



**PragerMetis**

**Students for Life of America  
Financial Statements  
December 31, 2020**

Students for Life of America  
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December 31, 2020

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## Independent Auditor's Report

*Prager Metis CPAs, LLC*

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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, 2020, 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, 2020, 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 18, 2021

Students for Life of America  
Statement of Financial Position  
December 31, 2020

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**Assets**

Cash	\$ 5,328,756
Related party receivable	136,636
Prepaid expenses	51,009
Inventory	55,513
Certificate of deposit	125,031
Property and equipment, net	1,620,877
Other assets	5,250
Cash held for specified beneficiary	<u>41,100</u>

**Total assets** \$ 7,364,172

**Liabilities and net assets**

**Liabilities**

Accounts payable	\$ 86,051
Accrued expenses	100,547
Paycheck protection program loan	534,500
Mortgage note payable	927,953
Payable to specified beneficiary	<u>41,100</u>

**Total liabilities** 1,690,151

**Net assets without donor restrictions** 5,674,021

**Total liabilities and net assets** \$ 7,364,172

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

Students for Life of America  
Statement of Activities  
Year Ended December 31, 2020

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**Revenue and support**

Contributions	\$ 11,681,488
SFL Gear sales	82,567
Other income	25,351
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Total revenues and support	11,789,406

**Expenses**

Program services	
Outreach and awareness	5,043,388
Field resources	1,437,227
Campus tours	1,562,734
Total program services	<hr/> 8,043,349
Supporting services	
Management and general	681,998
Fundraising	596,476
	<hr/>
Total supporting services	1,278,474
	<hr/>
<b>Total expenses</b>	9,321,823
	<hr/>
<b>Change in net assets</b>	2,467,583
Net assets, without donor restrictions, beginning of year	<hr/> 3,206,438
	<hr/>
<b>Net assets, without donor restrictions, end of year</b>	<u><u>\$ 5,674,021</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, 2020

	Program Services				Supporting Services		
	Outreach and Awareness	Field Resources	Campus Tours	Total Program Services	Management and General	Fund- Rasing	Total
Salaries	\$ 707,234	\$ 707,234	\$ 707,234	\$ 2,121,702	\$ 223,682	\$ 78,034	\$ 2,423,418
Payroll taxes and benefits	139,664	139,664	139,664	418,992	44,172	15,410	478,574
Advertising	102,111	-	-	102,111	-	-	102,111
Bank charges	-	-	-	-	153,121	-	153,121
Caging	-	-	-	-	102,730	-	102,730
Conferences and events	109,140	88,833	88,833	286,806	-	-	286,806
Consulting	349,769	207,613	207,613	764,995	20,973	39,007	824,975
Depreciation	9,097	9,097	9,097	27,291	1,069	6,398	34,758
Dues and subscriptions	908	908	908	2,724	107	639	3,470
Education and training	15,048	15,716	15,048	45,812	4,759	1,660	52,231
Equipment rental	3,917	3,917	3,917	11,751	461	2,755	14,967
Information technology	25,112	25,112	25,112	75,336	2,952	17,661	95,949
Insurance	6,860	6,860	6,860	20,580	806	4,825	26,211
Licenses and permits	5,321	5,321	5,321	15,963	625	3,742	20,330
List rental	225,634	-	-	225,634	-	3,138	228,772
Meals and food	89,745	55,390	62,923	208,058	-	-	208,058
Occupancy	16,038	16,038	16,038	48,114	1,885	11,279	61,278
Outreach devices	585,094	7,604	68,232	660,930	-	-	660,930
Postage and shipping	949,822	6,917	14,847	971,586	3	191,061	1,162,650
Printing	790,268	-	-	790,268	-	172,170	962,438
Professional fees	22,199	22,199	22,199	66,597	88,188	8,747	163,532
Supplies	243,105	87,785	121,789	452,679	2,300	13,763	468,742
Cost of goods sold	94,591	-	-	94,591	-	-	94,591
Telephone	45,320	-	-	45,320	2,385	-	47,705
Teleservices	50,835	-	-	50,835	10,153	26,187	87,175
Travel	199,764	31,019	47,099	277,882	-	-	277,882
Video production	256,792	-	-	256,792	-	-	256,792
Repairs and maintenance	-	-	-	-	21,627	-	21,627
Total expenses	<u>\$ 5,043,388</u>	<u>\$ 1,437,227</u>	<u>\$ 1,562,734</u>	<u>\$ 8,043,349</u>	<u>\$ 681,998</u>	<u>\$ 596,476</u>	<u>\$ 9,321,823</u>

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

Students for Life of America  
Statement of Cash Flows  
Year Ended December 31, 2020

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<b>Cash flows from operating activities</b>	
Change in net assets	\$ 2,467,583
<b>Adjustments to reconcile change in net assets to net cash provided by operating activities</b>	
Depreciation	34,758
(Increase) decrease in assets:	
Inventory	8,898
Related party receivable	(136,636)
Prepaid expenses	261,027
Cash received for specified beneficiary	1,108
Other assets	3,949
Increase (decrease) liabilities:	
Accounts payable	(145,326)
Accrued expenses	34,548
Deferred revenue	(72,340)
Payable to specified beneficiary	(1,108)
<b>Net cash provided by operating activities</b>	<u>2,456,461</u>
<b>Cash flows from investing activities</b>	
Purchases of building and building improvements	(662,098)
Purchase of certificate of deposit	(125,031)
<b>Net cash used in investing activities</b>	<u>(787,129)</u>
<b>Cash flows from financing activities</b>	
Proceeds from paycheck protection program loan	534,500
Payments on mortgage note	(5,650)
<b>Net cash provided by financing activities</b>	<u>528,850</u>
<b>Net increase in cash</b>	2,198,182
Cash, beginning of year	<u>3,130,574</u>
<b>Cash, end of year</b>	<u>\$ 5,328,756</u>
<b>Noncash investing and financing activity</b>	
Mortgage for purchase of building	<u>\$ 933,603</u>
<b>Supplemental cash flow disclosures</b>	
Interest paid	<u>\$ 8,934</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**

GAAP requires the Organization 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, 2020.

SFL Gear sales are recorded at the time of sale.

**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, 2020, 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.

**Certificate of Deposit**

The certificate of deposit is considered an other investment and held at cost plus accrued interest.

**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 the assets, between five and seven years. Building and building improvements are being depreciated over an estimated useful life of 39 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**

Property and equipment consists of the following:

Furniture and equipment	\$ 77,204
Building and building improvements	1,609,875
Less: accumulated depreciation	<u>(66,202)</u>
	<u><u>\$ 1,620,877</u></u>

**Note 4 Mortgage Note Payable**

In 2020 the Organization purchased an office condo and entered into a mortgage note payable. The mortgage note payable is secured by the office condo. The mortgage note carries a fixed interest rate of 3.75% and is payable in monthly payments of \$4,827, including principal and interest, through September 2030, at which time the principal balance is due. Future maturities are as follows:

**Note 4 Mortgage Note Payable (continued)**

<u>Year ended December 31,</u>	
2021	\$ 23,533
2022	24,431
2023	25,363
2024	26,331
2025	27,335
Thereafter	<u>800,960</u>
	<u><u>\$ 927,953</u></u>

**Note 5 Allocation of Joint Costs**

For the year ended December 31, 2020, the Organization incurred joint costs of \$2,175,392 for direct mail and telemarketing informational materials and activities that included fundraising appeals. Of those costs, \$1,771,498 was allocated to program services and \$403,894 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 \$5,593,123, consisting of cash of \$5,331,456, related party receivables of \$136,636, and certificate of deposit of \$125,031, which are 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, 2020, the Organization provided various back-office support totaling \$292,642. At December 31, 2020 receivables from SFL Action totaled \$136,636 related to these services. In March 2021, the Organization combined with SFL Action.

**Note 9 Paycheck Protection Program Loan**

In 2020, the Organization obtained a loan in the amount of \$534,500 pursuant to the Paycheck Protection Program (“PPP”). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act (“CARES Act”), provides for loans to qualifying businesses for up to 2.5 times the average monthly payroll expenses of the qualifying business. Under the terms of the PPP, certain amounts of the loan may be forgiven if they are used for qualifying expenses as described in the CARES Act. The unforgiven portion of the loan is payable over 2 years at an interest rate of 1%, with a deferral of payments for the first six months. The Organization believes it has used the proceeds for the purposes consistent with the PPP. Subsequent to year end the PPP loan was fully forgiven.

**Note 10 Uncertainties**

Economic uncertainties have arisen due to the spread of the COVID-19 coronavirus. As a result of the COVID-19 coronavirus, the Organization has had to postpone all in-person events and conferences. Management believes such disruptions are temporary in nature.

**Note 11 Subsequent Events**

Management has evaluated subsequent events through August 18, 2021, when the financial statements were available to be issued.