

***STUDENTS FOR LIFE OF AMERICA***

***FINANCIAL STATEMENTS***

***FOR THE YEAR ENDED DECEMBER 31, 2018***

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# 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, 2018, 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, 2018, 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  
June 22, 2019

**STUDENTS FOR LIFE OF AMERICA**  
**STATEMENT OF FINANCIAL POSITION**

DECEMBER 31, 2018

**Assets:**

Current assets:

Cash	\$ 1,330,734
Prepaid expenses	38,903
Cash held for specified beneficiary	<u>13,870</u>

Total current assets 1,383,507

Property and equipment, net 19,935

Other assets 5,250

Total assets \$ 1,408,692

**Liabilities and net assets:**

Current liabilities:

Accounts payable	\$ 363,112
Accrued expenses	52,762
Payable to specified beneficiary	<u>13,870</u>

Total current liabilities 429,744

Net assets without donor restrictions 978,948

Total liabilities and net assets \$ 1,408,692

See accompanying notes to financial statements.

**STUDENTS FOR LIFE OF AMERICA**

**STATEMENT OF ACTIVITIES**

FOR THE YEAR ENDED DECEMBER 31, 2018

**Revenues and support:**

Contributions	\$ 8,205,800
Book sales	33
Investment income, gains, and losses	<u>196</u>
Total revenues and support	<u>8,206,029</u>

**Expenses:**

Program services:	
Outreach and awareness	4,625,582
Field resources	933,459
Campus tours	<u>700,002</u>
Total program services	<u>6,259,043</u>
Supporting services:	
Management and general	795,135
Fundraising	<u>918,441</u>
Total supporting services	<u>1,713,576</u>
Total expenses	<u>7,972,619</u>
Change in net assets	233,410
Net assets, beginning	<u>745,538</u>
Net assets, ending	<u>\$ 978,948</u>

See accompanying notes to financial statements.

**STUDENTS FOR LIFE OF AMERICA**

**STATEMENT OF FUNCTIONAL EXPENSES**

FOR THE YEAR ENDED DECEMBER 31, 2018

	<b>Program Services</b>				<b>Supporting Services</b>		<b>Total</b>
	<b>Outreach and Awareness</b>	<b>Field Resources</b>	<b>Campus Tours</b>	<b>Total Program Services</b>	<b>Management and General</b>	<b>Fund Raising</b>	
Salaries	\$ 474,559	\$ 474,559	\$ 474,559	\$ 1,423,677	\$ 301,346	\$ 47,671	\$ 1,772,694
Payroll taxes and benefits	85,440	85,440	85,440	256,320	54,255	8,583	319,158
Advertising	36,277	-	-	36,277	-	-	36,277
Bank charges	-	-	-	-	137,603	-	137,603
Caging	-	-	-	-	128,167	-	128,167
Conferences and events	134,644	62,064	1,194	197,902	758	119	198,779
Consulting	669,934	1,205	1,205	672,344	279	103,592	776,215
Depreciation	1,927	1,927	1,927	5,781	446	1,647	7,874
Dues and subscriptions	1,622	1,622	1,622	4,866	376	1,388	6,630
Education and training	6,305	6,305	6,305	18,915	4,004	634	23,553
Equipment rental	3,005	3,005	3,005	9,015	696	2,568	12,279
Information technology	41,184	41,184	41,184	123,552	9,536	35,198	168,286
Insurance	6,373	6,373	6,373	19,119	1,476	5,448	26,043
Licenses and permits	3,907	3,907	3,907	11,721	905	3,339	15,965
List rental	183,411	-	-	183,411	-	41,131	224,542
Meals and food	43,342	17,477	493	61,312	-	-	61,312
Occupancy	14,752	14,752	14,752	44,256	3,416	12,608	60,280
Outreach devices	298,150	27,105	4,218	329,473	-	-	329,473
Postage and shipping	1,139,516	31,292	7,880	1,178,688	213	284,121	1,463,022
Printing	774,797	-	-	774,797	-	193,128	967,925
Professional fees	8,198	8,198	8,198	24,594	123,002	824	148,420
Student activities	-	10,614	-	10,614	-	-	10,614
Supplies	82,842	53,855	33,903	170,600	2,729	10,074	183,403
Telephone	26,940	3,837	3,837	34,614	2,079	-	36,693
Teleservices	249,553	-	-	249,553	-	166,368	415,921
Travel	315,370	78,738	-	394,108	-	-	394,108
Video production	23,534	-	-	23,534	-	-	23,534
Repair & maintenance	-	-	-	-	23,849	-	23,849
	<u>\$ 4,625,582</u>	<u>\$ 933,459</u>	<u>\$ 700,002</u>	<u>\$ 6,259,043</u>	<u>\$ 795,135</u>	<u>\$ 918,441</u>	<u>\$ 7,972,619</u>

See accompanying notes to financial statements.

**STUDENTS FOR LIFE OF AMERICA**

**STATEMENT OF CASH FLOWS**

FOR THE YEAR ENDED DECEMBER 31, 2018

<b>Cash flows from operating activities:</b>	
Change in net assets	\$ 233,410
Adjustments to reconcile changes in net assets to net cash provided by operating activities:	
Depreciation	7,874
Realized gain on investments	48
Change in prepaid expenses	(26,229)
Cash received for specified beneficiary	(13,870)
Change in accounts payable	135,346
Change in accrued expenses	(2,907)
Change in payable to specified beneficiary	<u>13,870</u>
Net cash provided by operating activities	<u>347,542</u>
<b>Cash flows from investing activities:</b>	
Proceeds from sale of investments	2,381
Purchase of property and equipment	<u>(5,477)</u>
Net cash used in investing activities	<u>(3,096)</u>
Net increase in cash	344,446
Cash, beginning of year	<u>986,288</u>
Cash, end of year	<u>\$ 1,330,734</u>

See accompanying notes to financial statements.



**STUDENTS FOR LIFE OF AMERICA**  
**NOTES TO FINANCIAL STATEMENTS**

DECEMBER 31, 2018

**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 two classes of net assets as follows:

*Without donor restrictions* - Net assets not subject to donor-imposed stipulations.

*With donor restrictions* - Net assets subject to donor-imposed stipulations that will be met either by actions of the Organization and/or the passage of time or net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization.

The Organization reports gifts of cash and other assets as with donor restricted revenue if they are received 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, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restriction. Donor restrictions met in the same reporting period are recorded as net assets without donor restrictions.

***STUDENTS FOR LIFE OF AMERICA***  
***NOTES TO FINANCIAL STATEMENTS***

*DECEMBER 31, 2018*

**2. Summary of significant accounting policies (continued)**

The Organization had no net assets with donor restrictions as of December 31, 2018.

*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. Direct mail and telemarketing activity is allocated based on a direct line count method of allocating joint costs. Salaries and related taxes and benefits are allocated based on estimated time spent by employees. Remaining expenses are either directly charged to program or supporting services or allocated using the average of percentage per the line count and estimated time spent by employees.

*Functional expenses* - Expenses are classified according to the programs and supporting services for which they were incurred and reported on a functional basis in the accompanying statement of activities. The program and supporting services of the Organization are 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.

*Campus tours* - Campus tours utilize a series of large banners for outreach and education on college and high school campuses. Regional coordinators work with student groups to gain permission to host these displays in public areas on campus with high visibility. Students are trained in the topic presented on the banners and how to lead fellow students through an educational conversation. The number of conversations and conversations are tracked and students are encouraged to sign up to join the group. Topics change each semester and can cover: When do Human Rights Begin, Abortion is Violence, Planned Parenthood Truth, and more.

**STUDENTS FOR LIFE OF AMERICA**  
**NOTES TO FINANCIAL STATEMENTS**

DECEMBER 31, 2018

**2. Summary of significant accounting policies (continued)**

*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.

*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, 2018, there was no unrelated business income.

Management has evaluated the Organization's tax positions and has concluded that the Organization has taken no uncertain tax positions that require adjustment 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.

*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 accounting principles generally accepted in the United States of America. 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, 2018

**3. Property and equipment**

At December 31, 2018, property and equipment consists of the following:

Furniture and equipment	\$ 43,256
Less: Accumulated depreciation	<u>(23,321)</u>
	<u>\$ 19,935</u>

**4. Operating leases**

The Organization has a noncancelable lease for office space through September 2021. As of December 31, 2018, the future minimum rental payment for this operating lease is as follows:

<u>For the year ended</u>	
2019	\$ 54,138
2020	55,762
2021	<u>33,090</u>
	<u>\$ 142,990</u>

Total rent expense for the year ended December 31, 2018 was \$52,820 and is included in Occupancy in the accompanying statement of functional expenses.

**5. Allocation of joint costs**

For the year ended December 31, 2018, the Organization incurred joint costs of \$3,507,754 for direct mail and telemarketing informational materials and activities that included fundraising appeals. Of those costs, \$2,721,229 was allocated to program services and \$786,525 was allocated to fundraising.

***STUDENTS FOR LIFE OF AMERICA***  
***NOTES TO FINANCIAL STATEMENTS***

*DECEMBER 31, 2018*

**6. Concentration of credit risk**

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.

**7. Liquidity**

The Organization's financial assets available to meet cash needs for general expenditure consists of cash of \$1,330,734 which is not subject to donor or other contractual restrictions that would make it unavailable within one year of the statement of financial position date. The Organization is substantially supported by contributions without donor restrictions. The Organization anticipates collecting sufficient revenue to cover general expenditures and typically generates positive cash flows from operations, as evidenced by the statement of cash flows.

**8. Subsequent events**

Management has evaluated subsequent events through June 22, 2019, when the financial statements were available to be issued.