

# Trust for the Americas

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HUMAN RIGHTS

**“We have to demonstrate that human rights must always be protected under any circumstances, because that is the most effective way to combat corruption”**

Luis Almagro,  
OAS Secretary General

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*Inaugural Speech VIII Summit of The Americas.  
April 13, 2018 - Lima, Peru.*



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## Independent Auditor's Report

The Board of External Auditors  
Organization of American States  
Washington, District of Columbia

We have audited the accompanying consolidated financial statements of the Trust for the Americas (the Trust), which comprise the consolidated statements of financial position as of December 31, 2018 and 2017, the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

### *Management's Responsibility for the Consolidated Financial Statements*

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on these consolidated 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 audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Trust for the Americas as of December 31, 2018 and 2017, 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.

BDO USA, LLP

April 30, 2019

**ORGANIZATION OF AMERICAN STATES  
TRUST FOR THE AMERICAS  
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
AS OF DECEMBER 31, 2018 AND 2017  
(IN USD)

	Notes	2018	2017
<b>ASSETS</b>			
Equity in OAS Treasury Fund and other cash		1,780,334	2,675,466
Government grants and other receivables	2	99,268	27,686
Contributions receivable		600,955	-
Prepaid expenses and other		9,157	11,786
Total assets		2,489,714	2,714,938
<b>LIABILITIES AND NET ASSETS</b>			
<b>LIABILITIES</b>			
Accounts payable		282,046	65,760
Deferred revenue		315,153	-
Total liabilities		597,199	65,760
<b>NET ASSETS</b>			
Without donor restrictions	2	266,685	940,499
With donor restrictions	2	1,625,830	1,708,679
Total net assets		1,892,515	2,649,178
Total liabilities and net assets		2,489,714	2,714,938

**ORGANIZATION OF AMERICAN STATES  
TRUST FOR THE AMERICAS  
CONSOLIDATED STATEMENTS OF ACTIVITIES**  
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017  
(IN USD)

	Notes	2018	2017
<b>CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS</b>			
<b>INCREASES</b>			
Contributions and grants		1,276,688	638,482
Interest distribution to fund		35,554	15,741
Other income		111,041	16,708
In-kind contributions	2	1,136,089	1,844,672
OAS in-kind contributions	2	417,295	399,427
Released from restrictions	2	1,781,386	2,840,258
Total increases		4,758,053	5,755,288
<b>DECREASES</b>			
Program services	4	4,392,153	4,230,615
Supporting services	4	1,039,714	950,190
Total decreases		5,431,867	5,180,805
Change in net assets without donor restrictions		(673,814)	574,483
<b>CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS</b>			
Contributions		1,698,537	2,431,699
Released from restrictions	2	(1,781,386)	(2,840,258)
Change in net assets with donor restrictions		(82,849)	(408,559)
Change in net assets		(756,663)	165,924
Net assets, beginning of year		2,649,178	2,483,254
Net assets, end of the year		1,892,515	2,649,178

The accompanying notes form part of the consolidated financial statements.

**ORGANIZATION OF AMERICAN STATES  
TRUST FOR THE AMERICAS  
CONSOLIDATED STATEMENTS OF CASH FLOWS**  
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017  
(IN USD)

	2018	2017
<b>Operating activities</b>		
Change in net assets	(756,663)	165,924
Adjustments to reconcile change in net assets to net cash used in operating activities:		
(Increase) decrease in government grants receivable and other receivables	(71,582)	71,225
Increase in contributions receivable	(600,955)	-
Increase (decrease) in prepaid expenses and other	2,629	(180)
Decrease (increase) in account payable	216,286	(316,862)
Increase in deferred revenue	315,153	-
Net decrease in equity in OAS Treasury Fund and other cash	(895,132)	(79,893)
Equity in OAS Treasury Fund and other cash, beginning of year	2,675,466	2,755,359
Equity in OAS Treasury Fund and other cash, end of year	1,780,334	2,675,466

**ORGANIZATION OF AMERICAN STATES  
TRUST FOR THE AMERICAS  
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**  
FOR THE YEAR ENDED DECEMBER 31, 2018 (WITH COMPARATIVE TOTALS FOR 2017)  
(IN USD)

	Program Services	Supporting Services	Total Expenses	
			2018	2017
Salaries, Benefits and Taxes	740,582	89,934	830,517	637,938
Professional Fees and Contract Services	1,977,336	314,082	2,291,418	1,882,662
In-kind Expenses	1,136,089	-	1,136,089	1,844,672
OAS in-kind expenses	-	417,295	417,295	399,427
Others	538,146	218,403	756,549	416,106
Total expenses	4,392,153	1,039,714	5,431,867	5,180,805

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

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

## 1. Organization

The Trust for the Americas is a 501(c)(3) non-profit organization affiliated with the Organization of American States (OAS). It was established in 1997 to promote public and private sector participation in social and economic development projects in Latin America and the Caribbean. The Trust for the Americas initiatives, implemented through local partner organizations, seek to improve access to economic opportunities for vulnerable communities in the hemisphere. To this end, the Trust for the Americas also promotes social inclusion and good governance. The Trust for the Americas is headquartered in Washington, DC and has legal presence in Colombia, through its wholly-owned subsidiary, Fundación Trust for the Americas (FTFA). Fundación Trust for the Americas was incorporated in 2007 as a non-profit entity, duly registered with the Chamber of Commerce of Bogotá. Through the subsidiary in Colombia, programs are underway to promote human rights, strengthening NGOs, social and labor inclusion for groups affected by the armed conflict and ethnic Afro and indigenous populations, as well as the development of projects related to digital literacy.

## 2. Summary of Significant Accounting Policies

The operation of the Trust for the Americas 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 consolidated financial statements are prepared and presented on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (US GAAP). The consolidated financial statements include the accounts of the Trust for the Americas and Fundación Trust for the Americas (collectively referred to as the Trust). All significant intercompany transactions and balances have been eliminated in the consolidation.

### 2.2 Equity in OAS Treasury Fund and Other Cash

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'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:

#### Net Assets Without Donor Restrictions

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.

#### Net Assets With Donor Restrictions

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, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the accompanying consolidated statements of activities as net assets released from restrictions. The Trust imposed restrictions relate to contributions to be used for projects specified by the donor. Net assets

with donor restrictions totaled USD 1,625,830 and USD 1,708,679 as of December 31, 2018 and 2017, respectively. The funds were restricted to provide support to different programs.

Additionally, net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes. The net assets released from restrictions were USD 1,781,386 and USD 2,840,258 as of December 31, 2018 and 2017, respectively.

## 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 and cash received in excess of expenses incurred are shown as deferred revenue in the consolidated statements of financial position.

## 2.5 Contributions

Contributions are recorded when earned. The Trust records contributions as with donor restriction if funds are received with donor stipulations that limit their use either through purpose or time restrictions. When donor restrictions expire, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the accompanying statements of activities as net assets released from restrictions. The Trust had contributions receivable of USD 600,955 as of December 31, 2018 and was fully collected subsequent to year end.

## 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 amounted to USD 417,295 and USD 399,427 for the years ended December 31, 2018 and 2017, respectively.

In addition, the Trust received other in-kind contributions in the amount of USD 1,136,089 and USD 1,844,672 for the years ended December 31, 2018 and 2017, respectively. These contributions were received in the form of physical space, services and software 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 consolidated statements of activities for the years ended December 31, 2018 and 2017.

In 2018 the Trust continued its project VIVE in Mexico and YouthSpark in 6 different countries, in Mexico, these programs were able to serve 21,648 individuals of which 18,867 were women. These courses that focused on training individuals in retail sales, and entrepreneurial skills were offered in three phases which total 68 total hours of course work. Of the 21,648 which started the course 21,011 remained in the program and graduated. The Trust for the Americas is very proud of this program and the generous contribution from The Walmart Foundation. It is also important to recognize Fundación ProAcceso, a sub grantee in this endeavor that provided in-kind goods and services in the form of 70 centers throughout Mexico where these courses were offered, staffing to provide training and support for the courses, and all of the infrastructure required to make the center operate. In like manner, Fundación ProAcceso provided 29 centers and the same level of support in Mexico for our Microsoft YouthSpark project.

## 2.7 Federal Income Tax

The Trust for the Americas is exempt from Federal income tax under section 501(a) of the U.S. Internal Revenue Code (the 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)(vii).

## 2.8 Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America (US GAAP) 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 consolidated financial statements and the reported amounts of income and expenses during the reported period. Actual results could differ from those estimates.

## 2.9 Accounting Pronouncements Adopted

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14, “Presentation of Financial Statements of Not-for-Profit Entities” (Topic 958). The ASU amends the current reporting model for nonprofit Boards and enhances their required disclosures. The major changes include: (a) requiring the presentation of only two classes of net assets now entitled “net assets without donor restrictions” and “net assets with donor restrictions”; (b) modifying the presentation of underwater endowment funds and related disclosures, (c) requiring the use of the placed in service approach to recognize the expirations of restrictions on gifts used to acquire or construct long-lived assets absent explicit donor stipulations otherwise, (d) requiring that all nonprofits present an analysis of expenses by function and nature in either the statement of activities, a separate statement, or in the notes and disclose a summary of the allocation methods used to allocate costs, (e) requiring the disclosure of quantitative and qualitative information regarding liquidity and availability of resources, (f) presenting investment return net of external and direct internal investment expenses, and (g) modifying other financial statement reporting requirements and disclosures intended to increase the usefulness of nonprofit financial statements. In addition, ASU 2016-14 removes the requirement that not-for-profit entities that chose to prepare the statements of cash flows using the direct method must also present reconciliation (the indirect method).

## 2.10 Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the consolidated statements of activities. The consolidated statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited including salaries, benefits and taxes. Salaries, benefits and taxes are allocated based on estimated time and effort. Professional fees and other expenses are allocated directly to the program and supporting function benefited.

## 2.11 Translation of Foreign Currency

Assets and liabilities denominated in foreign currencies are translated at year-end exchange rate. Consolidated statements of activities items are translated at the average monthly exchange rates. The cumulative effect resulting from such translations is reflected in the consolidated statement of activities.

## 2.12 Evaluation of Subsequent Events

The Trust evaluated subsequent events through April 30, 2019, the date on which the consolidated financial statements became available for issuance.

## 3. Significant Contributions

In 2018 the Trust continued its efforts to diversify its source of funding. The difference in cash contributions between 2017 and 2018 were driven by contributions received in December 2017. Two large contributions were received which totaled just under USD 2 million. The Trust recognized as revenue a contribution from Microsoft in the amount of USD 600,955, pledged in December 2018, and anticipates receiving USD 1 million from Walmart in February 2019.

In addition, Citibank contributed USD 595,000 to security and technology initiatives in the region. These resources were used in the following projects: USD 375,000 for “Creating a Cyber Career Path” which empowers youth in low-income communities and fosters career readiness, and USD 220,000 which provides skills to a new generation of innovators and entrepreneurs in Jamaica.

#### 4. Administrative and Project Expenditures

The Trust's administrative and project expenses were incurred as presented below:

ADMINISTRATIVE AND PROJECT EXPENDITURES			TABLE 1
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017			
(IN USD)			
	2018	2017	
Citizen Security and Economic Opportunities (CSEO) Projects	3,156,516	3,393,904	
Democracy, Governance and Human Rights (DGHR) Projects	1,118,727	644,004	
Fundacion Trust for the Americas (FTFA)	116,910	192,707	
Administrative projects	1,039,714	950,190	
	<b>5,431,867</b>	<b>5,180,805</b>	

#### 5. Related Party Transactions

During 2018, the Trust paid USD 133,109 for indirect cost recovery and paid USD 78,347 for administrative services to the General Secretariat of the Organization of American States.

#### 6. Commitments and Contingencies

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

#### 7. Liquidity and Availability of Resources

The Trust's financial assets available within one year of the statements of financial position date for general expenditure are as follows:

LIQUIDITY AND AVAILABILITY OF RESOURCES			TABLE 2
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017			
(IN USD)			
	2018	2017	
Equity in OAS Treasury Fund and other cash	1,780,334	2,675,466	
Government grants and other receivables	99,268	27,686	
Contributions receivable	600,955	-	
Total financial assets available within one year	2,480,557	2,703,152	
Less:			
Amounts unavailable for general expenditures within one year, due to:			
Restricted by donors with purpose restrictions	(1,625,830)	(1,708,679)	
Total financial assets available to management for general expenditure within one year	<b>854,727</b>	<b>994,473</b>	

The Trust maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

The Trust's Equity in OAS Treasury Fund is administered by the OAS and the Trust maintains equity to the extent of its cash balances. As part of the Trust's liquidity management, the OAS invests amounts not immediately required for operations in various short term investments including certificates of deposit, commercial paper and treasury bills.

## 8. Net Assets With Donor Restrictions

Net assets with donor restrictions totaled USD 1,625,830 and USD 1,708,679, as of December 31, 2018 and 2017, respectively. Net assets with donor restrictions are restricted for the following purposes:

<b>NET ASSETS WITH DONOR RESTRICTIONS</b>		<b>TABLE 3</b>	
AS OF DECEMBER 31, 2018 AND 2017 (IN USD)			
	<b>2018</b>	<b>2017</b>	
Purpose restrictions:			
POETA, Technology and skill training	600,955	126,310	
VIVE Project	391,009	1,053,362	
Career Path in Digital Security	356,250	256,549	
DIA Urban Lab in Jamaica	190,642	125,179	
Other Projects	86,974	147,279	
Net assets with donor restrictions	<b>1,625,830</b>	<b>1,708,679</b>	

Additionally, net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes. The net assets released from restrictions are as follow:

<b>NET ASSETS RELEASED FROM RESTRICTIONS</b>		<b>TABLE 4</b>	
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017 (IN USD)			
	<b>2018</b>	<b>2017</b>	
Purpose restrictions accomplished:			
VIVE Project	773,576	-	
POETA, Technology and skill training	536,101	1,433,594	
Career Path in Digital Security	276,398	-	
ViveLab, RedVolucion Project, Colombia IT development	-	530,989	
Freedom of Expression	-	176,250	
Other	195,311	699,425	
Net assets released from restrictions	<b>1,781,386</b>	<b>2,840,258</b>	

## 9. Reclassifications

Certain reclassifications have been made to the 2017 financial statements and disclosures to conform to the 2018 presentation.