

HUMAN LIFE ALLIANCE

FINANCIAL STATEMENTS

For the Years Ended July 31, 2011 and 2010

HUMAN LIFE ALLIANCE

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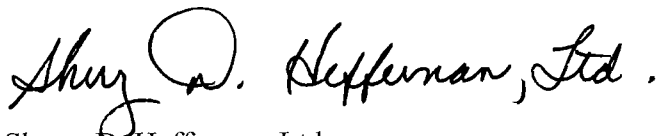
INDEPENDENT AUDITOR'S REPORT

Board of Directors
HUMAN LIFE ALLIANCE
Minneapolis, Minnesota

I have audited the accompanying statement of financial position of Human Life Alliance, a nonprofit organization, as of July 31, 2011 and 2010 and the related statements of activity, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of Human Life Alliance's management. 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 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. I believe that my audit provides a reasonable basis for our 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, 2011 and 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.

October 18, 2011

HUMAN LIFE ALLIANCE
Statement of Financial Position
July 31, 2011 and 2010

	<u>2011</u>	<u>2010</u>
ASSETS		
Cash and cash equivalents	\$ 77,488	\$ 148,105
Promises to give	100,000	250,000
Publications inventory	41,428	87,488
Prepaid expenses and deposits	2,848	6,128
Building	351,400	-
Furniture and equipment	3,596	3,596
Less accumulated depreciation	<u>(4,893)</u>	<u>(2,796)</u>
	<u>350,103</u>	<u>800</u>
TOTAL ASSETS	<u>\$ 571,867</u>	<u>\$ 492,521</u>
LIABILITIES		
Accounts payable	\$ 3,163	\$ 65,109
Accrued expenses	15,956	16,404
Contract for deed	<u>298,042</u>	<u>-</u>
TOTAL LIABILITIES	<u>317,161</u>	<u>81,513</u>
NET ASSETS		
Unrestricted	132,225	155,758
Temporarily restricted net assets	<u>122,481</u>	<u>255,250</u>
TOTAL NET ASSETS	<u>254,706</u>	<u>411,008</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 571,867</u>	<u>\$ 492,521</u>

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

HUMAN LIFE ALLIANCE
Statement of Activities
For the Years Ended July 31, 2011 and 2010

	2011			2010		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Revenues:						
Private grants and contributions	\$ 289,763	\$ 10,000	\$ 299,763	\$ 431,201	\$ 255,250	\$ 686,451
Capital campaign contributions	-	72,900	72,900	-	-	-
Interest income	765	-	765	917	-	917
Miscellaneous income	-	-	-	1,198	-	1,198
Special event revenue	10,368	-	10,368	-	-	-
Less: Costs of direct benefits to donors	5,729	-	5,729	-	-	-
	4,639	-	4,639	-	-	-
TOTAL REVENUES	295,167	82,900	378,067	432,118	255,250	687,368
Net assets released from restrictions			-			-
Restrictions satisfied by payments	215,669	(215,669)	-	5,000	(5,000)	-
TOTAL UNRESTRICTED REVENUES AND OTHER SUPPORT	510,836	(132,769)	378,067	437,118	250,250	687,368
Expenses:						
Program services	455,331	-	455,331	468,090	-	468,090
Management and general	43,644	-	43,644	23,584	-	23,584
Fundraising	35,394	-	35,394	29,219	-	29,219
TOTAL EXPENSES	534,369	-	534,369	520,893	-	520,893
INCREASE (DECREASE) IN NET ASSETS	(23,533)	(132,769)	(156,302)	(83,775)	250,250	166,475
NET ASSETS AT BEGINNING OF YEAR	155,758	255,250	411,008	238,335	5,000	243,335
NET ASSETS AT END OF YEAR	\$ 132,225	\$ 122,481	\$ 254,706	\$ 154,560	\$ 255,250	\$ 409,810

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

HUMAN LIFE ALLIANCE
Statement of Cash Flows
For the Years Ended July 31, 2011 and 2010

	<u>2011</u>	<u>2010</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets	\$ (156,302)	\$ 167,673
Adjustments to reconcile increase (decrease) in net assets to net cash provided (used) by operating activities:		
Depreciation	2,097	-
(Increase) decrease in operating assets:		
Promises to give	150,000	(250,000)
Grants receivable	-	55,800
Publications inventory	46,060	(27,672)
Prepaid expenses and deposits	3,280	(1,647)
Increase (decrease) in operating liabilities:		
Accounts payable	(61,946)	65,109
Accrued expenses	(448)	-
Contributions restricted for long-term purposes:		
Contributions	<u>(72,900)</u>	<u>-</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>(90,159)</u>	<u>9,263</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for purchase of building	(51,400)	-
Purchase of furniture and equipment	<u>-</u>	<u>(800)</u>
NET CASH (USED) BY INVESTING ACTIVITIES	<u>(51,400)</u>	<u>(800)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Collections of contributions restricted for capital campaign	72,900	-
Payments on contract for deed	<u>(1,958)</u>	<u>-</u>
NET CASH PROVIDED BY FINANCING ACTIVITIES	<u>70,942</u>	<u>-</u>
INCREASE (DECREASE) IN CASH	(70,617)	8,463
CASH AT BEGINNING OF YEAR	<u>148,105</u>	<u>139,155</u>
CASH AT END OF YEAR	<u>\$ 77,488</u>	<u>\$ 147,618</u>
SUPPLEMENTAL DISCLOSURES:		
Acquisition of building:		
Cost of building	\$ 351,400	\$ -
Contract for deed	<u>300,000</u>	<u>-</u>
Cash payment on building	<u>\$ (51,400)</u>	<u>\$ -</u>

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

HUMAN LIFE ALLIANCE
Statement of Functional Expenses
Year Ended July 31, 2011

	Program Services				Supporting Services		
	Abortion	Chastity	Euthanasia	Program Services	Management and General	Fund Raising	Supporting Services
Salaries, taxes and benefits	\$ 134,897	\$ 23,603	\$ 20,569	\$ 179,069	\$ 16,293	\$ 17,274	\$ 33,567
Printing	95,721	14,162	4,422	114,305	778	7,698	8,476
Postage and shipping	62,846	13,001	1,463	77,310	1,065	3,960	5,025
Distribution	9,116	1,000	-	10,116	-	-	-
Equipment and supplies	6,822	1,660	437	8,919	939	208	1,147
Equipment rent	3,916	590	231	4,737	407	908	1,315
Insurance	5,502	963	838	7,303	662	708	1,370
Meetings and conventions	23,238	851	693	24,782	386	1,526	1,912
Photography	1,795	283	38	2,116	-	2	2
Professional fees	-	-	-	-	10,077	-	10,077
Real estate taxes	1,258	189	126	1,573	149	145	294
Rent/utilities	9,545	1,652	1,378	12,575	1,108	1,317	2,425
Telephone	4,399	460	453	5,312	390	1,009	1,399
Legal fees	2,000	559	50	2,609	75	75	150
Moving costs	1,034	157	63	1,254	1,151	250	1,401
Fees	-	-	-	-	4,377	-	4,377
Interest expense	-	-	-	-	4,490	-	4,490
Miscellaneous	1,286	213	51	1,550	1,147	168	1,315
Depreciation	1,440	216	145	1,801	150	146	296
Total expenses	\$ 364,815	\$ 59,559	\$ 30,957	\$ 455,331	\$ 43,644	\$ 35,394	\$ 79,038
				85.2%	8.2%	6.6%	14.8%
							<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, 2010

	Program Services				Supporting Services			Total
	Abortion	Chastity	Euthanasia	Program Services	Management and General	Fund Raising	Supporting Services	
Salaries, taxes and benefits	\$ 138,191	\$ 25,435	\$ 20,402	\$ 184,028	\$ 12,234	\$ 17,165	\$ 29,399	\$ 213,427
Printing	118,716	22,236	79	141,031	124	4,758	4,882	145,913
Postage and shipping	54,496	9,371	752	64,619	555	2,526	3,081	67,700
Distribution	7,903	-	-	7,903	-	-	-	7,903
Equipment and supplies	9,558	1,536	293	11,387	323	449	772	12,159
Equipment rent	3,531	548	239	4,318	231	835	1,066	5,384
Insurance	4,040	744	596	5,380	358	502	860	6,240
Meetings and conventions	23,421	1,602	484	25,507	116	273	389	25,896
Photography	1,730	365	138	2,233	-	-	-	2,233
Professional fees	-	-	-	-	5,520	-	5,520	5,520
Real estate taxes	-	-	-	-	-	-	-	-
Rent/utilities	10,541	1,940	1,556	14,037	933	1,309	2,242	16,279
Telephone	1,822	422	1,446	3,690	208	412	620	4,310
Legal fees	-	-	-	-	-	-	-	-
Moving costs	-	-	-	-	-	-	-	-
Fees	-	-	-	-	-	-	-	-
Interest expense	-	-	-	-	-	-	-	-
Miscellaneous	3,532	410	15	3,957	2,982	990	3,972	7,929
Depreciation	-	-	-	-	-	-	-	-
Total expenses	\$ 377,481	\$ 64,609	\$ 26,000	\$ 468,090	\$ 23,584	\$ 29,219	\$ 52,803	\$ 520,893
				<u>89.9%</u>	<u>4.5%</u>	<u>5.6%</u>	<u>10.1%</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, 2011 and 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 2011 and 2010 were as follows: Abortion: In 2011 HLA published "You Can Stop Injustice," designed to educate high school and college students on the humanity of the preborn child and gruesome realities of abortion. HLA also published and distributed a publication titled "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 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.

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, 2011 and 2010.

Concentration of Contributions

HLA received approximately 51% of its support from two donors in 2010. There were no concentrations of contributions in 2011.

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 42% of total expenses in 2011 and 2010, respectively.

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 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 SFAS No. 116 were not met. Volunteers perform a variety of tasks that assist HLA with specific programs. HLA received approximately 1,865 and 2,850 volunteer hours valued at approximately \$39,630 and \$58,300 in 2011 and 2010, respectively.

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, 2011 and 2010:

	<u>2011</u>	<u>2010</u>
Receivable in less than one year	\$ 100,000	\$ 150,000
Receivable in two years	<u>-</u>	<u>100,000</u>
	<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) 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 continue until May 1, 2016 when the entire balance is due. The balance of the contract for deed was \$298,042 at July 31, 2011. The contract for deed is secured by the building.

The future scheduled maturities of the contract for deed are as follows:

Year Ending July 31,	
2012	\$ 8,130
2013	8,632
2014	9,169
2015	9,729
2016	<u>262,382</u>
Total	<u>\$ 298,042</u>

4) Restrictions on Net Assets

Temporarily restricted net assets at July 31, 2011 and 2010 of \$122,481 and \$255,500, respectively, are available for future year programs.

HUMAN LIFE ALLIANCE

Notes to Financial Statements

5) Operating Leases

HLA has a noncancelable operating equipment lease of \$170 per month that expires June 2013. Rent expense was approximately \$2,150 in 2011 and 2010.

The organization leased its office space through mid-May 2011 when it terminated the lease with no penalties and purchased a building. Rent expense was \$13,819 in 2011 and \$16,280 in 2010.

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, 2011. 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 October 18, 2011, 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.