

LIFE LEGAL DEFENSE FOUNDATION

(A California Not-for-Profit Corporation)

FINANCIAL STATEMENTS

DECEMBER 31, 2009

LIFE LEGAL DEFENSE FOUNDATION

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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, 2009, 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 audit provides 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, 2009 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
January 28, 2010

LIFE LEGAL DEFENSE FOUNDATION

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

DECEMBER 31, 2009

ASSETS

CURRENT:

Cash		\$ 871,870
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TOTAL CURRENT ASSETS		871,870
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PROPERTY AND EQUIPMENT, at cost:

Furniture and equipment	\$ 63,145	
Less accumulated depreciation	<u>59,951</u>	<u>3,194</u>

TOTAL ASSETS		<u>\$ 875,064</u>
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NET ASSETS

NET ASSETS:

Unrestricted	\$ 875,064	
Temporarily restricted	<u>0</u>	<u>\$ 875,064</u>

TOTAL LIABILITIES AND NET ASSETS		<u>\$ 875,064</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, 2009

	Unrestricted	Temporarily Restricted	Total
SUPPORT AND REVENUE:			
Contributions	\$ 1,297,137	\$ 8,075	\$ 1,305,212
Fundraising events, net of expenses	3,736	0	3,736
List rental	22,359	0	22,359
Interest and dividend income	405	0	405
Other income	0	0	0
	1,323,637	8,075	1,331,712
Total revenue			
Net assets released from restrictions	8,075	(8,075)	0
	1,331,712	0	1,331,712
TOTAL SUPPORT AND REVENUE			
EXPENSES:			
Program services	1,079,872	0	1,079,872
Supporting services:			
Fundraising activities	50,141	0	50,141
General and administrative	154,301	0	154,301
	1,284,314	0	1,284,314
TOTAL EXPENSES			
INCREASE IN NET ASSETS	47,398	0	47,398
NET ASSETS, beginning of year	827,666	0	827,666
NET ASSETS, end of year	\$ 875,064	\$ 0	\$ 875,064

See notes to financial statements.

LIFE LEGAL DEFENSE FOUNDATION

NOTES TO FINANCIAL STATEMENTS - DECEMBER 31, 2009

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, 2009 was \$2,901.

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, 2009

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. 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, 2009, LLDF's contribution to the plan was \$5,050.

Note 4. ALLOCATION OF COSTS:

During the year ended December 31, 2009 LLDF incurred joint costs of \$571,403 for informational materials and activities that included fundraising appeals. These costs have been allocated to the following functional expense categories:

Program services	\$ 521,262
Fundraising	<u>50,141</u>
Total	<u>\$ 571,403</u>

Note 5. 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, 2009 was \$23,436. 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 31st.

Officer:

Certain members of the Corporate Secretary's immediate family were hired as outside contractors at prevailing market rates during 2009. 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 31st.