

HUMAN LIFE ALLIANCE
REVIEWED FINANCIAL STATEMENTS
July 31, 2021

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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, 2021, 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 3, 2022

HUMAN LIFE ALLIANCE
STATEMENT OF FINANCIAL POSITION
July 31, 2021

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 218,462
Investments	167,843
Prepaid expenses	14,688
TOTAL CURRENT ASSETS	400,993

PROPERTY AND EQUIPMENT, at cost

Land and building	351,400
Furniture, equipment and videos	91,418
	442,818
Less accumulated depreciation	(181,098)
PROPERTY AND EQUIPMENT, NET	261,720

TOTAL ASSETS	\$ 662,713
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LIABILITIES AND NET ASSETS

LIABILITIES

Accounts payable	\$ 2,094
Accrued expenses	8,055
PPP loan	53,460
TOTAL LIABILITIES	63,609

NET ASSETS

Without donor restrictions	586,001
With donor restrictions	13,103
TOTAL NET ASSETS	599,104

TOTAL LIABILITIES AND NET ASSETS	\$ 662,713
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HUMAN LIFE ALLIANCE
STATEMENT OF ACTIVITIES
For the Year Ended July 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Grants and contributions	\$ 391,463	\$ 8,103	\$ 399,566
Special events:			
Sponsors and contributions	6,306	-	6,306
Less: direct expenses	(2,242)	-	(2,242)
Total special events, net	4,064	-	4,064
Miscellaneous	624	-	624
Investment income, net	15,269	-	15,269
PPP loan forgiveness	45,568	-	45,568
TOTAL SUPPORT AND REVENUE	456,988	8,103	465,091
Program services			
Campus	83,045	-	83,045
Global	32,920	-	32,920
Community	86,059	-	86,059
Pro-Life organizations	73,039	-	73,039
Total program services	275,063	-	275,063
Management and general	49,514	-	49,514
Fundraising	63,871	-	63,871
TOTAL EXPENSES	388,448	-	388,448
CHANGE IN NET ASSETS	68,540	8,103	76,643
NET ASSETS, BEGINNING	517,461	5,000	522,461
NET ASSETS, ENDING	\$ 586,001	\$ 13,103	\$ 599,104

HUMAN LIFE ALLIANCE
STATEMENT OF CASH FLOWS
For the Year Ended July 31, 2021

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ 76,643
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	10,095
PPP loan forgiveness	(45,568)
Realized and unrealized gain on investments	(14,774)
(Increase) decrease in:	
Prepaid expenses	(3,606)
Increase (decrease) in:	
Accounts payable	(2,149)
Accrued expenses	<u>257</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>20,898</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of property and equipment	<u>(1,310)</u>
CASH FLOWS FROM FINANCING ACTIVITIES	
Proceeds from PPP loan	<u>53,460</u>
INCREASE IN CASH AND CASH EQUIVALENTS	73,048
CASH AND CASH EQUIVALENTS, BEGINNING	<u>145,414</u>
CASH AND CASH EQUIVALENTS, ENDING	<u><u>\$ 218,462</u></u>

HUMAN LIFE ALLIANCE
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended July 31, 2021

	Program Services				Supporting Services			
	Campus	Global	Community	Pro-Life Organi- zations	Total Program Services	Management and General	Fundraising	Total
Wages	\$ 20,359	\$ 13,407	\$ 20,359	\$ 20,359	\$ 74,484	\$ 16,941	\$ 33,675	\$ 125,100
Payroll Taxes	1,539	1,042	1,541	1,541	5,663	1,365	2,671	9,699
Benefits	9,409	6,479	9,409	9,409	34,706	7,934	8,924	51,564
Professional services	3,814	456	1,465	228	5,963	8,198	-	14,161
Printing	9,471	2,680	7,292	11,733	31,176	-	97	31,273
Postage and shipping	8,776	348	25,315	13,312	47,751	698	1,753	50,202
Website/Digital outreach	9,487	478	573	588	11,126	-	430	11,556
Conferences & meetings	622	48	246	271	1,187	171	2,360	3,718
CRM software & related	487	194	1,940	389	3,010	243	347	3,600
Equipment rental	3,391	1,382	2,727	2,735	10,235	1,638	2,308	14,181
Office expenses	2,481	1,062	4,480	1,828	9,851	5,143	3,912	18,906
Occupancy	8,446	3,358	6,783	6,790	25,377	4,237	6,010	35,624
Telephone/internet	885	428	735	735	2,783	590	668	4,041
Depreciation	2,396	953	1,920	1,920	7,189	1,198	1,708	10,095
Insurance	1,482	605	1,184	1,201	4,472	718	1,026	6,216
Miscellaneous	-	-	90	-	90	440	224	754
Total expenses by function	<u>83,045</u>	<u>32,920</u>	<u>86,059</u>	<u>73,039</u>	<u>275,063</u>	<u>49,514</u>	<u>66,113</u>	<u>390,690</u>
Less expenses included with revenues on the statement of activities								
Special event expenses	-	-	-	-	-	-	(2,242)	(2,242)
Total expenses included in the statement of activities	<u>\$ 83,045</u>	<u>\$ 32,920</u>	<u>\$ 86,059</u>	<u>\$ 73,039</u>	<u>\$ 275,063</u>	<u>\$ 49,514</u>	<u>\$ 63,871</u>	<u>\$ 388,448</u>

HUMAN LIFE ALLIANCE
NOTES TO FINANCIAL STATEMENTS

NOTE 1. NATURE OF ACTIVITIES 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.

HLA 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.

HLA distributes powerful pro-life information across the United States and around the globe on topics of abortion, teen sexual risk avoidance, euthanasia, assisted suicide, and the dignity of all human life. Since 1990, its pro-life magazines and materials have informed, inspired and involved a diverse audience of over 234.8 million readers in 88 countries. HLA currently serves people in the following outreach categories through its informative materials:

Campus/Student Outreach: HLA seeks to reach students on every campus every year with a pro-life message. *Do I Matter?*, *Just for Girls/Just for Guys*, *Life Begins and Carlos & Isabel Save Esperanza* are current student editions. (Available in digital flipbook formats.)

Pro-Life Organization Support: HLA strives to support pro-life organizations with a goal of serving every pregnancy center in the United States. All magazines, Fact Cards, and other materials offer assistance for these organizations. Many centers have teen sexual risk avoidance speakers who hand out *Just for Girls/Just for Guys* at local high schools and church youth groups during presentations. Some centers request HLA support for communication initiatives in their own neighborhoods.

Community Outreach: Increased community outreach initiatives encourage church pro-life efforts and sidewalk counseling. *The Truth About Planned Parenthood*, *This is Not Your Only Choice*, *She’s a Child Not a “Choice”*, *Endangered: A World in Peril*, *Did You Know?*, *A Favor de la Vida*, *Ella es una niña, no una opción*, *Esta no es tu única opción*, and *Imposed Death*.

Global Outreach: Through cooperative efforts with pro-life individuals and organizations around the globe, HLA shares a special edition of *She’s a Child Not a “Choice”* in many languages.

HUMAN LIFE ALLIANCE
NOTES TO FINANCIAL STATEMENTS

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

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.

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

NOTE 1. NATURE OF ACTIVITIES 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 40 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.

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 approximately 23,875 volunteer hours.

Functional Allocation of Expenses:

The costs of providing various programs and other activities have been summarized on a functional basis in the accompanying financial statements. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

HUMAN LIFE ALLIANCE
NOTES TO FINANCIAL STATEMENTS

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

Revenue and Cost Recognition:

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.

Expenses are recorded when incurred in accordance with the accrual basis of accounting.

New Accounting Pronouncement:

FASB Accounting Standards Codification Topic 606, Revenue from Contracts with Customers, as amended, supersedes or replaces nearly all GAAP revenue recognition guidance. These standards establish a new contract and control-based revenue recognition model, change the basis for deciding when revenue is recognized over time or at a point in time, and expand disclosures about revenue. We have implemented Topic 606 and have adjusted the presentation in these financial statements accordingly. These amendments have been applied retrospectively to all periods presented, with no effect on net assets.

Subsequent Events:

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through January 3, 2022, the date the financial statements were available to be issued.

NOTE 2. 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, 2021, all cash balances were fully insured.

HUMAN LIFE ALLIANCE
NOTES TO FINANCIAL STATEMENTS

NOTE 3. AVAILABILITY AND LIQUIDITY

The following represents the Organization's financial assets available for general expenditure within one year at July 31, 2021.

Financial assets at year-end	
Cash and cash equivalents	\$ 218,462
Investments	<u>167,843</u>
Total financial assets	<u>\$ 386,305</u>
Less amounts not available to be used within one year	
Net assets with donor restrictions	(13,103)
Less net assets with restrictions to be met in less than one year	<u>13,103</u>
Financial assets available to meet general expenditures within one year	<u>\$ 386,305</u>

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

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. HLA 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 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.

HUMAN LIFE ALLIANCE
NOTES TO FINANCIAL STATEMENTS

NOTE 5. NET ASSETS WITH DONOR RESTRICTIONS

At July 31, 2021, net assets with donor restrictions consisted of the following:

Specific purpose:	
Board project	<u>\$13,103</u>

NOTE 6. PPP LOAN

During 2020, the Organization received the first round of loan proceeds in the amount of \$45,568 under the Paycheck Protection Program (“PPP”). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act, provides for loans to qualifying businesses. The loans and accrued interest are forgivable after twenty-four weeks if the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The amount of loan forgiveness will be reduced if the borrower terminates employees or reduces salaries during the twenty-four-week period. The unforgiven portion of the PPP loan is payable over two years at an interest rate of 1%, with a deferral of payments for the first six months. As of July 31, 2021, the full amount of the loan has been forgiven, and the Organization has recognized this amount as PPP loan forgiveness revenue for the year then ended.

During 2021, the Organization received the second round of loan proceeds in the amount of \$53,460 under the Paycheck Protection Program (“PPP”). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act, provides for loans to qualifying businesses. The loans and accrued interest are forgivable after twenty-four weeks if the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The amount of loan forgiveness will be reduced if the borrower terminates employees or reduces salaries during the twenty-four-week period.

The unforgiven portion of the PPP loan is payable over two years at an interest rate of 1%, with a deferral of payments for the first six months. The Organization has used the full amount of the loan proceeds for eligible expenses for the year ending July 31, 2021. Subsequent to year-end, the full amount of the loan has been forgiven.