

**Audited Consolidated Financial Statements
and Other Financial Information**

LEAGUE OF WOMEN VOTERS

June 30, 2008

League of Women Voters

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T R Y O N

A Professional Corporation

Certified Public

Accountants

and Consultants

THE SOUTHERN BUILDING

.

805 15TH STREET, NW

.

9TH FLOOR

.

WASHINGTON, DC

20005

.

TELEPHONE

202/293-2200

.

FACSIMILE

202/293-2208

.

WWW.TATETRYON.COM

Independent Auditor's Report

To the Board of Trustees
League of Women Voters

We have audited the accompanying consolidated statement of financial position of League of Women Voters (the League) as of June 30, 2008, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended. These consolidated financial statements are the responsibility of the League's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. The consolidated financial statements as of and for the year ended June 30, 2007, were audited by other auditors whose report dated October 22, 2007, expressed an unqualified opinion on those statements.

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 consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated 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 audit provides a reasonable basis for our opinion.

In our opinion, the 2008 consolidated financial statements referred to above present fairly, in all material respects, the financial position of League of Women Voters as of June 30, 2008, and the changes in their net assets, functional expenses, and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Washington, DC
October 10, 2008

League of Women Voters

Consolidated Statements of Activities

<i>June 30,</i>	2008	2007
Assets		
Cash and cash equivalents - Note B	\$ 2,356,189	\$ 515,000
Investments - Notes B & C	4,208,307	5,390,931
Contributions receivable - Notes D & E	522,826	277,991
Accounts receivable	36,858	68,952
Prepaid expenses	93,406	85,109
Property and equipment - Notes F & G	318,398	409,915
Total assets	7,535,984	6,747,898
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 551,764	\$ 403,702
Refundable advances - Note H	74,600	438
Deferred revenue	15,680	4,980
Obligations under capital leases - Notes F & G	8,172	20,952
Obligations under annuity agreements - Note E	45,805	29,650
Due to state and local Leagues	381,142	312,909
Deferred rent and lease incentive - Note L	353,145	383,807
Total liabilities	1,430,308	1,156,438
Net assets - Note I		
Unrestricted	4,627,574	5,125,316
Temporarily restricted	1,409,027	397,069
Permanently restricted	69,075	69,075
Total net assets	6,105,676	5,591,460
Commitments and contingencies - Note L	-	-
Total liabilities and net assets	\$ 7,535,984	\$ 6,747,898

See notes to the consolidated financial statements.

League of Women Voters

Consolidated Statements of Financial Position

<i>Year Ended June 30,</i>	2008	2007
Unrestricted activities		
Revenue and support		
Grants and contributions	\$ 3,290,738	\$ 3,573,725
Per-member payments	1,262,844	1,347,715
Nationally recruited member dues	366,974	380,472
Convention and council registration and other fees	225,505	18,025
Contributions in lieu of per-member payments	216,390	145,787
Investment income - Note C	49,889	821,609
Publication sales and other income	39,506	17,545
	5,451,846	6,304,878
Net assets released from restrictions - satisfaction of program restrictions	610,888	446,597
Total revenue and support	6,062,734	6,751,475
Expense		
Program services		
Communications - Note K	858,373	834,354
Member services	808,660	793,362
Election services	622,138	748,427
International programs	293,248	405,304
Lobbying	239,839	236,921
Convention and council	238,074	77,349
Judicial independence	164,026	185,267
Civic engagement	53,143	8,990
Immigration policy study	15,861	18,785
Total program services	3,293,362	3,308,759
Supporting services		
Fund raising - Note K	2,009,478	1,930,547
General and administrative	1,257,636	1,119,383
Total supporting services	3,267,114	3,049,930
Total expenses	6,560,476	6,358,689
Change in unrestricted net assets	(497,742)	392,786
Temporarily restricted activities		
Grants and contributions	1,622,846	352,568
Net assets released from restrictions	(610,888)	(446,597)
Change in temporarily restricted net assets	1,011,958	(94,029)
Change in net assets	514,216	298,757
Net assets, beginning of year	5,591,460	5,292,703
Net assets, end of year	\$ 6,105,676	\$ 5,591,460

See notes to the consolidated financial statements.

League of Women Voters
Consolidated Statement of Functional Expenses
Year Ended June 30, 2008

	Program Services										Supporting Services			Total
	Communications	Member Services	Election Services	International Programs	Lobbying	Convention and Council	Judicial Independence	Civic Engagement	Immigration Policy Study	Total	Fund Raising	General and Administrative	Total	
Salaries and benefits	\$ 255,956	\$ 396,469	\$ 290,614	\$ 104,739	\$ 198,505	\$ 21,319	\$ 73,034	\$ 5,456	\$ 4,262	\$ 1,350,354	\$ 245,207	\$ 638,304	\$ 883,511	\$ 2,233,865
Contract services	243,961	185,666	178,024	251	1,548	53,037	212	1,204	1,723	665,626	978,841	249,019	1,227,860	1,893,486
Postage and delivery	189,782	9,854	930	588	18	7,927	1,905	1,290		212,294	412,750	26,347	439,097	651,391
Duplication and publication	110,921	37,492	10,226	7,945	153	25,991	4,776	5,134	8,963	211,601	295,629	5,736	301,365	512,966
Rent, equipment lease, and maintenance	36,452	55,879	42,078	20,278	25,469	54,248	8,462	793	629	244,288	36,334	136,387	172,721	417,009
Pass-through grants			67,500	60,660			61,170	26,750		216,080			-	216,080
Meetings, travel, and special events	46	5,670	13,044	89,154	468	62,996	7,128	11,999	2	190,507	1,711	18,171	19,882	210,389
Depreciation and amortization	14,938	23,139	16,961	6,113	11,586	1,244	4,263	318	249	78,811	14,311	37,253	51,564	130,375
Miscellaneous	1,166	89,505				10,556				101,227	1,433	6,479	7,912	109,139
Board and committee travel and expenses										-		77,725	77,725	77,725
Insurance and taxes	272									272	16,363	32,389	48,752	49,024
Supplies and information resources	3,328		844	2,757	681	292	2,907	168	20	10,997	5,301	18,730	24,031	35,028
Telephone	1,551	4,986	1,917	763	1,411	464	169	31	13	11,305	1,598	11,096	12,694	23,999
Total expenses	\$ 858,373	\$ 808,660	\$ 622,138	\$ 293,248	\$ 239,839	\$ 238,074	\$ 164,026	\$ 53,143	\$ 15,861	\$ 3,293,362	\$ 2,009,478	\$ 1,257,636	\$ 3,267,114	\$ 6,560,476

See notes to the consolidated financial statements.

League of Women Voters
Consolidated Statement of Functional Expenses
Year Ended June 30, 2007

	Program Services										Supporting Services			Total
	Communications	Member Services	Election Services	International Programs	Lobbying	Convention and Council	Judicial Independence	Civic Engagement	Immigration Policy Study	Total	Fund Raising	General and Administrative	Total	
Salaries and benefits	\$ 227,502	\$ 347,191	\$ 304,383	\$ 157,495	\$ 187,659	\$ -	\$ 63,503	\$ 806	\$ 1,684	\$ 1,290,223	\$ 239,664	\$ 515,054	\$ 754,718	\$ 2,044,941
Contract services	274,861	223,935	259,996	17,343	6,251	21,060	14,792	8,008	816	827,062	885,480	252,954	1,138,434	1,965,496
Postage and delivery	190,177	16,119	14,448	451	2,110	887	389		33	224,614	434,981	4,165	439,146	663,760
Duplication and publication	80,412	33,899	34,518	2,602	163	7,991	396	1	15,002	174,984	293,067	7,829	300,896	475,880
Rent, equipment lease, and maintenance	38,572	60,117	40,896	31,298	26,553	16,641	8,161	108	225	222,571	38,776	148,712	187,488	410,059
Pass-through grants			40,500	45,354			78,775			164,629	1,000		1,000	165,629
Meetings, travel, and special events	76	5,398	28,925	134,080	632	30,043	14,827	1	882	214,864	753	19,011	19,764	234,628
Depreciation and amortization	13,547	20,674	18,125	9,378	11,174		3,781	48	100	76,827	14,270	30,669	44,939	121,766
Miscellaneous	1,338	81,350	1,663			285				84,636	2,751	3,927	6,678	91,314
Board and committee travel and expenses										-		86,708	86,708	86,708
Insurance and taxes	2,359									2,359	12,948	27,074	40,022	42,381
Supplies and information resources	3,856	487	2,241	6,391	939		529	13	28	14,484	5,168	12,522	17,690	32,174
Telephone	1,654	4,192	2,732	912	1,440	442	114	5	15	11,506	1,689	10,758	12,447	23,953
Total expenses	\$ 834,354	\$ 793,362	\$ 748,427	\$ 405,304	\$ 236,921	\$ 77,349	\$ 185,267	\$ 8,990	\$ 18,785	\$ 3,308,759	\$ 1,930,547	\$ 1,119,383	\$ 3,049,930	\$ 6,358,689

See notes to the consolidated financial statements.

League of Women Voters

Consolidated Statements of Cash Flows

<i>Year Ended June 30,</i>	2008	2007
Cash flows from operating activities		
Change in net assets	\$ 514,216	\$ 298,757
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	130,375	121,766
Net loss (gain) on investments	78,459	(688,417)
Donated investments	(71,265)	(47,869)
Changes in assets and liabilities:		
Contributions receivable	(244,835)	(19,628)
Accounts receivable	32,094	(28,352)
Prepaid expenses	(8,297)	67,222
Accounts payable and accrued expenses	148,062	50,872
Refundable advances	74,162	(107,951)
Deferred revenue	10,700	(9,633)
Due to state and local Leagues	68,233	4,208
Deferred rent and lease incentive	(30,662)	10,957
Net cash provided by (used in) operating activities	701,242	(348,068)
Cash flows from investing activities		
Purchases of investments	(194,246)	(1,334,945)
Proceeds from sales of investments	1,369,675	1,261,961
Purchases of property and equipment	(38,858)	(70,361)
Net cash provided by (used in) investing activities	1,136,571	(143,345)
Cash flows from financing activities		
Principal payments under capital lease obligations	(12,779)	(10,672)
Receipt of charitable gift annuities	22,950	29,884
Payments under charitable gift annuities	(6,795)	(234)
Net cash provided by financing activities	3,376	18,978
Net increase (decrease) in cash and cash equivalents	1,841,189	(472,435)
Cash and cash equivalents, beginning of year	515,000	987,435
Cash and cash equivalents, end of year	\$ 2,356,189	\$ 515,000
Supplemental Disclosures of Cash Flow Information		
Cash paid for interest	\$ 3,120	\$ 5,605
Noncash investing transaction:		
Donated investments	\$ 71,265	\$ 47,869

See notes to the consolidated financial statements.
 Certain 2007 amounts have been reclassified for comparative purposes.

Notes to the Consolidated Financial Statements

A. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization: League of Women Voters of the United States (LWVUS) is a nonpartisan membership organization that encourages the informed and active participation of citizens in government, works to increase understanding of major public policy issues, and influences public policy through education and advocacy. The League does not support or oppose any political party or candidate. Membership is open to women and men who subscribe to the purpose of the League. More than 60,000 members are organized into over 800 state and local Leagues in cities, towns, and communities located in all fifty states, the District of Columbia, the Virgin Islands, and Hong Kong.

League of Women Voters Education Fund (the Education Fund) was established in 1957 as a charitable trust dedicated to strengthening citizen knowledge of, and involvement in, government. The Education Fund is a controlled affiliate of League of Women Voters of the United States (the League). The Education Fund works to increase public understanding of major public policy issues and to promote awareness of the options available in government decision-making. The Education Fund provides a variety of educational services, research, publications and conferences on public policy issues and on techniques to enable citizens to take part more effectively in the democratic process. The Education Fund also provides nonpartisan election services.

Income taxes: LWVUS is exempt from the payment of income taxes on its exempt activities under Section 501(c)(4) of the Internal Revenue Code.

The Education Fund is exempt from the payment of income taxes on its exempt activities under Section 501(c)(3) of the Internal Revenue Code and is classified as other than a private foundation within the meaning of Section 509(a)(1) of the Internal Revenue Code. The Education Fund has also filed an election regarding lobbying expense limits under Section 501(h) of the Internal Revenue Code.

Principles of consolidation: The consolidated financial statements include the accounts of LWVUS and the Education Fund (collectively, the League). Significant intercompany balances and transactions have been eliminated in the consolidation.

Basis of accounting: The consolidated financial statements have been prepared on the accrual basis of accounting. Revenue is recognized when earned, or promised, as in the case of contributions, and expense when the obligation is incurred.

Use of estimates: The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and cash equivalents: For consolidated financial statement purposes, the League considers demand deposits including excess cash that is invested in overnight repurchase agreements and money market funds held within the investment accounts to be cash and cash equivalents.

Collections: The League has a permanent collection of rare books, pamphlets and memorabilia relating to women's rights and suffrage dating from the mid-nineteenth to the late twentieth centuries. Each of the items is cataloged, preserved and cared for by the League, and activities verifying their existence and assessing their condition are performed continuously. The items in the collection, which were donated to the League, are not reflected in the consolidated financial statements.

Notes to the Consolidated Financial Statements

A. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Accounts receivable: Accounts receivable primarily consists of amounts owed for per-member payments. Accounts receivable are presented at the gross, or face, amount due to the League, less an allowance for doubtful accounts. Management periodically reviews the status of all accounts receivable balances for collectibility. Each receivable balance is assessed based on management's knowledge of and relationship with the customer and the age of the receivable balance. As a result of these reviews, customer balances for which collection is deemed doubtful are charged to bad debt expense and an allowance is recorded. The allowance for doubtful accounts was \$60,000 and \$45,000 as of June 30, 2008 and 2007, respectively.

Deferred revenue: Deferred revenue primarily consists of per-member payments which are received in advance of the period in which they will be earned. Per-member payments are recognized as revenue ratably over the period to which the dues relate.

Contributions: Contributions are recorded as unrestricted, temporarily restricted, or permanently restricted support depending upon the existence and/or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in temporarily restricted net assets or permanently restricted net assets. Within temporarily restricted net assets, amounts are reclassified to unrestricted net assets when the restriction expires.

The League recognizes bequests in the year the probate court declares the will valid and the proceeds are measurable in amount. Bequests are included in grants and contributions in the accompanying statements of activities.

Functional allocation of expenses: The costs of providing various program and supporting services have been summarized on a functional basis in the accompanying statements of functional expenses. Accordingly, certain costs have been allocated among the program and supporting services benefited.

Program services: Program service descriptions are as follows:

Communications: The communications function includes activities to maintain the League's website, prepare and disseminate materials and publications which promote political awareness and responsibility and which address selected issues.

Member services: The member services function includes activities to assist state and local leagues with various programs.

Election services: The election services function includes activities that are devoted to informing the public about voter registration and the importance of voting and providing candidate information.

International programs: The international programs function includes activities that increase citizen participation in the democratic process in other countries.

Lobbying: The lobbying function includes activities to promote political responsibility through informed and active participation of citizens in government and to promote action on selected issues.

Convention and council: The convention and council function includes activities related to the annual meeting.

Notes to the Consolidated Financial Statements

A. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Judicial independence: The judicial independence function includes activities that increase citizen understanding of the vital need for a vibrant and independent judiciary to protect the integrity of our democracy and the rights of all Americans.

Civic engagement: The civic engagement function includes activities that empower people to monitor government activities, promote transparency, and nurture generations of active, informed citizens.

Immigration policy study: The immigration policy study function includes activities that inform and educate communities on the implications of immigration at the local, state and federal level.

Supporting services: Supporting service descriptions are as follows:

General and administrative: The general and administrative function includes activities necessary for the administrative processes of the League such as maintaining the administrative offices and managing financial responsibilities.

Fund raising: The fund raising function includes activities that encourage and secure financial support for the League.

B. CONCENTRATIONS AND RESTRICTED CASH

Concentration of credit risk: The League maintains its cash in demand deposit accounts which, at times, may exceed federally insured limits. The League has not experienced any such losses in the past, and does not believe it is exposed to any significant financial risk on these cash balances due to the use of an overnight repurchase agreement.

Restricted cash: The League's cash and cash equivalents includes restricted amounts representing contributions held on behalf of state and local Leagues. Restricted cash amounted to \$381,142 and \$312,909 as of June 30, 2008 and 2007, respectively.

Concentration of market risk: The League invests funds in a professionally managed portfolio of common stock and mutual funds. The mutual funds contain fixed income and equity securities. Such investments are exposed to various risks, such as fluctuations in market value and credit risk. By policy, these investments are kept within limits designed to prevent risks caused by concentration. However, it is at least reasonably possible that changes in these risks in the near term could materially affect investment balances and the amounts reported in the financial statements.

League of Women Voters

Notes to the Consolidated Financial Statements

C. INVESTMENTS

Investments in publicly traded debt and equity mutual funds and common stock are reported at fair value as determined by quoted market prices. Investments are stated at fair value and consist of the following, in liquidity order, at June 30,:

	2008	2007
Mutual funds – fixed income	\$ 94,324	\$ 171,836
Mutual funds – equities	136,015	135,057
Common stock	3,977,968	5,084,038
	<u>\$ 4,208,307</u>	<u>\$ 5,390,931</u>

Investment income consists of the following for the years ended June 30,:

	2008	2007
Interest and dividends	\$ 128,348	\$ 133,192
Net (loss) gain on investments	<u>(78,459)</u>	<u>688,417</u>
	<u>\$ 49,889</u>	<u>\$ 821,609</u>

D. CONTRIBUTIONS RECEIVABLE

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. In particular, the discount relates to the League's interest in the pooled income fund and is calculated using a rate of 8.75%. Conditional promises and intentions to give are not included as support until such time as the conditions are substantially met. The League uses the allowance method to reserve for uncollectable accounts. Contributions receivable consist of the following at June 30,:

	2008	2007
Receivable in less than one year	\$ 482,394	\$ 198,603
Receivable in one to five years	9,779	57,017
Receivable in more than five years	<u>78,438</u>	<u>87,194</u>
	570,611	342,814
Less discount to present value	(47,785)	(62,664)
Less allowance	<u>-</u>	<u>(2,159)</u>
	<u>\$ 522,826</u>	<u>\$ 277,991</u>

League of Women Voters

Notes to the Consolidated Financial Statements

D. CONTRIBUTIONS RECEIVABLE - CONTINUED

Contributions receivable are comprised of the following at June 30,:

	2008	2007
Commitments to support program efforts	\$ 451,658	\$ 186,864
Interest in pooled income fund, at fair value	114,453	144,211
Unrestricted commitments	<u>4,500</u>	<u>11,739</u>
	<u>\$ 570,611</u>	<u>\$ 342,814</u>

E. SPLIT-INTEREST AGREEMENTS

The League's split-interest agreements with donors consist of pooled income funds and charitable gift annuities. A commercial bank serves as the trustee for the pooled income funds. Assets are invested and payments are made to donors and/or beneficiaries in accordance with the respective agreements.

Contribution revenue for pooled income funds is recognized upon establishment of the agreement at the fair value of the estimated future receipts discounted for the estimated time period to complete the agreement. Contribution revenue for charitable gift annuities is recognized at the date the agreement is established, net of the liability recorded for the present value of the estimated future payments to be made to the respective donors and/or beneficiaries. The estimated future receipts from pooled income funds and the present value of payments to beneficiaries of charitable gift annuities are calculated using discount rates which represent the risk-free rates in existence at the date of the gift.

The net present value of the League's interest in the pooled income funds amounted to \$66,842 and \$81,547 at June 30, 2008 and 2007, respectively, and is included in contributions receivable. The cash and investment assets underlying the charitable gift annuities amounted to \$234,295 and \$223,926 at June 30, 2008 and 2007, respectively. The net present value of the obligation under charitable gift annuities amounted to \$45,805 and \$29,650 at June 30, 2008 and 2007, respectively.

League of Women Voters

Notes to the Consolidated Financial Statements

F. PROPERTY AND EQUIPMENT

Acquisitions of furniture and equipment greater than \$500 and software greater than \$400 are recorded at cost and depreciated or amortized using the straight-line method over the following useful lives: furniture and equipment – three to five years; capital leases – three years; and leasehold improvements over the lesser of the remaining life of the office lease or the estimated useful life of the improvements. Donated fixed assets are recorded at fair value as of the date of the donation and are depreciated on a straight-line basis using the applicable useful life. Property and equipment consists of the following at June 30,:

	2008	2007
Furniture and equipment	\$ 561,608	\$ 577,415
Capital leases	35,958	35,958
Leasehold improvements	<u>342,955</u>	<u>342,955</u>
	940,521	956,328
Less accumulated depreciation and amortization	<u>(622,123)</u>	<u>(546,413)</u>
	<u>\$ 318,398</u>	<u>\$ 409,915</u>

G. CAPITAL LEASE OBLIGATIONS

The League has obligations under capital leases for certain office equipment and software. The obligations are secured by the items under lease and bear interest at 14.4% to 23.9%. The capital leases expire on various dates through April 2009. Capital lease obligations amounting to \$8,172 and \$20,952 at June 30, 2008 and 2007, respectively, are recorded at the present value of future minimum lease payments and have been discounted at the interest rates implicit in the leases.

Leased equipment which is included in property and equipment is as follows at June 30,:

	2008	2007
Cost	\$ 35,958	\$ 35,958
Accumulated amortization	<u>(25,420)</u>	<u>(13,434)</u>
	<u>\$ 10,538</u>	<u>\$ 22,524</u>

The League incurred interest expense on capital leases amounting to \$3,120 and \$5,605 for the years ended June 30, 2008 and 2007, respectively.

League of Women Voters

Notes to the Consolidated Financial Statements

H. REFUNDABLE ADVANCES

Conditional grants received in advance of the conditions being substantially met are recorded as refundable advances. Refundable advances were received relating to the following projects at June 30,:

	2008	2007
Coaching NGOs in Armenia	\$ 38,111	\$ -
Red Blue Divide	36,489	-
Millennium Development Goals Forums	-	438
	<u>\$ 74,600</u>	<u>\$ 438</u>

I. NET ASSETS

Unrestricted: Unrestricted net assets include those net assets whose use is not restricted by donors, even though their use may be limited in other respects, such as by board designation. The League's unrestricted net assets include the following undesignated and designated categories at June 30,.

	2008	2007
Board designated endowment	\$ 2,433,420	\$ 2,356,154
Available for operations	1,739,140	2,102,035
Invested in property and equipment	318,398	409,915
General education programs	123,757	235,839
Preservation of historic League documents	12,859	13,225
Immigration study	-	8,148
	<u>\$ 4,627,574</u>	<u>\$ 5,125,316</u>

Temporarily restricted: Temporarily restricted net assets include those net assets whose use by the League has been donor restricted by specified purpose or time limitations. The League's temporarily restricted net assets include the following categories at June 30,.

	2008	2007
General education programs	\$ 976,911	\$ 219,143
Judicial independence programs	185,359	3,061
Leadership fund	113,345	-
Pooled income fund	66,668	82,491
Barbara Stuhler Library fund	38,358	41,669
Global democracy programs	18,940	32,640
Civil liberties programs	9,446	18,065
	<u>\$ 1,409,027</u>	<u>\$ 397,069</u>

League of Women Voters

Notes to the Consolidated Financial Statements

I. NET ASSETS - CONTINUED

Permanently restricted: Permanently restricted net assets are required by donor stipulation to be maintained in perpetuity by the League. The League's permanently restricted net assets consist of an endowment gift from a donor of \$69,075. The investment income on this gift may be used in operations.

J. RETIREMENT PLAN

The League sponsors a noncontributory defined contribution plan, which covers all eligible employees who meet age and length-of-service requirements. The League makes contributions equal to 8% of each eligible employee's regular annual salary, plus 5% of the excess of the salary over the Social Security Taxable Earnings Base. A participant's interest in his or her account becomes 50% vested after two years of employment and 100% vested after three years of employment. The League's contributions to the plan for the years ended June 30, 2008 and 2007 were \$116,340 and \$115,190, respectively.

K. ALLOCATION OF JOINT COSTS

The League conducted direct mail campaigns that had both a program services component and an appeal for contributions. As a result, the League incurred joint costs of \$1,195,308 and \$1,210,558 during the years ended June 30, 2008 and 2007, respectively. The League's joint costs were allocated between program services and supporting services as follows for the years ended June 30.:

	2008	2007
Fund raising	\$ 796,872	\$ 794,587
Communications	<u>398,436</u>	<u>415,971</u>
	<u>\$ 1,195,308</u>	<u>\$ 1,210,558</u>

League of Women Voters

Notes to the Consolidated Financial Statements

L. RISKS AND COMMITMENTS - CONTINUED

Operating lease: The League entered into a noncancelable operating lease for office space in Washington, DC which expires September 2014. The lease contains an escalation clause that adjusts annual base rentals. The lease also contains an escalation for real estate taxes and operating expenses, which are not included in base rentals. In addition, the League was provided a build-out allowance as an incentive to lease the office space.

Generally accepted accounting principals (GAAP) requires that the cost of the build-out be capitalized and depreciated as leasehold improvements. GAAP also requires that the lease incentive along with the scheduled rent increases resulting from the escalation of base rentals be recorded as a liability and amortized ratably over the life of the lease. Accordingly, the League has recorded leasehold improvements within property and equipment and a liability for deferred rent and lease incentive in the accompanying consolidated statements of financial position. The asset and liability are being amortized over the remaining term of the lease.

Rent expense amounted to \$364,412 and \$382,281 for the years ended June 30, 2008 and 2007, respectively. The future minimum lease payments under the office lease are as follows:

Year Ending June 30,	Total
2009	\$ 342,558
2010	363,607
2011	376,858
2012	386,280
2013	395,937
Thereafter	<u>507,917</u>
	<u>\$ 2,373,157</u>

Hotel contracts: The League has entered into agreements with various hotels to provide accommodations for its meetings and conventions that are to be held through June 2010. In the event that the League cancels these agreements, it can be held liable for attrition penalties, depending upon the date of cancellation.

T A T E



T R Y O N

A Professional Corporation

Certified Public

Accountants

and Consultants

Independent Auditor's Report on the Other Financial Information

To the Board of Trustees
League of Women Voters

Our report on our audit of the basic consolidated financial statements of League of Women Voters (the League) appears on page one. The audit was conducted for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The other financial information on pages seventeen through twenty-four is presented for purposes of additional analysis and is not a required part of the basic consolidated financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic consolidated financial statements taken as a whole.

Washington, DC
October 10, 2008

THE SOUTHERN BUILDING

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805 15TH STREET, NW

.

9TH FLOOR

.

WASHINGTON, DC

20005

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TELEPHONE

202/293-2200

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FACSIMILE

202/293-2208

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WWW.TATETRYON.COM

League of Women Voters

Consolidating Statement of Financial Position

June 30, 2008

	Education			
	LWVUS	Fund	Eliminations	Total
Assets				
Cash and cash equivalents	\$ 322,253	\$ 2,033,936	\$ -	\$ 2,356,189
Investments	1,001,336	3,206,971		4,208,307
Contributions receivable		522,826		522,826
Accounts receivable	36,608	250		36,858
Due from the Education Fund	333,753		(333,753)	-
Prepaid expenses	92,344	1,062		93,406
Property and equipment	318,398			318,398
Total assets	\$ 2,104,692	\$ 5,765,045	\$ (333,753)	\$ 7,535,984
 Liabilities and net assets				
Liabilities				
Accounts payable and accrued expenses	\$ 507,352	\$ 44,412	\$ -	\$ 551,764
Refundable advances		74,600		74,600
Deferred revenue	15,680			15,680
Obligations under capital leases	8,172			8,172
Obligations under annuity agreements		45,805		45,805
Due to state and local Leagues		381,142		381,142
Due to LWVUS		333,753	(333,753)	-
Deferred rent and lease incentive	353,145			353,145
Total liabilities	884,349	879,712	(333,753)	1,430,308
 Net assets				
Unrestricted	1,220,343	3,407,231		4,627,574
Temporarily restricted		1,409,027		1,409,027
Permanently restricted		69,075		69,075
Total net assets	1,220,343	4,885,333	-	6,105,676
Total liabilities and net assets	\$ 2,104,692	\$ 5,765,045	\$ (333,753)	\$ 7,535,984

League of Women Voters

Consolidating Statement of Financial Position

June 30, 2007

	Education			Total
	LWVUS	Fund	Eliminations	
Assets				
Cash and cash equivalents	\$ 90,128	\$ 424,872	\$ -	\$ 515,000
Investments	1,483,598	3,907,333		5,390,931
Contributions receivable		277,991		277,991
Accounts receivable	62,947	6,005		68,952
Due from the Education Fund	439,679		(439,679)	-
Prepaid expenses	84,047	1,062		85,109
Property and equipment	409,915			409,915
Total assets	\$ 2,570,314	\$ 4,617,263	\$ (439,679)	\$ 6,747,898
Liabilities and net assets				
Liabilities				
Accounts payable and accrued expenses	\$ 387,734	\$ 15,968	\$ -	\$ 403,702
Refundable advances		438		438
Deferred revenue	4,980			4,980
Obligations under capital leases	20,952			20,952
Obligations under annuity agreements		29,650		29,650
Due to state and local Leagues		312,909		312,909
Due to LWVUS		439,679	(439,679)	-
Deferred rent and lease incentive	383,807			383,807
Total liabilities	797,473	798,644	(439,679)	1,156,438
Net assets				
Unrestricted	1,772,841	3,352,475		5,125,316
Temporarily restricted		397,069		397,069
Permanently restricted		69,075		69,075
Total net assets	1,772,841	3,818,619	-	5,591,460
Total liabilities and net assets	\$ 2,570,314	\$ 4,617,263	\$ (439,679)	\$ 6,747,898

League of Women Voters

Consolidating Statement of Activities

Year Ended June 30, 2008

	Education			Total
	LWVUS	Fund	Eliminations	
Unrestricted activities				
Revenue and support				
Grants and contributions	\$ 2,128,955	\$ 1,182,055	\$ (20,272)	\$ 3,290,738
Per-member payments	1,262,844			1,262,844
Nationally recruited member dues	366,974			366,974
Convention and council registration and other fees	225,505			225,505
Contributions in lieu of per-member payments		216,390		216,390
Investment income	28,328	21,561		49,889
Publication sales and other income	38,201	1,305		39,506
	4,050,807	1,421,311	(20,272)	5,451,846
Net assets released from restrictions - satisfaction of program restrictions		610,888		610,888
Total revenue and support	4,050,807	2,032,199	(20,272)	6,062,734
Expense				
Program services				
Communications	858,373			858,373
Member services	828,932		(20,272)	808,660
Election services		622,138		622,138
International programs		293,248		293,248
Lobbying	239,839			239,839
Convention and council	238,074			238,074
Judicial independence		164,026		164,026
Civic engagement		53,143		53,143
Immigration policy study		15,861		15,861
Total program services	2,165,218	1,148,416	(20,272)	3,293,362
Supporting services				
Fundraising	1,574,780	434,698		2,009,478
General and administrative	863,307	394,329		1,257,636
Total supporting services	2,438,087	829,027	-	3,267,114
Total expenses	4,603,305	1,977,443	(20,272)	6,560,476
Change in unrestricted net assets	(552,498)	54,756	-	(497,742)
Temporarily restricted activities				
Grants and contributions		1,622,846		1,622,846
Net assets released from restrictions -		(610,888)		(610,888)
Change in temporarily restricted net assets	-	1,011,958	-	1,011,958
Change in net assets	(552,498)	1,066,714	-	514,216
Net assets, July 1, 2007	1,772,841	3,818,619		5,591,460
Net assets, June 30, 2008	\$ 1,220,343	\$ 4,885,333	\$ -	\$ 6,105,676

League of Women Voters

Consolidating Statement of Activities

Year Ended June 30, 2007

	Education			Total
	LWVUS	Fund	Eliminations	
Unrestricted activities				
Revenue and support				
Grants and contributions	\$ 2,076,490	\$ 1,497,235	\$ -	\$ 3,573,725
Per-member payments	1,347,715			1,347,715
Nationally recruited member dues	380,472			380,472
Convention and council registration and other fees	18,025			18,025
Contributions in lieu of per-member payments		145,787		145,787
Investment income	234,414	587,195		821,609
Publication sales and other income	15,948	1,597		17,545
	4,073,064	2,231,814	-	6,304,878
Net assets released from restrictions - satisfaction of program restrictions		446,597		446,597
Total revenue and support	4,073,064	2,678,411	-	6,751,475
Expense				
Program services				
Communications	834,354			834,354
Member services	793,362			793,362
Election services		748,427		748,427
International programs		405,304		405,304
Lobbying	236,921			236,921
Convention and council	77,349			77,349
Judicial independence		185,267		185,267
Civic engagement		8,990		8,990
Immigration policy study		18,785		18,785
Total program services	1,941,986	1,366,773	-	3,308,759
Supporting services				
Fundraising	1,526,133	404,414		1,930,547
General and administrative	738,804	380,579		1,119,383
Total supporting services	2,264,937	784,993	-	3,049,930
Total expenses	4,206,923	2,151,766	-	6,358,689
Change in unrestricted net assets	(133,859)	526,645	-	392,786
Temporarily restricted activities				
Grants and contributions		352,568		352,568
Net assets released from restrictions		(446,597)		(446,597)
Change in temporarily restricted net assets	-	(94,029)	-	(94,029)
Change in net assets	(133,859)	432,616	-	298,757
Net assets, July 1, 2006	1,906,700	3,386,003		5,292,703
Net assets, June 30, 2007	\$ 1,772,841	\$ 3,818,619	\$ -	\$ 5,591,460

League of Women Voters

Statement of Functional Expenses - LWVUS

Year Ended June 30, 2008

	Program Services					Supporting Services			Total
	Communications	Member Services	Lobbying	Convention and Council	Total	Fund Raising	General and Administrative		
							Total	Total	
Salaries and benefits	\$ 255,956	\$ 396,469	\$ 198,505	\$ 21,319	\$ 872,249	\$ 85,481	\$ 439,625	\$ 525,106	\$ 1,397,355
Contract services	243,961	205,938	1,548	53,037	504,484	818,255	167,780	986,035	1,490,519
Postage and delivery	189,782	9,854	18	7,927	207,581	382,863	21,746	404,609	612,190
Duplication and publication	110,921	37,492	153	25,991	174,557	253,150	5,623	258,773	433,330
Rent, equipment lease, and maintenance	36,452	55,879	25,469	54,248	172,048	14,037	96,669	110,706	282,754
Meetings, travel, and special events	46	5,670	468	62,996	69,180	1,123	13,549	14,672	83,852
Depreciation and amortization	14,938	23,139	11,586	1,244	50,907	4,989	25,658	30,647	81,554
Miscellaneous	1,166	89,505		10,556	101,227	1,433	3,909	5,342	106,569
Board and committee travel and expenses					-		44,621	44,621	44,621
Insurance and taxes	272				272	7,851	21,366	29,217	29,489
Supplies and information resources	3,328		681	292	4,301	4,306	15,090	19,396	23,697
Telephone	1,551	4,986	1,411	464	8,412	1,292	7,671	8,963	17,375
Total expenses	\$ 858,373	\$ 828,932	\$ 239,839	\$ 238,074	\$ 2,165,218	\$ 1,574,780	\$ 863,307	\$ 2,438,087	\$ 4,603,305

League of Women Voters

Statement of Functional Expenses - LWVUS

Year Ended June 30, 2007

	Program Services					Supporting Services			Total
	Communications	Member Services	Lobbying	Convention and Council	Total	Fund Raising	General and Administrative	Total	
				-			-		
Salaries and benefits	\$ 227,502	\$ 347,191	\$ 187,659	\$ -	\$ 762,352	\$ 79,806	\$ 347,062	\$ 426,868	\$ 1,189,220
Contract services	274,861	223,935	6,251	21,060	526,107	771,351	153,833	925,184	1,451,291
Postage and delivery	190,177	16,119	2,110	887	209,293	390,767	4,938	395,705	604,998
Duplication and publication	80,412	33,899	163	7,991	122,465	251,486	7,162	258,648	381,113
Rent, equipment lease, and maintenance	38,572	60,117	26,553	16,641	141,883	13,971	105,857	119,828	261,711
Meetings, travel, and special events	76	5,398	632	30,043	36,149	744	13,400	14,144	50,293
Depreciation and amortization	13,547	20,674	11,174		45,395	4,752	20,666	25,418	70,813
Miscellaneous	1,338	81,350		285	82,973	2,751	5,062	7,813	90,786
Board and committee travel and expenses					-		45,478	45,478	45,478
Insurance and taxes	2,359				2,359	4,879	18,844	23,723	26,082
Supplies and information resources	3,856	487	939		5,282	4,145	8,938	13,083	18,365
Telephone	1,654	4,192	1,440	442	7,728	1,481	7,564	9,045	16,773
Total expenses	\$ 834,354	\$ 793,362	\$ 236,921	\$ 77,349	\$ 1,941,986	\$ 1,526,133	\$ 738,804	\$ 2,264,937	\$ 4,206,923

League of Women Voters

Statement of Functional Expenses - Education Fund

Year Ended June 30, 2008

	Program Services						Supporting Services			Total
	Election Services	International Programs	Judicial Independence	Civic Engagement	Immigration Policy Study		Fund Raising	General and Administrative		
					Total	Total				
Salaries and benefits	\$ 290,614	\$ 104,739	\$ 73,034	\$ 5,456	\$ 4,262	\$ 478,105	\$ 159,726	\$ 198,679	\$ 358,405	\$ 836,510
Contract services	178,024	251	212	1,204	1,723	181,414	160,586	81,239	241,825	423,239
Postage and delivery	930	588	1,905	1,290		4,713	29,887	4,601	34,488	39,201
Duplication and publication	10,226	7,945	4,776	5,134	8,963	37,044	42,479	113	42,592	79,636
Rent, equipment lease, and maintenance	42,078	20,278	8,462	793	629	72,240	22,297	39,718	62,015	134,255
Pass-through grants	67,500	60,660	61,170	26,750		216,080			-	216,080
Meetings, travel, and special events	13,044	89,154	7,128	11,999	2	121,327	588	4,622	5,210	126,537
Depreciation and amortization	16,961	6,113	4,263	318	249	27,904	9,322	11,595	20,917	48,821
Miscellaneous						-		2,570	2,570	2,570
Board and committee travel and expenses						-		33,104	33,104	33,104
Insurance and taxes						-	8,512	11,023	19,535	19,535
Supplies and information resources	844	2,757	2,907	168	20	6,696	995	3,640	4,635	11,331
Telephone	1,917	763	169	31	13	2,893	306	3,425	3,731	6,624
Total expenses	\$ 622,138	\$ 293,248	\$ 164,026	\$ 53,143	\$ 15,861	\$ 1,148,416	\$ 434,698	\$ 394,329	\$ 829,027	\$ 1,977,443

League of Women Voters

Statement of Functional Expenses - Education Fund

Year Ended June 30, 2007

	Program Services						Supporting Services			Total
	Election Services	International Programs	Judicial Independence	Civic Engagement	Immigration		Fund Raising	General and Administrative		
					Policy Study	Total		Total		
Salaries and benefits	\$ 304,383	\$ 157,495	\$ 63,503	\$ 806	\$ 1,684	\$ 527,871	\$ 159,858	\$ 167,992	\$ 327,850	\$ 855,721
Contract services	259,996	17,343	14,792	8,008	816	300,955	114,129	99,121	213,250	514,205
Postage and delivery	14,448	451	389		33	15,321	44,214	(773)	43,441	58,762
Duplication and publication	34,518	2,602	396	1	15,002	52,519	41,581	667	42,248	94,767
Rent, equipment lease, and maintenance	40,896	31,298	8,161	108	225	80,688	24,805	42,855	67,660	148,348
Pass-through grants	40,500	45,354	78,775			164,629	1,000		1,000	165,629
Meetings, travel, and special events	28,925	134,080	14,827	1	882	178,715	9	5,611	5,620	184,335
Depreciation and amortization	18,125	9,378	3,781	48	100	31,432	9,518	10,003	19,521	50,953
Miscellaneous	1,663					1,663		(1,135)	(1,135)	528
Board and committee travel and expenses						-		41,230	41,230	41,230
Insurance and taxes						-	8,069	8,230	16,299	16,299
Supplies and information resources	2,241	6,391	529	13	28	9,202	1,023	3,584	4,607	13,809
Telephone	2,732	912	114	5	15	3,778	208	3,194	3,402	7,180
Total expenses	\$ 748,427	\$ 405,304	\$ 185,267	\$ 8,990	\$ 18,785	\$ 1,366,773	\$ 404,414	\$ 380,579	\$ 784,993	\$ 2,151,766