



**WORLD FEDERALIST MOVEMENT/
INSTITUTE FOR GLOBAL POLICY, INC.**

**FINANCIAL STATEMENTS
TOGETHER WITH AUDITOR'S REPORT**

**AS OF AND FOR THE YEARS ENDED
DECEMBER 31, 2020 AND 2019**

**WORLD FEDERALIST MOVEMENT/
INSTITUTE FOR GLOBAL POLICY, INC.
INDEX TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEARS ENDED
DECEMBER 31, 2020 AND 2019**

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CERTIFIED PUBLIC ACCOUNTANTS

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", a nonprofit organization), which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities and changes in net assets, functional expenses and cash flows for the years 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 audits. We conducted our audits 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.

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, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Hauppauge, New York
September 30, 2021

Nawrocki Smith LLP

**WORLD FEDERALIST MOVEMENT/
INSTITUTE FOR GLOBAL POLICY, INC.
STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2020 AND 2019**

ASSETS	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 942,500	\$ 579,631
Restricted cash	25,000	25,000
Grants receivable	-	962,901
Other receivables	6,699	2,732
Prepaid expenses	15,972	18,090
Fixed assets, net	-	2,579
Security deposits	<u>12,947</u>	<u>75,316</u>
 Total assets	 <u><u>\$ 1,003,118</u></u>	 <u><u>\$ 1,666,249</u></u>
 LIABILITIES AND NET ASSETS		
LIABILITIES:		
Accounts payable and accrued expenses	<u>\$ 54,996</u>	<u>\$ 39,419</u>
 Total liabilities	 <u>54,996</u>	 <u>39,419</u>
NET ASSETS:		
Without donor restrictions:		
Board designated for operational allowance	229,205	229,205
Undesignated	<u>383,460</u>	<u>1,220,540</u>
 Total net assets without donor restrictions	 <u>612,665</u>	 <u>1,449,745</u>
 With donor restrictions	 <u>335,457</u>	 <u>177,085</u>
 Total net assets	 <u>948,122</u>	 <u>1,626,830</u>
 Total liabilities and net assets	 <u><u>\$ 1,003,118</u></u>	 <u><u>\$ 1,666,249</u></u>

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

**WORLD FEDERALIST MOVEMENT/
INSTITUTE FOR GLOBAL POLICY, INC.
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES:						
Grants and contributions	\$ 3,920	\$ 749,913	\$ 753,833	\$ 12,122	\$ 1,605,327	\$ 1,617,449
Member organization fees	7,626	-	7,626	48,119	-	48,119
Interest and dividends	-	3,018	3,018	-	326	326
Other income	52,761	-	52,761	40,752	-	40,752
Total revenues	64,307	752,931	817,238	100,993	1,605,653	1,706,646
EXPENSES:						
Program services	1,242,039	-	1,242,039	2,199,024	-	2,199,024
Supporting services:						
Administration	102,124	-	102,124	186,577	-	186,577
Fundraising	151,783	-	151,783	145,407	-	145,407
Total expenses	1,495,946	-	1,495,946	2,531,008	-	2,531,008
Excess (deficiency) of revenues over (under) expenses	(1,431,639)	752,931	(678,708)	(2,430,015)	1,605,653	(824,362)
NET ASSETS RELEASED FROM RESTRICTIONS	594,559	(594,559)	-	3,476,377	(3,476,377)	-
Change in net assets	(837,080)	158,372	(678,708)	1,046,362	(1,870,724)	(824,362)
NET ASSETS, BEGINNING OF YEAR	1,449,745	177,085	1,626,830	403,383	2,047,809	2,451,192
NET ASSETS, END OF YEAR	\$ 612,665	\$ 335,457	\$ 948,122	\$ 1,449,745	\$ 177,085	\$ 1,626,830

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

**WORLD FEDERALIST MOVEMENT/
INSTITUTE FOR GLOBAL POLICY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020**

	Program Services				Supporting Services		Totals
	CICC	ICRtoP	IDG	Totals	Administration	Fundraising	
Salaries and employee benefits	\$ 419,288	\$ 139,184	\$ 74	\$ 558,546	\$ 35,535	\$ 121,963	\$ 716,044
Rent	181,355	19,229	-	200,584	16,190	-	216,774
Consultants	79,952	32,192	60,996	173,140	714	29,820	203,674
Professional fees	102,974	6,302	-	109,276	8,055	-	117,331
Regional coordination	5,738	72,730	-	78,468	-	-	78,468
Computing and websites	21,508	7,854	531	29,893	28,458	-	58,351
Miscellaneous	7,416	15,787	5,761	28,964	-	-	28,964
Telephone	17,186	1,339	-	18,525	2,958	-	21,483
Insurance	13,651	1,773	-	15,424	1,620	-	17,044
Printing and publications	10,685	1,490	-	12,175	1,614	-	13,789
Conferences, meetings and travel	6,569	958	633	8,160	4,040	-	12,200
Bank and membership fees	5,507	814	46	6,367	2,796	-	9,163
Office equipment and supplies	1,027	159	169	1,355	144	-	1,499
Postage and couriers	993	169	-	1,162	-	-	1,162
Total	\$ 873,849	\$ 299,980	\$ 68,210	\$ 1,242,039	\$ 102,124	\$ 151,783	\$ 1,495,946

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

**WORLD FEDERALIST MOVEMENT/
INSTITUTE FOR GLOBAL POLICY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2019**

	Program Services				Supporting Services		Totals
	CICC	ICRtoP	IDG	Totals	Administration	Fundraising	
Salaries and employee benefits	\$ 621,464	\$ 51,286	\$ 13,666	\$ 686,416	\$ 55,686	\$ 137,901	\$ 880,003
Regional coordination	619,991	31,008	-	650,999	37,315	-	688,314
Conferences, meetings and travel	209,288	58,214	1,015	268,517	27,409	-	295,926
Rent	206,039	24,021	-	230,060	32,922	-	262,982
Consultants	124,098	22,170	61,750	208,018	6,412	7,506	221,936
Printing and publications	24,161	1,500	-	25,661	9,775	-	35,436
Telephone	25,397	2,885	-	28,282	2,776	-	31,058
Miscellaneous	25,702	559	1,117	27,378	559	-	27,937
Computing and websites	21,018	2,443	163	23,624	2,085	-	25,709
Professional fees	15,448	3,100	-	18,548	4,457	-	23,005
Insurance	10,127	1,306	-	11,433	1,213	-	12,646
Bank and membership fees	10,511	228	457	11,196	228	-	11,424
Office equipment and supplies	4,379	241	512	5,132	5,479	-	10,611
Postage and couriers	1,701	207	-	1,908	223	-	2,131
Depreciation	1,738	38	76	1,852	38	-	1,890
Total	\$ 1,921,062	\$ 199,206	\$ 78,756	\$ 2,199,024	\$ 186,577	\$ 145,407	\$ 2,531,008

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, 2020 AND 2019**

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (678,708)	\$ (824,362)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	-	1,890
Loss on disposal of fixed assets	2,579	-
Decrease in grants receivable	962,901	614,429
(Increase) decrease in other receivables	(3,967)	16,120
(Increase) decrease in prepaid expenses	2,118	(1,670)
Decrease in security deposits	62,369	1,465
Increase (decrease) in accounts payable and accrued expenses	15,577	(2,132)
Net cash (used) provided by operating activities	362,869	(194,260)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS AND RESTRICTED CASH	362,869	(194,260)
CASH , CASH EQUIVALENTS AND RESTRICTED CASH, BEGINNING OF YEAR	604,631	798,891
CASH, CASH EQUIVALENTS AND RESTRICTED CASH, END OF YEAR	\$ 967,500	\$ 604,631
SUPPLEMENTAL CASH FLOW INFORMATION:		
Retirement of fully depreciated fixed assets	\$ 16,752	\$ -

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 (“NGO’s”), 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 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 focusing on conflict prevention, disarmament (including nuclear disarmament), peacebuilding and the protection of civilians in the Sudan and Syria.

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

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:

The accompanying financial statements include the assets, liabilities, revenues and expenses of the Organization which are presented under the accrual basis of accounting. The following is a summary of significant accounting policies followed by the Organization.

Basis of accounting and financial statement presentation

The accompanying financial statements include the accounts of the Organization's programs, administration and fundraising. The Organization presents its financial statements in accordance with U.S. generally accepted accounting principles, which require the Organization's financial statements to distinguish net assets and changes in net assets between those with and without donor restrictions. The Organization's net assets consist of the following:

Without donor restrictions - 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.

With donor restrictions - net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

As required by U.S. generally accepted accounting principles, the Organization has also presented Statements of Cash Flows for the years ended December 31, 2020 and 2019.

Cash and cash equivalents

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

Restricted cash

Restricted cash as of December 31, 2020 and 2019 relates to donor restricted funds of \$25,000 for each of the years.

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

Grants receivable

Grants receivable primarily consist of monies due from grantor agencies and are presented in the Statements of Financial Position. An allowance is evaluated by management based on the Organization's prior years' experience and evaluation of the collectability of individual accounts. As of December 31, 2020 and 2019, the Organization deemed all receivables collectible and as such no allowance for doubtful accounts was recorded.

Fixed assets

Fixed assets are stated at cost or current fair value for donated items. The cost of fixed assets purchased in excess of \$1,000 is capitalized. 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 contributions and grants are derived from foreign sources. Such amounts are translated at the exchange rate in effect at the date the donation is received.

Revenue recognition

The following are the significant revenue recognition accounting policies of The World Federalist Movement/Institute for Global Policy, Inc.:

Grants and contributions – Grants and contributions are recognized as income when received and are considered to be available for unrestricted use unless specifically restricted by the donor. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statements of Activities and Changes in Net Assets as net assets released from restrictions. Contributions restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire in the reporting period in which the revenue is recognized. Conditional contributions are accounted for as a liability or are not recognized as revenue initially, until the barriers to entitlement are overcome, at which point a transaction is recognized as unconditional and classified as either net assets with donor restrictions, or net assets without donor restrictions.

Functional expenses

Expenses are recognized when incurred. The Statements of Functional Expenses report certain categories of expenses that are attributable to one or more program or supporting functions of the Organization. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Direct program expenses are reported in their respective functional categories. The significant expenses that are allocated include: salaries and employee benefits and consultants which are allocated on the basis of estimates of time and effort. Rent is allocated on the basis of square footage and use, and all other expenses are allocated on a systematic and rational basis.

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

Liquidity considerations

Quantitative

As of December 31, 2020 and 2019, the Organization has \$949,199 and \$1,545,264 respectively, of financial assets available to meet cash needs for program and supporting services expenditures within one year of the Statement of Financial Position date. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for expenditures within the ensuing fiscal year.

Qualitative

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. The Organization has a goal to maintain financial assets, which consist of cash and cash equivalents, on hand to meet 60 days of normal operating expenses, which are, on average, approximately \$331,000.

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 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 examination by the applicable taxing jurisdictions for tax years prior to 2017.

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.

(3) Grants receivable

Grants receivable as of December 31, 2020 and 2019 are comprised of the following:

	<u>2020</u>	<u>2019</u>
Government of Netherlands - PUF Alliance 2019	\$ -	\$ 860,232
Government of Netherlands - CICC	-	102,669
	<u>\$ -</u>	<u>\$ 962,901</u>

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

(4) Fixed assets

Fixed assets as of December 31, 2020 and 2019 are comprised of the following:

	<u>2020</u>	<u>2019</u>
Leasehold improvements	\$ -	\$ 11,082
Computers and equipment	-	5,670
	-	16,752
Less: accumulated depreciation	-	14,173
	<u>\$ -</u>	<u>\$ 2,579</u>

During the fiscal year ended December 31, 2020, the Organization disposed of all fixed assets, resulting in a loss on disposal of fixed assets totaling \$2,579. Depreciation expense for the year ended December 31, 2019 was \$1,890.

(5) Net assets with donor restrictions

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

	<u>2020</u>	<u>2019</u>
Coalition for the International Criminal Court	\$ 230,610	\$ 89,915
ICRtoP	92,417	43,806
GPPAC	14,982	14,982
Pax	3,382	-
WFM-IGP	-	3,382
	<u>\$ 341,391</u>	<u>\$ 152,085</u>

During the years ended December 31, 2020 and 2019, net assets were released from restrictions by incurring expenses satisfying the restricted purposes as stipulated by the donors or release of time restrictions, as follows:

	<u>2020</u>	<u>2019</u>
Coalition for the International Criminal Court	\$ 236,048	\$ 2,923,502
ICRtoP	94,534	348,334
WFM-IGP	15,094	132,696
GPPAC	-	62,125
Pax	-	3,008
Workable World Trust	-	6,386
	<u>\$ 345,676</u>	<u>\$ 3,476,051</u>

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

The Organization's endowment consists of a individual donor restricted fund. 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 Organization has interpreted the New York Prudent Management of Institutional Funds Act ("NYPMIFA") as allowing it to appropriate for expenditure or accumulate so much of an endowment fund as is determined prudent for the uses, benefits, purposes, and duration for which the endowment fund is established, subject to the intent of the donor as expressed in the gift instrument. Unless stated otherwise in the gift instrument, the assets of a donor-restricted endowment fund shall be donor-restricted assets until appropriated by the Organization, which classifies the original value of gifts donated to the endowment as net assets with donor restriction in perpetuity. The remaining portion of a donor restricted endowment fund is classified as net assets with donor restrictions until appropriated for expenditure in a manner consistent with the standard of prudence prescribed by NYPMIFA. Management has interpreted state law to permit prudent spending from underwater endowments.

Changes in endowment net assets for the years ended December 31, 2020 and 2019 are as follows:

	<u>2020</u>	<u>2019</u>
Endowment net assets, beginning of year	\$ 25,000	\$ 25,000
Net interest income	3,018	326
Appropriated for expenditures	<u>(3,018)</u>	<u>(326)</u>
Endowment net assets, end of year	<u>\$ 25,000</u>	<u>\$ 25,000</u>

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, 2020 and 2019.

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

(6) Grants and contributions revenue

In 2020 and 2019, grants and contributions were provided by the following:

	<u>2020</u>	<u>2019</u>
Government of Finland	\$ 176,505	\$ 176,160
Wellspring	150,009	-
Irish Aid	141,480	55,275
NORAD	140,545	57,216
WFM Administrative Fee	51,527	-
Government of Switzerland	45,000	50,346
Government of Netherlands	15,094	-
Government of Liechtenstein	10,438	9,693
SCHWAB	10,000	-
Government of Australia	5,920	11,169
The Community Foundation	4,000	5,000
Other grants	2,065	25,458
Thomas A. Todd Foundation	1,250	-
Government of Netherlands - PUF Alliance	-	895,040
Government of Netherlands - CICC	-	157,199
GPPAC	-	112,899
Netherland Embassy	-	17,345
UK Embassy	-	14,607
City of the Hague	-	5,526
Minnesota Community	-	5,194
Workable World Trust	-	5,000
Joseph E. Schwartzbeber	-	5,000
CSW	-	4,690
IKV-Pax Christi	-	3,382
The Connable Office	-	1,250
	<u>\$ 753,833</u>	<u>\$ 1,617,449</u>

(7) Concentrations of credit risk

The Organization maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. World Federalist Movement/Institute For Global Policy, Inc. has not experienced any losses in such accounts. Cash and cash equivalents in excess of federally insured limits at December 31, 2020 and 2019, totaled \$807,740 and \$399,919, respectively, based on actual bank balances. The primary difference between the book and bank account balances is outstanding checks. The Organization believes it is not exposed to any significant credit risk on cash and cash equivalents.

(8) Commitments:

Lease

The Organization had an operating lease for office space, which expire during 2020. Rent expense for the years ended December 31, 2020 and 2019 was \$216,774 and \$262,982, respectively.

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

Consulting agreements

The Organization has consulting agreements with individuals whom provide program and supporting services. The Organization incurred \$197,422 and \$221,936 under these arrangements for the years ended December 31, 2020 and 2019, 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 for the year ended December 31, 2020. However, due to the COVID-19 pandemic, during the year ended December 31, 2021, certain programs have been terminated leading to possible disallowances, which may force the Organization to refund the funds received. As of the date of these financial statements, management is evaluating these potential situations.

COVID-19

In March 2020, the World Health Organization declared the outbreak of COVID-19 as a pandemic. The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses, and communities. Specific to the Organization, COVID-19 has impacted various parts of its 2020 operations and financial results. More specifically, the Organization was not able to host in-person events during 2020, which significantly impacted its operations. Management believes the Organization is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these events are still developing.

(9) Administration fee

Budget and expenditure reports for grant funders/donors of the CICC program typically include an administration fee. The fee is based on a small percentage of the overall CICC budget, reallocated to supplement WFM-IGP governance and organizational development, in order to further the complementary goals of WFM-IGP and the CICC to advance multilateral institutions and promote justice and peace. These represent interfund revenue and expense transfers, which are not reflected in the accompanying financial statements.

(10) Subsequent events

The Organization has evaluated subsequent events through September 30, 2021, which is the date the financial statements were available to be issued, noting the following matter which requires disclosure:

Prompted by a steady further decline of the Net Assets position in 2020 due to challenging funding conditions exacerbated by the effects of the COVID-19 pandemic, in 2021 the Organization embarked on a thorough strategic reorientation concerning its key programs, coupled with a revision of its organizational structure. As a result of this reorientation the Organization took the decision to suspend its activities related to its key programs, notably CICC and ICRtoP, transferring these to other host organizations. Through this decision the Organization has been able to realize substantial, necessary cost cuts in terms of staff and operational costs, thus making way for a whole new programmatic agenda and organizational structure, aimed at an enhanced fulfilling of the Organization's mission.