

**WASHINGTON OFFICE ON LATIN
AMERICA FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT**

DECEMBER 31, 2021 AND 2020

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Independent Auditor's Report

The Board of Directors
Washington Office on Latin America
Washington, DC

Opinion

We have audited the accompanying financial statements of Washington Office on Latin America (a nonprofit organization), which comprise the statement of financial position as of December 31, 2021, and the related statement of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

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, 2021, and the changes in its net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of ABC Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Washington Office on Latin America's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Washington Office on Latin America's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Washington Office on Latin America's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Prior Period Financial Statements

The financial statements of Washington Office on Latin America as of December 31, 2020, were audited by other auditors whose report dated May 6, 2021, expressed an unmodified opinion on those statements.



Washington, DC
June 21, 2022

**WASHINGTON OFFICE ON LATIN AMERICA
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2021 AND 2020**

ASSETS

	2021	2020
CURRENT ASSETS		
Cash and cash equivalents	\$ 3,471,662	\$ 2,232,809
Grants receivable, current portion	465,270	97,500
Pledges receivable	5,000	5,000
Contributions receivable	16,385	88,284
Other receivables	1,025	3,620
Prepaid expenses and employee advances	71,064	69,849
Total Current Assets	4,030,406	2,497,062
OTHER ASSETS		
Grants receivable, net of current portion and discount	1,370,500	50,000
Property and equipment, net	115,460	157,873
Investments	1,174,439	1,118,391
Security deposit	24,190	24,190
Total Other Assets	2,684,589	1,350,454
TOTAL ASSETS	\$ 6,714,995	\$ 3,847,516

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable	\$ 74,550	\$ 60,348
Accrued expenses	77,960	70,455
Deferred rent and lease incentive, current portion	56,162	27,993
Deferred revenue	305,752	157,300
PPP loan	-	448,631
Total Current Liabilities	514,424	764,727
LONG-TERM LIABILITIES		
Deferred rent and lease incentive, net of current portion	98,188	174,775
Total Long-Term Liabilities	98,188	174,775
Total Liabilities	612,612	939,502
NET ASSETS		
Without donor restrictions		
Undesignated	319,665	776,221
Board designated - reserve	1,174,439	1,118,391
Total Net Assets without Donor Restrictions	1,494,104	1,894,612
With donor restrictions	4,608,279	1,013,402
Total Net Assets	6,102,383	2,908,014
TOTAL LIABILITIES AND NET ASSETS	\$ 6,714,995	\$ 3,847,516

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

**WASHINGTON OFFICE ON LATIN AMERICA
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2021**

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT			
Grants and contributions	\$ 1,385,991	\$ 4,923,318	\$ 6,309,309
Forgiveness of PPP loan	448,631	-	448,631
Special events	193,490	-	193,490
Pledges	175,150	-	175,150
Contract services revenue	9,500	-	9,500
In-kind donations	7,500	-	7,500
Programs	1,772	-	1,772
Interest income	264	-	264
Investment income, net	70,502	-	70,502
Other income	32,735	-	32,735
Net assets released from restrictions	1,328,441	(1,328,441)	-
Total Revenue and Support	3,653,976	3,594,877	7,248,853
EXPENSES			
Program Services	3,077,908	-	3,077,908
Support Services:			
General and administration	426,968	-	426,968
Fundraising	549,608	-	549,608
Total Support Services	976,576	-	976,576
Total Expenses	4,054,484	-	4,054,484
CHANGE IN NET ASSETS	(400,508)	3,594,877	3,194,369
NET ASSETS , beginning of year	1,894,612	1,013,402	2,908,014
NET ASSETS , end of year	\$ 1,494,104	\$ 4,608,279	\$ 6,102,383

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

**WASHINGTON OFFICE ON LATIN AMERICA
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2020**

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT			
Grants and contributions	\$ 1,432,244	\$ 1,599,795	\$ 3,032,039
Special events	197,963	-	197,963
Contract services revenue	87,121	-	87,121
Programs	49,710	-	49,710
Pledges	5,000	-	5,000
Interest income	2,005	-	2,005
Investment income, net	102,436	-	102,436
Net assets released from restrictions	1,889,387	(1,889,387)	-
Total Revenue and Support	3,765,866	(289,592)	3,476,274
EXPENSES			
Program Services	2,874,481	-	2,874,481
Support Services:			
General and administration	322,319	-	322,319
Fundraising	480,735	-	480,735
Total Support Services	803,054	-	803,054
Total Expenses	3,677,535	-	3,677,535
CHANGE IN NET ASSETS	88,331	(289,592)	(201,261)
NET ASSETS , beginning of year	1,806,281	1,302,994	3,109,275
NET ASSETS , end of year	\$ 1,894,612	\$ 1,013,402	\$ 2,908,014

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

**WASHINGTON OFFICE ON LATIN AMERICA
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2021**

	Program Services	Support Services		TOTAL
		General and Administration	Fundraising	
Personnel Expense				
Salaries and related expenses	\$ 1,699,285	\$ 138,242	\$ 227,408	\$ 2,064,935
Payroll taxes	146,444	11,023	19,581	177,048
Benefits and insurance	240,803	18,614	33,263	292,680
Retirement benefits	59,314	4,609	8,205	72,128
Subtotal Personnel Expense	2,145,846	172,488	288,457	2,606,791
Accounting and audit	-	53,054	-	53,054
Bank and credit card fees	-	8,323	-	8,323
Communications	68,703	33,948	13,814	116,465
Consultants	434,071	99,553	142,879	676,503
Depreciation	38,310	2,977	5,281	46,568
Dues, fees and licenses	5,072	3,102	1,800	9,974
Equipment rental and maintenance	18,787	4,987	1,420	25,194
Insurance	11,424	1,295	1,589	14,308
Meetings and conferences	14,435	4,039	30,001	48,475
Occupancy	216,062	16,587	30,049	262,698
Office expenses	5,717	869	4,591	11,177
Postage	58	298	1,497	1,853
Printing	8,541	591	18,030	27,162
Recruitment	50	6,675	-	6,725
Staff development	1,406	8,082	64	9,552
Subscriptions and reference materials	31,670	4,760	3,273	39,703
Telephone and internet	43,797	3,394	6,078	53,269
Travel	33,959	1,946	785	36,690
Total Expenses	<u>\$ 3,077,908</u>	<u>\$ 426,968</u>	<u>\$ 549,608</u>	<u>\$ 4,054,484</u>

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

**WASHINGTON OFFICE ON LATIN AMERICA
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2020**

	Program Services	Support Services		TOTAL
		General and Administration	Fundraising	
Personnel Expense				
Salaries and related expenses	\$ 1,719,923	\$ 140,674	\$ 220,421	\$ 2,081,018
Payroll taxes	138,037	11,290	17,691	167,018
Benefits and insurance	186,240	10,464	23,690	220,394
Retirement benefits	54,559	4,462	6,992	66,013
Subtotal Personnel Expense	2,098,759	166,890	268,794	2,534,443
Accounting and audit	29,397	3,889	3,446	36,732
Bank and credit card fees	-	7,278	347	7,625
Communications	67,074	2,396	2	69,472
Consultants	283,907	70,962	79,246	434,115
Depreciation	25,594	4,441	3,551	33,586
Dues, fees and licenses	1,792	3,122	-	4,914
Equipment rental and maintenance	13,681	3,429	1,473	18,583
Insurance	11,670	2,380	1,660	15,710
Meetings and conferences	5,578	5,508	42,149	53,235
Occupancy	208,935	34,433	28,482	271,850
Office expenses	1,692	1,237	342	3,271
Postage	174	60	961	1,195
Printing	5,933	1,234	16,519	23,686
Recruitment	25	3,593	-	3,618
Staff development	586	3,176	6,545	10,307
Subscriptions and reference materials	24,633	2,979	10,116	37,728
Telephone and internet	44,803	2,535	6,398	53,736
Travel	50,248	2,777	10,704	63,729
Total Expenses	<u>\$ 2,874,481</u>	<u>\$ 322,319</u>	<u>\$ 480,735</u>	<u>\$ 3,677,535</u>

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

**WASHINGTON OFFICE ON LATIN AMERICA
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 3,194,369	\$ (201,261)
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation and amortization	46,568	33,586
Loss on disposal of assets	101	-
Investment income, net	(70,503)	(83,020)
Forgiveness of PPP loan	(448,631)	-
Discount on grants receivable	(76,500)	-
Decrease (increase) in assets:		
Grants receivable	(1,611,770)	839,141
Pledges receivable	-	131,135
Contributions receivable	71,899	42,491
Other receivables	2,595	2,663
Prepaid expenses and employee advances	(1,215)	1,256
Increase (decrease) in liabilities:		
Accounts payable	14,202	(71,568)
Accrued expenses	7,505	(21,223)
Deferred revenue	(48,418)	-
Deferred rent	148,452	(40,847)
Net Cash Provided By Operating Activities	1,228,654	632,353
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(259,911)	(402,292)
Proceeds from sale of investments	274,366	368,482
Purchases of property and equipment	(4,256)	(50,177)
Net Cash Used For Financing Activities	10,199	(83,987)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from PPP loan	-	448,631
Net Cash Provided By Financing Activities	-	448,631
NET CHANGE IN CASH AND CASH EQUIVALENTS	1,238,853	996,997
CASH AND CASH EQUIVALENTS, beginning of year	2,232,809	1,235,812
CASH AND CASH EQUIVALENTS, end of year	\$ 3,471,662	\$ 2,232,809

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

**WASHINGTON OFFICE ON LATIN AMERICA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

NOTE A – NATURE OF THE ORGANIZATION AND PROGRAM SERVICES

Washington Office on Latin America (“WOLA” or the “Organization”) was incorporated on July 27, 1981, as a District of Columbia nonprofit organization. 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 B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting. Revenue and related assets are recognized when earned, and expenses and related liabilities are recognized as the obligations are incurred.

Financial Statement Presentation

Financial statement presentation follows Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) Topic 958, *Not-for-Profit Entities*. In accordance with Topic 958, the Organization is required to report information regarding its financial position and activities according to two classes of net assets. Accordingly, the net assets of the Organization and changes therein, are classified and reported as follows

Net Assets without Donor Restrictions – Net assets not subject to donor-imposed restrictions or stipulations.

Net Assets with Donor Restrictions – Net assets subject to donor-imposed stipulations that may or will be met by either actions of the Organization and/or the passage of time, or that must be maintained in perpetuity by the Organization.

When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the statement of activities as net assets released from restrictions. The Organization treats all contributions in which the restrictions are met in the year pledged as net assets with donor restrictions.

WASHINGTON OFFICE ON LATIN AMERICA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020
(continued)

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid debt instruments purchased with original maturities of three months or less, including money market accounts, to be cash equivalents. The Organization has certain bank accounts with financial institutions which, at times, may exceed the Federal Deposit Insurance Corporation's ("FDIC") insurance limit of \$250,000. As of December 31, 2021, the Organization had cash and cash equivalents that exceeded the FDIC insured limit. However, the Organization has not experienced any losses in such accounts and management believes it is not exposed to any significant credit risk on cash and cash equivalents.

Grants and Contributions Receivable

Grants and contributions receivable are stated at the amount management expects to collect from balances outstanding at year end. Annually, management determines if an allowance for doubtful accounts is necessary based upon a review of outstanding receivables, historical collection information, and existing economic conditions. Accounts deemed uncollectible are charged off based on individual credit evaluation and specific circumstances of the parties involved. As of December 31, 2021 and 2020, management has determined that all significant grants and contributions receivable are collectible and due within one year; therefore, an allowance for doubtful accounts has not been established.

Contributions and grants that are expected to be collected in future years are recorded at the discounted present value of their estimated future cash flows. The discounts on those amounts are computed using a discount rate of 3% for each long-term amount to be received.

Pledges Receivable

Unconditional promises to give are recognized in the period received. Conditional promises to give are recognized only when the conditions on which the promises depend are substantially met, in which case, the promises become unconditional. As of December 31, 2021, management has determined that all significant pledges receivable are collectible; therefore, an allowance for doubtful pledges has not been established.

Investments

Investments in marketable securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Dividends are recorded on the ex-dividend date. Interest is recognized when earned. Purchases and sales of investments are reflected on a trade-date basis. Net appreciation or depreciation in fair value of investments is recognized in the statements of activities in the period in which the changes occur. Donated securities are recorded at fair value on the date of the gift.

WASHINGTON OFFICE ON LATIN AMERICA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020
(continued)

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Property and Equipment

Purchased property and equipment are capitalized at cost and are depreciated on the straight-line basis over their estimated useful lives, which range from three to fourteen years depending on the type of asset. Donated property and equipment are capitalized at fair value at the date of donation. Expenditures greater than \$2,000 which increase the asset's useful life are capitalized while repairs and maintenance are generally expensed.

Revenue Recognition Policies

Grants and Contributions

The Organization recognizes grants and contributions when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. Contributions received with donor stipulations are recorded as contributions with donor restrictions based on the donor's intent. Unless otherwise stated by the donor, individual donations are recorded as contributions without donor restrictions. Contributions with donor restrictions that are met in the same reporting period as the contribution is received are reported as contributions without donor restrictions support. Cash received in excess of revenue recognized is recorded as deferred revenue on the statement of financial position.

Grant revenue is received primarily from foundations and foreign governments. These grants are also subject to audit by the grantor agencies, which could result in a request for reimbursement by the agency for expenditures disallowed under the terms and conditions of the appropriate grantor. Amounts received prior to incurring qualifying expenditures are reported as deferred revenue in the statement of financial position.

Pledges

Pledges are earned from unconditional and conditional promises to give. Unconditional promises to give are recognized at a point in time when the pledge is made. Conditional promises to give are recognized at a point in time when the conditions on which the promises depend are substantially met, in which case, the promises become unconditional.

Special Events

Special events revenue is received for fundraising events held by the Organization, and are recognized at a point in time when the event takes place.

WASHINGTON OFFICE ON LATIN AMERICA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020
(continued)

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Revenue Recognition Policies

Other Revenue

Program revenue is primarily from honoraria and site trip reimbursements and is recognized at a point in time when services are provided.

Contract services revenue is recognized over time as the terms of contracts are met.

In-Kind Legal Services

In-kind legal services are recorded at fair value at the date of donation. Donated services are recognized at their fair value if the service requires specialized skills and the services would typically need to be purchased, if not donated. Such services are valued at the hourly rates of compensation for such personnel. For the years ended December 31, 2021 and 2020, the Organization received donated legal services of \$7,500 and \$0, respectively.

Functional Allocation of Expenses

The financial statements report certain categories of expenses that are attributable to one or more programs or supporting functions. Expenses of this nature are allocated on a reasonable basis that is consistently applied. Allocated expenses include payroll and related expenses, as well as occupancy costs, depreciation, office expenses and other general organizational costs which are allocated on the basis of time and effort expended.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts of revenue and expenses during the reporting periods and reported amounts of assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

NOTE C – INCOME TAXES

The Organization is a 501(c)(3) organization exempt from federal and state income taxes under Section 501(a) of the Internal Revenue Code. The Organization is, however, subject to tax on business income unrelated to the respective exempt purposes. The Internal Revenue Service (“IRS”) has determined that the Organization is not a private foundation. Since the Organization is a not-for profit organization, exempt for income tax purposes, no income tax provision is reflected in the financial statements. The Organization files information returns as required.

WASHINGTON OFFICE ON LATIN AMERICA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020
(continued)

NOTE C – INCOME TAXES – continued

The Organization believes it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements or that would have an effect on its tax-exempt status. There are no unrecognized tax benefits or liabilities that need to be recorded.

The Organization’s information returns are subject to examination by the IRS for a period of three years from the date they were filed, except under certain circumstances. The Organization’s information returns for the years ended December 31, 2018 through 2020 are open for IRS examination, although no request has been made as of the date of these financial statements.

NOTE D – AVAILABLE RESOURCES AND LIQUIDITY

The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments. The Organization strives to maintain liquid financial assets sufficient to cover at least 25% of the annual budget for a given year. The Organization also operates with a budget plan and anticipates collecting sufficient revenue to cover general expenditures. Although the Organization does not intend to use funds from its board-designated reserves (see Note H), funds could be made available through board resolution, if necessary.

The following table reflects the Organization’s financial assets as of December 31, 2021 and 2020, that are available to meet general expenditures within one year of the statement of the financial position date:

	2021	2020
Cash and cash equivalents	\$ 3,471,662	\$ 2,232,809
Grants receivable, current	465,270	97,500
Pledges receivable	5,000	5,000
Contributions receivable	16,385	88,284
Other receivables	1,025	3,620
Total Financial Assets	3,959,342	2,427,213
Less those unavailable for general expenditures within one year due to donor restrictions	(1,370,500)	(97,500)
Total Financial Assets Available to Meet Cash Needs for General Expenditures within One Year	\$ 2,588,842	\$ 2,329,713

WASHINGTON OFFICE ON LATIN AMERICA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020
(continued)

NOTE E – GRANTS AND PLEDGES RECEIVABLE

As of December 31, 2021 and 2020, grants receivable were as follows:

	2021	2020
Amounts due in:		
Less than one year	\$ 465,270	\$ 97,500
One to five years	1,447,000	50,000
Grants receivable	1,912,270	147,500
Less: discount on long-term receivables	(76,500)	-
Grants Receivable, Net of Discount at 3% Rate	\$ 1,835,770	\$ 147,500

NOTE F – PROPERTY AND EQUIPMENT

Property and equipment consisted of the following as of December 31, 2021 and 2020:

	2021	2020
Leasehold improvements	\$ 199,952	\$ 199,952
Furniture and equipment	47,747	71,193
Website	90,613	90,613
Total Property and Equipment	338,312	361,758
Less: Accumulated Depreciation	(222,852)	(203,885)
Property and Equipment, Net	\$ 115,460	\$ 157,873

During the year ended December 31, 2021, the Organization disposed of property and equipment with a cost of \$27,701. Depreciation expense for the years ended December 31, 2021 and 2020, was \$46,568 and \$33,586, respectively.

WASHINGTON OFFICE ON LATIN AMERICA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020
(continued)

NOTE G – INVESTMENTS AND FAIR VALUE MEASUREMENTS

FASB ASC Topic 820, *Fair Value Measurements and Disclosures*, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value hierarchy. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). Level 1 of the fair value hierarchy under FASB ASC Topic 820 is described as inputs to the valuation methodology that are unadjusted quoted prices for identical assets or liabilities in active market that the Organization has the ability to access.

Level 1 – Inputs are based on unadjusted quoted prices for identical assets traded in an active market that WOLA has the ability to access.

Level 2 – Inputs are based on quoted prices for similar assets in active markets, quoted prices for identical or similar assets in inactive markets, or model based valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data.

Level 3 – Inputs are unobservable and significant to the overall fair value measurement.

All of the Organization's investments for the years ended December 31, 2021 and 2020 are in mutual funds. The Organization's investments in mutual funds are based on observable market quotations and are considered Level 1 items.

The preceding valuation methods may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization's management believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Investment securities are exposed to various risks, such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such change could materially affect the amounts reported in the statements of financial position.

WASHINGTON OFFICE ON LATIN AMERICA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020
 (continued)

NOTE H – BOARD-DESIGNATED RESERVE

The board of directors has designated the investments held by the Organization as a reserve, to help finance the Organization's operations in times of financial hardship as well as provide for some limited investment returns. The balances of the board-designated reserves for the years ended December 31, 2021 and 2020, are \$1,174,439 and \$1,118,391, respectively.

NOTE I – NET ASSETS WITH DONOR RESTRICTIONS

Net assets were designated by donors for the following purposes as of December 31,:

	2021	2020
Net Assets with Donor Restrictions:		
Program restricted	\$ 455,779	\$ 626,226
Time restricted	4,152,500	387,176
Total Net Assets with Donor Restrictions	\$ 4,608,279	\$ 1,013,402

NOTE J – PAYCHECK PROTECTION PROGRAM (“PPP”) LOAN

On April 20, 2020, the Organization secured \$448,631 with TD Bank, N.A. (the “Lender”) under the Small Business Administration’s (“SBA”) PPP loan program that authorized forgivable loans to small businesses. The loan could be used to cover certain expenses during the COVID-19 crisis. The loan amounts would be forgiven as long as the loan proceeds were used to cover payroll costs, rent, certain mortgage interest and utility costs over a period specified in the loan document after the loan was made. If not used for the described purpose, the loan was due on April 20, 2022, along with interest calculated at a rate of 1% per annum. As of December 31, 2020, the PPP loan outstanding balance totaled \$448,631. On May 11, 2021, the Organization was notified by the Lender that the loan had been formally fully forgiven, and the related loan forgiveness is reflected as revenue in the accompanying statement of activities for the year ended December 31, 2021.

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(continued)

NOTE K – LEASES

WOLA signed a lease for office space in December 2007, with a commencement date of July 1, 2008 and an expiration date of June 30, 2018. The lease agreement was extended in December 2016 with amendments in April and November of 2017. The lease extension commenced on July 1, 2017 and expires on June 30, 2024. Rent expense under this lease will be recognized over the life of the lease on a straight-line basis. The extended lease agreement provides for:

- a decrease in the square footage that is being rented;
- an annual increase in base rent of 2.5%;
- an option to extend the lease for an additional five-year term;
- 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;
- rent abatement for the period July through November 2017;
- reduced security deposit from \$27,056 to \$24,190; and
- the landlord provided WOLA with an improvement allowance not to exceed \$208,380 to be used for designing and constructing tenant improvements.

As of December 31, 2021, WOLA has incurred \$195,953 of tenant improvements, which qualify for the improvement allowance. This amount is recorded as leasehold improvements and deferred lease incentive in the statements of financial position. The leasehold improvements will be amortized over the life of the lease on a straight-line basis, and the deferred lease incentive will be amortized against rent expense over the life of the lease on a straight-line basis. For the years ended December 31, 2021 and 2020, \$27,993, for each year, has been recorded as amortization expense.

WOLA leases office equipment under an agreement, which expires in November 2026. The monthly payment under this lease is \$836.

Future minimum payments due under the leases are as follows for the years ended December 31:

	Office Lease	Copier Lease	Total
2022	\$ 318,300	\$ 10,027	\$ 328,327
2023	326,254	10,027	336,281
2024	165,141	10,027	175,168
2025	-	10,027	10,027
2026	-	8,356	8,356
	\$ 809,695	\$ 48,464	\$ 858,159

For the years ended December 31, 2021 and 2020, rent expense under these agreements was \$262,698 and \$271,850, respectively.

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NOTE L – RETIREMENT PLAN

In January 2017, the Board of Directors authorized the establishment of the Washington Office on Latin America 403(b) Plan (the “Plan”). The Organization sponsors the Plan, and all permanent employees who work over 20 hours per week are eligible to make elective deferrals on their hire date. In addition, employees are eligible to receive employer matching contributions of up to 5% of compensation after reaching age 21 and completing two years of consecutive service. The Organization is required to make matching contributions to the Plan. Total employer matching contributions to the Plan for the years ended December 31, 2021 and 2020, totaled \$72,128 and \$66,013, respectively.

NOTE M – CONCENTRATIONS

Three donors accounted for approximately 65% of total revenue recognized for the year ended December 31, 2021. Two donors accounted for approximately 99% of the balance of the grants receivable outstanding at December 31, 2021.

One donor accounted for approximately 16% of total revenue recognized for the year ended December 31, 2020. Two donors accounted for approximately 97% of the balance of the grants receivable outstanding at December 31, 2020.

WOLA typically receives large multi-year grants that get disbursed over multiple years. The receivable concentration reflects grants receivable for multiple years. Revenue concentration reflects the revenue recognized in the current years under audit.

NOTE N – SUBSEQUENT EVENTS

In preparing these financial statements, management has evaluated events and transactions for potential recognition or disclosure through June 21, 2022, the date the financial statements were available to be issued. There were no additional events or transactions that were discovered during the evaluation that required further disclosure or recognition.