

HUMAN LIFE ALLIANCE
REVIEWED FINANCIAL STATEMENTS
July 31, 2019

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors
Human Life Alliance
Minneapolis, Minnesota

We have reviewed the accompanying financial statements of Human Life Alliance (a nonprofit organization), which comprise the statement of financial position as of July 31, 2019, and the related statements of activities, cash flows, and functional expenses 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 as a whole. Accordingly, we 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 control relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are 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. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Harrington Langer & Associates
January 31, 2020

HUMAN LIFE ALLIANCE
STATEMENT OF FINANCIAL POSITION
July 31, 2019

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 175,866
Investments	152,525
Prepaid expenses	12,549
TOTAL CURRENT ASSETS	340,940

PROPERTY AND EQUIPMENT, at cost

Land and building	351,400
Furniture, equipment and videos	89,519
	440,919
Less accumulated depreciation	(160,067)
PROPERTY AND EQUIPMENT, NET	280,852

TOTAL ASSETS	\$ 621,792
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LIABILITIES AND NET ASSETS

LIABILITIES

Accounts payable	\$ 6,194
Accrued expenses	10,383
TOTAL LIABILITIES	16,577

NET ASSETS

Without donor restrictions	596,839
With donor restrictions	8,376
TOTAL NET ASSETS	605,215

TOTAL LIABILITIES AND NET ASSETS	\$ 621,792
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HUMAN LIFE ALLIANCE
STATEMENT OF ACTIVITIES
For the Year Ended July 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Grants and contributions	\$ 305,359	\$ 8,376	\$ 313,735
Special events:			
Sponsors and contributions	24,339	-	24,339
Tickets	900	-	900
Less: direct expenses	(6,244)	-	(6,244)
Total special event	18,995	-	18,995
Miscellaneous	282	-	282
Investment income	4,836	-	4,836
Net assets released from restrictions	-	-	-
TOTAL SUPPORT AND REVENUE	329,472	8,376	337,848
Program services			
Campus	96,176	-	96,176
Global	48,865	-	48,865
Community	84,795	-	84,795
Pro-Life organizations	74,020	-	74,020
Pro-Life Healthcare Alliance	61,401	-	61,401
Total program services	365,257	-	365,257
Management and general	48,461	-	48,461
Fundraising	50,571	-	50,571
TOTAL EXPENSES	464,289	-	464,289
CHANGE IN NET ASSETS	(134,817)	8,376	(126,441)
NET ASSETS, BEGINNING	731,656	-	731,656
NET ASSETS, ENDING	\$ 596,839	\$ 8,376	\$ 605,215

HUMAN LIFE ALLIANCE
STATEMENT OF CASH FLOWS
For the Year Ended July 31, 2019

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ (126,441)
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Depreciation	18,956
Realized and unrealized gain on investments	(1,963)
(Increase) decrease in:	
Prepaid expenses	(1,036)
Increase (decrease) in:	
Accounts payable	1,395
Accrued expenses	1,207
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NET CASH USED IN OPERATING ACTIVITIES	(107,882)
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DECREASE IN CASH AND CASH EQUIVALENTS	(107,882)
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CASH AND CASH EQUIVALENTS, BEGINNING	283,748
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CASH AND CASH EQUIVALENTS, ENDING	<u><u>\$ 175,866</u></u>

HUMAN LIFE ALLIANCE
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended July 31, 2019

	Program Services					Supporting Services			
	Campus	Global	Community	Pro-Life Organi- zations	Pro-Life Healthcare Alliance	Total Program Services	Management and General	Fundraising	Total
Wages	\$ 27,912	\$ 18,005	\$ 28,441	\$ 25,516	\$ 28,487	\$ 128,361	\$ 18,104	\$ 17,879	\$ 164,344
Taxes	2,315	1,351	2,148	2,041	2,148	10,003	1,278	1,360	12,641
Benefits	10,244	5,959	10,148	9,486	10,148	45,985	6,649	3,878	56,512
Professional services	-	-	-	-	-	-	10,675	920	11,595
Printing	26,164	8,584	10,745	9,285	312	55,090	164	638	55,892
Postage and shipping	8,712	5,296	16,269	10,273	87	40,637	1,158	6,223	48,018
Website/Digital outreach	1,985	1,705	1,801	1,746	1,915	9,152	67	1,732	10,951
Public relations	-	-	100	-	-	100	-	-	100
Conferences & meetings	4,817	377	2,544	5,213	325	13,276	176	4,579	18,031
CRM software & related	361	212	337	320	337	1,567	177	2,267	4,011
Equipment rental	2,273	1,334	2,125	2,012	2,125	9,869	1,112	1,935	12,916
Office expenses	3,571	1,422	2,762	1,204	899	9,858	5,000	7,583	22,441
Occupancy	4,009	2,334	3,740	3,556	3,698	17,337	1,947	3,385	22,669
Telephone/internet	671	446	635	608	593	2,953	393	590	3,936
Depreciation	2,035	1,207	1,904	1,805	9,268	16,219	1,001	1,736	18,956
Insurance	1,079	633	1,009	955	1,009	4,685	528	918	6,131
Miscellaneous	28	-	87	-	50	165	32	1,192	1,389
Total expenses by function	<u>96,176</u>	<u>48,865</u>	<u>84,795</u>	<u>74,020</u>	<u>61,401</u>	<u>365,257</u>	<u>48,461</u>	<u>56,815</u>	<u>470,533</u>
Less expenses included with revenues on the statement of activities									
Special event expenses	-	-	-	-	-	-	-	(6,244)	(6,244)
Total expenses included in the statement of activities	<u>\$ 96,176</u>	<u>\$ 48,865</u>	<u>\$ 84,795</u>	<u>\$ 74,020</u>	<u>\$ 61,401</u>	<u>\$ 365,257</u>	<u>\$ 48,461</u>	<u>\$ 50,571</u>	<u>\$ 464,289</u>

See notes to financial statements

HUMAN LIFE ALLIANCE
NOTES TO FINANCIAL STATEMENTS

NOTE 1. NATURE OF THE ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities:

Human Life Alliance (HLA and the Organization) is a Minnesota nonprofit corporation. 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 globe 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.

Each year, HLA updates its comprehensive pro-life resources to reach diverse audiences. Since beginning its printed educational campaigns in 1990, HLA has reached 227.4 million people in all 50 States, 88 different countries and on all seven continents. HLA currently serves people in the following outreach categories through its informative materials (*items in parentheses indicate resources use in each mission field*):

Campus: Students between the ages of 15 and 24. Through personal stories, accurate facts and informative statistics, issued publications encourage young people to understand abortion rhetoric, biological facts of the child in the womb, how abortion affects women, and sexual risk avoidance strategies. (*Who Do You Believe* and *Just for Girls/Just for Guys*)

Pro-Life Organizations: HLA provides materials to pregnancy centers, maternity homes, sidewalk counselors, and other organizations that serve young women in crisis pregnancies in their own communities. (*The Truth Behind Planned Parenthood, This is not your only choice, Who Do You Believe, She’s a Child Not a Choice, and Just for Girls/Just for Guys*)

Community: Encourage churches to share a pro-life message. HLA resources are used for youth group presentations, Sunday school classes, congregation-wide distribution, and street evangelization projects. (*Who Do You Believe, Just for Girls/Just for Guys, She’s a Child Not a Choice, Imposed Death, Informed, Informed DVD, and Life Begins*)

HUMAN LIFE ALLIANCE
NOTES TO FINANCIAL STATEMENTS

NOTE 1. NATURE OF THE ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Nature of Activities: (continued)

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. (*Endangered, Who Do You Believe, and Just for Girls/Just for Guys*)

Pro-Life Healthcare Alliance: HLA created the Pro-Life Healthcare Alliance to incubate and promote a pro-life healthcare philosophy and develop a network of pro-life healthcare providers, attorneys, and patient advocates. Through conferences on euthanasia and assisted suicide, HLA seeks to develop this new network. (*Imposed Death, Informed, Informed DVD*)

Basis of Presentation:

The financial statements of HLA have been prepared in accordance with U.S. generally accepted accounting principles ("US GAAP"), which require HLA to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of HLA. These net assets may be used at the discretion of HLA 's management and the board of directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of HLA or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

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.

HUMAN LIFE ALLIANCE
NOTES TO FINANCIAL STATEMENTS

NOTE 1. NATURE OF THE ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Contributions:

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Contributed property and equipment are recorded at fair value at the date of donation. Contributions with donor-imposed stipulations regarding how long the contributed assets must be used are recorded as net assets with donor restrictions; otherwise, the contributions are recorded as net assets without donor restrictions.

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.

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.

HUMAN LIFE ALLIANCE
NOTES TO FINANCIAL STATEMENTS

NOTE 1. NATURE OF THE ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

Income Taxes:

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to the Organization's tax-exempt purpose is subject to taxation as unrelated business income. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an Organization other than a private foundation under Section 509(a)(2).

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Organization and recognize a tax liability (or asset) for uncertain positions that more likely than not would not be sustained upon examination by the applicable tax authorities. 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.

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 3,802 volunteer hours.

HUMAN LIFE ALLIANCE
NOTES TO FINANCIAL STATEMENTS

NOTE 1. NATURE OF THE ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

New Accounting Pronouncement:

On August 18, 2016 FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. HLA has adjusted the presentation of these statements accordingly.

Subsequent Events:

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through January 31, 2020, the date the financial statements were available to be issued.

NOTE 2. AVAILABILITY AND LIQUIDITY

The following represents the Organization’s financial assets available for general expenditure within one year at July 31, 2019.

Financial assets at year-end	
Cash and cash equivalents	\$ 175,866
Investments	<u>152,525</u>
 Total financial assets	 <u><u>\$ 328,391</u></u>
 Less amounts not available to be used within one year	
Net assets with donor restrictions	(8,376)
Less net assets with restrictions to be met in less than one year	 <u>8,376</u>
 Financial assets available to meet general expenditures within one year	 <u><u>\$ 328,391</u></u>

The Organization’s goal is generally to maintain financial assets to meet three (3) months of operating expenses.

HUMAN LIFE ALLIANCE
NOTES TO FINANCIAL STATEMENTS

NOTE 3. CONCENTRATIONS OF CREDIT RISK

The Organization maintains its cash balances at local credit unions. Accounts at these institutions are insured by the National Credit Union Administration (NCUA) up to \$250,000. As of July 31, 2019, all cash balances were fully insured.

NOTE 4. FAIR VALUE MEASUREMENT

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 consisted primarily 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 Level 1 investments.

NOTE 5. NET ASSETS WITH DONOR RESTRICTIONS

At July 31, 2019, net assets with donor restrictions consisted of the following:

Specific purpose:	
Board project	\$ 2,500
Sidewalk counseling project	<u>5,876</u>
	<u>\$ 8,376</u>