

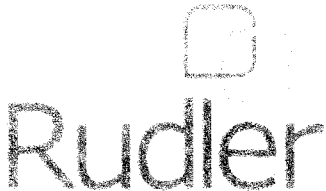
LIFE ISSUES INSTITUTE, INC.

FINANCIAL STATEMENTS

For the Years Ended
December 31, 2014 and December 31, 2013

TABLE OF CONTENTS

	<u>PAGE NO.</u>
INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS	
Statements of Financial Position	2
Statements of Activities	3
Statements of Functional Expenses	4
Statements of Cash Flows	5
Notes to Financial Statements	6 - 9



INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
Life Issues Institute, Inc.
Cincinnati, Ohio

We have audited the accompanying financial statements of Life Issues Institute, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2014 and December 31, 2013, 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.

Auditors' 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 of 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 auditors' 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 Life Issues Institute, Inc. as of December 31, 2014 and December 31, 2013, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Rudler, PSC

Ft. Wright, Kentucky
March 3, 2015

LIFE ISSUES INSTITUTE, INC.
STATEMENTS OF FINANCIAL POSITION
December 31, 2014 and December 31, 2013

	2014		
ASSETS	Unrestricted	Temporarily Restricted	Total
CURRENT ASSETS			
Cash	\$ 145,037	\$ 253,398	\$ 398,435
Prepaid expenses	3,420	0	3,420
Total Current Assets	148,457	253,398	401,855
PROPERTY AND EQUIPMENT	328,825	0	328,825
Total Assets	\$ 477,282	\$ 253,398	\$ 730,680
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Accounts payable	\$ 30,201	\$ 0	\$ 30,201
Accrued salaries	8,104	0	8,104
Accrued and withheld payroll taxes	5,802	0	5,802
Total Current Liabilities	44,107	0	44,107
Total Liabilities	44,107	0	44,107
NET ASSETS	433,175	253,398	686,573
Total Liabilities and Net Assets	\$ 477,282	\$ 253,398	\$ 730,680

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

	2013		
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
ASSETS			
CURRENT ASSETS			
Cash	\$ 226,678	\$ 413,311	\$ 639,989
Prepaid expenses	8,484	0	8,484
Total Current Assets	235,162	413,311	648,473
PROPERTY AND EQUIPMENT	<u>327,802</u>	<u>0</u>	<u>327,802</u>
Total Assets	<u>\$ 562,964</u>	<u>\$ 413,311</u>	<u>\$ 976,275</u>
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Accounts payable	\$ 38,153	\$ 0	\$ 38,153
Accrued salaries	4,980	0	4,980
Accrued and withheld payroll taxes	351	0	351
Total Current Liabilities	43,484	0	43,484
Total Liabilities	<u>43,484</u>	<u>0</u>	<u>43,484</u>
NET ASSETS	<u>519,480</u>	<u>413,311</u>	<u>932,791</u>
Total Liabilities and Net Assets	<u>\$ 562,964</u>	<u>\$ 413,311</u>	<u>\$ 976,275</u>

LIFE ISSUES INSTITUTE, INC.
STATEMENTS OF ACTIVITIES
For the Years Ended December 31, 2014 and December 31, 2013

	2014		
	Unrestricted	Temporarily Restricted	Total
SUPPORT AND REVENUE			
Contributions-direct mail	\$ 97,468	\$ 0	\$ 97,468
Contributions-major gifts	287,509	448,833	736,342
Contributions-telephone solicitation	46,835	0	46,835
Contributions-monthly	34,452	0	34,452
Contributions-programs	20,799	0	20,799
Thank you	6,500	0	6,500
Interest and dividends	987	0	987
Miscellaneous	2,564	0	2,564
Net assets released from restrictions	608,746	(608,746)	0
Total Support and Revenue	1,105,860	(159,913)	945,947
EXPENSES			
Program services	964,310	0	964,310
Supporting services			
Management and general	153,052	0	153,052
Fund-raising	74,803	0	74,803
Total Expenses	1,192,165	0	1,192,165
CHANGE IN NET ASSETS	(86,305)	(159,913)	(246,218)
NET ASSETS AT BEGINNING OF YEAR	519,480	413,311	932,791
NET ASSETS AT END OF YEAR	\$ 433,175	\$ 253,398	\$ 686,573

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

	2013		
	Unrestricted	Temporarily Restricted	Total
SUPPORT AND REVENUE			
Contributions-direct mail	\$ 96,876	\$ 0	\$ 96,876
Contributions-major gifts	95,400	956,507	1,051,907
Contributions-telephone solicitation	61,227	0	61,227
Contributions-monthly	31,152	0	31,152
Contributions-programs	15,028	0	15,028
Special event revenue (net)	379	0	379
Thank you	5,284	0	5,284
Interest and dividends	1,038	0	1,038
Miscellaneous	4,490	0	4,490
Net assets released from restrictions	971,539	(971,539)	0
Total Support and Revenue	1,282,413	(15,032)	1,267,381
EXPENSES			
Program services	1,044,506	0	1,044,506
Supporting services			
Management and general	164,157	0	164,157
Fund-raising	77,585	0	77,585
Total Expenses	1,286,248	0	1,286,248
CHANGE IN NET ASSETS	(3,835)	(15,032)	(18,867)
NET ASSETS AT BEGINNING OF YEAR	523,315	428,343	951,658
NET ASSETS AT END OF YEAR	\$ 519,480	\$ 413,311	\$ 932,791

LIFE ISSUES INSTITUTE, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
For the Years Ended December 31, 2014 and December 31, 2013

	2014			
	Program Expenses	Management and General	Fund Raising	Total
Compensation and related expenses				
Compensation	\$ 440,849	\$ 108,756	\$ 24,000	\$ 573,605
Simple IRA	2,142	528	117	2,787
Health insurance	49,315	12,166	2,685	64,166
Payroll taxes	35,421	8,738	1,928	46,087
	527,727	130,188	28,730	686,645
Advertising - other	2,011	166	0	2,177
Bank service charges	1,360	2,315	0	3,675
Data processing	0	1,885	0	1,885
Depreciation	10,297	2,210	2,204	14,711
Educational materials	5,314	0	0	5,314
Fees and services				
Consulting	155	0	0	155
Legal and accounting	16,113	0	0	16,113
Syndication and production	222,217	0	0	222,217
Gifts and gratuities	4,031	711	0	4,742
Graphics	813	144	0	957
Loss and liability insurance	3,293	4,665	1,189	9,147
Mail handling	3,399	0	2,219	5,618
Meeting and memberships	7,463	0	0	7,463
Postage and shipping	20,254	1,895	8,669	30,818
Print and copy	32,052	1,081	18,085	51,218
Repairs and services	9,402	2,015	2,015	13,432
Supplies	6,812	1,460	1,460	9,732
Taxes and licenses	2,127	456	456	3,039
Telecommunication	9,202	0	9,202	18,404
Telephone	8,610	2,296	574	11,480
Travel	50,596	1,565	0	52,161
Web site	21,062	0	0	21,062
Total	\$ 964,310	\$ 153,052	\$ 74,803	\$ 1,192,165

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

2013

	Program Expenses	Management and General	Fund Raising	Total
Compensation and related expenses				
Compensation	\$ 470,820	\$ 115,767	\$ 24,000	\$ 610,587
Simple IRA	2,056	505	105	2,666
Health insurance	60,239	14,812	3,071	78,122
Payroll taxes	39,996	9,834	2,039	51,869
	<u>573,111</u>	<u>140,918</u>	<u>29,215</u>	<u>743,244</u>
TV Advertising campaign	3,095	255	0	3,350
Bank service charges	1,596	2,717	0	4,313
Data processing	0	2,205	0	2,205
Depreciation	8,913	1,913	1,907	12,733
Educational materials	10,890	0	0	10,890
Fees and services				
Consulting	5,373	0	0	5,373
Legal and accounting	9,125	0	0	9,125
Syndication and production	255,009	0	0	255,009
Gifts and gratuities	1,636	289	0	1,925
Interest	112	24	24	160
Loss and liability insurance	2,698	3,822	974	7,494
Mail handling	3,803	0	2,483	6,286
Meeting and memberships	11,552	0	0	11,552
Postage and shipping	24,228	2,267	10,370	36,865
Print and copy	31,098	1,049	17,547	49,694
Repairs and services	10,507	2,252	2,252	15,011
Supplies	9,521	2,040	2,040	13,601
Taxes and licenses	2,104	451	451	3,006
Telecommunication	9,786	0	9,786	19,572
Telephone	8,037	2,143	536	10,716
Travel	58,587	1,812	0	60,399
Web site	3,725	0	0	3,725
	<u>3,725</u>	<u>0</u>	<u>0</u>	<u>3,725</u>
Total	<u><u>\$ 1,044,506</u></u>	<u><u>\$ 164,157</u></u>	<u><u>\$ 77,585</u></u>	<u><u>\$ 1,286,248</u></u>

LIFE ISSUES INSTITUTE, INC.
STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2014 and December 31, 2013

	December 31, 2014	December 31, 2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Decrease in net assets	\$ (246,218)	\$ (18,867)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	14,711	12,733
Decrease (increase) in operating assets		
Prepaid expenses	5,064	(4,731)
Increase (decrease) in operating liabilities		
Accounts payable	(7,952)	13,904
Accrued salaries	3,124	(18,509)
Accrued and withheld payroll taxes	5,451	(3,003)
	<u>(225,820)</u>	<u>(18,473)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	(15,734)	(1,959)
	<u>(15,734)</u>	<u>(1,959)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on long term debt	0	(11,679)
	<u>0</u>	<u>(11,679)</u>
NET DECREASE IN CASH	(241,554)	(32,111)
CASH, BEGINNING OF YEAR	639,989	672,100
CASH, END OF YEAR	\$ 398,435	\$ 639,989

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

LIFE ISSUES INSTITUTE, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2014 and December 31, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of Life Issues Institute, Inc. is presented to assist in understanding the Organization's financial statements. The statements and notes are representations of the Organization's management, which is responsible for their integrity and objectivity. The accounting policies conform to generally accepted accounting principles.

Nature of Organization

Life Issues Institute, Inc. is incorporated in the State of Ohio as a charitable organization and is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The purpose of Life Issues Institute, Inc. is to promote and provide effective educational tools for the pro-life movement and the public, through television and radio broadcast, speaker's bureau, meetings, conferences, publications, and other educational materials. The Organization's activities are on an international level. The Organization is supported primarily through donor contributions, gifts, foundations and other organizations.

Financial Statement Presentation

The Organization has presented its financial statements in accordance with generally accepted accounting principles for not-for-profits. Under this guidance, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted. In addition, the Organization is required to present a statement of cash flows.

The Organization administers the following classes of net assets:

Unrestricted net assets: Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets: Net assets subject to donor-imposed stipulations that will be met, either by the actions of the Organization and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. If restrictions on revenue and other support are satisfied within the reporting period in which received, the organization recognizes such revenues and other support as increases in unrestricted net assets.

The Organization does not have any permanently restricted net assets.

Revenue Recognition

Revenue is recognized currently as donations and gifts are received.

Contributions

All contributions are considered to be available for unrestricted use unless donor stipulations specify how the contributions must be used.

Contributed Services

The Organization benefits from the efforts of many volunteers. It is not practical to quantify the value of these services and, therefore, no amount is shown in the financial statements for the value of their services.

LIFE ISSUES INSTITUTE, INC.
NOTES TO FINANCIAL STATEMENTS (CONT'D)
December 31, 2014 and December 31, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Estimates

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

Advertising Costs

Advertising costs are charged to operations when incurred.

Property and Equipment

Expenditures greater than \$500 for property and equipment and items which substantially increase the useful lives of existing assets are capitalized at cost. Depreciation is computed on the straight-line method over the estimated useful lives of the assets. Expenditures for maintenance and repairs are charged to expense as incurred, whereas major improvements are capitalized.

Allocated Expenses

Certain expenses have been allocated between program expenses, management and general expenses, and fund-raising expenses based upon management estimates.

Joint Costs

The Organization has incurred telecommunication expenses for the joint purposes of education and motivation to action and fund raising. Total telecommunication expenses for the year ended December 31, 2014 totaled \$18,403 and for the year ended December 31, 2013 totaled \$19,571. These expenses have been allocated equally between Program expenses and Fund Raising expenses.

Cash and Cash Equivalents

The Organization considers cash and cash equivalents to include cash on hand, cash in banks, and any other cash investments purchased with original maturities of 90 days or less. Cash in banks and cash investments may from time to time exceed federally insured amounts.

Compensated absences

Compensated absences for sick pay has not been accrued since it cannot be reasonably estimated. The Organization's policy is to recognize these costs when actually paid. Any unused sick pay is forfeited upon termination.

Promises to Give

Contributions are recognized when the donor makes a promise to give to the Institute that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

LIFE ISSUES INSTITUTE, INC.
NOTES TO FINANCIAL STATEMENTS (CONT'D)
December 31, 2014 and December 31, 2013

NOTE 2 - PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

	<u>December 31,</u> <u>2014</u>	<u>December 31,</u> <u>2013</u>
Land	\$ 24,750	\$ 24,750
Building and Improvements	454,038	454,038
Office equipment	93,121	77,388
Furniture	63,003	63,003
	<u>634,912</u>	<u>619,179</u>
Accumulated depreciation	<u>(306,087)</u>	<u>(291,377)</u>
	<u>\$ 328,825</u>	<u>\$ 327,802</u>

NOTE 3 - SUPPLEMENTAL INFORMATION ABOUT CASH FLOWS

Cash paid during the year for:

	<u>December 31,</u> <u>2014</u>	<u>December 31,</u> <u>2013</u>
Income Tax	\$ 0	\$ 0
Interest	\$ 0	\$ 611

NOTE 4 - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets include, but are not limited to the following categories:

International

These net assets are for the promotion of pro-life issues outside of the United States.

Amistad

These net assets are for educating individuals and elected officials on the problem of sexual predators and the role abortion facilities play in covering up the crime of statutory rape.

Urban Outreach

These net assets are for developing pro-life educational literature, organizing educational groups and events, and the design of a pro-life website as an educational resource exclusively for the African American community.

Television Project

These net assets are for the development and production of a weekly half hour television program dealing with Life Issues.

LIFE ISSUES INSTITUTE, INC.
NOTES TO FINANCIAL STATEMENTS (CONT'D)
December 31, 2014 and December 31, 2013

NOTE 4 - TEMPORARILY RESTRICTED NET ASSETS (CONT'D)

Temporarily restricted net assets were available for the following purposes:

	<u>12/31/2013</u>	<u>Restricted Donations</u>	<u>Releases - Spending</u>	<u>12/31/2014</u>
International	\$ 230	\$ 0	\$ 147	\$ 83
Amistad	169,031	198,165	329,382	37,814
Urban Outreach	58,279	68,708	83,301	43,686
Television Project	<u>185,771</u>	<u>181,960</u>	<u>195,916</u>	<u>171,815</u>
 Total temporarily restricted net assets	 <u>\$ 413,311</u>	 <u>\$ 448,833</u>	 <u>\$ 608,746</u>	 <u>\$ 253,398</u>

NOTE 5 - INCOME TAXES

The Organization follows the provisions of FASB ASC 740-10-50, "Income Taxes- Overall-Disclosures." FASB ASC 740-10-50 sets forth a recognition threshold and measurement attribute for financial statement recognition of positions taken or expected to be taken in income tax returns. FASB ASC 740-10-50 had no material effects on the Organization's financial statements. The tax years 2011 - 2014 remain open to examination by the major taxing jurisdictions to which the Organization is subject.

NOTE 6 - RETIREMENT PLAN

The Organization has established a simple IRA plan effective in 1998. The plan covers employees who meet certain service requirements. For the years ended December 31, 2014 and December 31, 2013, the contribution was based on 3% of eligible wages. The Organization made contributions of \$2,787 in 2014 and \$2,666 in 2013.

NOTE 7 - SUBSEQUENT EVENTS

The Organization has evaluated all subsequent events through March 3, 2015, the date the financial statements were available to be issued.