



LIFE LEGAL DEFENSE FOUNDATION

(A California Not-for-Profit Corporation)

FINANCIAL STATEMENTS

DECEMBER 31, 2017



LIFE LEGAL DEFENSE FOUNDATION

TABLE OF CONTENTS **DECEMBER 31, 2017**

	Page(s)
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
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, 2017, 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, 2017, 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
February 15, 2018

LIFE LEGAL DEFENSE FOUNDATION

STATEMENT OF FINANCIAL POSITION – DECEMBER 31, 2017

ASSETS

CURRENT:

Cash		\$	1,354,988
Accounts receivable			146,657
Prepaid expenses			5,787
			<hr/>
TOTAL CURRENT ASSETS			1,507,432

PROPERTY AND EQUIPMENT, at cost:

Furniture and equipment	\$	45,620	
Less accumulated depreciation		29,241	16,379
		<hr/>	<hr/>
TOTAL ASSETS			\$ 1,523,811
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LIABILITIES AND NET ASSETS

LIABILITIES:

Credit cards payable		\$	14,850
Accrued expenses			43,223
			<hr/>
TOTAL LIABILITIES			58,073

NET ASSETS:

Unrestricted			1,465,738
Temporarily restricted			-
			<hr/>
TOTAL LIABILITIES AND NET ASSETS			\$ 1,523,811
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See notes to financial statements.

LIFE LEGAL DEFENSE FOUNDATION

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2017

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
SUPPORT AND REVENUE:			
Contributions	\$ 2,151,635	\$ -	\$ 2,151,635
In-kind donations	1,450,075	-	1,450,075
List rental	886	-	886
Miscellaneous income	7,262	-	7,262
Interest and dividend income	1,049	-	1,049
Gain/Loss on Investment	(483)	-	(483)
Total revenue	<u>3,610,424</u>	-	<u>3,610,424</u>
Net assets released from restrictions	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL SUPPORT AND REVENUE	<u>3,610,424</u>	<u>-</u>	<u>3,610,424</u>
EXPENSES:			
Program services	3,164,823	-	3,164,823
Supporting services:			
Fundraising activities	287,299	-	287,299
General and administrative	94,813	-	94,813
TOTAL EXPENSES	<u>3,546,935</u>	<u>-</u>	<u>3,546,935</u>
INCREASE IN NET ASSETS	63,489	-	63,489
NET ASSETS, beginning of year	<u>1,402,249</u>	<u>-</u>	<u>1,402,249</u>
NET ASSETS, end of year	<u>\$ 1,465,738</u>	<u>\$ -</u>	<u>\$ 1,465,738</u>

See notes to financial statements.

LIFE LEGAL DEFENSE FOUNDATION

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2017

	Program Services	Supporting Services		Total Expenses
		General and Administrative	Fundraising	
Case costs	\$ 1,869,953	\$ -	\$ -	\$ 1,869,953
Payroll and related expenses	506,926	25,791	13,613	546,330
Printing	186,981	-	100,682	287,663
Postage	168,256	2,179	88,420	258,855
List rental	64,894	-	34,943	99,837
Mailhouse services	52,564	-	28,304	80,868
Contract labor	53,121	2,167	18,103	73,391
Advertising	54,853	-	-	54,853
Lifeline	44,720	-	-	44,720
Travel	44,306	-	-	44,306
Office supplies	26,285	1,194	-	27,479
Rent	28,151	234	-	28,385
Internet and IT costs	26,078	-	-	26,078
Professional fees	-	23,345	-	23,345
Bank charges	-	16,661	-	16,661
Insurance	14,512	1,593	-	16,105
Utilities	10,649	800	-	11,449
Board meeting	-	9,909	-	9,909
Office expense	5,694	2,809	-	8,503
Repairs and maintenance	-	5,961	-	5,961
Depreciation	3,255	2,170	-	5,425
Computer	3,625	-	-	3,625
Miscellaneous	-	-	3,234	3,234
Total functional expenses	\$ 3,164,823	\$ 94,813	\$ 287,299	\$ 3,546,935

See notes to financial statements.

LIFE LEGAL DEFENSE FOUNDATION

STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2017

CASH FLOWS FROM OPERATING ACTIVITIES:

Increase in net assets	\$ 63,489
Adjustments to reconcile increase in net assets to net cash provided by operating activities:	
Depreciation	5,426
Decrease (increase) in:	
Accounts receivable	(59,603)
Prepaid expenses	29,230
Increase (decrease) in:	
Credit cards payable	713
Accrued expenses	37,636

NET CASH PROVIDED BY OPERATING ACTIVITIES 76,891

CASH FLOWS FROM INVESTING ACTIVITIES:

Purchases of property and equipment	<u>(2,274)</u>
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NET CASH USED BY INVESTING ACTIVITIES (2,274)

CASH FLOWS FROM FINANCING ACTIVITIES

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NET INCREASE IN CASH AND CASH EQUIVALENTS 74,617

CASH AND CASH EQUIVALENTS, beginning of year 1,280,371

CASH AND CASH EQUIVALENTS, end of year \$ 1,354,988

SUPPLEMENTAL DISCLOSURE OF NON-CASH TRANSACTIONS:

During the year ended December 31, 2017 the Organization received \$1,450,075 of donated services.

See notes to financial statements.

LIFE LEGAL DEFENSE FOUNDATION

NOTES TO FINANCIAL STATEMENTS - DECEMBER 31, 2017

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 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. LLDF has no temporarily or permanently restricted net assets at December 31, 2017.

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, 2017.

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, 2017 was \$5,426.

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 require 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, 2017, LLDF received donated professional legal services in the amount of \$1,450,075. This amount was recognized as income and part of court case costs 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, 2017

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.

Date of management's review:

Management has evaluated events through February 15, 2018, the date which the financial statements were available for issue. Management has concluded that there were no subsequent events required to be disclosed or recognized in the financial statements.

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, 2017, LLDF's contribution to the plan was \$6,606.

Note 5. ALLOCATION OF COSTS:

During the year ended December 31, 2017 LLDF incurred joint costs of \$835,968 for informational materials and activities that included fundraising appeals. These costs have been allocated to the following functional expense categories:

Program services	\$ 580,668
Fundraising	270,453
General and administrative	4,346
Total	<u>\$ 855,467</u>

LIFE LEGAL DEFENSE FOUNDATION

NOTES TO FINANCIAL STATEMENTS - DECEMBER 31, 2017

Note 6. COMMITMENTS:

LLDF is only liable under a year to year lease commitment to a related party for real property where the Organization's office is located.

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, 2017 was \$23,436. Board review of the lease amount takes place each year at the last regularly scheduled board meeting of the preceding calendar year.

Officer:

Certain members of the Corporate Secretary's immediate family were hired as outside contractors at prevailing market rates during 2017. 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, 2017 totaled \$36,206. 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.