

STUDENTS FOR LIFE OF AMERICA

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2016

CONTENTS

Independent Auditors' Report

Financial statements

Statement of financial position

Statement of activities

Statement of functional expenses

Statement of cash flows

Notes to financial statements

Frank & Company, p.c.

Certified Public Accountants
703-821-0702

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Students for Life of America

Report on the Financial Statements

We have audited the accompanying financial statements of Students for Life of America (a not-for-profit corporation), 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

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 Students for Life of America 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.

Frank & Company, P.C.

1360 Beverly Road
Suite 300
McLean, Virginia 22101
July 6, 2017

STUDENTS FOR LIFE OF AMERICA
STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2016

Assets:

Current assets:

Cash and cash equivalents	\$ 1,016,065
Prepaid expenses	<u>11,571</u>

Total current assets	1,027,636
----------------------	-----------

Property and equipment, net	20,605
-----------------------------	--------

Investments	2,309
-------------	-------

Other assets	<u>7,750</u>
--------------	--------------

Total assets	<u>\$ 1,058,300</u>
--------------	---------------------

Liabilities and net assets:

Current liabilities:

Accounts payable	\$ 352,888
------------------	------------

Accrued expenses	<u>46,556</u>
------------------	---------------

Total current liabilities	<u>399,444</u>
---------------------------	----------------

Unrestricted net assets	<u>658,856</u>
-------------------------	----------------

Total liabilities and net assets	<u>\$ 1,058,300</u>
----------------------------------	---------------------

See accompanying notes to financial statements.

STUDENTS FOR LIFE OF AMERICA

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2016

Unrestricted revenues and support:	
Contributions	\$ 5,768,177
Book sales	128
Investment income, gains, and losses	<u>2,078</u>
Total unrestricted revenues and support	<u>5,770,383</u>
Expenses:	
Program services:	
Outreach and awareness	4,667,963
Field resources	<u>242,513</u>
Total program services	<u>4,910,476</u>
Supporting services:	
Management and general	253,394
Fundraising	<u>650,654</u>
Total supporting services	<u>904,048</u>
Total expenses	<u>5,814,524</u>
Change in unrestricted net assets	(44,141)
Net assets, beginning of year	<u>702,997</u>
Net assets, ending of year	<u><u>\$ 658,856</u></u>

See accompanying notes to financial statements.

STUDENTS FOR LIFE OF AMERICA

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>Program Services</u>		Total Program Services	<u>Supporting Services</u>		Total
	Outreach and Awareness	Field Resources		Management and General	Fund Raising	
Salaries	\$ 1,345,587	\$ -	\$ 1,345,587	\$ 28,033	\$ 28,033	\$ 1,401,653
Payroll taxes and benefits	250,572	-	250,572	5,220	5,220	261,012
Bank charges	-	-	-	84,648	-	84,648
Caging	39,946	-	39,946	-	13,517	53,463
Conferences and events	56,043	-	56,043	-	-	56,043
Consulting	640,552	-	640,552	-	90,322	730,874
Depreciation	4,295	-	4,295	37	1,222	5,554
Dues and subscriptions	-	-	-	14,909	-	14,909
Education and training	-	-	-	8,963	-	8,963
Equipment rental	10,026	-	10,026	86	2,853	12,965
Information technology	92,715	-	92,715	611	20,163	113,489
Insurance	-	-	-	24,810	-	24,810
Licenses and permits	-	-	-	15,863	-	15,863
List rental	175,718	-	175,718	-	52,820	228,538
Meals and food	56,577	610	57,187	-	-	57,187
Occupancy	31,881	-	31,881	941	9,069	41,891
Outreach devices	160,473	160,472	320,945	-	-	320,945
Postage and shipping	437,319	27,419	464,738	2,606	110,305	577,649
Printing	691,709	-	691,709	-	182,610	874,319
Professional fees	24,073	-	24,073	66,502	501	91,076
Student activities	-	20,081	20,081	-	-	20,081
Supplies	79,711	28,215	107,926	130	4,306	112,362
Telephone	31,231	-	31,231	-	-	31,231
Teleservices	170,415	-	170,415	-	128,558	298,973
Travel	341,741	5,716	347,457	-	-	347,457
Video production	23,317	-	23,317	-	-	23,317
Repair & maintenance	4,062	-	4,062	35	1,155	5,252
	<u>\$ 4,667,963</u>	<u>\$ 242,513</u>	<u>\$ 4,910,476</u>	<u>\$ 253,394</u>	<u>\$ 650,654</u>	<u>\$ 5,814,524</u>

See accompanying notes to financial statements.

STUDENTS FOR LIFE OF AMERICA

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2016

Cash flows from operating activities:	
Change in net assets	\$ (44,141)
Adjustments to reconcile changes in net assets to net cash provided by operating activities:	
Depreciation	5,554
Non-cash stock contribution	(85,080)
Realized loss on investments	(1,966)
Change in accounts receivable	49,046
Change in prepaid expenses	3,117
Change in other assets	(5,250)
Change in accounts payable	163,020
Change in accrued expenses	<u>14,643</u>
Net cash provided by operating activities	<u>98,943</u>
Cash flows from investing activities:	
Proceeds from sale of investments	90,000
Purchase of property and equipment	<u>(16,511)</u>
Net cash provided by investing activities	<u>73,489</u>
Net increase in cash	172,432
Cash, beginning of year	<u>843,633</u>
Cash, ending of year	<u><u>\$ 1,016,065</u></u>

See accompanying notes to financial statements.

STUDENTS FOR LIFE OF AMERICA
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016

1. Organization

Students for Life of America (the Organization) is a not-for-profit corporation organized in 1982 in Virginia. The Organization is a national organization created to educate students and the general public about the pro-life message and motivate them to take an active role in the pro-life movement.

Contributions are received primarily as a result of direct mail and telemarketing solicitations to individuals and other entities throughout the country. Contributions are recognized as support when received.

2. Summary of significant accounting policies

Basis of accounting - The financial statements of the Organization have been prepared on the accrual basis of accounting.

Financial statement presentation - The Organization presents its financial statements in accordance with the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958-205, *Presentation of Financial Statements*. Under FASB ASC 958-205, the Organization is required to report information regarding its financial position and activities according to three classes of net assets as follows:

Unrestricted net assets - Net assets not subject to donor-imposed stipulations.

Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Organization and/or the passage of time.

Permanently restricted net assets - Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization.

The Organization records contributions in accordance with FASB ASC 958-605, *Revenue Recognition*. Under FASB ASC 958-605, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. The Organization reports gifts of cash and other assets as temporarily or permanently restricted revenue if they are received

STUDENTS FOR LIFE OF AMERICA
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016

2. Summary of significant accounting policies (continued)

with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. When donor restrictions are met in the same reporting period, temporarily restricted contributions are reported as unrestricted contributions.

The Organization had no temporarily or permanently restricted contributions as of December 31, 2016.

Allocation of expenses - The Organization allocates costs between program and supporting services based on the function they directly benefit or on management's estimates of the proportion of these costs applicable to each function.

Functional expenses - The costs of providing various program and supporting services have been summarized on a functional basis on the statement of functional expenses. Certain costs have been allocated among program and supporting services as follows:

Outreach and awareness - All expenses incurred to educate students and the general public about the pro-life message and to motivate them to take an active role in the pro-life movement. Additionally, all expenses incurred for conferences and events hosted by the Organization to educate students and the general public.

Field resources - All expenses incurred to start and improve pro-life groups on college and high school campuses across the nation.

Management and general - All other operating expenses incurred by the Organization in the accomplishment of its tax exempt purposes.

Fundraising - All expenses incurred in requesting current or potential donors to contribute to the Organization through money, time, materials, or facilities.

STUDENTS FOR LIFE OF AMERICA
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016

2. Summary of significant accounting policies (continued)

Income taxes - The Organization has received a tax determination letter from the Internal Revenue Service and is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code (Code) and related sections of the State Code. As such, only unrelated business income is subject to income tax. At December 31, 2016, there was no unrelated business income.

Accounting for uncertain tax positions - The Organization accounts for uncertain tax positions under FASB ASC 740, *Income Taxes*. FASB ASC 740 clarifies the accounting for uncertainty in income taxes recognized in an enterprise's financial statements. FASB ASC 740 prescribes a comprehensive model for recognizing, measuring, presenting, and disclosing in financial statements tax positions taken or expected to be taken on a tax return, including positions that the Organization is exempt from income taxes. The Organization believes that it has appropriate support for any tax positions taken and as such, does not have any uncertain tax positions that are material to the financial statements.

The Organization's federal Return of Organization Exempt from Income Tax is subject to examination by the Internal Revenue Service, generally for three years after it is filed.

Investments - Investments consist of equity securities and are reported at fair value based on quoted market prices. Unless restricted by the donor, investment income which consists of interest and dividend income earned, realized gains or losses, and unrealized gains and losses, is included as increases or decreases in unrestricted net assets. Donor restricted investment income is included as increases or decreases in temporarily restricted net assets.

Property and equipment - The Organization capitalizes fixed assets greater than \$1,000. Fixed assets are recorded at cost and depreciated using the straight-line method over the estimated useful lives of between five to seven years.

Uses of estimates - Management uses estimates and assumptions in preparing financial statements in conformity with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

STUDENTS FOR LIFE OF AMERICA
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016

3. Investments

At December 31, 2016, investments consist of equity securities with a fair value of \$2,309. For the year ended December 31, 2016, investment income was comprised of the following:

Interest on cash and investments	\$ 112
Net realized gain	<u>1,966</u>
	<u>\$ 2,078</u>

4. Property and equipment

At December 31, 2015, property and equipment consists of the following:

Depreciable:	
Furniture and equipment	\$ 75,849
Less: Accumulated depreciation	<u>(55,244)</u>
	<u>\$ 20,605</u>

5. Fair value measurement

The Organization follows FASB ASC 820, *Fair Value Measurements*, to disclose fair value measurements of assets and liabilities that are being reported on a fair value basis. FASB ASC 820 requires that assets and liabilities carried at fair value be classified and disclosed in one of the following three categories:

Level 1: Quoted market prices in active markets for identical assets or liabilities.

Level 2: Observable market based inputs or unobservable inputs that are corroborated by market data.

Level 3: Unobservable inputs that are not corroborated by market data.

STUDENTS FOR LIFE OF AMERICA
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016

5. Fair value measurement (continued)

In determining the appropriate levels, the Organization performs a detail analysis of the assets and liabilities that are subject to FASB ASC 820.

The table below presents the balances of assets measured at fair value on a recurring basis by level within the hierarchy. There are no liabilities that are being measured and reported on a fair value basis.

	Fair Value	Level 1	Level 2	Level 3
Equities:				
Domestic	\$ <u>2,309</u>	\$ <u>2,309</u>	\$ <u>-</u>	\$ <u>-</u>

The Organization holds investments in equities which are publicly traded on the stock exchange and are considered a Level 1 item. For the year ended December 31, 2016, the application of the valuation techniques applied to similar assets has been consistent.

6. Operating leases

The Organization has a noncancelable lease for office space through September 2021. As of December 31, 2016, the future minimum rental payment for this operating lease is as follows:

<u>For the year ended</u>	
2017	\$ 51,282
2018	52,561
2019	54,138
2020	55,762
2021	<u>33,090</u>
	<u>\$ 246,833</u>

Total rent expense for the year ended December 31, 2016 was \$34,625 and is included in Occupancy in the accompanying statement of functional expenses.

STUDENTS FOR LIFE OF AMERICA
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016

7. Allocation of joint costs

For the year ended December 31, 2016, the Organization incurred joint costs of \$2,322,690 for direct mail and telemarketing informational materials and activities that included fundraising appeals. Of those costs, \$1,769,151 was allocated to program services and \$553,539 was allocated to fundraising.

8. Financial risks

The Organization maintains cash balances that may exceed Federally insured limits. The cash accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per institution. The Organization has not experienced any losses in such accounts.

9. Subsequent events

Management has evaluated subsequent events through July 6, 2017, when the financial statements were available to be issued.