

**HUMAN LIFE ALLIANCE**

**FINANCIAL STATEMENTS**

For the Year Ended July 31, 2010

# HUMAN LIFE ALLIANCE

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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
**HUMAN LIFE ALLIANCE**  
Minneapolis, Minnesota

We have audited the accompanying statement of financial position of Human Life Alliance, a nonprofit organization, as of July 31, 2010 and the related statements of activity, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of Human Life Alliance's management. Our responsibility is to express an opinion on these financial statements based on the 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, 2010 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.

November 11, 2010

**HUMAN LIFE ALLIANCE**  
**Statement of Financial Position**  
**July 31, 2010**

**ASSETS**

Cash and cash equivalents	\$ 148,105
Promises to give	250,000
Publications inventory	87,488
Prepaid expenses and deposits	6,128
Furniture and equipment	3,596
Less accumulated depreciation	<u>2,796</u>
	<u>800</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 492,521</u></b>

**LIABILITIES**

Accounts payable	\$ 65,109
Accrued expenses	<u>16,404</u>
<b>TOTAL LIABILITIES</b>	<b><u>81,513</u></b>

**NET ASSETS**

Unrestricted	155,758
Temporarily restricted net assets	<u>255,250</u>
<b>TOTAL NET ASSETS</b>	<b><u>411,008</u></b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 492,521</u></b>

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

**HUMAN LIFE ALLIANCE**  
**Statement of Activities**  
**For the Year Ended July 31, 2010**

	<u>Unrestricted</u>	Temporarily <u>Restricted</u>	<u>Total</u>
<b>Revenues:</b>			
Private grants and contributions	\$ 431,201	\$ 255,250	\$ 686,451
Interest income	917	-	917
Miscellaneous income	<u>1,198</u>	<u>-</u>	<u>1,198</u>
Total support and revenue	<u>433,316</u>	<u>255,250</u>	<u>688,566</u>
Net assets released from restrictions			-
Restrictions satisfied by payments	<u>5,000</u>	<u>(5,000)</u>	<u>-</u>
<b>TOTAL UNRESTRICTED REVENUES AND OTHER SUPPORT</b>	<b>438,316</b>	<b>250,250</b>	<b>688,566</b>
<b>Expenses:</b>			
Program services	468,090	-	468,090
Management and general	23,584	-	23,584
Fundraising	<u>29,219</u>	<u>-</u>	<u>29,219</u>
<b>TOTAL EXPENSES</b>	<b><u>520,893</u></b>	<b><u>-</u></b>	<b><u>520,893</u></b>
<b>INCREASE (DECREASE) IN NET ASSETS</b>	<b>(82,577)</b>	<b>250,250</b>	<b>167,673</b>
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<b><u>238,335</u></b>	<b><u>5,000</u></b>	<b><u>243,335</u></b>
<b>NET ASSETS AT END OF YEAR</b>	<b><u>\$ 155,758</u></b>	<b><u>\$ 255,250</u></b>	<b><u>\$ 411,008</u></b>

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

**HUMAN LIFE ALLIANCE**  
**Statement of Cash Flows**  
**For the Year Ended July 31, 2010**

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Increase in net assets		\$ 167,673
<b>Adjustments to reconcile increase in net assets to net cash provided by operating activities:</b>		
<b>(Increase) decrease in operating assets:</b>		
Promises to give		(250,000)
Grants receivable		55,800
Publications inventory		(27,672)
Prepaid expenses and deposits		(1,647)
<b>Increase (decrease) in operating liabilities:</b>		
Accounts payable		65,109
Accrued expenses		<u>487</u>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>		<b>9,750</b>
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of furniture and equipment		<u>(800)</u>
<b>NET CASH (USED) BY INVESTING ACTIVITIES</b>		<b><u>(800)</u></b>
<b>INCREASE IN CASH</b>		<b>8,950</b>
<b>CASH AT BEGINNING OF YEAR</b>		<u>139,155</u>
<b>CASH AT END OF YEAR</b>		<u><u>\$ 148,105</u></u>

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

**HUMAN LIFE ALLIANCE**  
**Statement of Functional Expenses**  
**Year Ended July 31, 2010**

	Program Services			Supporting Services		
	Abortion	Chastity	Euthanasia	Management and General	Fund Raising	Supporting Services
	Total			Total		
Salaries, taxes and benefits	\$ 138,191	\$ 25,435	\$ 20,402	\$ 12,234	\$ 17,165	\$ 29,399
Printing	118,716	22,236	79	124	4,758	4,882
Postage and shipping	54,496	9,371	752	555	2,526	3,081
Advertising	1,803	110	15	-	-	1,928
Distribution	7,903	-	-	-	-	7,903
Equipment and supplies	9,558	1,536	293	323	449	772
Equipment rent	3,531	548	239	231	835	1,066
Insurance	4,040	744	596	358	502	860
Meetings and conventions	23,421	1,602	484	116	273	389
Photography	1,730	365	138	-	-	2,233
Professional fees	-	-	-	5,520	-	5,520
Rent	10,541	1,940	1,556	933	1,309	2,242
Telephone	1,822	422	1,446	208	412	620
Miscellaneous	1,729	300	-	2,982	990	3,972
<b>Total expenses</b>	<b>\$ 377,481</b>	<b>\$ 64,609</b>	<b>\$ 26,000</b>	<b>\$ 23,584</b>	<b>\$ 29,219</b>	<b>\$ 52,803</b>
			<u>89.9%</u>	<u>4.5%</u>	<u>5.6%</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, 2010

**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 2010 were as follows:

Abortion: Published and distributed a twelve-page publication titled "icare" and "She's A Child, Not A Choice" and updated, printed, and distributed supplements titled "Did You Know", "Ella es una Nina, no una 'opcion'." These supplements are instrumental in saving the lives of those children who otherwise would have been aborted.

Chastity: Published and distributed a magazine for teens and adolescents titled "Just for Girls/Just for Guys" addressing the importance of remaining chaste versus following the ambivalent "safe sex" message.

Euthanasia/assisted suicide: Distributed a twelve-page publication titled "Imposed Death" dealing with euthanasia and those issues surrounding living wills and end of life decision making.

**Basis of Presentation**

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, 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**

**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 two donors comprising 100% of the balance at July 31, 2010.

**Concentration of Contributions**

HLA received approximately 51% of its support from two donors in 2010.

**Concentration of Source of Vendors**

The organization contracts, primarily with one vendor, for the printing of its publications. Transactions with this vendor were approximately 42% of total expenses in 2010.

**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.

**Fair Value Measurements**

HLA determined the fair value of certain assets and liabilities in accordance with the provisions of Accounting Standards Codification (ASC) 820, "Fair Value Measurements" (formerly Statement of Financial Accounting Standards (SFAS) Statement No. 157, *Fair Value Measurements*) which provides a framework for measuring fair value under generally accepted accounting principles.

ASC 820 defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. ASC 820 requires that valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs. ASC 820 also establishes a fair value hierarchy, which prioritizes the valuation inputs into three broad levels.

**HUMAN LIFE ALLIANCE**  
Notes to Financial Statements

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

**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.

**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 years.

**Donated Services**

Donated services are recognized as contributions in accordance with SFAS No. 116, *Accounting for Contributions Received and Contributions Made* 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 also provide services throughout the year that are not recognized as contributions in the financial statements since the recognition criteria under SFAS No. 116 were not met. Volunteers perform a variety of tasks that assist HLA with specific programs. HLA received approximately 2,850 volunteer hours valued at approximately \$58,300.

**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.

**HUMAN LIFE ALLIANCE**  
Notes to Financial Statements

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

**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**

Promises to give are as follows at July 31, 2010:

Receivable in less than one year	\$ 150,000
Receivable in two years	<u>100,000</u>
	<u>\$ 250,000</u>

The discount to present value amount is not significant and uncollectible promises are expected to be insignificant.

**3) Restrictions on Net Assets**

Temporarily restricted net assets at July 31, 2010 of \$255,500 are available for future year programs.

**4) Operating Leases**

HLA has a noncancelable operating equipment lease of \$170 per month that expires June 2013. Rent expense was approximately \$2,150 in 2010.

The organization leases its office space under a noncancelable operating lease which expires September 2010, with a sixty day termination clause. Rent expense was \$16,280 in 2010.

Future minimum lease payments under this operating lease that has a remaining term in excess of one year as of July 31, 2010 are:

Years Ending July 31:	
2011	\$ 17,193
2012	16,946
2013	16,768
2014	<u>2,467</u>
	<u>\$ 53,374</u>

**5) Retirement Plan**

HLA adopted a 403(b) retirement plan for qualified employees. Employees can make voluntary contributions through a salary reduction arrangement. The organization does not make matching contributions.

**HUMAN LIFE ALLIANCE**  
Notes to Financial Statements

**6) Income Taxes**

The organization has evaluated for uncertain tax positions and management has expressed there are no uncertain tax positions as of July 31, 2010. 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 November 11, 2010, 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.