

CITIZENS FOR GLOBAL SOLUTIONS, INC.

FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2012

CITIZENS FOR GLOBAL SOLUTIONS, INC.

TABLE OF CONTENTS

	<u>PAGE</u>
Independent Auditor's Report	1-2
Audited Financial Statements	
Statement of Financial Position	3
Statement of Activities	4
Statement of Cash Flows	5
Notes to the Financial Statements	6-11
Supplementary Information.....	12



Romano & Mitchell

CHARTERED
CERTIFIED PUBLIC ACCOUNTANTS / MANAGEMENT CONSULTANTS

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INDEPENDENT AUDITOR'S REPORT

January 14, 2014

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, 2012 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, 2012 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 Directors
Citizens for Global Solutions, Inc.
January 14, 2014
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 12 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
Certified Public Accountants

CITIZENS FOR GLOBAL SOLUTIONS, INC.
Statement of Financial Position
September 30, 2012

ASSETS

CURRENT ASSETS

Cash and Cash Equivalents	\$	14,682
Contributions Receivable (Net of Allowance for Doubtful accounts of \$-0-)		<u>20,875</u>

Total Current Assets	\$	35,557
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PROPERTY AND EQUIPMENT

Computer Equipment	\$	7,020
Office Furniture and Equipment		<u>6,937</u>

Total Property and Equipment	\$	13,957
Less: Accumulated Depreciation		<u>(13,957)</u>

Net Property and Equipment		<u>-0-</u>
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TOTAL ASSETS	\$	<u>35,557</u>
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LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts Payable and Accrued Expenses	\$	14,941
Due to Affiliates		<u>422,947</u>

Total Liabilities	\$	437,888
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NET ASSETS

Unrestricted	\$	(427,144)
Temporarily Restricted		<u>24,813</u>

Total Net Assets		<u>(402,331)</u>
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TOTAL LIABILITIES AND NET ASSETS	\$	<u>35,557</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, 2012

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
REVENUES AND SUPPORT			
Contributions	\$ 127,629	\$ -0-	\$ 127,629
Other Income	13	-0-	13
Net Assets Released from Restrictions	<u>171,606</u>	<u>(171,606)</u>	<u>-0-</u>
 Total Public Support and Revenues	 <u>\$ 299,248</u>	 <u>\$ (171,606)</u>	 <u>\$ 127,642</u>
EXPENSES			
Program Services	\$ 356,382	\$ -0-	\$ 356,382
Administrative and General	69,014	-0-	69,014
Fundraising	<u>37,151</u>	<u>-0-</u>	<u>37,151</u>
 Total Expenses	 <u>\$ 462,547</u>	 <u>\$ -0-</u>	 <u>\$ 462,547</u>
 Change in Net Assets	 \$ (163,299)	 \$ (171,606)	 \$ (334,905)
NET ASSETS, Beginning of Year	 <u>(263,845)</u>	 <u>196,419</u>	 <u>(67,426)</u>
NET ASSETS, End of Year	<u>\$ (427,144)</u>	<u>\$ 24,813</u>	<u>\$ (402,331)</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, 2012

CHANGE IN NET ASSETS	\$ (334,905)
ADJUSTMENTS TO RECONCILE CHANGE IN NET ASSETS TO NET CASH (USED IN) OPERATING ACTIVITIES	
(Increase) Decrease in:	
Accounts Receivable	\$ 156,250
(Decrease) Increase in:	
Accounts Payable and Accrued Expenses	(935)
Due to Affiliates	<u>97,526</u>
Total Adjustments	<u>252,841</u>
NET CASH (USED IN) OPERATING ACTIVITIES	\$ (82,064)
CASH AND CASH EQUIVALENTS, Beginning of Year	<u>96,746</u>
CASH AND CASH EQUIVALENTS, End of Year	<u><u>\$ 14,682</u></u>
SUPPLEMENTAL DISCLOSURES	
Interest Paid	<u><u>\$ -0-</u></u>
Income Taxes Paid	<u><u>\$ -0-</u></u>

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

CITIZENS FOR GLOBAL SOLUTIONS, INC.
Notes to the Financial Statements
September 30, 2012

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. Global Solutions PAC is not affiliated with any political party and only accepts contributions from the Corporation's members.

Membership dues are not mandatory, and are included as part of individual contributions and recognized as revenue when received. However, only members who have paid dues are treated as members for purposes of the 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.

CITIZENS FOR GLOBAL SOLUTIONS, INC.
Notes to the Financial Statements (Continued)
September 30, 2012

2. Summary of Significant Accounting Policies (Continued)

Basis of Presentation (Continued)

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.

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 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.

CITIZENS FOR GLOBAL SOLUTIONS, INC.
Notes to the Financial Statements (Continued)
September 30, 2012

2. Summary of Significant Accounting Policies (Continued)

Concentration of Credit Risk

Cash

The Corporation maintains all cash 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, 2012, the Corporation had no cash balances in excess of the maximum FDIC coverage.

Income Taxes

The company is tax-exempt 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.

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, 2012 was \$-0-.

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.

CITIZENS FOR GLOBAL SOLUTIONS, INC.
Notes to the Financial Statements (Continued)
September 30, 2012

2. Summary of Significant Accounting Policies (Continued)

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.

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. For informational purposes, 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 \$399,707 for the year ended September 30, 2012.

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, 2012. Additionally, the Education Fund collected various incidental monies and incurred various incidental expenses on behalf of the Corporation during the current year.

CITIZENS FOR GLOBAL SOLUTIONS, INC.
Notes to the Financial Statements (Continued)
September 30, 2012

3. Related Party Transactions (Continued)

At September 30, 2012, the Corporation had a net outstanding balance of \$422,947 due to the Education Fund.

4. Contributions Receivable

Contributions receivable at September 30, 2012 consisted solely of unconditional pledges due from the estate of Frederick K. Bailey. These receivables are deemed fully collectible and are due currently.

5. Temporarily Restrictions on Net Assets

The temporarily restricted net assets consist of the follows:

Purpose Restricted -

Unexpended cash of Global Solutions PAC	\$ 3,938
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Time Restricted -

Outstanding receivable of Bequest from the Frederick Bailey Estate	<u>20,875</u>
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Total Temporarily Restricted Net Assets	<u>\$ 24,813</u>
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The activities of Global Solutions PAC for the year ended September 30, 2012 are as follows:

Cash Available, Beginning of Year	\$ 19,294
Contributions Received	19,949
Political Contributions	(34,000)
Operating Expenses	<u>(1,305)</u>
Cash Available, End of Year	<u>\$ 3,938</u>

CITIZENS FOR GLOBAL SOLUTIONS, INC.
Notes to the Financial Statements (Continued)
September 30, 2012

6. 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 \$3,042 for the year ended September 30, 2012.

7. Joint Costs

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

	<u>Program Services</u>	<u>General & Admin.</u>	<u>Fund Raising</u>	<u>Total</u>
Consultants	<u>\$ 18,461</u>	<u>\$ 7,164</u>	<u>\$ 1,929</u>	<u>\$ 27,554</u>

8. Date of Management Review

The Corporation had evaluated subsequent events through January 14, 2014, which was the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

Schedule 1

CITIZENS FOR GLOBAL SOLUTIONS, INC.
 Schedule of Functional Expenses
 For the Year Ended September 30, 2012

	<u>Program Services</u>	<u>Administrative and General</u>	<u>Fund Raising</u>	<u>Total</u>
Communications	\$ 3,468	\$ -0-	\$ -0-	\$ 3,468
Conferences and Meetings	6,489	811	811	8,111
Consulting Fees and Outside Services	79,831	30,705	12,282	122,818
Dues and Chapter Expenses	4,695	-0-	-0-	4,695
Government Fees and Regulations	4,553	569	569	5,691
Insurance	-0-	2,206	-0-	2,206
Miscellaneous	7,196	800	-0-	7,996
Occupancy	34,702	4,083	2,041	40,826
Office Supplies & Expense	-0-	2,743	-0-	2,743
Political Contributions	34,000	-0-	-0-	34,000
Postage and Delivery	19,918	7,730	2,081	29,729
Printing and Publications	995	-0-	-0-	995
Repairs and Maintenance	4,227	529	529	5,285
Salaries, Taxes and Benefits	150,705	18,838	18,838	188,381
Travel	4,224	-0-	-0-	4,224
Website Expense	1,379	-0-	-0-	1,379
	<u>\$ 356,382</u>	<u>\$ 69,014</u>	<u>\$ 37,151</u>	<u>\$ 462,547</u>