

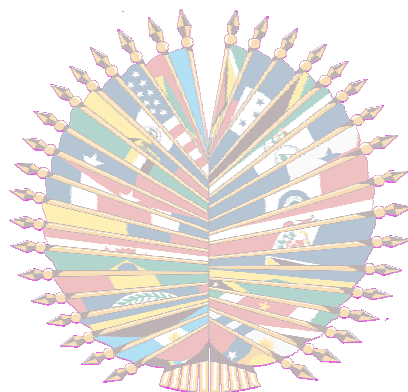
CHAPTER 2

TRUST FOR THE AMERICAS

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SB & COMPANY, LLC
EXPERIENCE • QUALITY • CLIENT SERVICE

INDEPENDENT PUBLIC ACCOUNTANTS' REPORT

The Board of External Auditors
Inter-American Agency for Cooperation and Development

We have audited the accompanying statement of financial position of the Trust of the Americas (the Trust), as of December 31, 2005 and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Trust's management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements of the Trust as of and for the year ended December 31, 2004 were audited by other auditors whose report dated April 1, 2005 expressed an unqualified opinion on those statements.

We conducted our audit 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 financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Trust as of December 31, 2005, and the results of its activities and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

March 22, 2006

SB & Company, LLC

TRUST FOR THE AMERICAS

Statements of Financial Position

As of December 31	2005	2004
Assets		
Equity in OAS Treasury Fund	\$ 908,150	\$ 150,262
Accounts receivable	-	291,321
Total assets	\$ 908,150	\$ 441,583
Liabilities and net assets		
Accounts payable	\$ 12,694	\$ 153,612
Deferred revenue	272,151	18,112
Total liabilities	284,845	171,724
Temporarily Restricted Net Assets	506,162	230,336
Unrestricted Net Assets	117,143	39,523
Total Net Assets	623,305	269,859
Total liabilities and net assets	\$ 908,150	\$ 441,583

Statements of Activities

For the years ended December 31	2005	2004
Unrestricted		
Revenue		
Contributions	\$ 1,812,494	\$ 1,128,482
Transfer	53,000	63,461
Interest and other income	21,043	8,895
In-kind contributions	356,011	11,000
SEDI in-kind contributions	228,767	212,016
Release from restrictions	402,984	-
Total Revenue	2,874,299	1,423,854
Expenses		
Transfers	257,788	202,566
Return to donor	1,805	322
Administrative and project expenses	1,952,308	1,393,240
In-kind expenses	584,778	223,016
Total Expenses	2,796,679	1,819,144
Change in unrestricted net assets	77,620	(395,290)
Temporarily restricted		
Contributions	678,810	230,336
Release from restrictions	(402,984)	-
Total temporarily restricted	275,826	230,336
Change in Net Assets	353,446	(164,954)
Net assets, beginning of the year	269,859	434,813
Net assets, end of the year	\$ 623,305	\$ 269,859

See accompanying notes

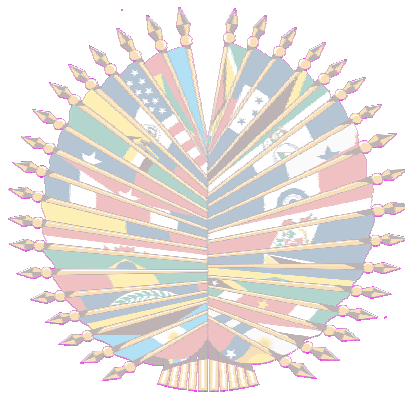
TRUST FOR THE AMERICAS

Statements of Cash Flows

For the years ended December 31

	2005	2004
Operating activities		
Excess of revenue over expenses	\$ 353,446	\$ (164,954)
Effect of changes in operating assets and liabilities:		
Accounts receivable	291,321	(267,409)
Prepaid expenses	-	2,989
Accounts payable	(140,918)	141,437
Deferred revenue	254,039	(53,534)
Net Increase (Decrease) in cash	757,888	(341,471)
Equity in OAS Treasury, beginning of the year	150,262	491,733
Equity in OAS Treasury, end of the year	\$ 908,150	\$ 150,262

See accompanying notes



NOTES TO FINANCIAL STATEMENTS

1. ORGANIZATION AND FINANCIAL STATEMENTS

The Trust for the Americas (the Trust) was created in 1997 as a not for 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.

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, Federal grants, contributions from the Inter-American Agency for Cooperation and Development (IACD) for staff and office support, and in-kind donations from corporate and other donors.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

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.

Fund Accounting and Net Asset Classifications

To ensure compliance with restrictions placed on the resources available to the Trust, the Trust accounts are classified for accounting and reporting into projects established according to their nature and purposes. In the financial statements, projects that have similar characteristics have been combined into two net asset categories: Unrestricted and Temporarily Restricted.

Unrestricted net assets are either not restricted by donors, or the donor-imposed restrictions have expired. Temporarily restricted net assets are contributions restricted by the donor for a specific purpose or time and which the restricted purpose has not been met or the time has not passed.

Government Grants and Deferred Revenue

Contributions are recorded when earned. The Trust has a significant ongoing grant as of December 31, 2005 and 2004 with a United States governmental agency that is described in "Significant Contributions". Deferred revenue is recorded when amounts received are in excess of amounts expended for cost reimbursable by United States government grants. Accounts receivable are recorded when amounts expended are in excess of amounts received. Deferred revenue represents contributions received that must be refunded to the donors if not spent for the donated purpose.

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 through the IACD. Under the Agreement, the OAS through the IACD supports the Trust with financial, material and staff support to enable the Trust to accomplish its objectives. In-kind contributions include personnel and other costs funded from the IACD budget, with an approximate value of \$228,767 and \$212,016, as of December 31, 2005 and 2004, respectively. These amounts are included as revenue and expenses in the accompanying statements of activities for the years ended December 31, 2005 and 2004.

The Trust also received in-kind contributions from corporations and other entities for carrying out its program in the amount of \$356,011 and \$11,000 during the years ended December 31, 2005 and 2004, respectively, that were based on the Trust's estimate of the fair market value of the services provided on the date of the contribution.

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 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 as of the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

The Trust entered into a significant grant agreement in 2004 with the United States of America Agency for International Development (USAID) for activities in Colombia. The agreement is for a total of \$1,136,226 of which \$753,952 was expended for the year ended December 31, 2005, and \$1,092,000 from the inception of the agreement.

The Trust's revenue is recognized as the expense is incurred, and is the basis for drawdown of the funds from the letter of credit with the USAID, and for recognition of receivables.

The Trust's project expenditures correspond to its two main initiatives and were incurred as follows:

- Transparency and Governance Projects: \$1,141,834
- Technology for Development Projects: \$529,396

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

Unrestricted net assets are assets and contributions that are not restricted by donors or for which restrictions have expired. The majority of the Trust's unrestricted net assets represent the administrative portion retained from various project contributions and grants.

Temporarily restricted net assets are those assets whose use by the Trust has been limited by donors primarily for a specific purpose. When a donor restriction is met, temporarily restricted net assets are reclassified to unrestricted net assets. Donor restricted contributions which have the restrictions relieved in the same year as the contribution is received are included in unrestricted net assets.

3. EQUITY IN OAS TREASURY FUND

All U.S. dollars available for use in carrying out the activities of the various funds of OAS are consolidated in the OAS Treasury Fund. The Trust for the Americas Fund 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 the various funds in proportion to its balances.

