

**World Federalist Movement/
Institute for Global Policy, Inc.**

Financial Statements

December 31, 2009



Independent Auditors' Report

**To the Board of Directors
World Federalist Movement/Institute
for Global Policy, Inc.**

We have audited the accompanying statement of financial position of the World Federalist Movement/Institute for Global Policy, Inc. (the "Organization") as of December 31, 2009 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. The prior year summarized comparative information has been derived from the Organization's December 31, 2008 financial statements and, in our report dated November 24, 2009 we expressed an unqualified opinion on those financial statements.

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 includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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 the World Federalist Movement/Institute for Global Policy, Inc. as of December 31, 2009 and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

O'Connor Davies Munns & Dobbins, LLP

New York, New York
November 15, 2010

**World Federalist Movement/
Institute for Global Policy, Inc.**

Statement of Financial Position

December 31, 2009
(with comparatives amounts at December 31, 2008)

	2009	2008
ASSETS		
Cash and cash equivalents	\$ 1,475,818	\$ 2,184,292
Investments	106,925	69,959
Grants receivable, net	938,722	1,856,553
Accounts receivable	89,028	43,082
Prepaid expenses	24,432	95,878
Property, furniture and equipment, net	157,265	68,454
Security deposits	45,795	45,795
	\$ 2,837,985	\$ 4,364,013
 LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 274,624	\$ 211,768
 Net Assets		
Unrestricted		
Undesignated	1,020,490	744,765
Board designated	147,871	70,267
Total Unrestricted	1,168,361	815,032
Temporarily restricted	1,370,000	3,312,213
Permanently restricted	25,000	25,000
Total Net Assets	2,563,361	4,152,245
	\$ 2,837,985	\$ 4,364,013

See notes to financial statements

**World Federalist Movement/
Institute for Global Policy, Inc.**

Statement of Activities

Year Ended December 31, 2009

(with summarized comparative totals for the year ended December 31, 2008)

	Unrestricted	Temporarily Restricted	Permanently Restricted	2009 Total	2008 Total
SUPPORT AND REVENUE					
Grants and contributions	\$ 369,632	2,852,677	\$ -	\$ 3,222,309	\$ 5,732,722
Member organization fees	25,482	-	-	25,482	40,603
Conference income	21,754	-	-	21,754	8,757
Interest and dividends	18,339	-	-	18,339	22,188
Unrealized gain (loss) on investments	24,605	-	-	24,605	(59,785)
Realized/unrealized gain on foreign exchange translation	25,318	-	-	25,318	2,453
Miscellaneous income	20,506	-	-	20,506	7,943
Net assets released from restrictions	4,794,890	(4,794,890)	-	-	-
Total Support and Revenue	5,300,526	(1,942,213)	-	3,358,313	5,754,881
OPERATING EXPENSES					
Program services	4,194,968	-	-	4,194,968	3,294,015
Management and general	564,215	-	-	564,215	215,586
Fundraising	188,014	-	-	188,014	282,261
Total Expenses	4,947,197	-	-	4,947,197	3,791,862
Change in Net Assets	353,329	(1,942,213)	-	(1,588,884)	1,963,019
NET ASSETS					
Beginning of year	815,032	3,312,213	25,000	4,152,245	2,189,226
End of year	\$ 1,168,361	\$ 1,370,000	\$ 25,000	\$ 2,563,361	\$ 4,152,245

See notes to financial statements

**World Federalist Movement/
Institute for Global Policy, Inc.**

Statement of Cash Flows

Year Ended December 31, 2009

(with comparative amounts for the year ended December 31, 2008)

	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (1,588,884)	\$ 1,963,019
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation and amortization	38,039	25,127
Unrealized (gain) loss on investments	(24,605)	59,785
Changes in operating assets and liabilities		
Accounts receivable	(45,946)	(33,778)
Grants receivable	917,831	(1,383,492)
Prepaid expenses	71,446	(62,614)
Accounts payable and accrued expenses	62,856	57,323
Net Cash from Operating Activities	(569,263)	625,370
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(126,850)	(35,911)
Purchase of investments	(12,361)	(3,037)
Security deposits	-	218
Net Cash from Investing Activities	(139,211)	(38,730)
Net Change in Cash and Cash Equivalents	(708,474)	586,640
CASH AND CASH EQUIVALENTS		
Beginning of year	2,184,292	1,597,652
End of year	\$ 1,475,818	\$ 2,184,292

See notes to financial statements

**World Federalist Movement/
Institute for Global Policy, Inc.**

Notes to Financial Statements

1. Nature of Organization

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 following programs and supporting services are included in the accompanying financial statements:

WFM/IGP

Undertakes research and education into issues concerned with the history, promotion and development of international law and the strengthening of the international legal order, with special focus on the UN.

Civil Society Project on the UN Peacebuilding Commission ("PBC")

Supports the development of transparency and accountability at the UN by monitoring the PBC and providing information and analysis to the Non-governmental Organization ("NGO") community. Through a network of NGOs, the project strives to ensure local ownership of the PBC's work and an accurate reflection of the needs and concerns of local populations, as well as the expertise of international peacebuilders, by supporting civil society engagement with the PBC at UN headquarters and in countries receiving advice from the PBC.

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 intergovernmental negotiations; monitors and supports the full effective functioning of the ICC; and strengthens regional human rights networks.

**World Federalist Movement/
Institute for Global Policy, Inc.**

Notes to Financial Statements

1. Name of Activities (*continued*)

International Civil Society Forum for Democracy ("ICSFD")

Coordinates the New York unit for the ICSFD and as such monitors the intergovernmental processes relating to the promotion of democracy within the UN and liaises with relevant UN governmental officials, as well as UN staff in connection with the tri-annual International Conference on New or Restored Democracies.

International Democratic Governance ("IDG")

Promotes greater transparency and accountability in international decision-making. Supports a stronger, more inclusive and effective UN, 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.

Responsibility to Protect – Engaging Civil Society ("R2PCS")

Works to promote earlier and more effective international responses to genocide and mass atrocities; to increase awareness of the responsibility to protect; to mobilize NGOs 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. In 2009, the project became the International Coalition for the Responsibility to Protect.

Special Adviser for the Prevention of Genocide and Mass Atrocities ("SAPGMA")

Focuses on the creation of a Genocide Prevention Office (GPO), which would compliment the work of the UN Office of the Special Adviser to the Secretary-General on the prevention of genocide and mass atrocities, by conducting pre-assessment and analysis of information from sources outside of the UN system, in particular civil society working in high-risk countries; and includes the coordination of a broad network of civil society groups to advocate the strengthening of the Special Adviser's mandate. This project was renamed The Genocide Prevention Program.

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.

**World Federalist Movement/
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Notes to Financial Statements

1. Name of Activities *(continued)*

Fundraising

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

2. Summary of Significant Accounting Policies

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reporting amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Basis of Presentation

The financial statements report amounts separately by class of net assets based on the presence or absence of donor restriction. Unrestricted amounts are those currently available at the discretion of the Board for use in the Organization's operations. Temporarily restricted amounts are those which are stipulated by donors for specific operating purposes or time restrictions. Permanently restricted net assets result from contributions and other inflows of assets whose use by the Organization is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Organization. All contributions are considered available for unrestricted use, unless specifically restricted by the donor or subject to other legal restrictions.

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 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.

**World Federalist Movement/
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Notes to Financial Statements

2. Summary of Significant Accounting Policies *(continued)*

Cash and Cash Equivalents

Cash and cash equivalents include highly liquid investments with a maturity of three months or less at time of purchase.

Fair Value Measurements

The Organization follows FASB guidance on *Fair Value Measurements* which defines fair value and establishes a fair value hierarchy organized into three levels based upon the input assumptions used in pricing assets. Level 1 inputs have the highest reliability and are related to assets with unadjusted quoted prices in active markets. Level 2 inputs relate to assets with other than quoted prices in active markets which may include quoted prices for similar assets or liabilities or other inputs which can be corroborated by observable market data. Level 3 inputs are unobservable inputs and are used to the extent that observable inputs do not exist. As of and for the year ended June 30, 2009 and 2008, all of the Organizations investments, bought, sold and held were level 1 investments.

Investment Income Recognition

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis and dividends are recorded on the ex-dividend date. Realized and unrealized gains and losses are included in the determination of the change in net assets.

Property, Furniture and Equipment

Property, furniture and equipment are stated at cost or fair value at date of donation 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.

Income Taxes

The Organization is a not-for-profit that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

**World Federalist Movement/
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Notes to Financial Statements

2. Summary of Significant Accounting Policies *(continued)*

Prior Year Summarized Financial Information

The financial statements include 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 accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's audited financial statements for the year ended December 31, 2008.

Accounting for Uncertainty in Income Taxes

The Organization recognizes the effect of income tax positions only if those positions are more likely than not of being sustained. Management has determined that the Organization had no uncertain tax positions that would require financial statement recognition. The Organization is no longer subject to audits by the applicable taxing jurisdictions for tax years prior to 2006.

Subsequent Events Evaluation by Management

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is November 15, 2010.

Reclassification

Certain items in the 2008 financial statements have been changed to conform to the 2010 presentation.

3. Investments

The following are major categories of investments at fair value as of December 31:

	<u>2009</u>	<u>2008</u>
Mutual Funds	\$ 94,708	\$ 69,959
Stock	<u>12,217</u>	<u>-</u>
	<u>\$ 106,925</u>	<u>\$ 69,959</u>

**World Federalist Movement/
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Notes to Financial Statements

4. Grants Receivable

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

	2009	2008
European Commission	\$ 404,832	\$ 1,123,643
Ford Foundation	100,000	450,000
MacArthur Foundation	400,906	300,000
Oak Foundation	-	66,670
Asernault	-	60,000
Government of Netherlands - CICC	8,881	15,661
Denmark	-	13,528
Members/Association organization dues	24,103	24,103
	938,722	2,053,605
Allowance for doubtful accounts	-	(197,052)
	\$ 938,722	\$ 1,856,553

Management reviewed the collectible status of its grants receivable, based on past experience and collections subsequent to year end an allowance was deemed unnecessary.

5. Property, Furniture and Equipment

Property, furniture and equipment as of December 31, are comprised of the following:

	2009	2008
Computers and equipment	\$ 318,735	\$ 191,885
Furniture and fixtures	78,911	78,911
Leasehold improvements	52,572	52,572
	450,218	323,368
Acumulated depreciation	(292,953)	(254,914)
	\$ 157,265	\$ 68,454

Depreciation expense for 2009 and 2008 was \$38,039 and \$25,127.

**World Federalist Movement/
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Notes to Financial Statements

6. Concentration of Credit Risk Arising from Cash Deposits

The Organization's financial instruments that are potentially exposed to concentration of credit risk consist primarily of cash, investments and grants and contracts receivable. At times, cash balances may be in excess at the Federal Deposit Insurance Corporation insurance limit. The Organization invests in mutual funds maintained at a major financial institution.

7. Commitments

Leases

The Organization has two operating leases for office space. These lease agreements expire in 2014. Future minimum payments under these operating leases are as follows:

2010	\$	250,705
2011		258,226
2012		265,973
2013		273,952
2014		<u>282,171</u>
	\$	<u>1,331,027</u>

Rent expense for 2009 and 2008 was \$351,479 and 311,043.

Consulting Agreements

The Organization has consulting agreements with individuals who provide supporting services. The Organization incurred \$319,421 and \$416,363 under these arrangements for 2009 and 2008.

8. Pension

The Organization maintains a tax deferred annuity plan under Section 403(b) of the Internal Revenue Code for eligible employees. Pension expense totaled \$48,358 and \$50,183 for 2009 and 2008.

**World Federalist Movement/
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Notes to Financial Statements

9. Program Services

Program services expenses as of December 31, are comprised of the following:

	2009	2008
Coalition for the International Criminal Court	\$ 3,630,290	\$ 2,663,136
Responsibility to Protect - Engaging Civil Society	364,426	309,742
Civil Society Project on the UN Peacebuilding Commission ("PBC")	-	128,426
WFM/IGP	-	97,180
Special Adviser for the Prevention of Genocide and Mass Atrocities	101,412	13,786
International Democratic Governance	98,840	81,745
	\$ 4,194,968	\$ 3,294,015

10. Board Designated Net Assets

At December 31, 2009 and 2008, Board Designated net assets of \$147,871 and \$70,267 represent an operational allowance, which was established by the Board of Directors and is intended to provide a reserve for future years.

11. Restrictions on Net Assets

At December 31, temporarily restricted net assets were available for the following purposes:

	2009	2008
Coalition for the International Criminal Court	\$ 513,828	\$ 2,095,832
Responsibility to Protect - Engaging Civil Society	672,430	843,573
UN democratization	-	151,866
Special Adviser for the Prevention of Genocide and Mass Atrocities	-	140,118
Genocide Prevention Office Project	26,566	-
Hague conference	18,232	18,232
International Democratic Governance Program	76,331	-
Jeanette Short fellowship	1,544	1,544
Outreach	250	250
Other	60,819	60,798
	\$ 1,370,000	\$ 3,312,213

**World Federalist Movement/
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Notes to Financial Statements

11. Restrictions on Net Assets (continued)

Net assets released from restriction for 2009 and 2008, consist of the following:

	<u>2009</u>	<u>2008</u>
Coalition for the International Criminal Court	\$ 3,993,931	\$ 3,228,333
Responsibility to Protect - Engaging Civil Society	461,772	245,843
UN Democratization/IDG	225,635	101,072
Special Adviser for the Prevention of Genocide and Mass Atrocities	113,552	9,882
Civil Society Project on the UN Peacebuilding Commission ("PBC")	-	73,744
World Federalist Movement	-	21,019
	<u>\$ 4,794,890</u>	<u>\$ 3,679,893</u>

At December 31, 2009 and 2008, permanently restricted net assets were restricted for the Betsy Dana Scholarship Fund and amounted to \$25,000. 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.

The following is a reconciliation of the activity in the permanently restricted fund for 2009:

	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Balance at beginning of year	\$ -	\$ 25,000	\$ 25,000
Net investment income	386	-	386
Appropriated for expenditures	<u>(386)</u>	<u>-</u>	<u>(386)</u>
Balance at end of year	<u>\$ -</u>	<u>\$ 25,000</u>	<u>\$ 25,000</u>

**World Federalist Movement/
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Notes to Financial Statements

12. Grants and Contributions Revenue

In 2009 and 2008, grants and contributions were provided by the following:

	2009	2008
John D. and Catherine T. MacArthur Foundation	\$ 1,312,000	\$ 500,000
Unit for Public International Law-Ministry for Foreign Affairs - Finland	264,320	147,038
Department for International Law, Human Rights and Treaty Law - Sweden	140,000	300,000
Security Policy Department - Sweden Ministry of Foreign Affairs - Sweden	-	110,278
European Commission	-	2,167,305
Department of Foreign Affairs - Ireland	35,100	-
Open Society Institute	-	50,000
Task Force ICC - Ministry of Foreign Affairs - Netherlands	101,496	151,989
Foreign and Commonwealth Office - Conflict Group - London/United Kingdom	-	104,212
The Ford Foundation	150,000	1,250,000
Department of International Law - Ministry of Foreign Affairs - Denmark	9,417	13,527
Permanent Mission of the Principality of Liechtenstein	8,811	9,050
Directorate of International Law - Swiss Federal Department of Foreign Affairs	72,909	77,700
Anonymous	250,000	455,000
The Oak Foundation USA	-	200,000
Arsenault Family Foundation	-	60,000
Department of Global Affairs, Ministry of Foreign Affairs - Norway	-	92,483
Other grants and contributions	369,586	44,140
Government of Belgium	203,835	-
Government of Austria	14,040	-
Australia aid	290,795	-
	\$ 3,222,309	\$ 5,732,722