

**TENNESSEE RIGHT TO LIFE, INC.  
FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2019 AND 2018**

**TENNESSEE RIGHT TO LIFE, INC.  
FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2019 AND 2018**

**TABLE OF CONTENTS**

	<b>PAGE</b>
INDEPENDENT AUDITOR'S REPORT	1
FINANCIAL STATEMENTS	
Statements of Financial Position	2
Statements of Activities	3
Statements of Functional Expenses	4
Statements of Cash Flows	6
Notes to Financial Statements	7-11



## Independent Auditor's Report

Board of Directors  
Tennessee Right to Life, Inc.

### Report on the Financial Statements

We have audited the accompanying financial statements of Tennessee Right to Life, Inc. (a Tennessee not-for-profit corporation), which comprise the statements of financial position as of December 31, 2019 and 2018, 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 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, 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 Tennessee Right to Life, Inc. as of December 31, 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.

Blankenship CPA Group, PLLC  
Brentwood, Tennessee  
December 10, 2020

**TENNESSEE RIGHT TO LIFE, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2019 AND 2018**

	<b>2019</b>	<b>2018</b>
<b>ASSETS</b>		
Cash	\$ 78,658	\$ 67,178
Related party receivables	2,585	9,233
Property and equipment, net	<u>377,330</u>	<u>388,593</u>
 Total Assets	 <u>\$ 458,573</u>	 <u>\$ 465,004</u>
<b>LIABILITIES AND NET ASSETS</b>		
Liabilities		
Accounts payable	\$ 10,251	\$ 33,333
Accrued payroll and payroll liabilities	2,015	4,335
Related party payable	10,012	-
Trade note payable	37,039	38,156
Note payable	<u>51,110</u>	<u>60,997</u>
Total Liabilities	110,427	136,821
 Net Assets - Without donor restrictions	 <u>348,146</u>	 <u>328,183</u>
 Total Liabilities and Net Assets	 <u>\$ 458,573</u>	 <u>\$ 465,004</u>

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

**TENNESSEE RIGHT TO LIFE, INC.**  
**STATEMENTS OF ACTIVITIES**  
**YEARS ENDED DECEMBER 31, 2019 AND 2018**

	<b>2019</b>	<b>2018</b>
<b>REVENUES AND SUPPORT</b>		
Contributions	\$ 260,979	\$ 191,122
Special events revenue	163,052	191,871
Interest income	41	57
	<u>424,072</u>	<u>383,050</u>
<b>EXPENSES</b>		
Program services	288,064	288,648
Supporting services		
Management and general	61,531	66,512
Fundraising	54,514	51,651
	<u>404,109</u>	<u>406,811</u>
Total Expenses		
	<u>404,109</u>	<u>406,811</u>
Increase (decrease) in net assets	19,963	(23,761)
Net assets, beginning of the year	<u>328,183</u>	<u>351,944</u>
Net assets, end of the year	<u>\$ 348,146</u>	<u>\$ 328,183</u>

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

**TENNESSEE RIGHT TO LIFE, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED DECEMBER 31, 2019**

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and wages	\$ 123,532	\$ 24,358	\$ 26,099	\$ 173,989
Printing and publications	20,044	5,727	2,863	28,634
Insurance	17,595	5,026	2,514	25,135
Pro-life events	24,793	-	-	24,793
Postage and shipping	15,994	4,569	2,285	22,848
Legislation	18,684	-	-	18,684
Occupancy	9,886	2,825	1,412	14,123
Depreciation	7,885	2,253	1,126	11,264
Professional fundraising fees	-	-	9,600	9,600
Professional fees	-	9,200	-	9,200
General advertising	6,680	-	-	6,680
Fair booth	5,603	-	-	5,603
Presentation events	5,349	-	-	5,349
Grants	5,021	-	-	5,021
Interest	3,001	858	428	4,287
Literature	3,965	-	-	3,965
Software	2,867	359	359	3,585
Oratory contests	3,250	-	-	3,250
Property taxes	2,197	628	314	3,139
Equipment rental and maintenance	2,190	626	313	3,129
Web-site fees	2,483	310	310	3,103
Telephone	2,167	620	309	3,096
Promotional materials	-	-	2,969	2,969
Other fundraising	-	-	2,924	2,924
Utilities	2,040	583	291	2,914
Bank charges	-	2,360	-	2,360
Office supplies	1,080	308	154	1,542
Miscellaneous	611	367	244	1,222
Conferences and conventions	912	-	-	912
Gifts	-	554	-	554
Mothers Day advertisement	235	-	-	235
<b>Total Expenses</b>	<b><u>\$ 288,064</u></b>	<b><u>\$ 61,531</u></b>	<b><u>\$ 54,514</u></b>	<b><u>\$ 404,109</u></b>

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

**TENNESSEE RIGHT TO LIFE, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED DECEMBER 31, 2018**

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and wages	\$ 134,057	\$ 28,727	\$ 28,727	\$ 191,511
Printing and publications	18,454	5,273	2,636	26,363
Insurance	13,578	3,879	1,940	19,397
Pro-life events	32,057	-	-	32,057
Postage and shipping	16,892	4,826	2,413	24,131
Legislation	6,065	-	-	6,065
Occupancy	11,112	3,175	1,587	15,874
Depreciation	7,925	2,264	1,132	11,321
Professional fundraising fees	-	-	8,000	8,000
Professional fees	-	9,104	-	9,104
General advertising	8,170	-	-	8,170
Fair booth	7,095	-	-	7,095
Presentation events	3,570	-	-	3,570
Grants	1,200	-	-	1,200
Interest	3,327	951	475	4,753
Literature	3,329	-	-	3,329
Software	2,851	357	357	3,565
Oratory contests	2,737	-	-	2,737
Property taxes	2,197	628	314	3,139
Equipment rental and maintenance	2,977	851	425	4,253
Web-site fees	2,262	646	323	3,231
Telephone	2,536	725	362	3,623
Promotional materials	-	-	1,654	1,654
Other fundraising	-	-	750	750
Utilities	1,886	539	269	2,694
Bank charges	-	1,766	-	1,766
Office supplies	1,135	324	162	1,621
Miscellaneous	313	188	125	626
Conferences and conventions	946	-	-	946
Gifts	-	2,289	-	2,289
Mothers Day advertisement	800	-	-	800
Political programs	1,177	-	-	1,177
	<u>1,177</u>	<u>-</u>	<u>-</u>	<u>1,177</u>
Total Expenses	<u>\$ 288,648</u>	<u>\$ 66,512</u>	<u>\$ 51,651</u>	<u>\$ 406,811</u>

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

**TENNESSEE RIGHT TO LIFE, INC.**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED DECEMBER 31, 2019 AND 2018**

	<b>2019</b>	<b>2018</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Increase (decrease) in net assets	\$ 19,963	\$ (23,761)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities		
Depreciation	11,264	11,321
Decrease (increase) in related party receivables	6,648	(1,524)
(Decrease) increase in accounts payable	(23,082)	18,508
Decrease in accrued payroll and payroll liabilities	(2,320)	(2,829)
Increase in related party payable	10,012	-
	<u>22,485</u>	<u>1,715</u>
<b>Net Cash Provided by Operating Activities</b>		
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Additions to property and equipment	-	(8,999)
	<u>-</u>	<u>(8,999)</u>
<b>Net Cash Used by Investing Activities</b>		
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payments on trade note payable	(1,117)	(1,064)
Payments on note payable	(9,888)	(9,475)
	<u>(11,005)</u>	<u>(10,539)</u>
<b>Net Cash Used by Financing Activities</b>		
Net increase (decrease) in cash	11,480	(17,823)
Cash, beginning of the year	<u>67,178</u>	<u>85,001</u>
Chas, end of the year	<u>\$ 78,658</u>	<u>\$ 67,178</u>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOWS INFORMATION</b>		
Cash payments for interest	\$ 4,287	\$ 4,753

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



**TENNESSEE RIGHT TO LIFE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2019 AND 2018**

**NOTE 1 - ORGANIZATION AND NATURE OF ACTIVITIES**

Tennessee Right to Life, Inc. (the Organization) is a Tennessee not-for-profit corporation consisting of 19 (21 in 2018) chapters located across the state of Tennessee. Financial activities of the chapters are combined in the accompanying financial statements. Material inter-chapter activities, if any, are eliminated from the accompanying financial statements. The purpose of the Organization is to promote the dignity and protect the rights that are possessed by all human beings from the moment of conception, including the greatest right of all, the right to life itself. The Organization is primarily supported by donations from individuals and special fundraising events.

The Organization seeks to educate the public regarding current legislative and judiciary decisions that affect the right to life and to coordinate the activities of many groups which have purposes similar to those of Tennessee Right to Life, Inc. The Organization is an affiliate of the National Right to Life Committee. With more than 3,000 local chapters and affiliates in all fifty states, the National Right to Life Committee is the nation's largest and best-known pro-life organization.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

*Basis of Presentation*

The financial statements of the Organization have been prepared in accordance with accounting principles generally accepted in the United States of America (US GAAP), which require the Organization 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 the Organization. These net assets may be used at the discretion of the Organization'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 the Organization or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity. There were no net assets with donor restrictions at December 31, 2019 and 2018.

*Use of Estimates*

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

*Property and Equipment*

It is the Organization's policy to capitalize all property and equipment over \$500. Property and equipment acquisitions are recorded at cost. When depreciable assets are disposed of, the cost and related accumulated depreciation are removed from the accounts, and any gain (except on trade-in) or loss is included in the statements of activities for the period. A gain on trade-in is applied to reduce the cost of the new acquisition. Depreciation is provided over the estimated useful lives of the assets ranging from five to forty years and is computed on a straight-line method.

**TENNESSEE RIGHT TO LIFE, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEARS ENDED DECEMBER 31, 2019 AND 2018**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

*Contributions*

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 statements of activities as net assets released from restrictions. Contributed property and equipment are recorded at estimated 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.

Various volunteers donate many hours to the Organization's program services and fundraising campaigns. These donated services are reflected in the financial statements only when the services require specialized skills.

*Income Taxes*

The Organization is exempt from federal income taxes under Section 501(c)(4) of the Internal Revenue Code and classified by the Internal Revenue Service (IRS) as other than a private foundation.

*Functional Expenses*

The costs of providing program and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among program services and supporting services benefited. Such allocations are determined by management on an equitable basis.

The expenses that are allocated include the following:

<u>Expense</u>	<u>Method of Allocation</u>
Salaries and wages	Time and effort
Printing and publications	Estimated usage
Postage and shipping	Estimated usage
Insurance	Facility square footage
Occupancy	Facility square footage
Depreciation	Facility square footage
Interest	Facility square footage
Equipment rental and maintenance	Facility square footage
Telephone	Estimated usage
Software	Estimated usage
Website fees	Estimated usage
Property taxes	Facility square footage
Utilities	Facility square footage
Office supplies	Estimated usage
Miscellaneous	Facility square footage

**TENNESSEE RIGHT TO LIFE, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEARS ENDED DECEMBER 31, 2019 AND 2018**

**NOTE 3 - AVAILABILITY AND LIQUIDITY**

The following represents the Organization's financial assets at December 31:

	<b>2019</b>	<b>2018</b>
Financial assets at year-end:		
Cash	\$ 78,658	\$ 67,178
Related party receivables	<u>2,585</u>	<u>9,233</u>
 Financial assets available to meet general expenditures over the next 12 months	 <u>\$ 81,243</u>	 <u>\$ 76,411</u>

As part of its liquidity plan, the Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Organization receives year-round donations from individuals and the Organization makes specific appeals at strategic times of the year for specific projects. Cash flow is tracked through regular budget to actual comparisons which are monitored by management and the board of directors.

**NOTE 4 - PROPERTY AND EQUIPMENT**

Property and equipment consist of the following at December 31:

	<b>2019</b>	<b>2018</b>
Land	\$ 85,000	\$ 85,000
Building	435,568	435,568
Equipment and furniture	<u>10,600</u>	<u>10,600</u>
	531,168	531,168
Accumulated depreciation	<u>(153,838)</u>	<u>(142,575)</u>
	 <u>\$ 377,330</u>	 <u>\$ 388,593</u>

Depreciation expense was \$11,264 and \$11,321 for years ended December 31, 2019 and 2018.

**NOTE 5 - TRADE NOTE PAYABLE**

The Organization has an account payable with a vendor that has been converted to an informal note payable. The vendor has agreed to accept payments of \$250 per month until the obligation is paid. The principal and interest are calculated using an imputed interest of 5%.

A schedule of expected future principal payments are as follows:

Year ending December 31,	
2020	\$ 1,175
2021	1,235
2022	1,298
2023	1,364
2024	1,434
Thereafter	<u>30,533</u>
	 <u>\$ 37,039</u>

**TENNESSEE RIGHT TO LIFE, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEARS ENDED DECEMBER 31, 2019 AND 2018**

**NOTE 6 - NOTE PAYABLE**

The Organization has a note payable with a bank that was used to fund the renovation of the office building. The note calls for monthly payments of principal and interest of \$1,024 at a fixed rate of 4.2%. The final balloon payment is due on July 16, 2020. The loan is collateralized by the real property being financed. On June 24, 2020, the note was paid in full by the Organization.

**NOTE 7 - OPERATING LEASES**

The Organization has entered into an operating lease for an office copier. Future minimum lease payments under the operating lease are as follows for the year ended December 31:

2020	\$ 3,840
2021	3,840
2022	3,840
2023	<u>960</u>
	<u>\$ 12,480</u>

Total facility and equipment rent expense was \$17,449 and \$19,354 for the years ended December 31, 2019 and 2018, respectively.

**NOTE 8 - RELATED PARTY TRANSACTIONS**

The Organization maintains a close working relationship with three affiliated entities: Tennessee Right to Life Educational Fund, Inc. (the Fund), New Life Resources, Inc. (New Life), and Tennessee Right to Life Political Action Committee (the PAC). The four organizations have common members on their boards of directors.

The Organization shares program and administrative expenses with the Fund and New Life for equipment, supplies, and employees, as well as rent, property taxes, and utilities. Some of these costs are recorded by the Organization and reimbursed by the Fund and New Life and some costs are paid separately by each entity at the time the invoice is received. The Organization provides administrative support to the PAC free-of-charge.

The Fund reimbursed the Organization \$83,987 (\$83,839 in 2018) for costs related to educational programs. These costs included occupancy, wages, equipment, postage, printing, and other educational program costs. These reimbursements have been reflected on the respective statements of functional expenses as a reduction of the associated expenses.

The Organization occasionally collects donations on behalf of the Fund. These donations are recorded as a liability at the time of collection. Donations in 2019 totaling \$16,429 (\$8,548 in 2018) were processed on behalf of the Fund and netted against reimbursements due from the Fund.

New Life paid the Organization \$29,189 (\$9,177 in 2018) to reimburse the Organization for certain shared personnel and administrative expenses.

Receivables at December 31, 2019 totaled \$2,585 which consisted of amounts due from New Life. Receivables at December 31, 2018 totaled \$9,233, which consisted of \$7,201 and \$2,032 due from the Fund and New Life, respectively.

During 2019, the Fund made interest-free cash advances to the Organization to assist with cash flow. As of December 31, 2019, a total of \$10,012 is recorded in payables to reflect the amount outstanding on these advances.

**TENNESSEE RIGHT TO LIFE, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEARS ENDED DECEMBER 31, 2019 AND 2018**

**NOTE 10 - SUBSEQUENT EVENTS**

The Organization has evaluated subsequent events through December 10, 2020, which is the date on which the financial statements were available to be issued.

On April 15, 2020, the Organization received a loan in the amount of \$54,000 in accordance with the Paycheck Protection Program section of the Coronavirus Aid, Relief, and Economic Security Act (the CARES Act). Under this loan program, the Organization may be eligible for forgiveness of some portion of the loan up to 100%, if and when qualifying conditions are met. Accounting for the loan and any future forgiveness could have an impact on future financial reporting. As of the report date, management is actively monitoring qualifying conditions to maximize future loan forgiveness and has expended 100% on potential qualifying costs as defined by the legislation.