

Life Issues Institute, Inc.

Financial Statements and
Independent Auditor's Report

For the Year Ended December 31, 2023

With Summarized Comparative Totals
For The Year Ended December 31, 2022

Life Issues Institute, Inc.

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Independent Auditors' 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 nonprofit organization), which comprise the statement of financial position as of December 31, 2023, 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, 2023, 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 audit 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 audit. 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

Other auditors previously audited Life Issues Institute, Inc.'s 2022 financial statements, and expressed an unmodified audit opinion on those audited financial statements in their report dated August 22, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

FRSCPA, PLLC

St. Petersburg, Florida
August 20, 2024

Life Issues Institute, Inc.
Statements of Financial Position
December 31, 2023
(with comparative totals as of December 31, 2022)

	December 31,	
	2023	2022
ASSETS		
Current assets		
Cash and cash equivalents	884,474	\$ 940,306
Total current assets	884,474	940,306
Non-current assets		
Property and equipment, net	12,030	-
Total assets	\$ 896,504	\$ 940,306
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 16,186	\$ 10,593
Net assets		
Without donor restrictions	780,318	929,713
With donor restrictions	100,000	-
Total net assets	880,318	929,713
Total liabilities and net assets	\$ 896,504	\$ 940,306

See independent auditors' report and accompanying notes to financial statements.

Life Issues Institute, Inc.
Statement of Activities and Changes in Net Assets
Year ended December 31, 2023 (with summarized comparative totals
for the year ended December 31, 2022)

	December 31,			2022
	Without Donor Restrictions	With Donor Restrictions	2023 Total	
PUBLIC SUPPORT				
Grants and contributions	\$ 382,565	\$ 100,000	\$ 482,565	\$ 578,813
EXPENSES				
Program services	341,212	-	341,212	410,254
Supporting services:				
General administration	146,228	-	146,228	90,383
Fundraising	54,619	-	54,619	24,101
Total supporting services	200,847	-	200,847	114,484
Total expenses	542,059	-	542,059	524,738
Change in net assets before other changes	(159,494)	100,000	(59,494)	54,075
Other changes				
Loss on disposal of property and equipment	-	-	-	(54,769)
Interest income	10,099	-	10,099	565
Total other changes	10,099	-	10,099	(54,204)
Change in net assets	(149,395)	100,000	(49,395)	(129)
Net assets, beginning of year	929,713	-	929,713	929,842
Net assets, end of year	\$ 780,318	\$ 100,000	\$ 880,318	\$ 929,713

See independent auditors' report and accompanying notes to financial statements.

Life Issues Institute, Inc.
Statement of Functional Expenses
Year ended December 31, 2023
(with summarized comparative totals for the year ended December 31, 2022)

	Supporting Services				Total Expenses	
	Program Services	General Administration		Total Supporting Services		December 31, 2022
		\$	\$	\$	\$	
Personnel expenses	\$ 149,050	\$ 81,975	\$ 17,388	\$ 99,364	\$ 248,414	\$ 203,309
Other Expenses						
Advertising	137,959	-	1,225	1,225	139,184	246,617
Conference and travel	19,585	-	-	-	19,585	21,002
Professional fees	26,789	45,111	35,656	80,767	107,556	18,099
Occupancy	-	-	-	-	-	4,716
Information technology	-	8,756	-	8,756	8,756	4,571
Licenses and registration fees	-	8,730	-	8,730	8,730	3,185
Office	2,529	1,390	295	1,685	4,214	8,777
Insurance	-	-	-	-	-	2,327
Donations	540	-	-	-	540	75
Mailing, postage and printings	3,420	-	30	30	3,450	3,411
Other	1,129	150	-	150	1,279	606
Total expenses before depreciation	341,002	146,112	54,594	200,706	541,708	516,695
Depreciation	211	116	25	140	351	8,043
Total expenses	\$ 341,212	\$ 146,228	\$ 54,619	\$ 200,847	\$ 542,059	\$ 524,738

See independent auditors' report and accompanying notes to financial statements.

Life Issues Institute, Inc.
Statement of Cash Flows
Year ended December 31, 2023
(with comparative totals for the year ended December 31, 2022)

	December 31,	
	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (49,395)	\$ (129)
Adjustments to reconcile change in net assets to net cash flows provided by (used in) operating activities:		
Depreciation	351	8,043
Loss on sale of property and equipment	-	54,769
(Increase) Decrease in assets:		
SBA List receivable	-	250,000
Increase (Decrease) in liabilities:		
Accounts payable and accrued expenses	5,593	662
Net cash provided by operating activities	<u>(43,451)</u>	<u>313,345</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	(12,381)	-
Proceeds from sale of property and equipment	-	366,884
Net cash provided by (used in) investing activities	<u>(12,381)</u>	<u>366,884</u>
Net change in cash and cash equivalents	(55,832)	680,229
Cash and cash equivalents, beginning of year	940,306	260,077
Cash and cash equivalents, end of year	<u>\$ 884,474</u>	<u>\$ 940,306</u>

See independent auditors' report and accompanying notes to financial statements.

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

Life Issues Institute, Inc.
Notes to financial statements
December 31, 2023

- 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, 2023, 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, 2023, 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.

Advertising

The Organization follows the policy of charging the costs of advertising to expense as incurred. Advertising expense was approximately \$140,000 for the year ended December 31, 2023.

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, 2023, the Organization had approximately \$130,000 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

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Organization's personnel. Other expenses are presented based on management's estimate of the function benefitted by each activity.

Federal Income Tax

Favor is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been included in the accompanying financial statements. Management has evaluated Favor'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 for 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.

Summarization of 2022 Financial Information

The financial information for the year ended December 31, 2022, presented for comparative purposes, is not intended to be a complete presentation.

Subsequent Events

In accordance with FASB ASC 855, Subsequent Events, the Organization evaluated subsequent events through August 20, 2024, the date the financial statements were available for issue.

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Notes to financial statements
December 31, 2023

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:

	December 31,	
	2023	2022
Financial assets at year-end available to meet cash needs for general expenditures within one year:		
Cash and cash equivalents	\$ 884,474	\$ 940,306

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

Property and equipment consist as of December 31 as follows:

	December 31,	
	2023	2022
Furniture and equipment	\$ 13,781	\$ —
	13,781	—
Less accumulated depreciation	(1,751)	—
Total property and equipment, net	\$ 12,030	\$ —

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 2023 was approximately \$350.

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.

Life Issues Institute, Inc.
Notes to financial statements
December 31, 2023

NOTE 5 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions were as follows as of December 31:

	December 31,	
	2023	2022
Subject to purpose restriction:		
Pro-life education	<u>\$ 100,000</u>	<u>\$ —</u>

NOTE 6 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 7 CONTINGENCIES

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.