

WORLD FEDERALIST ASSOCIATION
D.B.A. CITIZENS FOR GLOBAL SOLUTIONS EDUCATION FUND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2007

WORLD FEDERALIST ASSOCIATION
D.B.A. CITIZENS FOR GLOBAL SOLUTIONS EDUCATION FUND

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Romano & Mitchell

CHARTERED
CERTIFIED PUBLIC ACCOUNTANTS / MANAGEMENT CONSULTANTS

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January 26, 2009

Board of Directors
World Federalist Association
D.B.A. Citizens for Global Solutions
Education Fund
418 7th Street, S.E.
Washington, D.C. 20003

We have audited the accompanying statements of financial position of World Federalist Association, d.b.a. Citizens for Global Solutions Education Fund (a non-profit organization) as of September 30, 2007 and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards. 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 World Federalist Association, d.b.a. Citizens for Global Solutions Education Fund, as of September 30, 2007 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.

To the Board of Directors of
World Federalist Association
D.B.A. Citizens for Global Solutions
Education Fund
January 26, 2009
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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 14 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Romano & Mitchell, Chartered

ROMANO & MITCHELL, CHARTERED
Certified Public Accountants

Romano & Mitchell

CHARTERED
CERTIFIED PUBLIC ACCOUNTANTS / MANAGEMENT CONSULTANTS

WORLD FEDERALIST ASSOCIATION
D.B.A. CITIZENS FOR GLOBAL SOLUTIONS EDUCATION FUND
Statement of Financial Position
September 30, 2007

ASSETS

Cash and Cash Equivalents		\$ 158,794
Investments		683,553
Due from Affiliate		289,624
Property and Equipment		
Land	\$ 1,000	
Furniture, Fixture and Equipment	<u>117,390</u>	
Total Property and Equipment	\$ 118,390	
Less: Accumulated Depreciation	<u>(103,669)</u>	
Net Property and Equipment		<u>14,721</u>
TOTAL ASSETS		<u>\$1,146,692</u>

LIABILITIES AND NET ASSETS

LIABILITIES

Accounts Payable and Accrued Expenses	\$ 308,650	
Note Payable - Director	200,000	
Annuity Reserve	14,579	
Capital Lease Obligation	<u>12,237</u>	
Total Liabilities		\$ 535,466

COMMITMENTS

NET ASSETS

Unrestricted	\$ (95,388)	
Temporarily Restricted	<u>706,614</u>	
Total Net Assets		<u>611,226</u>

TOTAL LIABILITIES AND NET ASSETS		<u>\$1,146,692</u>
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The accompanying notes are an integral part of these financial statements.

WORLD FEDERALIST ASSOCIATION
D.B.A. CITIZENS FOR GLOBAL SOLUTIONS EDUCATION FUND
Statement of Activities
For the Year Ended September 30, 2007

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
REVENUES AND SUPPORT			
Contributions	\$ 249,692	\$ -0-	\$ 249,692
Foundation Support	-0-	453,163	453,163
Other Income	57,421	-0-	57,421
Interest and Dividends	50,217	-0-	50,217
Realized and Unrealized Gains on Investments	100,574	-0-	100,574
Net Assets Released from Restrictions	<u>546,902</u>	<u>(546,902)</u>	<u>-0-</u>
 Total Support and Revenues	 <u>\$ 1,004,806</u>	 <u>\$ (93,739)</u>	 <u>\$ 911,067</u>
EXPENSES			
Program Services	\$ 1,241,175	\$ -0-	\$1,241,175
Administrative and General	210,401	-0-	210,401
Fundraising	<u>216,692</u>	<u>-0-</u>	<u>216,692</u>
 Total Expenses	 <u>\$ 1,668,268</u>	 <u>\$ -0-</u>	 <u>\$1,668,268</u>
 Change in Net Assets	 \$ (663,462)	 \$ (93,739)	 \$ (757,201)
NET ASSETS, Beginning of Year	 <u>568,074</u>	 <u>800,353</u>	 <u>1,368,427</u>
NET ASSETS, End of Year	<u>\$ (95,388)</u>	<u>\$ 706,614</u>	<u>\$ 611,226</u>

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

WORLD FEDERALIST ASSOCIATION
D.B.A. CITIZENS FOR GLOBAL SOLUTIONS EDUCATION FUND
Statement of Cash Flows
For the Year Ended September 30, 2007

CHANGE IN NET ASSETS		\$ (757,201)
ADJUSTMENTS TO RECONCILE CHANGE IN NET ASSETS TO NET CASH (USED) BY OPERATING ACTIVITIES		
Depreciation	\$ 5,720	
Realized and Unrealized Gains on Investments	(100,574)	
(Increase) Decrease in:		
Due from Affiliate	(209,001)	
Prepaid Expenses	38,442	
(Decrease) Increase in:		
Accounts Payable and Accrued Expenses	124,493	
Due to Affiliate	<u>(12,442)</u>	
Total Adjustments		<u>(153,362)</u>
NET CASH (USED) BY OPERATING ACTIVITIES		\$ (910,563)
CASH FLOWS PROVIDED BY FINANCING ACTIVITIES		
Repayment of Capital Lease	\$ (3,534)	
(Decrease) in Annuity Reserve	<u>(3,225)</u>	
Total Cash (Used) by Financing Activities		(6,759)

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

WORLD FEDERALIST ASSOCIATION
D.B.A. CITIZENS FOR GLOBAL SOLUTIONS EDUCATION FUND
Statement of Cash Flows (Continued)
For the Year Ended September 30, 2007

CASH FLOWS PROVIDED BY INVESTING
ACTIVITIES

Proceeds from Sale of Investments	\$ 1,755,360
Purchase of Investments	<u>(762,547)</u>

Total Cash Provided by Investing Activities	<u>992,813</u>
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NET INCREASE IN CASH AND CASH EQUIVALENTS	\$ 75,491
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CASH AND CASH EQUIVALENTS, Beginning of Year	<u>83,303</u>
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CASH AND CASH EQUIVALENTS, End of Year	<u>\$ 158,794</u>
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SUPPLEMENTAL DISCLOSURES

Interest Paid	<u>\$ 5,000</u>
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Income Taxes Paid	<u>\$ -0-</u>
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The accompanying notes are an integral part of these financial statements.

WORLD FEDERALIST ASSOCIATION
D.B.A. CITIZENS FOR GLOBAL SOLUTIONS EDUCATION FUND
Notes to the Financial Statements
September 30, 2007

1. Organization

World Federalist Association, d.b.a. Citizens for Global Solutions Education Fund (the "Organization") was founded in 1947 and incorporated as a non-profit organization in the District of Columbia in 1968. The purpose of the Organization 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.

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.

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.

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair value. Other investments are stated at the estimated fair value. Realized and unrealized gains and losses are included in the change in net assets.

WORLD FEDERALIST ASSOCIATION
D.B.A. CITIZENS FOR GLOBAL SOLUTIONS EDUCATION FUND
Notes to the Financial Statements (Continued)
September 30, 2007

2. Summary of Significant Accounting Policies (Continued)

Contributions

Contributions are reported in accordance with SFAS No. 116, *Accounting for Contributions Received and Contributions Made*. Contributions are recognized when the donor makes a pledge to give that is, in substance, an unconditional promise. Contributions are recorded as unrestricted, temporarily restricted, or permanently restricted depending on the nature of donor restrictions. Restricted contributions are reported as increases in restricted net assets. When the restrictions are met the amount is shown as a reclassification of restricted net assets to unrestricted net assets. If a donor's restriction is met in the same period that the revenue is recognized, the contribution is reported as an increase in unrestricted net assets. Restrictions on gift of land, building, or equipment or contributions restricted for the purchase of those assets expire when the asset is placed in service, unless otherwise stipulated by the donor.

Concentration of Credit Risk

Cash

The Organization periodically maintains cash in excess of federal insurable amount at institutions which are covered under the Federal Deposit Insurance Organization (FDIC). Management monitors cash balances on a regular basis to maximize the FDIC insurance coverage available to the Organization. As of September 30, 2007, the Organization had cash balances in excess of the maximum FDIC coverage totaling \$7,840.

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.

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 of the assets ranging from 5 to 7 years.

WORLD FEDERALIST ASSOCIATION
D.B.A. CITIZENS FOR GLOBAL SOLUTIONS EDUCATION FUND
Notes to the Financial Statements (Continued)
September 30, 2007

2. Summary of Significant Accounting Policies (Continued)

Fixed Assets (Continued)

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.

Depreciation expense for the year ended September 30, 2007 was \$5,720.

Income Taxes

The Organization is a tax-exempt organization 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.

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.

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.

Grants

The Corporation receives grants from various organizations. It recognizes income from these grants as revenue and support only to the extent that expenditures have been made for the purposes specified by the grant agreements.

3. Related Party Transactions

Related Parties

The Organization is related to Citizens for Global Solutions, Inc. ("CGS") and World Federalist Association Endowment Fund Trust (the "Endowment Fund") through common management. The organizations present combined financial statements in addition to separate company financial statements.

WORLD FEDERALIST ASSOCIATION
D.B.A. CITIZENS FOR GLOBAL SOLUTIONS EDUCATION FUND
Notes to the Financial Statements (Continued)
September 30, 2007

3. Related Party Transactions (Continued)

Expense Reimbursement

The Organization shares office space and staff with CGS. Under a cost-sharing agreement, salaries, related taxes and benefits, and occupancy expenses are allocated pro rata between the Organization and CGS based on the actual hours worked in conducting the activities of the respective entities. Such expenses allocated by the Organization to CGS amounted to \$363,167 for the year ended September 30, 2007.

The Organization also acts as the agent for both entities in conducting direct mail fund raising activities. Funds were raised by the Organization on behalf of CGS, and related expenses were allocated to the CGS for the year ended September 30, 2007. Additionally, the Organization collected various incidental monies and incurred various incidental expenses on behalf of CGS during the current year.

At September 30, 2007, the Organization had balance of \$289,624 due from CGS.

Note Payable - Director

The Organization has an unsecured demand note payable to a director. Interest only is accrued at 5% per annum and payable on a quarterly basis. Total interest charged for the current year amounted to \$10,000. Interest accrued but not paid at September 30, 2007 amounted to \$5,000.

Operating Lease

The Organization leases office space from the Endowment Fund under an operating lease expiring in September 2008. Total minimum future rental payments under this operating lease amount to \$108,000 through September 2008. Total rent expense for all the year ended September 30, 2007 was \$75,738 (net of allocation to CGS). The Organization also guarantees the mortgage on the property held by the Endowment Fund.

4. Annuity Reserve

The Organization has annuity contracts with four individuals to whom an aggregate annual payment of \$4,045 is required to be made for the life of the annuitants. Based on the life expectancy of the annuitants, the Organization has recorded an estimated reserve of \$14,579 at September 30, 2007, and set aside \$75,928 of investments to provide for the funding of annuity contracts, \$61,349 of which has been classified as temporarily restricted net assets.

WORLD FEDERALIST ASSOCIATION
D.B.A. CITIZENS FOR GLOBAL SOLUTIONS EDUCATION FUND
Notes to the Financial Statements (Continued)
September 30, 2007

5. Investments

Investments at September 30, 2007 consisted of the following:

Equity Securities	\$ 448,747
Debt Securities	67,300
Mutual Funds	23,325
Government Securities	48,178
Real Estate Investment Trusts	<u>96,003</u>
Total	<u>\$ 683,553</u>

6. Obligations Under Capital Leases

The Organization is the lessee of certain equipment under a capital lease expiring in 2010. The capitalized cost of the equipment and total accumulated depreciation, respectively, was \$19,777 and \$4,944, at September 30, 2007.

Minimum future lease payments under capital leases as of September 30, 2007 and for each of the next five years and in the aggregate are:

Year Ending September 30,	
2008	\$ 5,530
2009	5,530
2010	3,686
2011 and thereafter	<u>-0-</u>
Total Minimum Lease Payments	\$ 14,746
Less: Amount Representing Interest	<u>2,509</u>
Present Value of Net Minimum Lease Payments	<u>\$ 12,237</u>

The interest rate on the capitalized lease was 14.05% based on the lessor's implicit rate of return. Total interest paid on the capital lease amounted to \$1,995 for the current year.

7. Restrictions on Net Assets

The temporarily restricted net assets are as follows:

Purpose Restrictions:

Presidential Fund	\$ 330,388
Harlan M. Smith "Builders of a Better World" Scholarship Fund	183,869
Funsten Fund for Youth	<u>65,504</u>

WORLD FEDERALIST ASSOCIATION
D.B.A. CITIZENS FOR GLOBAL SOLUTIONS EDUCATION FUND
Notes to the Financial Statements (Continued)
September 30, 2007

7. Restrictions on Net Assets (Continued)

Total Purpose Restrictions		\$ 579,761
Time Restrictions:		
Funsten Fund for Youth	\$ 65,504	
Annuity Contracts	<u>61,349</u>	
Total Time Restrictions		<u>126,853</u>
Total Temporarily Restricted Net Assets		<u>\$ 706,614</u>

8. Retirement Plan

The Organization maintains a tax deferred 403(b) retirement plan to provide retirement benefits for all eligible employees. Participants may contribute up to the lesser of \$15,000 or total eligible compensation per year. Matching employer contributions are based on a percentage of the participants eligible compensation. Additional discretionary contributions may be made with the approval of the Board of Directors. Total employer contributions amounted to \$18,812 for the year ended September 30, 2007.

9. Joint Costs

The Organization engaged in a direct mail campaign with total costs allocated as follows:

	<u>Program Services</u>	<u>General & Admin.</u>	<u>Fund Raising</u>	<u>Total</u>
Consultants	\$ 36,553	\$ 18,576	\$ 4,794	\$ 59,923
Postage and Delivery	6,337	528	10,737	17,602
Printing and Publications	<u>10,207</u>	<u>815</u>	<u>20,101</u>	<u>31,123</u>
Total	<u>\$ 53,097</u>	<u>\$ 19,919</u>	<u>\$ 35,632</u>	<u>\$ 108,648</u>

WORLD FEDERALIST ASSOCIATION
D.B.A. CITIZENS FOR GLOBAL SOLUTIONS EDUCATION FUND
Notes to the Financial Statements (Continued)
September 30, 2007

10. Commitments

The Organization leases office equipment under a non-cancelable operating lease expiring in March, 2010. Minimum future rental payments under this operating lease for each of the next five years and in the aggregate are:

Year Ending September 30,	
2008	\$ 5,640
2009	5,640
2010	2,350
Thereafter	<u>-0-</u>
Total Minimum Future Rental Payments	<u>\$ 13,630</u>

In the ordinary course of business, operating leases are normally renewed or replaced. Total rent expense under this lease amounted to \$5,640 for the year ended September 30, 2007.

SUPPLEMENTARY INFORMATION

WORLD FEDERALIST ASSOCIATION
D.B.A. CITIZENS FOR GLOBAL SOLUTIONS EDUCATION FUND
Schedule of Functional Expenses
For the Year Ended September 30, 2007

	<u>Program Services</u>	<u>Administrative and General</u>	<u>Fund Raising</u>	<u>Total</u>
Communications	\$ 5,087	\$ 1,619	\$ 9,723	\$ 16,429
Conferences and Meetings	46,668	1,305	1,905	49,878
Consulting Fees and Outside Services	74,634	37,437	10,651	122,722
Depreciation	-0-	5,720	-0-	5,720
Dues and Chapter Expenses	1,419	-0-	-0-	1,419
Equipment Rental and Maintenance	3,140	2,563	-0-	5,703
Insurance	-0-	2,028	-0-	2,028
Interest and Service Charges	17,831	6,456	6,456	30,743
Miscellaneous	-0-	5,643	-0-	5,643
Occupancy	57,501	21,267	21,175	99,943
Office Supplies & Expense	-0-	5,390	-0-	5,390
Postage and Delivery	7,244	593	12,113	19,950
Printing and Publications	10,207	815	20,101	31,123
Salaries, Taxes and Benefits	944,831	118,104	118,104	1,181,039
Travel	32,264	1,461	16,257	49,982
Website Expenses	40,349	-0-	207	40,556
	<u>\$ 1,241,175</u>	<u>\$ 210,401</u>	<u>\$ 216,692</u>	<u>\$ 1,668,268</u>

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

CITIZENS FOR GLOBAL SOLUTIONS, INC.
FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2007

CITIZENS FOR GLOBAL SOLUTIONS, INC.

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Romano & Mitchell

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

January 26, 2009

Board of Directors
Citizens for Global Solutions, Inc.
418 7th Street, S.E.
Washington, D.C. 20003

We have audited the accompanying statements of financial position of Citizens for Global Solutions, Inc. (a non-profit organization) as of September 30, 2007 and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards. 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 Citizens for Global Solutions, Inc. as of September 30, 2007 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.

To the Board of Directors of
Citizens for Global Solutions, Inc.
January 26, 2009
Page 2

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 11 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Romano & Mitchell, Chartered

ROMANO & MITCHELL, CHARTERED
Certified Public Accountants

Romano & Mitchell

CHARTERED
CERTIFIED PUBLIC ACCOUNTANTS / MANAGEMENT CONSULTANTS

CITIZENS FOR GLOBAL SOLUTIONS, INC.
Statement of Financial Position
September 30, 2007

ASSETS

CURRENT ASSETS

Cash and Cash Equivalents	\$ 86,447
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PROPERTY AND EQUIPMENT

Computer Equipment	\$ 7,020
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Office Furniture and Equipment	<u>6,937</u>
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Total Property and Equipment	\$ 13,957
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Less: Accumulated Depreciation	<u>(13,798)</u>
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Net Property and Equipment	<u>159</u>
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TOTAL ASSETS	<u>\$ 86,606</u>
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LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Due to Affiliate	\$ 363,116
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NET ASSETS

Unrestricted	\$ (301,925)
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Temporarily Restricted	<u>25,415</u>
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Total Net Assets	<u>(276,510)</u>
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TOTAL LIABILITIES AND NET ASSETS	<u>\$ 86,606</u>
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The accompanying notes are an integral part of these financial statements.

CITIZENS FOR GLOBAL SOLUTIONS, INC.
Statement of Activities
For the Year Ended September 30, 2007

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
REVENUES AND SUPPORT			
Contributions	\$ 353,932	\$ 33,734	\$ 387,666
Grant Income	15,000	-0-	15,000
Membership Dues	69,846	-0-	69,846
Other Income	7,253	-0-	7,253
Net Assets Released from Restrictions	<u>15,589</u>	<u>(15,589)</u>	<u>-0-</u>
Total Public Support and Revenues	<u>\$ 461,620</u>	<u>\$ 18,145</u>	<u>\$ 479,765</u>
EXPENSES			
Program Services	\$ 502,245	\$ -0-	\$ 502,245
Administrative and General	59,388		59,388
Fundraising	<u>115,604</u>	<u>-0-</u>	<u>115,604</u>
Total Expenses	<u>\$ 677,237</u>	<u>\$ -0-</u>	<u>\$ 677,237</u>
Change in Net Assets	\$ (215,617)	\$ 18,145	\$ (197,472)
NET ASSETS, Beginning of Year	<u>(86,308)</u>	<u>7,270</u>	<u>(79,038)</u>
NET ASSETS, End of Year	<u><u>\$ (301,925)</u></u>	<u><u>\$ 25,415</u></u>	<u><u>\$ (276,510)</u></u>

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

CITIZENS FOR GLOBAL SOLUTIONS, INC.
Statement of Cash Flows
For the Year Ended September 30, 2007

CHANGE IN NET ASSETS		\$ (197,472)
ADJUSTMENTS TO RECONCILE CHANGE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Depreciation	\$ 132	
(Decrease) in Accounts Payable and Accrued Expenses	(4,742)	
Increase in Due to Affiliates	<u>282,493</u>	
Total Adjustments		<u>277,883</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES		\$ 80,411
CASH AND CASH EQUIVALENTS, Beginning of Year		<u>6,036</u>
CASH AND CASH EQUIVALENTS, End of Year		<u>\$ 86,447</u>
SUPPLEMENTAL DISCLOSURES		
Interest Paid		<u>\$ -0-</u>
Income Taxes Paid		<u>\$ -0-</u>

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

CITIZENS FOR GLOBAL SOLUTIONS, INC.
Notes to the Financial Statements
September 30, 2007

1. Organization

Citizens for Global Solutions, Inc. (the "Corporation"), formerly Campaign for UN Reform, Inc., was founded in 1983 and incorporated as a non-profit organization in the State of New Jersey. The Corporation is a grassroots membership organization whose purpose 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.

The Corporation's political action committee, Global Solutions PAC, works to elect federal candidates who support building effective democratic global institutions that will apply the rule of law while respecting the diversity and autonomy of national and local communities. Global Solutions PAC raises funds for candidates who share these goals, who are engaged in competitive races, who champion the Corporation's policy goals on the Hill, and who lead important committees in Congress. It is not affiliated with any political party and only accepts contributions from the Corporation's members.

Membership dues are not mandatory, and therefore recognized as revenue when received. However, membership dues are required to be paid in order to participate in Global Solutions PAC.

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 Corporation 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 Corporation 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.

CITIZENS FOR GLOBAL SOLUTIONS, INC.
Notes to the Financial Statements (Continued)
September 30, 2007

2. Summary of Significant Accounting Policies (Continued)

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

Cash and Cash Equivalents

The Corporation 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.

Contributions

Contributions are reported in accordance with SFAS No. 116, *Accounting for Contributions Received and Contributions Made*. Contributions are recognized when the donor makes a pledge to give that is, in substance, an unconditional promise. Contributions are recorded as unrestricted, temporarily restricted, or permanently restricted depending on the nature of donor restrictions. Restricted contributions are reported as increases in restricted net assets. When the restrictions are met the amount is shown as a reclassification of restricted net assets to unrestricted net assets. If a donor's restriction is met in the same period that the revenue is recognized, the contribution is reported as an increase in unrestricted net assets. Restrictions on gift of land, building, or equipment or contributions restricted for the purchase of those assets expire when the asset is placed in service, unless otherwise stipulated by the donor.

Concentration of Credit Risk

Cash

The Corporation periodically maintains cash in excess of federal insurable amount at institutions which are covered under the Federal Deposit Insurance Corporation (FDIC). Management monitors cash balances on a regular basis to maximize the FDIC insurance coverage available to the Corporation. As of September 30, 2007, the Corporation had no cash balances in excess of the maximum FDIC coverage.

CITIZENS FOR GLOBAL SOLUTIONS, INC.
Notes to the Financial Statements (Continued)
September 30, 2007

2. Summary of Significant Accounting Policies (Continued)

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 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.

Depreciation expense for the year ended September 30, 2007 was \$132.

Income Taxes

The companies are tax-exempt organizations under Section 501(c)(4) of the Internal Revenue Code; therefore, no provision for Federal income taxes has been made to the accompanying financial statements.

Use of Estimates

The Corporation 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.

Grants

The Corporation receives grants from various organizations. It recognizes income from these grants as revenue and support only to the extent that expenditures have been made for the purposes specified by the grant agreements.

CITIZENS FOR GLOBAL SOLUTIONS, INC.
Notes to the Financial Statements (Continued)
September 30, 2007

3. Related Party Transactions

The Corporation is related to World Federalist Association d.b.a. Citizens for Global Solutions Education Fund (the "Education Fund") and World Federalist Association Endowment Fund Trust through common management. The organizations present combined financial statements in addition to separate company financial statements.

The Corporation shares office space and staff with the Education Fund. Under a cost-sharing agreement, salaries, related taxes and benefits, and occupancy expenses are allocated pro rata between the Corporation and the Education Fund based on the actual hours worked in conducting the activities of the respective entities. Such expenses allocated to the Corporation amounted to \$363,167 for the year ended September 30, 2007.

The Education Fund also acts as the agent for both entities in conducting direct mail fund raising activities. Funds were raised by the Education Fund on behalf of the Corporation and related expenses were allocated to the Corporation for the year ended September 30, 2007. Additionally, the Education Fund collected various incidental monies and incurred various incidental expenses on behalf of the Corporation during the current year.

At September 30, 2007, the Corporation had outstanding balances of \$363,116 due to the affiliates.

4. Temporarily Restrictions on Net Assets

The temporarily restricted net assets consist of unexpended cash of Global Solutions PAC which is purpose-restricted. The activities of Global Solutions PAC for the year ended September 30, 2007 are as follows:

Cash Available, Beginning of Year	\$ 7,270
Contributions Received	33,734
Political Contributions	(8,515)
Operating Expenses	<u>(7,074)</u>
Cash Available, End of Year	<u>\$ 25,415</u>

CITIZENS FOR GLOBAL SOLUTIONS, INC.
Notes to the Financial Statements (Continued)
September 30, 2007

5. Retirement Plan

The Education Fund maintains a tax deferred 403(b) retirement plan to provide retirement benefits for all eligible employees. Participants may contribute up to the lesser of \$15,000 or total eligible compensation per year. Matching employer contributions are based on a percentage of the participants eligible compensation. Additional discretionary contributions may be made with the approval of the Board of Directors. Total employer contributions allocated to the Corporation amounted to \$5,431 for the year ended September 30, 2007.

6. Joint Costs

The Corporation engaged in a direct mail campaign with total costs allocated as follows:

	<u>Program Services</u>	<u>General & Admin.</u>	<u>Fund Raising</u>	<u>Total</u>
Consultants	\$ 12,753	\$ 5,314	\$ 35,072	\$ 53,139
Postage and Delivery	66,888	704	2,816	70,408
Printing and Publications	<u>93,962</u>	<u>-0-</u>	<u>-0-</u>	<u>93,962</u>
Total	<u>\$ 173,603</u>	<u>\$ 6,018</u>	<u>\$ 37,888</u>	<u>\$ 217,509</u>

SUPPLEMENTARY INFORMATION

Schedule 1

CITIZENS FOR GLOBAL SOLUTIONS, INC.
 Schedule of Functional Expenses
 For the Year Ended September 30, 2007

	<u>Program Services</u>	<u>Administrative and General</u>	<u>Fund Raising</u>	<u>Total</u>
Communications	\$ 800	\$ -0-	\$ -0-	\$ 800
Consulting Fees and Outside Services	25,699	10,510	72,113	108,322
Depreciation	-0-	132	-0-	132
Dues and Chapter Expenses	8,992	-0-	-0-	8,992
Insurance	-0-	3,164	-0-	3,164
Interest and Service Charges	-0-	944	-0-	944
Occupancy	18,144	6,804	7,452	32,400
Office Supplies & Expense	-0-	3,803	-0-	3,803
Political Contributions	8,515	-0-	-0-	8,515
Postage and Delivery	75,907	954	2,939	79,800
Printing and Publications	95,336	-0-	-0-	95,336
Salaries, Taxes and Benefits	264,613	33,077	33,077	330,767
Website Expense	4,239	-0-	23	4,262
	<u>\$ 502,245</u>	<u>\$ 59,388</u>	<u>\$ 115,604</u>	<u>\$ 677,237</u>

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

CITIZENS FOR GLOBAL SOLUTIONS, INC. AND AFFILIATES
COMBINED FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2007

CITIZENS FOR GLOBAL SOLUTIONS, INC. AND AFFILIATES

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Romano & Mitchell

CHARTERED
CERTIFIED PUBLIC ACCOUNTANTS / MANAGEMENT CONSULTANTS

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

January 26, 2009

Board of Directors
Citizens for Global Solutions, Inc.
World Federalist Association
D.B.A. Citizens for Global
Solutions Education Fund
World Federalist Association
Endowment Fund Trust
418 7th Street, S.E.
Washington, D.C. 20003

We have audited the accompanying combined statement of financial position of Citizens for Global Solutions, Inc. and Affiliates (non-profit organizations) as of September 30, 2007 and the related statements of activities and cash flows for the year then ended. These combined financial statements are the responsibility of the organizations' management. Our responsibility is to express an opinion on these combined financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards. 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 combined financial position of Citizens for Global Solutions, Inc. and Affiliates as of September 30, 2007 and the combined changes in their net assets and their cash flows for the year then ended in conformity with U.S. generally accepted accounting principles.

To the Board of Directors of
Citizens for Global Solutions, Inc.
and Affiliates
January 26, 2009
Page 2

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The combined schedule of functional expenses on page 14 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Romano & Mitchell, Chartered

ROMANO & MITCHELL, CHARTERED
Certified Public Accountants

Romano & Mitchell

CHARTERED
CERTIFIED PUBLIC ACCOUNTANTS / MANAGEMENT CONSULTANTS

CITIZENS FOR GLOBAL SOLUTIONS, INC. AND AFFILIATES
Combined Statement of Financial Position
September 30, 2007

ASSETS

Cash and Cash Equivalents		\$ 261,439
Investments		2,265,846
Property and Equipment		
Land	\$ 1,000	
Building and Improvements	475,388	
Furniture, Fixture and Equipment	<u>131,347</u>	
Total Property and Equipment	\$ 607,735	
Less: Accumulated Depreciation	<u>(128,797)</u>	
Net Property and Equipment		<u>478,938</u>
TOTAL ASSETS		<u>\$3,006,223</u>

LIABILITIES AND NET ASSETS

LIABILITIES

Accounts Payable and Accrued Expenses	\$ 308,651	
Note Payable - Director	200,000	
Annuity Reserve	14,579	
Capital Lease Obligation	12,237	
Mortgage Payable	<u>1,464,953</u>	
Total Liabilities		\$2,000,420

COMMITMENTS

NET ASSETS

Unrestricted	\$ 273,774	
Temporarily Restricted	<u>732,029</u>	
Total Net Assets		<u>1,005,803</u>
TOTAL LIABILITIES AND NET ASSETS		<u>\$3,006,223</u>

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

CITIZENS FOR GLOBAL SOLUTIONS, INC. AND AFFILIATE
Combined Statement of Activities
For the Year Ended September 30, 2007

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
REVENUES AND SUPPORT			
Contributions	\$ 637,357	\$ -0-	\$ 637,357
Foundation Support	-0-	468,163	468,163
Membership Dues	70,221	-0-	70,221
Other Income	64,300	-0-	64,300
Interest and Dividends	93,739	-0-	93,739
Realized and Unrealized Gains on Investments	249,362	-0-	249,362
Net Assets Released from Restrictions	<u>543,757</u>	<u>(543,757)</u>	<u>-0-</u>
Total Support and Revenues	<u>\$ 1,658,736</u>	<u>\$ (75,594)</u>	<u>\$1,583,142</u>
EXPENSES			
Program Services	\$ 1,699,232	\$ -0-	\$1,699,232
Administrative and General	392,435	-0-	392,435
Fundraising	<u>315,706</u>	<u>-0-</u>	<u>315,706</u>
Total Expenses	<u>\$ 2,407,373</u>	<u>\$ -0-</u>	<u>\$2,407,373</u>
Change in Net Assets	\$ (748,637)	\$ (101,009)	\$ (824,231)
NET ASSETS, Beginning of Year	<u>1,022,411</u>	<u>807,623</u>	<u>1,830,034</u>
NET ASSETS, End of Year	<u>\$ 273,774</u>	<u>\$ 732,029</u>	<u>\$1,005,803</u>

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

CITIZENS FOR GLOBAL SOLUTIONS, INC. AND AFFILIATES
Combined Statement of Cash Flows
For the Year Ended September 30, 2007

CHANGE IN NET ASSETS		\$ (824,231)
ADJUSTMENTS TO RECONCILE CHANGE IN NET ASSETS TO NET CASH (USED) BY OPERATING ACTIVITIES		
Depreciation	\$ 11,074	
Realized and Unrealized (Gains) on Investments	(249,362)	
(Increase) Decrease in: Prepaid Expenses	42,877	
(Decrease) Increase in: Accounts Payable and Accrued Expenses	<u>111,876</u>	
Total Adjustments		<u>(83,535)</u>
NET CASH (USED IN) OPERATING ACTIVITIES		\$ (907,766)
CASH FLOWS PROVIDED BY FINANCING ACTIVITIES		
Repayment of Capital Lease	\$ (3,534)	
Repayment of Mortgage Payable	(18,074)	
(Decrease) in Annuity Reserve	<u>(3,225)</u>	
Total Cash (Used) by Financing Activities		(24,833)

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

CITIZENS FOR GLOBAL SOLUTIONS, INC. AND AFFILIATES
Combined Statement of Cash Flows (Continued)
For the Year Ended September 30, 2007

CASH FLOWS (USED IN) INVESTING
ACTIVITIES

Proceeds from Sale of Investments	\$ 1,880,390
Purchase of Investments	<u>(777,275)</u>

Total Cash Provided by Investing Activities	<u>1,103,115</u>
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NET INCREASE IN CASH AND CASH EQUIVALENTS	\$ 170,516
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CASH AND CASH EQUIVALENTS, Beginning of Year	<u>90,923</u>
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CASH AND CASH EQUIVALENTS, End of Year	<u>\$ 261,439</u>
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SUPPLEMENTAL DISCLOSURES

Interest Paid	<u>\$ 99,896</u>
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Income Taxes Paid	<u>\$ -0-</u>
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The accompanying notes are an integral part of these financial statements.

CITIZENS FOR GLOBAL SOLUTIONS, INC. AND AFFILIATES
Notes to the Combined Financial Statements
September 30, 2007

1. Organization

Citizens for Global Solutions, Inc. (the "Corporation"), formerly Campaign for UN Reform, Inc., was founded as a grassroots membership organization in 1983, and incorporated as a non-profit in the State of New Jersey. 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. World Federalist Association Endowment Fund Trust (the "Endowment Fund") 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. The Corporation, the Education Fund, and the Endowment Fund (collectively, the "Organizations") are under common management. The purpose of the Organizations 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.

The Corporation's political action committee, Global Solutions PAC, works to elect federal candidates who support building effective democratic global institutions that will apply the rule of law while respecting the diversity and autonomy of national and local communities. Global Solutions PAC raises funds for candidates who share these goals, who are engaged in competitive races, who champion the Corporation's policy goals on the Hill, and who lead important committees in Congress. It is not affiliated with any political party and only accepts contributions from the Corporation's members. The Corporation's membership dues are not mandatory, and therefore recognized as revenue when received. However, membership dues are required to be paid in order to participate in Global Solutions PAC. The Education Fund develops proposals for creating, reforming and strengthening international laws and institutions and educates Americans about global interdependence.

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 Organizations and changes therein are classified and reported as follows:

CITIZENS FOR GLOBAL SOLUTIONS, INC. AND AFFILIATES
Notes to the Combined Financial Statements (Continued)
September 30, 2007

2. Summary of Significant Accounting Policies (Continued)

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.

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.

Impairment of Long-Lived Assets

In accordance with Statement of Financial Accounting Standards No. 144, "Accounting for the Impairment or Disposal 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.

Principles of Combination

The combined financial statements include the accounts of the Organizations. All intercompany balances and transactions have been eliminated in the combination of the financial statements.

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, 2007, cash and cash equivalents consisted of \$237,237 in cash and \$24,202 of money market funds.

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair value. Other investments are stated at the estimated fair value. Realized and unrealized gains and losses are included in the change in net assets.

CITIZENS FOR GLOBAL SOLUTIONS, INC. AND AFFILIATES
Notes to the Combined Financial Statements (Continued)
September 30, 2007

2. Summary of Significant Accounting Policies (Continued)

Use of Estimates

The Organizations use 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.

Concentration of Credit Risk

Cash

The Organizations maintain cash and money market funds at various institutions which are covered under the Federal Deposit Insurance Organization (FDIC) or the Securities Investor Protection Corporation (SIPC). Management monitors cash balances on a regular basis to maximize the FDIC and SIPC insurance coverage available to the Organization. At September 30, 2007, the Organizations had cash of \$7,840 in excess of federal insurable amount.

Contributions

Contributions are reported in accordance with SFAS No. 116, *Accounting for Contributions Received and Contributions Made*. Contributions are recognized when the donor makes a pledge to give that is, in substance, an unconditional promise. Contributions are recorded as unrestricted, temporarily restricted, or permanently restricted depending on the nature of donor restrictions. Restricted contributions are reported as increases in restricted net assets. When the restrictions are met the amount is shown as a reclassification of restricted net assets to unrestricted net assets. If a donor's restriction is met in the same period that the revenue is recognized, the contribution is reported as an increase in unrestricted net assets. Restrictions on gift of land, building, or equipment or contributions restricted for the purchase of those assets expire when the asset is placed in service, unless otherwise stipulated by the donor.

Income Taxes

The Corporation is exempt from income taxes under Section 501(c)(4) of the Internal Revenue Code. The Education Fund and the Endowment Fund are tax-exempt organizations 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.

CITIZENS FOR GLOBAL SOLUTIONS, INC. AND AFFILIATES
Notes to the Combined Financial Statements (Continued)
September 30, 2007

2. Summary of Significant Accounting Policies (Continued)

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 of the assets as follows:

<u>Asset Categories</u>	<u>Useful Life</u>
Furniture, Fixtures and Equipment	5-7 Years
Buildings and Improvements	40 Years

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.

Depreciation expense for the year ended September 30, 2007 was \$11,074.

Functional Allocations of Expenses

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

3. Related Party Transactions

Note Payable - Director

The Education Fund has an unsecured demand note payable to a director. Interest only is accrued at 5% per annum and payable on a quarterly basis. Total interest charged for the current year amounted to \$10,000. Interest accrued but not paid at September 30, 2007 amounted to \$5,000.

4. Annuity Reserve

The Education Fund has annuity contracts with four individuals to whom an aggregate annual payment of \$4,045 is required to be made for the life of the annuitants. Based on the life expectancy of the annuitants, the Organization has recorded an estimated reserve of \$14,579 at September 30, 2007, and set aside \$75,928 of investments to provide for the funding of annuity contracts, \$61,349 of which has been classified as temporarily restricted net assets.

CITIZENS FOR GLOBAL SOLUTIONS, INC. AND AFFILIATES
Notes to the Combined Financial Statements (Continued)
September 30, 2007

5. Obligations Under Capital Leases

The Education Fund is the lessee of certain equipment under a capital lease expiring in 2010. The capitalized cost of the equipment and total accumulated depreciation, respectively, was \$19,777 and \$4,944, at September 30, 2007.

Minimum future lease payments under capital leases as of September 30, 2007 and for each of the next five years and in the aggregate are:

Year Ending September 30,	
2008	\$ 5,530
2009	5,530
2010	3,686
2011 and thereafter	<u>-0-</u>
Total Minimum Lease Payments	\$ 14,746
Less: Amount Representing Interest	<u>2,509</u>
Present Value of Net Minimum Lease Payments	<u>\$ 12,237</u>

The interest rate on the capitalized lease was 14.05% based on the lessor's implicit rate of return.

6. Restrictions on Net Assets

The temporarily restricted net assets are as follows:

Purpose Restrictions:

Presidential Fund	\$ 330,388
Harlan M. Smith "Builders of a Better World" Scholarship Fund	183,869
Funsten Fund for Youth	65,504
Global Solutions PAC	
Unexpended Cash	<u>25,415</u>

Total Purpose Restrictions	\$ 605,176
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Time Restrictions:

Funsten Fund for Youth	\$ 65,504
Annuity Contracts	<u>61,349</u>

CITIZENS FOR GLOBAL SOLUTIONS, INC. AND AFFILIATES
Notes to the Combined Financial Statements (Continued)
September 30, 2007

6. Restrictions on Net Assets (Continued)

Total Time Restrictions	<u>126,853</u>
Total Temporarily Restricted Net Assets	<u>\$ 732,029</u>

Included in unrestricted net assets is \$1,598,489 of Board designated fund which can only be expended as directed by the Board of Directors.

7. Investments

Investments at September 30, 2007 consist of the following:

Equity Securities	\$ 448,748
Debt Securities	67,300
Mutual Funds	1,605,617
Government Securities	48,178
Real Estate Investment Trusts	<u>96,003</u>
Total	<u>\$2,265,846</u>

8. Retirement Plan

The Education Fund maintains a tax deferred 403(b) retirement plan to provide retirement benefits for all eligible employees. Participants may contribute up to the lesser of \$15,000 or total eligible compensation per year. Matching employer contributions are based on a percentage of the participants eligible compensation. Additional discretionary contributions may be made with the approval of the Board of Directors. Total employer contributions amounted to \$23,613 for the year ended September 30, 2007.

9. Commitments

The Education Fund leases office equipment under a non-cancelable operating lease expiring in March, 2010. Minimum future rental payments under this operating lease for each of the next five years and in the aggregate are:

Year Ending September 30,	
2008	\$ 5,640
2009	5,640
2010	2,350
Thereafter	<u>-0-</u>
Total Minimum Future Rental Payments	<u>\$ 13,630</u>

CITIZENS FOR GLOBAL SOLUTIONS, INC. AND AFFILIATES
Notes to the Combined Financial Statements (Continued)
September 30, 2007

9. Commitments (Continued)

In the ordinary course of business, operating leases are normally renewed or replaced. Total rent expense under this lease amounted to \$5,640 for the year ended September 30, 2007.

10. Joint Costs

The Organizations engaged in a direct mail campaign with total costs allocated as follows:

	<u>Program Services</u>	<u>General & Admin.</u>	<u>Fund Raising</u>	<u>Total</u>
Consultants	\$ 49,306	\$ 23,890	\$ 39,866	\$ 113,062
Postage and Delivery	73,225	1,232	13,553	88,010
Printing and Publications	<u>104,169</u>	<u>815</u>	<u>20,101</u>	<u>125,085</u>
Total	<u>\$ 226,700</u>	<u>\$ 25,937</u>	<u>\$ 73,520</u>	<u>\$ 326,157</u>

11. Mortgage Payable

6.3% mortgage payable to a bank, payable in monthly installment of principal and interest of \$9,249, due September, 2035, secured by a lien on the building and land. \$1,464,953

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

Year Ending September 30,	
2008	\$ 19,246
2009	20,494
2010	21,823
2011	23,238
2012	24,745
2013 and Thereafter	<u>1,355,407</u>
Total	<u>\$ 1,464,953</u>

Total interest incurred on the mortgage payable and capital lease obligation amounted to \$94,909 for the current year.

SUPPLEMENTARY INFORMATION

CITIZENS FOR GLOBAL SOLUTIONS, INC. AND AFFILIATES
 Combined Schedule of Functional Expenses
 For the Year Ended September 30, 2007

	<u>Program Services</u>	<u>Administrative and General</u>	<u>Fund Raising</u>	<u>Total</u>
Communications	\$ 5,887	\$ 1,619	\$ 9,723	\$ 17,229
Conferences and Meetings	46,668	1,305	1,905	49,878
Consulting Fees and Outside Services	100,333	69,652	82,764	252,749
Depreciation	-0-	11,074	-0-	11,074
Dues and Chapter Expenses	10,411	-0-	-0-	10,411
Equipment Rental and Maintenance	3,140	3,232	-0-	6,372
Insurance	-0-	8,111	-0-	8,111
Interest and Service Charges	17,831	115,976	6,456	140,263
Miscellaneous	-0-	5,643	-0-	5,643
Occupancy	13,914	5,163	5,266	24,343
Office Supplies & Expense	-0-	9,193	-0-	9,193
Political Contributions	8,515	-0-	-0-	8,515
Postage and Delivery	83,151	1,547	15,052	99,750
Printing and Publications	105,543	815	20,101	126,459
Real Estate Taxes	17,543	6,463	6,771	30,777
Salaries, Taxes and Benefits	1,209,444	151,181	151,181	1,511,805
Travel	32,264	1,461	16,257	49,982
Website Expenses	44,588	-0-	230	44,818
	<u>\$ 1,699,232</u>	<u>\$ 392,435</u>	<u>\$ 315,706</u>	<u>\$ 2,407,373</u>

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