



**LIVING ON THE EDGE WITH
CHIP INGRAM, INC. AND
SUBSIDIARY**

Consolidated Financial Statements
With Independent Auditors' Report

December 31, 2015 and 2014

**LIVING ON THE EDGE WITH CHIP INGRAM, INC.
AND SUBSIDIARY**

Table of Contents

	<u>Page</u>
Independent Auditors' Report	1
Consolidated Financial Statements	
Consolidated Statements of Financial Position	3
Consolidated Statements of Activities	4
Consolidated Statements of Cash Flows	5
Notes to Consolidated Financial Statements	6
Supplementary Data	
Independent Auditors' Report on Supplementary Data	18
Consolidated Schedule of Functional Expenses–2015	19
Consolidated Schedule of Functional Expenses–2014	20

INDEPENDENT AUDITORS' REPORT

Board of Directors
Living on the Edge with Chip Ingram, Inc. and Subsidiary
Suwanee, Georgia

We have audited the accompanying consolidated financial statements of Living on the Edge with Chip Ingram, Inc. and Subsidiary (collectively referred to as the Organization), which comprise the consolidated statements of financial position as of December 31, 2015 and 2014, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated financial statements based on our audit. We conducted our audit 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Board of Directors
Living on the Edge with Chip Ingram, Inc. and Subsidiary
Suwanee, Georgia

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Living on the Edge with Chip Ingram, Inc. and Subsidiary as of December 31, 2015 and 2014, and the changes in its net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Capin Crouse LLP

Atlanta, Georgia
July 14, 2016

**LIVING ON THE EDGE WITH CHIP INGRAM, INC.
AND SUBSIDIARY**

Consolidated Statements of Financial Position

	December 31,	
	2015	2014
ASSETS:		
Cash and cash equivalents	\$ 2,341,670	\$ 1,245,327
Investments	1,063,120	1,136,819
Inventories–net	157,958	290,103
Other assets	252,734	291,255
Property and equipment–net	201,085	231,825
Total Assets	\$ 4,016,567	\$ 3,195,329
LIABILITIES AND NET ASSETS:		
Liabilities:		
Accounts payable	\$ 243,320	\$ 239,748
Accrued expenses	165,321	225,331
Total liabilities	408,641	465,079
Net assets:		
Unrestricted:		
Board designated	-	5,180
Undesignated	3,199,092	2,333,315
Equity in property and equipment	201,085	231,825
	3,400,177	2,570,320
Temporarily restricted	207,749	159,930
Total net assets	3,607,926	2,730,250
Total Liabilities and Net Assets	\$ 4,016,567	\$ 3,195,329

See notes to consolidated financial statements

**LIVING ON THE EDGE WITH CHIP INGRAM, INC.
AND SUBSIDIARY**

Consolidated Statements of Activities

	Year Ended December 31,					
	2015			2014		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
SUPPORT AND REVENUE:						
Support:						
Contributions	\$ 5,036,523	\$ 416,929	\$ 5,453,452	\$ 4,885,016	\$ 273,650	\$ 5,158,666
Gifts-in-kind	78,135	-	78,135	40,710	-	40,710
	<u>5,114,658</u>	<u>416,929</u>	<u>5,531,587</u>	<u>4,925,726</u>	<u>273,650</u>	<u>5,199,376</u>
Revenue:						
Product sales	1,405,737	-	1,405,737	1,561,408	-	1,561,408
Investment income (loss)	(25,017)	-	(25,017)	93,997	-	93,997
Impairment loss	(52,500)	-	(52,500)	-	-	-
Other income (loss)	(20,652)	-	(20,652)	25,701	-	25,701
Total Support and Revenue	<u>6,422,226</u>	<u>416,929</u>	<u>6,839,155</u>	<u>6,606,832</u>	<u>273,650</u>	<u>6,880,482</u>
RECLASSIFICATIONS:						
Net assets released from:						
Satisfaction of purpose restrictions	369,110	(369,110)	-	165,440	(165,440)	-
EXPENSES:						
Program services	4,405,498	-	4,405,498	5,518,680	-	5,518,680
Supporting activities:						
General and administrative	647,000	-	647,000	841,032	-	841,032
Fund-raising	908,981	-	908,981	793,560	-	793,560
	<u>1,555,981</u>	<u>-</u>	<u>1,555,981</u>	<u>1,634,592</u>	<u>-</u>	<u>1,634,592</u>
Total Expenses	<u>5,961,479</u>	<u>-</u>	<u>5,961,479</u>	<u>7,153,272</u>	<u>-</u>	<u>7,153,272</u>
Change in Net Assets	829,857	47,819	877,676	(381,000)	108,210	(272,790)
Net Assets, Beginning of Year	<u>2,570,320</u>	<u>159,930</u>	<u>2,730,250</u>	<u>2,951,320</u>	<u>51,720</u>	<u>3,003,040</u>
Net Assets, End of Year	<u>\$ 3,400,177</u>	<u>\$ 207,749</u>	<u>\$ 3,607,926</u>	<u>\$ 2,570,320</u>	<u>\$ 159,930</u>	<u>\$ 2,730,250</u>

See notes to consolidated financial statements

**LIVING ON THE EDGE WITH CHIP INGRAM, INC.
AND SUBSIDIARY**

Consolidated Statements of Cash Flows

	Year Ended December 31,	
	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 877,676	\$ (272,790)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	84,187	80,787
Loss on disposition of property and equipment	43,226	3,889
Noncash contributions of securities	(78,135)	(40,710)
Realized and unrealized (gains) losses	43,174	(80,031)
Proceeds from sales of noncash contributions	78,135	40,710
Changes in operating assets and liabilities:		
Inventories	132,145	(35,798)
Other assets	(13,979)	35,322
Accounts payable	3,572	(298,553)
Accrued expenses	(60,010)	35,499
Net Cash Provided (Used) by Operating Activities	1,109,991	(531,675)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(101,024)	(81,011)
Proceeds from sales of property and equipment	4,351	100
Purchases of investments	(386,576)	(112,090)
Proceeds from sales of investments	417,101	375,875
Impairment loss on property held for sale	52,500	-
Net Cash Provided (Used) by Investing Activities	(13,648)	182,874
Net Change in Cash and Cash Equivalents	1,096,343	(348,801)
Cash and Cash Equivalents, Beginning of Year	1,245,327	1,594,128
Cash and Cash Equivalents, End of Year	\$ 2,341,670	\$ 1,245,327

See notes to consolidated financial statements

LIVING ON THE EDGE WITH CHIP INGRAM, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

December 31, 2015 and 2014

1. NATURE OF ORGANIZATION:

Living on the Edge with Chip Ingram, Inc. (LOTE) and Subsidiary (collectively referred to as the Organization) is the consolidated financial reporting entity of LOTE and related entity, Pathway of Grace, LLC.

LOTE was incorporated under the Nonprofit Corporation Act of the state of California on June 2, 2002. LOTE is exempt from income tax under Section 501(c)(3) of the U.S. Internal Revenue Code (Code) and comparable state law, and contributions to it are tax deductible within the limitations prescribed by the Code. LOTE has been classified as a public charity, which is not a private foundation under Section 170(b)(1)(A)(vi) of the Code. LOTE exists to help Christians live like Christians. Founded by pastor and author Chip Ingram, LOTE provides Biblical teaching and practical tools that help believers live out their faith on a daily basis by fulfilling God's calling on their life. LOTE fulfills its mission by:

Practical teaching—over 1 million people a week watch, listen, or stream the Biblical teaching of LOTE. Chip is heard on 900 radio outlets throughout the U.S. and LOTE TV is broadcast on NRB-TV and numerous overseas outlets. LOTE's largest growth by far is in digital listeners, with an average of 24,000 daily users listening online via the Web and podcasts.

Life-changing tools—the Biblical, life-changing resources created by LOTE equip everyday believers to live out their faith in truly transformational ways. To date, over 1.4 million people have experienced a LOTE group study. All resources are aimed at helping people move from being spiritual spectators to actively engaging their faith every day.

Spiritual training—with an online community of just over 2 million people, LivingontheEdge.org and r12 Online deliver Biblical truth and discipleship resources that help people grow in their relationship with God and each other. LOTE's free online resources are easy to find and share, and help people apply God's truth to their lives in practical, transformational ways.

Pathway of Grace, LLC is a for-profit, wholly-owned subsidiary of LOTE, established in 2012 for the sole purpose of maintaining a 50% share of an airplane hanger which was donated to LOTE through a distribution from a charitable remainder trust (see Note 2).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The consolidated financial statements have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States. The significant accounting policies followed are described below to enhance the usefulness of the consolidated financial statements to the reader.

LIVING ON THE EDGE WITH CHIP INGRAM, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

December 31, 2015 and 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

USE OF ESTIMATES

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses, and disclosures of contingent assets and liabilities at the date of the consolidated financial statements. Actual results could differ from those estimates.

PRINCIPLES OF CONSOLIDATION

These consolidated financial statements include the operations of LOTE and Pathway of Grace, LLC. All significant inter-company balances and transactions have been eliminated.

RECLASSIFICATION

Certain amounts from the prior year have been reclassified to conform to the current year presentation.

CASH AND CASH EQUIVALENTS

For the purposes of the consolidated statements of cash flows, the Organization considers cash and cash equivalents to be cash held in checking and money market accounts with original maturities of less than 90 days. The Organization maintains cash and cash equivalents in financial institutions which may, at times, exceed federally insured limits. The Organization has not experienced any losses on such accounts, and management believes it is not exposed to any significant credit risk on cash and cash equivalents.

INVESTMENTS

Investments in marketable securities with readily determinable fair values and all debt securities are recorded at fair market value based on the last reported sales price on the valuation date. Investments in limited partnerships consist of interests in limited partnerships whose purpose is to invest in a diversified group of investment entities, primarily in limited partnerships and limited liability company interests, that engage in a variety of investment strategies, managed by money managers. Donated investments are recorded at market value at the date of donation and thereafter carried in conformity with the stated policy. Realized and unrealized gains and losses on marketable securities and other investments are included in investment income (loss) in the accompanying consolidated statements of activities.

LIVING ON THE EDGE WITH CHIP INGRAM, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

December 31, 2015 and 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

INVESTMENTS, continued

Alternative investments have been stated at fair values based on the Organization's share of net asset values derived from the values of the underlying investments as reported by the fund managers or general partners of the private limited partnerships. Management obtains and considers the most recent audited financial statements of such investment when evaluating the overall reasonableness of carrying value. Management believes this method provides a reasonable estimate of fair value. Due to the inherent uncertainty of valuation of investments in limited partnerships, the estimated values may differ significantly from the values that would have been used had a ready market for the limited partnerships existed.

In May 2015, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU No. 2015-07, *Disclosures for Investments in Certain Entities that Calculate Net Asset Value per Share (or its equivalent)*) which amends disclosure requirements of Accounting Standards Codification (ASC) Topic 820, *Fair Value Measurement*, for reporting entities that measure the fair value of an investment using the net asset value per share (or its equivalent) as a practical expedient. The amendments remove the requirement to categorize within the fair value hierarchy all investments for which fair value is measured using the net asset value per share practical expedient, and also remove the requirements to make certain disclosures for all investments that are eligible to be measured at fair value using the net asset value per share practical expedient. The ASU is effective for the fiscal years beginning after December 15, 2016, and interim periods within those fiscal years, with early application permitted. The Organization has elected to early adopt the updated disclosure requirements.

INVENTORIES—NET

Inventories are stated at the lower of cost or market with costs determined using the first-in, first-out (FIFO) method. Management has determined the allowance for obsolescence by reviewing product sales history and current market performance. Special consideration is given to products that are new or deemed by management to be long-lived. Inventories consist primarily of resource materials such as books, compact discs, and digital video discs.

LIVING ON THE EDGE WITH CHIP INGRAM, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

December 31, 2015 and 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

OTHER ASSETS

Other assets consists of various assets; property held for sale, accounts receivable, as well as prepaid expenses and other miscellaneous deposits.

Property held for sale consists of the 50% ownership share of the airplane hanger which was being marketed for sale by the Organization as of December 31, 2015 and 2014. Effective April 2016, LOTE entered into a sales agreement in the amount of \$295,000 (or \$147,500 which represents LOTE's 50% ownership share of the agreed-upon sales price) to sell the airplane hanger. At December 31, 2015, LOTE recorded an impairment loss in the amount of \$52,500 to properly reflect the value of the airplane hangar at the agreed-upon sales price of \$147,500.

Accounts receivable consists primarily of amounts due the Organization for product sales. Accounts receivable become past due when they exceed their contractual due dates, usually 30 to 90 days from the date of sale. The allowance for doubtful accounts receivable is maintained at a level that, in management's judgment, is adequate to absorb probable losses. The amount is based upon an analysis of overall trade receivables by management. Management's evaluation of the allowance for doubtful accounts includes, but is not limited to, the historical experience of payment patterns from the customer, financial condition of the customer, other known facts and circumstances, and general economic conditions. This process is based on estimates and ultimate loss may vary from current estimates. The Organization does not assess finance charges against accounts receivable that are past due. As of December 31, 2015 and 2014, no allowance for doubtful accounts receivable has been recorded, as management is of the opinion that all accounts receivable are fully collectible.

PROPERTY AND EQUIPMENT-NET

Items capitalized as property and equipment are stated at cost or, if donated, at market value on the date of donation. The Organization generally capitalizes and reports property and equipment acquisitions in excess of \$2,000. Expenditures for repairs and maintenance are charged to expense as incurred, and additions and improvements that significantly extend the lives of assets are capitalized at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets ranging from three to ten years.

LIVING ON THE EDGE WITH CHIP INGRAM, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

December 31, 2015 and 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

CLASSES OF NET ASSETS

The consolidated financial statements report amounts by class of net assets:

- *Unrestricted net assets* are currently available for ministry purposes under the direction of the board, designated by the board for specific use, or resources invested in property and equipment.
- *Temporarily restricted net assets* are currently contributed with donor stipulations for specific operating purposes or programs, time restrictions, or not currently available for use until commitments regarding their use have been fulfilled.

SUPPORT AND REVENUE, RECLASSIFICATIONS, AND EXPENSES

Product sales are recognized when goods are shipped to customers. All other non-contribution revenues are recognized when earned and support when contributions are made, which may be when cash is received, unconditional promises are made, or ownership of other assets is transferred to the Organization. All contributions are considered available for unrestricted use, unless specifically restricted by the donor or subject to legal restrictions.

Effective in 2014, LOTE entered into a distribution contract with Christianbook Group, LLC (CBD). LOTE agreed to sell products at a discount to CBD in return for a royalties of product sales sold on a co-branded website. The contract extends until March 2016. The royalties are recorded as earned and are included with product sales in the accompanying consolidated statements of activities. In addition, LOTE provides a discount for each sale to CBD. Product sales are reported net of discounts of \$1,384,480 and \$997,196 for the years ended December 31, 2015 and 2014, respectively.

The Organization reports gifts of cash and other assets as restricted revenue if they are received with donor stipulations that limit the use of the donated assets. When a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidated statements of activities as net assets released from restrictions.

Gifts-in-kind include contributions of noncash items. Gifts-in-kind that can be used or sold are measured at fair value.

LIVING ON THE EDGE WITH CHIP INGRAM, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

December 31, 2015 and 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

SUPPORT AND REVENUE, RECLASSIFICATIONS, AND EXPENSES, continued

The Organization reports gifts of property and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash and other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Expenses, including promotion and marketing expenses of \$258,799 and \$350,353 incurred for the years ended December 31, 2015 and 2014, respectively, are reported when costs are incurred. The cost of providing the various program services and supporting activities of the Organization have been summarized on a functional basis in the consolidated statements of activities. Accordingly, certain costs have been allocated among the program services and the supporting activities benefited.

INTENTIONS TO GIVE

LOTE receives indications of intent to support the ministry that are commitments to provide monthly, quarterly, or annual gifts of a specified amount. These commitments are subject to unilateral change by the donor. The commitments are not considered to be unconditional promises to give and are not recognized prior to receipt of the contribution.

UNCERTAIN TAX POSITIONS

The financial statement effects of a tax position taken or expected to be taken are recognized in the consolidated financial statements when it is more likely than not, based on the technical merits, that the position will be sustained upon examination. Interest and penalties, if any, are included in expenses in the consolidated statements of activities. As of December 31, 2015 and 2014, the Organization had no uncertain tax positions that qualify for recognition or disclosure in the consolidated financial statements.

The Organization files information tax returns in the U.S. and various states. The Organization is generally no longer subject to U.S. federal and state income tax examinations by tax authorities for years before 2012.

**LIVING ON THE EDGE WITH CHIP INGRAM, INC.
AND SUBSIDIARY**

Notes to Consolidated Financial Statements

December 31, 2015 and 2014

3. INVESTMENTS:

Investments reported at fair value consists of:

	December 31,	
	2015	2014
Money market funds	\$ 33,120	\$ 22,040
Mutual funds	503,204	420,559
Exchange-traded funds	129,700	97,766
	666,024	540,365
Alternative investments:		
Hedge funds (fund of funds in various strategies)	309,609	438,183
Private equity (distressed, buyout, and venture capital)	87,487	158,271
	\$ 1,063,120	\$ 1,136,819

Investment income (loss) consists of:

	Year Ended December 31,	
	2015	2014
Interest and dividends	\$ 23,537	\$ 19,189
Realized and unrealized gains (losses)	(43,174)	80,031
	(19,637)	99,220
Less investment expenses	(5,380)	(5,223)
	\$ (25,017)	\$ 93,997

4. INVENTORIES—NET:

Inventories—net, consists of the following:

	December 31,	
	2015	2014
Resource materials	\$ 175,681	\$ 307,826
Reserve for excess and obsolete items	(17,723)	(17,723)
	\$ 157,958	\$ 290,103

**LIVING ON THE EDGE WITH CHIP INGRAM, INC.
AND SUBSIDIARY**

Notes to Consolidated Financial Statements

December 31, 2015 and 2014

5. OTHER ASSETS:

Other assets consists of:

	December 31,	
	2015	2014
Property held for sale	\$ 147,500	\$ 200,000
Accounts receivable	53,507	36,561
Prepaid expenses and other miscellaneous deposits	51,727	54,694
	\$ 252,734	\$ 291,255

6. PROPERTY AND EQUIPMENT—NET:

Property and equipment—net, consists of:

	December 31,	
	2015	2014
Computer equipment and software	\$ 41,594	\$ 47,509
Mailing equipment	12,065	12,065
Office equipment	12,416	37,581
Production equipment	58,322	62,654
Video studio—VCC	116,746	116,746
Recording equipment	20,503	28,748
Office furniture	142,939	83,303
Website development	156,234	186,234
	560,819	574,840
Less accumulated depreciation	(359,734)	(343,015)
Equity in property and equipment	\$ 201,085	\$ 231,825

**LIVING ON THE EDGE WITH CHIP INGRAM, INC.
AND SUBSIDIARY**

Notes to Consolidated Financial Statements

December 31, 2015 and 2014

7. TEMPORARILY RESTRICTED NET ASSETS:

Temporarily restricted net assets consists of:

	December 31,	
	2015	2014
The Kingdom Channel	\$ 105,280	\$ 80,830
Web technology	71,780	75,000
Primemovers	30,589	-
Other	100	4,100
	\$ 207,749	\$ 159,930

8. EMPLOYEE BENEFIT PLAN:

LOTE offers its employees the opportunity to participate in a Section 403(b) retirement plan (the Plan). The Plan allows voluntary employee contributions. The Plan includes employer matching contributions equal to the participants contribution but not to exceed 3% of compensation based on staff position. For the years ended December 31, 2015 and 2014, LOTE made contributions of \$26,153 and \$30,342, respectively, to the Plan.

9. COMMITMENTS AND CONTINGENCIES:

OPERATING LEASE

LOTE leases office space pursuant to a non-cancelable operating lease agreement. Rental and lease expenses totaled \$139,990 and \$107,198 for the years ended December 31, 2015 and 2014, respectively. LOTE recognizes rent expense for operating leases with rent escalation clauses on a straight-line basis over the applicable lease term.

Future minimum lease payments under non-cancelable operating leases (with initial or remaining lease terms in excess of one year) as of December 31, 2015, are as follows:

Years Ending December 31,	Amounts
2016	\$ 78,676
2017	78,676
2018	19,669
	\$ 177,021

LIVING ON THE EDGE WITH CHIP INGRAM, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

December 31, 2015 and 2014

9. COMMITMENTS AND CONTINGENCIES, continued:

ALTERNATIVE INVESTMENT FUNDING COMMITMENTS

The Organization is obligated under certain investment fund agreements to periodically advance funding up to certain levels specified in each agreement upon the request of the general partner. At December 31, 2015 and 2014, the Organization had unfunded commitments of \$20,485 for both years ended.

10. FAIR VALUE MEASUREMENTS:

FASB ASC topic 820, *Fair Value Measurements and Disclosure*, establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs, other than the quoted prices in active markets, are observable either directly or indirectly, and Level 3 consists of unobservable inputs in which there is little or no market data, which requires the Organization to develop its own assumptions. The Organization uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Organization measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs are only used when Level 1 or Level 2 inputs are not available. There were no changes in methods or assumptions from prior year.

The following tables present the fair value measurements of assets and liabilities recognized in the accompanying consolidated statements of financial position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at December 31, 2015 and 2014:

**LIVING ON THE EDGE WITH CHIP INGRAM, INC.
AND SUBSIDIARY**

Notes to Consolidated Financial Statements

December 31, 2015 and 2014

10. FAIR VALUE MEASUREMENTS, continued:

	Fair Value Measurements at			
	December 31, 2015			
	Total	Level 1	Level 2	Level 3
Investments, at fair value:				
Money market funds	\$ 33,120	\$ 33,120	\$ -	\$ -
Mutual funds:				
Bond funds	503,204	503,204	-	-
Exchange-traded fund	129,700	129,700	-	-
	666,024	666,024	-	-
Alternative investments, measured at net asset value:				
Hedge funds	309,609			
Private equity	87,487			
	\$ 1,063,120			

	Fair Value Measurements at			
	December 31, 2014			
	Total	Level 1	Level 2	Level 3
Investments, at fair value:				
Money market funds	\$ 22,040	\$ 22,040	\$ -	\$ -
Mutual funds:				
Bond funds	420,559	420,559	-	-
Exchange-traded fund	97,766	97,766	-	-
	540,365	540,365	-	-
Alternative investments, measured at net asset value:				
Hedge funds	438,183			
Private equity	158,271			
	\$ 1,136,819			

LIVING ON THE EDGE WITH CHIP INGRAM, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

December 31, 2015 and 2014

10. FAIR VALUE MEASUREMENTS, continued:

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2015 and 2014.

Money market funds: valued at cost, which approximates fair value due to the short-term maturity of these instruments.

Mutual funds and exchange-traded funds: the fair value of these financial instruments is based upon quoted market prices or dealer quotes in an open market.

Alternative investments: based on valuations for which a readily determinable fair value does not exist. These investments are not listed on national exchanges or over-the-counter markets, and quoted market prices are not available. Alternative investments include private equity funds and hedge funds. Management uses Net Asset Value (NAV) to determine the fair value of all underlying investments which (a) do not have a readily determinable fair value and (b) prepare their financial statements consistent with the measurement principles of an investment company or have the attributes of an investment company. The Organization's investments in limited partnerships are valued using NAV per share and consists of futures interest trading accounts which uses a trend following strategy.

The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another. In such instances, the transfer is reported at the beginning of the period. For the years ended December 31, 2015 and 2014, there were no transfers in or out of Levels 1, 2, or 3.

11. RELATED PARTIES:

At December 31, 2015 and 2014, cash equivalents and investments totaling \$689,329 and \$548,982, respectively, were held at an investment company where a board member is employed. The board member manages the funds with oversight by LOTE's president and the board's finance committee.

12. SUBSEQUENT EVENTS:

Effective April 2016, LOTE entered into a sales agreement in the amount of \$295,000 (or \$147,500 which represents LOTE's 50% ownership share of the agreed-upon sales price) to sell the airplane hanger (see Note 2). The sale is expected to close during the year ending December 31, 2016.

Subsequent events have been evaluated through the report date, which represents the date the consolidated financial statements were available to be issued. Subsequent events after that date have not been evaluated.

SUPPLEMENTARY DATA

**INDEPENDENT AUDITORS' REPORT
ON SUPPLEMENTARY DATA**

Board of Directors
Living on the Edge with Chip Ingram, Inc. and Subsidiary
Suwanee, Georgia

We have audited the consolidated financial statements of Living on the Edge with Chip Ingram, Inc. and Subsidiary for the years ended December 31, 2015 and 2014, and have issued our report thereon dated July 14, 2016, which contained an unmodified opinion on those consolidated financial statements. Our audit was performed for the purpose of forming an opinion on the basic consolidated financial statements as a whole. The consolidated schedules of functional expenses for 2015 and 2014 (the Schedules) are presented for the purposes of additional analysis and is not a required part of the consolidated financial statements. The Schedules are the responsibility of management and are derived from and relate directly to the underlying accounting and other records used to prepare the consolidated financial statements. The Schedules have been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedules are fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Capin Crouse LLP

Atlanta, Georgia
July 14, 2016

**LIVING ON THE EDGE WITH CHIP INGRAM, INC.
AND SUBSIDIARY**

Consolidated Schedule of Functional Expenses

Year Ended December 31, 2015

	Program Services	General and Administrative	Fund-raising	Total Expenses
Cost of goods sold	\$ 573,561	\$ -	\$ -	\$ 573,561
Salaries and benefits	1,068,820	395,857	118,758	1,583,435
Legal and professional	42,978	5,696	-	48,674
Office	5,182	3,911	269	9,362
Information technology	205,309	7,343	2,660	215,312
Occupancy	104,993	13,999	20,999	139,991
Travel	95,842	40,787	55,185	191,814
Conferences and conventions	3,280	1,301	2,363	6,944
Depreciation	63,140	8,419	12,628	84,187
Insurance	12,255	21,516	-	33,771
Bank charges	5,224	77,430	-	82,654
Consulting	253,055	11,330	142,865	407,250
Gifts	9,197	-	-	9,197
Maintenance and repair	9,050	731	1,097	10,878
Marketing	258,799	-	-	258,799
Miscellaneous	18,467	42,816	2,220	63,503
Newsletters and mail outs	-	-	447,993	447,993
Postage and shipping	28,620	1,726	88,482	118,828
Printing	3,215	-	-	3,215
Radio broadcasting	1,247,035	-	-	1,247,035
Subscriptions	-	-	4,094	4,094
Supplies	16,405	1,640	763	18,808
Telephone	43,930	10,515	5,631	60,076
TV broadcasting	65,556	-	-	65,556
Utilities	14,870	1,983	2,974	19,827
Product development	173,530	-	-	173,530
Website	83,185	-	-	83,185
Total expenses	\$ 4,405,498	\$ 647,000	\$ 908,981	\$ 5,961,479

See Independent Auditors' Report on Supplementary Data

**LIVING ON THE EDGE WITH CHIP INGRAM, INC.
AND SUBSIDIARY**

Consolidated Schedule of Functional Expenses

Year Ended December 31, 2014

	Program Services	General and Administrative	Fund-raising	Total Expenses
Cost of goods sold	\$ 650,400	\$ -	\$ -	\$ 650,400
Salaries and benefits	1,475,462	546,468	163,939	2,185,869
Legal and professional	25,839	4,536	-	30,375
Office	19,607	9,029	1,251	29,887
Information technology	196,237	7,368	6,467	210,072
Occupancy	80,399	10,720	16,080	107,199
Travel	166,630	59,988	49,161	275,779
Conferences and conventions	685	245	5,721	6,651
Depreciation	60,590	8,079	12,118	80,787
Insurance	10,083	19,325	-	29,408
Bank charges	4,666	103,429	-	108,095
Consulting	215,620	-	116,677	332,297
Employee recruiting	165	-	901	1,066
Gifts	1,791	-	-	1,791
Maintenance and repair	8,600	298	447	9,345
Marketing	350,353	-	-	350,353
Miscellaneous	8,161	34,518	-	42,679
Newsletters and mail outs	-	-	341,694	341,694
Postage and shipping	58,283	5,065	69,148	132,496
Printing	8,271	-	-	8,271
Radio broadcasting	1,442,001	-	-	1,442,001
Subscriptions	-	6,843	-	6,843
Supplies	23,036	2,097	834	25,967
Telephone	68,021	20,741	5,698	94,460
TV broadcasting	69,501	-	-	69,501
Utilities	17,122	2,283	3,424	22,829
Product development	475,950	-	-	475,950
Website	81,207	-	-	81,207
Total expenses	\$ 5,518,680	\$ 841,032	\$ 793,560	\$ 7,153,272

See Independent Auditors' Report on Supplementary Data