

**LIFE ISSUES INSTITUTE, INC.**

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

**FOR THE YEAR ENDED DECEMBER 31, 2022**

**WITH SUMMARIZED COMPARATIVE TOTALS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

LIFE ISSUES INSTITUTE, INC.  
FOR THE YEAR ENDED DECEMBER 31, 2022

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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, 2022, 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, 2022, 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***

We have previously audited Life Issues Institute, Inc.'s financial statements, and we expressed an unmodified audited opinion on those audited financial statements in our report dated February 22, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2021 is consistent, in all material respects, with the audited financial statements from which it was derived.

*affinity CPA P.A.*

Tampa, Florida  
August 22, 2023

**LIFE ISSUES INSTITUTE, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**AS OF DECEMBER 31, 2022**  
**(WITH COMPARATIVE TOTALS AS OF DECEMBER 31, 2021)**

	December 31,	
	2022	2021
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 940,306	\$ 260,077
SBA List receivable	-	250,000
Total current assets	940,306	510,077
Non-current assets		
Property and equipment, net	-	429,696
Total assets	\$ 940,306	\$ 939,773
<b>LIABILITIES AND NET ASSETS</b>		
Liabilities		
Accounts payable and accrued expenses	\$ 10,593	\$ 9,931
Net assets		
Without donor restrictions	929,713	679,842
With donor restrictions	-	250,000
Total net assets	929,713	929,842
Total liabilities and net assets	\$ 940,306	\$ 939,773

*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, 2022**  
**(WITH SUMMARIZED COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2021)**

	December 31,	
	2022	2021
<b>PUBLIC SUPPORT</b>		
Grants and contributions	\$ 578,813	\$ 835,974
<b>EXPENSES</b>		
Program services	410,254	257,421
Supporting services:		
General administration	90,383	115,576
Fundraising	24,101	48,161
Total supporting services	114,484	163,737
Total expenses	524,738	421,158
<b>Change in net assets before other changes</b>	54,075	414,816
Other changes		
Loss on disposal of property and equipment	(54,769)	-
Gain on forgiveness of debt to SBA List	-	389,021
Other	565	3,634
Total other changes	(54,204)	392,655
<b>Change in net assets</b>	(129)	807,471
Net assets, beginning of year	929,842	122,371
<b>Net assets, end of year</b>	\$ 929,713	\$ 929,842

*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, 2022**  
**(WITH SUMMARIZED COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2021)**

	Supporting Services			Total Supporting Services	Total Expenses	
	Program Services	General Administration	Fundraising		December 31,	
					2022	2021
Personnel expenses	\$ 121,987	\$ 67,091	\$ 14,231	\$ 81,322	\$ 203,309	\$ 201,115
Other Expenses						
Advertising	247,828	-	2,200	2,200	250,028	108,846
Conference and travel	21,002	-	-	-	21,002	9,773
Professional fees	4,508	7,591	6,000	13,591	18,099	17,072
Occupancy	2,830	1,556	330	1,886	4,716	8,509
Information technology	-	4,571	-	4,571	4,571	15,052
Licenses and registration fees	-	3,185	-	3,185	3,185	6,087
Office	5,267	2,896	614	3,510	8,777	2,024
Insurance	1,396	768	163	931	2,327	5,408
Donations	75	-	-	-	75	1,263
Mailing, postage and printings	-	-	-	-	-	10,837
Dues and subscriptions	-	-	-	-	-	7,587
Telephone and internet	-	-	-	-	-	6,006
Other	535	71	-	71	606	2,661
Total expenses before depreciation	405,428	87,729	23,538	111,267	516,695	402,240
Depreciation	4,826	2,654	563	3,217	8,043	19,936
Total expenses	<u>\$ 410,254</u>	<u>\$ 90,383</u>	<u>\$ 24,101</u>	<u>\$ 114,484</u>	<u>\$ 524,738</u>	<u>\$ 422,176</u>

*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, 2022**  
**(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2021)**

	December 31,	
	2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ (129)	\$ 807,471
Adjustments to reconcile change in net assets to net cash flows provided by (used in) operating activities:		
Depreciation	8,043	18,918
Loss on sale of property and equipment	54,769	-
Gain on forgiveness of Paycheck Protection Program loan	-	(33,035)
(Increase) Decrease in assets:		
SBA List receivable	250,000	(250,000)
Prepaid expenses	-	5,725
Increase (Decrease) in liabilities:		
Accounts payable and accrued expenses	662	(19,614)
Due to SBA List	-	(389,018)
Net cash provided by operating activities	313,345	140,447
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of property and equipment	-	(1,755)
Proceeds from sale of property and equipment	366,884	-
Net cash provided by (used in) investing activities	366,884	(1,755)
Net change in cash and cash equivalents	680,229	138,692
Cash and cash equivalents, beginning of year	260,077	121,385
Cash and cash equivalents, end of year	\$ 940,306	\$ 260,077
<b>NONCASH TRANSACTION:</b>		
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, 2022**

**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

**LIFE ISSUES INSTITUTE, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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During the year ended December 31, 2022, there were no transactions entered into that were accounted for as reciprocal exchange transactions under FASB ASC 606.

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, 2022, 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.

**LIFE ISSUES INSTITUTE, INC.**  
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**Advertising**

The Organization follows the policy of charging the costs of advertising to expense as incurred. Advertising expense was approximately \$250,000 for the year ended December 31, 2022.

**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. As of December 31, 2022, the Organization had approximately \$687,000 of uninsured cash. The Organization has not experienced any losses on such accounts, and by managing the deposit concentration risk by placing cash with a creditworthy financial institution, management 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, office, insurance, 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.

**LIFE ISSUES INSTITUTE, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

**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.

**Summarization and Reclassification of Certain 2021 Financial Information**

The financial information for the year ended December 31, 2021, presented for comparative purposes, is not intended to be a complete presentation. Certain 2021 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.

**Subsequent Events**

In accordance with FASB ASC 855, *Subsequent Events*, the Organization evaluated subsequent events through August 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 December 31, 2022 Statement of Financial Position date to meet cash needs for general expenditures were as follows:

Financial assets at year-end available to meet cash needs for general expenditures within one year:	
Cash and cash equivalents	<u>\$ 940,306</u>

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

**NOTE 4 PROPERTY AND EQUIPMENT**

On June 30, 2022, the Organization disposed of its property and equipment, net of selling costs, for approximately \$367,000. At the time of sale, the assets had a net book value of approximately \$422,000, resulting in a loss on disposal of approximately \$55,000 as reflected in the Organization's Statement of Activities for the year ended December 31, 2022.

Depreciation expense in 2022, prior to the disposal, was approximately \$8,000.

**LIFE ISSUES INSTITUTE, INC.**  
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The disposal of the fixed assets was due to a strategic decision by the Organization to maximize its available funds to be used toward the Organization's ongoing programs and services.

**NOTE 5 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 6 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.