

**HUMAN LIFE ALLIANCE**

**AUDITED FINANCIAL STATEMENTS**

July 31, 2018

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Human Life Alliance  
Minneapolis, Minnesota

We have audited the accompanying financial statements of Human Life Alliance (a nonprofit organization), which comprise the statement of financial position as of July 31, 2018 and the related statements of activities, cash flows and functional expenses for the year 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 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 of 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 financial position of Human Life Alliance as of July 31, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

*Harrington Langer & Associates*

December 4, 2018

**HUMAN LIFE ALLIANCE**  
**STATEMENT OF FINANCIAL POSITION**  
July 31, 2018

**ASSETS**

**CURRENT ASSETS**

Cash and cash equivalents	\$ 283,748
Investments	150,562
Prepaid expenses	11,513
<b>TOTAL CURRENT ASSETS</b>	<b>445,823</b>

**PROPERTY AND EQUIPMENT**

Land and building	351,400
Furniture, equipment and videos	89,519
	440,919
Less accumulated depreciation	(141,111)
	<b>299,808</b>

<b>TOTAL ASSETS</b>	<b>\$ 745,631</b>
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**LIABILITIES AND NET ASSETS**

**LIABILITIES**

Accounts payable	\$ 4,799
Accrued expenses	9,176
<b>TOTAL LIABILITIES</b>	<b>13,975</b>

**NET ASSETS**

Unrestricted	731,656
<b>TOTAL NET ASSETS</b>	<b>731,656</b>

<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 745,631</b>
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**HUMAN LIFE ALLIANCE**  
**STATEMENT OF ACTIVITIES**  
For the Year Ended July 31, 2018

**SUPPORT AND REVENUE**

Grants and contributions	\$ 805,806
Special events:	
Sponsors and contributions	18,430
Tickets	800
Less: direct expenses	(5,591)
Total special events	13,639
Miscellaneous	2,083
Investment income	1,243
<b>TOTAL SUPPORT AND REVENUE</b>	<b>822,771</b>

**EXPENSES**

Program services	
Campus	85,801
Global	33,511
Community	80,067
Pro-Life Organizations	95,503
Pro-Life Health Alliance	295,493
Total program services	590,375
Management and general	32,075
Fundraising	58,116
<b>TOTAL EXPENSES</b>	<b>680,566</b>

**CHANGE IN NET ASSETS** 142,205

NET ASSETS, BEGINNING 589,451

NET ASSETS, ENDING \$ 731,656

**HUMAN LIFE ALLICANE**  
**STATEMENT OF CASH FLOWS**  
For the Year Ended July 31, 2018

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Change in net assets	\$ 142,205
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	32,149
(Increase) decrease in operating assets	
Prepaid expenses	(5,492)
Increase (decrease) in operating liabilities	
Accounts payable	(5,300)
Accrued expenses	454
	<u>164,016</u>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Purchase of investments	(150,562)
Purchase of property and equipment	(765)
	<u>(151,327)</u>
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	
<b>INCREASE IN CASH AND CASH EQUIVALENTS</b>	
	12,689
CASH AND CASH EQUIVALENTS, BEGINNING	<u>271,059</u>
<b>CASH AND CASH EQUIVALENTS, ENDING</b>	<u><u>\$ 283,748</u></u>

**HUMAN LIFE ALLIANCE**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
For the Year Ended July 31, 2018

	Campus	Global	Community	Pro-Life Organi- zations	Pro-Life Health Alliance	Program Services	Management and General	Fundraising	Total
Wages	\$ 30,735	\$ 14,096	\$ 23,841	\$ 32,406	\$ 53,689	\$ 154,767	\$ 10,102	\$ 21,449	\$ 186,318
Taxes	2,391	1,092	2,303	2,517	4,175	12,478	783	1,669	14,930
Benefits	7,054	3,344	6,929	10,463	4,459	32,249	3,455	4,321	40,025
Professional services	97	32	94	105	167,566	167,894	8,655	54	176,603
Printing	9,957	3,081	9,394	11,224	13,856	47,512	78	320	47,910
Postage and shipping	4,547	1,378	17,007	15,100	3,157	41,189	170	12,488	53,847
Website/Digital outreach	10,637	1,111	1,504	1,749	3,234	18,235	298	842	19,375
Public relations	5,573	-	2,852	250	545	9,220	-	-	9,220
Conferences & meetings	1,215	4,686	2,858	7,163	11,178	27,100	504	229	27,833
CMR software & related	390	130	375	420	753	2,068	82	2,552	4,702
Equipment rental	2,656	903	2,516	2,866	2,784	11,725	704	1,482	13,911
Office expenses	1,843	590	2,035	1,893	2,013	8,374	5,267	7,532	21,173
Occupancy	4,742	1,618	4,560	5,095	4,759	20,774	1,001	2,590	24,365
Telephone/internet	774	359	740	816	798	3,487	265	503	4,255
Depreciation	2,493	851	2,402	2,683	21,786	30,215	539	1,395	32,149
Insurance	683	234	644	738	727	3,026	144	382	3,552
Miscellaneous	14	6	13	15	14	62	28	308	398
	<u>\$ 85,801</u>	<u>\$ 33,511</u>	<u>\$ 80,067</u>	<u>\$ 95,503</u>	<u>\$ 295,493</u>	<u>\$ 590,375</u>	<u>\$ 32,075</u>	<u>\$ 58,116</u>	<u>\$ 680,566</u>

See notes to financial statements

**HUMAN LIFE ALLIANCE**  
**NOTES TO FINANCIAL STATEMENTS**

**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.

Human Life Alliance has served the pro-life community around the world for several decades by pioneering educational initiatives, working with policy makers, assisting unwed mothers, reaching teens, and saving the lives of young women and their babies—especially young women between the ages 15 and 24 who are in the greatest danger of crisis pregnancies. HLA presents the truth about abortion and supports life-affirming alternatives to infanticide, euthanasia, assisted suicide and the so-called “safer-sex” myths to change hearts and save lives every day.

HLA’s seeks to develop a pro-life worldview with the following goals in mind:

- Reach students on Every Campus Every Year with our pro-life message.
- Support all pro-life organizations including each Pregnancy Resource Center.
- Increase Community Outreach initiatives to encourage church pro-life efforts.
- Develop the Pro-life Healthcare Alliance to safeguard and protect all human life.
- Expand Global Outreach opportunities.

Each year HLA updates its pro-life publications to reach its diverse audiences. HLA currently serves the following outreach areas through its informative materials:

**Campus:** Students between the ages of 15 and 24. Through personal stories, accurate facts and informative statistics, issued publications encourage young people to critically think about abortion rhetoric, biological facts of the child in the womb, and how abortion affects women.

**Community:** Helps churches share a pro-life message with 30 to 49 year-old women. Other HLA resources are used for youth groups, Sunday school classes and street evangelization projects.

**Global:** HLA materials have been made available at United Nations conferences in New York and Brussels. In addition, fact sheets and publications present comprehensive pro-life information in multiple countries annually.

**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.



**HUMAN LIFE ALLIANCE**  
**NOTES TO FINANCIAL STATEMENTS**

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued**

**Nature of Activities - continued**

Pro-Life Health Alliance: HLA created the Pro-Life Health 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.

**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 net assets are resources which are subject to a donor imposed restriction which generally will be satisfied by organizational actions or the passage of time.

**Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Cash and Cash Equivalents**

The Organization considers cash and cash equivalents to include cash on hand, cash in bank, and short-term investments with original maturities of three months or less, except cash and cash equivalents that are included with Investments.

**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.

**HUMAN LIFE ALLIANCE**  
**NOTES TO FINANCIAL STATEMENTS**

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued**

**Investments**

Investments primarily consist of mutual funds and are valued at fair value. Donated investments are recorded at fair value on the date of donation. Investment expenses are included in investment income. Dividends are recorded on an ex-dividend date.

**Property and Equipment**

The Organization capitalizes all expenditures for property and equipment in excess of \$500. 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.

**Support and Expenses**

Contributions received and unconditional promises to give are measured at their fair value and are reported as an increase in net assets. The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets, or if they are designated as support for future periods. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted support.

The Organization reports gifts of goods and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

**Income Taxes**

The Organization is exempt from income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code, and similar State statutes.

Federal and State tax authorities generally have the right to examine the current and three previous years of income tax returns. The Organization is not currently under examination by any taxing jurisdiction.

**HUMAN LIFE ALLIANCE**  
**NOTES TO FINANCIAL STATEMENTS**

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued**

**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 and in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**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. Volunteers 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 682 volunteer hours.

**Subsequent Events**

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through December 4, 2018, the date the financial statements were available to be issued.

**LEASES**

HLA has a noncancelable operating equipment lease of \$440 per month that expires June 2019. For the year ending July 31, 2018, rent expense for the basic lease was approximately \$5,280.

**CONCENTRATIONS**

**Credit Risk**

The Organization maintains its cash balances at local credit unions. Accounts at this institution are insured by the National Credit Union Administration (NCUA) up to \$250,000. As of July 31, 2018, there was \$32,239 of uninsured cash balances.

**Revenue**

HLA received from one donor approximately 65% of its revenue in 2018.

**HUMAN LIFE ALLIANCE**  
**NOTES TO FINANCIAL STATEMENTS**

**FAIR VALUE**

The fair value measurement accounting literature establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority. Level 2 inputs consist of observable inputs other than quoted prices for identical assets (Level 1). Level 3 inputs are unobservable and have the lowest priority. The Plan uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Plan measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 2 inputs are used for when Level 1 inputs are not available. Level 3 inputs would only be used if Level 1 or Level 2 inputs were not available. There were no changes in the valuation methodologies.

The Organization's investments consist primary of mutual funds which are valued at the net asset value (NAV) of shares on the last trading day of the fiscal year, which is the basis for transactions at that date and are considered a Level 1 investment.