



LIFE LEGAL DEFENSE FOUNDATION

(A California Not-for-Profit Corporation)

FINANCIAL STATEMENTS

DECEMBER 31, 2016



LIFE LEGAL DEFENSE FOUNDATION

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Independent Auditors' Report

To the Board of Directors
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, 2016, 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.

Auditors' 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, 2016, 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
April 1, 2017

LIFE LEGAL DEFENSE FOUNDATION

STATEMENT OF FINANCIAL POSITION – DECEMBER 31, 2016

ASSETS

CURRENT:

Cash		\$	1,280,371
Accounts receivable			87,054
Prepaid expenses			35,019
			<hr/>

TOTAL CURRENT ASSETS 1,402,444

PROPERTY AND EQUIPMENT, at cost:

Furniture and equipment	\$	43,346	
Less accumulated depreciation		23,815	19,531
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TOTAL ASSETS \$ 1,421,975

LIABILITIES AND NET ASSETS

LIABILITIES:

Credit cards payable		\$	14,139
Accrued expenses			5,587
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TOTAL LIABILITIES 19,726

NET ASSETS:

Unrestricted			1,402,249
Temporarily restricted			-
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TOTAL LIABILITIES AND NET ASSETS \$ 1,421,975

See notes to financial statements.

LIFE LEGAL DEFENSE FOUNDATION

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
SUPPORT AND REVENUE:			
Contributions	\$ 2,802,963	\$ -	\$ 2,802,963
In-kind donations	1,317,548	-	1,317,548
List rental	7,280	-	7,280
Interest and dividend income	1,811	-	1,811
Gain/Loss on Investment	14,960	-	14,960
	<hr/>		
Total revenue	4,144,562	-	4,144,562
	<hr/>		
Net assets released from restrictions	-	-	-
	<hr/>		
TOTAL SUPPORT AND REVENUE	4,144,562	-	4,144,562
	<hr/>		
EXPENSES:			
Program services	2,963,083	-	2,963,083
Supporting services:			
Fundraising activities	254,039	-	254,039
General and administrative	117,791	-	117,791
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TOTAL EXPENSES	3,334,913	-	3,334,913
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INCREASE IN NET ASSETS	809,649	-	809,649
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NET ASSETS, beginning of year (Restated)	592,600	-	592,600
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NET ASSETS, end of year	\$ 1,402,249	\$ -	\$ 1,402,249
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See notes to financial statements.

LIFE LEGAL DEFENSE FOUNDATION

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2016

	Program Services	Supporting Services		Total Expenses
		General and Administrative	Fundraising	
Case costs	\$ 1,814,868	\$ -	\$ -	\$ 1,814,868
Payroll and related expenses	440,919	37,573	25,567	504,059
Printing	163,726	383	88,160	252,269
Postage	163,437	3,265	72,184	238,886
Mailhouse services	50,800	-	27,354	78,154
List rental	50,552	-	27,220	77,772
Travel	60,178	930	-	61,108
Office expense	54,504	396	-	54,900
Lifeline	52,407	-	-	52,407
Contract labor	18,728	3,560	10,084	32,372
Professional fees	9,243	20,664	-	29,907
Rent	23,567	2,619	-	26,186
Bank charges	-	25,529	-	25,529
Office supplies	18,438	1,979	-	20,417
Utilities	17,694	1,966	-	19,660
Insurance	16,820	1,869	-	18,689
Advertising	4,613	-	-	4,613
Depreciation	2,281	1,521	-	3,802
Fundraising event expenses	-	-	3,470	3,470
Board meeting	-	3,393	-	3,393
Repairs and maintenance	-	2,762	-	2,762
Miscellaneous	308	9,382	-	9,690
Total functional expenses	\$ 2,963,083	\$ 117,791	\$ 254,039	\$ 3,334,913

See notes to financial statements.

LIFE LEGAL DEFENSE FOUNDATION

STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2016

CASH FLOWS FROM OPERATING ACTIVITIES:

Increase in net assets		\$	809,649
Adjustments to reconcile increase in net assets to net cash provided by operating activities:			
Depreciation	\$	3,802	
Decrease (increase) in:			
Accounts receivable		4,196	
Prepaid expenses		1,162	
Increase (decrease) in:			
Credit cards payable		7,474	
Accrued expenses		(18,854)	
			<u>(2,220)</u>

NET CASH PROVIDED BY OPERATING ACTIVITIES 807,429

CASH FLOWS FROM INVESTING ACTIVITIES:

Purchases of property and equipment		<u>(17,944)</u>	
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NET CASH USED BY INVESTING ACTIVITIES (17,944)

CASH FLOWS FROM FINANCING ACTIVITIES

-

NET INCREASE IN CASH AND CASH EQUIVALENTS

789,485

CASH AND CASH EQUIVALENTS, beginning of year

490,886

CASH AND CASH EQUIVALENTS, end of year

\$ 1,280,371

SUPPLEMENTAL DISCLOSURE OF NON-CASH TRANSACTIONS:

During the year ended December 31, 2016 the Organization received \$1,317,548 of donated services.

See notes to financial statements.

LIFE LEGAL DEFENSE FOUNDATION

NOTES TO FINANCIAL STATEMENTS - DECEMBER 31, 2016

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 generally accepted accounting principles (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.

Receivables:

Receivables are stated at the amounts management expects to collect from outstanding balances. Uncollectible accounts are written-off when management determines that they will not be collected. Management has determined that an allowance for bad debts is not required at December 31, 2016.

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, 2016 was \$3,802.

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.
- During the year ended December 31, 2016, LLDF received donated professional legal services in the amount of \$1,256,748. This amount was recognized as income and expense in the statement of activities and the statement of functional expenses.

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, 2016

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.

Subsequent events:

Management has evaluated subsequent events through April 1, 2017, 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. CONCENTRATIONS OF CREDIT RISK:

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash and receivables. The Organization places its cash with high credit quality financial institutions. At times, the account balances may exceed the institution's federally insured limits. The Organization has not experienced any losses in such accounts.

Note 4. 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, 2016, LLDF's contribution to the plan was \$5,340.

Note 5. ALLOCATION OF COSTS:

During the year ended December 31, 2016 LLDF incurred joint costs of \$684,094 for informational materials and activities that included fundraising appeals. These costs have been allocated to the following functional expense categories:

Program services	\$ 451,885
General and administrative	7,207
Fundraising	<u>225,002</u>
Total	<u>\$ 684,094</u>

LIFE LEGAL DEFENSE FOUNDATION

NOTES TO FINANCIAL STATEMENTS - DECEMBER 31, 2016

Note 6. COMMITMENTS:

LLDF is liable under a lease commitment to a related party (see Note 7) for the following annual rentals on real properties:

<u>Years Ending December 31,</u>	
2017	\$ <u>19,530</u>
	\$ <u>19,530</u>

Note 7. RELATED PARTY TRANSACTIONS:

Leases:

LLDF leases facilities from a family member of 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, 2016 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.

Officer:

Certain members of the Corporate Secretary's immediate family were hired as outside contractors at prevailing market rates during 2016. 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, 2016 totaled \$50,223. 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.

Note 8. PRIOR PERIOD ADJUSTMENT:

The Company has restated Unrestricted Net Assets at December 31, 2015 to reflect additional revenue of \$31,612 for the year then ended. Increase in net assets reported for 2015 has been increased due to an increase in contributions receivable as of December 31, 2015.

	<u>December 31, 2015</u>
Net assets as previously reported	\$ 560,988
Revenue adjustment	<u>31,612</u>
Net assets as restated	<u>\$ 592,600</u>