

**Women's International League
For Peace and Freedom**
U.S. Section

**Report on Audited Financial Statements
and Supplemental Information**

For the Years Ended December 31, 2007 and 2006



KellyTeti Associates LLP
Certified Public Accountants

**Women's International League
for Peace and Freedom
U.S. Section**

Table of Contents

Independent Auditors' Report	1
Financial Statements	
Statements of Financial Position.....	2 – 3
Statements of Activities	4 – 6
Statements of Cash Flows	7 – 8
Notes to Financial Statements	9 – 16
Supplemental Information	
Statement of Functional Expenses.....	18



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Independent Auditors' Report

To the Officers, Directors and Sponsors
WOMEN'S INTERNATIONAL LEAGUE FOR
PEACE AND FREEDOM – U.S. SECTION
Philadelphia, Pennsylvania

We have audited the accompanying statements of financial position of WOMEN'S INTERNATIONAL LEAGUE FOR PEACE AND FREEDOM – U.S. SECTION as of December 31, 2007 and 2006, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Board of Directors. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide 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 WOMEN'S INTERNATIONAL LEAGUE FOR PEACE AND FREEDOM – U.S. SECTION as of December 31, 2007 and 2006, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the basis financial statements taken as a whole. The Statement of Functional Expenses for the U.S. Section for the year ended December 31, 2007 on page 20 is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

Kelly Teti Associates LLP

May 27, 2008

**Women's International League
for Peace and Freedom
U.S. Section**

Statements of Financial Position

<i>December 31,</i>	<i>2007</i>	<i>2006</i>
Assets		
Current Assets		
Cash and cash equivalents	\$ 20,333	\$ 40,566
Accounts receivable	900	0
Inventory	0	22,619
Prepaid international assessment	19,000	0
Other prepaid expenses	14,007	10,423
Loan receivable	0	300
Due from J.A.P.A.	28,470	55,837
Total Current Assets	82,710	129,745
 Investments	 4,429	 39,686
 Property and Equipment		
Furniture and equipment	79,420	63,383
Less: Accumulated depreciation	58,059	53,941
Total Property and Equipment	21,361	9,442
 Other Assets		
Due from J.A.P.A.	56,942	0
Total Other Assets	56,942	0
 Total Assets	 \$ 165,442	 \$ 178,873

The accompanying notes and the independent Auditors' report are an integral part of these financial statements

**Women's International League
for Peace and Freedom
U.S. Section**

Statements of Financial Position

<i>December 31,</i>	<i>2007</i>	<i>2006</i>
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ 13,647	\$ 7,962
Accrued expense payable	6,272	5,024
Loan payable	0	7,000
Sales tax payable	19	0
Due to affiliate	5,000	0
Payroll, payroll taxes and other payables	20,306	9,217
Deferred dues income	25,584	33,245
Total Current Liabilities	<u>70,828</u>	<u>62,448</u>
Total Liabilities	<u>70,828</u>	<u>62,448</u>
Net Assets		
Unrestricted	90,614	109,847
Temporarily restricted	4,000	6,578
Total Net Assets	<u>94,614</u>	<u>116,425</u>
Total Liabilities and Net Assets	<u>\$ 165,442</u>	<u>\$ 178,873</u>

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report are an integral part of these financial statements

**Women's International League
for Peace and Freedom
U.S. Section**

Statements of Activities

<i>For the Years Ended December 31,</i>	<i>2007</i>	<i>2006</i>
Unrestricted Net Assets		
Revenues		
Contributions and grants	\$ 345,431	\$ 320,793
Bequest income	122,705	154,833
Dues income	73,664	82,686
Sales revenue	8,804	9,786
Royalties	2,413	2,303
Program services	1,206	2,253
Contributed legal services	7,974	0
Investment income	570	2,039
Realized gain (loss) on investments	6,134	(51)
Unrealized gain on investments	585	408
Other income	14,592	14,910
Total Revenues	584,078	589,960
Net assets released from restrictions	2,578	8,981
	586,656	598,941
Expenses		
Operating expenses	596,172	549,290
Cost of sales	8,838	5,709
Interest expense	879	167
Total Expenses	605,889	555,166
(Decrease) Increase in Unrestricted Net Assets	(19,233)	43,775
Unrestricted Net Assets - Beginning of Year	109,847	66,072
Unrestricted Net Assets - End of Year	\$ 90,614	\$ 109,847

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report are an integral part of these financial statements

**Women's International League
for Peace and Freedom
U.S. Section**

Statements of Activities

<i>For the Years Ended December 31,</i>	<i>2007</i>	<i>2006</i>
Temporarily Restricted Net Assets		
Grants and contributions	\$ 28,500	\$ 2,328
Net assets released from restrictions	<u>(31,078)</u>	<u>(8,981)</u>
Decrease in Temporarily Restricted Net Assets	(2,578)	(6,653)
Temporarily Restricted Net Assets - Beginning of Year	<u>6,578</u>	<u>13,231</u>
Temporarily Restricted Net Assets - End of Year	<u>4,000</u>	<u>6,578</u>
Total Net Assets - End of Year	<u>\$ 94,614</u>	<u>\$ 116,425</u>

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**Women's International League
for Peace and Freedom
U.S. Section**

Statements of Activities

<i>For the Years Ended December 31,</i>	<i>2007</i>	<i>2006</i>
Operating Expenses		
Advertising and promotion	\$ 1,489	\$ 1,710
Bank charges and merchant fees	2,830	2,572
Books and publications	388	116
Coalition and membership dues	1,888	6,759
Computer services	2,764	98
Conferences, seminars and travel	47,638	32,806
Depreciation	4,118	1,799
Employee benefits	47,864	49,517
Equipment rental	9,309	9,117
Equipment repairs and maintenance	1,054	0
Insurance	6,454	8,424
Intern expense	783	13,195
International assessment	21,636	25,740
J.A.P.A. commission	20,284	21,685
Legal and accounting fees	14,274	4,300
Maintenance and repairs	5,377	5,145
Miscellaneous	6,329	881
Office supplies and expense	5,925	6,358
Payroll taxes	24,325	23,553
Postage and delivery	18,358	19,654
Printing	28,533	25,944
Professional and consulting fees	54,893	41,310
Promotional materials	16,997	0
Rent and utilities	20,295	20,970
Salaries	224,137	205,953
Special events	157	14,310
Telephone and communications	8,073	7,374
Total Operating Expenses	<u>\$ 596,172</u>	<u>\$ 549,290</u>

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**Women's International League
for Peace and Freedom
U.S. Section**

Statements of Cash Flows

<i>For the Years Ended December 31,</i>	<i>2007</i>	<i>2006</i>
Cash Flows from Operating Activities		
Decrease in net assets	\$ (21,811)	\$ 37,122
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities		
Depreciation expense	4,118	1,799
Unrealized gain on investments	(585)	(408)
Realized (gain) loss on investments	(6,134)	51
Contributed stock	0	(1,132)
(Increase) Decrease in assets:		
Prepaid expenses	(22,585)	2,184
Inventory	22,619	1,506
Due from related party	(29,575)	(46,498)
Accounts receivable - Other	(600)	794
Increase (Decrease) in liabilities:		
Accounts payable	4,798	6,447
Accrued expenses	1,248	(4,750)
Payroll taxes and other withholdings	11,089	7,717
Due to related party	5,000	0
Deferred dues income	(7,661)	4,904
Total Adjustments	<u>(18,268)</u>	<u>(27,386)</u>
Net Cash Provided (Used) by Operating Activities	<u>(40,079)</u>	<u>9,736</u>
Cash Flows from Investing Activities		
Redemption (Purchase) of investments	41,556	(28,419)
Proceeds from GNMA	226	230
Acquisition of fixed assets	(16,036)	(7,671)
Net Cash Provided (Used) by Investing Activities	<u>25,746</u>	<u>(35,860)</u>

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**Women's International League
for Peace and Freedom
U.S. Section**

Statements of Cash Flows

<i>For the Years Ended December 31,</i>	<i>2007</i>	<i>2006</i>
Cash Flows from Financing Activities		
(Retirement) Proceeds of loan payable	(6,000)	7,000
Net Cash Provided (Used) by Financing Activities	<u>(6,000)</u>	<u>7,000</u>
Net Decrease in Cash and Cash Equivalents	(20,333)	(19,124)
Cash and Cash Equivalents - Beginning of Year	<u>40,566</u>	<u>59,690</u>
Cash and Cash Equivalents - End of Year	<u>\$ 20,233</u>	<u>\$ 40,566</u>
Supplemental Disclosure:		
Interest paid	<u>\$ 879</u>	<u>\$ 167</u>

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**Women's International League
for Peace and Freedom
U.S. Section**

Notes to Financial Statements

Note A –

**Organization and Basis of
Presentation**

Organization

THE WOMEN'S INTERNATIONAL LEAGUE FOR PEACE AND FREEDOM (WILPF) was organized in 1915 as a not-for-profit organization and incorporated under New York law and is generally exempt from income tax under Internal Revenue Code Section 501(c)(4). The purpose of WILPF is to promote international peace through public education and legislation.

WILPF is the U.S. section of the Women's International League for Peace and Freedom, with international headquarters located in Geneva, Switzerland.

Basis of Presentation

WILPF uses the accrual basis of accounting, recognizing revenue when it is earned and expenses in the period incurred without regard to the time of receipt or payment of cash. WILPF's accounting and reporting policies are in substantial compliance with the provisions of the American Institute of Certified Public Accountants Audit and Accounting Guide *Not-For-Profit Organizations*, prepared by the American Institute of Certified Public Accountants Not-For-Profit Organizations Committee.

WILPF complies with Statement of Financial Accounting Standards (SFAS) No. 117 *Financial Statements for Not-for-Profit Organizations*, issued by the Financial Accounting Standards Board (FASB) for presentation of its financial statements. As such, the financial statements are presented on the basis of unrestricted, temporarily restricted, and permanently restricted net assets.

Note B –

**Summary of Significant
Accounting Policies**

This summary of significant accounting policies of WILPF is presented to assist in understanding WILPF's financial statements. The financial statements and notes are representations of WILPF's management, who is responsible for their integrity and objectivity. These accounting policies conform to generally accepted accounting principles, with any exceptions noted, and have been consistently applied in the preparation of the financial statements.

See independent Auditors' report

**Women's International League
for Peace and Freedom
U.S. Section**

Notes to Financial Statements

Cash and Cash Equivalents

For financial statement purposes, WILPF considers all highly liquid investments with a maturity of three months or less deposited in commercial banks or with mutual fund managers to be cash equivalents. The Federal Deposit Insurance Corporation (FDIC) insures all of these accounts in aggregate to \$100,000. Funds in excess of \$100,000 are uninsured and at risk if the bank becomes insolvent. There were no funds in excess of \$100,000 for the years ended December 31, 2007 and 2006.

Investments

WILPF complies with Statement of Financial Accounting Standards (SFAS) No. 124, *Accounting for Certain Investments Held by Not-For-Profit Organizations*, issued by the Financial Accounting Standards Board (FASB) for accounting reporting for investment in equity securities and all investments in debt securities. These investments are to be reported under one category at their fair market values in the Statement of Financial Position with any unrealized gains and losses reported in the Statement of Activities.

Use of Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles 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 reporting period. Actual results could differ from those estimates.

Property and Equipment

Property and equipment are capitalized at cost. Depreciation on property and equipment is computed using the straight-line method over the estimated useful life of the assets. Expenditures for major renewals and betterments that extend the useful life of property and equipment are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred.

Notes to Financial Statements

Revenue Recognition

WILPF complies with SFAS No. 116, *Accounting for Contributions Received and Contributions Made*. As such, contributions are recognized as revenue when they are received or unconditionally pledged.

WILPF reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

WILPF reports gifts of land, buildings, and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support.

WILPF is generally supported by dues, contributions, and program service revenue. Contributions are received by WILPF for its general support or for a specific project. General membership dues are amortized to revenues over the applicable membership period.

Donated Materials and Services

SFAS No. 116, *Accounting for Contributions Received and Contributions Made*, requires that donated services be recognized as contributions if the services enhance non-financial assets, would typically need to be purchased and requires specialized skills which are provided by people who possess those skills. Materials should be recognized as contributions if the values can be reasonably estimated.

WILPF received contributed legal services valued at \$7,974 during the year ended December 31, 2007.

WILPF has not received donated materials, which meet the criteria for recognition for the years ended December 31, 2007 and 2006.

**Women's International League
for Peace and Freedom
U.S. Section**

Notes to Financial Statements

Classes of Net Assets

The financial statements report amounts separately by class of net assets.

- a) **Unrestricted** amounts are those currently available at the discretion of the board for use in WILPF's operations and those resources invested in equipment.
- b) **Temporarily or permanently restricted** amounts are those, which are stipulated by donors for specific operating purposes or for the acquisition of equipment on a temporary or permanent basis.

At December 31, 2007 and 2006, WILPF had temporarily restricted net assets of \$4,000 and \$6,578, respectively.

Income Tax Status

WILPF is a not-for-profit organization and is generally exempt from federal income taxes under Section 501(c)(4) of the U.S. Internal Revenue Code. Accordingly, no provision has been made for federal or state income taxes.

Reclassifications

Certain accounts for the year ended December 31, 2006 have been reclassified for consistency with the December 31, 2007 presentation.

Note C –

Investments

WILPF owns marketable securities and other investments, which are recorded at fair market value. The following tabulation summarizes the relationship between the cost and the market values of the investments:

	<u>Cost</u>	<u>Market Value</u>	<u>Unrealized Gain</u>
<u>Securities Valuations at December 31, 2007</u>			
GNMA Mortgage Pool – 9.5% due 12/15/08	\$ 172	\$ 172	\$ 0
PAX World Fund, Inc.	<u>3,672</u>	<u>4,257</u>	<u>585</u>
Total	\$ 3,844	\$ 4,429	\$ 585

See independent Auditors' report

**Women's International League
for Peace and Freedom
U.S. Section**

Notes to Financial Statements

Securities Valuations at December 31, 2006

GNMA Mortgage Pool –			
9.5% due 12/15/08	\$ 398	\$ 398	\$ 0
PAX World Fund, Inc	33,040	37,110	4,070
Certificate of Deposit – 15 month	2,178	2,178	0
Total	\$ 35,616	\$ 39,686	\$ 4,070

Note D –

Related Party Transactions

WILPF provides assessment contributions to the Women's International League for Peace and Freedom international headquarters. Contributions were \$21,636 and \$25,740 and for the years ended December 31, 2007 and 2006, respectively.

WILPF receives support from the affiliated not-for-profit organization, Jane Adams Peace Association, Inc. (J.A.P.A.). J.A.P.A. was established as an IRC Sec 501 (c)(3) educational fund to support WILPF's mission. Contributions are received by J.A.P.A. from individuals and foundations that have designated WILPF as the intended recipient. WILPF reimburses J.A.P.A. for administrative expenses based on a percentage of the contributions received. Contributions received from J.A.P.A. during the years ended December 31, 2007 and 2006 were \$231,691 and \$224,283, respectively.

**Women's International League
for Peace and Freedom
U.S. Section**

Notes to Financial Statements

Note E –

Lease Commitments

WILPF has month-to-month lease commitments for office space. Monthly charges are \$1,000 for the Philadelphia office and \$667 for the Washington, DC office. The lease for the Washington, DC office terminated in April 2005. Total rent expense was \$12,000 and \$12,000 for the years ending December 31, 2007 and 2006, respectively. In addition, WILPF pays the utilities for the Philadelphia office. The following is a summary of future lease payments for office equipment:

2008	\$ 7,788
2009	7,788
2010	<u>747</u>
Total	<u>\$ 16,323</u>

Note F –

Employee Benefit Plan

WILPF has a SIMPLE IRA retirement plan, which covers substantially all of its employees and has a deferred income component. Under the plan WILPF contributes 3% of each eligible employee's salary. WILPF contributions were \$3,667 and \$3,728 for 2007 and 2006, respectively. This plan has been discontinued as of 12/31/2007.

Note G –

**Accrued Compensated
Absences**

WILPF has not recorded an accrual for compensated absences since the amount cannot be reasonably estimated.

Note H –

**Business Risks and
Uncertainties**

Included in WILPF's investments is a government backed mortgage investment and a mutual fund. Significant changes in prevailing interest rates and economic conditions may adversely affect the timing and amount of cash flows on such investments, as well as their related values. In addition, the value of these investments is often derived from an appraisal, an estimate opinion of value. A significant decline in the market value of these investments could have an adverse effect on WILPF's financial position.

See independent Auditors' report

**Women's International League
for Peace and Freedom
U.S. Section**

Notes to Financial Statements

**Note I—
Temporarily Restricted
Net Assets**

Temporarily restricted net assets at December 31, 2007 and 2006 were available to be used in the subsequent years for the following purposes:

	2007	2006
Technology	\$ 0	\$ 2,328
Racial justice	0	0
Costa Rica Conference	0	4,250
U.N. Practicum	4,000	0
	<u>\$ 4,000</u>	<u>\$ 6,578</u>

**Note J—
Concentration of
Substantial Contributor
Contributions**

WILPF receives substantial support from J.A.P.A. (refer to Note D). A material decline in the amount of support received from J.A.P.A. would adversely affect WILPF's ability to continue its program.

**Note K —
Contingent Liabilities**

The City of Philadelphia is attempting to collect city wage taxes on payments made to certain independent contractors for the years 2000 through 2002. Assessments include \$6,867 in taxes and \$5,832 in interest and penalties. The Organization has appealed the claim before the Philadelphia Tax Review Board. If the Organization does not prevail in the appeal, WILPF would be subject to payments of city wage taxes on certain independent contractors for years subsequent to 2002.

During 2007 certain former WILPF employees brought an unfair employer practice complaint against WILPF. WILPF's counsel has responded through the National Labor Relations Board (NLRB) and the matter is pending and under continuing review by the NLRB. WILPF has made no provision in its accounts since the outcome remains uncertain and is not estimable.

**Women's International League
for Peace and Freedom
U.S. Section**

Notes to Financial Statements

Note L – WILPF eliminated all its paid workforce at the end of 2007 and the office is currently being staffed by volunteers.
Workforce Adjustment

Note M – WILPF purchased various items for resale which resulted in sales revenue of \$8,804 and \$9,786 for the years ended 2007 and 2006, respectively. Management concluded for the years ended 2007 that the estimated remaining goods valued at \$16,997 be charged to expense since the goods had no realizable value.
Inventory Devaluation

**Women's International League
for Peace and Freedom
U.S. Section**

Supplemental Information

**Supplemental
Information**

for the Year Ended December 31, 2007

**Women's International League
for Peace and Freedom
U.S. Section**

Statement of Functional Expenses

For the Year Ended December 31, 2007

	Program Services			Support Services		Total
	National Program	General Programs	Program Services	Management and Fund Raising		
				General	Fund Raising	
Advertising and promotion	86	600	686	803		1,489
Bank charges & merchant fees			0	2,830		2,830
Books and publications	175		175	18	195	388
Coalition dues	1,330	100	1,430	458		1,888
Computer services			0	2,764		2,764
Conferences, seminars and travel	17,640	13,690	31,330	15,481	827	47,638
Depreciation			0	4,118		4,118
Employee benefits	12,955	5,275	18,230	21,424	8,210	47,864
Equipment rentals			0	9,309		9,309
Equipment repairs and maintenances			0	1,054		1,054
Insurance			0	6,454		6,454
Intern expense			0	783		783
International pledge	5,000	16,636	21,636			21,636
J.A.P.A. commission	4,984		4,984	15,300		20,284
Legal and accounting fees			0	14,274		14,274
Maintenance and repair			0	5,377		5,377
Miscellaneous			0	6,297	32	6,329
Office supplies and expense			0	5,676	249	5,925
Payroll taxes	7,687	2,231	9,918	11,233	3,174	24,325
Postage and delivery	9,572	81	9,653	7,802	903	18,358
Printing	21,614	1,750	23,364	304	4,865	28,533
Professional and consulting fees	27,135		27,135	27,758		54,893
Promotional materials		16,997	16,997			16,997
Rent and utilities		15,221	15,221	5,074		20,295
Salaries	76,339	20,293	96,632	90,002	37,503	224,137
Special events	75	82	157			157
Telephone and communications	1,321	4,151	5,472	2,237	364	8,073
Totals	\$ 185,913	\$ 97,107	\$ 283,020	\$ 256,830	\$ 56,322	\$ 596,172

See independent Auditors' disclaimer of opinion on page 1