



LIFE CENTERS, INC.

Financial Statements
With Independent Accountants'
Review Report

December 31, 2015 and 2014

LIFE CENTERS, INC.

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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

Board of Directors
Life Centers, Inc.
Indianapolis, Indiana

We have reviewed the accompanying financial statements of Life Centers, Inc., which comprise the statements of financial position as of December 31, 2015 and 2014, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of organization management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility 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 designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement whether due to fraud or error.

Accountant's Responsibility

Our responsibility is to conduct the review engagements in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountants' Conclusion

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.



Greenwood, Indiana
March 24, 2016

LIFE CENTERS, INC.

Statements of Financial Position

	December 31,	
	2015	2014
ASSETS:		
Current assets:		
Cash	\$ 272,883	\$ 188,783
Contributions receivable–net	8,821	11,713
Prepaid expenses	41,950	18,442
Inventory	26,002	50,461
	<u>349,656</u>	<u>269,399</u>
Leasehold improvements and equipment, at cost–net	126,179	122,208
Total Assets	<u>\$ 475,835</u>	<u>\$ 391,607</u>
LIABILITIES AND NET ASSETS:		
Current liabilities:		
Accounts payable	\$ 15,822	\$ 4,930
Accrued payroll and other accrued expenses	41,233	56,266
	<u>57,055</u>	<u>61,196</u>
Net assets:		
Unrestricted:		
Operating	267,166	202,953
Net investment in leasehold improvements and equipment	126,179	122,208
	<u>393,345</u>	<u>325,161</u>
Temporarily restricted	25,435	5,250
	<u>418,780</u>	<u>330,411</u>
Total Liabilities and Net Assets	<u>\$ 475,835</u>	<u>\$ 391,607</u>

See independent accountants' review report and accompanying notes

LIFE CENTERS, INC.

Statements of Activities

	Year Ended December 31,					
	2015			2014		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
SUPPORT AND REVENUE:						
Support:						
Contributions	\$ 880,849	\$ 65,500	\$ 946,349	\$ 869,498	\$ 134,490	\$1,003,988
Special event support	425,498	-	425,498	300,747	-	300,747
Contributed services	440,264	-	440,264	467,016	-	467,016
Gift-in-kind	62,196	-	62,196	99,993	-	99,993
	<u>1,808,807</u>	<u>65,500</u>	<u>1,874,307</u>	<u>1,737,254</u>	<u>134,490</u>	<u>1,871,744</u>
Revenue:						
Other revenue	1,710	-	1,710	5,947	-	5,947
Total Support and Revenue	<u>1,810,517</u>	<u>65,500</u>	<u>1,876,017</u>	<u>1,743,201</u>	<u>134,490</u>	<u>1,877,691</u>
RECLASSIFICATIONS:						
Net assets released from restriction by satisfaction of purpose restrictions	45,315	(45,315)	-	129,240	(129,240)	-
EXPENSES:						
Program services:						
Client services	1,431,997	-	1,431,997	1,298,249	-	1,298,249
Supporting activities:						
Management and general	201,292	-	201,292	279,178	-	279,178
Fund-raising and community outreach	154,359	-	154,359	143,604	-	143,604
Total Expenses	<u>1,787,648</u>	<u>-</u>	<u>1,787,648</u>	<u>1,721,031</u>	<u>-</u>	<u>1,721,031</u>
Change in Net Assets	68,184	20,185	88,369	151,410	5,250	156,660
Net Assets, Beginning of Year	<u>325,161</u>	<u>5,250</u>	<u>330,411</u>	<u>173,751</u>	<u>-</u>	<u>173,751</u>
Net Assets, End of Year	<u>\$ 393,345</u>	<u>\$ 25,435</u>	<u>\$ 418,780</u>	<u>\$ 325,161</u>	<u>\$ 5,250</u>	<u>\$ 330,411</u>

See independent accountants' review report and accompanying notes

LIFE CENTERS, INC.

Statements of Cash Flows

	Year Ended December 31,	
	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 88,369	\$ 156,660
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	32,932	17,912
Write off of uncollectible contributions receivable	18,040	-
Changes in:		
Contributions receivable	(15,148)	1,847
Prepaid expenses	(23,508)	14,964
Inventory	24,459	(10,845)
Accounts payable	10,892	(43,112)
Accrued payroll and other accrued expenses	(15,033)	8,917
Net Cash Provided by Operating Activities	<u>121,003</u>	<u>146,343</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of leasehold improvements and equipment	(36,903)	(106,849)
Net Cash Used by Investing Activities	<u>(36,903)</u>	<u>(106,849)</u>
Change in Cash	84,100	39,494
Cash, Beginning of Year	<u>188,783</u>	<u>149,289</u>
Cash, End of Year	<u>\$ 272,883</u>	<u>\$ 188,783</u>
SUPPLEMENTAL DISCLOSURE:		
Contributed Services	<u>\$ 440,264</u>	<u>\$ 467,016</u>
Gift-in-Kind	<u>\$ 62,196</u>	<u>\$ 99,993</u>

See independent accountants' review report and accompanying notes

LIFE CENTERS, INC.

Notes to Financial Statements

December 31, 2015 and 2014

1. NATURE OF ORGANIZATION:

Life Centers, Inc. (Life Centers), formerly known as Central Indiana Crisis Pregnancy Center, Inc., is an Indiana nonprofit corporation and is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code. Life Centers' mission is to affirm the value of life by providing a network of care to those experiencing pregnancy related crisis and by compassionately presenting Biblical truth resulting in changed lives to the glory of God.

Life Centers conducts its mission from nine locations in Boone, Hamilton, Hendricks, and Marion counties. Life Centers' primary program services consist of: pregnancy testing, ultrasound testing, and personal counseling to women facing unplanned pregnancies. Life Centers also provides support services (clothing and baby supplies) to its clients. Life Centers' services are provided from a Christian and pro-life perspective. All program services are provided free of charge.

Life Centers is a member of the Evangelical Council for Financial Accountability (ECFA). Support for Life Centers comes in the form of contributions from individuals, churches, and other organizations in central Indiana. Life Centers also receives gift-in-kind contributions of baby supplies, clothing, and other items. Hundreds of volunteers donate time each year in the areas of counseling and administrative support. Life Centers conducts two primary fund-raising events: a spring "Celebration of Life" event and a "Walk and Run for Life" in the fall.

2. SIGNIFICANT ACCOUNTING POLICIES:

BASIS OF ACCOUNTING

The financial statements have been prepared on the accrual basis. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

LIFE CENTERS, INC.

Notes to Financial Statements

December 31, 2015 and 2014

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

NET ASSETS

The financial statements have been prepared in accordance with the *Presentation of Financial Statements* topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) which requires, among other things, that the financial statements report the changes in and total of each of the net asset classes, based upon donor restrictions, as applicable.

Unrestricted net assets represent amounts available for use in Life Centers under the direction of the board and net investment in leasehold improvements and equipment.

Temporarily restricted net assets represent amounts contributed with donor stipulations for specific operating purposes or programs.

At December 31, 2015 and 2014, there was \$25,435 and \$5,250 of temporarily restricted net assets, respectively.

CASH AND CREDIT RISK

Cash includes cash on hand and checking, savings, and money market accounts. From time to time, these accounts may temporarily exceed federally insured limits. However, Life Centers has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk. Cash received from the Indiana Association of Pregnancy Centers is required to be maintained in a separate bank account. At December 31, 2015 and 2014, the balance of this account was \$28,122 and \$6,802 respectively.

INVESTMENTS

Investments in equity securities with readily determinable fair market values and all debt securities are reported at fair value. Donated investments are recorded at estimated value on the date of the gift and thereafter reported in accordance with the above policy.

CONTRIBUTIONS RECEIVABLE

Contributions receivable are normally allowed for when they are considered to be uncollectible. As of December 31, 2015 and 2014, management considered all receivables fully collectible and are expected to be collected within one year.

LIFE CENTERS, INC.

Notes to Financial Statements

December 31, 2015 and 2014

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

INVENTORY

Life Centers receives gift-in-kind inventory which it distributes to its clients. Gift-in-kind is recorded at estimated fair market value on the date of the gift. Inventory consists of diapers, cans of formula, clothing, furniture, and other miscellaneous baby items.

CONTRIBUTED SERVICES AND GIFT-IN-KIND

Life Centers recognizes contributed support for services received at the fair value of those services and which meets generally accepted accounting principles reporting requirements. These contributed services consist of donated ultrasound hours and counseling hours. For the years ended December 31, 2015 and 2014, Life Centers reported \$440,264 and \$467,016, respectively, of contributed services that meet reporting standards. Life Centers also receives donations of items that are reported as gift-in-kind. These donations consist primarily of packs of diapers, cans of formula, clothing, furniture, and miscellaneous baby items. The total gift-in-kind for the years ended December 31, 2015 and 2014, was \$62,196 and \$99,993, respectively. Depending on the nature of the gift-in-kind received and used, gift-in-kind may be recorded by its natural classification. In addition, Life Centers had approximately 8,700 and 9,600 volunteer hours for services that did not meet reporting requirements in 2015 and 2014, respectively.

LEASEHOLD IMPROVEMENTS, EQUIPMENT, AND DEPRECIATION

Items capitalized as leasehold improvements and equipment are reported at cost or, if donated, at market value on the date of donation. The capitalization policy is \$1,000. Donated leasehold improvements and equipment are reported as unrestricted support unless explicit donor stipulations specify how the assets must be used. Depreciation is reported on the straight-line basis over the useful lives of the assets ranging from five to seven years. Depreciation expense totaled \$32,932 and \$17,912 for the years ended December 31, 2015 and 2014, respectively.

SUPPORT, REVENUE, AND RECLASSIFICATION

Revenue is 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 Life Centers. All contributions are considered available for unrestricted use unless specifically restricted by the donor. Support that is restricted by the donor is reported as temporarily restricted support that increases the net asset class. When a stipulated time restriction ends or purpose restriction is satisfied, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

LIFE CENTERS, INC.

Notes to Financial Statements

December 31, 2015 and 2014

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

EXPENSES, ALLOCATION OF EXPENSES, ADVERTISING, AND JOINT COSTS

Expenses are reported when incurred and reported on the functional basis in the statements of activities. Advertising expense approximated \$26,700 and \$19,500 for the years ended December 31, 2015 and 2014, respectively. Accordingly, expenses have been allocated among the various program services and supporting activities benefited. For the years ended December 31, 2015 and 2014, expenses were allocated among the functional categories on the basis of specific identification and estimates of time spent and benefits derived. Life Centers incurred no joint costs for the years ended December 31, 2015 and 2014.

Functional allocation of expenses was as follows for the year ended December 31, 2015:

	Client Services	Management and General	Fund-raising	Total
Personnel expenses	\$ 455,986	\$ 100,826	\$ 141,307	\$ 698,119
Employee and volunteer expense	444,974	14,301	239	459,514
Building expense	178,408	55,454	-	233,862
Supplies	130,916	3,442	873	135,231
Administrative	166,816	16,324	1,869	185,009
Equipment	31,129	9,075	-	40,204
Advertising	23,768	1,870	1,068	26,706
Events	-	-	9,003	9,003
	<u>\$ 1,431,997</u>	<u>\$ 201,292</u>	<u>\$ 154,359</u>	<u>\$ 1,787,648</u>

Functional allocation of expenses was as follows for the year ended December 31, 2014:

	Client Services	Management and General	Fund-raising	Total
Personnel expenses	\$ 402,695	\$ 118,828	\$ 138,633	\$ 660,156
Employee and volunteer expense	468,693	11,686	362	480,741
Building expense	195,747	56,775	-	252,522
Supplies	113,665	27,333	1,474	142,472
Administrative	85,796	52,669	2,355	140,820
Equipment	14,295	10,522	-	24,817
Advertising	17,358	1,365	780	19,503
Events	-	-	-	-
	<u>\$ 1,298,249</u>	<u>\$ 279,178</u>	<u>\$ 143,604</u>	<u>\$ 1,721,031</u>

LIFE CENTERS, INC.

Notes to Financial Statements

December 31, 2015 and 2014

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

UNCERTAIN TAX POSITIONS

The financial statement effects of a tax position taken or expected to be taken are recognized in the 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 statements of activities. As of December 31, 2015 and 2014, Life Centers had no uncertain tax positions that qualify for recognition or disclosure in the financial statements.

3. LEASEHOLD IMPROVEMENTS AND EQUIPMENT—NET:

	December 31,	
	2015	2014
Leasehold improvements	\$ 133,168	\$ 108,264
Furniture and equipment	495,104	483,104
	<u>628,272</u>	<u>591,368</u>
Less accumulated depreciation	(502,093)	(469,160)
	<u>\$ 126,179</u>	<u>\$ 122,208</u>

4. SPECIAL EVENT SUPPORT:

Life Centers incurs expenses and related support for its Celebration of Life event and its Walk for Life event. This special event support is reported net of expenses in the support section in the statements of activities:

	December 31,	
	2015	2014
Special event revenue	\$ 149,272	\$ 105,881
Special event contributions and gift-in-kind	390,379	304,515
Special event expenses	<u>(114,153)</u>	<u>(109,649)</u>
	<u>\$ 425,498</u>	<u>\$ 300,747</u>

LIFE CENTERS, INC.

Notes to Financial Statements

December 31, 2015 and 2014

5. EMPLOYEE BENEFITS:

RETIREMENT PLAN

Life Centers established a 403(b) savings plan whereby employees may elect to make contributions pursuant to a salary reduction agreement, upon meeting age and length-of-service requirements. Annually, Life Centers determines a maximum matching level. Matching contributions of approximately \$12,500 and \$9,500 were made to the plan during the years ended December 31, 2015 and 2014, respectively.

OTHER BENEFITS

Life Centers provides its full-time employees with group life term insurance, group medical insurance (including dental and vision), and long-term disability. Effective March 1, 2015, Life Centers discontinued providing group medical insurance. Participants should refer to the respective plan agreements and employee manual for a more complete description of the benefit provisions. Total expenses incurred by Life Centers for these benefits were approximately \$7,200 and \$50,900 for the years ended December 31, 2015 and 2014, respectively.

6. COMMITMENTS:

Operating lease expense relating to office space and equipment for the years ended December 31, 2015 and 2014, was approximately \$174,000 and \$176,300, respectively. Remaining noncancelable minimum lease payments are approximately as follows:

<u>Year Ending December 31,</u>	
2016	\$ 158,700
2017	164,000
2018	138,400
2019	81,300
2020	43,300
Thereafter	<u>3,400</u>
	<u>\$ 589,100</u>

Life Centers enters into contractual agreements for its annual spring event. These agreements require Life Centers to pay speaker fees, food costs, and other expenses in conjunction with the event. Noncancelable commitments for 2016 approximate \$29,000.

7. SUBSEQUENT EVENTS:

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