

*Pro-Life Action League, Inc.*

*Financial Statements  
And*

*Independant Auditor's Report - Cash Basis  
For the Period Ended May 31, 2011*

*Prepared By Vincent M. Marotta & Associates, Ltd.*  
*Certified Public Accountants  
1515 North Harlem Avenue, Suite 106  
Oak Park, Illionis 60302  
Ph: (708) 848-9100 Fx: (708) 848-9102*

# **Pro-Life Action League, Inc.**

## **Financial Statements And Independent Auditor's Report - Cash Basis For the Period Ended May 31, 2011**

### **Table of Contents**

Independent Auditor's Report.....	1
-----------------------------------	---

#### **Financial Statements**

Statement of Financial Position - Cash Basis for the Year Ended May 31, 2011 .....	2-3
Statements of Activities - Cash Basis for the Year Ended May 31, 2011 .....	4-7
Notes to the Financial Statements for the Year Ended May 31, 2011 .....	8-11

**Vincent M. Marotta & Associates, Ltd.**  
**Certified Public Accountants**  
**1515 North Harlem Avenue, Suite 106**  
**Oak Park, Illinois 60302**  
**Phone 708-848-9100 Fax 708-848-9102**  
**Email: vmmaltd@aol.com**

## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Trustees of  
Pro-Life Action League, Inc.  
d/b/a Pro Life Action League  
Chicago, Illinois 60646

We have audited the accompanying statement of financial position-cash basis of Pro-Life Action League, Inc. (a nonprofit organization) as of May 31, 2011, and the related statement of activities-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 audit.

We conducted our audit in accordance with generally accepted auditing standards 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 cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position- cash basis and net assets of Pro-Life Action League, Inc. as of May 31, 2011, and its statement of activities-cash basis for the year then ended on the basis of accounting described in Note 1.

This report is intended solely for the information and use of the board of trustees and management of Pro-Life Action League, Inc. and the Office of the Illinois Attorney General, Lisa Madigan, and is not intended to be and should not be used by anyone other than these specified parties.

*Vincent M. Marotta, CPA*

---

Vincent M. Marotta, CPA  
Vincent M. Marotta & Associates, Ltd.  
December 28, 2011

**Pro-Life Action League, Inc.**  
**Statement of Financial Position - Cash Basis**  
**For the Year Ended May 31, 2011**

**ASSETS**

**Current Assets:**

Cash in bank - Associated	\$ 13,827
Cash in bank - Small Business NP	40,530
Petty cash	<u>193</u>

<b>Total Current Assets</b>	<u>54,550</u>
-----------------------------	---------------

**Property and Equipment:**

Computer software	33,966
Computer equipment	44,398
Office furniture & equipment	45,488
Less: accumulated depreciation	<u>(86,513)</u>

<b>Net Property and Equipment</b>	<u>37,339</u>
-----------------------------------	---------------

**Other Assets:**

Rent deposit	6,195
Cash surrender value life insurance	<u>99,403</u>

<b>Total Other Assets</b>	<u>105,598</u>
---------------------------	----------------

<b>Total Assets</b>	<u><u>\$ 197,487</u></u>
---------------------	--------------------------

See Independent Auditor's Report

**Pro-Life Action League, Inc.**  
**Statement of Financial Position - Cash Basis**  
**For the Year Ended May 31, 2011**

**LIABILITIES AND NET ASSETS**

**Current Liabilities:**

Current portion of finance agreement payable	\$ 11,322
Employee 401k payable	<u>970</u>

<b>Total Current Liabilities</b>	<u>12,292</u>
----------------------------------	---------------

**Long-Term Liabilities:**

Finance agreement payable - LEAF	<u>14,153</u>
----------------------------------	---------------

<b>Total Long-Term Liabilities</b>	<u>14,153</u>
------------------------------------	---------------

<b>Total Liabilities</b>	<u>26,445</u>
--------------------------	---------------

**Net Assets:**

**Unrestricted**

Beginning Net Assets	232,105
Change in Unrestricted Net Assets	<u>(61,063)</u>

<b>Total Net Assets</b>	<u>171,042</u>
-------------------------	----------------

**Total Liabilities and  
Net Assets**

<u><u>\$ 197,487</u></u>
--------------------------

See Independent Auditor's Report

**Pro-Life Action League, Inc.**  
**Statement of Activities - Cash Basis**  
**For the Year Ended May 31, 2011**

	<u>AMOUNT</u>	<u>%</u>
<b>Support &amp; Revenues:</b>		
General donations	\$ 636,987	74.62%
LifeLine long distance	957	0.11%
Thank you letters	53,071	6.22%
Memorial donation	12,375	1.45%
Grant	102,575	12.02%
Matching grant donation	100	0.01%
Bequest	1,267	0.15%
PLAL newspaper	3,500	0.41%
Interest & dividends	355	0.04%
Reimbursement	159	0.02%
Postal reimbursement	136	0.02%
Travel reimbursement	3,868	0.45%
Stocks donated	15,920	1.86%
Newspaper ads	380	0.04%
Literature & taps	24,418	2.86%
Gain \ (loss) on sale of assets	(70)	(0.01)%
Loss on disposal of fixed asset	(2,350)	(0.28)%
	<hr/>	<hr/>
<b>Total Support &amp; Revenues</b>	853,648	100.00
	<hr/>	<hr/>
<b>Cost of Goods Sold:</b>		
Literature/tapes/photos	1,128	0.13
	<hr/>	<hr/>
<b>Total Cost of Goods Sold</b>	1,128	0.13
	<hr/>	<hr/>
<b>Total Revenues</b>	852,520	99.87
	<hr/>	<hr/>

See Independent Auditor's Report

**Pro-Life Action League, Inc.**  
**Statement of Activities - Cash Basis**  
**For the Year Ended May 31, 2011**

	<u>AMOUNT</u>	<u>%</u>
<b>Program Services:</b>		
Salaries	232,366	27.22
Salaries - officers	115,271	13.50
Insurance - health	46,304	5.42
Rent	48,605	5.69
Video production services	3,000	0.35
Telephone	9,882	1.16
Yellow pages advertising	4,288	0.50
Memorial mass or donation	490	0.06
Depreciation and amortization	18,172	2.13
Printing & stationery	16,036	1.88
Generations printing	1,900	0.22
Printing PLAL newspaper	5,283	0.62
Brochures etc.	9,153	1.07
Database rental	1,033	0.12
Postcards & invitations	1,140	0.13
Office supplies	2,720	0.32
Display supplies	1,491	0.17
Postage	12,030	1.41
Media support	47,689	5.59
Legal fees	634	0.07
Travel & staff expenses	17,609	2.06
Auto expenses	2,000	0.23
Advertising & promotion	16,219	1.90
Miscellaneous	4,924	0.58
Brunch	1,112	0.13
Scholarship	1,500	0.18
Gift	804	0.09
Payroll taxes	25,861	3.03
Special events	2,275	0.27
Conference	599	0.07
	<hr/>	<hr/>
<b>Total Program Services</b>	650,390	76.19

See Independent Auditor's Report

**Pro-Life Action League, Inc.**  
**Statement of Activities - Cash Basis**  
**For the Year Ended May 31, 2011**

	<u>AMOUNT</u>	<u>%</u>
<b>Management &amp; General:</b>		
Salaries	43,300	5.07
Salaries - officers	6,500	0.76
Bank charges	5,950	0.70
Bank charges - Canadian exchange	53	0.01
Credit card processing fee	3,701	0.43
Insurance - health	8,820	1.03
Insurance - office equipment	1,270	0.15
Rent	26,284	3.08
Maintenance & repairs	387	0.05
Printing & stationery	12,008	1.41
Postage & shipping	5,955	0.70
Postal meter fees	2,797	0.33
Copier supplies	429	0.05
Copier rental	359	0.04
Newspapers & magazines	430	0.05
Accounting fees	11,884	1.39
Auto expenses	974	0.11
Delivery service fees	3,990	0.47
Computer supplies	855	0.10
Computer support	3,020	0.35
Payroll taxes	4,926	0.58
Illinois annual report fee	85	0.01
Annual fee	300	0.04
Interest & finance charges	34 <sup>^</sup>	0.00
Miscellaneous	4,923	0.58
	<hr/>	<hr/>
<b>Total Management &amp; General</b>	149,234	17.48

See Independent Auditor's Report



**Pro-Life Action League, Inc.**  
**Statement of Activities - Cash Basis**  
**For the Year Ended May 31, 2011**

	<u>AMOUNT</u>	<u>%</u>
<b>Fundraising:</b>		
Salaries - officers	3,500	0.41
Salaries	4,000	0.47
Rent	784	0.09
Fundraising printing	75,448	8.84
Fundraising postage	30,047	3.52
Fundraising mailing list	<u>180</u>	<u>0.02</u>
<b>Total Fundraising</b>	<u>113,959</u>	<u>13.35</u>
<b>Total Expenses</b>	<u>913,583</u>	<u>107.02</u>
 <b>Change in Unrestricted Net Assets</b>	 <u><u>\$ (61,063)</u></u>	 <u><u>(7.15)%</u></u>

See Independent Auditor's Report

**Pro-Life Action League, Inc.**  
**Notes to the Financial Statements**  
**For the Year Ended May 31, 2011**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**NOTE A. REPORTING ENTITY**

Pro-Life Action League, Inc.(the Organization) was incorporated under the Illinois Not For Profit Corporation Act of 1986. The Organization is tax exempt under Section 501c (3) of the Internal Revenue Code.

**NOTE B. BASIS OF ACCOUNTING**

The Organization's policy is to maintain its books and prepare its financial statements on the cash receipts and disbursements basis of accounting, which is a comprehensive basis of accounting other than in accordance with generally accepted accounting principles. Under this basis, revenues and the related assets are recognized when received rather than when earned and expenses are recognized when paid rather than when the obligations are incurred. Consequently, the Organization had not recognized pledges receivable from donors, accounts payable to vendors, and their related effects on the change in net assets in the accompanying financial statements.

**NOTE C. ESTIMATES**

The preparation of financial statements requires management to make certain estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Pro-Life Action League, Inc.**  
**Notes to the Financial Statements**  
**For the Year Ended May 31, 2011**

**NOTE D. PROPERTY & EQUIPMENT**

Property and equipment are recorded at cost. Depreciation is computed using the Modified Accelerated Cost Recovery System (MACRS) and is used for financial accounting purposes and for federal income tax purposes. The rates are based on the following estimated useful lives:

**Estimated Useful Life**

Computer Software	3
Computer Equipment	5
Automobile	5
Office Furniture	7

Depreciation expense for the year ended May 31, 2011, under the accelerated method was \$18,172. Expenses for maintenance and repairs are charged to expense as incurred, whereas major improvements are capitalized.

**NOTE E. CONTRIBUTIONS**

The Organization records contributions when they are received.

**NOTE F. INCOME TAXES**

No provision has been made for income taxes in the financial statements. The Organization is exempt from Federal and State income taxes under Internal Revenue Service Code Section 501c (3.) This code section enables the Organization to accept donations which qualify as charitable contributions to the donor.

**NOTE 2 - COMMITMENTS AND CONTINGENCIES**

The Organization leases its office facility in Chicago for \$5,454 per month under a twelve month renewable lease, expiring January 2012. Rent expense under this lease was \$64,725 for the year ended May 31, 2011.

The Organization leases a second office facility in Aurora for \$625 per month under a twenty four month renewable lease, expiring November 2012. Rent expense under this lease was \$8,120 for the year ended May 31, 2011.

**Pro-Life Action League, Inc.**  
**Notes to the Financial Statements**  
**For the Year Ended May 31, 2011**

**NOTE 3 - CASH VALUE OF LIFE INSURANCE**

The Organization maintains life insurance policies on two of its directors. Under the terms of the insurance, the directors' beneficiary receives the cash surrender value upon death of the insured. If the Organization terminates or redeems the policy prior to death of the insured, then the cash surrender value would be paid to the Organization. The cash surrender value of the life insurance as of May 31, 2011, is \$99,403 and is included in other assets in the accompanying balance sheet.

**NOTE 4 - SECURITIES**

The securities are recorded at fair market value on the balance sheet and recognized as revenue in the accounting period when they are received. These securities are held with the Organization's brokerage firm.

All the securities are currently classified as available-for-sale and may be sold in response to changes in interest rates, liquidity needs, and for other purposes determined by the Organization.

Unrealized gains and losses on investment securities available for sale are based on the difference between book value and fair value of each security. The Organization reports realized gains and losses as a credit or charge to net assets when the securities are sold.

**NOTE 5 - SUBSEQUENT EVENTS**

During 2007 the Organization sued Planned Parenthood of Illinois, Inc. and co-defendants for libel. Defendants moved to dismiss based on a new law, the Citizen Participation Act. The suit was initially dismissed but amended counts were filed.

Defendants claim that the Citizen Participation Act requires the Organization to pay their attorney fees of \$495,000.

As of the date of this report, the Organization has appealed the dismissal, pressed the new counts, and is vigorously contesting the claim for fees. As the Citizen Participation Act is new and untested on appeal, the Organization prospects are uncertain although its defense counsel expects to prevail.

**Pro-Life Action League, Inc.**  
**Notes to the Financial Statements**  
**For the Year Ended May 31, 2011**

**NOTE 6 - FINANCE AGREEMENT**

The Organization purchased new software in the amount of \$33,966 and entered into a "software finance agreement" with terms through August 2013. Obligations under the agreement have been recorded in the accompanying financial statements as follows:

Finance Agreement collateralized by the software, payable in monthly installments of \$944, no stated interest included in the payment, beginning September 2011, final payment due August 2013.

Balance as of May 31, 2011	\$ 25,475
Less current portion	<u>11,322</u>
Long - term portion	\$ 14,153