

**WORLD FEDERALIST MOVEMENT/
INSTITUTE FOR GLOBAL POLICY, INC.
FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2015 AND 2014
TOGETHER WITH AUDITOR'S REPORT**

**WORLD FEDERALIST MOVEMENT/
INSTITUTE FOR GLOBAL POLICY, INC.**
TABLE OF CONTENTS
DECEMBER 31, 2015 AND 2014

	<u>Page</u>
Independent Auditor's Report	1
Statements of Financial Position	3
Statement of Activities and Changes In Net Assets	4
Statements of Cash Flows	5
Notes to Financial Statements	6
Supplementary Schedule of Revenues and Expenditures – Pax	14



NawrockiSmith
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"), which comprise the statement of financial position as of December 31, 2015, and the related statements of activities and changes in net assets, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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, 2015 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 2014 financial statements, and our report dated July 15, 2015, 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, 2014, 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
August 28, 2016

Nawrocki Smith LLP

**WORLD FEDERALIST MOVEMENT/
INSTITUTE FOR GLOBAL POLICY, INC.
STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2015 AND 2014**

<u>ASSETS</u>	<u>2015</u>	<u>2014</u>
Cash and cash equivalents	\$ 588,426	\$ 1,065,648
Restricted cash	25,000	25,000
Grants receivable, net of allowance for doubtful accounts of \$169,994 in 2015 and \$25,189 in 2014	980,728	717,009
Prepaid expenses	10,235	11,902
Fixed assets, net of accumulated depreciation of \$469,486 in 2015 and \$461,180 in 2014	19,265	11,617
Security deposits	12,947	12,947
 Total assets	 <u>\$ 1,636,601</u>	 <u>\$ 1,844,123</u>
 <u>LIABILITIES AND NET ASSETS</u>		
LIABILITIES:		
Accounts payable and accrued expenses	\$ 20,429	\$ 108,757
 Total liabilities	 <u>20,429</u>	 <u>108,757</u>
NET ASSETS:		
Unrestricted:		
Board designated for operational allowance	89,014	89,014
Undesignated	714,050	-
 Total unrestricted	 803,064	 89,014
Temporarily restricted	788,108	1,621,352
Permanently restricted	25,000	25,000
 Total net assets	 <u>1,616,172</u>	 <u>1,735,366</u>
 Total liabilities and net assets	 <u>\$ 1,636,601</u>	 <u>\$ 1,844,123</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, 2015
(With Summarized Totals For The Year Ended December 31, 2014)

	Unrestricted	Temporarily Restricted	Permanently Restricted	2015	2014
REVENUES:					
Grants and contributions	\$ 956,733	\$ 2,094,076	\$ -	\$ 3,050,809	\$ 2,944,974
Member organization fees	19,893	-	-	19,893	31,103
Interest and dividends	102	-	-	102	142
Conference income	5,664	-	-	5,664	8,655
Other income	165	-	-	165	75
Gain (loss) on foreign currency translation	119,909	-	-	119,909	(82,406)
Total revenues	1,102,466	2,094,076	-	3,196,542	2,902,543
EXPENSES:					
Program services	2,600,707	-	-	2,600,707	2,383,585
Supporting services:					
Management and general	593,954	-	-	593,954	252,734
Fundraising	121,075	-	-	121,075	149,288
Total expenses	3,315,736	-	-	3,315,736	2,785,607
Excess (deficiency) of revenues over (under) expenses	(2,213,270)	2,094,076	-	(119,194)	116,936
NET ASSETS RELEASED FROM RESTRICTIONS	2,927,320	(2,927,320)	-	-	-
Change in net assets	714,050	(833,244)	-	(119,194)	116,936
NET ASSETS, BEGINNING OF YEAR	89,014	1,621,352	25,000	1,735,366	1,618,430
NET ASSETS, END OF YEAR	\$ 803,064	\$ 788,108	\$ 25,000	\$ 1,616,172	\$ 1,735,366

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, 2015 AND 2014**

	<u>2015</u>	<u>2014</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (119,194)	\$ 116,936
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	8,306	4,025
Decrease in accounts receivable	-	60,260
(Increase) decrease in grants receivable	(263,719)	423,032
Decrease in prepaid expenses	1,667	14,974
Increase (decrease) in accounts payable and accrued expenses	<u>(88,328)</u>	<u>96,533</u>
Net cash provided (used) by operating activities	<u>(461,268)</u>	<u>715,760</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of equipment	<u>(15,954)</u>	<u>(11,082)</u>
Net cash used by investing activities	<u>(15,954)</u>	<u>(11,082)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(477,222)	704,678
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>1,065,648</u>	<u>360,970</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>\$ 588,426</u></u>	<u><u>\$ 1,065,648</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

Works to promote earlier and more effective international responses to genocide and mass atrocities; to increase awareness of the responsibility to protect; to mobilize non-governmental 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.

The Organization also presents Statements of Cash Flows in accordance with U.S. generally accepted accounting principles.

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.

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, 2015 and 2014, the Organization recorded a gain (loss) on foreign currency translation of \$119,909 and \$(82,406), 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, 2012 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, 2014, 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 have been made to conform to the current year presentation. These reclassifications had no effect on the increase in net assets for 2014.

(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.

Fair Value Measurement defines fair value as the amount that would be received from the sale of an asset or paid for the transfer of a liability in an orderly transaction between market participants, i.e. an exit price. The three levels of fair value hierarchy are as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the reported entity has the ability to access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability.

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).

Accounts payable and accrued expenses -

The carrying amounts of accounts payable and accrued expenses approximate their fair value due to their short-term nature.

(4) Grants receivable

Grants receivable as of December 31, 2015 and 2014 are comprised of the following:

	<u>2015</u>	<u>2014</u>
Government of Netherlands	\$ 952,860	\$ 25,807
Addessium Foundation	82,315	119,245
Pax	79,347	65,933
Amnesty International	25,506	-
FIDH	7,835	-
Trust Africa/ Nigerian Coalition	2,124	-
Government of Luxembourg	735	-
Humanity United	-	300,000
European Commission	-	231,213
	<hr/> 1,150,722	<hr/> 742,198
Less: allowance for doubtful accounts	<hr/> 169,994	<hr/> 25,189
	<hr/> <u>\$ 980,728</u>	<hr/> <u>\$ 717,009</u>

(5) Fixed assets

As of December 31, 2015 and 2014, fixed assets are comprised of the following:

	<u>2015</u>	<u>2014</u>
Computers and equipment	\$ 346,187	\$ 330,233
Furniture and fixtures	78,910	78,910
Leasehold improvements	<u>63,654</u>	<u>63,654</u>
	488,751	472,797
Less: accumulated depreciation	<u>469,486</u>	<u>461,180</u>
	<u>\$ 19,265</u>	<u>\$ 11,617</u>

(6) Board designated net assets

At December 31, 2015 and 2014, Board designated net assets were \$803,064 and \$89,014, respectively, representing an operational allowance established by the Board of Directors to provide a reserve for future years.

(7) Temporarily restricted net assets

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

	<u>2015</u>	<u>2014</u>
Coalition for the International Criminal Court	\$ 309,161	\$ 1,258,353
International Coalition for the Responsibility to Protect	223,576	66,646
International Democratic Governance	170,534	234,993
Pax	65,747	60,098
Global Partnership for the Prevention of Armed Conflict	19,090	-
NGO Working Group on the Security Council	<u>-</u>	<u>1,262</u>
	<u>\$ 788,108</u>	<u>\$ 1,621,352</u>

Net assets released from restrictions for 2015 and 2014 consist of the following:

	<u>2015</u>	<u>2014</u>
Coalition for the International Criminal Court	\$ 2,036,628	\$ 1,915,223
International Coalition for the Responsibility to Protect	348,275	268,268
International Democratic Governance	363,073	116,693
Pax	92,927	102,747
Global Partnership for the Prevention of Armed Conflict	52,410	65,000
NGO Working Group on the Security Council	<u>34,007</u>	<u>34,875</u>
	<u>\$ 2,927,320</u>	<u>\$ 2,502,806</u>

(8) 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, 2015 and 2014.

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to protect the original value of the gift.

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, 2015 and 2014 are as follows:

	<u>2015</u>	<u>2014</u>
Endowment net assets, Beginning of year	\$ 25,000	\$ 25,000
Net investment income	102	142
Appropriated for expenditures	<u>(102)</u>	<u>(142)</u>
Endowment net assets, End of year	<u>\$ 25,000</u>	<u>\$ 25,000</u>

(9) Grants and contributions revenue

In 2015 and 2014, grants and contributions were provided by the following:

	<u>2015</u>	<u>2014</u>
Government of Netherlands	\$ 1,519,909	\$ 512,876
Government of Norway	305,966	313,223
Government of Sweden	238,961	298,818
MacArthur Foundation	175,000	-
Government of Finland	165,060	190,275
Anonymous	150,000	150,000
Global Partnership for the Prevention of Armed Conflict	122,465	65,000
IKV-Pax Christi	98,576	89,765
Government of Australia	77,940	70,050
Open Society Institute	54,981	50,000
Government of Switzerland	54,176	68,056
Oak Foundation	50,000	-
Irish Aid	33,669	40,857
The Planethood Foundation	15,000	5,000
Avina Foundation	12,988	-
Government of Austria	11,004	13,546
Government of Liechtenstein	10,595	11,193
FIDH	7,835	13,779
Charles Scheidt Foundation	5,000	-
Government of Luxembourg	735	30,869
Humanity United	-	300,000
Adessium Foundation	-	270,542
Sigrid Rausing Trust	-	161,760
Herman Goldman Foundation	-	10,000
Hermod Lannungs Fund	-	9,234
Other grants	60,858	187,725
(Gain) loss on foreign currency translation	(119,909)	82,406
	<u>\$ 3,050,809</u>	<u>\$ 2,944,974</u>

(10) Program services

Program services expenses for the years ended December 31, 2015 and 2014 are comprised of the following:

	<u>2015</u>	<u>2014</u>
Coalition for the International Criminal Court	\$ 1,769,224	\$ 1,803,552
International Democratic Governance	522,577	319,315
International Coalition for the Responsibility to Protect	<u>308,906</u>	<u>260,718</u>
	<u>\$ 2,600,707</u>	<u>\$ 2,383,585</u>

(11) 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.

(12) Commitments:

Lease

The Organization entered into an operating lease for office space. This lease agreement expires in 2018. Future minimum payments under this operating lease are as follows:

<u>Year ending December 31,</u>	
2016	\$ 119,972
2017	123,271
2018	<u>126,661</u>
	<u>\$ 369,904</u>

Rent expense for the years ended December 31, 2015 and 2014 was \$206,728 and \$251,530, respectively.

Consulting agreements

The Organization has consulting agreements with individuals whom provide supporting services. The Organization incurred \$427,585 and \$407,255 under these arrangements for the years ended December 31, 2015 and 2014, 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.

(13) Subsequent events

The Organization has evaluated subsequent events occurring after December 31, 2015 through the date of August 28, 2016, 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, 2015

REVENUES:

Carryover from previous contract	\$	60,098
Grant income pledged		98,576

Total revenues		<u>158,674</u>
----------------	--	----------------

EXPENDITURES:

Professional services		75,020
Overhead		3,703
Travel and operation costs		14,203

Total expenditures		<u>92,926</u>
--------------------	--	---------------

Available to use by 8/31/2016	\$	<u><u>65,748</u></u>
-------------------------------	----	----------------------

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