



PragerMetis

**Students for Life of America
Financial Statements
December 31, 2019**

Students for Life of America
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December 31, 2019

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Independent Auditor's Report

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To the Board of Directors of
Students for Life of America

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, 2019, 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, 2019, 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.

Prager Metis CPAs, LLC

Prager Metis CPAs, LLC
McLean, Virginia
August 19, 2020

Students for Life of America
Statement of Financial Position
December 31, 2019

Assets

Current assets

Cash	\$ 3,130,574
Inventory	64,411
Prepaid expenses	312,036
Cash held for specified beneficiary	42,208
Total current assets	<u>3,549,229</u>

Property and equipment, net 59,934

Other assets 9,199

Total assets \$ 3,618,362

Liabilities and net assets

Liabilities

Accounts payable	\$ 231,377
Accrued expenses	65,999
Deferred revenue	72,340
Payable to specified beneficiary	42,208

Total liabilities (all current) 411,924

Net assets without donor restrictions 3,206,438

Total liabilities and net assets \$ 3,618,362

The accompanying notes are an integral part of these financial statements.

Students for Life of America
Statement of Activities
Year Ended December 31, 2019

Revenue and support

Contributions	\$ 12,228,460
SFL Gear sales	36,190
Investment income, gains, and losses	<u>7,071</u>
Total revenues and support	<u>12,271,721</u>

Expenses

Program services	
Outreach and awareness	6,268,855
Field resources	1,074,651
Campus tours	<u>1,219,592</u>
Total program services	<u>8,563,098</u>
Supporting services	
Management and general	450,738
Fundraising	<u>1,030,395</u>
Total supporting services	<u>1,481,133</u>
Total expenses	<u>10,044,231</u>
Change in net assets	2,227,490
Net assets, without donor restrictions, beginning of year	<u>978,948</u>
Net assets, without donor restrictions, end of year	<u><u>\$ 3,206,438</u></u>

The accompanying notes are an integral part of these financial statements.

Students for Life of America
Statement of Functional Expenses
Year Ended December 31, 2019

	Program Services				Supporting Services		
	Outreach and Awareness	Field Resources	Campus Tours	Total Program Services	Management and General	Fund- Raising	Total
Salaries	\$ 645,547	\$ 645,547	\$ 645,547	\$ 1,936,641	\$ 147,354	\$ 21,050	\$ 2,105,045
Payroll taxes and benefits	129,145	129,145	129,145	387,435	29,479	4,211	421,125
Advertising	118,109	-	-	118,109	-	-	118,109
Bank charges	46,281	46,281	46,281	138,843	4,153	35,008	178,004
Caging	-	-	-	-	169,033	-	169,033
Conferences and events	165,597	62,602	62,602	290,801	3	-	290,804
Consulting	785,742	41,042	41,042	867,826	329	118,374	986,529
Depreciation	2,641	2,641	2,641	7,923	237	1,997	10,157
Dues and subscriptions	1,268	1,268	1,268	3,804	114	959	4,877
Education and training	809	809	809	2,427	185	26	2,638
Equipment rental	3,137	3,137	3,137	9,411	281	2,373	12,065
Information technology	54,211	29,629	29,629	113,469	2,659	22,411	138,539
Insurance	5,653	5,653	5,653	16,959	507	4,276	21,742
Licenses and permits	4,156	4,156	4,156	12,468	373	3,144	15,985
List rental	337,816	-	-	337,816	-	57,789	395,605
Meals and food	57,174	-	21,081	78,255	-	-	78,255
Occupancy	14,794	14,794	14,794	44,382	1,327	11,190	56,899
Outreach devices	413,856	-	31,333	445,189	-	-	445,189
Postage and shipping	1,825,754	14,126	30,895	1,870,775	29	395,497	2,266,301
Printing	851,515	-	-	851,515	-	185,751	1,037,266
Professional fees	11,357	11,357	11,357	34,071	92,640	821	127,532
Student activities	-	1,136	-	1,136	-	-	1,136
Supplies	135,630	52,390	66,096	254,116	1,407	11,865	267,388
Telephone	44,736	-	-	44,736	-	-	44,736
Teleservices	222,519	-	-	222,519	-	148,346	370,865
Travel	362,031	-	63,188	425,219	-	-	425,219
Video production	12,614	-	-	12,614	-	-	12,614
Repairs and maintenance	7,013	7,013	7,013	21,039	628	5,307	26,974
Other expenses	9,750	1,925	1,925	13,600	-	-	13,600
Total expenses	\$ 6,268,855	\$ 1,074,651	\$ 1,219,592	\$ 8,563,098	\$ 450,738	\$ 1,030,395	\$ 10,044,231

The accompanying notes are an integral part of these financial statements.

Students for Life of America
Statement of Cash Flows
Year Ended December 31, 2019

Cash flows from operating activities	
Change in net assets	\$ 2,227,490
Adjustments to reconcile change in net assets provided by operating activities	
Depreciation	10,157
Loss on disposal of equipment	2,485
Change in deferred revenue	72,340
Non-cash stock contribution	(52,397)
Sale of non-cash stock contribution	49,266
Realized gain on investments	1,132
(Increase) Decrease in assets:	
Inventory	(64,411)
Prepaid expenses	(273,133)
Cash received for specified beneficiary	(28,338)
Other assets	(1,950)
Increase (decrease) liabilities:	
Accounts payable	(131,735)
Accrued expenses	13,237
Payable to specified beneficiary	28,338
Net cash provided by operating activities	<u>1,852,481</u>
Cash flows from investing activities	
Purchases of property and equipment	<u>(52,641)</u>
Net cash used in investing activities	<u>(52,641)</u>
Net increase in cash	1,799,840
Cash, beginning of year	<u>1,330,734</u>
Cash, end of year	<u><u>\$ 3,130,574</u></u>

The accompanying notes are an integral part of these financial statements.

Note 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.

Note 2 Summary of Significant Accounting Policies

Basis of accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP).

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.

The Organization had no net assets with donor restrictions as of December 31, 2019.

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

Note 2 Summary of Significant Accounting Policies (continued)

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, tracking of the 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.

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, 2019, there was no unrelated business income.

Note 2 Summary of Significant Accounting Policies (continued)

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.

Cash and cash equivalents

Cash and cash equivalents include bank accounts as well as money market

Inventory

Inventory consists of apparel and other merchandise and is stated at the lower of cost or net realizable value. Cost is determined on the first-in, first-out method.

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. Repairs are expensed as incurred.

Uses of Estimates

Management uses estimates and assumptions in preparing financial statements in conformity with GAAP. 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.

Note 3 Property and Equipment

At December 31, 2019, property and equipment consists of the following:

Furniture and equipment	\$ 66,379
Deposit on purchase of building	25,000
Less: accumulated depreciation	<u>(31,445)</u>
	<u>\$ 59,934</u>

Note 4 Operating Leases

The Organization has a noncancelable lease for office space through September 2021. As of December 31, 2019, the future minimum rental payment for this operating lease is as follows:

Note 4 Operating Leases (continued)

<u>Year ended December 31,</u>	
2020	\$ 55,762
2021	<u>33,090</u>
	<u>\$ 88,852</u>

Total rent expense for the year ended December 31, 2019 was \$52,164 and is included in occupancy in the accompanying statement of functional expenses.

Note 5 Allocation of joint costs

For the year ended December 31, 2019, the Organization incurred joint costs of \$4,561,973 for direct mail and telemarketing informational materials and activities that included fundraising appeals. Of those costs, \$3,659,228 was allocated to program services and \$902,745 was allocated to fundraising.

Note 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.

Note 7 Liquidity

The Organization's financial assets available to meet cash needs for general expenditure totals \$1,630,574, consisting of cash of \$3,130,574 less estimated construction costs described in Note 9 of \$1,500,000, which is not subject to donor restrictions, 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.

Note 8 Related Party Transactions

The Organization's president is also the president of Students For Life of Action (SFL Action), a youth pro-life organization. During the year ended December 31, 2019, SFL Action paid the Organization \$55,844 for various expenses.

Note 9 Subsequent events

Management has evaluated subsequent events through August 19, 2020, when the financial statements were available to be issued.

During the year ended December 31, 2019, the Organization entered into a letter of intent to purchase a building and paid \$25,000 deposit, which is included in property and equipment on the accompanying statement of financial position. Subsequent to year end the Organization entered into a purchase agreement for the new office space. The Organization also entered into an agreement for the construction of the new office space. The construction cost is estimated to be \$1,500,000.

As a result of the spread of the COVID-19 coronavirus, economic uncertainties have arisen. Management believes such uncertainties are temporary in nature. Other financial impacts could occur, although such potential impacts are unknown at this time.