

**Comic Book Legal Defense Fund, Inc.
Financial Statements
December 31, 2014**

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Independent Auditor's Report

To the Board of Directors of
Comic Book Legal Defense Fund, Inc.

I have audited the accompanying financial statements of Comic Book Legal Defense Fund, Inc., which comprise the Statement of Financial Position as of December 31, 2014, the related Statements of Activities, Cash Flows and Functional Expenses for the year 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

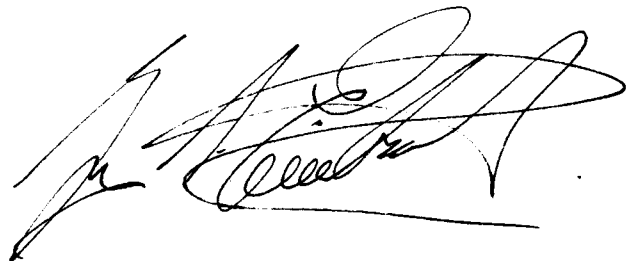
My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether 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, I 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. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Comic Book Legal Defense Fund, Inc., as of December 31, 2014, 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.

October 9, 2015



Comic Book Legal Defense Fund, Inc.
Statement of Financial Position
December 31, 2014

Assets

Current Assets	
Cash and cash equivalents	\$ 513,510
Investments-government securities	32,748
Prepaid expenses	30,970
Pledges receivable	10,500
Royalties receivable	8,849
Dues receivable	10,000
Premium inventory	34,159
Total Current Assets	<u>640,736</u>
Other Assets	
Security deposit	<u>14,530</u>
Total Other Assets	14,530
Total Assets	<u><u>\$ 655,266</u></u>

Liabilities and Net Assets

Current Liabilities	
Accounts payable	\$ 19,853
Accrued expenses	<u>52,256</u>
Total Current Liabilities	<u>72,109</u>
Net Assets	
Unrestricted	<u>583,157</u>
Total Net Assets	583,157
Total Liabilities and Net Assets	<u><u>\$ 655,266</u></u>

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

Comic Book Legal Defense Fund, Inc.
Statement of Activities
For the Year Ended December 31, 2014

Support and Revenue

Contributions	\$	728,000
Membership income		263,554
Less: Direct costs of special events		<u>(18,386)</u>
		<u>973,168</u>
Investment income		1,562
Royalties		<u>9,622</u>
		<u>11,184</u>
Total Support and Revenue		<u>984,352</u>

Expenses

Program services		<u>338,965</u>
Supporting services:		
General and administrative		88,559
Fund-raising		<u>234,477</u>
Total Supporting services		<u>323,036</u>
Total Expenses		<u>662,001</u>
Change in Net Assets		322,351
Beginning Net Assets		260,806
Ending Net Assets		<u><u>\$ 583,157</u></u>

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

Comic Book Legal Defense Fund, Inc.
Statement of Cash Flows
For the Year Ended December 31, 2014

Cash Flows from Operating Activities

Change in Net Assets	\$ 322,351
Adjustments to reconcile changes in net assets to net cash provided by operating activities:	
Unrealized gain	(1,511)
(Increase) decrease in operating assets:	
Prepaid expenses	(19,366)
Pledges receivable	(10,500)
Royalties receivable	(8,849)
Dues receivable	946
Premium inventory	(22,238)
Increase in operating liabilities:	
Accounts payable	3,294
Accrued expenses	42,806
Net cash provided by operating activities	<u>306,933</u>
Net Increase in Cash	306,933
Beginning Cash	206,577
Ending Cash	<u><u>\$ 513,510</u></u>

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

Comic Book Legal Defense Fund, Inc.
Statement of Functional Expenses
Year Ended December 31, 2014

	Supporting Services			Direct	Total
	Program Services	General and Administrative	Fund-Raising	Costs of Special Events	2014
Salaries and related expenses	\$ 131,702	\$ 47,608	\$ 60,218	\$ -	\$ 239,528
Payroll taxes and employee benefits	27,468	12,559	9,929	-	49,956
Cost of premium purchases	5,058	-	50,611	-	55,669
Travel, meeting and entertainment	25,308	1,264	27,990	-	54,562
Occupancy	20,675	4,595	20,675	-	45,945
Postage and delivery	10,810	512	32,236	-	43,558
Legal	42,000	-	-	-	42,000
Professional fees	16,656	15,850	-	-	32,506
Printing and reproduction	24,223	-	5,070	-	29,293
Due and memberships	19,558	-	-	-	19,558
Venue, catering and other	-	-	-	18,386	18,386
Bank fees and credit card charges	-	-	11,468	-	11,468
Office expenses	4,385	974	4,385	-	9,744
Computer and internet expenses	3,813	848	3,813	-	8,474
Convention expenses	4,206	-	4,206	-	8,412
Phone	2,302	512	2,302	-	5,116
Insurance	-	3,528	-	-	3,528
Miscellaneous	801	309	1,574	-	2,684
	338,965	88,559	234,477	18,386	680,387
Less: Direct costs of special events deducted from income on Statement of Activities	-	-	-	(18,386)	(18,386)
Total Expenses	\$ 338,965	\$ 88,559	\$ 234,477	\$ -	\$ 662,001

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

Comic Book Legal Defense Fund, Inc.
Notes to Financial Statements
December 31, 2014

Note 1 - Nature of Activities and Summary of Significant Accounting Policies

Nature of Activities

Comic Book Legal Defense Fund, Inc. (the Organization) is a 501(c)(3) non-profit organization dedicated to the protection of the First Amendment rights of the comics art form and its community of retailers, creators, publishers, librarians, and readers. The Organization provides legal referrals, representation, advice, assistance, and education in furtherance of these goals.

Comic Book Legal Defense Fund, Inc. was incorporated in the State of Wisconsin in 1989.

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("GAAP").

Financial Statement Presentation

The Organization reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Unrestricted net assets represent revenues and expenses related to the operations and management of the Organization's primary programs and supporting services. If funds are raised and set aside by the Board for future use, these are considered unrestricted. Temporarily restricted contributions that are expended for their restricted purpose in the same reporting period as received may be recorded as unrestricted.

Temporarily restricted net assets represent resources available for use, but expendable only for the purpose specifically stated by the donor. As of December 31, 2014, there were no temporarily restricted net assets.

Permanently restricted net assets are assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on only related investments for general or specific purpose. As of December 31, 2014, there were no permanently restricted net assets.

Use of Estimates

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

Cash

Cash consists of demand deposit accounts held at major financial institutions and may at times exceed the insurable amount. Management believes it mitigates its risk by investing in a major financial institution and in funds that are currently U.S. federal government insured. Recoverability of investments is dependent upon the performance of the issuer.

See independent auditor's report

Comic Book Legal Defense Fund, Inc.
Notes to Financial Statements
December 31, 2014

Note 1 - (Continued)

Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid investments purchased with original maturities of three months or less when purchased to be cash equivalents.

Contributions

Contributions are recognized when the donor makes a promise to give to the Organization that is in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restriction expires 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.

Revenue Recognition

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted depending on the existence and / or nature of any donor restrictions. The Organization has not received any contributions with donor-imposed restrictions that would result in permanently restricted net assets.

Income is recognized on an accrual basis when earned.

Pledges, Accounts and Royalties Receivable

Unconditional promises to give are recognized in the period received both as revenues or gains and as assets, decreases of liabilities, or expenses, depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

Pledges, accounts and royalties receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through adjustments to valuation allowances based on its assessment of the current status of individual receivables. Balances still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance. For the year ended December 31, 2014, the allowance for doubtful accounts was \$0.

Premium Inventory

Premium Inventory is comprised of donated items at market value and purchased items valued at cost, which approximates market value.

Reclassifications

Certain reclassifications have been made to prior year amounts to conform to the current year presentation.

See independent auditor's report

Comic Book Legal Defense Fund, Inc.
Notes to Financial Statements
December 31, 2014

Note 1 - (Continued)

Income Taxes

The Organization is exempt from federal income taxes under section 501(c)(3) of the Internal Revenue Code. Therefore, no provision for income taxes has been provided for the accompanying financial statement.

Tax Uncertainties

The Organization's policy is to record interest expense and penalties in operating expenses. For the year ended December 31, 2014, there was no interest and penalties expense recorded and no accrued interest and penalties.

The Organization's Federal Forms 990 are open for examination for the years ended December 31, 2011 and thereafter.

Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated between the programs and supporting services benefited.

Concentrations

Cash consists of demand deposit accounts held at major financial institutions may at times exceed the FDIC insured limits. The Organization has not experienced any losses related to these accounts and believes it is not exposed to any significant risk.

Approximately 39% of the Organization's contributions were provided by one corporation during the year ended December 31, 2014.

Donated Services

Donated services are recognized as contributions if the services (1) create or enhance nonfinancial assets or (2) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. Volunteers also provide various services that are not recognized as contributions in the financial statements since the recognition criteria were not met.

Subsequent Events

In preparing these financial statements, the Organization has evaluated subsequent events and transactions for potential recognition or disclosure in the financial statements through October 9, 2015, the date the financial statements were available to be issued.

See independent auditor's report

**Comic Book Legal Defense Fund, Inc.
Notes to Financial Statements
December 31, 2014**

Note 2 - Commitments

On May 24, 2010, Comic Book Legal Defense Fund, Inc. entered into an operating lease for office space for a five year term that expired on May 31, 2015. The lease was extended for a period of one year. The lease term commenced on June 1, 2015, and will expire on May 31, 2016.

Future minimum annual lease obligations as of December 31, 2014 are:

Year ending December 31, 2015	\$ 50,651
2016	<u>22,344</u>
	<u>\$ 72,995</u>

Rent expense for the year ended December 31, 2014, was \$37,628.