



LIFE CENTERS INC.

Financial Statements  
With Independent Accountants' Review Report

June 30, 2016

# 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 statement of financial position as of June 30, 2016, and the related statement of activities and cash flows for the six months 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 engagement 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 review, 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  
September 12, 2016

# LIFE CENTERS, INC.

## Statement of Financial Position

June 30, 2016

### ASSETS:

#### Current assets:

Cash	\$	308,630
Contributions receivable-net		12,928
Prepaid expenses		27,939
Inventory		39,391
		<u>388,888</u>

Leasehold improvements and equipment, at cost-net		<u>123,864</u>
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Total Assets	\$	<u><u>512,752</u></u>
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### LIABILITIES AND NET ASSETS:

#### Current liabilities:

Accounts payable	\$	17,299
Accrued payroll and other accrued expenses		42,462
		<u>59,761</u>

#### Net assets:

##### Unrestricted:

Operating		257,414
Net investment in leasehold improvements and equipment		123,864
		<u>381,278</u>

Temporarily restricted		71,713
		<u>452,991</u>

Total Liabilities and Net Assets	\$	<u><u>512,752</u></u>
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See independent accountants' review report and accompanying notes

# LIFE CENTERS, INC.

## Statement of Activities

Six Months Ended June 30, 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
SUPPORT AND REVENUE:			
Support:			
Contributions	\$ 450,067	\$ 69,730	\$ 519,797
Special event support	153,059	-	153,059
Contributed services	192,333	-	192,333
Gift-in-kind	82,049	-	82,049
	<u>877,508</u>	<u>69,730</u>	<u>947,238</u>
Revenue:			
Other revenue	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total Support and Revenue	<u>877,508</u>	<u>69,730</u>	<u>947,238</u>
RECLASSIFICATIONS:			
Net assets released from restriction by satisfaction of purpose restrictions	<u>23,452</u>	<u>(23,452)</u>	<u>-</u>
EXPENSES:			
Program services:			
Client services	697,046	-	697,046
Supporting activities:			
Management and general	140,679	-	140,679
Fund-raising and community outreach	75,302	-	75,302
	<u>913,027</u>	<u>-</u>	<u>913,027</u>
Total Expenses	<u>913,027</u>	<u>-</u>	<u>913,027</u>
Change in Net Assets	(12,067)	46,278	34,211
Net Assets, Beginning of Year	<u>393,345</u>	<u>25,435</u>	<u>418,780</u>
Net Assets, End of Year	<u>\$ 381,278</u>	<u>\$ 71,713</u>	<u>\$ 452,991</u>

See independent accountants' review report and accompanying notes

# LIFE CENTERS, INC.

## Statement of Cash Flows

Six Months Ended June 30, 2016

### CASH FLOWS FROM OPERATING ACTIVITIES:

Change in net assets	\$ 34,211
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:	
Depreciation	16,101
Write off of uncollectible contributions receivable	700
Changes in:	
Contributions receivable	(4,807)
Prepaid expenses	14,011
Inventory	(13,389)
Accounts payable	1,477
Accrued payroll and other accrued expenses	1,229
Net Cash Provided by Operating Activities	<u>49,533</u>

### CASH FLOWS FROM INVESTING ACTIVITIES:

Purchases of leasehold improvements and equipment	<u>(13,786)</u>
Net Cash Used by Investing Activities	<u>(13,786)</u>

Change in Cash 35,747

Cash, Beginning of Year 272,883

Cash, End of Year \$ 308,630

### SUPPLEMENTAL DISCLOSURE:

Contributed Services \$ 192,333

Gift-in-Kind \$ 82,049

See independent accountants' review report and accompanying notes

# **LIFE CENTERS, INC.**

## **Notes to Financial Statements**

Six Months Ended June 30, 2016

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

Six Months Ended June 30, 2016

### 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.

#### 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 June 30, 2016, the balance of this account was \$37,106.

#### 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 June 30, 2016, management considered all receivables fully collectible and are expected to be collected within one year.

# LIFE CENTERS, INC.

## Notes to Financial Statements

Six Months Ended June 30, 2016

### 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 six months ended June 30, 2016, Life Centers reported \$192,333 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 six months ended June 30, 2016, was \$82,049. 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 4,500 volunteer hours for services that did not meet reporting requirements in 2016.

#### 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 expense totaled \$16,101 for the six months ended June 30, 2016. Depreciation is reported on the straight-line basis based on the useful lives of the assets or initial lease terms as follows:

Leasehold improvements	3 to 5 years
Furniture and equipment	3 to 10 years

#### 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 statement of activities as net assets released from restrictions.

# LIFE CENTERS, INC.

## Notes to Financial Statements

Six Months Ended June 30, 2016

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 statement of activities. Advertising expense approximated \$8,100 for the six months ended June 30, 2016. Accordingly, expenses have been allocated among the various program services and supporting activities benefited. For the six months ended June 30, 2016, 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 six months ended June 30, 2016.

Functional allocation of expenses for the six months ended June 30, 2016, was as follows:

	<u>Client Services</u>	<u>Management and General</u>	<u>Fund-raising</u>	<u>Total</u>
Personnel expenses	\$ 267,072	\$ 48,132	\$ 71,855	\$ 387,059
Employee and volunteer expense	192,288	7,841	-	200,129
Building expense	91,290	31,179	-	122,469
Supplies	73,361	22,098	541	96,000
Administrative	53,678	22,557	2,121	78,356
Equipment	12,125	8,303	-	20,428
Advertising	7,232	569	325	8,126
Events	-	-	460	460
	<u>\$ 697,046</u>	<u>\$ 140,679</u>	<u>\$ 75,302</u>	<u>\$ 913,027</u>

# LIFE CENTERS, INC.

## Notes to Financial Statements

Six Months Ended June 30, 2016

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 statement of activities. As of June 30, 2016, Life Centers had no uncertain tax positions that qualify for recognition or disclosure in the financial statements.

3. LEASEHOLD IMPROVEMENTS AND EQUIPMENT—NET:

Leasehold improvements and equipment-net at June 30, 2016, were:

Leasehold improvements	\$ 158,072
Furniture and equipment	483,986
	<hr/> 642,058
Less accumulated depreciation	(518,194)
	<hr/> <hr/> \$ 123,864

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 statement of activities for the six months ended June 30, 2016:

Special event revenue	\$ 60,080
Special event contributions and gift-in-kind	171,111
Special event expenses	(78,132)
	<hr/> <hr/> \$ 153,059

5. TEMPORARILY RESTRICTED NET ASSETS:

At June 30, 2016, temporarily restricted net assets consisted of:

Hamilton County fund	\$ 30,000
Client outreach	25,000
Kaleo fund	14,730
Hendricks County fund	1,983
	<hr/> <hr/> \$ 71,713

# LIFE CENTERS, INC.

## Notes to Financial Statements

Six Months Ended June 30, 2016

### 6. 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 \$6,200 were made to the plan during the six months ended June 30, 2016.

#### OTHER BENEFITS

Life Centers provides its full-time employees with group life term insurance, group dental and vision, and long-term disability. 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 \$7,300 for the six months ended June 30, 2016.

### 7. COMMITMENTS:

Operating lease expense relating to office space and equipment for the six months ended June 30, 2016, was approximately \$77,000. Remaining noncancelable minimum lease payments are approximately as follows:

<u>Year Ending June 30,</u>	
2017	\$ 163,400
2018	147,100
2019	128,500
2020	52,100
2021	<u>21,300</u>
	<u>\$ 512,400</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 2017 approximate \$19,000. Life Centers entered into a construction contract for remodeling of its centers which approximated \$17,500. No costs have been incurred under this contract at June 30, 2016.

### 8. 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.