

WORLD FEDERALIST FOUNDATION

UNAUDITED FINANCIAL STATEMENTS

MARCH 31, 2018

DRAFT FOR REVIEW

INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT

To the Members,
WORLD FEDERALIST FOUNDATION:

We have reviewed the accompanying financial statements of World Federalist Foundation that comprise the statement of financial position as at March 31, 2018 and the statements of changes in net assets, operations and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Practitioner's responsibility

Our responsibility is to express a conclusion on the accompanying financial statements based on our review. We conducted our review in accordance with Canadian generally accepted standards for review engagements, which require us to comply with relevant ethical requirements.

A review of financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, we do not express an audit opinion on these financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the financial statements do not present fairly, in all material respects, the financial position of World Federalist Foundation as at March 31, 2018, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

OUSELEY HANVEY CLIPSHAM DEEP LLP
Licensed Public Accountants

Ottawa, Ontario
XXXX XX, 2018

WORLD FEDERALIST FOUNDATION

UNAUDITED STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2018

	2018	2017
CURRENT ASSETS		
Cash	\$ 69,605	\$ 49,447
Due from World Federalist Movement - Canada (note 5)	52,340	42,074
	121,945	91,521
INVESTMENTS (note 2)	198,313	195,951
	\$ 320,258	\$ 287,472
CURRENT LIABILITIES		
Accounts payable	\$ 5,673	\$ 16,923
DUE TO WORLD FEDERALIST MOVEMENT - VICTORIA (NOTE 6)	94,064	94,064
	99,737	110,987
NET ASSETS		
Net assets internally restricted for endowment purposes	285,998	285,998
Unrestricted (deficit)	(65,477)	(109,513)
	220,521	176,485
	\$ 320,258	\$ 287,472

Approved on behalf of the Board:

Director

Director

WORLD FEDERALIST FOUNDATION

UNAUDITED STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED MARCH 31, 2018

	2018	2017
NET ASSETS INTERNALLY RESTRICTED FOR ENDOWMENT PURPOSES		
Balance beginning and end of year	\$ 285,998	\$ 285,998
UNRESTRICTED NET ASSETS (DEFICIT)		
Balance beginning of year	\$ (109,513)	\$ (164,957)
Net revenue for the year	44,036	55,444
	(65,477)	(109,513)
TOTAL NET ASSETS	\$ 220,521	\$ 176,485

WORLD FEDERALIST FOUNDATION

UNAUDITED STATEMENT OF OPERATIONS FOR THE YEAR ENDED MARCH 31, 2018

	2018	2017
REVENUE		
Donations and fundraising		
- regular	\$ 35,793	\$ 33,793
- monthly plan	15,412	11,373
- bequests	110,000	75,100
Investment income	2,505	13,188
Peacequest	1,000	56,520
Forgiveness of World Federalist Movement - Canada debt (note 5)	-	50,000
Other	-	3,865
	<u>164,710</u>	<u>243,839</u>
EXPENSE		
Program funding (note 5)	115,145	131,524
Professional fees	3,000	3,203
Miscellaneous	-	175
Bank charges	770	955
Peacequest	1,759	52,538
	<u>120,674</u>	<u>188,395</u>
NET REVENUE FOR THE YEAR	<u>\$ 44,036</u>	<u>\$ 55,444</u>

WORLD FEDERALIST FOUNDATION

UNAUDITED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2018

	2018	2017
CASH PROVIDED BY (USED FOR)		
OPERATING ACTIVITIES		
Net revenue for the year	\$ 44,036	\$ 55,444
Changes in operating components of working capital:		
Accounts payable	(11,250)	11,628
	32,786	67,072
FINANCING ACTIVITIES		
Advance to World Federalist Movement - Canada	(10,266)	(66,936)
INVESTING ACTIVITIES		
(Acquisition) disposition of investments	(2,362)	21,931
CHANGE IN CASH FOR THE YEAR	20,158	22,067
Cash beginning of the year	49,447	27,380
CASH END OF YEAR	\$ 69,605	\$ 49,447

WORLD FEDERALIST FOUNDATION

NOTES TO UNAUDITED FINANCIAL STATEMENTS

March 31, 2018

World Federalist Foundation is incorporated under the laws of Canada, continued under Canada Not-for-profit Corporations Act and is a registered charity, exempt from income tax. The purpose of the Foundation is the study of world federalism, law and international organization, and the dissemination of this information to interested parties.

1. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

a) Revenue recognition

The Foundation follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Donations and bequests are recorded when received.

b) Financial instruments

Investments in equity instruments quoted in an active market are initially recognized at fair value and are subsequently measured at the year-end fair value. Other financial instruments are initially recognized at fair value and are subsequently measured at cost, amortized cost or cost less appropriate allowances for impairment.

c) Use of estimates

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from these estimates. These estimates are reviewed annually and as adjustments become necessary, they are recorded in the financial statements in the period in which they become known.

2. INVESTMENTS

Investments consist of various bond and equity funds. The Foundation is exposed to interest rate and market risk through investments.

3. FINANCIAL INSTRUMENTS

The Foundation's financial instruments consist of cash, due from World Federalist Movement - Canada, investments, accounts payable and due to World Federalist Movement - Victoria. Unless otherwise noted, it is management's opinion that the organization is not exposed to significant interest rate, currency, credit, liquidity or market risks arising from its financial instruments and the carrying amount of the financial instruments approximate their fair value.

WORLD FEDERALIST FOUNDATION

NOTES TO UNAUDITED FINANCIAL STATEMENTS

March 31, 2018

4. CONTRIBUTED SERVICES

Volunteers may contribute their time to assist the organization carry out its service delivery activities. Because of the difficulty in determining the fair value of such contributed services, they are not recognized in the accompanying financial statements.

5. RELATED PARTY TRANSACTIONS

The World Federalist Foundation facilitates its activities through the agency of the World Federalist Movement - Canada (WFM-C). The boards and executives have a close working relationship and share common objectives. Administration services provided by WFM-C including use of office facilities, staff time and office supplies, have been charged to the Foundation on the basis of underlying cost. Program services provided by WFM-C include International Criminal Court, Global Education Resource Centre, Global Economic Governance, Global Environmental Governance, Communications, United Nations Reform, U.N. Human Rights, Research for Issues Action Groups, and UN Peace Operations.

Amounts due from World Federalist Movement - Canada as at March 31, on account of services rendered are as follows:

	2018	2017
Due from WFM-C	\$ 52,340	\$ 42,074

Services have been charged by WFM-C on the basis of actual costs incurred and were in the amount of \$116,000 (2017 - \$132,760). During 2017 WFM-C forgave \$50,000 due to WFM-C. This amount was recognized in 2017 as revenue on the statement of operations.

6. DUE TO WFMC VICTORIA

During the year the Foundation received \$nil (2017 - \$nil) from WFM-Canada's Victoria Branch Legacy Funds. Ownership of these funds remains with WFM-Canada Victoria Branch. WFM-Canada Victoria Branch is eligible for an allowance up to \$5,000 per year to cover normal operations and projects.