

**HUMAN LIFE ALLIANCE**

**FINANCIAL STATEMENTS**

For the Years Ended July 31, 2014 and 2013

## HUMAN LIFE ALLIANCE

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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
**Human Life Alliance**  
Minneapolis, Minnesota

I have audited the accompanying financial statements of Human Life Alliance, a nonprofit organization, which comprise the statement of financial position as of July, 31, 2014 and 2013, and the related statements of activity, functional expenses and cash flows for the years 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

My responsibility is to express an opinion on these financial statements based on the audit. I conducted the audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I 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, I 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. (Continued)

## INDEPENDENT AUDITOR'S REPORT, *continued*

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### **Opinion**

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Human Life Alliance as of July 31, 2014 and 2013, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

*Sherry D. Heffernan, Ltd.*  
Sherry D. Heffernan, Ltd.

December 12, 2014

**HUMAN LIFE ALLIANCE**  
**Statement of Financial Position**  
**July 31, 2014 and 2013**

	<u>2014</u>	<u>2013</u>
<b>ASSETS</b>		
Cash and cash equivalents, including restricted cash	\$ 122,136	\$ 84,265
Promises to give	276,500	102,500
Publications inventory	60,140	58,761
Prepaid expenses and miscellaneous	6,378	8,726
Building	351,400	351,400
Furniture and equipment	32,283	3,596
Less accumulated depreciation	<u>(32,579)</u>	<u>(22,996)</u>
	<u>351,104</u>	<u>332,000</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 816,258</u></b>	<b><u>\$ 586,252</u></b>
<b>LIABILITIES</b>		
Accounts payable	\$ 10,926	\$ 5,072
Accrued expenses	<u>6,915</u>	<u>13,375</u>
<b>TOTAL LIABILITIES</b>	<u>17,841</u>	<u>18,447</u>
<b>NET ASSETS</b>		
Unrestricted	483,943	426,434
Temporarily restricted net assets	<u>314,474</u>	<u>141,371</u>
<b>TOTAL NET ASSETS</b>	<u>798,417</u>	<u>567,805</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 816,258</u></b>	<b><u>\$ 586,252</u></b>

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

**HUMAN LIFE ALLIANCE**  
**Statement of Activities**  
**For the Years Ended July 31, 2014 and 2013**

	2014			2013		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
<b>Revenues:</b>						
Private grants and contributions	\$ 364,248	\$ 344,000	\$ 708,248	\$ 279,080	\$ 81,575	\$ 360,655
Capital campaign contributions	-	1,000	1,000	-	202,151	202,151
Conference	8,340	-	8,340	-	-	-
Interest income	376	-	376	508	-	508
Miscellaneous income	2,683	-	2,683	258	-	258
Special event revenue	32,756	-	32,756	18,335	-	18,335
Less: Costs of direct benefits to donors	8,306	-	8,306	9,386	-	9,386
	24,450	-	24,450	8,949	-	8,949
<b>TOTAL REVENUES</b>	<b>400,097</b>	<b>345,000</b>	<b>745,097</b>	<b>288,795</b>	<b>283,726</b>	<b>572,521</b>
Net assets released from restrictions	-	-	-	-	-	-
Restrictions satisfied by payments	171,897	(171,897)	-	415,840	(415,840)	-
<b>TOTAL UNRESTRICTED REVENUES AND OTHER SUPPORT</b>	<b>571,994</b>	<b>173,103</b>	<b>745,097</b>	<b>704,635</b>	<b>(132,114)</b>	<b>572,521</b>
<b>Expenses:</b>						
Program services	417,735	-	417,735	412,165	-	412,165
Management and general	48,582	-	48,582	43,822	-	43,822
Fundraising	48,168	-	48,168	35,239	-	35,239
<b>TOTAL EXPENSES</b>	<b>514,485</b>	<b>-</b>	<b>514,485</b>	<b>491,226</b>	<b>-</b>	<b>491,226</b>
<b>INCREASE (DECREASE) IN NET ASSETS</b>	<b>57,509</b>	<b>173,103</b>	<b>230,612</b>	<b>213,409</b>	<b>(132,114)</b>	<b>81,295</b>
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<b>426,434</b>	<b>141,371</b>	<b>567,805</b>	<b>213,025</b>	<b>273,485</b>	<b>486,510</b>
<b>NET ASSETS AT END OF YEAR</b>	<b>\$ 483,943</b>	<b>\$ 314,474</b>	<b>\$ 798,417</b>	<b>\$ 426,434</b>	<b>\$ 141,371</b>	<b>\$ 567,805</b>

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

**HUMAN LIFE ALLIANCE**  
**Statement of Cash Flows**  
For the Years Ended July 31, 2014 and 2013

	<b>2014</b>	<b>2013</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Increase in net assets	\$ 230,612	\$ 81,295
<b>Adjustments to reconcile increase in net assets to net cash provided (used) by operating activities:</b>		
Depreciation	9,583	9,051
<b>(Increase) decrease in operating assets:</b>		
Promises to give	(174,000)	85,000
Publications inventory	(1,379)	(6,973)
Prepaid expenses and deposits	2,348	(1,886)
<b>Increase (decrease) in operating liabilities:</b>		
Accounts payable	5,854	3,250
Accrued expenses	(6,460)	(899)
<b>Contributions restricted for long-term purposes:</b>		
Contributions	(1,000)	(202,151)
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>65,558</b>	<b>(33,313)</b>
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
From capital campaign contributions:		
Payments on contract for deed and other building expenses	-	(202,151)
Purchase of furniture and equipment	(28,687)	-
<b>NET CASH (USED) BY INVESTING ACTIVITIES</b>	<b>(28,687)</b>	<b>(202,151)</b>
 <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Collections of contributions restricted for capital campaign	1,000	238,903
Payments on contract for deed	-	(1,018)
<b>NET CASH PROVIDED BY FINANCING ACTIVITIES</b>	<b>1,000</b>	<b>237,885</b>
<b>INCREASE IN CASH</b>	<b>37,871</b>	<b>2,421</b>
<b>CASH AT BEGINNING OF YEAR</b>	<b>84,265</b>	<b>81,844</b>
<b>CASH AT END OF YEAR</b>	<b>\$ 122,136</b>	<b>\$ 84,265</b>

The accompanying notes are an integral part of these financial statements

**HUMAN LIFE ALLIANCE**  
**Statement of Functional Expenses**  
**Year Ended July 31, 2014**

	Program Services				Supporting Services			Total
	Campus	Community and Global	Pro-Life Organizations	Pro-Life Health Alliance	Management and General	Fund Raising	Supporting Services	
Salaries, taxes and benefits	\$ 91,033	\$ 20,396	\$ 50,545	\$ 49,486	\$ 24,819	\$ 19,782	\$ 44,601	\$ 256,061
Printing	35,668	9,200	21,320	7,170	3,768	8,410	12,178	85,536
Postage and shipping	21,527	7,229	14,418	-	1,266	5,429	6,695	49,869
Office expenses	1,471	4,069	6,577	1,000	1,196	5,478	6,674	19,791
Conferences	2,636	12,812	1,237	2,937	-	-	-	19,622
Equipment rent	3,786	886	2,285	-	411	800	1,211	8,168
Insurance	-	-	-	-	647	-	647	647
Meetings and conventions	4,756	1,496	3,401	652	428	921	1,349	11,654
Professional fees	1,200	240	1,236	900	9,695	3,294	12,989	16,565
Occupancy/utilities	4,782	1,432	3,061	1,099	1,089	1,238	2,327	12,701
Telephone	2,591	606	1,563	-	281	543	824	5,584
Fees	1,311	7	19	-	3,998	-	3,998	5,335
Website/digital	10,743	62	160	279	-	-	-	11,244
Miscellaneous	384	47	187	-	34	1,473	1,507	2,125
Depreciation	2,779	954	2,870	1,230	950	800	1,750	9,583
<b>Total expenses</b>	<b>\$ 184,667</b>	<b>\$ 59,436</b>	<b>\$ 108,879</b>	<b>\$ 64,753</b>	<b>\$ 48,582</b>	<b>\$ 48,168</b>	<b>\$ 96,750</b>	<b>\$ 514,485</b>
					9.4%	9.4%	18.8%	100.0%

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



**HUMAN LIFE ALLIANCE**  
**Statement of Functional Expenses**  
**Year Ended July 31, 2013**

	Program Services				Supporting Services		
	Campus	Community	Global	Pro-Life	Management and General	Fund Raising	Supporting Services
Salaries, taxes and benefits	\$ 98,465	\$ 21,730	\$ 21,573	\$ 62,611	\$ 22,017	\$ 19,801	\$ 41,818
Printing	43,482	13,410	3,713	28,217	3,170	7,903	11,073
Postage and shipping	24,631	10,430	2,931	16,798	2,509	2,909	5,418
Office expenses	5,757	696	696	3,474	601	693	1,294
Equipment rent	3,948	461	461	2,382	407	474	881
Insurance	296	35	36	178	31	36	67
Meetings and conventions	5,403	709	546	4,035	455	626	1,081
Professional fees	-	-	-	-	11,674	-	11,674
Occupancy/utilities	6,054	732	732	3,653	624	728	1,352
Telephone	2,876	348	348	1,736	296	345	641
Fees	1,575	269	276	1,575	450	360	810
Interest expense	3,362	407	407	1,497	720	560	1,280
Miscellaneous	905	79	79	625	68	79	147
Depreciation	2,900	1,720	725	2,181	800	725	1,525
<b>Total expenses</b>	<b>\$ 199,654</b>	<b>\$ 51,026</b>	<b>\$ 32,523</b>	<b>\$ 128,962</b>	<b>\$ 43,822</b>	<b>\$ 35,239</b>	<b>\$ 79,061</b>
					<u>8.9%</u>	<u>7.2%</u>	<u>16.1%</u>
				<u>\$ 412,165</u>			<u>\$ 491,226</u>
				<u>83.9%</u>			<u>100.0%</u>

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

**HUMAN LIFE ALLIANCE**  
Notes to Financial Statements  
July 31, 2014 and 2013

**1) Nature of Activities and Summary of Significant Accounting Policies**

**Nature of Activities**

Human Life Alliance (HLA) is a Minnesota nonprofit organization. HLA promotes awareness of the inherent dignity and personhood of human life, born and unborn, without exception or compromise. HLA proclaims and defends a culture of life and chastity through education, social and political awareness and life-affirming alternatives to abortion, infanticide, assisted suicide and euthanasia. HLA accomplishes its mission in a spirit of prayer and non-violence.

HLA's main programs and accomplishments for 2014 and 2013 were as follows:

Campus: Worked directly with campus groups to distribute the following publications:

- a 12 page publication entitled *How to Keep Your Mushrooms Happy* (abortion);
- a 12 page publication entitled *Do You Have an Open Mind?* (abortion);
- a 16 page publication entitled *Just for Girls/Just for Guys* (abstinence);
- a 12 page publication entitled *Did You Know?* which addresses abortion in the African American Community; and
- a 12 page publication entitled *Ella es una Nina* which addresses abortion in the Latino community.

HLA also provided speakers for student events and interacted with campus groups to implement the HLA Campus Impact Program involving postering and direct student interaction. HLA fielded feedback and questions/debate from campuses, exhibited at student events and conferences. The organization commenced production of a video and engaged in digital outreach and social media.

Community and Global: Worked with churches, respect life groups, youth groups, and fraternal organizations. In addition to the publications listed above, HLA printed and distributed the following publications:

- a 16 page publication entitled *Informed* (Critical medical decisions) and a 16 page bilingual publication entitled *A Favor de la Vida* (abortion, euthanasia/assisted suicide, IVF, cloning, and chastity);
- Distributed publications entitled *Endangered* (abortion), *The Truth About Planned Parenthood* (abortion); and *This is NOT Your Only Choice* (abortion); and
- Distributed a 3" X 4 ½ " informational sheet entitled *Everyone's Biography* and *Live Pure* tattoos.

## **HUMAN LIFE ALLIANCE**

### Notes to Financial Statements

#### **1) Nature of Activities and Summary of Significant Accounting Policies**

##### **Nature of Activities, continued**

Pro-life Organizations: Worked with individuals and organizations such as pregnancy centers, sidewalk counselors, maternity homes, and post abortive awareness groups. HLA distributed the publications noted above and a fact sheets on brain death, abstinence, maternal mortality, contraceptive health problems, and gendercide. It also exhibited at events.

Pro-Life Healthcare Alliance: Created the Pro-life Healthcare Alliance committee to promote the pro-life healthcare philosophy and develop a network of pro-life healthcare providers, attorneys and patient advocates. HLA presented conferences and programs on euthanasia and assisted suicide in Minneapolis, Rushford and Breckenridge, Minnesota; Des Moines, Iowa; Chicago, Illinois and Wooster, Ohio. It also provided emergency information via phone and email on end-of-life issues, exhibited at events and expanded our network of prolife providers.

##### **Basis of Accounting and Presentation**

The financial statements of HLA have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities. HLA is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets.

Unrestricted assets are resources over which the Board of Directors has discretionary control. Temporarily restricted assess are resources which are subject to a donor imposed restriction which generally will be satisfied by organizational actions or the passage of time.

##### **Cash and Cash Equivalents**

For purposes of the statement of cash flows, HLA considers all unrestricted cash and other highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

##### **Concentration of Contributions**

HLA received approximately 55% of its support from two donors in 2014 and 31% of its support from two donors in 2013.

##### **Concentration of Source of Vendors**

The organization contracts, primarily with one vendor, for the printing of its publications. Transactions with the print vendor were approximately 9% and 15% of total expenses in 2014 and 2013, respectively.

**HUMAN LIFE ALLIANCE**  
Notes to Financial Statements

**1) Summary of Significant Accounting Policies, continued**

**Concentrations of Credit Risk Due to Temporary Cash Investments and Promises to Give Receivable**

Financial instruments that potentially subject HLA to concentrations of credit risk consist principally of temporary cash investments and unconditional promises to give. HLA places its temporary cash investments with financial institutions and limits the amount of credit exposure to any one financial institution. Concentrations of credit risk with respect to promises receivable are limited due to the financial stability of the contributors. Promises to give include amounts from one donor comprising 100% of the balance at July 31, 2014 and from two donors comprising 100% of the balance at July 31, 2013.

**Estimates**

Management uses estimates and assumptions in preparing financial statements. 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.

**Promises to Give**

Unconditional promises to give are recognized as revenues or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

**Publications Inventory**

Inventory consists of publications to be distributed and is valued at lower of cost or market.

**Property and Equipment**

The organization capitalizes all expenditures for property and equipment in excess of \$1,000. Purchased property and equipment are recorded at cost. Donated property is carried at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over estimated useful lives of five to forty years.

**Contributed Services**

Contributed services are recognized if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the organization. In 2014 and 2013 the Executive Director agreed to contribute approximately 1,400 hours of her time as in-kind management and executive services. This has not been reflected as a contributed service in the attached financial statements.

**HUMAN LIFE ALLIANCE**  
Notes to Financial Statements

**1) Summary of Significant Accounting Policies, continued**

**Contributed Services, continued**

Volunteers also provide services throughout the year that are not recognized as contributions in the financial statements since the recognition criteria under generally accepted accounting principles were not met. Volunteers perform a variety of tasks that assist with specific programs. HLA received approximately 1,231 and 683 volunteer hours valued at approximately \$26,970 and \$14,970 in 2014 and 2013, respectively.

**Restricted and Unrestricted Revenue**

Contributions received are recorded as increases in unrestricted, temporarily restricted, or permanently restricted net assets, depending on the existence and/or nature of any donor restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions. Temporarily restricted net assets whose restrictions are met within the same reporting period are reported as unrestricted support.

**Expense Allocation**

The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities and in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**Income Taxes**

HLA has a tax-exempt status under Section 501(c)(3) of the Internal Revenue Code and Minnesota Statute 290.05. It has been classified as an organization that is not a private foundation under Section 509(a)(2) of the Internal Revenue Code and contributions by donors are tax deductible.

**2) Promises to Give**

Unconditional promises to give of \$276,500 and \$102,500 at July 31, 2014 and 2013, respectively, are receivable within one year and are for future program services.

**3) Contract for Deed**

In May 2011 HLA purchased a building for \$351,400. Of that amount \$300,000 was financed by a contract for deed. The contract for deed was payable in monthly installments of \$2,149, including interest at 6%. Payments commenced on June 1, 2011 and were to continue until May 1, 2016 when the entire balance was due. The contract for deed was paid in full in 2013.

**HUMAN LIFE ALLIANCE**  
Notes to Financial Statements

**4) Restrictions on Net Assets**

Temporarily restricted net assets are available for the following purposes at July 31, 2014 and 2013:

	<u>2014</u>	<u>2013</u>
Social media and web services	\$ 139,474	\$ 77,519
Future year operations	<u>175,000</u>	<u>63,852</u>
	<u>\$ 314,474</u>	<u>\$ 141,371</u>

Cash of \$39,974 and \$38,871 was restricted for future year programs and operations at July 31, 2014 and 2013, respectively.

**5) Operating Leases**

HLA has a noncancelable operating equipment lease of \$200 per month that expires June 2019. Rent expense was approximately \$2,400 in 2014 and 2013.

**6) Income Taxes**

The organization has evaluated its potential exposure for uncertain tax positions and management has expressed there are no uncertain tax positions as of July 31, 2014. Tax returns for the past three tax years remain open for examination by tax jurisdictions.

**7) Subsequent Events**

The organization has evaluated subsequent events through December 12, 2014, the date the financial statements were available to be issued. HLA is not aware of any subsequent events that require recognition or disclosure in the financial statements.