

	NATO	NORTH ATLANTIC COUNCIL
	OTAN	CONSEIL DE L'ATLANTIQUE NORD

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16 March 2017

DOCUMENT
C-M(2017)0012-AS1 (INV)

**IBAN AUDIT ON THE 2015 FINANCIAL STATEMENTS OF THE NATO RETIREES
MEDICAL CLAIMS FUND (RMCF)**

ACTION SHEET

On 15 March 2017, under the silence procedure, the Council noted the IBAN report on the 2015 financial statements of the RMCF attached to C-M(2017)0012 (INV) and agreed the RPPB recommendation regarding public disclosure.

(Signed) Rose E. Gottemoeller
Deputy Secretary General

NOTE: This Action Sheet is part of, and shall be attached to C-M(2017)0012 (INV).

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7 March 2017

DOCUMENT
C-M(2017)0012 (INV)
Silence Procedure ends:
15 Mar 2017 17:00

**IBAN AUDIT ON THE 2015 FINANCIAL STATEMENTS OF THE NATO RETIREES
MEDICAL CLAIMS FUND (RMCF)**

1. I attach the International Board of Auditors for NATO (IBAN) report on the audit of the 2015 financial statements of the NATO Retirees Medical Claims Fund (RMCF).
2. The IBAN have issued an unqualified opinion on the financial statements of the RMCF and a qualified opinion on compliance for the year 2015. The IBAN report has been reviewed by the Resource Policy and Planning Board (RPPB) (see Annexes) which has provided its own report with conclusions and recommendations to Council.
3. I do not believe that this matter requires discussion in the Council. Consequently, **unless I hear to the contrary by 17:00 hours on Wednesday, 15 March 2017**, I shall assume that the Council has noted the IBAN report on the 2015 financial statements of the RMCF and agreed the RPPB recommendation regarding public disclosure.

(Signed) Rose E. Gottemoeller

4 Annexes
1 Enclosure

Original: English

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**IBAN AUDIT ON THE 2015 FINANCIAL STATEMENTS OF THE NATO RETIREES
MEDICAL CLAIMS FUND (RMCF)**

Report by the Resource Policy and Planning Board

References:

A. IBA-A(2016)134	(IBAN report)
B. C-M(2015)0025	(NATO Financial Regulations)
C. PO(2016)0542	(Late issuance of financial statements)
D. BC-D(2016)0260-REV 1	(Financial Rules and Procedures)
E. C-M(2015)0062	(IBAN audit on 2012 RMCF financial statements).
F. FC(2016)084	(Disclosure statement by Financial Controller)

BACKGROUND

1. This report covers the audit of the 2015 financial statements of the NATO Retirees Medical Claims Fund (RMCF). The IBAN have issued an unqualified opinion on the financial statements of the RMCF and a qualified opinion on compliance for the year 2015 (reference A).

DISCUSSION

2. The IBAN issued a qualified opinion based on the fact that the financial statements were issued on 20 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) and the IS FC has indicated that a repeat of the delays is not expected in future.

3. The other three observations and recommendations relate to delays in issuing the statement of internal control, insufficient data transparency and availability in the accounting system and the need for regular formal reconciliations of bank balances in accordance with the NATO Financial Rules and Procedures (reference D). 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. The FC is confident that these issues have now been resolved. That said the RPPB underlines the importance of putting in place proper internal control arrangements to ensure compliance with the requirements laid down in the NFRs.

4. Council is already aware (reference E) that there are currently not sufficient funds available in the RMCF to meet future obligations. In the audit on the 2015 financial statements the IBAN report that at the end of 2015 the fund held EUR 288.9 million and the

actuarial present value of the long term obligations was unchanged at approximately EUR 1.8 billion.

5. The RMCF Supervisory Committee (SC) is still considering the findings of the asset and liability management study that was commissioned to re-assess the financial situation of the RMCF. The conclusions and recommendations on remedial actions that could be taken to limit the level of obligations are still being finalised by the SC and the Budget Committee (BC) expects to receive a report on the way ahead by not later than October 2017.

Public Disclosure

6. The FC has confirmed that the 2015 financial statements can be publicly disclosed (reference F).

CONCLUSIONS

7. The IBAN issued a qualified opinion on compliance due to the late issuance of the 2015 financial statements for the RMCF but a repeat of the reasons behind the delay is not expected in the future by the FC of the IS. The other observations highlighted by the IBAN were connected with the variety of issues encountered by the IS in implementing the new ERP system in 2015. The FC is confident these issues have now been resolved. The RPPB underlines the importance of putting in place proper internal control arrangements to ensure compliance with the requirements laid down in the NFRs.

8. Concern remains that there are currently not sufficient funds available in the RMCF to meet future obligations. At the end of 2015 the fund held EUR 288.9 million and the actuarial present value of the long term obligations was unchanged at approximately EUR 1.8 billion. The RMCF SC is expected to make recommendations to the BC not later than October 2017 on remedial actions that could be taken to limit the level of obligations.

RECOMMENDATIONS

9. The RPPB recommends that the Council:

- a. note the IBAN report IBA-A(2016)134;
- b. agree the conclusions in paragraphs 7 and 8.
- c. approve the public disclosure of this report, the IBAN audit (reference A)) and the associated 2015 financial statements of the RMCF.

**Summary Note for Council
by the International Board of Auditors for NATO (Board)
on the audit of the Financial Statements of the
NATO Retirees Medical Claims Fund (RMCF)
for the year ended 31 December 2015**

The NATO Retirees Medical Claims Fund (RMCF) was set up with effect from 1 January 2001 pursuant to Council approval of PO(2000)123. The purpose was to establish a reserve to ensure that sufficient funds are available for the years to come to enable NATO to meet its obligations to pay the medical expenses of eligible retired staff members and their recognised dependants.

The fund has a Supervisory Committee established to oversee the management of the fund. The Committee meets at least twice a year.

In 2015, receipts from NATO bodies and staff remained constant at EUR 22.9 million (in 2014 - EUR 22.6 million). Insurance premiums paid out of these receipts were EUR 18.3 million in 2015 (EUR 16.6 million in 2014). At the end of 2015, the fund manager held EUR 288.9 million on behalf of NATO (at the end of 2014 - EUR 272.9 million), and the actuarial present value of the long term post-employment medical care obligation was constant at approximately EUR 1.8 billion (at the end of 2014 – EUR 1.8 billion).

The Board issued an unqualified opinion on the financial statements for the year ended 31 December 2015. The Board also included an Other Matters paragraph to its audit opinion to draw the reader's attention to the fact that the financial statements were prepared manually based on alternative sources of information outside of the new Enterprise Resource Planning (ERP) system.

The Board issued a qualified opinion on compliance for the year ended 31 December 2015 due to the late issuance of the financial statements, which represents a material weakness in internal controls over financial reporting.

During the audit, the Board had four observations to be included in the audit report. One observation, on the late issuance of the financial statements, provided a basis for our qualified opinion on compliance. Three other observations relate to the delayed issuance of the Statement of Internal Control, insufficient data transparency and availability in the accounting system and an absence of regular formal reconciliation of bank balances.

The Board also followed up on the status of observations from previous years' audit reports and noted that one observation was partially settled and one observation is still outstanding. The outstanding observation on weak internal controls in contribution receipts has been outstanding since the Board's audit of the 2010 financial statements and needs management focus to address the weaknesses.

The International Staff Financial Controller's formal comments, and the Board's position on those comments where necessary, have been inserted into the report (Annex 4).

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INTERNATIONAL BOARD OF AUDITORS FOR NATO

AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS OF

THE NATO RETIREES MEDICAL CLAIMS FUND

(RMCF)

FOR THE YEAR ENDED 31 DECEMBER 2015

**REPORT OF THE INTERNATIONAL BOARD OF AUDITORS
FOR NATO TO THE NORTH ATLANTIC COUNCIL**

Report on the Financial Statements

The International Board of Auditors for NATO (Board) audited the accompanying financial statements of the NATO Retirees Medical Claims Fund (RMCF), which comprised the Statement of Net Assets Available for Benefits as at 31 December 2015 and the Statement of Changes in Net Assets Available for Benefits, and Notes to the Financial Statements, 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 the International Accounting Standard (IAS) 26¹ *Accounting and Reporting by Retirement Benefit Plans* and the requirements of the NATO Financial Regulations as authorized 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 benefit plans, the NATO International Staff presents the RMCF 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 opinion.

Opinion on Financial Statements

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

Other Matters

The NATO International Staff (IS) 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 RMCF. The IS experienced some issues with the ERP software and its implementation. This was one factor contributing to the delayed issuance of several other 2015 financial statements for which the IS is responsible for preparing. However, due to the very low number of transactions and limited balances related to the RMCF, the IS was able to, outside the new accounting system, manually prepare the RMCF 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 opinion.

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 RMCF for the year ended 31 December 2015, though, were only submitted on 20 July 2016, a delay of almost four months.

Qualified Opinion on Compliance

In our opinion, except for the matter 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, 25 November 2016

Lyn Sachs
Chairman

INTERNATIONAL BOARD OF AUDITORS FOR NATO

LETTER OF OBSERVATIONS AND RECOMMENDATIONS

FOR THE NATO RETIREES MEDICAL CLAIMS FUND FINANCIAL STATEMENTS

(RMCF)

FOR THE YEAR ENDED 31 DECEMBER 2015

Introduction

The International Board of Auditors for NATO (Board) audited the NATO Retirees Medical Claims Fund (RMCF) Financial Statements for the year ended 31 December 2015, and issued an unqualified opinion on the financial statements and a qualified opinion on compliance. The Board also includes an Other Matters paragraph to its audit opinion on the financial statements to draw the readers attention to the fact that the financial statements were prepared manually based on alternative sources of information outside of the new Enterprise Resource Planning (ERP) system.

Observations and Recommendations

During the audit, the Board had four observations to be included in the audit report. One observation, on the late issuance of the financial statements, provided a basis for our qualified opinion on compliance. Three other observations relate to the delayed issuance of the Statement of Internal Control, insufficient data transparency and availability in the accounting system and an absence of regular formal reconciliation of bank balances.

The Board also followed up on the status of observations from previous years' audit reports and noted that one observation was partially settled and one observation is still outstanding. The outstanding observation on weak internal controls in contribution receipts has been outstanding since the Board's audit of the 2010 financial statements and needs management focus to address the weaknesses.

OBSERVATIONS AND RECOMMENDATIONS

1. LATE ISSUANCE OF FINANCIAL STATEMENTS

Reasoning

1.1 For the 2015 financial statements, 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 31st March following the end of the financial year.”*

Observation

1.2 The financial statements of the RMCF were received by the Board on 20 July 2016, not respecting the requirements of the NFRs. This does not enable the Board to properly plan and carry out financial statement audits 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 by 31 March, the deadline in the NFRs.

Comment of the Financial Controller, 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. DELAYED ISSUANCE OF THE STATEMENT OF INTERNAL CONTROL

Reasoning

2.1 According to NFR paragraphs 3.1 and 3.2, *“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 the mentioned above is confirmed annually by signature of the Financial Statements and Statements 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, signed by the Secretary General and the Financial Controller, was not issued for the RMCF for 2015.

Recommendation

2.3 The Board recommends following the requirements of NFRs and provide the Board with the signed Statement of Internal Control along with the signed Financial Statements on timely basis.

Comment of the Financial Controller, International Staff

The recommendation is agreed. The Statement of Internal Control, signed by both the Secretary General and Financial Controller, was provided on 11 October 2016.

Board's position

The Board notes the receipt of the Statement of Internal Control on 11 October 2016, after the issuance of our report for factual and formal comments. Further, the Statement of Internal Control states that the IBAN audit did not identify any material weaknesses in internal control. This is not accurate. The issuance of financial statements almost four months after the reporting deadline of 31 March represents a material weakness in financial reporting controls. Other internal control weaknesses related to insufficient data transparency and availability in the accounting system and bank reconciliations were also reported in the audit report.

3. INSUFFICIENT DATA TRANSPARENCY AND AVAILABILITY IN THE ACCOUNTING SYSTEM

Reasoning

3.1 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.”*

3.2 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.”*

3.3 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.”*

3.4 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.”*

Observation

3.5 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 in ERP.

3.6 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.

3.7 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.

Recommendation

3.8 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.

3.9 The Board recommends using a trial balance, generated by ERP, as a main source for the preparation of financial statements. 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 Financial Controller, 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 the ERP.

4. NO REGULAR RECONCILIATION OF BANK BALANCES

Reasoning

4.1 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

4.2 The Board found that the IS has not performed 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

4.3 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 reviewer.

Comment of the Financial Controller, International Staff

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. The IBAN recommendation is understood as requiring the printing and signing of paper reports outside of the ERP.

Board's position

The Board's recommendation is more than just a printing and signing of additional papers. Rather, it represents clear evidence of proper controls being performed by those in Treasury responsible for ensuring the reconciliation of bank balances to the ERP system. Remember 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 PREVIOUS YEARS' OBSERVATIONS

The Board reviewed the status of the observations and recommendations arising from previous years' audits. These observations and their status are summarised in the table below.

Status of previous years' observations

OBSERVATION/RECOMMENDATION	ACTION	STATUS
<p>(1) Financial year 2012 IBA-AR(2013)25 – paragraph 5.1 Retirees Medical Claims Fund (RMCF) Net Assets Inadequate to Fund Promised Future Expected Benefits</p> <p>The Board draws the attention of the Council that there are currently not sufficient funds available to enable NATO to meet its promised future obligations as was the intention of the plan, and recommends that, as was proposed in SG(2009)0302, on the basis of the results of the asset and liability study presented in the December 2012 Supervisory Committee and the related final report issued dated 30 April 2013, that the IS provides an estimate of the minimum financial injection necessary to make the RMCF sustainable.</p> <p>The Board recommends also that the IS provides all necessary information and any remedial actions undertaken to limit the level of obligations. This should be presented to the nations as soon as possible in order to allow for appropriate remedial actions, where still feasible, to be made.</p>	<p>The ISRP (International Service for Remuneration and Pensions) has presented the final draft of the Asset & Liability Management Study to the Supervisory Committee.</p> <p>The actuarial study aimed at estimating the future medical expenses of retirees aged sixty five years old and over, under the charge of the Retirees Medical Claims Fund (RMCF).</p> <p>Also ISRP carried out the Estimations of expenses to allow for the evaluation of whether the fund assets will be sufficient to meet obligations. Several scenarios for the return on assets have been explored.</p> <p><i>The Supervisory Committee still needs to make decisions on remedial actions to limit the level of obligations.</i></p>	<p>Observation Partially Settled.</p>
<p>(2) Financial years 2010 and 2011 IBA-AR(2013)06 – paragraph 5.3 Weak internal controls on contribution receipts</p> <p>The Board recommends that the IS continue developing control procedures that will allow it, in a timely and systematic manner, to determine that the monthly cash receipts from the Agencies for the RMCF contributions are accurate and complete.</p>	<p>The Accounts Receivable team is still not being provided with sufficient information by the NATO Agencies and NATO Bodies, who are not part of PMIS, to confirm the completeness and accuracy of the contributions received.</p> <p>According to prior year Comments of the Office of Financial Control regarding this recommendation, "An end-of-year process to check mutual balances with</p>	<p>Observation Outstanding.</p>

OBSERVATION/RECOMMENDATION	ACTION	STATUS
	<p>NATO bodies which are not part of the PMIS system was applied for 2013 and will be reintroduced for 2015".</p> <p>The Board was unable to get reasonable assurance that this control is already implemented and is operating effectively for 2015.</p>	
<p><i>Comment of the Financial Controller, International Staff</i></p> <p>In the past Treasury and since 2015 Accounts Receivable recorded contributions from NATO bodies by month. In the past the major NATO bodies' Financial Controllers were asked to review the IS full-year reports (broken down by month) of their contributions and to sign them to confirm their agreement. It was the intent to continue and expand this control measure to other NATO bodies. But given the high workload in Accounts Receivable related to remedial work for 2015, this process was not undertaken. It is the OFC's intent to request confirmations after year-end 2016.</p>		

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NATO RETIREES MEDICAL CLAIMS FUND
FINANCIAL STATEMENTS

For the year ended
31 December 2015

Annexes

- | | |
|---|---|
| 1 | Statement of Net Assets Available for Benefits |
| 2 | Statement of Changes in Net Assets Available for Benefits |
| 3 | Notes to the Financial Statements |



Jens STOLTENBERG
Secretary General



Stéphane CHAGNOT
Financial Controller

NATO RETIREES MEDICAL CLAIMS FUND
Statement of Net Assets Available for Benefits

(All amounts in EUR)	Notes	Current Year	
		31-Dec-15	31-Dec-14
Assets			
Cash and cash equivalent	4	2,520,390.05	128,350.17
Investments at market value	5	288,926,109.78	272,937,693.15
Accounts Receivable	6	436,006.35	302,707.63
Total Assets		291,882,506.18	273,368,750.95
Liabilities			
Accounts Payable	7	19,142.43	9,061.26
Total Liabilities		19,142.43	9,061.26
Net assets available for benefits		291,863,363.75	273,359,689.69

NATO RETIREES MEDICAL CLAIMS FUND

Statement of Changes in Net Assets Available for Benefits

(All amounts in EUR)	Notes	Current Year	
		31-Dec-15	31-Dec-14
Increase in net assets			
Net unrealized gain in market value of investments	5	14,725,992.77	30,233,783.72
Contributions for current year	8	22,923,721.51	22,573,655.20
Contributions for future years	8	0.00	0.00
Profit sharing per agreement with insurer	9	0.00	0.00
Fund rebates	5	462,423.86	393,711.55
Interest income	10	710.84	5,963.23
Impact of change of accounting estimate			
Total increase in net assets available for benefits		38,112,848.98	53,207,113.70
Decrease in net assets			
Insurance premiums	11	18,346,494.00	16,638,680.04
Insurance management fee	11	1,243,103.40	1,127,544.48
Contributions for future years	7	0.00	0.00
Fund purchase fees/financial costs	5	1,177.52	0.00
Administrative fees	11	18,400.00	1,143.00
Total decrease in net assets available for benefits		19,609,174.92	17,767,367.52

**EXPLANATORY NOTES TO THE
2015 FINANCIAL STATEMENTS OF THE
NATO RETIREES' MEDICAL CLAIMS FUND**

NOTE 1: GENERAL INFORMATION

The Retirees' Medical Claims Fund (RMCF) was set up with effect from 1 January 2001 pursuant to Council approval of PO(2000)123. The purpose was to establish a reserve to ensure that sufficient funds are available for the years to come to enable NATO to meet its obligations to pay the medical expenses of eligible retired staff members and their recognised dependants.

Description of the Fund

Staff leaving the Organization after 10 consecutive years of service and having reached the age of 55 are eligible to reimbursement of medical costs for themselves and their recognized dependants (Article 51.2 of the Civilian Personnel Regulations (CPR)).

Until 31 December 2000, any staff who had at least 10 years consecutive service and reached 65, was covered for life for their medical expenses through Organization's insurers. However, with the rise in the number of retirees and the increasing medical costs, the insurers were no longer able to cover the expenses. Accordingly, the Organization assumed this responsibility as from 1 January 2001.

For this purpose, the Retirees' Medical Claims Fund was set up with effect from 1 January 2001 pursuant to Council approval of PO(2000)123. The Council agreed to the establishment of a reserve to ensure that sufficient funds are available for the years to come to enable NATO to meet its obligations.

However, on the date of the creation of the RMCF there existed a potential liability towards staff who filled the age and service conditions mentioned above but had not yet retired. No asset was provided to fund this initial liability; therefore, from its inception the RMCF was underfunded.

The Fund only finances retirees from the age of 65. Former staff between the ages of 55 and 65 are insured under a different financing scheme.

The RMCF is maintained primarily by the annual premiums paid as continuing insurance. The surplus funds collected, which represent the bulk of contributions, are invested with the Investment Manager.

Financing

The Fund receives the following contributions:

- 4.5% of the active agents' emoluments (1/3 borne by the staff, 2/3 by NATO).
- 5% of the last basic salary of the retirees who are required to contribute (1/3 borne by the staff, 2/3 by NATO). This rate was increased, from 3%, as from 1 January 2013.

In 2015, changes to the Civilian Personnel Regulations were introduced to put an end to situations that enabled staff recruited before 1 January 2001 and having contributed at least 25 years not to pay a premium after the age of 65.

Governance

The rules and principles governing the RMCF are provided at Annex XIII of the NATO CPRs. A consultative committee, called the Supervisory Committee, oversees the management of the RMCF with the object of ensuring that sufficient funds will always be available to cover medical costs until the last NATO pensioner or his/her dependants die. It acts as advisor to the NATO Secretary General.

The composition of the Supervisory Committee is as follows: a Chair appointed by the Secretary General (Director of Economics or Financial Controller, NATO-IS - the Chair shall be neutral); one representative of the International Staff (Director of Economics or Financial Controller, NATO-IS); two representatives for the NATO Production and Logistics Organisations; one representative for bodies governed by the Paris Protocol; two staff representatives appointed by the Liaison Committee of NATO Staff Associations; two representatives appointed by the Confederation of Retired Civilian Staff Associations.

The Fund, held in the name of NATO, is entrusted to an independent investment manager.

The Supervisory Committee determines the investment strategy and decides in which funds to invest. The Investment Manager executes purchases and sells according to instructions received from NATO-IS Treasury, which are in accordance with Supervisory Committee decisions.

The Investment Manager keeps the Supervisory Committee informed of all matters relating to the composition and performance of the funds through regular meetings with the Committee members.

Members of the RMCF Supervisory Committee do not receive any additional remuneration or benefits in return for their responsibilities.

Investment strategy

For 2015, as since 2009, the Supervisory Committee decided to maintain the strategy of investing in index funds and to maintain holdings approximately as follows:

50% in European government (sovereign) bonds
25% in global equities
25% in European equities

Vanguard Investment Series plc, a prominent index-fund manager, buys and sells bonds and equities on behalf of the Fund within the objectives and restrictions set out in the contract signed with the Organisation. Investments are in Euro.

An asset-liability study was initiated in order to reassess the investment strategy and funding of the Fund.

Management of the RMCF

NATO International Staff, in particular Executive Management – Human Resources and the Office of Financial Control, are responsible for the day-to-day management of the RMCF. Financial services are provided by the Office of Financial Control, NATO-IS. Administrative services and secretarial support are provided by Human Resources, Personnel Support.

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 for post-employment benefits.

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

The financial statements summarize the transactions and net assets of the Fund. The statements do not take into account the liability to pay benefits that fall due after the year end of the reporting period. The actuarial position of the NATO RMCF, which takes these liabilities into account, is presented in Note 3.

Basis of presentation

The financial statements have been prepared on a going-concern basis: the RMCF 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.

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. Estimates include, but are not limited to: the long term obligation of the continued medical coverage and contingent assets.

Foreign currency transactions

The insurance premiums are calculated and paid in EUR and the accounting is in EUR. Since mid-2009, contributions are made in EUR; consequently, foreign currency transactions are not material. Realized gains and losses resulting from such transactions appear in the cash flow statement.

Cash and Cash Equivalents

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

Investments

Investments reported under these RMCF financial statements consist of equities and government bonds in index investment funds. These investments are reported as non-current assets reflecting the long term financial strategy of the RMCF.

An index fund is a collective investment scheme that aims to replicate the movements of an index of a specific financial market, regardless of market conditions. It does not aim to outperform the market. Index funds are commonly composed of a representative sample rather than all the securities in a given market, in appropriate weights. They are subject to a form of passive management rather than active management.

At the end of each reporting period a valuation is made by the investment manager at fair value by reference to official prices quoted on the day of valuation. The Account Statement received from Vanguard's transfer agent uses the Generally Accepted Accounting Principles (GAAP) methodology to calculate the Daily Net Asset Value (Daily NAV), a tradable, realisable value on the last trading day of the month. These are the values generally reported in financial statements by fund investors.

Amounts are net of purchase costs and increased by rebates.

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 goods received or services provided that remain unpaid. This includes, as required, an estimate of accrued obligation for goods received or services provided but not yet invoiced.

Net Assets

The net assets available at year-end correspond essentially to the surplus contributions that were not used to pay the insurance premiums and were invested with the Investment Manager or awaiting transfer.

Financial Risks

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

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

The RMCF is exposed to a variety of financial risks, including credit risk, market (price) risk and liquidity risk. The maximum exposure as at 31 December 2014 is equal to the total amount of bank balances, short term deposits, investment funds, and receivables.

Credit risk

The RMCF 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 RMCF 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 as of 29 March 2016:

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 agency payroll centres and the NATO Coordinated Pension Scheme. This risk is considered limited since these entities are funded by member nations which are considered credit worthy.

Price risk

The RMCF is exposed to equity securities market risk.

The two index equity funds in which RMCF funds are invested are not rated. The European Government Bond Index Fund is comprised of bonds with ratings as indicated below:

Rating	AAA	AA	A	BBB	<BBB	Not rated	Cash
At 31.12.2015	27.8%	34.5%	3.2%	34.8%	0.0%	-0.3%	0.0%

Credit ratings are derived from Moody's, S&P and Fitch. When ratings from all three are available, the median rating is used. When ratings are available from two of the agencies, the lower rating is used. When one rating is available, that rating is used.

Currency risk

Since mid-2009, RMCF is not exposed to foreign currency exchange risk arising from fluctuations in currency rates. The scheme receives contributions only in EUR. As explained above, funds are invested in EUR and insurance premiums are due in EUR.

Liquidity risk

A liquidity risk could arise from a short term liquidity requirement. There is a very limited exposure to liquidity risk because contributions from NATO payroll centres are received on a monthly basis, are higher than the insurance premiums and are paid by NATO bodies; the NATO bodies receive either contributions from their member states or income from their customers, generally are other NATO bodies funded through their approved budgets. It is only the excess funds (after payment of insurance premiums) that are invested with Vanguard Investment Series plc with the aim of increasing the assets available for benefits over time.

Interest rate risk

The RMCF is restricted from entering into borrowings.

A portion of RMCF is invested in bonds. The market value of bonds fluctuates according to market perception of the issuer's creditworthiness and to projected interest rates. The value of assets available for benefits is therefore subject to some interest rate risk.

NOTE 3: ACTUARIAL VALUATION

An actuarial study was conducted in 2016 by the OECD International Service for Remunerations and Pensions (ISRP) to assess the value of the long term NATO post employment medical care obligation.

The evaluation of the situation end 2015, further to the study conducted in 2016, results in an overall present value of MEUR 1,801 of which MEUR 1,747 for the obligation related to the continued medical coverage of retirees funded through the RMCF and MEUR 54 for the obligation related to the specific category of staff called "bridgers" (see below).

The methodology is based on the Projected Unit Credit Approach, the method recognised by the IFRS/IPSAS standards.

Endogenous assumptions taken into account are:

- Probability that a staff member leaves the Organisation, retires, or becomes invalid.
- Annual salary increase and impact due to career progression (0.27% above inflation)

Exogenous assumptions taken into account are:

- Discount rate in nominal value for post-employment medical care: 1.60%
- Price inflation in the long run: 2%
- Rates of mortality for both active staff and pensioners (mortality table International Civil Servant Life Table 2013 – ICSLT2013, source ISRP/EUROSTAT).
- Medical inflation in the long run: 4% annually (based on an analysis of medical expenses data for the period 2008-2013).
- Long term expected return on plan assets: 5% annually.

The previous actuarial study dated from 2015 estimated that the value of the obligation for post-employment medical care at the end of 2014 was MEUR 1,797. The current projection of this liability at the end of 2015 can be obtained as follows:

(amounts in MEUR)

Evaluation of the obligation at year end 2014	(a)	1,797
Benefits paid	(b)	17
Interest cost	(c)	25
Current service cost	(d)	136
Obligation at year end 2014 projected into 2015	(e)=(a-b+c+d)	1,941
Actuarial loss (gain) on obligation	(e-f)	(140)
Evaluation of obligation at year end 2015	(f)	1,801

The value of the obligation includes an amount of MEUR 54.0 corresponding to a specific category of staff referred to as “bridgers” (see below). The obligation corresponding to continued medical coverage of retirees funded through the RMCF is therefore MEUR 1,747.

The actuarial gain (i.e. the (negative) difference between the obligation of 2014 projected into 2015 resulting from the previous study and the obligation estimated at year end 2015 by the new study) is MEUR 140. The actuarial gain represents 7% of the obligation projected in 2015. The increase of the discount rate used for the calculations explains most (70%) of this actuarial gain.

Assumptions taken into account in the previous actuarial study were:

Discount rate: 1.41%

Price inflation: 2%

Future salary increase: 0.27% above inflation

Medical inflation: 4%

By definition actuarial valuations are largely dependent on the endogenous and exogenous parameters. Therefore any changes to the latter can result in material changes to the final evaluation of the obligation. In this case, the discount rate was increased, by 19 basis points, from 1.41% to 1.60%. Sensitivity tests were conducted for the purposes of the study showing that a discount rate of 2.60% (i.e. an increase of 100 basis points) would result in a decrease of the actuarial liability of MEUR 421 and that a discount rate of 0.60% (i.e. a decrease of 100 basis points) would result in an increase of the actuarial liability of MEUR 594.

The discount rate refers to market yields on high quality corporate bonds. For the purpose of this actuarial study, in the absence of a market for Eurozone corporate bonds with maturities longer than 18 years, the Euro area government bond yield curve was used instead as a reference to discount the liabilities of the RMCF. This resulted in the discount rate of 1.60%, compared to the previous 1.41% (and before: 2.84%).

Use of the ever-changing market value reference discount rate is likely to result in substantial changes of the actuarial valuations. Considering that the present interest rates used for the actuarial study are historically low, the use of a higher discount rate in the future would result in a decrease in the valuation of the liability.

Sensitivity tests were conducted for the purposes of the study showing that an increase of 100 basis points of the medical inflation rate to 5% would result in an increase of the actuarial liability of MEUR 573 and that a decrease of 100 basis points of the medical inflation rate to 3% would result in a decrease of the actuarial liability of MEUR 416.

The present actuarial study has used a new mortality table developed jointly by ISRP and EUROSTAT (ICSLT2013). It is based on data covering several international organizations in Europe, including NATO and the European Union.

It should be noted that medical claims for eligible former staff between the ages of 55 and 65 (referred to as “bridgers”) are not funded through the RMCF. They are insured under the terms of the “bridging-cover” whereby the related annual contributions and reimbursements are included in the medical claims insurance system of active staff. Contributions based on the “bridgers” last salary (5% since 2013 (3% previously), on a 1/3 “bridger” to 2/3 employer proportion) are made to the medical claim insurance company. No specific fund was set up to resource these requirements; they are handled on an annual basis. No payments to the

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RMCF are required from “bridgers” in the intervening years between their retirement from the organization and their reaching the age of 65, at which point they benefit from RMCF insurance coverage and contribute to its funding.

Based on the same actuarial study as above, the potential liability relating to medical coverage for staff pertaining to the “bridging cover” was estimated EUR 54.0 at year end 2015 (52.4 million at year end 2014).

NOTE 4: CASH AND CASH EQUIVALENTS

The various NATO entities and pensioners pay their contributions into a suspense account. This account serves to pay insurance premiums and effect the transfers of funds to be invested by the Investment Manager. Short term investments are made as required.

NOTE 5: FUNDS HELD BY THE INVESTMENT MANAGER

Distribution of Assets as of 31 December

	2015		2014	
	EUR	%	EUR	%
Euro Gov't Bond Index fund	135,096,566.69	46.76%	132,406,665.69	48.51%
Europe Stock Index Fund	73,103,626.05	25.30%	67,407,528.74	24.70%
Global Stock Index Fund	80,725,917.04	27.94%	73,123,498.72	26.79%
TOTAL	288,926,109.78	100.00%	272,937,693.15	100.00%

Details of the changes in investment fund balances available for benefits over the past two years are as follow:

in EUR	Euro Govt Bond Index Fund	Europe Stock Index Fund	Global Stock Index Fund	TOTAL
31 Dec 2013 balance	108,495,531.27	62,450,652.99	61,164,013.62	232,110,197.88
Purchases before purchase fees	9,900,000.00	300,000.00	0.00	10,200,000.00
Withdrawals	0.00	0.00	0.00	0.00
Distributions	0.00	0.00	0.00	0.00
Rebates received	142,786.28	141,828.62	109,096.65	393,711.55
Purchase Fees	0.00	0.00	0.00	0.00
2014 net transactions	10,042,786.28	441,828.62	109,096.65	10,593,711.55
Sum of 31 Dec 2013 balance and 2014 net transactions	118,538,317.55	62,892,481.61	61,273,110.27	242,703,909.43
Gain/loss in market value excluding 2014 net transactions	13,868,348.14	4,515,047.13	11,850,388.45	30,233,783.72
31 Dec 2014 balance	132,406,665.69	67,407,528.74	73,123,498.72	272,937,693.15
Purchases before purchase fees	800,000.00	0.00	0.00	800,000.00
Withdrawals	0.00	0.00	0.00	0.00
Distributions	0.00	0.00	0.00	0.00
Rebates received	160,841.40	165,114.35	136,468.11	462,423.86
Purchase Fees	0.00	0.00	0.00	0.00
2015 net transactions	960,841.40	165,114.35	136,468.11	1,262,423.86
Sum of 31 Dec 2014 balance and 2015 net transactions	133,367,507.09	67,572,643.09	73,259,966.83	274,200,117.01
Gain/loss in market value excluding 2015 net transactions	1,729,059.60	5,530,982.96	7,465,950.21	14,725,992.77
31 Dec 2015 balance	135,096,566.69	73,103,626.05	80,725,917.04	288,926,109.78

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Fund's Overall Performance

In 2015, Vanguard Investment Series plc index funds closely tracked their respective benchmarks during the period. Their returns, net of expenses and including the effect of reinvested dividends, are compared below to that of the corresponding benchmarks for the past two years:

Returns in %					
Vanguard index fund			Benchmark		
	2015	2014		2015	2014
Euro Gov't Bond	1.42	1.03	Spliced Euro Gov Bond Float Adj Index	1.51	1.03
Europe Stock	8.45	-1.40	MSCI Europe	8.22	-1.41
Global Stock	10.40	1.37	MSCI World	10.42	1.36

The number of units and Daily NAV per unit for the RMCF at year end, together with the resulting year-end market values, were as follows:

RMCF Investment Fund Units and NAVs as of 31 December

<u>2015</u>			
	<u>Units</u>	<u>NAV in EUR</u>	<u>Market Value in EUR</u>
Euro Gov't Bond Index Fund	626,272.53	215.7153	135,096,566.69
Europe Stock Index Fund	4,111,056.34	17.7822	73,103,626.05
Global Stock Index Fund	4,209,868.74	19.7154	80,725,917.04
TOTAL			288,926,109.78
<u>2014</u>			
	<u>Units</u>	<u>NAV in EUR</u>	<u>Market Value in EUR</u>
Euro Gov't Bond Index Fund	621,791.89	212.9437	132,406,665.69
Europe Stock Index Fund	4,102,135.96	16.4323	67,407,528.74
Global Stock Index Fund	4,202,813.93	17.3987	73,123,498.72
TOTAL			272,937,693.15

NOTE 6: ACCOUNTS RECEIVABLE

Contributions are paid on a monthly basis. Receivables at the end of 2015 were as follows:

(amounts in EUR)	2015	2014
Contributions	307,225.37	296,401.65
Receivable from insurer	128,780.98	0.00
Interest receivable	-	6,305.98
Total accounts receivable	437,006.35	302,707.63

At the date of issuance of these financial statements, no contributions were a year or more past due.

A profit sharing agreement is in place for the period 2012-2016, and is considered under the contingent asset note. Amounts receivable from the insurance company and the third party

administrator relate to the final assessment of the premium and of the management fee, which are paid in monthly advances during the year.

NOTE 7: ACCOUNTS PAYABLE

Accounts payable consisted mainly of amounts due to the OECD for actuarial and study fees. Contributions received in advance for future years amounted to EUR 913.23 (EUR 9,032.06 at year-end 2014). All amounts due to the insurer and the third party administrator were paid by end 2014.

NOTE 8: CONTRIBUTIONS RECEIVED

Contributions received in the course of the year were as follows:
(amounts in EUR)

Contributions from	2015	2014
Active Staff and NATO Employer	22,533,923.23	22,186,532.87
Retired Staff	389,798.28	387,122.33
Total	22,923,721.51	22,573,655.20

NOTE 9: PROFIT SHARING AGREEMENT WITH INSURER

A profit-sharing arrangement has been entered into, covering the period 2012-2016, whereby NATO would be refunded the totality of the difference Premiums X 97% – Reimbursements, if it is positive. The final settlement is foreseen during the first quarter of 2018. At this stage it is not possible to assess whether this would result in any inflow of cash to NATO, neither to estimate its amount: claim cases can last two years and amounts at a given moment can be affected by unusually high settlements of unresolved claims. Therefore no revenue or asset is recognized at this time.

NOTE 10: INTEREST

Interest is earned on the bank account for the period during which cash holdings are pending investment. Amounts presented are netted of bank charges.

NOTE 11: INSURANCE PREMIUMS AND MANAGEMENT FEES

The insurance premium to cover the medical expenses of the retirees is paid monthly to the third party administrator on the basis agreed under the NATO Group Insurance Policy.

The value of the insurance premium paid to the insurance company is essentially based on the number and age of the beneficiaries. The premium includes a management fee of EUR 1,243,103.40 (EUR 1,127,544.48 for 2014). The increase in net insurance premiums and management fees is mainly due to a larger number of beneficiaries.

Other administrative expenses relate to the OECD actuaries' fees and travel expenses.

NOTE 12: CONTINGENT ASSETS

As indicated above, there is a profit-sharing agreement with the insurer.

The arrangement covers the period 2012-2016, whereby NATO would be refunded the totality of the difference Premiums X 97% – Reimbursements, if it is positive. The final settlement is foreseen during the first quarter of 2018. At this stage it is not possible to assess whether this would result in any inflow of cash to NATO, neither to estimate its amount: claim cases can last two years and amounts at a given moment can be affected by unusually high settlements of unresolved claims. Therefore no revenue or asset is recognized at this time.

The past agreement resulted in an economic benefit to the RMCF.

NOTE 13: CONTINGENT LIABILITIES

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

NOTE 14: RELATED PARTY TRANSACTIONS

The following related party transactions took place during the year ended 31 December 2015.

NATO International Staff, in particular Executive Management – Human Resources and the Office of Financial Control, are responsible for the day-to-day management of the RMCF. None of the costs related to the administrative services provided by NATO International Staff are charged to the RMCF.

NOTE 15: KEY MANAGEMENT PERSONNEL

For the purpose of these financial statements, key management personnel are considered to be the Assistant Secretary General for Executive Management and the Financial Controller of the International Staff. Their remuneration is entirely covered by the International Staff.

Members of the RMCF Supervisory Committee do not receive any additional remuneration or benefits in return for their responsibilities. The International Staff Financial Controller was appointed Chairperson of the Supervisory Committee end 2010.

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

NOTE 16: STATISTICAL INFORMATION

Evolution of RMCF membership (number of affiliates)			
year-end	2000	Affiliates	0
	2001	Joined	166
	2001	Exited	0
year-end	2001	Affiliates	166
	2002	Joined	250
	2002	Exited	-1
year-end	2002	Affiliates	415
	2003	Joined	229
	2003	Exited	-4
year-end	2003	Affiliates	640
	2004	Joined	242
	2004	Exited	-14
year-end	2004	Affiliates	868
	2005	Joined	328
	2005	Exited	-15
year-end	2005	Affiliates	1,181
	2006	Joined	258
	2006	Exited	-27
year-end	2006	Affiliates	1,412
	2007	Joined	259
	2007	Exited	-25
year-end	2007	Affiliates	1,646
	2008	Joined	333
	2008	Exited	-37
year-end	2008	Affiliates	1,942
	2009	Joined	330
	2009	Exited	-32
year-end	2009	Affiliates	2,240
	2010	Joined	316
	2010	Exited	-37
year-end	2010	Affiliates	2,519
	2011	Joined	401
	2011	Exited	-39
year-end	2011	Affiliates	2,881
	2012	Joined	265
	2012	Exited	-27
year-end	2012	Affiliates	3,119
	2013	Joined	268
	2013	Exited	-63
year-end	2013	Affiliates	3,324
	2014	Joined	533
	2014	Exited	-62
year-end	2014	Affiliates	3,795
	2015	Joined	386
	2015	Exited	-163
year-end	2015	Affiliates	4,018

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