

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

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***Financial Statements  
and  
Independent Auditor's Report - Cash Basis  
For the Period Ended May 31, 2018***

***Prepared By Vincent M. Marotta & Associates, Ltd.  
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**Pro-Life Action League, Inc.**

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## **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 financial statements of Pro-Life Action League, Inc. (a nonprofit organization), which comprise the balance sheet (Part X) of Pro-Life Action League, Inc. (a nonprofit organization) as of May 31, 2018, and the related statement of revenues (Part VIII) and statement of functional expenses (Part IX) for the year then ended included in the accompanying Internal Revenue Service Form 990 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 the financial reporting provisions of the Internal Revenue Service and the Illinois Attorney General Office State Regulatory Agency. Management is also responsible for 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.

### **Auditor's 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**

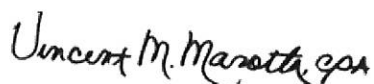
In our opinion the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and net assets of Pro-Life Action League, Inc. as of May 31, 2018, and its revenues, expenses, and changes in net assets for the year then ended, in accordance with the financial reporting provisions prescribed by the Internal Revenue Service and Illinois Attorney General Office State Regulatory Agency as described in Note B.

### **Basis of Accounting**

We draw attention to Note B of the financial statements which describes the basis of accounting. As described in Note B, the financial statements included in Form 990 were prepared on the basis of the financial reporting provisions prescribed by the Internal Revenue Service and the Illinois Attorney General Office State Regulatory Agency, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

### **Restriction on Use**

This report is intended solely for the information and use of the Board of Trustees and management of Pro-Life Action League, Inc., the Internal Revenue Service, and the Illinois Attorney General Office State Regulatory Agency and is not intended to be and should not be used by anyone other than these specified parties.



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Vincent M. Marotta, CPA  
Vincent M. Marotta & Associates, Ltd.  
November 28, 2018

**Pro-Life Action League, Inc.**  
**Statement of Financial Position - Cash Basis**  
**As of May 31, 2018**

**ASSETS**

**Current Assets:**

Cash in bank - Associated	\$ 6,916
Cash in bank - Small Business NP	87,702
Petty cash	116
Investments - Associated	<u>229</u>

**Total Current Assets** 94,963

**Property and Equipment:**

Computer Software	45,934
Computer Equipment	44,919
Office Furniture & Equipment	35,429
Transportation Vehicle	17,790
Less: Accumulated Depreciation	<u>(122,375)</u>

**Net Property and Equipment** 21,697

**Other Assets:**

Rent deposit	<u>7,245</u>
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**Total Other Assets** 7,245

**Total Assets** \$ 123,905

See Independent Auditor's Report  
The accompanying Notes to the Financial Statements  
are an integral part of these statements.

**Pro-Life Action League, Inc.**  
**Statement of Financial Position - Cash Basis**  
**As of May 31, 2018**

**LIABILITIES AND NET ASSETS**

**Current Liabilities:**

Employee 401(k) payable	\$ 710
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<b><u>Total Current Liabilities</u></b>	<u>710</u>
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<b><u>Total Liabilities</u></b>	<u>710</u>
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**Net Assets:**

**Unrestricted**

Beginning Net Assets	194,330
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Change in Unrestricted Net Assets	<u>(71,135)</u>
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<b><u>Total Net Assets</u></b>	<u>123,195</u>
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**Total Liabilities and**

<b><u>Net Assets</u></b>	<u>\$ 123,905</u>
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**Pro-Life Action League, Inc.**  
**Statement of Activities - Cash Basis**  
**For the Year Ended May 31, 2018**

	<u>AMOUNT</u>	<u>%</u>
<b><u>Support &amp; Revenues:</u></b>		
General donations	\$ 580,826	70.35%
LifeLine long distance	595	0.07%
Thank you letters	51,560	6.24%
Memorial donation	1,454	0.18%
Grant	25,200	3.05%
Matching grant donation	96,200	11.65%
Bequest	15,657	1.90%
PLAL newspaper	11,507	1.39%
Interest & dividends	324	0.04%
Reimbursement	5,117	0.62%
Travel reimbursement	1,122	0.14%
Stocks donated	6,100	0.74%
Newspaper ads	25	0.00%
Literature & tapes	7,721	0.94%
Brunch ads	1,900	0.23%
Brunch reservations	3,500	0.42%
Brunch donation	2,472	0.30%
Book	2,702	0.33%
Miscellaneous	295	0.04%
Gain\loss on sale of stock	2,794	0.34%
Gain on sale of insurance annuity	8,576	1.04%
	825,647	100.00
<b><u>Total Support &amp; Revenues</u></b>		
 <b><u>Cost of Goods Sold:</u></b>		
Literature/tapes/photos	2,517	0.30
	2,517	0.30
<b><u>Total Cost of Goods Sold</u></b>		
	823,130	99.70
<b><u>Total Revenues</u></b>		

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**Pro-Life Action League, Inc.**  
**Statement of Activities - Cash Basis**  
**For the Year Ended May 31, 2018**

	<b><u>AMOUNT</u></b>	<b><u>%</u></b>
<b><u>Functional Expenses</u></b>		
<b><u>Program Services:</u></b>		
Salaries	263,906	31.96
Salaries - officers	82,700	10.02
Credit card processing fee	5,184	0.63
Insurance - workers compensation	1,137	0.14
Insurance - health	87,177	10.56
Insurance - liability	3,377	0.41
Rent	55,446	6.72
Telephone	13,875	1.68
Memorial mass or donation	7,820	0.95
Depreciation and amortization	8,754	1.06
Printing & stationery	31,567	3.82
Printing PLAL newspaper	6,663	0.81
Brochures etc.	3,739	0.45
Database rental	73	0.01
Postcards & invitations	2,616	0.32
Office supplies	3,119	0.38
Display supplies	10,431	1.26
Postal meter fees	4,049	0.49
Postage	14,328	1.74
Copier rental	5,377	0.65
Media support	19,170	2.32
Legal fees	170	0.02
Travel & staff expenses	6,987	0.85
Auto expenses	1,192	0.14
Advertising & promotion	1,485	0.18
Computer support	3,717	0.45
Miscellaneous	175	0.02
Brunch	2,840	0.34
Payroll taxes	27,366	3.31
Special events	11,920	1.44
	686,360	83.13
<b><u>Total Program Services</u></b>		

See Independent Auditor's Report  
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**Pro-Life Action League, Inc.**  
**Statement of Activities - Cash Basis**  
**For the Year Ended May 31, 2018**

	<u>AMOUNT</u>	<u>%</u>
<b><u>Management &amp; General:</u></b>		
Salaries	56,080	6.79
Salaries - officers	6,500	0.79
Bank charges	3,527	0.43
Insurance - health	15,384	1.86
Insurance - workers compensation	201	0.02
Insurance - office equipment	1,394	0.17
Rent	22,970	2.78
Printing & stationery	6,242	0.76
Copier rental	1,000	0.12
Newspapers & magazines	325	0.04
Accounting tabulating fees	3,330	0.40
Accounting fees	9,425	1.14
Delivery service fees	2,186	0.26
Payroll taxes	4,829	0.58
Illinois annual report fee	10	0.00
Annual fee	1,125	0.14
Interest & finance charges	919	0.11
Utilities - electric	393	0.05
	135,840	16.45
<b><u>Total Management &amp; General</u></b>		

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**Pro-Life Action League, Inc.**  
**Statement of Activities - Cash Basis**  
**For the Year Ended May 31, 2018**

	<u>AMOUNT</u>	<u>%</u>
<b><u>Fundraising:</u></b>		
Salaries - officers	3,500	0.42
Salaries	13,000	1.57
Rent	792	0.10
Fundraising printing	31,567	3.82
Fundraising postage	11,057	1.34
Fundraising mailing list	2,099	0.25
Consulting - copyright	10,050	1.22
<b><u>Total Fundraising</u></b>	72,065	8.73
<b><u>Total Functional Expenses</u></b>	894,265	108.31
<b><u>Change in Net Assets</u></b>	\$ (71,135)	(8.62)%
<b><u>Net Assets at Beginning of Year</u></b>	\$ 194,330	
<b><u>Net Assets at End of Year</u></b>	\$ 123,195	

See Independent Auditor's Report  
The accompanying Notes to the Financial Statements  
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**Pro-Life Action League, Inc.**  
**Notes to the Financial Statements**  
**For the Year Ended May 31, 2018**

**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 501 (c)(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, 2018**

**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 use of MACRS depreciation is not in conformity with generally accepted accounting principles. The rates are based on the following estimated useful lives:

**Estimated Useful Life**

Computer Software	3 years
Computer Equipment	5 years
Office Furniture & Equipment	5-7 years
Transportation Vehicle	5 years

Depreciation expense for the year ended May 31, 2018, under the accelerated method was \$8,754. 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. Contributions received in form of cash, checks, money orders, credit card charges, wire transfers, and other transfers are deposited into one of the Organization's bank accounts.

**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 501(c)(3.) This code section enables the Organization to accept donations which qualify as charitable contributions to the donor.

**Pro-Life Action League, Inc.**  
**Notes to the Financial Statements**  
**For the Year Ended May 31, 2018**

**NOTE 2 - COMMITMENTS AND CONTINGENCIES**

The Organization leases its office facility in Chicago for \$4,510 per month under a 12-month renewable lease, expiring January 2019. As of the date of this report, the Organization signed new lease effective February 1, 2019 through January 31, 2020, the rent will be at the rate of \$2,910 per month.

Rent expense under current lease was \$54,336 for the year ended May 31, 2018.

The Organization leases a second office facility in Aurora for \$1,750 per month under 12-month renewable lease, expiring January 2019. For the period February 1, 2017, through January, 31, 2018, the rent will be at the rate of \$1,800 per month. For the period February 1, 2018, through January, 31, 2019, the rent will be at the rate of \$1,835 per month. After November 2018, a 90-day written notice is required for renewal options.

Rent expense under this lease was \$21,600 for the year ended May 31, 2018.

**NOTE 3 - INVESTMENT - VARIABLE ANNUITY**

During July 2013 the Organization purchased a variable annuity from Jackson National Life Insurance. The Organization is the owner of the contract. The annuitant is Ann Scheidler. The variable annuity is a financial contract in the form of an insurance product which makes a series of future payments to the Organization in exchange for the immediate payment of a lump sum single payment annuity.

During April 2018 the Organization terminated the contract and received an lump sum single payment in the amount of \$108,052 less surrender charges from Jackson National Life Insurance.

The gain recognized as of May 31, 2018, is \$8,576 which is the purchase price of the contract less annuitant payments received from inception.

**Pro-Life Action League, Inc.**  
**Notes to the Financial Statements**  
**For the Year Ended May 31, 2018**

**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**

Date of Management's Review - Management has evaluated subsequent events through November 28, 2018, the date on which the financial statements were available to be issued.