



WORLD FEDERALIST ASSOCIATION
(dba Citizens for Global Solutions Education Fund)
CITIZENS FOR GLOBAL SOLUTIONS, INC.
AND
WFA ENDOWMENT FUND

CONSOLIDATED FINANCIAL STATEMENTS
WITH CONSOLIDATING INFORMATION

September 30, 2022 and 2021

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
World Federalist Association
Washington, D.C.

Opinion

We have audited the financial statements of World Federalist Association, which comprise the consolidated statements of financial position as of September 30, 2022 and 2021, and the related consolidated 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 accompanying financial statements present fairly, in all material respects, the financial position of World Federalist Association as of September 30, 2022 and 2021, 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 (GAAS). 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 World Federalist Association 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 these 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 World Federalist Association'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 GAAS 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 GAAS, 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 World Federalist Association'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 World Federalist Association'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.

Report on Consolidating Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The consolidating schedules of financial position and activities on pages 14-15 are presented for purposes of additional analysis of the financial statements rather than to present the financial position and changes in net assets of the individual entities, and they are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The consolidating information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the consolidating information is fairly stated in all material aspects in relation to the financial statements as a whole.



Wegner CPAs, LLP
Alexandria, Virginia
October 4, 2023

WORLD FEDERALIST ASSOCIATION
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
September 30, 2022 and 2021

	2022	2021
ASSETS		
Cash	\$ 52,183	\$ 12,551
Prepaid expenses	19,886	19,886
Investments	<u>3,321,062</u>	<u>3,725,125</u>
Total assets	<u><u>\$ 3,393,131</u></u>	<u><u>\$ 3,757,562</u></u>
LIABILITIES		
Accounts payable	\$ 6,089	\$ 4,000
Accrued payroll	<u>1,647</u>	<u>1,647</u>
Total liabilities	7,736	5,647
NET ASSETS		
Without donor restrictions	966,221	928,366
With donor restrictions	<u>2,419,174</u>	<u>2,823,549</u>
Total net assets	<u><u>3,385,395</u></u>	<u><u>3,751,915</u></u>
Total liabilities and net assets	<u><u>\$ 3,393,131</u></u>	<u><u>\$ 3,757,562</u></u>

See accompanying notes.

WORLD FEDERALIST ASSOCIATION
CONSOLIDATED STATEMENT OF ACTIVITIES
Year Ended September 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Contributions	\$ 162,647	\$ -	\$ 162,647
Investment return, net	40,313	(304,375)	(264,062)
Miscellaneous	398	-	398
Total support and revenue	203,358	(304,375)	(101,017)
EXPENSES			
Program services	144,928	-	144,928
Management and general	57,727	-	57,727
Fundraising	62,848	-	62,848
Total expenses	265,503	-	265,503
NET ASSETS RELEASED FROM RESTRICTIONS			
Satisfaction of purpose restrictions	100,000	(100,000)	-
Change in net assets	37,855	(404,375)	(366,520)
Net assets at beginning of year	928,366	2,823,549	3,751,915
Net assets at end of year	<u>\$ 966,221</u>	<u>\$ 2,419,174</u>	<u>\$ 3,385,395</u>

See accompanying notes.

WORLD FEDERALIST ASSOCIATION
CONSOLIDATED STATEMENT OF ACTIVITIES
Year Ended September 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Contributions	\$ 110,847	\$ 129,850	\$ 240,697
Investment return, net	339,061	836,904	1,175,965
Miscellaneous	1,594	-	1,594
Total support and revenue	451,502	966,754	1,418,256
EXPENSES			
Program services	95,906	-	95,906
Management and general	61,106	-	61,106
Fundraising	61,201	-	61,201
Total expenses	218,213	-	218,213
NET ASSETS RELEASED FROM RESTRICTIONS			
Satisfaction of purpose restrictions	35,000	(35,000)	-
Change in net assets	268,289	931,754	1,200,043
Net assets at beginning of year	660,077	1,891,795	2,551,872
Net assets at end of year	<u>\$ 928,366</u>	<u>\$ 2,823,549</u>	<u>\$ 3,751,915</u>

See accompanying notes.

WORLD FEDERALIST ASSOCIATION
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
Year Ended September 30, 2022

	Program Services	Management and General	Fundraising	Total Expenses
Personnel	\$ 38,055	\$ 21,467	\$ 38,055	\$ 97,577
Professional fees	73,037	18,815	8,656	100,508
Office expenses	2,063	1,264	-	3,327
Insurance	-	8,030	-	8,030
Occupancy	22,733	1,711	-	24,444
Information technology	-	2,194	16,137	18,331
Travel	-	3,201	-	3,201
Miscellaneous	-	1,045	-	1,045
Grants and assistance	2,500	-	-	2,500
Dues and subscriptions	6,540	-	-	6,540
Total expenses	\$ 144,928	\$ 57,727	\$ 62,848	\$ 265,503

See accompanying notes.

WORLD FEDERALIST ASSOCIATION
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
Year Ended September 30, 2021

	Program Services	Management and General	Fundraising	Total Expenses
Personnel	\$ 29,701	\$ 16,755	\$ 29,702	\$ 76,158
Professional fees	19,735	34,451	21,580	75,766
Office expenses	1,430	914	-	2,344
Insurance	-	4,185	-	4,185
Occupancy	21,058	1,585	-	22,643
Information technology	-	2,189	9,919	12,108
Travel	-	193	-	193
Miscellaneous	-	834	-	834
Grants and assistance	15,000	-	-	15,000
Dues and subscriptions	8,982	-	-	8,982
Total expenses	<u>\$ 95,906</u>	<u>\$ 61,106</u>	<u>\$ 61,201</u>	<u>\$ 218,213</u>

See accompanying notes.

WORLD FEDERALIST ASSOCIATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
Years Ended September 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (366,520)	\$ 1,200,043
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Net realized and unrealized (gains) losses on investments	266,304	(1,213,795)
Increase in assets		
Prepaid expenses	-	(15,320)
Increase in liabilities		
Accounts payable	<u>2,089</u>	<u>4,000</u>
Net cash flows from operating activities	(98,127)	(25,072)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(102,850)	(84,700)
Interest and dividends retained in investments	(2,241)	(87,202)
Proceeds from sale of investments	<u>242,850</u>	<u>145,032</u>
Net cash flows from investing activities	<u>137,759</u>	<u>(26,870)</u>
Change in cash	39,632	(51,942)
Cash at beginning of year	<u>12,551</u>	<u>64,493</u>
Cash at end of year	<u><u>\$ 52,183</u></u>	<u><u>\$ 12,551</u></u>

See accompanying notes.

WORLD FEDERALIST ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
September 30, 2022 and 2021

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

World Federalist Association, doing business as Citizens for Global Solutions Education Fund, is a not-for-profit organization that works to promote a future in which nations work together to abolish war, protect rights and freedoms, and solve the problems facing humanity that no nation can solve alone. This requires effective democratic global institutions that will apply the rule of law while respecting the diversity and autonomy of national and local communities. The organization is primarily funded through contributions.

Principles of Consolidation

The consolidated financial statements include the financial statements of the World Federalist Association (WFA), Citizens for Global Solutions, Inc., (CGSI) and World Federalist Association Endowment Fund (WFA Endowment Fund), collectively known as the Organization, which are related through common management as well as WFA having an economic interest in WFA Endowment Fund and controls WFA Endowment Fund through a majority voting interest in its governing body. All material intra-entity transactions have been eliminated.

Citizens for Global Solutions, Inc.

Citizens for Global Solutions, Inc. is a not-for-profit organization that aims to advance education and understanding about a federal government for the world and steps towards it. Such a world government would deal with global problems while national governments handle national concerns, much as in the U.S. the federal government undertakes national solutions while the states resolve state problems.

World Federalist Association Endowment Fund

The World Federalist Association Endowment Fund is a not-for-profit organization that manages an endowment fund intended to support the organizations by providing operating funds and a source of emergency funds when needed.

Investments

The Organization reports investments in marketable equity securities with readily determinable fair values and all investments in debt securities at their fair values in the consolidated statements of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying consolidated statements of activities.

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

WORLD FEDERALIST ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
September 30, 2022 and 2021

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Contributions

Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Expense Allocation

The financial statements report certain categories of expenses that are attributable to more than one program service or supporting activity. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include personnel and occupancy which are allocated on the basis of estimates of time and effort.

Income Tax Status

World Federalist Association is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. In addition, WFA qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2). Citizens for Global Solutions, Inc. is exempt from federal income tax under Section 501(c)(4) of the Internal Revenue Code. World Federalist Association Endowment Fund is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code.

Date of Management's Review

Management has evaluated subsequent events through October 4, 2023, the date which the financial statements were available to be issued.

NOTE 2—INVESTMENTS

Investments consist of the following:

	2022	2021
Cash equivalents held by investment managers	\$ 284,173	\$ 381,757
Equity mutual funds	392	3,254
Exchange traded funds	3,036,497	3,340,114
Investments	<u>\$ 3,321,062</u>	<u>\$ 3,725,125</u>

Fair values for equity mutual funds and exchange traded funds are valued at unadjusted quoted prices reported on the active markets on which the individual securities are traded, which are Level 1 fair value measurements.

WORLD FEDERALIST ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
September 30, 2022 and 2021

NOTE 3—NET ASSETS

Net assets with donor restrictions consist of the following:

	2022	2021
Subject to expenditure for specified purpose:		
Membership development	\$ 125,000	\$ 125,000
St. Louis Chapter	23,651	-
Subject to WFA's spending policy and appropriation		
Endowment earnings to be used on operations	670,253	1,219,709
Endowment principal to be retained in perpetuity	1,600,270	1,478,840
Net assets with donor restrictions	<u>\$ 2,419,174</u>	<u>\$ 2,823,549</u>

Net assets without donor restrictions includes \$178,302 designated by the board intended for Youth Initiatives.

NOTE 4—LEASE

In August 2017, the Organization entered into a lease for office space in Washington, D.C. that expired on September 30, 2022. The lease was renewed on a month-to-month basis. The lease requires monthly payments of \$1,300, increasing 4% every October. Rent expense for the years ended September 30, 2022 and 2021 was \$18,928 and \$17,472, respectively.

NOTE 5—ENDOWMENT

The Organization's endowment fund is held by WFA Endowment Fund. WFA Endowment Fund's endowment is a donor-restricted fund established to support general operations of WFA. The Trustees of WFA Endowment Fund has enacted Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the maintenance of purchasing power of the original gift amount contributed to an endowment fund, unless a donor stipulates the contrary. As a result of this interpretation, when reviewing its donor-restricted endowment funds, WFA Endowment Fund considers a fund to be underwater if the fair value of the fund is less than the sum of (a) the original value of initial and subsequent gift amounts donated to the fund and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the discretion of the applicable donor gift instrument. WFA Endowment Fund has interpreted UPMIFA to not permit spending from underwater funds.

In accordance with UPMIFA, WFA Endowment Fund considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the fund, (2) the purposes of WFA Endowment Fund and the donor-restricted endowment fund, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of WFA Endowment Fund, and (7) the WFA Endowment Fund's investment policies.

WORLD FEDERALIST ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
September 30, 2022 and 2021

NOTE 5—ENDOWMENT (continued)

Investment Return Objectives, Risk Parameters, and Strategies. WFA Endowment Fund has adopted investment and spending policies for endowment assets that are directed toward long-term performance and total return, rather than specific income goals. Endowment assets include those assets of donor-restricted funds that WFA Endowment Fund must hold in perpetuity. Under this policy, as approved by the Trustees, the endowment assets are invested in a manner that is intended to provide for growth of capital and produce returns to fund operations, while assuming a moderate level of investment risk. To satisfy its long-term rate-of-return objectives, WFA Endowment Fund relies on a total return strategy in which investment returns are achieved through both realized and unrealized gains/losses and interest and dividends. WFA Endowment Fund targets a diversified asset allocation that places a greater emphasis on fixed income investments to achieve its long-term return objectives within prudent risk constraints.

Spending Policy: Absent explicit donor stipulations, WFA Endowment Fund has a policy of allowing for appropriation for distribution each year, subject to Trustee approval. This amount may vary annually depending upon the need to cover WFA expenses. Over time, the WFA Endowment Fund expects its endowment assets to maintain sufficient cash reserves to provide liquidity and to meet needs without loss of capital value of assets. Any undistributed income in excess of amounts required to satisfy the spending rule shall be accumulated and added to the principal. In establishing this policy, WFA Endowment Fund expects to achieve the objective to maintain the purchasing power of the endowment assets as well as to provide additional real growth through investment return.

Underwater Endowment Funds. From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires WFA Endowment Fund to retain as a fund of perpetual duration. At September 30, 2022 and 2021, there are no donor-restricted endowment funds with deficiencies.

Endowment net asset composition by type of fund is as follows:

	<u>2022</u>	<u>2021</u>
Donor-restricted endowment funds:		
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	\$ 1,600,270	\$ 1,478,840
Accumulated investment gains	<u>670,253</u>	<u>1,219,709</u>
	<u>\$ 2,270,523</u>	<u>\$ 2,698,549</u>

WORLD FEDERALIST ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
September 30, 2022 and 2021

NOTE 5—ENDOWMENT (continued)

Changes in endowment net assets are as follows.

	2022	2021
Endowment net assets at beginning of year	\$ 2,698,549	\$ 1,891,795
Investment return, net	(328,026)	836,904
Contributions	-	4,850
Amounts appropriated for expenditure	(100,000)	(35,000)
Endowment net assets at end of year	<u>\$ 2,270,523</u>	<u>\$ 2,698,549</u>

NOTE 6—LIQUIDITY AND AVAILABILITY

The following table reflects the Organization's financial assets as of the date of the consolidated statements of financial position reduced by amounts not available for general expenditures within one year of the date of the consolidated statements of activities because of donor-imposed restrictions:

	2022	2021
Financial assets at year-end		
Cash	\$ 52,183	\$ 12,551
Investments	<u>3,321,062</u>	<u>3,725,125</u>
Total financial assets at end of year	3,373,245	3,737,676
Less those unavailable for general expenditure within one year, due to:		
Designated by board for youth initiatives	(178,302)	-
Restricted by donors with purpose restrictions	(148,651)	(125,000)
Donor-restricted to maintain as an endowment	<u>(2,270,523)</u>	<u>(2,698,549)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 775,769</u>	<u>\$ 1,039,127</u>

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. Endowment earnings could be made available if appropriated by the board of directors.

NOTE 7—DONOR CONCENTRATIONS

For the year ending September 30, 2021, approximately 73% of the contributions were contributed by one donor. The donor is the secretary on the board of trustees for WFA Endowment Trust.

WORLD FEDERALIST ASSOCIATION
CONSOLIDATING SCHEDULE OF FINANCIAL POSITION
September 30, 2022

	Citizens for Global Solutions, Inc.	World Federalist Association	WFA Endowment Fund	Eliminations	Consolidated Total
ASSETS					
Cash	\$ 8,371	\$ 43,812	\$ -	\$ -	\$ 52,183
Related party receivable	32,050	-	-	(32,050)	-
Prepaid expenses	-	19,886	-	-	19,886
Investments	-	1,146,887	2,174,175	-	3,321,062
Total assets	\$ 40,421	\$ 1,210,585	\$ 2,174,175	\$ (32,050)	\$ 3,393,131
LIABILITIES					
Accounts payable	\$ -	\$ 6,089	\$ -	\$ -	\$ 6,089
Related party payable	-	32,050	-	(32,050)	-
Accrued payroll	-	1,647	-	-	1,647
Total liabilities	-	39,786	-	(32,050)	7,736
NET ASSETS					
Without donor restrictions	40,421	351,895	573,905	-	966,221
With donor restrictions	-	818,904	1,600,270	-	2,419,174
Total net assets	40,421	1,170,799	2,174,175	-	3,385,395
Total liabilities and net assets	\$ 40,421	\$ 1,210,585	\$ 2,174,175	\$ (32,050)	\$ 3,393,131

WORLD FEDERALIST ASSOCIATION
CONSOLIDATING SCHEDULE OF ACTIVITIES
Year Ended September 30, 2022

	Citizens for Global Solutions, Inc.	World Federalist Association	WFA Endowment Fund	Eliminations	Total
SUPPORT AND REVENUE					
Contributions	\$ 200	\$ 262,447	\$ -	\$ (100,000)	\$ 162,647
Investment return, net	-	63,964	(328,026)	-	(264,062)
Miscellaneous	1	397	-	-	398
Total support and revenue	201	326,808	(328,026)	(100,000)	(101,017)
EXPENSES					
Personnel	-	97,577	-	-	97,577
Professional fees	-	100,508	-	-	100,508
Office expenses	-	3,327	-	-	3,327
Insurance	-	8,030	-	-	8,030
Occupancy	-	24,444	-	-	24,444
Information technology	-	18,331	-	-	18,331
Travel	-	3,201	-	-	3,201
Miscellaneous	-	1,043	-	-	1,045
Grants and assistance	-	2,500	100,000	(100,000)	2,500
Dues and subscriptions	-	6,540	-	-	6,540
Total expenses	-	265,501	100,000	(100,000)	265,503
Change in net assets	201	61,307	(428,026)	-	(366,520)
Net assets at beginning of year	40,220	1,109,492	2,602,201	-	3,751,915
Net assets at end of year	<u>\$ 40,421</u>	<u>\$ 1,170,799</u>	<u>\$ 2,174,175</u>	<u>\$ -</u>	<u>\$ 3,385,395</u>