

# CHAPTER 6

## Trust for The Americas

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## REPORT OF INDEPENDENT AUDITORS

The Board of External Auditors  
Organization of American States

We have audited the accompanying financial statements of the Trust for the Americas (the Trust), which comprise the statements of financial position as of December 31, 2014 and 2013, and the related statements of activities, 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 conformity with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

### Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's 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 auditor considers internal control relevant to the Trust'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 Trust'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 the Trust at December 31, 2014 and 2013, and the changes in its net assets and its cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

*Ernst & Young LLP*

April 29, 2015

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**ORGANIZATION OF AMERICAN STATES  
TRUST FOR THE AMERICAS  
STATEMENTS OF FINANCIAL POSITION  
AS OF DECEMBER 31  
(IN USD)**

	Notes	2014	2013
<b>ASSETS</b>			
Equity in OAS Treasury Fund and other cash		1,249,902	2,586,040
Government grants receivable	2	89,778	158,214
Prepaid expenses		5,316	23,660
Total assets		1,344,996	2,767,914
<b>LIABILITIES AND NET ASSETS</b>			
Accounts payable		220,258	660,438
Total liabilities		220,258	660,438
Temporarily restricted net assets	2	703,804	1,830,293
Unrestricted net assets	2	420,934	277,183
Total net assets		1,124,738	2,107,476
Total liabilities and net assets		1,344,996	2,767,914

**ORGANIZATION OF AMERICAN STATES  
TRUST FOR THE AMERICAS  
STATEMENTS OF ACTIVITIES  
FOR THE YEARS ENDED DECEMBER 31  
(IN USD)**

	Notes	2014	2013
<b>INCREASES</b>			
Contributions and grants		640,988	860,156
Interest distribution to fund		13,503	17,886
Other income		-	2,840
In-kind contributions	2	207,312	782,066
OAS in-kind contributions	2	368,263	372,547
Released from restrictions	2	2,196,048	4,063,955
Total increases		3,426,114	6,099,450
<b>DECREASES</b>			
Return to donors		140,527	133,889
Administrative and project expenses	4	2,566,262	4,720,893
In-kind expenses	2	207,312	782,066
OAS in-kind expenses	2	368,263	372,547
Total decreases		3,282,364	6,009,395
Change in unrestricted net assets		143,750	90,055
Temporarily restricted net assets			
Contributions		1,069,560	4,828,790
Released from restriction	2	(2,196,048)	(4,063,955)
		(1,126,488)	764,835
Change in net assets		(982,738)	854,890
Net assets, beginning of year		2,107,476	1,252,586
Net assets, end of the year		1,124,738	2,107,476

The accompanying notes form part of the financial statements.

**ORGANIZATION OF AMERICAN STATES  
TRUST FOR THE AMERICAS  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31  
(IN USD)**

	<b>2014</b>	<b>2013</b>
<b>Operating activities</b>		
Change in net assets	(982,738)	854,890
Adjustments to reconcile change in net assets to net cash from operating activities:		
(Increase) decrease in government grants receivable	68,436	28,418
(Increase) decrease in prepaid expenses	18,344	(6,663)
Increase (decrease) in account payable	(440,180)	328,880
Increase (decrease) in deferred revenue	-	(820,152)
Net increase (decrease) in equity in OAS Treasury Fund	(1,336,138)	385,373
Equity in OAS Treasury Fund and other cash, beginning of the year	2,586,040	2,200,667
Equity in OAS Treasury Fund and other cash, end of the year	1,249,902	2,586,040

*The accompanying notes form part of the financial statements.*

## NOTES TO FINANCIAL STATEMENTS

### 1. Organization and Financial Statements

The Trust for the Americas (the Trust) was created in 1997 as a non profit entity incorporated in the District of Columbia. The Trust serves the Organization of American States (OAS) as an entry point to expand hemispheric cooperation and enhance economic development by providing a channel for information, services, goods and funds. In addressing central goals of OAS, and in response to the Summits of the Americas, the Trust mobilizes resources to confront the problems posed by extreme poverty and to promote democracy through actions that are environmentally, economically and socially sustainable, and that foster public participation, particularly of groups previously excluded from the international dialogue.

### 2. Summary of Significant Accounting Policies

The operation of the Trust began in fiscal year 1998 with the principal focus on establishing the framework within which to begin program activities. Funding to establish the Trust was provided by Inter-American Council for Integral Development (CIDI) through a specific fund created to finance CIDI programs that strengthen partnerships with private enterprises and foundations. The resources have been provided by contributions from corporate donors, government grants (from the U.S. Federal government as well as from other countries such as Canada and Colombia), multilateral organizations, in kind contributions from the Executive Secretariat for Integral Development (SEDI) represented in staff and office support, and in-kind donations from corporate and other donors.

#### 2.1 Basis of Accounting

The accompanying financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

#### 2.2 Equity in OAS Treasury Fund

All U.S. dollars available for use in carrying out the activities of the various funds of OAS are combined in the OAS Treasury Fund. The Trust maintains equity to the extent of its cash balances retained therein. The General Secretariat administers the OAS Treasury Fund and invests amounts not immediately required for operations. Subject to certain conditions, income earned by the OAS Treasury Fund is added to the equity of each fund in proportion to its balance.

#### 2.3 Fund Accounting and Net Asset Classifications

The Trust has adopted FASB Accounting Standards Codification (ASC) No. 958-205, *Presentation of Financial Statements of Not-for-Profit Organizations*. The Trust's accounts are classified for accounting and reporting purposes into projects established according to their nature and purposes. In the financial statements, projects that have similar characteristics have been combined into the following two net asset categories:

**Temporarily Restricted** – Net assets that are subject to donor imposed stipulations that will be met either by passage of time or by the actions of the Trust. As the restrictions are satisfied, temporarily restricted net assets are reclassified to unrestricted net assets and are reported in the accompanying statements of activities as net assets released from restrictions. The temporary restrictions of the Trust relate to contributions to be used for projects specified by the donor.

**Unrestricted** – Net assets that are not subject to donor-imposed stipulations and that may be expended for any purpose in achieving the primary objective of the Trust.

## 2.4 Government Grants

The Trust has an ongoing grant agreement with the United States government in which the Trust draws down funds through the Letter of Credit system. The United States grant awards are recognized as revenue to the extent of expenses incurred for purposes specified by the grantor. Expenses incurred in excess of cash received from the letter of credit draw down of the United States funds are shown as government grants receivable.

## 2.5 Contributions

Contributions are recorded when earned. The Trust records contributions as temporarily restricted if funds are received with donor stipulations that limit their use either through purpose or time restrictions. When donor restrictions expire, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the accompanying statements of activities as net assets released from restrictions.

## 2.6 In-kind Contributions

The Trust received in-kind contributions that are donated to the Trust as part of an agreement (the Agreement) with the OAS. Under the Agreement, the OAS supports the Trust with space and executive staff support to enable the Trust to accomplish its objectives. The OAS in-kind contributions to the Trust amount to USD 368,263 and USD 372,547 for the year ended December 31, 2014 and 2013, respectively.

In addition, the Trust received in-kind contributions in the amount of USD 207,312 and USD 782,066 for the year ended December 31, 2014 and 2013, respectively. These contributions were received in the form of software donated by the Microsoft Corporation for the Trust's Program of Opportunities in Employment through Technology in America (POETA) program in Latin America, and in the form of physical space and services from several partner organizations throughout the region, which have supported the implementation of the Trust's programs.

These amounts are included as revenue and expenses in the accompanying statements of activities for the years ended December 31, 2014 and 2013.

## 2.7 Federal Income Tax

The Trust is exempt from Federal income tax under section 501(a) of the Internal Revenue Code as an organization described in section 501(c) (3). The Trust is not a private foundation within the meaning of section 509(a) of the Code, because it is an organization described in section 509(a)(1)(A)(vi).

The Trust of the Americas is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. Management believes the Trust of the Americas is no longer subject to income tax examinations for years prior to 2010.

## 2.8 Evaluation of Subsequent Events

The Trust evaluated subsequent events through April 29, 2015, the date on which the financial statements became available for issuance.

## 2.9 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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of income and expenses during the reported period. Actual results could differ from those estimates.



### 3. Significant Contributions

The Trust received a USD 496,300 contribution from Microsoft to continue the implementation of its Program of Opportunities in Employment through Technology in the Americas (POETA). The program is implemented in 20 countries of the Western Hemisphere, summing up more than 100 centers and focuses on people with disabilities, at-risk youth and demobilized combatants (in Colombia), for 2015, the program will focus on Youth.

In addition to Microsoft, Master Card International contributed USD 300,000 to open three new POETA centers in Colombia, Brazil and Mexico.

### 4. Administrative and Project Expenditures

The Trust's administrative and project expenses were incurred as presented below (in USD):

<b>ADMINISTRATIVE AND PROJECT EXPENDITURES</b>		<b>TABLE 1</b>
AS OF DECEMBER 31		
(IN USD)		
	<b>2014</b>	<b>2013</b>
Citizen Security and Economic Opportunities (CSEO) Projects	1,206,936	2,865,774
Democracy, Governance and Human Rights (DGHR) Projects	619,742	1,103,643
Administrative projects	739,584	731,755
Other projects	-	19,721
	<u>2,566,262</u>	<u>4,720,893</u>

These expenditures are included in Administrative and Project Expenses in the Statements of Activities.

### 5. Commitments and Contingencies

The trust is not subject to any litigation which management believes will have a material adverse effect on the Trust's financial condition.