



**FINANCIAL STATEMENTS  
AND INDEPENDENT AUDITOR'S REPORT**

**AS OF AND FOR THE YEARS ENDED  
DECEMBER 31, 2016 AND 2015**

**WORLD FEDERALIST MOVEMENT/  
INSTITUTE FOR GLOBAL POLICY, INC.**  
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**AS OF AND FOR THE YEARS ENDED**  
**DECEMBER 31, 2016 AND 2015**

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## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors of the  
World Federalist Movement/Institute For Global Policy, Inc.:

We have audited the accompanying financial statements of the World Federalist Movement/Institute For Global Policy, Inc. (the "Organization"), which comprise the statement of financial position as of December 31, 2016, and the related statements of activities and changes in net assets, and cash flows for the year then ended, and the related notes to 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 of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

# NawrockiSmith

## ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the World Federalist Movement/Institute For Global Policy, Inc. as of December 31, 2016 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.

## ***Report on Summarized Comparative Information***

We have previously audited the World Federalist Movement/Institute For Global Policy, Inc.'s 2015 financial statements, and our report dated August 28, 2016, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2015, is consistent, in all material respects, with the audited financial statements from which it has been derived.

## ***Report on Supplementary Schedule***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary schedule of revenues and expenditures on page 14 is presented for purposes of additional analysis and is 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 information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.

Melville, New York  
June 6, 2017

Handwritten signature of Nawrocki Smith LLP in cursive script.

**WORLD FEDERALIST MOVEMENT/  
INSTITUTE FOR GLOBAL POLICY, INC.  
STATEMENTS OF FINANCIAL POSITION  
AS OF DECEMBER 31, 2016 AND 2015**

<u>ASSETS</u>	<u>2016</u>	<u>2015</u>
Cash and cash equivalents	\$ 279,850	\$ 522,353
Restricted cash	25,000	25,000
Grants receivable, net of allowance for doubtful accounts of \$169,994 and \$276,912, respectively	844,690	980,728
Prepaid expenses	25,078	10,235
Fixed assets, net of accumulated depreciation of \$477,792 and \$469,486, respectively	10,959	19,265
Security deposits	75,316	79,020
 Total assets	 <u>\$ 1,260,893</u>	 <u>\$ 1,636,601</u>
 <u>LIABILITIES AND NET ASSETS</u>		
LIABILITIES:		
Accounts payable and accrued expenses	\$ 10,277	\$ 20,429
 Total liabilities	 <u>10,277</u>	 <u>20,429</u>
NET ASSETS:		
Unrestricted:		
Board designated for operational allowance	-	89,014
Undesignated	85,807	714,050
 Total unrestricted	 85,807	 803,064
Temporarily restricted	1,139,809	788,108
Permanently restricted	25,000	25,000
 Total net assets	 <u>1,250,616</u>	 <u>1,616,172</u>
 Total liabilities and net assets	 <u>\$ 1,260,893</u>	 <u>\$ 1,636,601</u>

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

**WORLD FEDERALIST MOVEMENT/  
INSTITUTE FOR GLOBAL POLICY, INC.  
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS  
FOR THE YEAR ENDED DECEMBER 31, 2016  
(With Summarized Totals For 2015)**

	Unrestricted	Temporarily Restricted	Permanently Restricted	2016	2015
<b>REVENUES:</b>					
Grants and contributions	\$ 272,532	\$ 1,956,570	\$ -	\$ 2,229,102	\$ 3,187,234
Member organization fees	62,917	-	-	62,917	19,893
Interest and dividends	-	-	601	601	102
Other income	171	-	-	171	165
Conference income	70	-	-	70	5,664
Loss on foreign currency translation	(4,319)	-	-	(4,319)	(16,516)
<b>Total revenues</b>	<b>331,371</b>	<b>1,956,570</b>	<b>601</b>	<b>2,288,542</b>	<b>3,196,542</b>
<b>EXPENSES:</b>					
Program services	2,173,768	-	-	2,173,768	2,600,707
Supporting services:					
Management and general	353,521	-	-	353,521	593,954
Fundraising	126,809	-	-	126,809	121,075
<b>Total expenses</b>	<b>2,654,098</b>	<b>-</b>	<b>-</b>	<b>2,654,098</b>	<b>3,315,736</b>
Excess (deficiency) of revenues over (under) expenses	(2,322,727)	1,956,570	601	(365,556)	(119,194)
<b>NET ASSETS RELEASED FROM RESTRICTIONS</b>	<b>1,605,470</b>	<b>(1,604,869)</b>	<b>(601)</b>	<b>-</b>	<b>-</b>
Change in net assets	(717,257)	351,701	-	(365,556)	(119,194)
<b>NET ASSETS, BEGINNING OF YEAR</b>	<b>803,064</b>	<b>788,108</b>	<b>25,000</b>	<b>1,616,172</b>	<b>1,735,366</b>
<b>NET ASSETS, END OF YEAR</b>	<b>\$ 85,807</b>	<b>\$ 1,139,809</b>	<b>\$ 25,000</b>	<b>\$ 1,250,616</b>	<b>\$ 1,616,172</b>

The accompanying notes to financial statements  
are an integral part of this statement.

**WORLD FEDERALIST MOVEMENT/  
INSTITUTE FOR GLOBAL POLICY, INC.  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

	<u>2016</u>	<u>2015</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ (365,556)	\$ (119,194)
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Depreciation	8,306	8,306
(Increase) decrease in grants receivable	136,038	(263,719)
(Increase) decrease in prepaid expenses	(14,843)	1,667
(Increase) decrease in security deposits	3,704	(66,073)
Decrease in accounts payable and accrued expenses	<u>(10,152)</u>	<u>(88,328)</u>
Net cash used by operating activities	<u>(242,503)</u>	<u>(527,341)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of equipment	<u>-</u>	<u>(15,954)</u>
Net cash used by investing activities	<u>-</u>	<u>(15,954)</u>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	(242,503)	(543,295)
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>522,353</u>	<u>1,065,648</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u><u>\$ 279,850</u></u>	<u><u>\$ 522,353</u></u>

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

**WORLD FEDERALIST MOVEMENT/  
INSTITUTE FOR GLOBAL POLICY, INC.  
NOTES TO FINANCIAL STATEMENTS**

**(1) Nature of activities:**

The World Federalist Movement/Institute for Global Policy, Inc. (the "Organization") is a not-for-profit organization formed in 1995 under the laws of New York State. The Organization is based in New York City near the United Nations (the "UN") headquarters, and is supported primarily by donor contributions and grants. The Organization is a legal entity of the World Federalist Movement, a coalition of peace movements formed in 1947 to promote the federalist principles of constitutional democratic rule of law as the basis of relations between nations, as the framework for the international legal order, in the governance of the UN, and in the UN Charter goal to "save future generations from the scourge of war." The Organization undertakes research and education into issues concerned with history, promotion and development of international democracy and the rule of law and the strengthening of the legal order with a special focus on the United Nations. The Institute for Global Policy also serves as the Secretariat of the NGO Working Group on the Security Council. The following programs and supporting services are included in the accompanying financial statements:

**Coalition for the International Criminal Court ("CICC")**

Works with nongovernmental organizations, governments, international and regional organizations and the United Nations Secretariat to support the fair and effective functioning of the International Criminal Court ("ICC"); promotes global awareness of the Rome Statute of the ICC; facilitates the effective participation of civil society in inter-governmental negotiations; monitors and supports the full effective functioning of the ICC; and strengthens regional human rights networks.

**International Coalition for the Responsibility to Protect ("ICRtoP")**

Works to promote earlier and more effective international responses to genocide and mass atrocities; to increase awareness of the responsibility to protect; to mobilize nongovernmental organizations ("NGO's") to demand responsibility to protect responses to emerging crises; and to build capacity of governments, regional organizations, and the UN system to ensure fulfillment of the responsibility to protect.

**International Democratic Governance ("IDG")**

Promotes greater transparency and accountability in international decision-making processes. Supports a stronger, more inclusive and effective United Nations, better global governance of environmental issues, as well as strengthened global economic governance. The IDG program produces news and analysis on these issues and manages civil society campaigns in support of widely-shared goals about better global solutions to pressing global problems, including the work of the Peacebuilding Commission ("PBC"), for 1 for 7 Billion Campaign on the selection of the UN Secretary General and PAX project focusing on conflict prevention, disarmament (including nuclear disarmament), peacebuilding and the protection of civilians in the Sudan and Syria.

**Administration**

Includes the functions necessary to maintain an equitable employment program; ensures an adequate working environment; provides coordination and articulation of the Organization's program strategy; secures proper administrative functioning of the Board of Directors; and manages the financial and budgetary responsibilities of the Organization.



## Fundraising

Provides the structure necessary to encourage and secure financial support from individuals, foundations and governments.

### (2) **Summary of significant accounting policies:**

#### Basis of accounting and financial statement presentation

The accompanying financial statements are presented under the accrual basis of accounting in accordance with U.S. generally accepted accounting principles and include the accounts of the Organization's programs, administration and fundraising. U.S. generally accepted accounting principles require the Organization's financial statements to distinguish between unrestricted, temporarily restricted and permanently restricted net assets and changes in net assets. The Organization's net assets consist of the following:

Unrestricted - net assets of the Organization which have not been restricted by an outside donor or by law and are therefore available for use in carrying out the operations of the Organization.

Temporarily restricted - net assets of the Organization which have been limited by donor-imposed stipulations or by law that either expire with the passage of time or can be fulfilled and removed by the actions of the Organization pursuant to those stipulations.

Permanently restricted - net assets of the Organization which have been restricted by donors to be maintained in perpetuity by the Organization.

The Organization follows U.S. generally accepted accounting principles regarding Endowments of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act ("UPMIFA") and Enhanced Disclosures for All Endowment Funds which require a portion of a donor-restricted endowment fund that is not classified as permanently restricted net assets to be classified as temporarily restricted net assets until appropriated for expenditure.

As required by U.S. generally accepted accounting principles, the Organization has also presented Statements of Cash Flows for the years ended December 31, 2016 and 2015.

#### Revenue and expense recognition

Donations and grants are recognized as income when received and are considered to be available for unrestricted use unless specifically restricted by the donor. Revenues under contracts for service are generally recognized as earned. Deferred income arises from payments received under contracts for service prior to revenue recognition. Expenses are recognized when incurred. The Organization allocates its expenses on a functional basis among its various programs, supporting services and fundraising. Expenses that can be identified with specific program and supporting services are allocated directly according to their natural expense classification. Other expenses that are common to several functions are allocated by various rational bases.

#### Cash and cash equivalents

All highly liquid investments purchased with a maturity of three months or less are considered to be cash equivalents for financial statement purposes.

### Restricted cash

Restricted cash as of December 31, 2016 and 2015 relates to donor restricted funds of \$25,000 for each of the years.

### Fixed assets

Fixed assets are stated at cost or current fair value for donated items. Maintenance and repairs are expensed as incurred. Depreciation is provided using the straight-line method over the estimated useful lives of the assets (generally periods of three to ten years).

### Foreign currency translation

Certain donations and grants are derived from foreign sources. Such amounts are translated at the exchange rate in effect at the date the donation is received. For the years ended December 31, 2016 and 2015, the Organization recorded a loss on foreign currency translation of \$4,319 and \$16,516, respectively.

### Income taxes

The Organization qualifies as a tax-exempt nonprofit organization under Section 501(c)(3) of the Internal Revenue Code and applicable New York State tax laws. Accordingly, no provision for federal or state income taxes is required.

### Uncertainty in income taxes

The Organization has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements. Periods ending December 31, 2013 and subsequent remain subject to examination by the applicable taxing authorities.

### Prior year summarized information

The Statement of Activities and Changes in Net Assets includes certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. generally accepted accounting principles. Accordingly, this statement should be read in conjunction with the Organization's financial statements for the year ended December 31, 2015, from which the summarized information was derived.

### The use of estimates in the preparation of financial statements

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts of assets and liabilities at the date of the financial statements and the amounts of revenues and expenses during the period. Actual results may differ from those estimates.

### Reclassifications

Certain reclassifications of the prior year's balances on the Statements of Financial Position and the Statements of Activities and Changes in Net Assets have been made to conform to the current year presentation. These reclassifications had no effect on the decrease in net assets for the year ended December 31, 2015.

### (3) Fair value measurement

The Financial Accounting Standards Board ("FASB") Fair Value Measurement standard clarifies the definition of fair value for financial reporting, establishes framework for measuring fair value, and requires additional disclosure about the use of fair value measurements in an effort to make the measurement of fair value more consistent and comparable. The Organization has adopted the standard for its financial assets and liabilities measured on a recurring and nonrecurring basis.

The following methods and assumptions were used by the Organization in addressing the fair value of financial instruments:

#### Cash and cash equivalents -

The carrying amounts reported in the Statements of Financial Position for cash and cash equivalents approximate those assets' fair values (which include certificates of deposit).

### (4) Grants receivable

Grants receivable as of December 31, 2016 and 2015 are comprised of the following:

	<u>2016</u>	<u>2015</u>
Government of Netherlands	\$ 913,815	\$ 952,860
Pax	83,342	79,347
DANIDA	17,527	-
European Commission	-	106,918
Addessium Foundation	-	82,315
FIDH	-	7,835
Government of Luxembourg	-	735
Trust Africa/ Nigerian Coalition	-	2,124
Amnesty International	-	25,506
	<u>1,014,684</u>	<u>1,257,640</u>
Less: allowance for doubtful accounts	<u>169,994</u>	<u>276,912</u>
	<u>\$ 844,690</u>	<u>\$ 980,728</u>

(5) **Fixed assets**

Fixed assets as of December 31, 2016 and 2015 are comprised of the following:

	<u>2016</u>	<u>2015</u>
Computers and equipment	\$ 346,187	\$ 346,187
Furniture and fixtures	78,910	78,910
Leasehold improvements	63,654	63,654
	<u>488,751</u>	<u>488,751</u>
Less: accumulated depreciation	<u>477,792</u>	<u>469,486</u>
	<u>\$ 10,959</u>	<u>\$ 19,265</u>

(6) **Line of credit**

The Organization has a revolving line of credit with a bank which is secured by substantially all of its assets and provides for maximum borrowings of \$400,000. Borrowings under this line bear interest at 8.763% as of December 31, 2016 and 2015. The agreement expires in November 2017. As of December 31, 2016 and 2015, there were no outstanding borrowings on this line of credit.

(7) **Board designated net assets**

At December 31, 2015, Board designated net assets were \$89,014 representing an operational allowance established by the Board of Directors to provide a reserve for future years. During the fiscal year ended December 31, 2016, the Board of Directors released the designation in order to help fund operations.

(8) **Temporarily restricted net assets**

Temporarily restricted net assets are available for or relate to the following purposes:

	<u>2016</u>	<u>2015</u>
Coalition for the International Criminal Court	\$ 861,384	\$ 309,161
International Coalition for the Responsibility to Protect	214,896	223,576
Pax	60,927	65,747
Global Partnership for the Prevention of Armed Conflict	2,602	19,090
International Democratic Governance	<u>-</u>	<u>170,534</u>
	<u>\$ 1,139,809</u>	<u>\$ 788,108</u>

Net assets released from restrictions for 2016 and 2015 consist of the following:

	<u>2016</u>	<u>2015</u>
Coalition for the International Criminal Court	\$ 1,044,671	\$ 2,036,628
International Democratic Governance	200,225	363,073
International Coalition for the Responsibility to Protect	178,260	348,275
Pax	109,264	92,927
Global Partnership for the Prevention of Armed Conflict	72,449	52,410
NGO Working Group on the Security Council	<u>-</u>	<u>34,007</u>
	<u>\$ 1,604,869</u>	<u>\$ 2,927,320</u>

**(9) Permanently restricted net assets**

The Betsy Dana Scholarship Fund represents a scholarship fund for a permanent annual internship to the Organization. This fund was established by the immediate family and friends of Betsy Dana to honor her memory and must maintain a minimum interest bearing cash balance of \$25,000. The excess over this amount represents fund income available for scholarship.

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 applicable law requires the Organization to retain as a fund of perpetual duration. There were no such deficiencies as of December 31, 2016 and 2015.

The Uniform Prudent Management of Institutional Funds Act ("UPMIFA") requires the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result, the Organization classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument.

Net assets associated with endowment funds are classified and reported based on the existence or absence of donor imposed restrictions.

Changes in endowment net assets for the years ended December 31, 2016 and 2015 are as follows:

	<u>2016</u>	<u>2015</u>
Endowment net assets, Beginning of year	\$ 25,000	\$ 25,000
Net interest income	601	102
Appropriated for expenditures	<u>(601)</u>	<u>(102)</u>
Endowment net assets, End of year	<u>\$ 25,000</u>	<u>\$ 25,000</u>

**(10) Grants and contributions revenue**

In 2016 and 2015, grants and contributions were provided by the following:

	<u>2016</u>	<u>2015</u>
Government of Netherlands	\$ 852,016	\$ 1,519,909
Government of Norway	202,846	305,966
Anonymous	200,000	150,000
Other grants	194,228	60,858
Government of Finland	152,792	165,060
IKV-Pax Christi	104,444	98,576
Open Society Institute	74,321	54,981
Government of Australia	74,076	77,940
Workable World Trust	70,237	-
DANIDA	56,338	-
Irish Aid	56,024	33,669
Government of Switzerland	56,008	54,176
Global Partnership for the Prevention of Armed Conflict	55,961	122,465
Government of Luxembourg	22,532	735
The Planethood Foundation	20,000	15,000
Government of Liechtenstein	10,065	10,595
Hermod Lannungs Fund	7,372	-
FIDH	5,686	7,835
City of the Hague	5,518	-
Government of Austria	4,319	11,004
Government of Sweden	-	238,961
MacArthur Foundation	-	175,000
Oak Foundation	-	50,000
Avina Foundation	-	12,988
Charles Scheidt Foundation	-	5,000
Loss on foreign currency translation	4,319	16,516
	<u>\$ 2,229,102</u>	<u>\$ 3,187,234</u>

**(11) Program services**

Program services expenses for the years ended December 31, 2016 and 2015 are comprised of the following:

	<u>2016</u>	<u>2015</u>
Coalition for the International Criminal Court	\$ 1,564,775	\$ 1,769,224
International Democratic Governance	314,537	522,577
International Coalition for the Responsibility to Protect	294,456	308,906
	<u>\$ 2,173,768</u>	<u>\$ 2,600,707</u>

**(12) Concentrations of credit risk arising from cash deposits in excess of insured limits**

The Organization maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

**(13) Commitments:**

Lease

The Organization entered into an operating lease for office space. This lease agreement expires in 2019. Future minimum payments under this operating lease are as follows:

<u>Year ending December 31,</u>	
2017	\$ 123,271
2018	126,661
2019	<u>10,579</u>
	<u>\$ 260,511</u>

Rent expense for the years ended December 31, 2016 and 2015 was \$186,351 and \$206,728, respectively.

Consulting agreements

The Organization has consulting agreements with individuals whom provide supporting services. The Organization incurred \$372,948 and \$427,585 under these arrangements for the years ended December 31, 2016 and 2015, respectively.

Government contracts

The Organization receives a substantial portion of its funding from contracts and grants which are subject to audit by government agencies. Such audits may result in disallowances and a request for a return of funds. No significant disallowances occurred or are expected to occur in the future.

**(14) Subsequent events**

The Organization has evaluated subsequent events occurring after December 31, 2016 through the date of June 6, 2017, which is the date these financial statements were available to be issued, noting no further matters requiring disclosure.

**WORLD FEDERALIST MOVEMENT/  
INSTITUTE FOR GLOBAL POLICY, INC.**  
**SUPPLEMENTARY SCHEDULE OF REVENUES AND EXPENDITURES**  
**PAX**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

REVENUES:

Carryover from previous contract	\$ 65,748
Grant income pledged	<u>104,444</u>
 Total revenues	 <u>170,192</u>

EXPENDITURES:

Professional services	80,276
Overhead	5,254
Travel and operation costs	<u>23,735</u>
 Total expenditures	 <u>109,265</u>
 Available to use by August 31, 2017	 <u><u>\$ 60,927</u></u>

The accompanying notes to financial statements should be read in conjunction with this schedule.