

LIFE ISSUES INSTITUTE, INC.

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT**

FOR THE YEAR ENDED DECEMBER 31, 2021

**WITH SUMMARIZED COMPARATIVE TOTALS
FOR THE YEAR ENDED DECEMBER 31, 2020**

LIFE ISSUES INSTITUTE, INC.

AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2021

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Life Issues Institute, Inc.
New Port Richey, Florida

Opinion

We have audited the accompanying financial statements of Life Issues Institute, Inc. (a Not-for-Profit Entity), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Life Issues Institute, Inc. as of December 31, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of Life Issues Institute, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Life Issues Institute, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Life Issues Institute, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Life Issues Institute, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Summarized Comparative Information

The financial statements of Life Issues Institute, Inc. as of and for the year ended December 31, 2020 were audited by a predecessor auditor. The predecessor auditor's report, dated August 13, 2021, expressed an unmodified opinion. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020 is consistent, in all material respects, with the audited financial statements from which it was derived.



Tampa, Florida
February 22, 2023

LIFE ISSUES INSTITUTE, INC.
STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2021
(WITH COMPARATIVE TOTALS AS OF DECEMBER 31, 2020)

	December 31,	
	2021	2020
ASSETS		
Cash and cash equivalents	\$ 260,077	\$ 121,385
SBA List receivable	250,000	-
Prepaid expenses	-	5,725
Property and equipment, net	429,696	446,859
 Total assets	 \$ 939,773	 \$ 573,969
 LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 9,931	\$ 29,545
Due to SBA List	-	389,018
Paycheck Protection Program loan	-	33,035
 Total liabilities	 9,931	 451,598
 Net assets		
Without donor restrictions	679,842	122,371
With donor restrictions	250,000	-
 Total net assets	 929,842	 122,371
 Total liabilities and net assets	 \$ 939,773	 \$ 573,969

See independent auditor's report and accompanying notes to the financial statements.

LIFE ISSUES INSTITUTE, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2021
(WITH SUMMARIZED COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2020)

	Without Donor Restrictions	With Donor Restrictions	Total December 31,	
			2021	2020
PUBLIC SUPPORT AND OTHER REVENUES & GAINS				
Public support				
Grants and contributions	\$ 585,974	\$ 250,000	\$ 835,974	\$ 523,268
Other revenues & gains				
Gain on forgiveness of debt to SBA List	389,021	-	389,021	-
Other	3,634	-	3,634	86
Total other revenues & gains	392,655	-	392,655	86
Total public support and other revenues & gains	978,629	250,000	1,228,629	523,354
EXPENSES				
Program services	257,421	-	257,421	730,754
Supporting services:				
General administration	115,576	-	115,576	138,571
Fundraising	48,161	-	48,161	65,285
Total supporting services	163,737	-	163,737	203,856
Total expenses	421,158	-	421,158	934,610
Change in net assets	557,471	250,000	807,471	(411,256)
Net assets, beginning of year	122,371	-	122,371	533,627
Net assets, end of year	\$ 679,842	\$ 250,000	\$ 929,842	\$ 122,371

See independent auditor's report and accompanying notes to the financial statements.

LIFE ISSUES INSTITUTE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021
(WITH SUMMARIZED COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2020)

	Supporting Services			Total Expenses		
	Program Services	General Administration	Fundraising	Total	December 31,	
				Supporting Services	2021	2020
Personnel expenses	\$ 120,669	\$ 66,368	\$ 14,078	\$ 80,446	\$ 201,115	\$ 326,336
Other Expenses						
Advertising	100,498	-	8,348	8,348	108,846	490,062
Professional fees	2,415	7,532	7,125	14,657	17,072	27,828
Information technology	-	15,052	-	15,052	15,052	19,030
Mailing, postage and printings	-	154	10,683	10,837	10,837	154
Conference and travel	8,605	-	1,168	1,168	9,773	10,531
Occupancy	5,105	2,808	596	3,404	8,509	8,906
Dues and subscriptions	7,587	-	-	-	7,587	10,692
Licenses and registration fees	-	2,629	3,458	6,087	6,087	6,236
Telephone and internet	168	5,838	-	5,838	6,006	3,610
Insurance	-	5,408	-	5,408	5,408	7,741
Office supplies	23	2,001	-	2,001	2,024	1,493
Donations	1,000	-	263	263	1,263	343
Other	-	1,543	1,118	2,661	2,661	1,712
	246,070	109,333	46,837	156,170	402,240	914,674
Total expenses before depreciation						
Depreciation	11,351	6,243	1,324	7,567	18,918	19,936
	\$ 257,421	\$ 115,576	\$ 48,161	\$ 163,737	\$ 421,158	\$ 934,610
Total expenses						

See independent auditor's report and accompanying notes to the financial statements.

LIFE ISSUES INSTITUTE, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2021
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2020)

	December 31,	
	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 807,471	\$ (411,256)
Adjustments to reconcile change in net assets to net cash flows provided by (used in) operating activities:		
Depreciation	18,918	19,936
Gain on forgiveness of Paycheck Protection Program loan	(33,035)	-
(Increase) Decrease in assets:		
SBA List receivable	(250,000)	-
Prepaid expenses	5,725	(5,614)
Increase (Decrease) in liabilities:		
Accounts payable and accrued expenses	(19,614)	(47,156)
Due to SBA List	(389,018)	251,241
Net cash provided by (used in) operating activities	140,447	(192,849)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	(1,755)	-
Net cash used in investing activities	(1,755)	-
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from Paycheck Protection Program loan	-	33,035
Net cash provided by financing activities	-	33,035
Net change in cash and cash equivalents	138,692	(159,814)
Cash and cash equivalents, beginning of year	121,385	281,199
Cash and cash equivalents, end of year	\$ 260,077	\$ 121,385
NONCASH TRANSACTION:		
Gain on forgiveness of Paycheck Protection Program loan and conversion into a grant	\$ 33,035	\$ -
Gain on forgiveness of debt to SBA List	\$ 389,018	\$ -

LIFE ISSUES INSTITUTE, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 1 NATURE OF THE ORGANIZATION

Life Issues Institute, Inc. (the "Organization") is a 501(c)3 tax-exempt not-for-profit organization incorporated in the State of Florida in 2021. The Organization was a subsidiary of Susan B. Anthony List, Inc. ("SBA List") until June 30, 2021 and its financial statements were included in separately issued consolidated financial statements of SBA List and Subsidiaries. The Organization fully separated from SBA List as of July 1, 2021 and registered in the State of Florida.

The Organization's mission is to change hearts and minds of millions of people through pro-life education. The Organization provides the latest information and effective tools to protect innocent human life from fertilization to natural death.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("GAAP") and, accordingly, reflect all significant receivables, payables and other liabilities.

Basis of Presentation

The Organization has adopted the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 958, *Not-for-Profit Entities*. Under ASC 958, the Organization is required to provide financial statements which are prepared to focus on the Organization as a whole and to present balances and transactions according to the existence or absence of donor-imposed restrictions. As such, The Organization reports information regarding its financial position and activities as follows: (1) net assets without restrictions, which include no donor-imposed restrictions and, therefore, are available for any purpose authorized by the Board of Directors (the "Board"); and (2) net assets with restrictions, which include donor-imposed restrictions that will expire in the future.

Support and Revenue Recognition

The Organization first determines if a transaction represents an exchange transaction and if so, accounts for the transaction in accordance with FASB ASC 606, *Revenue from Contracts with Customers*, which provides a five-step model for recognizing revenue from contracts with customers as follows:

- Identify the contract with a customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contract
- Recognize revenue when or as performance obligations are satisfied

During the year ended December 31, 2021, there were no transactions entered into that were accounted for as reciprocal exchange transactions under FASB ASC 606.

LIFE ISSUES INSTITUTE, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

Gifts and contributions are recorded at their fair market value on the date of receipt.

Contributions received that are designated for future periods or restricted by the donor for specific purposes are reported as increases in net assets with restrictions. When a restriction expires (that is, when the stipulated time restriction ends or purpose restriction is accomplished), net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the Statement of Activities. If the restriction expires in the same accounting period in which the revenue is recognized, the Organization reports the contribution as increases in net assets *without* donor restrictions.

Conditional contributions are recorded as revenue when such amounts become unconditional which generally involves the meeting of a barrier to entitlement. This can include items like meeting a matching provision, incurring specified allowable expenses in accordance with a framework of allowable costs, or other barriers.

Support arising from donated, or in-kind, goods and services is recognized in the financial statements at its fair value. GAAP requires recognition of in-kind services, if such services (1) create or enhance nonfinancial assets or (2) require specialized skills and are provided by those possessing such skills, who would typically charge a fee.

For the year ended December 31, 2021, volunteers provided services to assist the Organization's program and management functions for which no amount has been recorded in the financial statements because the services did not meet the criteria for recognition under GAAP.

Cash and Cash Equivalents

The Organization considers all highly liquid instruments with maturities of three months or less when purchased to be cash equivalents.

Property and Equipment

Property and equipment are recorded at cost or, if donated, the estimated fair value at the date of donation. The Organization has a policy of capitalizing expenditures for property and equipment with costs greater than \$1,000. Depreciation is provided using the straight-line method over the estimated useful lives of assets which generally range from five to seven years for furniture and equipment and fifteen to forty years for buildings and improvements. If donors stipulate how long the assets must be used or restrict the use of such assets for a specific purpose, the contributions are recorded as restricted support. In the absence of such stipulations, gifts of property are recorded as unrestricted support.

Impairment of Long-Lived Assets

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amounts of an asset to future net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment loss to be recognized is measured by the amount by which the carrying amount of the asset exceeds its fair value.

LIFE ISSUES INSTITUTE, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

Advertising

The Organization follows the policy of charging the costs of advertising to expense as incurred. Advertising expense was approximately \$102,000 for the year ended December 31, 2021.

Concentration of Credit Risk

Financial instruments that potentially subject the Organization to concentrations of credit risk consist primarily of bank deposits.

The Organization maintains bank accounts with balances which, at times, may exceed federally insured limits. The Organization has not experienced any losses on such accounts, and believes it is not exposed to any significant risk on bank deposit accounts.

Use of Estimates

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

Allocation of Functional Expenses

The costs of providing program services and other activities have been summarized on a functional basis. Expenses are allocated on a reasonable basis that is consistently applied. Allocated expenses include salaries, payroll taxes, employee benefits, occupancy, and depreciation, which are allocated on the basis of estimates of time and effort by the Organization's personnel. Other expenses are presented based on management's estimate of the function benefitted by each activity.

Federal Income Tax

The Organization is exempt from federal and state income taxes under Section 501(c)(3) and, accordingly, no provision for income taxes has been made in the accompanying financial statements. Management has evaluated the Organization's tax position and concluded that no uncertain tax positions have been taken that would require adjustment to the financial statements to comply with the provisions of the Income Tax Topic of the FASB ASC. With few exceptions, The Organization is subject to income tax examinations by the U.S. federal or state tax authorities up to three years after tax returns are filed.

Going Concern Evaluation

On an annual basis, as required by FASB ASC 205, *Presentation of Financial Statements*, the Organization performs an evaluation to determine whether there are conditions or events (known or reasonably knowable), considered in the aggregate, that raise substantial doubt about its ability to continue as a going concern within one year after the date that the financial statements are available to be issued. The Organization's assessment did not indicate that substantial doubt is raised about the ability to remain a going concern for one year from the date the financial statements were available for issuance.

LIFE ISSUES INSTITUTE, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

Summarization and Reclassification of Certain 2020 Financial Information

The financial information for the year ended December 31, 2020, presented for comparative purposes, is not intended to be a complete presentation. Certain 2020 amounts were reclassified to conform to the presentation in the current year. These reclassifications had no change on prior year reported changes in net assets or end of year net assets.

Recent Accounting Pronouncements Not Yet Adopted

In 2016, ASU No. 2016-02, *Leases* (“ASU 2016-02”) was issued. The amendments in ASU 2016-02 affect any entity that enters into leasing contracts. This ASU supersedes the requirements in ASC 840, *Leases*, and most industry-specific guidance.

The core principle of the guidance is to increase transparency and comparability among organizations by recognizing rights and obligations of leasing activities as assets and lease liabilities on the balance sheet. Under this ASU, lease assets and lease liabilities should be recognized for those leases previously classified as operating leases.

ASU 2016-02 is effective for annual reporting periods beginning after December 15, 2021. The Organization will adopt this new standard effective for the fiscal year ending June 30, 2023 and shall disclose qualitative and quantitative information. Management believes the effect on current accounting policies will be immaterial as there are no material lease contracts.

Subsequent Events

In accordance with FASB ASC 855, *Subsequent Events*, the Organization evaluated subsequent events through February 22, 2023, the date the financial statements were available for issue.

NOTE 3 LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Organization’s financial assets available within one year of the Statement of Financial Position date to meet cash needs for general expenditures were as follows:

Financial assets at year-end	
Cash and cash equivalents	\$ 260,077
SBA List receivable	<u>250,000</u>
Current financial assets available to meet cash needs for general expenditures within one year	<u>\$ 510,077</u>

The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.

LIFE ISSUES INSTITUTE, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 4 PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31, 2021:

Depreciable property and equipment	
Buildings and improvements	\$ 679,695
Furniture and equipment	162,307
	<u>842,002</u>
Less: accumulated depreciation	<u>(437,056)</u>
 Total depreciable property and equipment, net	 404,946
 Land	 <u>24,750</u>
 Total property and equipment, net	 <u>\$ 429,696</u>

Depreciation expense for the year ended December 31, 2021 was approximately \$19,000.

NOTE 5 PAYCHECK PROTECTION PROGRAM LOAN

In April 2021, the Organization received loan proceeds from financial institutions in the amounts of approximately \$33,000 under the Paycheck Protection Program (the "PPP"). This program was established under Division A, Title I of the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act"). In accordance with the PPP funding agreement, the Organization's loan would be forgiven and converted into a grant once the Organization meets certain criteria related to its payroll, utility, and interest expenses over a specified measurement period.

The Organization's management determined that the Organization should record the PPP loan as a conditional contribution. The Organization met those conditions during the year ended December 31, 2021. As a result of the loan's forgiveness, the Organization recorded approximately \$33,000 of support from grants and contributions on the Statement of Activities.

NOTE 6 RELATED-PARTY TRANSACTIONS

During the year ended December 31, 2021, the Organization received approximately \$412,000 of grant support from SBA List, its former parent, which comprised approximately 70% of the Organization's grants and contributions.

Additionally, the Organization received a liability discharge of approximately \$389,000 from SBA List. The amount requires no action or repayment from the Organization and is recorded as a gain on the forgiveness of debt on the Statement of Activities.

LIFE ISSUES INSTITUTE, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 7 COMMITMENTS

In an effort to further the Organization’s mission, the Organization entered into several contractual agreements, generally cancelable with seven to 30 days written notice, with outside vendors and service providers.

NOTE 8 CONTINGENCIES

In March 2020, the World Health Organization declared a novel strain of coronavirus (“COVID-19”) a global pandemic and recommended containment and mitigation measures worldwide. These measures could negatively impact the Organization’s operations, vendors, and donors. The Organization cannot reasonably estimate the length or severity of this pandemic, or the extent to which the disruption may materially impact the Organization’s operations or cash flows.

The Organization may be periodically involved in legal actions and claims that arise as a result of events that occur in the normal course of operations.