

WORLD FEDERALIST ASSOCIATION

ENDOWMENT FUND TRUST

FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2013

WORLD FEDERALIST ASSOCIATION
ENDOWMENT FUND TRUST

TABLE OF CONTENTS

	<u>PAGE</u>
Independent Auditor's Report	1-3
Audited Financial Statements	
Statement of Financial Position	4-5
Statement of Activities	6
Statement of Cash Flows	7-8
Notes to the Financial Statements	9-14
Supplementary Information.....	15



Romano & Mitchell

CHARTERED
CERTIFIED PUBLIC ACCOUNTANTS / MANAGEMENT CONSULTANTS

7910 WOODMONT AVENUE • SUITE 1110 • BETHESDA, MD 20814
(301) 652-5040 • FAX (301) 907-8210

INDEPENDENT AUDITOR'S REPORT

November 5, 2014

Board of Trustees
World Federalist Association
Endowment Fund Trust
418 7th Street, S.E.
Washington, D.C. 20003

Report on the Financial Statements

We have audited the accompanying financial statements of World Federalist Association Endowment Fund Trust (a non-profit organization), which comprise the statement of financial position of as of September 30, 2013 and the related statements of activities and cash flows for the year 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 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 financial statements that are free of material misstatements, whether due to fraud or error.

Board of Trustees
World Federalist Association
Endowment Fund Trust
November 5, 2014
Page 2

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standard 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 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 entity'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 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 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 World Federalist Association Endowment Fund Trust as of September 30, 2013 and the changes in its net assets and its cash flows for the year then ended in conformity with U.S. generally accepted accounting principles.

Board of Trustees
World Federalist Association
Endowment Fund Trust
November 5, 2014
Page 3

Other Matter - Supplemental Information

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedule of functional expenses on page 15 is presented for purposes of additional analysis and is not a required part of the basic 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 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 information is fairly stated in all material respects in relation to the financial statements as a whole.

Romano & Mitchell, Chartered

ROMANO & MITCHELL, CHARTERED
Certified Public Accountants
Bethesda, Maryland

Romano & Mitchell

CHARTERED
CERTIFIED PUBLIC ACCOUNTANTS / MANAGEMENT CONSULTANTS

WORLD FEDERALIST ASSOCIATION
ENDOWMENT FUND TRUST
Statement of Financial Position
SEPTEMBER 30, 2013

ASSETS

CURRENT ASSETS

Cash and Cash Equivalents	\$ 51,849
Due from Affiliates	69,470
Investments	<u>1,297,479</u>

Total Current Assets	\$1,418,798
----------------------	-------------

PROPERTY AND EQUIPMENT

Land	\$1,011,825
Buildings and Improvements	<u>825,523</u>

Total Property and Equipment	\$1,837,348
Less: Accumulated Depreciation	<u>(167,909)</u>

Net Property and Equipment	<u>1,669,439</u>
----------------------------	------------------

TOTAL ASSETS	<u>\$3,088,237</u>
--------------	--------------------

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

WORLD FEDERALIST ASSOCIATION
ENDOWMENT FUND TRUST
Statement of Financial Position
SEPTEMBER 30, 2013

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accrued Expenses	\$ 13,555
Current Portion of Mortgage Payable	<u>28,059</u>

Total Current Liabilities	\$ 41,614
---------------------------	-----------

NONCURRENT LIABILITIES

Mortgage payable	<u>1,301,020</u>
------------------	------------------

TOTAL LIABILITIES	\$1,342,634
-------------------	-------------

NET ASSETS

Unrestricted	<u>1,745,603</u>
--------------	------------------

TOTAL LIABILITIES AND NET ASSETS	<u>\$3,088,237</u>
----------------------------------	--------------------

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

WORLD FEDERALIST ASSOCIATION
 ENDOWMENT FUND TRUST
 Statement of Activities
 For the Year Ended SEPTEMBER 30, 2013

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
REVENUES AND SUPPORT			
Rental Income	\$ 81,750	\$ -0-	\$ 81,750
Interest and Dividends	15,136	-0-	15,136
Realized and Unrealized Gain on Investments	<u>170,114</u>	<u>-0-</u>	<u>170,114</u>
 Total Public Support and Revenues	 \$ <u>267,000</u>	 \$ <u>-0-</u>	 \$ <u>267,000</u>
EXPENSES			
Program Services	\$ 38,000	\$ -0-	\$ 38,000
Administrative and General	158,699	-0-	158,699
Fundraising	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
 Total Expenses	 \$ <u>196,699</u>	 \$ <u>-0-</u>	 \$ <u>196,699</u>
 Change in Net Assets	 \$ 70,301	 \$ -0-	 \$ 70,301
NET ASSETS, Beginning of Year	<u>1,675,302</u>	<u>-0-</u>	<u>1,675,302</u>
NET ASSETS, End of Year	<u>\$ 1,745,603</u>	<u>\$ -0-</u>	<u>\$ 1,745,603</u>

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

WORLD FEDERALIST ASSOCIATION
ENDOWMENT FUND TRUST
Statement of Cash Flows (Continued)
For the Year Ended SEPTEMBER 30, 2013

CHANGE IN NET ASSETS		\$ 70,301
ADJUSTMENTS TO RECONCILE CHANGE IN NET ASSETS TO NET CASH (USED IN) OPERATING ACTIVITIES		
Depreciation	\$ 22,431	
Realized and Unrealized (Gain) on Investments	(170,114)	
(Increase) Decrease in: Due from Affiliates	(53,395)	
(Decrease) Increase in: Accounts Payable	(7,033)	
Accrued Expenses	<u>6,309</u>	
Total Adjustments		<u>(201,802)</u>
NET CASH (USED IN) OPERATING ACTIVITIES		\$ (131,501)
CASH FLOWS (USED IN) BY FINANCING ACTIVITIES		
Repayment of Mortgage Payable		(26,349)
CASH FLOWS PROVIDED BY INVESTING ACTIVITIES		
Proceeds from Sale of Investments		<u>191,468</u>

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

WORLD FEDERALIST ASSOCIATION
ENDOWMENT FUND TRUST
Statement of Cash Flows
For the Year Ended SEPTEMBER 30, 2013

NET INCREASE IN CASH AND CASH EQUIVALENTS	\$ 33,618
--	-----------

CASH AND CASH EQUIVALENTS, Beginning of Year	<u>18,501</u>
---	---------------

CASH AND CASH EQUIVALENTS, End of Year	<u>\$ 52,119</u>
---	------------------

SUPPLEMENTAL DISCLOSURES

Interest Paid	<u>\$ 84,638</u>
---------------	------------------

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

WORLD FEDERALIST ASSOCIATION
ENDOWMENT FUND TRUST
Notes to the Financial Statements
SEPTEMBER 30, 2013

1. Organization

World Federalist Association, d.b.a. Citizens for Global Solutions Education Fund (the "Education Fund") was founded in 1947 and incorporated as a non-profit organization in the District of Columbia in 1968. The purpose of the Education Fund is to promote a future in which nations work together to abolish war, to protect our rights and freedoms, and to find solutions to problems facing humanity that no nation can achieve alone. World Federalist Association Endowment Fund Trust (the "Endowment Fund", "Organization") was part of the Education Fund, and was designated by the Board of Directors in 1982 with investments set aside for educational purposes. In 2005, the Endowment Fund became a separate entity, and the related investments were transferred from the Education Fund. Subsequently, the Endowment Fund purchased real estate from the Education Fund and leases the property back to the Education Fund to be used as office space.

2. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted Net Assets - Net assets that are not subject to donor-imposed stipulations.

Temporarily Restricted Net Assets - Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

WORLD FEDERALIST ASSOCIATION
ENDOWMENT FUND TRUST
Notes to the Financial Statements (Continued)
SEPTEMBER 30, 2013

2. Summary of Significant Accounting Policies (Continued)

Basis of Presentation (Continued)

Permanently Restricted Net Assets - Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on any related investments for general or specific purposes.

Cash and Cash Equivalents

The Organization considers all cash and short term investments with original maturities of three months or less to be cash and cash equivalents. Cash and cash equivalents are stated at cost which approximates the market value. At September 30, 2013, cash and cash equivalents consisted of all money market funds.

Concentration of Credit Risk

Cash

The Organization maintains cash and money market funds at institutions which are covered under the Securities Investor Protection Corporation (SIPC). Management monitors cash balances on a regular basis to maximize the SIPC insurance coverage available to the Organization. As of September 30, 2013, the Organization had no cash balances in excess of the maximum SIPC coverage.

Fixed Assets

Fixed asset additions exceeding \$1,000 are carried at cost. Depreciation of fixed assets is provided using the straight-line method over the estimated useful lives (40 years) of the assets.

Maintenance, repairs and renewals which neither materially add to the value of the property nor appreciably prolong its useful life are charged to expense as incurred. Gains or losses on dispositions of fixed assets are included in income.

WORLD FEDERALIST ASSOCIATION
ENDOWMENT FUND TRUST
Notes to the Financial Statements (Continued)
SEPTEMBER 30, 2013

2. Summary of Significant Accounting Policies (Continued)

Fixed Assets (Continued)

Depreciation expense for the year ended September 30, 2013 was \$22,431.

Income Taxes

The Organization is tax-exempt under Section 501(c)(3) of the Internal Revenue Code; therefore, no provision for Federal income taxes has been made to the accompanying financial statements.

Use of Estimates

The Organization uses estimates and assumptions in preparing financial statements in accordance with U.S. generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, and the reported amounts of revenues and expenses. Actual results could vary from estimates made by management.

Functional Allocations of Expenses

The costs of providing the various programs and activities have been summarized on a functional basis in the accompanying supplementary schedule of program services, administrative and general, and fundraising expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefitted.

Impairment of Long-Lived Assets

The Endowment Fund reviews its real estate property for impairment whenever events or changes in circumstances indicate that carrying value of an asset may not be recoverable. If the fair value is less than the carrying amount of the asset, an impairment loss is recognized for the difference.

WORLD FEDERALIST ASSOCIATION
ENDOWMENT FUND TRUST
Notes to the Financial Statements (Continued)
SEPTEMBER 30, 2013

2. Summary of Significant Accounting Policies (Continued)

Investments

Investments in marketable securities with readily determinable fair values are reported at fair value based on quoted market price. Realized and unrealized gains and losses are included in the change in net assets.

3. Related Party Transactions

The Organization is related to the Education Fund and Citizens for Global Solutions, Inc. (the "Corporation") through common management. For informational purposes, the organizations present combined financial statements in addition to separate company financial statements.

The Organization leases office space to the Education Fund under an operating lease on a month-to-month basis. The rental income earned during the current year amounted to \$81,750. The Education Fund also guarantees the mortgage on the property held by the Organization. The Education Fund and the Corporation share the office facility under a cost sharing agreement.

The Education Fund made various payments on behalf of the Organization during the year. These amounts are non-interest bearing and are due on demand. Additionally, the Organization provided grants totaling \$38,000 to the Education Fund.

At September 30, 2013, the Organization had outstanding balances of \$69,470 due from the Education Fund.

4. Mortgage Payable

6.3% mortgage payable to a bank, payable in monthly installments of principal and interest of \$9,249, due September, 2035, secured by the land and buildings, as well as the investments.

\$ 1,329,079

WORLD FEDERALIST ASSOCIATION
ENDOWMENT FUND TRUST
Notes to the Financial Statements (Continued)
SEPTEMBER 30, 2013

4. Mortgage Payable (Continued)

The maturities of the loan payable over each of the next five years are as follows:

Year Ending September 30,	
2014	\$ 28,059
2015	29,879
2016	31,816
2017	33,880
2018	36,077
2019 and Thereafter	<u>1,169,368</u>
Total	<u>\$ 1,329,079</u>

Total interest incurred on the mortgage payable amounted to \$84,638 for the current year.

5. Investments

Investments at September 30, 2013 consist of the follows:

Mutual Funds	\$ 1,272,453
Other Investment Funds	<u>24,756</u>
Total Investments	<u>\$ 1,297,209</u>

6. Fair Value Measurements

FASB ASC 820, *Fair Value Measurement*, establishes a framework for measuring fair value and applies to all assets and liabilities that are measured, reported and/or disclosed on a fair value basis. Accordingly, the Organization classified its investments according to the following fair value hierarchy:

Level 1 - Securities traded in an active market for which quoted market prices are observable. This level includes mutual funds and other investment funds held by the Organization.

WORLD FEDERALIST ASSOCIATION
ENDOWMENT FUND TRUST
Notes to the Financial Statements (Continued)
SEPTEMBER 30, 2013

6. Fair Value Measurements (Continued)

Level 2 - Securities not traded in an active market, but for which observable market inputs are readily available or Level 1 securities where there is a contractual restriction.

Level 3 - Securities not traded in an active market and for which no significant observable market inputs are available.

7. Date of Management Review

The Organization had evaluated subsequent events through November 5, 2014, which was the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

Schedule 1

WORLD FEDERALIST ASSOCIATION
 ENDOWMENT FUND TRUST
 Schedule of Functional Expenses
 For the Year Ended SEPTEMBER 30, 2013

	<u>Program Services</u>	<u>Administrative and General</u>	<u>Fund Raising</u>	<u>Total</u>
Consulting Fees and Outside Services	\$ -0-	\$ 14,772	\$ -0-	\$ 14,772
Depreciation	-0-	22,431	-0-	22,431
Grants	38,000	-0-	-0-	38,000
Insurance	-0-	3,980	-0-	3,980
Interest	-0-	84,638	-0-	84,638
Investment Fees and Service charges	-0-	281	-0-	281
Real Estate Taxes	-0-	32,597	-0-	32,597
	<u>\$ 38,000</u>	<u>\$ 158,699</u>	<u>\$ -0-</u>	<u>\$ 196,699</u>