

**AMERICANS UNITED FOR LIFE, INC.**

**JUNE 30, 2019 AND 2018**

**These financial statements  
may be reproduced only  
in their entirety.**

AMERICANS UNITED FOR LIFE, INC.

JUNE 30, 2019 AND 2018

TABLE OF CONTENTS

---

INDEPENDENT AUDITOR'S REPORT	2-3
FINANCIAL STATEMENTS	
Statements of Financial Position June 30, 2019 and 2018	4
Statements of Activities For the Years Ended June 30, 2019 and 2018	5
Statement of Functional Expenses For the Year Ended June 30, 2019	6
Statement of Functional Expenses For the Year Ended June 30, 2018	7
Statements of Cash Flows For the Years Ended June 30, 2019 and 2018	8
NOTES TO FINANCIAL STATEMENTS	9-15



## **INDEPENDENT AUDITOR'S REPORT**

Board of Directors  
Americans United for Life, Inc.  
Washington, DC

### **Scope**

We have audited the accompanying financial statements of Americans United for Life, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2019 and 2018, and the related statements of activities, 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 financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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, we 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Americans United for Life, Inc. as of June 30, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Board of Directors  
Americans United for Life, Inc.  
Washington, DC

**Change in Accounting Principles**

As discussed in Note 12 to the financial statements, in 2019, Americans United for Life, Inc. adopted Accounting Standards Update No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. Our opinion is not modified with respect to these matters.

*Ross, Langan & McKeedree*  
*L.L.P.*

CERTIFIED PUBLIC ACCOUNTANTS

December 3, 2019

AMERICANS UNITED FOR LIFE, INC.  
STATEMENTS OF FINANCIAL POSITION  
JUNE 30, 2019 AND 2018

ASSETS

	2019	2018
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 1,442,034	\$ 1,471,229
Cash held by third party	13,200	957
Contributions receivable	495,748	414,620
Other receivables	1,848	-
Prepaid expenses	51,600	79,879
Total current assets	2,004,430	1,966,685
<b>PROPERTY AND EQUIPMENT, NET</b>	5,651	6,523
<b>OTHER ASSETS</b>		
Security deposits	43,843	59,263
<b>TOTAL ASSETS</b>	<b>\$ 2,053,924</b>	<b>\$ 2,032,471</b>

LIABILITIES AND NET ASSETS

<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 114,782	\$ 41,239
Accrued compensated absences	83,460	66,628
Accrued wages	23,424	21,019
Total current liabilities	221,666	128,886
<b>OTHER LIABILITIES</b>		
Sublease liability	-	54,834
Deferred rent	17,512	25,592
Security deposits - sublease	-	19,653
Total other liabilities	17,512	100,079
<b>TOTAL LIABILITIES</b>	239,178	228,965
<b>NET ASSETS</b>		
Without donor restrictions	1,670,029	1,758,789
With donor restrictions	144,717	44,717
<b>TOTAL NET ASSETS</b>	1,814,746	1,803,506
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 2,053,924</b>	<b>\$ 2,032,471</b>

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

AMERICANS UNITED FOR LIFE, INC.

STATEMENTS OF ACTIVITIES  
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

	Without Donor Restrictions	With Donor Restrictions	Total 2019	Without Donor Restrictions	With Donor Restrictions	Total 2018
<b>REVENUE</b>						
Contributions and grants	\$ 2,811,360	\$ 100,000	\$ 2,911,360	\$ 2,238,016	\$ -	\$ 2,238,016
Investment income, net	2,615	-	2,615	2,326	-	2,326
Other revenue	12,667	-	12,667	6,898	-	6,898
	<u>2,826,642</u>	<u>100,000</u>	<u>2,926,642</u>	<u>2,247,240</u>	<u>-</u>	<u>2,247,240</u>
Total revenue	2,826,642	100,000	2,926,642	2,247,240	-	2,247,240
<b>EXPENSES</b>						
Program services						
Litigation and legal affairs	978,696	-	978,696	871,143	-	871,143
Public affairs and education	758,322	-	758,322	780,203	-	780,203
Government affairs and education	266,424	-	266,424	300,670	-	300,670
	<u>2,003,442</u>	<u>-</u>	<u>2,003,442</u>	<u>1,952,016</u>	<u>-</u>	<u>1,952,016</u>
Total program services	2,003,442	-	2,003,442	1,952,016	-	1,952,016
Supporting services						
Management and general	338,575	-	338,575	240,319	-	240,319
Development and fundraising	573,385	-	573,385	534,816	-	534,816
	<u>911,960</u>	<u>-</u>	<u>911,960</u>	<u>775,135</u>	<u>-</u>	<u>775,135</u>
Total supporting services	911,960	-	911,960	775,135	-	775,135
Total expenses	2,915,402	-	2,915,402	2,727,151	-	2,727,151
CHANGE IN NET ASSETS	( 88,760)	100,000	11,240	( 479,911)	-	( 479,911)
NET ASSETS, BEGINNING OF PERIOD	1,758,789	44,717	1,803,506	2,238,700	44,717	2,283,417
NET ASSETS, END OF PERIOD	<u>\$ 1,670,029</u>	<u>\$ 144,717</u>	<u>\$ 1,814,746</u>	<u>\$ 1,758,789</u>	<u>\$ 44,717</u>	<u>\$ 1,803,506</u>

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

AMERICANS UNITED FOR LIFE, INC.

STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2019

	Program Services				Supporting Services			Total Expenses
	Litigation and Legal Affairs	Public Affairs and Education	Government Affairs and Education	Total	Management and General	Development and Fundraising	Total	
Salaries	\$ 479,148	\$ 248,693	\$ 166,269	\$ 894,110	\$ 167,550	\$ 169,080	\$ 336,630	\$ 1,230,740
Employee benefits	90,033	34,002	18,198	142,233	22,202	18,198	40,400	182,633
Payroll taxes	32,820	18,443	11,732	62,995	8,742	13,085	21,827	84,822
Temporary help	792	-	-	792	100	-	100	892
Professional fees	93,123	142,834	6,622	242,579	76,060	106,732	182,792	425,371
Occupancy	60,584	23,490	15,629	99,703	20,809	16,667	37,476	137,179
Telecommunications	11,638	4,427	3,052	19,117	2,633	3,308	5,941	25,058
Office expense	14,853	8,859	1,539	25,251	14,578	4,496	19,074	44,325
Postage and shipping	3,732	8,358	924	13,014	996	68,373	69,369	82,383
Insurance	12,599	4,927	3,499	21,025	3,031	3,792	6,823	27,848
Meetings and travel	143,597	31,249	11,439	186,285	10,909	15,127	26,036	212,321
Research	13,358	4,602	18,368	36,328	2,125	2,503	4,628	40,956
Publications	1,625	25,706	-	27,331	-	66	66	27,397
Direct mail	3,818	172,523	-	176,341	-	107,255	107,255	283,596
Marketing	15,695	29,709	8,803	54,207	8,534	27,979	36,513	90,720
State filing fees	-	-	-	-	-	16,345	16,345	16,345
Depreciation	1,281	500	350	2,131	306	379	685	2,816
<b>Total expenses</b>	<b>\$ 978,696</b>	<b>\$ 758,322</b>	<b>\$ 266,424</b>	<b>\$ 2,003,442</b>	<b>\$ 338,575</b>	<b>\$ 573,385</b>	<b>\$ 911,960</b>	<b>\$ 2,915,402</b>

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

AMERICANS UNITED FOR LIFE, INC.

STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2018

	Program Services			Supporting Services		Total Expenses
	Litigation and Legal Affairs	Public Affairs and Education	Government Affairs and Education	Management and General	Development and Fundraising	
Salaries	\$ 398,884	\$ 158,866	\$ 149,899	\$ 91,756	\$ 192,324	\$ 991,729
Employee benefits	69,058	28,770	27,082	13,238	30,877	169,025
Payroll taxes	28,761	11,529	11,053	6,675	13,968	71,986
Temporary help	9,889	-	-	3,886	-	13,775
Professional fees	61,787	291,635	19,732	59,256	73,340	505,750
Occupancy	62,847	25,950	25,160	14,989	28,998	157,944
Telecommunications	11,520	4,741	4,407	2,630	5,169	28,467
Office expense	15,143	30,435	2,596	10,351	18,241	76,766
Postage and shipping	4,611	6,686	1,227	1,724	13,818	28,066
Insurance	11,744	5,043	4,150	2,493	4,516	27,946
Meetings and travel	111,873	14,673	1,566	13,514	29,608	171,234
Research	9,404	3,674	21,680	1,842	3,359	39,959
Publications	762	34,471	-	-	7,661	42,894
Direct mail	6,511	81,453	-	-	66,666	154,630
Marketing	14,962	52,212	7,291	7,260	15,512	97,237
Grant expense	51,199	29,162	23,951	10,183	18,793	133,288
State filing fees	-	-	-	-	10,956	10,956
Depreciation	2,188	903	876	522	1,010	5,499
<b>Total expenses</b>	<b>\$ 871,143</b>	<b>\$ 780,203</b>	<b>\$ 300,670</b>	<b>\$ 240,319</b>	<b>\$ 534,816</b>	<b>\$ 2,727,151</b>

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



AMERICANS UNITED FOR LIFE, INC.

STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$.....11,240	\$(.....479,911)
Adjustments to reconcile change in net assets to net change in cash from operating activities		
Depreciation and amortization	2,816	5,499
Change in assets and liabilities:		
Contributions receivable	( 81,128)	( 109,914)
Other receivable	( 1,848)	275,000
Security deposits	15,420	-
Prepaid expenses and other assets	28,279	2,615
Accounts payable	73,543	( 93,022)
Accrued compensated absences	16,832	23,047
Accrued wages	2,405	4,253
Sublease liability	( 54,834)	( 68,533)
Deferred income	-	( 19,653)
Deferred rent	( 8,080)	( 5,160)
Security deposits - sublease	( 19,653)	-
Total adjustments	<u>( 26,248)</u>	<u>14,132</u>
Net change in cash from operating activities	..(.....15,008)	..(.....465,779)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds on notes receivable - related party	-	102,219
Property and equipment acquisitions	<u>( 1,944)</u>	<u>( 3,535)</u>
Net change in cash from investing activities	<u>( 1,944)</u>	<u>98,684</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	( 16,952)	( 367,095)
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD</b>	<u>1,472,186</u>	<u>1,839,281</u>
<b>CASH AND CASH EQUIVALENTS, END OF PERIOD</b>	<u>\$ 1,455,234</u>	<u>\$ 1,472,186</u>

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

AMERICANS UNITED FOR LIFE, INC.

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019 AND 2018

NOTE 1 - ORGANIZATION AND NATURE OF ACTIVITIES

Americans United for Life, Inc. (AUL) is a not-for-profit organization exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC). AUL is a national public interest law and educational foundation, organized in the District of Columbia in 1971 for the purpose of defending human right to life from conception to natural death. A majority of the revenue for AUL comes from contributions and grants.

The accompanying financial statements are those of AUL only. The financial statements of AUL have been consolidated with AUL Action, NFP (AULA) in accordance with accounting principles generally accepted in the United States of America and are presented in a separate report.

Program Descriptions

Litigation and Legal Affairs

AUL works through the courts to defend life and protect the First Amendment Freedom of Conscience. AUL has a combined litigation and legislation strategy; drafting, advising, and providing model pro-life legislation to legislators, working to help it get passed, and then assisting Attorneys General in defending pro-life laws, including filing amicus curiae briefs in support of laws based on our models.

Government Affairs and Education

AUL works with legislators across the country to enact pro-life legislation by providing and consulting on pro-life model bills. AUL makes its legal knowledge accessible to pro-life legislators and the public through its annual Defending Life publication, a state-by-state legal guide to abortion, bioethics, and the end of life.

Public Affairs and Education

AUL utilizes national media coverage, publications, speaking engagements, online outreach, and other educational resources to provide educational services. These opportunities also support AUL's legislative strategy.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting following the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC), which is the sole source of authoritative accounting principles generally accepted in the United States of America (GAAP).

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

AMERICANS UNITED FOR LIFE, INC.

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019 AND 2018

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Classes of Net Assets

AUL classifies its resources for accounting and reporting purposes into two net asset categories according to the existence or absence of donor-imposed restrictions. A description of the two net asset categories are as follows:

*Without donor restrictions* - Net assets without donor restrictions are available for use in the AUL's operations and include undesignated net assets. Undesignated net assets consists of revenue and expenses associated with the principle mission of AUL, which are not restricted by donor stipulations, including contributions, fundraising, grants, and interest revenue.

*With donor restrictions* - Net assets with donor restrictions include grants or gifts for which donor imposed restrictions have not been met. Contributions that are due in the future are also included in this category. Expiration of donor restrictions on net assets (i.e., the donor imposed purpose has been fulfilled or the imposed time period has elapsed) are reported as net assets released from restrictions in the statement of activities. Amounts received with donor-imposed restrictions that are met in the same year in which the amounts were received, are classified as net assets without donor restrictions.

Cash and Cash Equivalents

For purposes of the statement of cash flows, AUL considers all separately held money market accounts with an original maturity date of three months or less to be cash equivalents. Cash held by third party as of June 30, 2019 and 2018, was \$13,200 and \$957, respectively, is classified in current assets and represented amounts held separately from other funds based on the caging and escrow agreement with HSP Direct, LLC (HSP).

Contributions Receivable

Contributions receivable are reported at their outstanding balances and consists of contributions collected but not received from AUL's professional fundraisers. Management periodically evaluates the collectibility of contributions receivable by considering AUL's past receivables loss experience, known and inherent risks in the contributions receivable population, adverse situations that may affect a client's ability to pay, and current economic conditions. Contributions receivable are charged off based on management's determination that they are uncollectible. Management believes all significant contributions receivable are collectible in less than one year. As of June 30, 2019 and 2018, no allowance for doubtful accounts was considered necessary by management.

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values obtained from public sources in the accompanying statement of financial position. Unrealized gains and losses are included in investment income in the accompanying statement of activities.

Revenue Recognition

Contributions are received from AUL's board members, or from the public and recorded as revenue in the period in which they are received. Revenue received in advance of the period in which it is earned is deferred to subsequent periods. Grant revenue, received from private foundations, is recorded as revenue in the period in which the grant requirements are satisfied.

AMERICANS UNITED FOR LIFE, INC.

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019 AND 2018

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Reclassifications

Certain prior year amounts have been reclassified to conform with current year presentation.

Property and Equipment

Furniture and equipment are stated at cost and depreciated using the straight-line method over estimated useful lives ranging from five to seven years.

Expenditures for additions, improvements, and replacements of property and equipment are capitalized. Maintenance and repairs that do not improve or extend the lives of property and equipment are charged to expense as incurred. When assets are sold or retired, their cost and related accumulated depreciation are removed from the accounts and any gain or loss is reported in the statement of activities. It is AUL's policy to capitalize assets purchased with a cost in excess of \$1,000.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Direct expenses are coded to their related department(s). Any non-direct expenses are allocated across all five departments based on the annual salary allocation.

Income Taxes

AUL received a determination letter from the Internal Revenue Service (IRS) that it has been granted an exemption from federal and state income taxes and it qualifies as a publicly supported organization under Section 501(c)(3) of the IRC. AUL has also been classified as an entity that is not a private foundation within the meaning of Section 509(a) of the IRC. AUL believes its operations are consistent with the nature of their exemption granted by the IRS. AUL has recorded no current liability for income taxes on unrelated business income or corporate income taxes and no temporary differences resulting in deferred taxes as of June 30, 2019 and 2018.

AUL is required to measure, recognize, present, and disclose in its financial statements uncertain income tax positions AUL has taken in the tax years that remain subject to examination or expects to take on an income tax return. AUL recognizes the tax benefits from uncertain income tax positions only if it is more likely than not the tax position will be sustained on examination by tax authorities. Prior year income tax returns may be subject to audit in various tax jurisdictions, most of which define open tax years as three years from the later of the due date or the date the return was filed. AUL recorded no liability for uncertain income tax positions for any open tax years.

Concentration of Credit Risk

AUL maintains cash and investments in a federally insured bank and broker-managed accounts and has credit risk on those amounts to the extent they exceed federal insurance limits. AUL had cash in a federally insured bank in excess of Federal Deposit Insurance Corporation limits of \$1,007,213 and \$1,092,033 as of June 30, 2019 and 2018, respectively. AUL believes its credit risk is not significant. During the year ended June 30, 2019, 81 percent of contribution receivables were due from two contributors. During the year ended June 30, 2018, 65 percent of contribution receivables were due from three contributors.

AMERICANS UNITED FOR LIFE, INC.

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019 AND 2018

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Marketing

Marketing costs are expensed as they are incurred. Marketing expenses were \$90,720 and \$97,237 for the years ended June 30, 2019 and 2018, respectively.

Subsequent Events

AUL has evaluated subsequent events through December 3, 2019, which is the date the financial statements were available to be issued.

NOTE 3 - RETIREMENT PLAN

AUL offers to its employees the opportunity to participate in a tax deferred account under Section 403(b) of the IRC for the benefit of its employees. An employee becomes eligible to participate in the plan immediately after becoming an employee and attaining age 18. AUL does not provide an employer contribution.

NOTE 4 - PROPERTY AND EQUIPMENT

Property and equipment consists of the following as of June 30:

	<u>2019</u>	<u>2018</u>
Furniture and equipment	\$ 12,072	\$ 12,072
Computer equipment	43,641	78,315
Less accumulated depreciation	<u>( 50,062)</u>	<u>( 83,864)</u>
Net property and equipment	<u>\$ 5,651</u>	<u>\$ 6,523</u>

AUL recorded total depreciation expenses of \$2,816 and \$5,499 in the year ended June 30, 2019 and 2018, respectively.

NOTE 5 - NET ASSETS WITH DONOR RESTRICTIONS

The net assets with donor restrictions consist of the following as of June 30:

	<u>2019</u>	<u>2018</u>
Program restrictions:		
Reversing Roe	\$ 9,089	\$ 9,089
Prosecutor's Conference	<u>35,628</u>	<u>35,628</u>
Total program restrictions	44,717	44,717
Time restrictions:	<u>100,000</u>	<u>-</u>
Total	<u>\$ 144,717</u>	<u>\$ 44,717</u>

AMERICANS UNITED FOR LIFE, INC.

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019 AND 2018

NOTE 6 - COMMITMENTS

On January 1, 2014, AUL entered into a 60 month lease agreement for office space in the District of Columbia that expired as of December 31, 2018. The lease had monthly payments of \$23,487 per month, increased two and a half percent annually. Effective December 15, 2016, AUL began subleasing their office space for the remaining 24 months of their lease in the District of Columbia. Monthly rent for the sublessee was \$19,653 per month, increased two and a half percent annually.

On December 13, 2016, AUL entered into a 30 month lease agreement for office space in Arlington, Virginia, that expired as of May 31, 2019. The lease had monthly payments of \$6,114 per month for the first ten months, \$12,288 per month for months 11 and 12, and increased three percent annually thereafter.

On May 6, 2019, AUL entered into a 92 month lease agreement for office space in the District of Columbia, expiring as of January 31, 2027. The lease calls for monthly payments of \$15,777 per month, increased four and a half percent annually.

Future minimum rental payments under the leases are:

<u>Year Ending June 30,</u>	<u>Amount</u>
2020	\$ 126,929
2021	198,591
2022	207,527
2023	216,866
2024	226,625
Thereafter	<u>634,600</u>
Total	<u>\$ 1,611,138</u>

The following schedule shows the composition of occupancy expense for the years ended June 30:

	<u>2019</u>	<u>2018</u>
Minimum rentals	\$ 141,502	\$ 155,554
Deferred rent	( 8,080)	( 5,160)
Other fees and expenses	<u>3,757</u>	<u>7,550</u>
Total occupancy expense	<u>137,179</u>	<u>157,944</u>

NOTE 7 - CONTINGENCIES

AUL receives grants, which may be audited by donors for compliance with terms of the grant award. AUL has not made any provisions in these financial statements for contingent liabilities that may occur as a result of such audits. Management does not anticipate that such amount, if any, will be significant.

AMERICANS UNITED FOR LIFE, INC.

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019 AND 2018

NOTE 8 - JOINT COSTS OF ACTIVITIES THAT INCLUDE A FUNDRAISING APPEAL

AUL achieves some of its programmatic and management and general goals in direct mail campaigns that include requests for contributions. The costs of conducting those campaigns included a total of \$315,477 and \$148,119 of joint costs for the years ended June 30, 2019 and 2018, respectively, that are not directly attributable to either the program or management and general components or the fundraising component of the activities. Those joint costs were allocated as follows for the years ended June 30:

	<u>2019</u>	<u>2018</u>
Public affairs and education	\$ 193,942	\$ 81,453
Development and fundraising	<u>121,535</u>	<u>66,666</u>
Total	<u>\$ 315,477</u>	<u>\$ 148,119</u>

NOTE 9 - RELATED PARTY TRANSACTIONS

On May 5, 2011, AUL entered into a promissory note agreement with AULA in the amount of \$124,568. The note bore interest at a floating current short-term applicable federal rate having a term of three years or less per annum, compounded quarterly (2.23 percent at June 30, 2014). During fiscal year 2014, AUL entered into a revised promissory note agreement with AULA for an additional \$224,990 totaling \$349,558. The note bore interest at 3.25 percent as of June 30, 2018. The loan required quarterly principal and interest payments of \$30,000 beginning on September 30, 2015, with the final payment of principal and interest made as of June 30, 2018. The interest received on the note during the year ended June 30, 2018, was \$1,069.

AUL approved a grant to AULA as allowable by U.S. code § 4911 in the amount of \$133,288 for the year ended June 30, 2018. The purpose of this related party grant is to support AULA's charitable, scientific, or educational activities related as a social welfare organization under Section 501(c)(4) of the IRC. In accordance with the agreement, AULA shall not engage in any activity on behalf of AUL that jeopardizes AUL's status as a publicly supported organization under Section 501(c)(3) of the IRC.

NOTE 10 - FINANCIAL ASSETS AND LIQUIDITY

Financial assets available within one year for operations that are not subject to restrictions that make them unavailable for general operations as of June 30, were as follows:

	<u>2019</u>	<u>2018</u>
Cash and cash equivalents	\$ 1,442,034	\$ 1,471,229
Cash held by third party	13,200	957
Contribution receivable	495,748	414,620
Other receivable	<u>1,848</u>	<u>-</u>
Total financial assets available within one year for operations	<u>\$ 1,952,830</u>	<u>\$ 1,886,806</u>

The cash held by third party represents amounts held separately from other funds based on the caging and escrow agreement with HSP and is available to AUL upon request.

AMERICANS UNITED FOR LIFE, INC.

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019 AND 2018

NOTE 11 - COMPENSATED ABSENCES

Full-time employees are entitled to paid vacation depending on the length of service and other factors. Accrued compensated absences as of June 30, 2019 and 2018, were \$83,460 and \$66,628, respectively.

NOTE 12 - ADOPTION OF NEW ACCOUNTING STANDARDS

In the year ended June 30, 2019, AUL retrospectively implemented Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. This standard is intended to improve the net asset classification requirements, the information presented in the financials, and notes about a not-for-profit organization's liquidity, financial performance, net assets, cash flows, and expenses. The main provisions of this guidance affecting AUL include: presentation of two classes of net assets versus the previously required three and liquidity disclosures and presenting the prior year with summarized financial information.

This change also resulted in the following net asset reclassifications:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total Net Assets</u>
Net assets classifications as previously presented -			
Unrestricted	\$ 1,758,789	\$ -	\$ 1,758,789
Temporarily restricted	<u>-</u>	<u>44,717</u>	<u>44,717</u>
Total net assets	<u>\$ 1,758,789</u>	<u>\$ 44,717</u>	<u>\$ 1,803,506</u>