



CPAs SERVING CLIENTS SINCE 1947

**WASHINGTON OFFICE ON LATIN AMERICA  
FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITORS' REPORT  
DECEMBER 31, 2015 AND 2014**

**MATTHEWS, CARTER & BOYCE**  
RESPECT. CONFIDENCE. TRUST.

**WASHINGTON OFFICE ON LATIN AMERICA**

**TABLE OF CONTENTS**

**DECEMBER 31, 2015 AND 2014**

	Pages
Independent Auditors' Report	1-2
Financial Statements:	
Statements of Financial Position	3
Statements of Activities and Changes in Net Assets	4
Statements of Functional Expenses	5-6
Statements of Cash Flows	7
Notes to Financial Statements	8-14



**MATTHEWS, CARTER & BOYCE**  
CPAs • ADVISORS

## Independent Auditors' Report

Board of Directors  
Washington Office on Latin America  
Washington, DC

### Report on the Financial Statements

We have audited the accompanying financial statements of Washington Office on Latin America (a nonprofit organization) which comprise the statements of financial position as of December 31, 2015 and 2014, and the related statements of activities and changes in net assets, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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 the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## Independent Auditors' Report (concluded)

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Washington Office on Latin America as of December 31, 2015 and 2014, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Fairfax, VA  
May 20, 2016



# WASHINGTON OFFICE ON LATIN AMERICA

## STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2015 AND 2014

### ASSETS

	2015	2014
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 781,740	\$ 1,088,168
Grants and contracts receivable, current portion	549,715	752,517
Pledges receivable, current portion	30,000	-
Contributions receivable	131,960	42,019
Other receivables	30,209	12,276
Prepaid expenses and other	69,151	58,390
Total Current Assets	\$ 1,592,775	\$ 1,953,370
<b>OTHER ASSETS</b>		
Grants and contracts receivable, net of current portion	\$ -	\$ 211,890
Pledges receivable, net of current portion	65,000	-
Property and equipment, net	83,608	85,349
Investments	768,120	770,658
Security deposits	27,056	27,056
Total Other Assets	\$ 943,784	\$ 1,094,953
<b>TOTAL ASSETS</b>	<b>\$ 2,536,559</b>	<b>\$ 3,048,323</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 61,327	\$ 91,981
Deferred revenue	41,620	55,003
Deferred rent, current portion	46,747	37,107
Total Current Liabilities	\$ 149,694	\$ 184,091
<b>LONG-TERM LIABILITIES</b>		
Deferred rent, net of current portion	\$ 87,442	\$ 134,189
Total Long-Term Liabilities	\$ 87,442	\$ 134,189
Total Liabilities	\$ 237,136	\$ 318,280
<b>NET ASSETS</b>		
Unrestricted		
Board-designated	\$ 768,120	\$ 770,658
Undesignated	163,666	272,282
Total Unrestricted Net Assets	\$ 931,786	\$ 1,042,940
Temporarily restricted net assets	1,367,637	1,687,103
Total Net Assets	\$ 2,299,423	\$ 2,730,043
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 2,536,559</b>	<b>\$ 3,048,323</b>

The accompanying notes are an integral part of these financial statements.

WASHINGTON OFFICE ON LATIN AMERICA

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	2015			2014		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
<b>REVENUE AND SUPPORT</b>						
Grants and contributions	\$ 631,124	\$ 1,529,845	\$ 2,160,969	\$ 631,842	\$ 2,515,270	\$ 3,147,112
Contract services revenue	-	110,032	110,032	-	168,926	168,926
Special event - gala	326,537	-	326,537	283,717	-	283,717
less cost of direct benefit to gala donors	(33,320)	-	(33,320)	(26,006)	-	(26,006)
Pledges	-	100,000	100,000	-	-	-
Investment income (loss)	(2,015)	-	(2,015)	38,042	-	38,042
Programs and publications	25,100	-	25,100	47,786	-	47,786
Donated services	100	-	100	1,215	-	1,215
Other losses	-	-	-	(50)	-	(50)
Net assets released from restrictions	2,059,343	(2,059,343)	-	2,237,754	(2,237,754)	-
Total Revenue, Support and Investment Activity	\$ 3,006,869	\$ (319,466)	\$ 2,687,403	\$ 3,214,300	\$ 446,442	\$ 3,660,742
<b>EXPENSES</b>						
Program services	\$ 2,610,326	\$ -	\$ 2,610,326	\$ 2,688,745	\$ -	\$ 2,688,745
Supporting services						
General and administrative	\$ 202,668	\$ -	\$ 202,668	\$ 140,761	\$ -	\$ 140,761
Fundraising	305,029	-	305,029	199,218	-	199,218
Total Supporting Services	\$ 507,697	\$ -	\$ 507,697	\$ 339,979	\$ -	\$ 339,979
Total Expenses	\$ 3,118,023	\$ -	\$ 3,118,023	\$ 3,028,724	\$ -	\$ 3,028,724
<b>CHANGE IN NET ASSETS</b>	\$ (111,154)	\$ (319,466)	\$ (430,620)	\$ 185,576	\$ 446,442	\$ 632,018
<b>NET ASSETS, BEGINNING OF YEAR</b>	1,042,940	1,687,103	2,730,043	857,364	1,240,661	2,098,025
<b>NET ASSETS, END OF YEAR</b>	\$ 931,786	\$ 1,367,637	\$ 2,299,423	\$ 1,042,940	\$ 1,687,103	\$ 2,730,043

The accompanying notes are an integral part of these financial statements.

**WASHINGTON OFFICE ON LATIN AMERICA**

**STATEMENT OF FUNCTIONAL EXPENSES**

**FOR THE YEAR ENDED DECEMBER 31, 2015**

	Program Expenses	Supporting Services		Total Supporting Services	Total Expenses
		General and Administrative	Fundraising		
Expenses					
Salaries	\$ 1,229,878	\$ 116,692	\$ 144,780	\$ 261,472	\$ 1,491,350
Employee benefits and payroll taxes	274,136	26,308	32,368	58,676	332,812
Occupancy	167,343	16,165	19,657	35,822	203,165
Travel	342,937	12,579	25,949	38,528	381,465
Consultants	378,932	800	-	800	379,732
Meetings and receptions	38,491	6,130	49,846	55,976	94,467
Communications	26,802	4,656	3,748	8,404	35,206
Printing and publications	30,169	1,230	11,669	12,899	43,068
Depreciation and amortization	23,134	2,196	2,723	4,919	28,053
Professional services	20,887	1,314	1,595	2,909	23,796
Telephone	37,824	3,919	4,345	8,264	46,088
Equipment rental/purchase	6,227	698	679	1,377	7,604
Office supplies	8,530	991	1,695	2,686	11,216
Taxes and insurance	8,320	805	989	1,794	10,114
Subscriptions/reference materials	8,498	689	1,002	1,691	10,189
Postage	109	44	3,708	3,752	3,861
Repairs and maintenance	1,690	171	216	387	2,077
Bank and credit card fees	169	7,075	-	7,075	7,244
Dues/fees/licenses	1,250	493	60	553	1,803
Staff development and recruitment	-	4,713	-	4,713	4,713
Administrative fees	5,000	(5,000)	-	(5,000)	-
<b>Total Expenses</b>	<b>\$ 2,610,326</b>	<b>\$ 202,668</b>	<b>\$ 305,029</b>	<b>\$ 507,697</b>	<b>\$ 3,118,023</b>

The accompanying notes are an integral part of these financial statements.

**WASHINGTON OFFICE ON LATIN AMERICA**

**STATEMENT OF FUNCTIONAL EXPENSES**

**FOR THE YEAR ENDED DECEMBER 31, 2014**

	Program Expenses	Supporting Services		Total Supporting Services	Total Expenses
		General and Administrative	Fundraising		
Expenses					
Salaries	\$ 1,140,136	\$ 77,214	\$ 66,798	\$ 144,012	\$ 1,284,148
Employee benefits and payroll taxes	237,896	16,859	13,986	30,845	268,741
Occupancy	177,523	14,366	7,135	21,501	199,024
Travel	368,738	7,804	20,210	28,014	396,752
Consultants	514,541	8,800	839	9,639	524,180
Meetings and receptions	54,024	3,191	67,890	71,081	125,105
Communications	35,299	-	4,698	4,698	39,997
Printing and publications	36,026	714	8,450	9,164	45,190
Depreciation and amortization	26,330	1,783	1,542	3,325	29,655
Professional services	16,522	1,223	1,082	2,305	18,827
Telephone	34,627	2,895	1,963	4,858	39,485
Equipment rental/purchase	7,020	1,373	403	1,776	8,796
Office supplies	9,902	968	562	1,530	11,432
Taxes and insurance	8,342	588	487	1,075	9,417
Subscriptions/reference materials	7,789	427	409	836	8,625
Postage	116	1,014	2,722	3,736	3,852
Repairs and maintenance	687	62	42	104	791
Bank and credit card fees	-	6,775	-	6,775	6,775
Dues/fees/licenses	1,000	2,935	-	2,935	3,935
Staff development and recruitment	127	3,870	-	3,870	3,997
Administrative fees	12,100	(12,100)	-	(12,100)	-
<b>Total Expenses</b>	<b>\$ 2,688,745</b>	<b>\$ 140,761</b>	<b>\$ 199,218</b>	<b>\$ 339,979</b>	<b>\$ 3,028,724</b>

The accompanying notes are an integral part of these financial statements.



WASHINGTON OFFICE ON LATIN AMERICA

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ (430,620)	\$ 632,018
Adjustments to reconcile change in net assets to net cash - operating activities:		
Depreciation and amortization	28,053	29,655
Unrealized (gains)/losses on investments	16,845	(21,507)
(Increase) decrease in:		
Grants and contracts receivable	414,692	(853,379)
Pledges receivable	(95,000)	-
Contributions receivable	(89,941)	(4,556)
Other receivables	(17,933)	(11,304)
Prepaid expenses and other	(10,761)	(1,085)
Increase (decrease) in:		
Accounts payable and accrued expenses	(30,654)	31,115
Deferred revenue	(13,383)	(66,230)
Deferred rent	(37,107)	(27,702)
	<u>(265,809)</u>	<u>(292,975)</u>
Net Cash - Operating Activities	<u>\$ (265,809)</u>	<u>\$ (292,975)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of investments - reinvested dividends and earnings	\$ (14,307)	\$ (15,910)
Purchase of property and equipment	(26,312)	-
	<u>(40,619)</u>	<u>(15,910)</u>
Net Cash - Investing Activities	<u>\$ (40,619)</u>	<u>\$ (15,910)</u>
<b>NET CHANGE IN CASH</b>	<u>\$ (306,428)</u>	<u>\$ (308,885)</u>
<b>CASH, BEGINNING OF YEAR</b>	<u>1,088,168</u>	<u>1,397,053</u>
<b>CASH, END OF YEAR</b>	<u><u>\$ 781,740</u></u>	<u><u>\$ 1,088,168</u></u>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:</b>		
Interest paid	\$ -	\$ -
Taxes paid	\$ -	\$ -

There were no non-cash investing or financing activities during the years ended December 31, 2015 or 2014.

The accompanying notes are an integral part of these financial statements.

# WASHINGTON OFFICE ON LATIN AMERICA

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2015 AND 2014

### **Note 1. Organization**

Washington Office on Latin America (WOLA or the Organization) was incorporated on July 27, 1981 as a District of Columbia nonprofit organization. The Organization is an independent, locally-controlled organization with a volunteer Board of Directors.

WOLA is a leading research and advocacy organization advancing human rights in the Americas. We envision a future where public policies protect human rights and recognize human dignity, and where justice overcomes violence. WOLA tackles problems that transcend borders and demand cross-border solutions. We create strategic partnerships with courageous people making social change – advocacy organizations, academics, religious and business leaders, artists, and government officials. Together, we advocate for more just societies in the Americas.

### **Note 2. Summary of Significant Accounting Policies**

This summary of significant accounting policies of WOLA is presented to assist in understanding the financial statements.

WOLA prepares its financial statements on the accrual basis of accounting. Under this method of accounting, revenue is recognized when earned, and expenses are recognized when the related goods or services are received.

#### **Financial Statement Presentation**

Financial statement presentation follows the requirements of the Financial Accounting Standards Board ASC 958-205, Presentation of Financial Statements for Not-for-Profit Entities, set forth in the Accounting Standards Codification. Under this guidance, WOLA is required to report information regarding its financial positions and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

#### **Income Taxes**

WOLA has been classified as an other than a private foundation and is tax-exempt under Section 501(c)(3) of the Internal Revenue Code. The Organization is subject to a tax on income from any unrelated business. WOLA did not have any unrelated business income during the years ended December 31, 2015 or 2014.

# WASHINGTON OFFICE ON LATIN AMERICA

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2015 AND 2014

### Note 2. Summary of Significant Accounting Policies (Continued)

#### Income Taxes (Concluded)

WOLA has adopted the recognition requirements for uncertain income tax positions as required by generally accepted accounting principles, with no cumulative effect adjustment required. Income tax benefits are recognized for income tax positions taken or expected to be taken in a tax return, only when it is determined that the income tax position will more-likely-than-not be sustained upon examination by taxing authorities. WOLA has analyzed tax positions taken for filing with the Internal Revenue Service and all state jurisdictions where it operates. WOLA believes that income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse effect on WOLA's financial condition, results of operations or cash flows. Accordingly, WOLA has not recorded any reserves, or related accruals for interest and penalties for uncertain income tax positions at December 31, 2015 or 2014.

WOLA is subject to routine audits by taxing jurisdictions; however, there are currently no audits in progress for any tax periods. WOLA believes it is no longer subject to income tax examinations for years prior to 2012.

#### Cash and Cash Equivalents

For financial statement purposes, WOLA considers all interest bearing deposits, except for cash and money market funds held in professionally managed investment accounts, to be cash equivalents.

#### Fair Value

The carrying amounts reflected in the financial statements for cash and cash equivalents accounts approximate the respective fair values due to the short maturities of those instruments.

In accordance with the Accounting Standards Codification, WOLA has categorized its financial instruments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instrument fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument. Investments recorded in the Statements of Financial Position are categorized based on the inputs to valuation techniques as follows:

- Level 1. These are investments where values are based on unadjusted quoted prices for identical assets in an active market that WOLA has the ability to access.
- Level 2. These are investments where values are based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full-term of the investments.

# WASHINGTON OFFICE ON LATIN AMERICA

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2015 AND 2014

### Note 2. Summary of Significant Accounting Policies (Continued)

#### Fair Value (concluded)

- Level 3. These are investments where values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. These inputs reflect assumptions of management about assumptions market participants would use in pricing the investments. These investments include non-readily marketable securities that do not have an active market.

#### Property and Equipment and Leasehold Improvements and Depreciation

Property and equipment, including software, and leasehold improvements with an original cost of \$2,000 or more, are carried at cost, or if donated, at the approximate fair market value at the date of donation. Items with an original cost or fair market value at the date of donation of less than \$2,000 are expensed when acquired. Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives using a straight-line method from three to seven years for property and equipment, and over the life of the lease in the case of leasehold improvements.

#### Donated Materials and Services

WOLA records the value of donated goods and services when there is an objective basis available to measure their value and they would have otherwise had to purchase the goods or services.

WOLA generally pays for services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist WOLA in its work, but these services do not meet the criteria for recognition as contributed services.

#### Grants, Contributions, Pledges and Other Receivables

Grants, contributions and pledges received are recognized when the donor makes a promise to give to WOLA that is, in substance, unconditional. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or the purpose of the restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

Accounts receivables are recorded at the lower of cost or fair value. The risk of loss on the receivables is the balance due at the time of default. All receivables are unsecured.

WOLA uses the allowance method to determine uncollectible grants, contributions, pledges and other receivables. The allowance is based on prior years' experience and management's analysis of specific promises made. Management has determined that no allowance is necessary as of December 31, 2015 or 2014.

WOLA's revenue stream varies from year to year due to the fact that WOLA has throughout its history received large grants in a particular year that are then disbursed over a period of one to five years. This revenue stream results in WOLA reflecting income in one year generally followed by one to five years of losses as WOLA disburses the funds to comply with grant requirements.

**WASHINGTON OFFICE ON LATIN AMERICA**

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2015 AND 2014**

**Note 2. Summary of Significant Accounting Policies (Concluded)**

**Deferred Revenue**

Deferred revenue represents payments received for services that have not yet been performed.

**Functional Allocation of Expenses**

The costs of providing the various programs and supporting services have been summarized on a functional basis in the statements of activities. Costs that can be identified with a particular program or support function are charged directly to that program or function. Salaries and related costs have been allocated among the programs and supporting services based upon timesheets and management's best estimates of the proportion of these costs applicable to each program. Other allocable costs have been allocated to program expenses and supporting services based upon management's best estimates.

**Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Note 3. Investments**

WOLA invests in professionally managed portfolios. Such investments are exposed to various risks such as interest rate, market and credit. Due to the level of risk associated with such investments and the level of uncertainty related to changes in the value of such investments, it is at least reasonably possible that changes in risks in the near term could materially affect investment balances and the amounts reported in the financial statements.

Investment securities are carried at fair value based on quoted prices in active markets (all Level 1 inputs) and consist of the following at December 31:

	2015		2014	
	Cost	Fair Value	Cost	Fair Value
Money market funds	\$ 18,598	\$ 18,598	\$ 18,590	\$ 18,590
Equity funds	193,820	227,398	188,655	230,698
Bond funds	491,511	474,130	484,214	474,498
REIT funds	<u>36,515</u>	<u>47,994</u>	<u>35,231</u>	<u>46,872</u>
	<u>\$ 740,444</u>	<u>\$ 768,120</u>	<u>\$ 726,690</u>	<u>\$ 770,658</u>

Return on investments consists of the following for the years ended December 31:

	2015	2014
Interest and dividends	\$ 14,608	\$ 15,496
Capital gains	222	1,039
Net unrealized gains (losses)	<u>(16,845)</u>	<u>21,507</u>
Total Return	<u>\$ (2,015)</u>	<u>\$ 38,042</u>

**WASHINGTON OFFICE ON LATIN AMERICA**

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2015 AND 2014**

**Note 3. Investments (Concluded)**

The investment account represents the amount that has been set aside by the Board of Directors as a reserve (see Note 10). Recent market conditions have resulted in an unusually high degree of volatility which could impact the value of the investments after the date of these financial statements.

**Note 4. Grants, Contracts and Pledges Receivable**

Grants and contracts receivable consisted of the following as of December 31:

	2015	2014
Amounts due in:		
Less than one year	\$ 549,715	\$ 752,517
One to five years	-	211,890
Grants and contracts receivable	<u>\$ 549,715</u>	<u>\$ 964,407</u>

Pledges receivable consisted of the following as of December 31:

	2015	2014
Amounts due in:		
Less than one year	\$ 30,000	\$ -
One to five years	65,000	-
	<u>\$ 95,000</u>	<u>\$ -</u>

**Note 5. Property and Equipment**

Property and equipment consisted of the following as of December 31:

	2015	2014
Leasehold improvements	\$ 233,702	\$ 228,715
Furniture and equipment	52,590	52,590
Website	46,735	25,410
	\$ 333,027	\$ 306,715
Less, accumulated depreciation	(249,419)	(221,366)
Net Property and Equipment	<u>\$ 83,608</u>	<u>\$ 85,349</u>

**Note 6. Tax Shelter Annuity Plan**

WOLA has adopted a plan to purchase annuity contracts for its employees under the provisions of Section 403(b) of the Internal Revenue Code. The plan was issued by TIAA-CREF. The annual plan contribution is up to five percent matching contribution of eligible employees' salaries. Retirement plan expense for the years ended December 31, 2015 and 2014 was \$52,195 and \$43,911, respectively.

# WASHINGTON OFFICE ON LATIN AMERICA

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2015 AND 2014

### Note 7. Deferred Rent

In connection with the lease for office space (see Note 8) WOLA is responsible for certain annual increases, and also received certain incentives for leasehold improvements totaling \$169,899. WOLA recognized the effect of such increases and incentives by recording a deferred rent liability. The deferred rent liability consists of the effects of the scheduled rent increases and the unamortized portion related to the incentives received for leasehold improvements. The deferred rent liability is increased or decreased by changes to rent expense over the lease-term on a straight-line basis.

### Note 8. Lease Commitments

WOLA signed a lease for office space in December 2007, with a commencement date of July 1, 2008, and expiration date of June 30, 2018. The lease agreement provides for an annual increase of 2.5% to the base rent, except on the fifth anniversary date when the base rent shall increase by one dollar and fifty cents per square foot. The agreement also provides for an option to extend the lease for an additional five-year term. The lease agreement also requires additional rent for the increase in real estate taxes and operating costs over the base year costs for WOLA's proportionate share of such costs.

WOLA leases office equipment under an agreement which expires in March 2018. The monthly payment under this lease is \$565.

The future minimum lease payments on an annual basis are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2016	\$ 402,007
2017	411,888
2018	<u>206,752</u>
Total	<u>\$ 1,020,647</u>

In December 2007, WOLA entered into a sublease agreement for a portion of the office space for a period of five years. The sublease has been amended to and currently extends through March 31, 2016 without further extensions. The rental income is reported as a reduction of occupancy expense. The future minimum rental income from this sublease is as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2016	<u>\$ 40,109</u>

### Note 9. Concentrations

#### Donors

Two donors accounted for 35.1% of total revenue in 2015. Three donors accounted for approximately 96.5% of grants and contracts receivable at December 31, 2015.

Three donors accounted for 44.3% of total revenue in 2014. Those same three donors accounted for approximately 87% of grants and contracts receivable at December 31, 2014.

**WASHINGTON OFFICE ON LATIN AMERICA**

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2015 AND 2014**

**Note 10. Board-Designated Reserve**

The Board of Directors has designated a portion of net assets for the following purpose:

	2015	2014
Reserve – board designated	<u>\$ 768,120</u>	<u>\$ 770,658</u>

**Note 11. Temporarily Restricted Net Assets**

Temporarily restricted net assets are available for the following purposes as of December 31:

	2014	Additions	Releases	2015
Andes Drug Policy	\$ 220,380	\$ 566,250	\$ 457,178	\$ 329,452
Cuba	6,500	178,765	185,265	-
Colombia	-	564,098	408,633	155,465
Human Rights	59,827	81,750	83,729	57,848
Mexico	808,840	30,000	471,265	367,575
Citizen Security	20,000	120,951	140,951	-
Regional – Security Policy	8,056	8,000	8,000	8,056
Time-restricted 2015	563,500	90,063	299,322	354,241
Pledges 2015-2019	-	100,000	5,000	95,000
	<u>\$ 1,687,103</u>	<u>\$ 1,739,877</u>	<u>\$ 2,059,343</u>	<u>\$ 1,367,637</u>

	2013	Additions	Releases	2014
Andes Drug Policy	\$ 490,137	\$ 285,000	\$ 554,757	\$ 220,380
Cuba	132,382	207,000	332,882	6,500
Colombia	-	299,355	299,355	-
Human Rights	66,646	98,409	105,228	59,827
Mexico	20,042	1,226,321	437,523	808,840
Citizen Security	25,000	202,259	207,259	20,000
Regional – Security Policy	206,454	-	198,398	8,056
Reclassifications	-	(197,648)	(197,648)	-
Time-restricted 2014	300,000	-	300,000	-
Time-restricted 2015	-	563,500	-	563,500
	<u>\$ 1,240,661</u>	<u>\$ 2,684,196</u>	<u>\$ 2,237,754</u>	<u>\$ 1,687,103</u>

**Note 12. Subsequent Events**

Management has evaluated subsequent events through May 20, 2016, the date on which the financial statements were available to be issued. Management determined that no subsequent event has occurred that requires disclosure in the financial statements.