

HUMAN LIFE ALLIANCE

FINANCIAL STATEMENTS

For the Years Ended July 31, 2016 (Unaudited)
and 2015 (Audited)

HUMAN LIFE ALLIANCE

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

Board of Directors

Human Life Alliance

Minneapolis, Minnesota

I have reviewed the accompanying financial statements of Human Life Alliance, a nonprofit organization, which comprise the statements of financial position as of July 31, 2016, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, I do not express such an opinion.

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 controls relevant to the preparation and fair presentation of the financial statements that are free from material misstatement whether due to fraud or error.

Accountant's Responsibility

My responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. Those standards require me to perform procedures to obtain limited assurance as a basis for reporting whether I am aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. I believe that the results of my procedures provide a reasonable basis for my conclusion.

Accountant's Conclusion

Based on my review, I am not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America. (continued)

INDEPENDENT ACCOUNTANT'S REVIEW REPORT, continued

Prior Period Financial Statements

The 2015 financial statements were audited by me, and I expressed an unqualified opinion on them in my report dated November 15, 2016, but I have not performed any auditing procedures since that date.

Sherry D. Heffernan, Ltd.

Sherry D. Heffernan, Ltd.

January 16, 2017

HUMAN LIFE ALLIANCE
Statement of Financial Position
July 31, 2016 (Unaudited) and 2015 (Audited)

	<u>2016</u>	<u>2015</u>
	<u>(Unaudited)</u>	<u>(Audited)</u>
ASSETS		
Cash and cash equivalents, including restricted cash	\$ 122,041	\$ 191,589
Promises to give	-	67,500
Publications inventory	68,189	50,970
Prepaid expenses and miscellaneous	10,844	18,213
Building	351,400	351,400
Furniture, equipment and videos	88,115	36,387
Less accumulated depreciation	<u>(73,315)</u>	<u>(50,089)</u>
	366,200	337,698
	<u>366,200</u>	<u>337,698</u>
TOTAL ASSETS	<u>\$ 567,274</u>	<u>\$ 665,970</u>
LIABILITIES		
Accounts payable	\$ 13,621	\$ 5,640
Accrued expenses	<u>6,428</u>	<u>6,312</u>
TOTAL LIABILITIES	<u>20,049</u>	<u>11,952</u>
NET ASSETS		
Unrestricted	532,225	526,380
Temporarily restricted net assets	<u>15,000</u>	<u>127,638</u>
TOTAL NET ASSETS	<u>547,225</u>	<u>654,018</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 567,274</u>	<u>\$ 665,970</u>

See accompanying notes and independent accountant's review report.

HUMAN LIFE ALLIANCE
Statement of Activities
For the Years Ended July 31, 2016 (Unaudited) and 2015 (Audited)

	<u>2016</u>			<u>2015</u>		
	<u>(Unaudited)</u>			<u>(Audited)</u>		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Revenues:						
Private grants and contributions	\$ 338,124	\$ 15,000	\$ 353,124	\$ 269,340	\$ 15,000	\$ 284,340
Conference	-	-	-	7,565	-	7,565
Interest income	568	-	568	446	-	446
Miscellaneous income	9,238	-	9,238	4,454	-	4,454
Special event revenue	45,445	-	45,445	53,021	-	53,021
Less: Costs of direct benefits to donors	5,168	-	5,168	7,871	-	7,871
	<u>40,277</u>	<u>-</u>	<u>40,277</u>	<u>45,150</u>	<u>-</u>	<u>45,150</u>
TOTAL REVENUES	<u>388,207</u>	<u>15,000</u>	<u>403,207</u>	<u>326,955</u>	<u>15,000</u>	<u>341,955</u>
Net assets released from restrictions						
Restrictions satisfied by payments	127,638	(127,638)	-	201,836	(201,836)	-
TOTAL UNRESTRICTED REVENUES AND OTHER SUPPORT	<u>515,845</u>	<u>(112,638)</u>	<u>403,207</u>	<u>528,791</u>	<u>(186,836)</u>	<u>341,955</u>
Expenses:						
Program services	412,310	-	412,310	413,803	-	413,803
Management and general	50,125	-	50,125	34,732	-	34,732
Fundraising	47,565	-	47,565	37,819	-	37,819
TOTAL EXPENSES	<u>510,000</u>	<u>-</u>	<u>510,000</u>	<u>486,354</u>	<u>-</u>	<u>486,354</u>
INCREASE (DECREASE) IN NET ASSETS	<u>5,845</u>	<u>(112,638)</u>	<u>(106,793)</u>	<u>42,437</u>	<u>(186,836)</u>	<u>(144,399)</u>
NET ASSETS AT BEGINNING OF YEAR	<u>526,380</u>	<u>127,638</u>	<u>654,018</u>	<u>483,943</u>	<u>314,474</u>	<u>798,417</u>
NET ASSETS AT END OF YEAR	<u>\$ 532,225</u>	<u>\$ 15,000</u>	<u>\$ 547,225</u>	<u>\$ 526,380</u>	<u>\$ 127,638</u>	<u>\$ 654,018</u>

See accompanying notes and independent accountant's review report.

HUMAN LIFE ALLIANCE
Statement of Cash Flows
For the Years Ended July 31, 2016 (Unaudited) and 2015 (Audited)

	<u>2016</u> <u>(Unaudited)</u>	<u>2015</u> <u>(Audited)</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
(Decrease) in net assets	\$ (106,793)	\$ (144,399)
Adjustments to reconcile (decrease) in net assets to net cash provided by operating activities:		
Depreciation	23,226	17,510
(Increase) decrease in operating assets:		
Promises to give	67,500	209,000
Publications inventory	(17,219)	9,170
Prepaid expenses and deposits	7,369	(11,835)
Increase (decrease) in operating liabilities:		
Accounts payable	7,981	(5,286)
Accrued expenses	116	(603)
Contributions restricted for long-term purposes:		
Contributions	<u>-</u>	<u>-</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>(17,820)</u>	<u>73,557</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of furniture, equipment and videos	<u>(51,728)</u>	<u>(4,104)</u>
NET CASH (USED) BY INVESTING ACTIVITIES	<u>(51,728)</u>	<u>(4,104)</u>
INCREASE (DECREASE) IN CASH	(69,548)	69,453
CASH AT BEGINNING OF YEAR	<u>191,589</u>	<u>122,136</u>
CASH AT END OF YEAR	<u>\$ 122,041</u>	<u>\$ 191,589</u>

See accompanying notes and independent accountant's review report.

HUMAN LIFE ALLIANCE
Statement of Functional Expenses
Year Ended July 31, 2016 (Unaudited)

	Program Services				Supporting Services		Total	
	Community and Global	Pro-Life Organizations	Pro-Life Health Alliance	Total Program Services	Management and General	Fund Raising		Supporting Services
Salaries, taxes and benefits	\$ 53,707	\$ 67,367	\$ 65,932	\$ 231,449	\$ 6,757	\$ 22,710	\$ 29,467	\$ 260,916
Printing	11,900	20,916	7,017	54,950	172	2,380	2,552	57,502
Postage and shipping	13,931	20,143	1,101	47,446	564	5,556	6,120	53,566
Office expenses	3,517	4,397	2,001	13,437	697	3,275	3,972	17,409
Conferences	-	-	3,557	3,557	-	-	-	3,557
Equipment rent	2,478	1,750	1,133	7,490	333	3,419	3,752	11,242
Insurance	56	66	103	281	1,493	142	1,635	1,916
Meetings and conventions	472	5,203	1,044	10,439	249	65	314	10,753
Professional fees	1,780	536	400	3,436	12,321	1,543	13,864	17,300
Occupancy/utilities	4,188	1,916	1,245	11,056	141	1,058	1,199	12,255
Telephone	800	1,600	1,097	4,297	500	350	850	5,147
Fees	254	256	254	1,018	2,864	66	2,930	3,948
Website/digital	1,301	1,916	885	5,253	23,041	157	23,198	28,451
Miscellaneous	671	495	277	2,160	293	359	652	2,812
Depreciation	5,500	3,356	2,918	16,041	700	6,485	7,185	23,226
Total expenses	\$ 100,555	\$ 129,917	\$ 88,964	\$ 412,310	\$ 50,125	\$ 47,565	\$ 97,690	\$ 510,000
				<u>80.8%</u>	<u>9.8%</u>	<u>9.3%</u>	<u>19.2%</u>	<u>100.0%</u>

See accompanying notes and independent accountant's review report.

HUMAN LIFE ALLIANCE
Statement of Functional Expenses
Year Ended July 31, 2015 (Audited)

	Program Services				Supporting Services		
	Community and Global	Pro-Life Organizations	Pro-Life Health Alliance	Total Program Services	Management and General	Fund Raising	Total Supporting Services
Salaries, taxes and benefits	\$ 43,068	\$ 37,104	\$ 65,374	\$ 209,238	\$ 16,512	\$ 22,617	\$ 39,129
Printing	16,888	14,844	2,325	57,742	260	1,623	1,883
Postage and shipping	14,969	10,072	2,548	49,121	750	3,695	4,445
Office expenses	7,262	2,668	999	15,731	260	1,434	1,694
Conferences	2,254	-	2,718	6,472	-	-	-
Equipment rent	3,245	2,154	1,073	7,486	274	620	894
Insurance	-	-	-	-	547	-	547
Meetings and conventions	1,150	3,147	6,252	13,774	124	162	286
Professional fees	1,661	1,658	802	5,201	10,069	529	10,598
Occupancy/utilities	4,780	3,253	1,620	11,201	519	936	1,455
Telephone	1,701	1,364	690	4,503	166	458	624
Fees	30	30	30	120	3,928	-	3,928
Website/digital	9,335	2,799	691	18,020	40	656	696
Miscellaneous	1,414	1,569	561	3,949	83	24	107
Depreciation	4,695	3,198	1,593	11,245	1,200	5,065	6,265
Total expenses	\$ 112,452	\$ 83,860	\$ 87,276	\$ 413,803	\$ 34,732	\$ 37,819	\$ 72,551
				<u>85.1%</u>	<u>7.1%</u>	<u>7.8%</u>	<u>14.9%</u>
							<u>\$ 486,354</u>
							<u>100.0%</u>

See accompanying notes and independent accountant's review report.

HUMAN LIFE ALLIANCE
Notes to Financial Statements
July 31, 2016 (Unaudited) and 2015 (Audited)

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 serves five outreach areas through its informative materials. During the 2015-2016 year, HLA reached 2.2 million people with printed materials and an additional 5.1 million people via its social media campaigns. Current outreach fields are as follows:

Campus: Each year HLA updates its pro-life publications to reach students between the ages of 15 and 24. Young women in this age range account for 45.2% of all abortion participants in the United States. In the fall of 2015, “Unfair!” was released to challenge high school and college students to ask a difficult question “Is abortion more unfair to the mother or her child in the womb?” Through personal stories, accurate facts, and shocking statistics “Unfair!” encouraged young people to critically think about abortion rhetoric, biological facts of the child in the womb, and how abortion affects women. In the spring of 2016, the annual edition of “Just4Girls/Just4Guys” (a teen abstinence magazine) was published. It addressed the most pressing issues teens face in their fight to embrace sexual integrity. This flip magazine covers the full spectrum of abstinence issues and strikes at the root cause of abortion by helping teens recognize the errors of the “safe-sex” message. Each publication uses secular sources to present its case.

Pro-life Organizations: HLA provides materials to pregnancy resource centers, maternity homes, sidewalk counselors and other organizations to reach young women in crisis pregnancies in their own communities. Printed materials include the following: “This is Not Your Only Choice” street magazine, “Did You Know”, and “The Truth Behind Planned Parenthood” as well as other resources listed under Community Outreach.

Community Outreach: The new “She’s a Child, Not a Choice” publication helps churches share a pro-life message with the number one demographic in their congregations—30 to 49 year-old women. Other HLA resources are used for youth groups, Sunday school classes and street evangelization projects. Printed materials include: “Carlos & Isabel Save Esperanza”, “A Favor de la Vida”, and “Ella es una niña, no una ‘opción’.”

HUMAN LIFE ALLIANCE
Notes to Financial Statements

1) Nature of Activities and Summary of Significant Accounting Policies

Nature of Activities, continued

Pro-life Healthcare Alliance: HLA created the Pro-life Healthcare Alliance to promote the pro-life healthcare philosophy and develop a network of pro-life healthcare providers, attorneys, and patient advocates. Through regional conferences and programs on euthanasia and assisted suicide across the nation HLA is developing this new network. Printed materials include “Informed: A Patient’s Guide to Critical Medical Decisions” and “Imposed Death: euthanasia and assisted suicide.” HLA released a new “Informed” DVD as a video magazine in the spring of 2016.

Global: HLA materials were used at United Nations conferences in New York and Brussels. In addition, fact sheets and publications easily present comprehensive pro-life information in multiple countries annually. Countries in which HLA materials were circulated include during the 2015/16 year included: Australia, Belgium, Brazil, Cameroon, Canada, China (Hong Kong), Costa Rica, Cote D’Ivoire, Denmark, England, Guatemala, Ireland, Mexico, Nepal, Netherlands, Scotland, Sweden, Switzerland, Uganda, and Zimbabwe. While HLA does not actively seek out international mission opportunities due to time and funding restrictions, it gladly provides service whenever opportunities arise.

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 assets 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.

HUMAN LIFE ALLIANCE
Notes to Financial Statements

1) Summary of Significant Accounting Policies, continued

Concentration of Contributions

HLA received approximately 19% of its support from one donor in 2016. There were no concentrations in 2015.

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, 2015.

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 30 months to forty years.

HUMAN LIFE ALLIANCE
Notes to Financial Statements

1) Summary of Significant Accounting Policies, continued

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 2016 and 2015 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.

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 909 and 1,499 volunteer hours valued at approximately \$22,900 and \$33,200 in 2016 and 2015, 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.

HUMAN LIFE ALLIANCE
Notes to Financial Statements

2) Restrictions on Net Assets

Temporarily restricted net assets are available for the following purposes at July 31, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Social media and web services	\$ -	\$ 72,125
Future year programs	15,000	5,513
Future year operations	-	50,000
	<u>\$ 15,000</u>	<u>\$ 127,638</u>

Cash of \$15,000 and \$15,625 was restricted for future year programs and operations at July 31, 2016 and 2015, respectively.

3 Operating Leases

HLA has a noncancelable operating equipment lease of \$200 per month that expires June 2019. Rent expense for the basic lease was approximately \$2,400 in 2016 and 2015. Additional usage fees related to the lease were approximately \$7,500 in 2016 and \$5,500 in 2015.

4) 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, 2016. Tax returns for the past three tax years remain open for examination by tax jurisdictions.

5) Subsequent Events

The organization has evaluated subsequent events through January 16, 2017, the date the financial statements were available to be issued. HLA is not aware any subsequent events that require recognition or disclosure in the financial statements.