

**HUMAN LIFE ALLIANCE**

**FINANCIAL STATEMENTS**

For the Years Ended July 31, 2013 and 2012

## HUMAN LIFE ALLIANCE

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## INDEPENDENT AUDITOR'S REPORT

Board of Directors

**HUMAN LIFE ALLIANCE**

Minneapolis, Minnesota

I have audited the accompanying financial statements of Human Life Alliance, a nonprofit organization, which comprise the statement of financial position as of July, 31, 2013 and 2012, and the related statements of activity, functional expenses and cash flows for the years 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

My responsibility is to express an opinion on these financial statements based on the audit. I conducted the audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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, I 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. (Continued)

**INDEPENDENT AUDITOR'S REPORT, continued**

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

**Opinion**

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Human Life Alliance as of July 31, 2013 and 2012, 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.

November 15, 2013

**HUMAN LIFE ALLIANCE**  
**Statement of Financial Position**  
**July 31, 2013 and 2012**

	<u>2013</u>	<u>2012</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 84,265	\$ 81,844
Cash restricted for capital campaign	-	49,236
Promises to give	102,500	224,252
Publications inventory	58,761	51,788
Prepaid expenses and miscellaneous	8,726	6,840
Building	351,400	351,400
Furniture and equipment	3,596	3,596
Less accumulated depreciation	<u>(22,996)</u>	<u>(13,945)</u>
	<u>332,000</u>	<u>341,051</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 586,252</u></b>	<b><u>\$ 755,011</u></b>
<b>LIABILITIES</b>		
Current portion long-term debt	\$ -	\$ 10,945
Accounts payable	5,072	1,822
Accrued expenses	13,375	14,274
Contract for deed	<u>-</u>	<u>241,460</u>
<b>TOTAL LIABILITIES</b>	<u>18,447</u>	<u>268,501</u>
<b>NET ASSETS</b>		
Unrestricted	426,434	213,025
Temporarily restricted net assets	<u>141,371</u>	<u>273,485</u>
<b>TOTAL NET ASSETS</b>	<u>567,805</u>	<u>486,510</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 586,252</u></b>	<b><u>\$ 755,011</u></b>

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

**HUMAN LIFE ALLIANCE**  
**Statement of Activities**  
**For the Years Ended July 31, 2013 and 2012**

	2013			2012		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
<b>Revenues:</b>						
Private grants and contributions	\$ 279,080	\$ 81,575	\$ 360,655	\$ 402,252	\$ 187,500	\$ 589,752
Capital campaign contributions	-	202,151	202,151	-	110,454	110,454
Interest income	508	-	508	487	-	487
Miscellaneous income	258	-	258	822	-	822
Special event revenue	18,335	-	18,335	19,420	-	19,420
Less: Costs of direct benefits to donors	9,386	-	9,386	8,413	-	8,413
	8,949	-	8,949	11,007	-	11,007
<b>TOTAL REVENUES</b>	<b>288,795</b>	<b>283,726</b>	<b>572,521</b>	<b>414,568</b>	<b>297,954</b>	<b>712,522</b>
Net assets released from restrictions			-			-
Restrictions satisfied by payments	415,840	(415,840)	-	146,950	(146,950)	-
<b>TOTAL UNRESTRICTED REVENUES AND OTHER SUPPORT</b>	<b>704,635</b>	<b>(132,114)</b>	<b>572,521</b>	<b>561,518</b>	<b>151,004</b>	<b>712,522</b>
<b>Expenses:</b>						
Program services	412,165	-	412,165	410,772	-	410,772
Management and general	43,822	-	43,822	41,927	-	41,927
Fundraising	35,239	-	35,239	28,019	-	28,019
<b>TOTAL EXPENSES</b>	<b>491,226</b>	<b>-</b>	<b>491,226</b>	<b>480,718</b>	<b>-</b>	<b>480,718</b>
<b>INCREASE (DECREASE) IN NET ASSETS</b>	<b>213,409</b>	<b>(132,114)</b>	<b>81,295</b>	<b>80,800</b>	<b>151,004</b>	<b>231,804</b>
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<b>213,025</b>	<b>273,485</b>	<b>486,510</b>	<b>132,225</b>	<b>122,481</b>	<b>254,706</b>
<b>NET ASSETS AT END OF YEAR</b>	<b>\$ 426,434</b>	<b>\$ 141,371</b>	<b>\$ 567,805</b>	<b>\$ 213,025</b>	<b>\$ 273,485</b>	<b>\$ 486,510</b>

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

**HUMAN LIFE ALLIANCE**  
**Statement of Cash Flows**  
For the Years Ended July 31, 2013 and 2012

	<b>2013</b>	<b>2012</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Increase in net assets	\$ 81,295	\$ 231,804
<b>Adjustments to reconcile increase in net assets to net cash (used) by operating activities:</b>		
Depreciation	9,051	9,052
<b>(Increase) decrease in operating assets:</b>		
Promises to give	85,000	(124,252)
Publications inventory	(6,973)	(10,360)
Prepaid expenses and deposits	(1,886)	(3,992)
<b>Increase (decrease) in operating liabilities:</b>		
Accounts payable	3,250	(1,341)
Accrued expenses	(899)	(1,682)
<b>Contributions restricted for long-term purposes:</b>		
Contributions	(202,151)	(110,454)
<b>NET CASH (USED) BY OPERATING ACTIVITIES</b>	<b>(33,313)</b>	<b>(11,225)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
From capital campaign contributions:		
Payments on contract for deed and other building expenses	(202,151)	(36,950)
<b>NET CASH (USED) BY INVESTING ACTIVITIES</b>	<b>(202,151)</b>	<b>(36,950)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Collections of contributions restricted for capital campaign	238,903	73,702
Payments on contract for deed	(1,018)	(8,690)
<b>NET CASH PROVIDED BY FINANCING ACTIVITIES</b>	<b>237,885</b>	<b>65,012</b>
<b>INCREASE IN CASH</b>	2,421	16,837
<b>CASH AT BEGINNING OF YEAR</b>	<b>81,844</b>	<b>65,007</b>
<b>CASH AT END OF YEAR</b>	<b>\$ 84,265</b>	<b>\$ 81,844</b>

The accompanying notes are an integral part of these financial statements

**HUMAN LIFE ALLIANCE**  
**Statement of Functional Expenses**  
**Year Ended July 31, 2013**

	Program Services					Supporting Services			Total
	Campus	Community	Global	Pro-Life	Program Services	Management and General	Fund Raising	Supporting Services	
Salaries, taxes and benefits	\$ 98,465	\$ 21,730	\$ 21,573	\$ 62,611	\$ 204,379	\$ 22,017	\$ 19,801	\$ 41,818	\$ 246,197
Printing	43,482	13,410	3,713	28,217	88,822	3,170	7,903	11,073	99,895
Postage and shipping	24,631	10,430	2,931	16,798	54,790	2,509	2,909	5,418	60,208
Office expenses	5,757	696	696	3,474	10,623	601	693	1,294	11,917
Equipment rent	3,948	461	461	2,382	7,252	407	474	881	8,133
Insurance	296	35	36	178	545	31	36	67	612
Meetings and conventions	5,403	709	546	4,035	10,693	455	626	1,081	11,774
Professional fees	-	-	-	-	-	11,674	-	11,674	11,674
Real estate taxes	-	-	-	-	-	-	-	-	-
Occupancy/utilities	8,930	1,080	1,080	5,389	16,479	920	1,073	1,993	18,472
Fees	1,575	269	276	1,575	3,695	450	360	810	4,505
Interest expense	3,362	407	407	1,497	5,673	720	560	1,280	6,953
Miscellaneous	905	79	79	625	1,688	68	79	147	1,835
Depreciation	2,900	1,720	725	2,181	7,526	800	725	1,525	9,051
<b>Total expenses</b>	<b>\$ 199,654</b>	<b>\$ 51,026</b>	<b>\$ 32,523</b>	<b>\$ 128,962</b>	<b>\$ 412,165</b>	<b>\$ 43,822</b>	<b>\$ 35,239</b>	<b>\$ 79,061</b>	<b>\$ 491,226</b>
					<u>83.9%</u>	<u>8.9%</u>	<u>7.2%</u>	<u>16.1%</u>	<u>100.0%</u>

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



**HUMAN LIFE ALLIANCE**  
**Statement of Functional Expenses**  
**Year Ended July 31, 2012**

	Program Services				Supporting Services			Total	
	Campus	Community	Global	Pro-Life	Program Services	Management and General	Fund Raising		Supporting Services
Salaries, taxes and benefits	\$ 75,156	\$ 44,936	\$ 17,123	\$ 60,113	\$ 197,328	\$ 21,824	\$ 18,141	\$ 39,965	\$ 237,293
Printing	32,092	22,386	902	22,918	78,298	902	2,382	3,284	81,582
Postage and shipping	23,572	5,463	2,748	28,687	60,470	500	2,696	3,196	63,666
Office expenses	4,699	729	572	2,933	8,933	952	575	1,527	10,460
Equipment rent	1,870	227	228	1,128	3,453	190	223	413	3,866
Insurance	738	90	68	445	1,341	75	109	184	1,525
Meetings and conventions	6,532	4,186	541	7,800	19,059	516	525	1,041	20,100
Professional fees	-	-	-	-	-	7,634	-	7,634	7,634
Real estate taxes	2,986	398	398	1,970	5,752	498	500	998	6,750
Occupancy/utilities	4,681	570	570	2,822	8,643	5,524	556	6,080	14,723
Fees	1,394	800	280	1,002	3,476	783	100	883	4,359
Interest expense	6,286	2,050	1,007	4,991	14,334	1,400	1,370	2,770	17,104
Miscellaneous	1,142	157	160	699	2,158	329	117	446	2,604
Depreciation	2,900	1,720	725	2,182	7,527	800	725	1,525	9,052
<b>Total expenses</b>	<b>\$ 164,048</b>	<b>\$ 83,712</b>	<b>\$ 25,322</b>	<b>\$ 137,690</b>	<b>\$ 410,772</b>	<b>\$ 41,927</b>	<b>\$ 28,019</b>	<b>\$ 69,946</b>	<b>\$ 480,718</b>
					<u>85.4%</u>	<u>8.7%</u>	<u>5.8%</u>	<u>14.6%</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, 2013 and 2012

**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 2013 and 2012 were as follows:

- Printed and distributed a 12 page publication entitled *Do You Have an Open Mind?* for campus outreach, a 16 page publication entitled *Carlos & Isabel Save Esperanza*, for young children a 16 page publication entitled *Just for Girls/Just for Guys* on teen abstinence issues and a 16 page publication entitled *The Truth Behind Planned Parenthood* designed for broad distribution.
- Distributed publications entitled *You Can Stop Injustice, Endangered, Ella es una Nina* (abortion in the Latino community), *Did You Know?* (abortion in the African American community), *The Truth About Planned Parenthood,*) *This is NOT Your Only Choice* and *Just for Girls/Just for Guys*.
- Distributed a 3 x 4 ½ inch informational sheet entitled *Everyone's Biography* and *Live Pure* tattoos. Printed and distributed fact sheets on the abortion breast cancer links, forms of violence against women, and sexually transmitted infections. Distributed fact sheets on abstinence, maternal mortality, contraceptive health problems, and gendercide.
- HLA distributed publications and brochures in Britain, United Nations, Switzerland, Israel, China, Canada and France.
- Provided speakers and/or input/services for college student events, prolife leadership events, community events, church events, radio and cable TV programs, urban black outreach and youth directors.
- Created the Pro-life Healthcare Alliance committee to promote the pro-life healthcare philosophy and develop a network of pro-life healthcare providers, attorneys and patient advocates.

**HUMAN LIFE ALLIANCE**  
Notes to Financial Statements

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

**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.

**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, 2013 and from one donor comprising 100% of the balance at July 31, 2012.

**Concentration of Contributions**

HLA received approximately 31% of its support from two donors in 2013 and 43% of its support from one donor in 2012.

**Concentration of Source of Vendors**

The organization contracts, primarily with one vendor, for the printing of its publications. Transactions with this vendor were approximately 15% and 17% of total expenses in 2013 and 2012, respectively.

**HUMAN LIFE ALLIANCE**  
Notes to Financial Statements

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

**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 five to forty years.

**Donated Services**

Donated 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 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 HLA with specific programs. HLA received approximately 683 and 1,777 volunteer hours valued at approximately \$14,970 and \$37,740 in 2013 and 2012, respectively.

**HUMAN LIFE ALLIANCE**  
Notes to Financial Statements

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

**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.

**2) Promises to Give**

Unconditional promises to give of \$102,500 and \$224,252 at July 31, 2013 and 2012, respectively, are receivable within one year and are for future program services.

At July 31, 2012 HLA received a conditional promise to give of \$150,000 based on a one-to-one match to pay off the building. The match was to be completed by January 31, 2013. At July 31, 2012 HLA had met the conditions to receive \$53,727 of this conditional promise and the remaining conditional balance of \$96,273 was raised by January 31, 2013.

**3) Contract for Deed**

In May 2011 HLA purchased a building for \$351,400. Of that amount \$300,000 was financed by a contract for deed. The contract for deed is payable in monthly installments of \$2,149, including interest at 6%. Payments commenced on June 1, 2011 and were to continue until May 1, 2016 when the entire balance was due. The contract for deed was paid in full in 2013.

**HUMAN LIFE ALLIANCE**  
Notes to Financial Statements

**4) Restrictions on Net Assets**

Temporarily restricted net assets are available for the following purposes at July 31, 2013 and 2012:

	<u>2013</u>	<u>2012</u>
Capital campaign	\$ -	\$ 85,984
Customize web and mobile phone content	77,519	-
Future year operations	<u>63,852</u>	<u>187,500</u>
	<u>\$ 141,371</u>	<u>\$ 273,485</u>

At July 31, 2013 cash of \$38,871 was restricted for future year programs and operations. At July 31, 2012 cash of \$49,236 was restricted for use in connection with the capital campaign.

**5) Operating Leases**

HLA has a noncancelable operating equipment lease of \$200 per month that expires June 2019. Rent expense was approximately \$2,400 in 2013 and 2012.

**6) 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, 2013. 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 15, 2013, 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.