



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, 2020

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of World Federalist Association, which comprise the consolidated statement of financial position as of September 30, 2020, and the related consolidated statements of activities, functional expenses, 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 from material misstatement, whether due to fraud or error.

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 standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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 as of September 30, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Basis of Accounting

As discussed in Note 1 to the financial statements, World Federalist Association has adopted accounting principles generally accepted in the United States of America as of and for the year ended September 30, 2020. World Federalist Association previously maintained its records and prepared its financial statements on the modified cash basis of accounting, which is a basis of accounting other than principles generally accepted in the United States of America. The opening balance of net assets presented on the statement of activities has been restated to reflect the change in basis of accounting. Our opinion is not modified with respect to this matter.

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 12-13 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.

A handwritten signature in black ink that reads "Wegner CPAs LLP". The signature is written in a cursive, flowing style.

Wegner CPAs, LLP
Alexandria, Virginia
April 1, 2021

WORLD FEDERALIST ASSOCIATION
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
September 30, 2020

ASSETS	
Cash	\$ 64,493
Prepaid expenses	4,566
Investments	<u>2,484,460</u>
Total assets	<u><u>\$ 2,553,519</u></u>
LIABILITIES	
Accrued payroll	\$ 1,647
NET ASSETS	
Without donor restrictions	660,077
With donor restrictions	<u>1,891,795</u>
Total net assets	<u>2,551,872</u>
Total liabilities and net assets	<u><u>\$ 2,553,519</u></u>

See accompanying notes.

WORLD FEDERALIST ASSOCIATION
CONSOLIDATED STATEMENT OF ACTIVITIES
Year Ended September 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Contributions	\$ 399,893	\$ 96,000	\$ 495,893
Investment return, net	189,521	174,909	364,430
Miscellaneous	7,565	-	7,565
Total support and revenue	596,979	270,909	867,888
EXPENSES			
Program services	94,121	-	94,121
Management and general	57,170	-	57,170
Fundraising	52,165	-	52,165
Total expenses	203,456	-	203,456
NET ASSETS RELEASED FROM RESTRICTIONS			
Satisfaction of purpose restrictions	109,019	(109,019)	-
Change in net assets	502,542	161,890	664,432
Net assets at beginning of year	157,535	1,729,905	1,887,440
Net assets at end of year	<u>\$ 660,077</u>	<u>\$ 1,891,795</u>	<u>\$ 2,551,872</u>

See accompanying notes.

WORLD FEDERALIST ASSOCIATION
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
Year Ended September 30, 2020

	Program Services	Management and General	Fundraising	Total Expenses
Personnel	\$ 30,530	\$ 17,222	\$ 30,530	\$ 78,282
Professional fees	33,677	28,409	12,079	74,165
Office expenses	5,140	3,467	-	8,607
Insurance	-	3,203	-	3,203
Occupancy	20,466	1,540	-	22,006
Information technology	-	1,664	9,556	11,220
Travel	2,001	1,134	-	3,135
Miscellaneous	-	531	-	531
Dues and subscriptions	2,307	-	-	2,307
Total expenses	\$ 94,121	\$ 57,170	\$ 52,165	\$ 203,456

See accompanying notes.

WORLD FEDERALIST ASSOCIATION
CONSOLIDATED STATEMENT OF CASH FLOWS
Year Ended September 30, 2020

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ 664,432
Adjustments to reconcile change in net assets to net cash flows from operating activities	
Net realized and unrealized gain on investments	(307,197)
Increase in assets	
Prepaid expenses	(4,566)
Increase (decrease) in liabilities	
Accounts payable	(2,000)
Accrued payroll	620
Net cash flows from operating activities	351,289
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchases of investments	(577,022)
Interest and dividends retained in investments	(57,234)
Proceeds from sale of investments	256,120
Net cash flows from investing activities	(378,136)
Change in cash	(26,847)
Cash at beginning of year	91,340
Cash at end of year	<u><u>\$ 64,493</u></u>

See accompanying notes.

WORLD FEDERALIST ASSOCIATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2020

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.

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 statement of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying consolidated statement 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 statement of financial position.

WORLD FEDERALIST ASSOCIATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2020

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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, occupancy, and travel 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 April 1, 2021, the date which the financial statements were available to be issued.

NOTE 2—INVESTMENTS

Investments consist of the following:

Cash equivalents held by investment managers	\$ 13,221
Equity mutual funds	2,885
Exchange traded funds	<u>2,468,354</u>
Investments	<u><u>\$ 2,484,460</u></u>

Fair values for equity mutual funds and exchange traded funds are determined by reference to quoted market prices and other relevant information generated by market transactions.

NOTE 3—NET ASSETS

Net assets with donor restrictions consist of the following:

Subject to WFA's spending policy and appropriation	
Endowment earnings to be used on operations	\$ 493,488
Endowment principal to be retained in perpetuity	<u>1,398,307</u>
Net assets with donor restrictions	<u><u>\$ 1,891,795</u></u>

WORLD FEDERALIST ASSOCIATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2020

NOTE 4—LEASE

In August 2017, the Organization entered into a lease for office space in Washington, D.C. that expires on September 30, 2022. The lease requires monthly payments of \$1,300, increasing 4% every October. Rent expense for the year ended September 30, 2020 was \$14,300. Future minimum rental payments are \$18,171 and \$18,898 for 2021 and 2022, 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.

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/loss 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.

WORLD FEDERALIST ASSOCIATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2020

NOTE 5—ENDOWMENT (continued)

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, 2020, there are no donor-restricted endowment funds with deficiencies.

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

Donor-restricted endowment funds:	
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	\$ 1,398,307
Accumulated investment gains	<u>493,488</u>
	<u><u>\$ 1,891,795</u></u>

Changes in endowment net assets are as follows.

Endowment net assets at beginning of year	\$ 1,670,886
Investment return, net	174,909
Contributions	96,000
Amounts appropriated for expenditure	<u>(50,000)</u>
Endowment net assets at end of year	<u><u>\$ 1,891,795</u></u>

WORLD FEDERALIST ASSOCIATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2020

NOTE 6—LIQUIDITY AND AVAILABILITY

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

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.

NOTE 7—RISKS AND UNCERTAINTIES

The COVID-19 outbreak has caused disruption for nonprofit organizations and other businesses and has resulted in significant volatility in the financial markets. There have been mandated and voluntary closings of businesses including cancellations of events and meetings. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration of restrictions on gatherings and potential economic impacts. At this time, the potential related financial impact cannot be reasonably estimated.

WORLD FEDERALIST ASSOCIATION
CONSOLIDATING SCHEDULE OF FINANCIAL POSITION
September 30, 2020

	Citizens for Global Solutions, Inc.	World Federalist Association	WFA Endowment Fund	Eliminations	Consolidated Total
ASSETS					
Cash	\$ 37,330	\$ 27,163	\$ -	\$ -	\$ 64,493
Prepaid expenses	-	4,566	-	-	4,566
Investments	-	613,330	1,871,130	-	2,484,460
Total assets	<u>\$ 37,330</u>	<u>\$ 645,059</u>	<u>\$ 1,871,130</u>	<u>\$ -</u>	<u>\$ 2,553,519</u>
LIABILITIES					
Accrued payroll	\$ -	\$ 1,647	\$ -	\$ -	\$ 1,647
NET ASSETS					
Without donor restrictions	37,330	643,412	-	-	680,742
With donor restrictions	-	-	1,871,130	-	1,871,130
Total net assets	<u>37,330</u>	<u>643,412</u>	<u>1,871,130</u>	<u>-</u>	<u>2,551,872</u>
Total liabilities and net assets	<u>\$ 37,330</u>	<u>\$ 645,059</u>	<u>\$ 1,871,130</u>	<u>\$ -</u>	<u>\$ 2,553,519</u>

WORLD FEDERALIST ASSOCIATION
CONSOLIDATING SCHEDULE OF ACTIVITIES
Year Ended September 30, 2020

	Citizens for Global Solutions, Inc.	World Federalist Association	WFA Endowment Fund	Eliminations	Total
SUPPORT AND REVENUE					
Contributions	\$ 37,235	\$ 508,658	\$ 96,000	\$ (146,000)	\$ 495,893
Investment return, net	-	210,186	154,244	-	364,430
Miscellaneous	-	9,565	-	(2,000)	7,565
Total support and revenue	37,235	728,409	250,244	(148,000)	867,888
EXPENSES					
Personnel	-	78,282	-	-	78,282
Professional fees	2,995	71,170	-	-	74,165
Office expenses	9	8,598	-	-	8,607
Insurance	-	3,203	-	-	3,203
Occupancy	-	22,006	-	-	22,006
Information technology	-	11,220	-	-	11,220
Travel	-	3,135	-	-	3,135
Miscellaneous	-	531	-	-	531
Grants and assistance	2,000	96,000	50,000	(148,000)	-
Dues and subscriptions	-	2,307	-	-	2,307
Total expenses	5,004	296,452	50,000	(148,000)	203,456
Change in net assets	32,231	431,957	200,244	-	664,432
Net assets at beginning of year	5,099	211,455	1,670,886	-	1,887,440
Net assets at end of year	<u>\$ 37,330</u>	<u>\$ 643,412</u>	<u>\$ 1,871,130</u>	<u>\$ -</u>	<u>\$ 2,551,872</u>