

**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, 2006 and 2005



KellyTeti Associates LLP
Certified Public Accountants

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

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Kelly Teti Associates LLP • *Certified Public Accountants*

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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, 2006 and 2005, 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, 2006 and 2005, 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.

Kelly Teti Associates LLP

April 23, 2007

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

Statements of Financial Position

<i>December 31,</i>	<i>2006</i>	<i>2005</i>
Assets		
Current Assets		
Cash and cash equivalents	\$ 40,566	\$ 59,690
Loan receivable	300	1,094
Inventory	22,619	24,125
Prepaid expenses	10,423	12,607
Due from related party	55,837	9,339
Total Current Assets	129,745	106,855
Investments	39,686	10,007
Property and Equipment		
Furniture and equipment	63,383	55,712
Less: Accumulated depreciation	53,941	52,142
Total Property and Equipment	9,442	3,570
Total Assets	\$ 178,873	\$ 120,432

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>2006</i>	<i>2005</i>
Liabilities and Net Assets		
Loan payable	\$ 7,000	\$ 0
Accounts payable	7,962	1,514
Accrued expense payable	5,024	9,774
Payroll taxes and other withholdings payable	9,217	1,500
	29,203	12,788
Deferred dues income	33,245	28,341
	62,448	41,129
Total Liabilities	62,448	41,129
Net Assets		
Unrestricted	109,847	66,072
Temporarily restricted	6,578	13,231
Total Net Assets	116,425	79,303
Total Liabilities and Net Assets	\$ 178,873	\$ 120,432

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 Activities

<i>For the Years Ended December 31,</i>	<i>2006</i>	<i>2005</i>
Unrestricted Net Assets		
Revenues		
Contributions and grants	\$ 320,793	\$ 379,972
Bequest income	154,833	145,644
Dues income	82,686	114,260
Sales revenue	9,786	9,161
Royalties	2,303	2,496
Program services	2,253	1,753
Contributed legal fees	0	1,463
Investment income	2,039	577
Unrealized gain on investments	408	163
Other income	14,910	7,914
Total Revenues	<u>590,011</u>	<u>663,403</u>
Net assets released from restrictions	8,981	13,214
	<u>598,992</u>	<u>676,617</u>
Expenses		
Operating expenses	549,290	577,781
Cost of sales	5,709	4,581
Interest expense	167	376
Realized loss on investment sales	51	0
Total Expenses	<u>555,217</u>	<u>582,738</u>
Increase (Decrease) in Unrestricted Net Assets	43,775	93,879
Unrestricted Net Assets - Beginning of Year	<u>66,072</u>	<u>(27,807)</u>
Unrestricted Net Assets - End of Year	<u>\$ 109,847</u>	<u>\$ 66,072</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>2006</i>	<i>2005</i>
Temporarily Restricted Net Assets		
Grants and contributions	\$ 2,328	\$ 0
Net assets released from restrictions	<u>(8,981)</u>	<u>(13,214)</u>
Decrease in Temporarily Restricted Net Assets	(6,653)	(13,214)
Temporarily Restricted Net Assets - Beginning of Year	<u>13,231</u>	<u>26,445</u>
Temporarily Restricted Net Assets - End of Year	<u>6,578</u>	<u>13,231</u>
Total Net Assets - End of Year	<u>\$ 116,425</u>	<u>\$ 79,303</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>2006</i>	<i>2005</i>
Operating Expenses		
Advertising and promotion	\$ 1,710	\$ 2,685
Bank charges and merchant fees	2,572	3,541
Books and publications	116	154
Coalition and membership dues	6,759	765
Computer services	98	462
Conferences, seminars and travel	32,806	44,559
Depreciation	1,799	2,321
Employee benefits	49,517	39,607
Equipment rental	9,117	8,417
Equipment repairs and maintenance	0	1,229
Insurance	8,424	9,137
Intern expense	13,195	17,008
International assessment	25,740	29,325
J.A.P.A. commission	21,685	16,478
Legal and accounting fees	4,300	7,762
Maintenance and repairs	5,145	5,516
Miscellaneous	881	1,993
Office supplies and expense	6,358	8,302
Payroll taxes	23,553	15,603
Postage and delivery	19,654	27,386
Printing	25,944	30,754
Professional and consulting fees	41,310	50,460
Rent and utilities	20,970	21,085
Salaries	205,953	176,434
Special events	14,310	47,898
Telephone and communications	7,374	8,900
Total Operating Expenses	<u>\$ 549,290</u>	<u>\$ 577,781</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>2006</i>	<i>2005</i>
Cash Flows from Operating Activities		
Increase (Decrease) in total net assets	\$ 37,122	\$ 80,665
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities		
Depreciation expense	1,799	2,321
Unrealized gain on investments	(408)	(163)
Realized loss on investment sales	51	0
Contributed stock	(1,132)	0
(Increase) Decrease in assets:		
Prepaid expenses	2,184	(3,761)
Inventory	1,506	(7,953)
Due from related party	(46,498)	(4,013)
Accounts receivable - Other	794	0
Loan receivable	0	(1,094)
Increase (Decrease) in liabilities:		
Accounts payable	6,447	(14,147)
Accrued expenses	(4,750)	(2,756)
Payroll taxes and other withholdings	7,717	321
Due to related party	0	(7,334)
Deferred dues income	4,904	(4,146)
Total Adjustments	<u>(27,386)</u>	<u>(42,725)</u>
Net Cash Provided (Used) by Operating Activities	9,736	37,940
Cash Flows from Investing Activities		
Investments in mutual funds	(26,300)	0
Purchase of certificate of deposit	(2,100)	0
Proceeds from GNMA	230	528
Acquisition of fixed assets	(7,671)	(692)
Proceeds from sale of investments	1,082	0
Cost of investments purchased	<u>(1,101)</u>	<u>(316)</u>
Net Cash Provided (Used) by Investing Activities	(35,860)	(480)

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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>2006</i>	<i>2005</i>
Cash Flows from Financing Activities		
Proceeds of loan payable	7,000	0
Net Cash Provided (Used) by Financing Activities	<u>7,000</u>	<u>0</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(19,124)	37,460
Cash and Cash Equivalents - Beginning of Year	<u>59,690</u>	<u>22,230</u>
Cash and Cash Equivalents - End of Year	<u>\$ 40,566</u>	<u>\$ 59,690</u>
Supplemental Disclosure:		
Interest paid	<u>\$ 167</u>	<u>\$ 376</u>

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

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.

Notes to Financial Statements

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.

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, 2006 and 2005.

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.

Notes to Financial Statements

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.

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.

Notes to Financial Statements

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 \$1,463 during the year ended December 31, 2005.

WILPF has not received donated materials, which meet the criteria for recognition for the years ended December 31, 2006 and 2005.

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, 2006 and 2005, WILPF had temporarily restricted net assets of \$6,578 and \$13,231, 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, 2005 have been reclassified for consistency with the December 31, 2006 presentation.

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

Notes to Financial Statements

**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 Valuation at December 31, 2006</u>			
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	<u>2,178</u>	<u>2,178</u>	<u>0</u>
Total	\$35,616	\$39,686	\$ 4,070
<u>Securities Valuations at December 31, 2005</u>			
Investment Portfolio	\$ 6,345	\$ 10,007	\$ <u>3,662</u>
Net unrealized gain			\$ <u>408</u>

**Note D –
Related Party Transactions**

WILPF provides assessment contributions to the Women's International League for Peace and Freedom international headquarters. Contributions were \$25,740 and \$29,325 for the years ended December 31, 2006 and 2005, 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, 2006 and 2005 were \$224,283 and \$147,438, respectively.

See independent Auditors' report

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 \$12,003 for the years ending December 31, 2006 and 2005, respectively. In addition, WILPF pays the utilities for the Philadelphia office. The following is a summary of future lease payments for office equipment:

2007	\$ 7,788
2008	7,788
2009	7,788
2010	<u>747</u>
Total	<u>\$ 24,111</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 \$3,728 and \$4,727 for 2006 and 2005, respectively.

Notes to Financial Statements

Note G –

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

**Accrued Compensated
Absences**

Note H –

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.

**Business Risks and
Uncertainties**

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

Notes to Financial Statements

Note I-

Temporarily restricted net assets at December 31, 2006 and 2005 were available to be used in the subsequent years for the following purposes.

**Temporarily Restricted
Net Assets**

	<u>2006</u>	<u>2005</u>
Technology	\$ 2,328	\$ 0
Racial justice	0	8,499
Costa Rica Conference	<u>4,250</u>	<u>4,732</u>
	<u>\$ 6,578</u>	<u>\$ 13,231</u>

See independent Auditors' report

Notes to Financial Statements

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 Liability

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.

**Women's International League
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U.S. Section**

Supplemental Information

**Supplemental
Information**

for the Year Ended December 31, 2006



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Independent Auditors' Report on Supplemental Information

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

Our report on our examination of the basic financial statements of the WOMEN'S INTERNATIONAL LEAGUE FOR PEACE AND FREEDOM – U.S. SECTION as of December 31, 2006 and 2005, appears on Page 1. That examination was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The Statement of Functional Expenses for the U.S. Section for the year ended December 31, 2006 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 examination of the basic financial statements and, accordingly, we express no opinion on it.

Kelly Teti Associates LLP

April 23, 2007

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

Statement of Functional Expenses

For the Year Ended December 31,

2006

	Program Services			Support Services			Total
	Total			Management and Fund			
	National Program	General Programs	Program Services	General	Raising	Fund	
Advertising and promotion	300	500	800	735	175		1,710
Bank charges & merchant fees			0	2,572			2,572
Books and publications	29	5	34	18	64		116
Coalition dues	1,150	200	1,350	5,409			6,759
Computer services		58	58	40			98
Conferences, seminars and travel	15,815	8,289	24,104	6,990	1,712		32,806
Depreciation			0	1,799			1,799
Employee benefits	16,764	5,277	22,041	19,913	7,563		49,517
Equipment rentals			0	9,117			9,117
Equipment repairs and maintenances			0				0
Insurance			0	8,424			8,424
Intern expense	10,095	533	10,628		2,567		13,195
International pledge		25,740	25,740				25,740
J.A.P.A. commission	420		420	21,265			21,265
Legal and accounting fees			0	4,300			4,300
Maintenance and repair			0	5,145			5,145
Miscellaneous			0	881			881
Office supplies and expense	241	110	351	5,496	511		6,358
Payroll taxes	5,054	1,977	7,031	14,125	2,397		23,553
Postage and delivery	8,140	81	8,221	6,946	4,487		19,654
Printing	23,045		23,045		2,899		25,944
Professional and consulting fees	16,165	6,000	22,165	15,440	3,705		41,310
Rent and utilities		6,649	6,649	14,321			20,970
Salaries	60,285	24,456	84,741	91,584	29,628		205,953
Special events	3,319	10,000	13,319		991		14,310
Telephone and communications	1,170	3,706	4,876	2,159	339		7,374
Totals	\$ 161,992	\$ 93,581	\$ 255,573	\$ 236,679	\$ 57,038		\$ 549,290

See independent Auditors' disclaimer of opinion on page 19