
Miscellaneous Assets				
Bank interest accrued			277.65	-277.65
Miscellaneous receipts		0.00	0.00	0.00
Total Miscellaneous Assets		0.00	277.65	-277.65
TOTAL CURRENT ASSETS		251,612.96	160,472.91	91,140.05
NON-CURRENT ASSETS		0.00	0.00	0.00
TOTAL NON CURRENT ASSETS		0.00	0.00	0.00
TOTAL ASSETS		251,612.96	160,472.91	91,140.05
LIABILITIES				
CURRENT LIABILITIES				
Payable	3, 20			
Payable to I.S.		175,000.00	150,000.00	25,000.00
Payable to DCPS		0.00	0.00	0.00
Net interest payable to DBPS		0.00	0.00	0.00
Miscellaneous payable		0.00	0.00	0.00
Other payable		76,612.96	10,472.91	66,140.05
Total Payables		251,612.96	160,472.91	91,140.05
TOTAL CURRENT LIABILITIES		251,612.96	160,472.91	91,140.05
NON CURRENT LIABILITIES			0.00	0.00
TOTAL NON CURRENT LIABILITIES		0.00	0.00	0.00
TOTAL LIABILITIES		251,612.96	160,472.91	91,140.05
NET ASSETS				
Surplus/Deficit of the period			0.00	0.00
Total Net Assets			0.00	0.00
TOTAL NET ASSETS		0.00	0.00	0.00

NATO DEFINED CONTRIBUTIONS PENSION SCHEME
Schedule - Net Purchase Cost and Market Values of Investments
 (All amounts in EUR)

Year ended 31-Dec-15	Net Purchase Cost	Market Value 31.12.2015
EUROLAND BOND FUND EUR C CLASS C	1,153.5	1,115.5
GLOBAL EQUITY FUND EUR C CLASS C	7,142.4	7,158.6
GLOBAL EQUITY FUND USD C CLASS C	-240.6	-275.4
GLOBAL BOND FUND EUR C CLASS C	1,917.2	1,910.5
GLOBAL BOND FUND USD C CLASS C	-240.1	-243.1
UNIVERSAL LIQUIDITY (USD) ACCUMULATION C	577.8	577.8
INSTICASH	13,893.3	13,887.5
VANGUARD STOCK INDEX EUR	3,414.7	3,386.7
VANGUARD STOCK INDEX USD	648.3	624.1
VANGUARD BOND INDEX USD	-55.0	-59.3
VANGUARD EURO GOVERNMENT BOND INDEX	997.5	990.4
Difference on exchange rates	124.1	0.0
TOTAL	29,333.2	29,073.5

Year ended 31-Dec-14	Net Purchase Cost	Market Value 31.12.2014	Market Value 31.12.2015
EUROLAND BOND FUND EUR C CLASS C	1,827.5	1,911.3	1,897.3
GLOBAL EQUITY FUND EUR C CLASS C	4,274.1	4,718.0	5,426.9
GLOBAL EQUITY FUND USD C CLASS C	197.3	232.4	267.2
GLOBAL BOND FUND EUR C CLASS C	2,621.7	2,791.2	2,980.6
GLOBAL BOND FUND USD C CLASS C	-358.9	-354.5	-378.3
UNIVERSAL LIQUIDITY (USD) ACCUMULATION C	768.5	768.6	857.4
INSTICASH	9,300.5	9,305.5	9,300.7
VANGUARD STOCK INDEX EUR	3,441.7	3,860.7	4,254.9
VANGUARD STOCK INDEX USD	1,849.9	1,885.2	2,080.1
VANGUARD BOND INDEX USD	480.4	496.8	558.4
VANGUARD EURO GOVERNMENT BOND INDEX	1,238.9	1,282.3	1,298.9
Difference on exchange rates	-278.6	0.0	0.0
TOTAL	25,362.9	26,897.4	28,544.1

Year ended 31-Dec-13	Net Purchase Cost	Market Value 31.12.2013	Market Value 31.12.2015
EUROLAND BOND FUND EUR C CLASS C	2,488.6	2,503.7	2,764.5
GLOBAL EQUITY FUND EUR C CLASS C	8,588.2	9,181.6	12,494.0
GLOBAL EQUITY FUND USD C CLASS C	1,716.1	1,896.0	2,585.9
GLOBAL BOND FUND EUR C CLASS C	2,714.0	2,556.5	3,101.4
GLOBAL BOND FUND USD C CLASS C	437.2	425.0	516.6
UNIVERSAL LIQUIDITY (USD) ACCUMULATION C	122.6	122.6	155.4
INSTICASH	10,240.0	10,243.3	10,251.1
Difference on exchange rates	92.2	-	-
TOTAL	26,398.9	26,928.6	31,868.9

Year ended 31-Dec-12	Net Purchase Cost	Market Value 31.12.2012	Market Value 31.12.2015
EUROLAND BOND FUND EUR C CLASS C	455.3	461.1	518.9
GLOBAL EQUITY FUND EUR C CLASS C	10,137.4	10,540.5	17,156.2
GLOBAL EQUITY FUND USD C CLASS C	1,319.0	1,392.3	2,268.8
GLOBAL BOND FUND EUR C CLASS C	3,171.4	3,160.0	3,461.6
GLOBAL BOND FUND USD C CLASS C	1,043.5	1,063.6	1,166.4
UNIVERSAL LIQUIDITY (USD) ACCUMULATION C	518.9	544.6	660.4
INSTICASH & UNIVERSAL EURO ACCUMULATION C	9,397.4	37,166.4	37,211.2
Difference on exchange rates	124.7	-	-
TOTAL	26,167.56	54,328.48	62,443.42

Year ended 31-Dec-11	Net	Market Value	
	Purchase Cost	31.12.2011	31.12.2015
EUROLAND BOND FUND EUR C CLASS C	840.4	845.4	1,081.2
GLOBAL EQUITY FUND EUR C CLASS C	8,284.3	8,038.7	14,991.6
GLOBAL EQUITY FUND USD C CLASS C	1,274.0	1,158.7	2,161.4
GLOBAL BOND FUND EUR C CLASS C	914.4	1,009.1	1,124.7
GLOBAL BOND FUND USD C CLASS C	615.8	628.1	700.8
UNIVERSAL EURO ACCUMULATION C	10,565.5	10,616.5	-
UNIVERSAL LIQUIDITY (USD) ACCUMULATION C	260.7	260.7	310.2
Difference on exchange rates	-	-	-
TOTAL	22,618.42	22,557.21	20,369.94

Year ended 31/12/2010	Net	Market Value	
	Purchase Cost	31.12.2010	31.12.2015
EUROLAND BOND FUND EUR C CLASS C	685.6	687.6	893.8
GLOBAL EQUITY FUND EUR C CLASS C	10,585.4	11,572.4	19,567.0
GLOBAL EQUITY FUND USD C CLASS C	916.7	1,020.2	1,722.2
GLOBAL BOND FUND EUR C CLASS C	799.2	876.6	1,078.7
GLOBAL BOND FUND USD C CLASS C	354.2	370.9	456.0
UNIVERSAL EURO ACCUMULATION C	8,223.4	8,243.3	-
UNIVERSAL LIQUIDITY (USD) ACCUMULATION C	169.7	169.9	208.8
Difference on exchange rates	31.4	-	-
TOTAL	21,765.70	22,940.77	23,926.39

Year ended 31-Dec-2009	Net	Market Value	
	Purchase Cost	31.12.2009	31.12.2015
EUROLAND BOND FUND EUR C CLASS C	408.9	450.5	614.0
GLOBAL EQUITY FUND EUR C CLASS C	14,958.4	17,259.4	34,155.5
GLOBAL EQUITY FUND USD C CLASS C	998.5	1,190.4	2,357.1
GLOBAL BOND FUND EUR C CLASS C	851.9	861.0	1,224.0
GLOBAL BOND FUND USD C CLASS C	14.8	16.2	23.1
UNIVERSAL EURO ACCUMULATION C	4,993.8	5,009.8	-
UNIVERSAL LIQUIDITY (USD) ACCUMULATION C	121.0	121.1	160.6
Difference on exchange rates	3.3	-	-
TOTAL	22,350.7	24,908.42	38,534.32

Year ended 31-Dec-2008	Net	Market Value	
	Purchase Cost	31.12.2008	31.12.2015
EUROLAND BOND FUND EUR C CLASS C	276.8	290.7	449.8
GLOBAL EQUITY FUND EUR C CLASS C	13,884.0	9,955.2	24,723.1
GLOBAL EQUITY FUND USD C CLASS C	1,014.2	704.9	1,743.4
GLOBAL BOND FUND EUR C CLASS C	876.5	946.1	1,358.6
GLOBAL BOND FUND USD C CLASS C	163.0	166.0	237.5
UNIVERSAL EURO ACCUMULATION C	1,336.8	1,354.2	-
UNIVERSAL LIQUIDITY (USD) ACCUMULATION C	89.5	90.1	115.8
Difference on exchange rates	-	-	-
TOTAL	17,626.4	13,507.16	28,628.02

Year ended 31-Dec-2007	Net	Market Value	
	Purchase Cost	31.12.2007	31.12.2015
EUROLAND BOND FUND EUR C CLASS C	128.8	129.3	216.4
GLOBAL EQUITY FUND EUR C CLASS C	10,630.8	11,091.0	15,528.7
GLOBAL EQUITY FUND USD C CLASS C	576.1	651.3	912.6
GLOBAL BOND FUND EUR C CLASS C	533.5	529.5	839.5
GLOBAL BOND FUND USD C CLASS C	72.1	77.5	123.1
UNIVERSAL EURO ACCUMULATION C	2,087.9	2,113.1	-
UNIVERSAL LIQUIDITY (USD) ACCUMULATION C	74.2	76.3	106.6
Difference on exchange rates	14.9	-	-
TOTAL	14,118.38	14,668.01	17,726.89

Year ended 31-Dec-2006	Net	Market Value	
	Purchase Cost	31.12.2006	31.12.2015
EUROLAND BOND FUND EUR C CLASS C	20.2	20.3	34.2
GLOBAL EQUITY FUND EUR C CLASS C	5,422.7	5,640.0	8,605.3
GLOBAL EQUITY FUND USD C CLASS C	365.0	394.5	601.6
GLOBAL BOND FUND EUR C CLASS C	206.2	205.8	323.1
GLOBAL BOND FUND USD C CLASS C	44.0	45.1	70.8
UNIVERSAL EURO ACCUMULATION C	74.0	74.4	-
UNIVERSAL LIQUIDITY (USD) ACCUMULATION C	20.0	20.2	26.6
Difference on exchange rates	1.8	-	-
TOTAL	6,153.77	6,400.34	9,661.54

Year ended 31-Dec-2005	Net	Market Value	
	Purchase Cost	31.12.2005	31.12.2015
EUROLAND BOND FUND EUR C CLASS C	0.0	0.0	0.0
GLOBAL EQUITY FUND EUR C CLASS C	612.9	640.5	1053.0
GLOBAL EQUITY FUND USD C CLASS C	36.6	38.1	62.4
GLOBAL BOND FUND EUR C CLASS C	20.0	20.2	30.3
GLOBAL BOND FUND USD C CLASS C	0.0	0.0	0.0
UNIVERSAL EURO ACCUMULATION C	0.0	0.0	0.0
UNIVERSAL LIQUIDITY (USD) ACCUMULATION C	0.0	0.0	0.0
TOTAL	669.46	698.87	1,145.68
GRAND TOTAL	212,565.3		291,922.7

**EXPLANATORY NOTES
NATO DEFINED CONTRIBUTION PENSION SCHEME****NOTE 1: GENERAL INFORMATION****Description of the Fund**

The NATO Defined Contribution Pension Scheme (DCPS) was implemented with effect from 1 July 2005 based on Council's approval of C-M(2000)53 and C-M(2005)0057. The DCPS aims to provide retirement benefits for NATO staff who are employed for the minimum six-year vesting period and to make cash payments to staff who leave before satisfying the vesting requirement. All new entrants recruited on or after 1 July 2005 are compulsorily affiliated to the NATO DCPS.

The DCPS is a cash purchase pension scheme. Both staff and NATO contribute to the Scheme. There is no long term liability for NATO related to the DCPS.

An account is opened for each member of the Scheme. Contributions are invested according to the member's instructions within the eleven funds currently available, described below. Members can check the status of their accounts and give instructions via a secure web portal.

Upon departure, the member's account is disinvested. Until 20 December 2012, the effective date of changes to related NATO Civilian Personnel Regulations (CPR), if the member had vested in the Scheme and was at least 50 years old, the member could take up to 25% of the proceeds as a cash lump sum and the balance had to be applied to the purchase of a retirement pension from a commercial provider. In 2009, the vesting period was five years; in 2010 the vesting period was increased to six years. Members who leave the NATO employer prior to vesting withdraw the entire proceeds as a cash lump sum.

On 20 December 2012 the NATO Council approved a number of changes to the rules which provided more choice and flexibility for affiliates regarding their retirement benefits. The upper and lower limits on ages at which affiliates could take benefits were abolished. The lump sum is no longer restricted to those aged 50 and over and is no longer limited to 25%. Affiliates leaving the DCPS may take any percentage of their holdings in cash. Affiliates accounts no longer have to be closed when they reach 65. They may remain indefinitely as passive investors, with no further investments or switches until full disinvestment, beyond the age of 65.

As at 31 December 2015, there were 3,172 NATO DCPS affiliates (members) (3,001 as at 31 December 2014). Note 22 provides a summary of the evolution of the membership since inception.

Financing

Staff make a compulsory contribution of 8% of basic salary to the Scheme. Staff may make additional voluntary contributions to the Scheme up to 5% of basic salary. NATO pays employer contributions of 12% of basic salary of each active scheme member. Contributions to the DCPS are part of pay and are made monthly.

Scheme members may, under certain circumstances, transfer into their DCPS account any amounts corresponding to pension rights accrued under the pension scheme to which they were previously affiliated.

Governance

The DCPS is administered in accordance with NATO Civilian Personnel Regulations (CPRs), Annex VI, governing the DCPS approved by the Council under C-M(2005)0057.

The Secretary General is responsible for the administration and management of the Scheme, assisted by a consultative committee, the DCPS Management Board, whose Chairman is appointed by the Secretary General.

The committee also includes: seven representatives of the Administrative Services for the International Staff, the International Military Staff, the NATO Standardization Agency and the NATO Defence College, the Assistant Secretary General (ASG) Executive Management and the Financial Controller of the International Staff or their representatives; two representatives of the Administrative Services for the NATO Production and Logistics Organisations and other bodies not listed above; a representative from SHAPE J1 Manpower and Personnel, and the Financial Controller, Allied Command Operations, or their representatives; one representative from the Administrative Services of a NATO military body in Allied Command Transformation; six representatives of the staff nominated by the Liaison Committee of the NATO Civilian Staff Associations shall nominate up to six representatives to the Management Board from among the members of the Scheme. At least one representative shall be a member of the NATO International Staff; one representative of retired NATO staff nominated by the Confederation of Retired NATO Staff.

The Assistant Secretary General for Executive Management was appointed Chairperson of the DCPS Management Board in late 2010.

The members of the DCPS Management Board, who are also NATO staff members, receive no additional remuneration or benefits in return for their participation.

Investment Policy

The Management Board oversees the investment policy of the Scheme.

Members of the NATO DCPS invest in their choice of several funds, consisting of equity, bond and cash funds. Investments are made in units in the respective funds; the unit price fluctuates according to its market value. Four additional investment funds, passively-managed (indexed) funds offered by Vanguard were selected by the NATO Contract Awards Committee in consultation with the DCPS Management Board in November 2013 and became available to DCPS affiliates in February 2014.

The funds are available in EUR and/or in USD as follows:

Equity Funds:

Mellon Global Equity Portfolio EUR C
Mellon Global Equity Portfolio USD C
Vanguard Global Stock Index Fund EUR
Vanguard Global Stock Index Fund USD

Bond Funds:

Mellon Global Bond Portfolio EUR C
Mellon Global Bond Portfolio USD C

Mellon Euroland Bond Portfolio EUR C
Vanguard Global Bond Index Fund USD
Vanguard Euro Government Bond Index Fund EUR

Cash Funds:

Mellon Universal Liquidity Funds – Liquidity Plus USD
BNP Paribas InstiCash Fund - EUR

NATO shall not be held responsible for any losses on investments incurred by movement in the investment markets (Annex VI, Article 10.3 of the NATO Civilian Personnel Regulations).

Management of the DCPS

Previnet SPA (Italy) was selected as the Third Party Administrator of the DCPS at the introduction of the Scheme in July 2005, and has been administering the scheme on behalf of NATO since that date. Previnet is responsible for the individual accounts administration, benefit administration, reporting, customer services and maintenance of the DCPS web site with on-line facilities for the scheme members.

Previnet tracks contributions and individual holdings of scheme members. It also provides aggregate accounting data and investment instructions destined for NATO-IS and the Investment Managers.

NATO-IS Office of Financial Control (OFC) receives the monthly contributions from the various NATO body payroll centres in a custodial bank account and converts the funds, on the instructions prepared by the Scheme Administrator, into EUR or USD, as required, for the investment accounts. The OFC is responsible for transfer of the funds from the relevant bank account to the appropriate accounts with the Investment Managers, BNY Mellon, Vanguard and BNP Paribas, based on the Scheme Administrator's reconciliation of the global amount and validation of the amounts to be invested for each staff member.

NATO-IS Executive Management Human Resources Pensions Unit reconciles the number of units per member received from the Scheme Administrator against the leaving scheme members' accounts on the website. OFC then transfers the redemption/lump sum amounts according to the bank instructions provided by the leaving scheme members.

DCPS amounts redeemed for the purchase of pension annuities and amounts due from an outside insurer for invalidity pensions of former DCPS members are administered by the OFC. The member's holdings are transferred to the relevant pension provider when a leaving DCPS member is entitled to purchase an annuity. OFC also transfers monthly invalidity pensions and the adjustments related to income tax to former DCPS members who qualify.

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below.

Declaration of conformity

The financial statements of the NATO DCPS have been prepared in accordance with the NATO Financial Regulations and International Accounting Standard 26, "Accounting and Reporting by Retirement Benefit Plans". The NATO Accounting Framework, which is an

adapted version of the International Public Sector Accounting Standards (IPSAS), does not have a specific standard for accounting and reporting by retirement benefit plans.

The accounting system currently used by the NATO DCPS is accrual based.

Basis of presentation

The financial statements have been prepared on a going-concern basis: the DCPS will continue in operation for the foreseeable future.

The amounts shown in these financial statements are presented in EUR.

Changes in accounting policy

There are no changes to report.

Reclassification of financial statements of previous years

None to report

Use of estimates

In the application of accounting policies, which are described below, management is required to make judgments, estimates and assumptions about carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

Foreign currency transactions

Contributions are made in the currency of the respective payroll centre. Investments are made in USD and in EUR as chosen by the scheme member. NATO Parity Rates do not apply in the DCPS. All bank transactions are processed at the market rate. Contributions received in currencies other than EUR and USD are converted in the latter at investment dates and payments to the Investment Managers are made in EUR and USD.

The amounts shown in these financial statements are presented in EUR. The following rates of exchange fixed by the European Central Bank as at 31 December 2015 were used to convert the balances of the different currencies into EUR:

		<u>EUR</u>
Euro	EUR	1.0000
Danish Kroner	DKK	7.4626
Pound Sterling	GBP	0.73395
Norwegian Kroner	NOK	9.6030
Polish Zloty	PLN	4.2639
Turkish Lira	TRY	3.1765
US Dollar	USD	1.0887
Hungarian Forint	HUF	315.9800

Contributions due in December 2015 and invested in January 2016 are converted using the exchange rates as at 31 December 2015.

Cash and Cash Equivalents

Cash and cash equivalents are defined as short-term assets. They include short term deposits held with banks and short term highly liquid investments.

Investments

Investments reported under these DCPS financial statements consist of equity funds, bond funds and cash funds. These investments are non-current assets with respect to the purpose of the DCPS.

Investments are recorded at market value on the reporting date.

Receivables

Receivables are stated at net realisable value. No allowance for loss is recorded for receivables relating to NATO bodies' statutory contributions.

Payables

Payables are amounts due to third parties based on services provided that remain unpaid. This includes, as required, an estimate of accrued obligation for services provided but not yet invoiced.

Net Assets

The net assets available at year-end correspond to investments at market value plus receivables and contributions awaiting investment less payables. Also included are interest earned on the custodial bank account, surpluses gained on transactions with the insurance company and miscellaneous gains and losses related to corrective transactions

Financial Risks

The DCPS uses only non-derivative financial instruments as part as its normal operations. These financial elements include cash, investment funds, bank accounts and accounts receivable.

All financial instruments are recognised in the statement of financial position at their fair value.

The DCPS is exposed to a variety of financial risks, including credit risk, market (price) risk and liquidity risk. The maximum exposure as at 31 December 2015 is equal to the total amount of bank balances and receivables. NATO shall not be held responsible for any losses on investments incurred by movement in the investment markets (Annex VI, Article 10.3 of the NATO Civilian Personnel Regulations).

Credit risk

The DCPS incurs credit risks from cash and cash equivalent held with banks and receivables. There is very limited credit risk associated with the realization of these elements.

Concerning cash and cash equivalent the DCPS credit risk is managed by holding current bank accounts and short term highly liquid deposits that are readily convertible to a known amount of cash held with ING Bank (Belgium) which has the following short term credit ratings:

ING Bank	Credit Ratings as at 29/03/2016		
	Fitch	Moody's	S&P
Short term	F1	P1	A1

Concerning receivables, the credit risk is managed by maintaining control procedures over receivables. These consist essentially of contributions due by NATO bodies' payroll centres. This risk is considered limited since these bodies are primarily funded by member nations which are considered creditworthy.

Price risk

The DCPS individual member holdings are exposed to equity and bond securities market risk. NATO shall not be held responsible for any losses on investments incurred by movement in the investment markets (Annex VI, Article 10.3 of the NATO Civilian Personnel Regulations).

In cases of death in service, the insurance company who will provide the survivor's annuity has a claim on the proceeds of the redemption of the affected member's holdings in an amount equal to the lesser of the member's holdings on 31 October of the previous year or the insurer's previously established cost of that annuity. While there have been no shortfalls to date, there is a risk that the value of available holdings on the date of transfer to the insurance company could be less than that of the preceding 31 October. Up to now, this has resulted in the available amounts being higher, and the surplus is kept on a suspense account and forms part of the net assets.

Currency risk

The DCPS is exposed to a limited foreign currency exchange risk arising from fluctuations in currency rates. The contributions received in various currencies are converted into EUR or USD as required by the members' investment decisions. The converted amounts are invested in funds held in EUR or USD accordingly.

Liquidity risk

A liquidity risk could arise from a short term liquidity requirement in relation to amounts due to departing staff. There is a very limited exposure to liquidity risk because the amounts due to departing staff are equal to their holdings, and because amounts transferred to the investment manager are equal to the contributions received from the payroll centres of NATO bodies which receive resources from member states funding the related budgets, or income from their customers which generally are other NATO bodies funded through their approved budgets.

There is a limited liquidity risk in relation to the payment of annuities to eligible members. These transactions are handled on bank accounts separate from those used for investments and disinvestments. Amounts due by the insurers arrive later than when annuities are due to members. This situation is managed through cash advances from the NATO International Staff (EUR 175,000 end 2015, EUR 150,000 end 2014).

Interest rate risk

The DCPS is restricted from entering into borrowings.

A portion of DCPS is invested in bond funds. The market value of bonds fluctuates according to market perception of the issuer's creditworthiness and to projected interest rates. The value of DCPS individual member accounts is therefore subject to some interest rate risk.

NOTE 3: PENSION BENEFITS PAYMENTS**Benefits**

Benefits are paid for retirement, survivor and invalidity pensions. They are paid at the end of each month. The following tables gives the number of beneficiaries per category of benefits.

at year end	Retirement	Survivor	Invalidity
2013	4	3	3
2014	8	4	6
2015	8	5	7

Annuities received from commercial pension providers pending augmentation by the adjustment related to income tax and further transfer to the retired beneficiary are held in a separate bank account, NATO-DCPS Retirement Pensions.

Benefits received from the insurer pending augmentation by the adjustment related to income tax and further transfer to the disabled beneficiary are held in another separate bank account, NATO-DCPS Invalidity Pensions.

Contributions, depending on the degree of invalidity, are made to the DCPS and invested, until the beneficiary reaches retirement age.

Contributions for medical insurance are also paid as required.

The Statement of Net Assets Available for Benefits of NATO-DCPS Retirement Pensions and Invalidity Pensions is in Annex 1.

The Statement of Changes in Net Assets Available for Benefits is at Annex 3.

Pension Adjustment

The Scheme is not subject to income tax under the terms of Articles IX and X of the Agreement on the Status of the North Atlantic Treaty Organization signed in Ottawa on 20 September 1951 (the Ottawa Treaty).

In accordance with Annex VI, Article 15 of the CPRs, beneficiaries are subject to tax by national authorities on their annuity receipts and receive an adjustment equivalent to 50% of the amount by which the recipient's pension would theoretically need to be increased, were the balance remaining after deduction of the amount of national income tax or taxes on the total to correspond to the amount of the pension calculated in accordance with the CPRs. This adjustment is paid out of the DCPS Retirement Pensions and Invalidity accounts (Annexes 3 and 4) and is funded by one of two specific budgets approved by the North Atlantic Council, one from the Civil Budget and the other from the Military Budget. Related information is disclosed in the Financial Statements of the NATO Coordinated Pension Scheme.

Amounts due in relation to 2015 were EUR 67,117.92 (EUR 42,260.00 for 2014). There were 11 beneficiaries in 2015 (eight in 2014, six in 2013).

NOTE 4: CASH AND CASH EQUIVALENTS

The various NATO entities pay their contributions into a custodial account. This account serves to effect the transfer of funds to be invested by the Investment Manager and to receive

redemptions for departing staff. The total mainly corresponds to contributions received in December and awaiting transfer to the Investment Managers.

Separate bank accounts are held for transactions relating to the payment of pension and invalidity benefits.

NOTE 5: FUNDS HELD BY THE INVESTMENT MANAGER

BNY Mellon is the Investment Manager first six funds listed below; BNP Paribas Investment Partners manages the BNP Paribas InstiCash Fund in Euro; Vanguard Asset Management manages the four index funds.

Distribution of Assets as of 31 December

(amounts in 1,000 EUR)

Fund Name and Currency	2015	2014
Mellon Global Equity Portfolio EUR C	160,859.9	133,624.7
Mellon Global Equity Portfolio USD C	14,407.2	12,772.2
Mellon Global Bond Portfolio EUR C	17,433.0	14,536.0
Mellon Global Bond Portfolio USD C	2,672.8	2,732.5
Mellon Euroland Bond Portfolio EUR C	9,585.6	8,532.3
Universal Liquidity Funds - Liquidity Plus USD	3,179.5	2,332.1
BNP Paribas InstiCash EUR	70,650.5	56,792.2
Vanguard Stock Index EUR	7,641.6	3,860.7
Vanguard Stock Index USD	2,750.1	1,885.2
Vanguard Bond Index USD	499.1	496.8
Vanguard Euro Govt Bond Index EUR	2,289.3	1,282.3
TOTAL	291,968.6	238,847.0

Unrealized Gain/Loss in Market Value of Investments

Gains and losses in the market value of investments vary according to the volume of contributions invested, redemptions, currency fluctuations, and changes in the unit prices of the investment funds.

Unit Price per Fund

New investments and redemptions may take place within each of the funds twice per month and the unit price for each fund fluctuates continuously. Income is therefore not reported by fund in absolute terms. The appropriate performance measure per fund is the unit price. The unit prices for each of the funds at year-end and the resulting annualized income per unit were as follows:

Fund Name and Currency	2015	2014	Annualized Income Per Unit
Mellon Global Equity Portfolio EUR C	1.7769	1.5448	0.2321
Mellon Global Equity Portfolio USD C	2.1729	2.1079	0.065
Mellon Global Bond Portfolio EUR C	1.8033	1.6887	0.1146
Mellon Global Bond Portfolio USD C	2.188	2.2866	-0.0986
Mellon Euroland Bond Portfolio EUR C	1.9473	1.9616	-0.0143
Universal Liquidity Funds-Liquidity Plus USD	1.191471	1.19099	0.000481
BNP Paribas InstiCash EUR	140.9037	140.9764	-0.0727
Vanguard Stock Index EUR	19.1754	17.3987	1.7767
Vanguard Stock Index USD	20.9272	21.1511	-0.2239
Vanguard Bond Index USD	135.731	134.6796	1.0514
Vanguard Euro Government Bond Index	215.7007	212.9437	2.757

Schedule

Annex 4 provides a schedule of the net purchase cost and market values of investments since 2005.

NOTE 6: RECEIVABLES

Contributions are paid on a monthly basis by NATO bodies to the DCPS account.

An amount of EUR 6,000,000 is receivable from the insurance company further to an analysis covering the last ten years of the history of death in service and invalidity risks in relation to premiums paid by the Organisation (see Note on Related Parties for details concerning the insurance premiums). The payment is spread over three years, with the first payment to be made by the insurance company in 2016.

NOTE 7: PAYABLES

These amounts consist in miscellaneous net interest and banking costs to be paid to the DCPS Retirement and Invalidity accounts.

NOTE 8: NET ASSETS AVAILABLE FOR BENEFITS

The custodial account also receives the proceeds of redeemed holdings of deceased DCPS affiliates. In cases of death in service, the insurance company who will provide the survivor's annuity has a claim on the proceeds of the redemption of the affected member's holdings in an amount equal to the lesser of the member's holdings on 31 October of the previous year or the insurer's previously established cost of that annuity. Up to now, holdings on the date of transfer to the insurance company have been higher than the amount recorded as of the preceding 31 October, and the corresponding amount of EUR 65,599.07 (EUR 43,809.96 end 2014) kept on a suspense account. This surplus, adjusted by miscellaneous gains and losses on corrective investments effected by the third party administrator (loss of EUR 1,876.40 in 2015, EUR 685.47 in 2014), amounted to EUR 63,037.20 (EUR 43,124.49 end 2014).

There is also cumulated interest earned on the custodial bank account amounting to EUR 89,455.27 end 2014.

These two amounts are included in the Net Assets Available for Benefits and could be used to cover eventual future potential shortfalls of the sort described in Note 2 (Price Risk).

NOTE 9: CONTRIBUTIONS

A minimum of 8% is deducted from staff emoluments monthly and transferred to DCPS together with the NATO employers' contributions of 12% of emoluments. Staff may make additional voluntary contributions.

The increase is due to the combined effect of increasing membership and salary adjustments.

NOTE 10: INWARD/OUTWARD TRANSFERS OF PENSION RIGHTS

The NATO Civilian Personnel Regulations (Annex VI, Article 6) provide that staff may, under certain circumstances, arrange for payment to the Organisation of any amounts corresponding to the retirement pension rights accrued under the pension scheme to which the staff member was previously affiliated in so far as that scheme allows such a transfer. These payments are called inward transfers.

The inward transfers resulted essentially from an agreement given by the Belgian Office National des Pensions in late 2009. The decrease in the amounts transferred is due to settlement of pending files. Other transfers were received mainly from the Netherlands, Belgium and the European Union.

Outward transfers are also allowed, in which cases the proceeds of ex-DCPS member's closed account are paid to the eligible pension scheme (CPR Annex VI, Article 11).

NOTE 11: MISCELLANEOUS RECEIPTS

The composition of the miscellaneous receipts is essentially made of interest earned, foreign exchange gains and rebates.

NOTE 12: ACCOUNTS CLOSED (STAFF)

The accounts of former staff members leaving DCPS are closed and the proceeds are paid in whole or in part either to the former staff member, or to the insurance company providing the annuity to the former staff member or his or her survivors.

NOTE 13: TRANSFERS TO INSURANCE AND RETIREMENT ACCOUNTS

Transfers are made to the insurance company in order to pay for the annuity for members who leave the DCPS and take a DCPS retirement pension and for staff who die in service.

NOTE 14: TRANSFERS TO NATO BODIES

These are amounts due by staff to their former NATO body employer, taken from their DCPS account (EUR 11,310.63 in 2014).

NOTE 15: MISCELLANEOUS PAYMENTS

Miscellaneous payments are essentially made of foreign exchange losses and bank charges.

NOTE 16: OTHER NET CHANGES

This item is a match with the operations concerning the payment of annuities.

NOTE 17: PROVISION

An amount of EUR 6,000,000 corresponds to amounts due by the insurance company (see Note on Receivables), pending a decision on the use to be made of such funds.

NOTE 18: CONTINGENT LIABILITIES

There are no material contingent liabilities arising from legal actions and claims that are likely to result in significant liability to the DCPS.

Adjustments related to income tax may be due to certain annuity recipients. The amounts are yet to be determined but the total of possible obligations relating to this item is not expected to be material.

NOTE 19: CONTINGENT ASSETS

None to report.

NOTE 20: RELATED PARTY TRANSACTIONS

Members of the DCPS Management Board receive no additional remuneration or benefits in return for their participation. The Chairman of the Management Board is the ASG for Executive Management. The NATO-IS Financial Controller is a member of the Management Board.

NATO-International Staff, in particular Executive Management and the Office of Financial Control, are responsible for the day-to-day management of the DCPS. No management fees corresponding to the related costs are charged to the DCPS. In the global framework of the Administrative Support process, the NATO bodies are charged by the IS on a pro rata basis for these costs, including the fees paid to the Third Party Administrator. The related income of approximately EUR 290,000 per year reduces the contributions due from Nations to fund the NATO Civil Budget.

In 2015, an additional cash advance of EUR 25,000 were made by NATO International Staff to allow for the timely payment of pension and invalidity benefits, bringing the total amount advanced to EUR 175,000 at year-end.

Conversely, tax adjustment payments are made to beneficiaries from the DCPS Retirement and Invalidity accounts as an advance to be settled by the Defined Benefit Pension Scheme budget which handles all tax adjustment operations NATO-wide. This resulted in amounts receivable from the latter of EUR 109,377.92 (EUR 39,808 end 2014).

As provided for by the CPRs (Annex VI, articles 13 and 14), survivors' benefits for the surviving spouses and dependent children of serving staff who die in service and invalidity benefits to serving staff are funded (partially for survivor benefits, totally for invalidity benefits) through the payment of insurance premiums which are paid directly by the NATO bodies to the insurance company and are not accounted for in the present financial statements. Amounts paid for death in service benefits were EUR 4,356,154 in 2014; amounts paid for invalidity benefits were EUR 3,728,917 in 2014.

The Scheme does not hold any securities of the employer sponsor or, directly, of its related parties.

NOTE 21: KEY MANAGEMENT PERSONNEL

For the purposes of these financial statements, Key Management Personnel are considered to be the NATO-IS Assistant Secretary General for Executive Management and the Financial Controller. Their remuneration is totally covered by the NATO International Staff.

Members of the DCPS Management Board do not receive any additional remuneration or benefits in return for their responsibilities. The Management Board is chaired by the Assistant Secretary General for Executive Management. The IS Financial Controller is a member of the Board.

NOTE 22: STATISTICAL INFORMATION

Evolution of DCPS membership (number of affiliates)			
year-end	2004	Affiliates	0
	2005	Joined	274
	2005	Exited	0
year-end	2005	Affiliates	274
	2006	Joined	527
	2006	Exited	-6
year-end	2006	Affiliates	795
	2007	Joined	501
	2007	Exited	-23
year-end	2007	Affiliates	1,273
	2008	Joined	511
	2008	Exited	-43
year-end	2008	Affiliates	1,741
	2009	Joined	443
	2009	Exited	-71
year-end	2009	Affiliates	2,113
	2010	Joined	477
	2010	Exited	-208
year-end	2010	Affiliates	2,382
	2011	Joined	454
	2011	Exited	-260
year-end	2011	Affiliates	2,576
	2012	Joined	274
	2012	Exited	-188
year-end	2012	Affiliates	2,662
	2013	Joined	310
	2013	Exited	-190
year-end	2013	Affiliates	2,782
	2014	Joined	433
	2014	Exited	-214
year-end	2014	Affiliates	3,001
	2015	Joined	345
	2015	Exited	-174
year-end	2015	Affiliates	3,172