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**WASHINGTON OFFICE ON LATIN AMERICA  
FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITORS' REPORT  
DECEMBER 31, 2016 AND 2015**

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

**WASHINGTON OFFICE ON LATIN AMERICA**

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**DECEMBER 31, 2016 AND 2015**

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## 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, 2016 and 2015, 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 from 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 risks 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.

### 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, 2016 and 2015, 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  
April 12, 2017

WASHINGTON OFFICE ON LATIN AMERICA

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2016 AND 2015

ASSETS

	2016	2015
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 874,618	\$ 781,740
Grants and contracts receivable	1,772,500	549,715
Pledges receivable, current portion	41,000	30,000
Contributions receivable	33,665	131,960
Other receivables	8,007	30,209
Prepaid expenses and other	75,747	69,151
Total Current Assets	<u>\$ 2,805,537</u>	<u>\$ 1,592,775</u>
<b>OTHER ASSETS</b>		
Pledges receivable, net of current portion	\$ 45,000	\$ 65,000
Property and equipment, net	74,644	83,608
Investments	814,581	768,120
Security deposits	27,056	27,056
Total Other Assets	<u>\$ 961,281</u>	<u>\$ 943,784</u>
<b>TOTAL ASSETS</b>	<u>\$ 3,766,818</u>	<u>\$ 2,536,559</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 70,764	\$ 61,327
Deferred revenue	28,573	41,620
Deferred rent, current portion	56,627	46,747
Total Current Liabilities	<u>\$ 155,964</u>	<u>\$ 149,694</u>
<b>LONG-TERM LIABILITIES</b>		
Deferred rent, net of current portion	\$ 30,815	\$ 87,442
Total Long-Term Liabilities	<u>\$ 30,815</u>	<u>\$ 87,442</u>
Total Liabilities	<u>\$ 186,779</u>	<u>\$ 237,136</u>
<b>NET ASSETS</b>		
Unrestricted		
Board-designated	\$ 814,581	\$ 768,120
Undesignated	268,637	163,666
Total Unrestricted Net Assets	<u>\$ 1,083,218</u>	<u>\$ 931,786</u>
Temporarily restricted net assets	2,496,821	1,367,637
Total Net Assets	<u>\$ 3,580,039</u>	<u>\$ 2,299,423</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 3,766,818</u>	<u>\$ 2,536,559</u>

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, 2016 AND 2015**

	2016			2015		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
<b>REVENUE AND SUPPORT</b>						
Grants and contributions	\$ 586,236	\$ 3,563,703	\$ 4,149,939	\$ 521,092	\$ 1,639,877	\$ 2,160,969
Contract services revenue	128,179	-	128,179	110,032	-	110,032
Special event - gala	366,093	-	366,093	326,537	-	326,537
Less cost of direct benefit to gala donors	(32,813)	-	(32,813)	(33,320)	-	(33,320)
Pledges	-	57,000	57,000	-	100,000	100,000
Investment income (loss)	46,850	-	46,850	(2,015)	-	(2,015)
Programs and publications	21,500	-	21,500	25,100	-	25,100
Donated services	73,209	-	73,209	100	-	100
Net assets released from restrictions	2,491,519	(2,491,519)	-	2,059,343	(2,059,343)	-
<b>Total Revenue and Support</b>	<b>\$ 3,680,773</b>	<b>\$ 1,129,184</b>	<b>\$ 4,809,957</b>	<b>\$ 3,006,869</b>	<b>\$ (319,466)</b>	<b>\$ 2,687,403</b>
<b>EXPENSES</b>						
Program services	\$ 2,857,755	\$ -	\$ 2,857,755	\$ 2,610,326	\$ -	\$ 2,610,326
Supporting services						
General and administrative	\$ 326,057	\$ -	\$ 326,057	\$ 202,668	\$ -	\$ 202,668
Fundraising	345,529	-	345,529	305,029	-	305,029
<b>Total Supporting Services</b>	<b>\$ 671,586</b>	<b>\$ -</b>	<b>\$ 671,586</b>	<b>\$ 507,697</b>	<b>\$ -</b>	<b>\$ 507,697</b>
<b>Total Expenses</b>	<b>\$ 3,529,341</b>	<b>\$ -</b>	<b>\$ 3,529,341</b>	<b>\$ 3,118,023</b>	<b>\$ -</b>	<b>\$ 3,118,023</b>
<b>CHANGE IN NET ASSETS</b>	<b>\$ 151,432</b>	<b>\$ 1,129,184</b>	<b>\$ 1,280,616</b>	<b>\$ (111,154)</b>	<b>\$ (319,466)</b>	<b>\$ (430,620)</b>
<b>NET ASSETS, BEGINNING OF YEAR</b>	<b>931,786</b>	<b>1,367,637</b>	<b>2,299,423</b>	<b>1,042,940</b>	<b>1,687,103</b>	<b>2,730,043</b>
<b>NET ASSETS, END OF YEAR</b>	<b>\$ 1,083,218</b>	<b>\$ 2,496,821</b>	<b>\$ 3,580,039</b>	<b>\$ 931,786</b>	<b>\$ 1,367,637</b>	<b>\$ 2,299,423</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, 2016

Expenses	Program Services	Supporting Services		Total Supporting Services	Total Expenses
		General and Administrative	Fundraising		
Salaries	\$ 1,347,691	\$ 135,073	\$ 181,472	\$ 316,545	\$ 1,664,236
Employee benefits and payroll taxes	309,578	31,013	41,979	72,992	382,570
Occupancy	220,760	22,269	29,915	52,184	272,944
Travel	426,107	16,837	22,988	39,825	465,932
Consultants	334,049	-	2,000	2,000	336,049
Meetings and receptions	26,962	7,436	28,704	36,140	63,102
Communications	34,910	-	4,056	4,056	38,966
Printing and publications	35,048	1,980	16,429	18,409	53,457
Depreciation and amortization	26,228	2,629	3,532	6,161	32,389
Professional services	21,990	75,336	2,230	77,566	99,556
Telephone	36,252	5,210	4,866	10,076	46,328
Equipment rental/purchase	4,674	693	449	1,142	5,816
Office supplies	7,763	1,269	1,200	2,469	10,232
Taxes and insurance	8,514	870	1,152	2,022	10,536
Subscriptions/reference materials	11,857	779	926	1,705	13,562
Postage	450	255	2,761	3,016	3,466
Recruitment	15	4,924	-	4,924	4,939
Repairs and maintenance	705	69	87	156	861
Bank and credit card fees	-	5,215	-	5,215	5,215
Dues/fees/licenses	1,000	1,436	114	1,550	2,550
Staff development	3,202	12,764	669	13,433	16,635
Administrative costs	-	-	-	-	-
<b>Total Expenses</b>	<b>\$ 2,857,755</b>	<b>\$ 326,057</b>	<b>\$ 345,529</b>	<b>\$ 671,586</b>	<b>\$ 3,529,341</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, 2015**

	Program Services	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 costs	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**

**STATEMENTS OF CASH FLOWS**

**FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

	2016	2015
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 1,280,616	\$ (430,620)
Adjustments to reconcile change in net assets to net cash - operating activities:		
Depreciation and amortization	32,389	28,053
Unrealized (gains)/losses on investments	(29,260)	16,845
(Increase) decrease in:		
Grants and contracts receivable	(1,222,785)	414,692
Pledges receivable	9,000	(95,000)
Contributions receivable	98,295	(89,941)
Other receivables	22,202	(17,933)
Prepaid expenses and other	(6,596)	(10,761)
Increase (decrease) in:		
Accounts payable and accrued expenses	9,437	(30,654)
Deferred revenue	(13,047)	(13,383)
Deferred rent	(46,747)	(37,107)
Net Cash - Operating Activities	\$ 133,504	\$ (265,809)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of investments - reinvested dividends and earnings	\$ (17,201)	\$ (14,307)
Purchase of property and equipment	(23,425)	(26,312)
Net Cash - Investing Activities	\$ (40,626)	\$ (40,619)
<b>NET CHANGE IN CASH</b>	\$ 92,878	\$ (306,428)
<b>CASH, BEGINNING OF YEAR</b>	781,740	1,088,168
<b>CASH, END OF YEAR</b>	\$ 874,618	\$ 781,740

There were no non-cash investing or financing activities during the years ended December 31, 2016 or 2015.

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



# WASHINGTON OFFICE ON LATIN AMERICA

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016 AND 2015

### 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. The Organization envisions 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. The Organization creates strategic partnerships with courageous people making social change – advocacy organizations, academics, religious and business leaders, artists, and government officials. Together, WOLA and its partners advocate for more just societies in the Americas.

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

This summary of WOLA's significant accounting policies 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 Accounting Standards Codification (ASC) Topic 958-205, Presentation of Financial Statements for Not-for-Profit Entities. 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**

The Internal Revenue Service has determined that WOLA 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, 2016 or 2015.

# WASHINGTON OFFICE ON LATIN AMERICA

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016 AND 2015

### 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 and liabilities 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, 2016 or 2015.

#### 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 ASC, 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, 2016 AND 2015

### 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 by management about what 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, Leasehold Improvements, Depreciation and Amortization

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 when WOLA would have otherwise had to purchase the goods or services. During 2016 and 2015, WOLA received donated services valued at \$73,209 and \$100, respectively. These services are included in professional services in the Statement of Functional Expenses.

WOLA generally pays for services requiring specific expertise. While many individuals volunteer their time and perform a variety of tasks that assist WOLA in its work, 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.

Other accounts receivable 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, 2016 or 2015.

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, 2016 AND 2015

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

#### Deferred Revenue

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

#### Classification of Net Assets

WOLA's net assets are reported as follows:

- Unrestricted net assets represent the portion of expendable funds that are available for the general support of WOLA's operations.
- Temporarily restricted net assets represent amounts that are specifically restricted by donors or grantors for various purposes or time periods.

#### 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.

#### Reclassifications

Certain items in the prior year's financial statements have been reclassified to conform to the current year's presentation. The reclassification had no effect on previously reported change in net assets.

### 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:

	2016		2015	
	Cost	Fair Value	Cost	Fair Value
Money market funds	\$ 78	\$ -	\$ 18,598	\$ 18,598
Equity funds	217,438	268,753	193,820	227,398
Bond funds	501,646	504,798	491,511	474,130
REIT funds	26,138	41,030	36,515	47,994
	<u>\$ 745,300</u>	<u>\$ 814,581</u>	<u>\$ 740,444</u>	<u>\$ 768,120</u>

**WASHINGTON OFFICE ON LATIN AMERICA**

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2016 AND 2015**

**Note 3. Investments (Concluded)**

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

	2016	2015
Interest and dividends	\$ 17,081	\$ 14,608
Capital gains	509	222
Net unrealized gains (losses)	29,260	(16,845)
Total Return	\$ 46,850	\$ (2,015)

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:

	2016	2015
Amounts due in:		
Less than one year	\$ 1,772,500	\$ 549,715
One to five years	-	-
Grants and contracts receivable	\$ 1,772,500	\$ 549,715

Pledges receivable consisted of the following as of December 31:

	2016	2015
Amounts due in:		
Less than one year	\$ 41,000	\$ 30,000
One to five years	45,000	65,000
	\$ 86,000	\$ 95,000

**Note 5. Property and Equipment**

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

	2016	2015
Leasehold improvements	\$ 235,262	\$ 233,702
Furniture and equipment	52,590	52,590
Website	68,600	46,735
	\$ 356,452	\$ 333,027
Less, accumulated depreciation and amortization	(281,808)	(249,419)
Net Property and Equipment	\$ 74,644	\$ 83,608

# WASHINGTON OFFICE ON LATIN AMERICA

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016 AND 2015

### 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 a five percent matching contribution of eligible employees' salaries. Retirement plan expense for the years ended December 31, 2016 and 2015 was \$56,136 and \$52,195, respectively.

### 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 an expiration date of June 20, 2018. The lease agreement was extended in December 2016. The lease extension commences on July 1, 2017 and expires on June 30, 2024. The extended lease agreement provides for an annual increase of 2.5% to the base rent and 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>
2017	\$ 231,021
2018	295,620
2019	301,289
2020	308,830
2021	316,547
Thereafter	<u>825,316</u>
Total	<u>\$ 2,278,623</u>

**WASHINGTON OFFICE ON LATIN AMERICA**

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2016 AND 2015**

**Note 8. Lease Commitments (Concluded)**

In March 2016, WOLA entered into a sublease agreement for a portion of the office space for a lease term commencing on April 1, 2016 and expiring on September 30, 2017. The rental income is reported as a reduction of occupancy expense. The future minimum rental income from this sublease is as follows:

Year Ending December 31,	Amount
2017	<u>\$ 49,500</u>

**Note 9. Concentrations**

**Donors**

Two donors accounted for 53% of total revenue in 2016. Two donors accounted for approximately 77% of grants and contracts receivable at December 31, 2016.

Two donors accounted for 35% of total revenue in 2015. Three donors accounted for approximately 97% of grants and contracts receivable at December 31, 2015.

**Credit Risk**

WOLA maintains its cash and cash equivalents with a commercial financial institution in which the aggregate balance may exceed, at times, the Federal Deposit Insurance Corporation (FDIC) insured limit of \$250,000 per depositor per institution. WOLA has never experienced, nor does management anticipate, any losses on its funds.

**Note 10. Board-Designated Reserve**

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

	2016	2015
Reserve – board designated	<u>\$ 814,581</u>	<u>\$ 768,120</u>

**Note 11. Temporarily Restricted Net Assets**

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

	2015	Additions	Releases	2016
Program activities	\$ 918,396	\$ 2,089,953	\$ 2,032,499	\$ 975,850
Time Restricted	354,241	1,473,750	413,020	1,414,971
Pledges	<u>95,000</u>	<u>57,000</u>	<u>46,000</u>	<u>106,000</u>
Total	<u>\$ 1,367,637</u>	<u>\$ 3,620,703</u>	<u>\$ 2,491,519</u>	<u>\$ 2,496,821</u>

WASHINGTON OFFICE ON LATIN AMERICA

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016 AND 2015

**Note 11. Temporarily Restricted Net Assets (Concluded)**

	<u>2014</u>	<u>Additions</u>	<u>Releases</u>	<u>2015</u>
Program activities	\$ 1,123,603	\$ 1,549,814	\$ 1,755,021	\$ 918,396
Time Restricted	563,500	90,063	299,322	354,241
Pledges	-	100,000	5,000	95,000
Total	<u>\$ 1,687,103</u>	<u>\$ 1,739,877</u>	<u>\$ 2,059,343</u>	<u>\$ 1,367,637</u>

**Note 12. Subsequent Events**

Management has evaluated subsequent events through April 12, 2017, 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.