

**LIFE LEGAL DEFENSE FOUNDATION**

**(A California Not-for-Profit Corporation)**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2008**

# **LIFE LEGAL DEFENSE FOUNDATION**

## **TABLE OF CONTENTS** **DECEMBER 31, 2008**

Independent auditors' report	2
Statement of assets, liabilities and net assets – modified cash basis	3
Statement of support, revenue and expenses – modified cash basis	4
Notes to financial statements	5-7



## Independent Auditors' Report

The Board of Trustees  
Life Legal Defense Foundation

We have audited the accompanying statement of assets, liabilities and net assets – modified cash basis of Life Legal Defense Foundation (a California not-for-profit organization) as of December 31, 2008, and the related statement of support, revenue and expenses – modified cash basis for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As described in Note 1, these financial statements were prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities and net assets of Life Legal Defense Foundation as of December 31, 2008 and its revenue, expenses and other changes in net assets for the year then ended, on the basis of accounting described in Note 1.

*RINA accountancy corporation*

Certified Public Accountants

Walnut Creek, California  
May 11, 2009

# LIFE LEGAL DEFENSE FOUNDATION

## STATEMENT OF ASSETS, LIABILITIES AND NET ASSETS - MODIFIED CASH BASIS

DECEMBER 31, 2008

### ASSETS

CURRENT:

Cash		\$ 821,571
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TOTAL CURRENT ASSETS		821,571
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PROPERTY AND EQUIPMENT, at cost:

Furniture and equipment	\$ 63,145	
Less accumulated depreciation	<u>57,050</u>	<u>6,095</u>

TOTAL ASSETS		<u>\$ 827,666</u>
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### NET ASSETS

NET ASSETS:

Unrestricted	\$ 827,666	
Temporarily restricted	<u>0</u>	<u>\$ 827,666</u>

TOTAL LIABILITIES AND NET ASSETS		<u>\$ 827,666</u>
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See notes to financial statements.

## LIFE LEGAL DEFENSE FOUNDATION

### STATEMENT OF SUPPORT, REVENUE AND EXPENSES - MODIFIED CASH BASIS

#### YEAR ENDED DECEMBER 31, 2008

	Unrestricted	Temporarily Restricted	Total
<b>SUPPORT AND REVENUE:</b>			
Contributions	\$ 1,012,877	\$ 31,925	\$ 1,044,802
Fundraising events, net of expenses	(4,316)	0	(4,316)
List rental	53,506	0	53,506
Interest and dividend income	8,552	0	8,552
Other income	0	0	0
	1,070,619	31,925	1,102,544
Total revenue			
Net assets released from restrictions	31,925	(31,925)	0
	1,102,544	0	1,102,544
<b>TOTAL SUPPORT AND REVENUE</b>			
<b>EXPENSES:</b>			
Program services	988,658	0	988,658
Supporting services:			
Fundraising activities	53,817	0	53,817
General and administrative	169,554	0	169,554
	1,212,029	0	1,212,029
<b>TOTAL EXPENSES</b>			
DECREASE IN NET ASSETS	(109,485)	0	(109,485)
NET ASSETS, beginning of year	937,151	0	937,151
	\$ 827,666	\$ 0	\$ 827,666
<b>NET ASSETS, end of year</b>			

See notes to financial statements.

# LIFE LEGAL DEFENSE FOUNDATION

## NOTES TO FINANCIAL STATEMENTS - DECEMBER 31, 2008

### **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 general 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 on the modified cash basis of accounting which differs from accounting principles generally accepted in the United States of America. Such differences result primarily from the non-recognition of donations receivable, donated services, and accounts payable to vendors, and their related effects on the change in unrestricted net assets.

Financial statement presentation follows the recommendations of the Financial Accounting Standards board in its Statement of Financial Accounting Standards (SFAS No. 117), Financial Statements of Not-for-Profit Organizations. Under SFAS No. 117, the Organization 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.

#### 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, 2008 was \$4,217.

#### 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.

#### 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.

#### 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.

# LIFE LEGAL DEFENSE FOUNDATION

## NOTES TO FINANCIAL STATEMENTS - DECEMBER 31, 2008

**Note 2. NATURE OF ESTIMATES:**

The preparation of financial statements on the modified cash basis of accounting requires management to make estimates and assumptions that effect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Note 3. CONCENTRATION OF CREDIT RISK:**

Financial instruments that potentially subject LLDF to concentrations of credit risk consist of cash. Cash was held in financial institutions in the United States of America. Non-interest bearing deposits in these financial institutions are fully insured by the FDIC until December 31, 2009. Cash in interest bearing accounts was held in financial institutions in amounts exceeding the guaranteed amount of the Federal Deposit Insurance Corporation.

**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, 2008, LLDF's contribution to the plan was \$4,936.

**Note 5. ALLOCATION OF COSTS:**

During the year ended December 31, 2008 LLDF incurred joint costs of \$448,695 for informational materials and activities that included fundraising appeals. These costs have been allocated to the following functional expense categories:

Program services	\$ 394,878
Fundraising	<u>53,817</u>
Total	<u>\$ 448,695</u>

**Note 6. COMMITMENTS:**

The Organization is liable under a lease commitment to a related party (see Note 7) for the following annual rentals on real properties:

Years Ending <u>December 31,</u>	
2009	<u>\$ 19,350</u>

**Note 7. RELATED PARTY TRANSACTIONS:**

Leases:

LLDF leases facilities from 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, 2008 was \$19,381. Board review of the lease amount takes places each year at the first regularly scheduled board meeting following the end of the preceding fiscal year, which is December 31<sup>st</sup>.

# **LIFE LEGAL DEFENSE FOUNDATION**

## **NOTES TO FINANCIAL STATEMENTS - DECEMBER 31, 2008**

### **Note 7. RELATED PARTY TRANSACTIONS (continued):**

Officer:

Certain members of the Corporate Secretary's immediate family were hired as outside contractors at prevailing market rates during 2008. The hiring of these family members took place prior to the Corporate Secretary becoming an officer of LLDF. The rate at which outside contractors are paid is based on prevailing rates in their area of expertise. 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 31<sup>st</sup>.