



LIFE LEGAL DEFENSE FOUNDATION

(A California Not-for-Profit Corporation)

FINANCIAL STATEMENTS

DECEMBER 31, 2012



LIFE LEGAL DEFENSE FOUNDATION

TABLE OF CONTENTS **DECEMBER 31, 2012**

Independent auditors' report	2
Statement of financial position	3
Statement of activities	4
Statement of functional expenses	5
Statement of cash flows	6
Notes to financial statements	7 - 9



Independent Auditors' Report

To the Board of Directors
of Life Legal Defense Foundation

We have audited the accompanying financial statements of Life Legal Defense Foundation (a California not-for-profit organization), which comprise the statement of financial position as of December 31, 2012, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Life Legal Defense Foundation as of December 31, 2012, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America

RINA accountancy corporation

Certified Public Accountants

Walnut Creek, California
March 7, 2013

LIFE LEGAL DEFENSE FOUNDATION

STATEMENT OF FINANCIAL POSITION - DECEMBER 31, 2012

ASSETS

CURRENT:

Cash		\$	850,176
Accounts receivable			29,024
Prepaid expenses			<u>26,433</u>

TOTAL CURRENT ASSETS 905,633

PROPERTY AND EQUIPMENT, at cost:

Furniture and equipment	\$	71,440	
Less accumulated depreciation		<u>64,518</u>	<u>6,922</u>

TOTAL ASSETS \$ 912,555

LIABILITIES AND NET ASSETS

LIABILITIES:

Credit cards payable	\$	20,390
Accrued expenses		<u>15,065</u>

TOTAL LIABILITIES 35,455

NET ASSETS:

Unrestricted	\$	877,100
Temporarily restricted		<u>-</u>

TOTAL LIABILITIES AND NET ASSETS \$ 912,555

See notes to financial statements.

LIFE LEGAL DEFENSE FOUNDATION

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2012

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
SUPPORT AND REVENUE:			
Contributions	\$ 1,305,185	\$ -	\$ 1,305,185
In-kind donations	617,500	-	617,500
Fundraising events, net of expenses	3,726	-	3,726
List rental	7,596	-	7,596
Interest and dividend income	51	-	51
Other income	1,259	-	1,259
	<hr/>	<hr/>	<hr/>
Total revenue	1,935,317	-	1,935,317
Net assets released from restrictions	-	-	-
	<hr/>	<hr/>	<hr/>
TOTAL SUPPORT AND REVENUE	1,935,317	-	1,935,317
EXPENSES:			
Program services	1,690,347	-	1,690,347
Supporting services:			
Fundraising activities	27,280	-	27,280
General and administrative	182,022	-	182,022
	<hr/>	<hr/>	<hr/>
TOTAL EXPENSES	1,899,649	-	1,899,649
INCREASE IN NET ASSETS	35,668	-	35,668
NET ASSETS, beginning of year	841,432	-	841,432
	<hr/>	<hr/>	<hr/>
NET ASSETS, end of year	<u>\$ 877,100</u>	<u>\$ -</u>	<u>\$ 877,100</u>

See notes to financial statements.

LIFE LEGAL DEFENSE FOUNDATION

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2012

	Program Services	General and Administrative	Fundraising	Total Expenses
Case costs	\$ 817,446	\$ -	\$ -	\$ 817,446
Payroll and related expenses	382,908	20,235	-	403,143
Postage	100,357	21,137	8,722	130,216
Printing	108,309	1,652	9,330	119,291
Contract labor	56,994	28,649	4,783	90,426
Office expense	38,462	22,279	-	60,741
Advertising	50,195	-	-	50,195
Mailhouse services	36,773	-	3,198	39,971
Travel	37,038	823	-	37,861
Lifeline	27,394	-	-	27,394
Rent	14,062	9,374	-	23,436
Professional fees	-	17,680	-	17,680
List rental	14,339	-	1,247	15,586
Utilities	1,579	13,663	-	15,242
Insurance	-	15,129	-	15,129
Office supplies	1,874	11,213	-	13,087
Board meeting	-	5,470	-	5,470
Depreciation	1,348	899	-	2,247
Repairs and maintenance	-	910	-	910
Lobbying	669	-	-	669
Education	200	-	-	200
Miscellaneous	400	12,909	-	13,309
	\$ 1,690,347	\$ 182,022	\$ 27,280	\$ 1,899,649

See notes to financial statements.

LIFE LEGAL DEFENSE FOUNDATION

STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2012

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in net assets		\$	35,668
Adjustments to reconcile change in net assets to net cash provided by operating activities:			
Depreciation	\$	2,247	
Decrease (increase) in:			
Accounts receivable		(9,447)	
Prepaid expenses		8,260	
Increase (decrease) in:			
Credit cards payable		18,182	
Accrued expenses		13,120	
			<u>32,362</u>

NET CASH PROVIDED BY OPERATING ACTIVITIES 68,030

CASH FLOWS FROM INVESTING ACTIVITIES:

Purchases of property and equipment	<u>(5,137)</u>	
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NET CASH USED BY INVESTING ACTIVITIES (5,137)

CASH FLOWS FROM FINANCING ACTIVITIES

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NET INCREASE IN CASH AND CASH EQUIVALENTS 62,893

CASH AND CASH EQUIVALENTS, beginning of year 787,283

CASH AND CASH EQUIVALENTS, end of year \$ 850,176

SUPPLEMENTAL DISCLOSURE OF NON-CASH TRANSACTIONS:

During the year ended December 31, 2012 the Organization received \$617,500 of donated services.

See notes to financial statements.

LIFE LEGAL DEFENSE FOUNDATION

NOTES TO FINANCIAL STATEMENTS - DECEMBER 31, 2012

Note 1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Nature of activities:

Life Legal Defense Foundation (LLDF) is a not-for-profit organization established to provide education and charitable assistance to the general public by providing legal research and representation in right to life cases and issues. LLDF also provides educational materials in the form of publications, lectures, and seminars in areas affecting the general public's interest in right to life cases and issues.

Financial statement presentation:

The accompanying financial statements have been prepared using accounting principles generally accepted (GAAP) in the United States of America. LLDF is required to report information regarding its financial position and activities according to three classes of net assets: Unrestricted net asset, temporarily net assets, and permanently restricted net assets.

Property and equipment:

Property and equipment is recorded at cost when purchased or at estimated fair value at the time of donation. Depreciation is computed using the straight-line method over the estimated useful life of the asset. Depreciation expense for the year ended December 31, 2012 was \$2,247.

Contributions:

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. When a temporary restriction is met, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Donated goods and services:

In-kind contributions are recognized as support and capitalized or expensed at their estimated fair values at the date of donation when the following conditions exist:

- The services performed create or enhance nonfinancial assets, or if the donated services requires specialized skill that is provided by someone possessing that skill and LLDF would otherwise need to purchase those services.
- LLDF has an objective measurable method to determine fair value.

Functional allocation of expenses:

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and support services benefited.

LIFE LEGAL DEFENSE FOUNDATION

NOTES TO FINANCIAL STATEMENTS - DECEMBER 31, 2012

Note 1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Income taxes:

LLDF is a qualified organization exempt from federal and California income taxes under the provisions of Sections 501(c)(3) of the Internal Revenue Code and 23701d of the California Revenue and Tax Code. In addition, LLDF has been determined by the Internal Revenue Service not to be a private foundation within the meaning of Section 509(a) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made in the financial statements.

LLDF recognizes the financial statement benefit of an uncertain tax position only after considering the probability that a tax authority would sustain the position in an examination. For tax positions meeting a “more-likely-than-not” threshold, the amount recognized in the financial statements is the benefit expected to be realized upon settlement with the tax authority. For tax positions not meeting the threshold, no financial statement benefit is recognized. LLDF is relying on its tax-exempt status and its adherence to all applicable laws and regulations to preserve that status. LLDF recognizes interest and penalties, if any, related to uncertain tax positions as income tax expense. Income tax returns for the years prior to 2008 are no longer subject to examination by tax authorities.

Subsequent events:

Management has evaluated subsequent events through March 7, 2013, the date which the financial statements were available for issue.

Note 2. NATURE OF ESTIMATES:

The preparation of financial statements, in conformity with accounting principles generally accepted in the United States of America 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.

Note 3. RETIREMENT PLAN:

LLDF has established a SIMPLE Retirement Plan for employees meeting certain eligibility requirements. Under the plan LLDF may make elective, matching contributions of up to 3% of employee’s compensation for the year. For the year ended December 31, 2012, LLDF’s contribution to the plan was \$7,532.

Note 4. ALLOCATION OF COSTS:

During the year ended December 31, 2012 LLDF incurred joint costs of \$344,024 for informational materials and activities that included fundraising appeals. These costs have been allocated to the following functional expense categories:

Program services	\$ 316,744
Fundraising	<u>27,280</u>
Total	<u>\$ 344,024</u>

LIFE LEGAL DEFENSE FOUNDATION

NOTES TO FINANCIAL STATEMENTS - DECEMBER 31, 2012

Note 5. COMMITMENTS:

LLDF is liable under a lease commitment to a related party (see Note 6) for the following annual rentals on real properties:

Years Ending
December 31,

2013

\$ 23,436

\$ 23,436

Note 6. RELATED PARTY TRANSACTIONS:

Leases:

LLDF leases facilities from their Corporate Secretary. Approval to do so was granted by the Board of Directors of LLDF prior to this individual becoming Corporate Secretary. Rent expense under this lease is based on the fair market value of comparable property in the same geographic area. Rent expense under this lease for the year ended December 31, 2012 was \$23,436. Board review of the lease amount takes place each year at the first regularly scheduled board meeting following the end of the preceding fiscal year, which is December 31st.

Donated professional services:

During the year ended December 31, 2012, an officer of the Organization donated professional legal services in the amount of \$617,500. This amount was recognized as income and expense in the statement of activities and the statement of functional expenses.

Officer:

Certain members of the Corporate Secretary's immediate family were hired as outside contractors at prevailing market rates during 2012. The hiring of these family members took place prior to the Corporate Secretary becoming an officer of LLDF. The rate at which outside contractors are paid is based on prevailing rates in their area of expertise. Expenses paid to these family members for the year ended December 31, 2012 totaled \$45,749. Board review for prevailing rates takes place each year at the first regularly scheduled board meeting following the end of the preceding fiscal year, which is December 31st.