WASHINGTON OFFICE ON LATIN AMERICA

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT

DECEMBER 31, 2023 AND 2022

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JM&M
CERTIFIED PUBLIC ACCOUNTANTS

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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 statements of financial position as of December 31, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years 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, 2023 and 2022, 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.

Basis for Opinion

We conducted our audits 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 Washington Office on Latin America and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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.

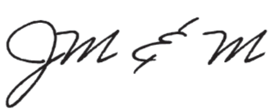
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements

- 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.



Columbia, MD
June 7, 2024

WASHINGTON OFFICE ON LATIN AMERICA
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2023 AND 2022

ASSETS

	2023	2022
CURRENT ASSETS		
Cash and cash equivalents	$ 583,976	$ 1,959,859
Grants receivable, current portion	530,350	721,106
Contributions receivable	27,250	44,803
Pledges receivable	52,018	7,680
Accounts receivable	21,583	71,745
Prepaid expenses	82,091	44,752
Employee advances	7,655	8,770
Total Current Assets	1,304,923	2,858,715
OTHER ASSETS		
Grants receivable, net of current portion and discount	388,350	764,000
Property and equipment, net	451,273	585,033
Investments	1,133,585	1,007,369
Right-of-use asset - operating lease	956,264	1,217,982
Right-of-use asset - finance lease	28,653	38,217
Security deposit	21,371	24,190
Total Other Assets	2,979,496	3,636,791
TOTAL ASSETS	$ 4,284,419	$ 6,495,506

LIABILITIES AND NET ASSETS

	2023	2022
CURRENT LIABILITIES		
Accounts payable	$ 7,021	$ 62,967
Accrued expenses	52,991	71,950
Lease liability - operating lease, current portion	202,768	188,728
Lease liability - finance lease, current portion	9,695	9,564
Deferred revenue	105,875	144,001
Total Current Liabilities	378,350	477,210
LONG-TERM LIABILITIES		
Lease liability - operating lease, net of current portion	1,426,424	1,629,192
Lease liability - finance lease, net of current portion	18,958	28,653
Total Long-Term Liabilities	1,445,382	1,657,845
Total Liabilities	1,823,732	2,135,055
NET ASSETS		
Without donor restrictions:		
Undesignated	60,472	1,450,117
Board designated - reserve	1,133,585	1,007,369
Total net assets without donor restrictions	1,194,057	2,457,486
With donor restrictions	1,266,630	1,902,965
Total Net Assets	2,460,687	4,360,451
TOTAL LIABILITIES AND NET ASSETS	$ 4,284,419	$ 6,495,506

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

WASHINGTON OFFICE ON LATIN AMERICA
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT			
Grants and contributions	$ 652,590	$ 485,871	$ 1,138,461
Government grants	420,715	-	420,715
Special events	22,809	-	22,809
Pledges	318,812	-	318,812
Programs	88,692	-	88,692
Other income	1,236	-	1,236
Interest income	73	-	73
Investment income, net	125,977	-	125,977
Net assets released from restrictions	1,122,206	(1,122,206)	-
Total Revenue and Support	2,753,110	(636,335)	2,116,775
EXPENSES			
Program Services	2,982,680	-	2,982,680
Support Services:			
General and administration	521,839	-	521,839
Fundraising	512,020	-	512,020
Total Support Services	1,033,859	-	1,033,859
Total Expenses	4,016,539	-	4,016,539
CHANGE IN NET ASSETS	(1,263,429)	(636,335)	(1,899,764)
NET ASSETS, beginning of year	2,457,486	1,902,965	4,360,451
NET ASSETS, end of year	$ 1,194,057	$ 1,266,630	$ 2,460,687

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

WASHINGTON OFFICE ON LATIN AMERICA
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT			
Grants and contributions	$ 980,684	$ 482,850	$ 1,463,534
Government grants	690,485	-	690,485
Special events	293,583	-	293,583
Pledges	51,100	-	51,100
Programs	2,600	-	2,600
Interest income	251	-	251
Investment loss, net	(169,061)	-	(169,061)
Net assets released from restrictions	3,188,164	(3,188,164)	-
Total Revenue and Support	5,037,806	(2,705,314)	2,332,492
EXPENSES			
Program Services	3,076,385	-	3,076,385
Support Services:			
General and administration	473,348	-	473,348
Fundraising	524,691	-	524,691
Total Support Services	998,039	-	998,039
Total Expenses	4,074,424	-	4,074,424
CHANGE IN NET ASSETS	963,382	(2,705,314)	(1,741,932)
NET ASSETS, beginning of year	1,494,104	4,608,279	6,102,383
NET ASSETS, end of year	$ 2,457,486	$ 1,902,965	$ 4,360,451

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

WASHINGTON OFFICE ON LATIN AMERICA
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2023

		Support Services			
	Program Services	General and Administration	Fundraising	Total Support Services	TOTAL
Personnel Expense:					
Salaries and related expenses	$ 1,542,082	$ 199,919	$ 268,745	$ 468,664	$ 2,010,746
Payroll taxes	126,969	16,260	21,881	38,141	165,110
Benefits and insurance	239,955	31,441	41,999	73,440	313,395
Retirement benefits	50,755	6,610	9,011	15,621	66,376
Subtotal Personnel Expense	1,959,761	254,230	341,636	595,866	2,555,627
Accounting and audit	-	33,501	-	33,501	33,501
Amorization of finance lease	-	9,564	-	9,564	9,564
Bad debt	-	42,311	-	42,311	42,311
Bank and credit card fees	69	6,884	-	6,884	6,953
Communications	42,253	623	7,821	8,444	50,697
Consultants	434,469	63,972	27,907	91,879	526,348
Depreciation and amortization	100,491	15,407	17,862	33,269	133,760
Dues, fees and licenses	1,192	410	3,895	4,305	5,497
Equipment rental and maintenance	17,976	3,218	3,129	6,347	24,323
Insurance	10,994	1,423	1,953	3,376	14,370
Interest	-	464	-	464	464
Meetings and conferences facilities	27,984	12,228	47,023	59,251	87,235
Occupancy	137,567	21,619	20,659	42,278	179,845
Office expenses	3,341	910	2,492	3,402	6,743
Postage	140	166	2,171	2,337	2,477
Printing	6,932	939	6,667	7,606	14,538
Recruitment	-	13,321	-	13,321	13,321
Staff development	-	3,504	-	3,504	3,504
Subscriptions and reference materials	42,675	4,393	6,233	10,626	53,301
Telephone and internet	44,984	5,868	8,026	13,894	58,878
Travel	151,852	26,884	14,546	41,430	193,282
Total Expenses	$ 2,982,680	$ 521,839	$ 512,020	$ 1,033,859	$ 4,016,539

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

WASHINGTON OFFICE ON LATIN AMERICA
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2022

		Support Services			
	Program Services	General and Administration	Fundraising	Total Support Services	TOTAL
Personnel Expense:					
Salaries and related expenses	$ 1,493,097	$ 155,770	$ 212,709	$ 368,479	$ 1,861,576
Payroll taxes	127,149	11,583	18,001	29,584	156,733
Benefits and insurance	238,031	23,131	35,631	58,762	296,793
Retirement benefits	50,771	4,920	7,673	12,593	63,364
Subtotal Personnel Expense	1,909,048	195,404	274,014	469,418	2,378,466
Accounting and audit	-	29,096	-	29,096	29,096
Amorization of finance lease	-	9,433	-	9,433	9,433
Bad debt	-	6,057	-	6,057	6,057
Bank and credit card fees	-	4,987	-	4,987	4,987
Communications	15,689	575	22,215	22,790	38,479
Consultants	578,684	143,531	68,254	211,785	790,469
Depreciation and amortization	39,619	4,273	5,939	10,212	49,831
Dues, fees and licenses	1,252	1,446	6,451	7,897	9,149
Equipment rental and maintenance	23,854	1,523	14,231	15,754	39,608
Insurance	12,218	1,195	1,845	3,040	15,258
Interest	-	594	-	594	594
Meetings and conferences facilities	14,462	6,867	32,610	39,477	53,939
Occupancy	210,099	20,518	31,684	52,202	262,301
Office expenses	4,242	2,446	6,994	9,440	13,682
Postage	7	237	3,426	3,663	3,670
Printing	1,688	959	17,740	18,699	20,387
Recruitment	145	19,767	-	19,767	19,912
Staff development	919	8,842	2,987	11,829	12,748
Subscriptions and reference materials	41,686	2,496	5,530	8,026	49,712
Telephone and internet	41,639	3,974	6,125	10,099	51,738
Travel	181,134	9,128	24,646	33,774	214,908
Total Expenses	$ 3,076,385	$ 473,348	$ 524,691	$ 998,039	$ 4,074,424

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

WASHINGTON OFFICE ON LATIN AMERICA
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ (1,899,764)	$ (1,741,932)
Adjustments to reconcile changes in net assets to net cash provided by (used for) operating activities:		
Depreciation and amortization	133,760	49,831
Right-of-use asset - operating lease, initial recognition	-	(1,719,732)
Right-of-use asset - finance lease, initial recognition	-	(47,650)
Lease liability - operating lease, initial recognition	-	1,817,920
Lease liability - finance lease, initial recognition	-	47,650
Amortization of right-of-use asset - operating lease	261,718	-
Amortization of right-of-use asset - finance lease	9,564	9,433
Loss on sales of donated securities	15,113	1,990
Investment (income) loss	(141,090)	167,071
Discount on grants receivable	24,350	40,500
Decrease (increase) in assets:		
Grants receivable	542,056	310,164
Contributions receivable	17,553	(28,418)
Pledges receivable	(44,338)	(2,680)
Accounts receivable	50,162	(70,720)
Prepaid expenses	(37,339)	16,309
Employee advances	1,115	1,233
Security deposit	2,819	-
Increase (decrease) in liabilities:		
Accounts payable	(55,946)	(11,583)
Accrued expenses	(18,959)	(6,010)
Lease liability - operating lease	(188,728)	-
Lease liability - finance lease	(9,564)	(9,433)
Deferred rent and lease incentive	-	(154,350)
Deferred revenue	(38,126)	(161,751)
Net Cash Provided by (Used for) Operating Activities	(1,375,644)	(1,492,158)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(399,452)	(323,582)
Proceeds from sales of investments	399,213	321,591
Purchases of property and equipment	-	(17,654)
Net Cash Provided by (Used for) Investing Activities	(239)	(19,645)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(1,375,883)	(1,511,803)
CASH AND CASH EQUIVALENTS, beginning of year	1,959,859	3,471,662
CASH AND CASH EQUIVALENTS, end of year	$ 583,976	$ 1,959,859
SUPPLEMENTARY DISCLOSURES:		
Cash paid for interest	$ 464	$ 594

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

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

<u>Basis of Accounting</u>

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.

<u>Financial Statement Presentation</u>

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 statements of activities as net assets released from restrictions.

<u>Cash and Cash Equivalents</u>

For purposes of the statements of cash flows, the Organization considers all highly liquid debt instruments purchased with original maturities of three months or less and 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 per institution. At times, balances in these accounts may exceed 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.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Grants, Contributions and Accounts Receivable

Grants, contributions and accounts 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, 2023 and 2022, management has determined that all significant grants, contributions and accounts receivable are collectible; therefore, an allowance for doubtful accounts has not been established. Receivables 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. As of the beginning of the year ended December 31, 2022, accounts receivable totaled $1,025.

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, 2023 and 2022, 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 statements 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. Investment income is recognized on the statements of activities in the period in which the changes occur, and are recorded net of investment fees incurred. Donated securities are recorded at fair value on the date of the gift.

Property and Equipment

Purchased property and equipment are capitalized at cost and are depreciated and amortized on a 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 on 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.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Right-of-Use (“ROU”) Assets and Lease Liabilities

A ROU asset is measured at the commencement date at the amount of the initially measured liability plus any lease payments made to the lessor before or after commencement date, minus any lease incentives received, plus any initial direct costs. Unless impaired, the ROU asset is subsequently measured throughout the lease term at the amount of the lease liability (that is the present value of the remaining lease payments), plus unamortized initial direct costs, and the addition or subtraction of any prepaid lease payments (accrued lease payments, less the unamortized balance of lease incentives received). Operating lease payments are recognized on a straight-line basis over the lease term.

The Organization is a lessee in several noncancellable leases for building space and equipment. Leases for equipment were evaluated using the criteria outlined in ASC Topic 842 to determine whether the equipment leases were operating or finance leases.

As of December 31, 2022, all equipment leases were determined to be finance leases, and are recorded separately from the building lease on the statements of financial position as both a right-of-use (“ROU”) asset and a lease liability, calculated by discounting fixed lease payments over the lease term at the risk-free rate. Lease liabilities are increased by interest and reduced by payments each period, and the right-of-use asset is amortized over the lease term.

For operating leases, interest on the lease liability and the amortization of the right-of-use asset result in straight-line rent expense over the lease term. Variable lease expenses, if any, are recognized when incurred.

The Organization excludes short-term leases having initial terms of 12 months or less from the new guidance as an accounting policy; and recognizes rent expense on a straight-line basis over the lease term. Beginning on December 29, 2022, operating and finance lease ROU assets and related current and long-term portions of operating and capital lease liabilities have been presented in the statements of financial position.

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 statements of financial position.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Revenue Recognition Policies – continued

Government Grants – Government grants are received primarily from foreign governments and are considered conditional in nature. 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 statements of financial position. As of the beginning of the year ended December 31, 2022, deferred revenue totaled $305,752.

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 have been substantially met, in which case, the pledges become unconditional.

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

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

Functional Allocation of Expenses

The financial statements report certain categories of expenses that are attributable to one or more programs or support functions. Expenses of this nature are allocated on a reasonable basis that is consistently applied. Allocated expenses include salaries and related expenses, as well as occupancy costs, depreciation and amortization, 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.

Reclassification

For comparative purposes, certain amounts on the statements of financial position as of the year ended December 31, 2022, have been reclassified to conform to the current year presentation. The reclassification had no effect on the previously reported net assets or change in net assets.

NOTE C – INCOME TAXES

WOLA 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, and it files information returns as required.

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 were no unrecognized tax benefits or liabilities that needed 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, 2020 through 2022, are open for an 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 that anticipates collecting sufficient revenue to cover general expenditures. Although the Organization does not intend to use funds from its board designated reserve (see Note I), funds could be made available through board resolution, if necessary, to meet cash flow needs within one year. In addition, $866,630 of net assets with donor restrictions as of December 31, 2023, are expected to be used within one year.

The following table reflects the Organization's financial assets as of December 31, 2023 and 2022, that are available to meet general expenditures within one year of the statements of the financial position date:

	2023	2022
Cash and cash equivalents	$ 583,976	$ 1,959,859
Grants receivable, current	530,350	721,106
Contributions receivable	27,250	44,803
Pledges receivable	52,018	7,680
Accounts receivable	21,583	71,745
Total Financial Assets Available to Meet Cash Needs for General Expenditures within One Year	$ 1,215,177	$ 2,805,193

NOTE E – GRANTS RECEIVABLE

Grants receivable consisted of the following as of December 31:

	2023	2022
Amounts due in:		
Less than one year	$ 530,350	$ 721,106
One to five years	400,000	800,000
Grants receivable	930,350	1,521,106
Less: discount at the rate of 3%	(11,650)	(36,000)
Grants Receivable, Net	$ 918,700	$ 1,485,106

NOTE F – PROPERTY AND EQUIPMENT

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

	2023	2022
Leasehold improvements	$ 505,749	$ 701,702
Furniture and equipment	55,462	55,462
Website	90,613	90,613
Total Property and Equipment	651,824	847,777
Less: accumulated depreciation and amortization	(200,551)	(262,744)
Property and Equipment, Net	$ 451,273	$ 585,033

During the year ended December 31, 2023, the Organization removed fully amortized leasehold improvement with a cost of $195,953. Depreciation and amortization expense for the years ended December 31, 2023 and 2022, was $133,760 and $49,831, respectively.

NOTE G – INVESTMENTS AND FAIR VALUE MEASUREMENT

FASB ASC Topic 820, *Fair Value Measurement*, 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 – Inputs are based on unadjusted quoted prices for identical assets traded in an active market that WOLA has the ability to access.

NOTE G – INVESTMENTS AND FAIR VALUE MEASUREMENT – continued

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.

The following is a description of the valuation methodologies used to measure investments at fair value: money market funds are valued at the closing price reported by the fund sponsor from an actively traded exchange. These are included in level 1 measurements in the table below. Common stocks and mutual funds are valued at the observable closing price reported in the active market in which the individual securities are traded. The fair value of government and municipal bonds have been reported by the Organization's investment managers and custodian banks, who use a variety of pricing sources to determine market values, including indexes for each section of the market.

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. 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.

The following table presents the Organization's fair value hierarchy for financial instruments measured at fair value on a recurring basis as of December 31, 2023:

	Level 1	Level 2	Level 3	Total
Money market funds	$ 197,645	$ -	$ -	$ 197,645
Common stocks	204,016	-	-	204,016
Mutual funds - equity	325,242	-	-	325,242
Mutual funds - fixed income	375,924	-	-	375,924
Government bonds	-	20,108	-	20,108
Municipal bonds	-	10,650	-	10,650
Total	$ 1,102,827	$ 30,758	$ -	$ 1,133,585

NOTE G – INVESTMENTS AND FAIR VALUE MEASUREMENT – continued

The following table presents the Organization's fair value hierarchy for financial instruments measured at fair value on a recurring basis as of December 31, 2022:

	Assets at Fair Value as of December 31, 2022			
	Level 1	Level 2	Level 3	Total
Mutual Funds	$ 1,007,369	$ -	$ -	$ 1,007,369
Total	$ 1,007,369	$ -	$ -	$ 1,007,369

NOTE H – NET ASSETS WITH DONOR RESTRICTIONS

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

	2023	2022
Research and advocacy programs	$ 428,280	$ 188,965
Time restricted	838,350	1,714,000
Total Net Assets with Donor Restrictions	$ 1,266,630	$ 1,902,965

NOTE I – BOARD DESIGNATED RESERVE

The Board of Directors has designated the investments held by WOLA 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 balance of the board designated reserve for the years ended December 31, 2023 and 2022, totaled $1,133,585 and $1,007,369, respectively.

NOTE J – OPERATING 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 amended in April and November 2017, and was scheduled to expire on June 30, 2024. The extended lease agreement provided for:

- 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; and
- an improvement allowance not to exceed $208,380 to be used for designing and constructing tenant improvements.

NOTE J – OPERATING LEASES – continued

As of December 31, 2021, WOLA incurred $195,953 in tenant improvements, which qualified for the improvement allowance. This amount was included in property and equipment, net and ROU asset and lease incentive in the statement of financial position as of December 31, 2022. The leasehold improvements was amortized over the life of the lease on a straight-line basis, and the ROU asset and lease incentive was to be amortized against occupancy expense over the life of the lease on a straight-line basis. For the year ended December 31, 2022, $27,993 was included as part of the total depreciation and amortization expense on the statement of functional expenses. The fully amortized tenant improvements of $195,953 were removed from the assets when the lease was terminated in 2023.

On December 29, 2022, WOLA amended its lease for office space effective January 1, 2023. The lease is now scheduled to expire on July 31, 2030, with an option to extend the lease for an additional term of five years. Under the amendment, WOLA surrendered 1,861 square feet of previously leased office space, and has a remaining leased space of 5,575 square feet. The landlord also provided WOLA with an improvement allowance not to exceed $501,750 to be used towards design and construction costs. WOLA had utilized the full amount of the tenant improvement allowance as of December 31, 2023.

Average lease terms and discount rates were as follows as of December 31:

	2023	2022
Weighted average remaining lease term	6.58 years	7.58 years
Weighted average discount rate	3.91%	3.91%

The balance of the ROU asset for the operating lease as of December 31, 2022, was $1,719,732, which includes the build-out allowance of $501,750. During 2023, the build-out allowance was reclassed to property and equipment, and is being amortized on a straight-line basis over the remaining lease term. For the year ended December 31, 2023, $66,165 was included as part of the total depreciation and amortization expense on the statement of functional expenses. For the years ended December 31, 2023 and 2022, occupancy expenses totaled $179,845 and $262,301, respectively.

The following are the future maturities of operating lease liability for the years ending December 31:

NOTE J – OPERATING LEASES – continued

2024	$ 262,861
2025	269,433
2026	276,169
2027	283,073
2028	290,150
Thereafter	475,226
Total future lease payments	$ 1,856,912
Less: discount	(227,720)
Total Lease Liability	$ 1,629,192

NOTE K – FINANCE LEASE

In October 2021, WOLA entered into a finance lease agreement for office equipment. The lease requires monthly payments of $836 through November 2026. All obligations under the finance lease have been recorded at the present value of future minimum lease payments, discounted at an interest rate of 1.37% per annum. The lease is secured by the equipment. The cost of equipment under the finance lease totaled $47,650, less accumulated amortization of $19,777 and $9,433 as of December 31, 2023 and 2022, respectively. For the years ended December 31, 2023 and 2022, amortization expense totaled $9,564 and $9,433, respectively. For the years ended December 31, 2023 and 2022, interest expense totaled $464 and $594, respectively.

Average lease terms and discount rates were as follows as of December 31:

	2023	2022
Weighted average remaining lease term	2.92 years	3.92 years
Weighted average discount rate	1.37%	1.37%

Future minimum lease payments are as follows for the years ending December 31:

2024	$ 10,027
2025	10,027
2026	9,193
Subtotal	29,247
Less: amount representing interest	(594)
Total Finance Lease Liability	$ 28,653

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 salary deferral contributions beginning on their hire date. In addition, employees are eligible to receive discretionary employer matching contributions of up to 5% of compensation after reaching age 21 and completing two years of consecutive service. Employer matching contributions to the Plan for the years ended December 31, 2023 and 2022, totaled $66,376 and $63,364, respectively.

NOTE M – CONCENTRATIONS

Three donors accounted for approximately 38% of total revenue recognized for the year ended December 31, 2023. One donor accounted for approximately 51% of the balance of the grants receivable outstanding as of December 31, 2023.

Four donors accounted for approximately 32% of total revenue recognized for the year ended December 31, 2022. Two donors accounted for approximately 72% of the balance of the grants receivable outstanding as of December 31, 2022.

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 years under audit.

NOTE N – FINANCIAL CONDITION

Due to an overall revenue decline in grants and contributions, WOLA had experienced a loss in net assets without donor restrictions for both the years ended December 31, 2023 and 2022. In order to improve its financial conditions, WOLA plans to reduce the budget by $180,000; borrow $150,000 from the reserve fund; and aggressively solicit funding from government agencies, foundations, and individuals. WOLA anticipates that those efforts will result in an increase in operating income by the year ending December 31, 2024.

NOTE O – SUBSEQUENT EVENTS

In preparing these financial statements, management has evaluated events and transactions for potential recognition or disclosure through June 7, 2024, 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.