



LIFE CENTERS, INC.

Financial Statements  
With Independent Accountants' Review Report

June 30, 2018 and 2017

# 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 June 30, 2018 and 2017, 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 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 17, 2018

# LIFE CENTERS, INC.

## Statements of Financial Position

	June 30,	
	2018	2017
<b>ASSETS:</b>		
Current assets:		
Cash	\$ 479,499	\$ 398,532
Contributions receivable–net	-	4,348
Prepaid expenses	22,657	24,179
Inventory	48,035	64,983
	550,191	492,042
 Leasehold improvements and equipment, at cost–net	 141,120	 108,785
 Total Assets	 \$ 691,311	 \$ 600,827
<b>LIABILITIES AND NET ASSETS:</b>		
Current liabilities:		
Accounts payable	\$ 11,876	\$ 14,700
Accrued payroll and other accrued expenses	48,639	38,068
	60,515	52,768
 Net assets:		
Without donor restrictions:		
Undesignated	390,384	251,575
Net investment in leasehold improvements and equipment	141,120	108,785
	531,504	360,360
With donor restrictions	99,292	187,699
	630,796	548,059
 Total Liabilities and Net Assets	 \$ 691,311	 \$ 600,827

See independent accountants' review report and accompanying notes

# LIFE CENTERS, INC.

## Statements of Activities

	Year Ended June 30,					
	2018			2017		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>SUPPORT AND REVENUE:</b>						
Support:						
Special event support	\$ 365,562	\$ -	\$ 365,562	\$ 202,517	\$ -	\$ 202,517
Less: costs of direct benefits to donors	(48,446)	-	(48,446)	(41,727)	-	(41,727)
Special event support-net	317,116	-	317,116	160,790	-	160,790
Contributions	1,167,634	169,314	1,336,948	1,059,246	171,473	1,230,719
Contributed services	293,960	-	293,960	284,378	-	284,378
Gift-in-kind	197,859	-	197,859	181,266	-	181,266
	1,976,569	169,314	2,145,883	1,685,680	171,473	1,857,153
Revenue:						
Other revenue	1,451	-	1,451	6,148	-	6,148
<b>Total Support and Revenue</b>	<b>1,978,020</b>	<b>169,314</b>	<b>2,147,334</b>	<b>1,691,828</b>	<b>171,473</b>	<b>1,863,301</b>
<b>RECLASSIFICATIONS:</b>						
Net assets released from restriction by satisfaction of purpose restrictions	257,721	(257,721)	-	55,487	(55,487)	-

(continued)

See independent accountants' review report and accompanying notes

# LIFE CENTERS, INC.

## Statements of Activities (continued)

	Year Ended June 30,					
	2018			2017		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
EXPENSES:						
Program services:						
Client services	1,580,245	-	1,580,245	1,309,043	-	1,309,043
Supporting activities:						
Management and general	219,953	-	219,953	255,738	-	255,738
Fund-raising and community outreach	264,399	-	264,399	203,452	-	203,452
Total Expenses	2,064,597	-	2,064,597	1,768,233	-	1,768,233
Change in Net Assets	171,144	(88,407)	82,737	(20,918)	115,986	95,068
Net Assets, Beginning of Year	360,360	187,699	548,059	381,278	71,713	452,991
Net Assets, End of Year	\$ 531,504	\$ 99,292	\$ 630,796	\$ 360,360	\$ 187,699	\$ 548,059

See independent accountants' review report and accompanying notes

# LIFE CENTERS, INC.

## Statements of Cash Flows

	Year Ended June 30,	
	<u>2018</u>	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 82,737	\$ 95,068
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	37,836	44,557
Loss on disposal of leasehold improvements and equipment	-	1,627
Changes in:		
Contributions receivable	4,348	8,580
Prepaid expenses	1,522	3,760
Inventory	16,948	(25,592)
Accounts payable	(2,824)	(2,599)
Accrued payroll and other accrued expenses	10,571	(4,394)
Net Cash Provided by Operating Activities	<u>151,138</u>	<u>121,007</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of leasehold improvements and equipment	<u>(70,171)</u>	<u>(31,105)</u>
Net Cash Used by Investing Activities	<u>(70,171)</u>	<u>(31,105)</u>
Change in Cash	80,967	89,902
Cash, Beginning of Year	<u>398,532</u>	<u>308,630</u>
Cash, End of Year	<u>\$ 479,499</u>	<u>\$ 398,532</u>

See independent accountants' review report and accompanying notes

# LIFE CENTERS, INC.

## Notes to Financial Statements

June 30, 2018 and 2017

### 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 decisions and by compassionately presenting Biblical truth resulting in changed lives to the glory of God.

Life Centers conducts its mission from eight 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

June 30, 2018 and 2017

### 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.

*Net assets without donor restrictions* represent amounts available for use by Life Centers under the direction of the board and net investment in leasehold improvements and equipment.

*Net assets with donor restrictions* 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. As of June 30, 2018 and 2017, approximately \$218,000 and \$24,000, respectively, was not covered by FDIC Insurance.

Cash received from the Indiana Association of Pregnancy Centers is required to be maintained in a separate bank account. As of June 30, 2018 and 2017, the balance of this account was \$84,621 and \$51,818, 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 June 30, 2018 and 2017, the ending contributions receivable balance was \$-0- and \$4,348, respectively.

#### 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.

# LIFE CENTERS, INC.

## Notes to Financial Statements

June 30, 2018 and 2017

### 2. SIGNIFICANT ACCOUNTING POLICIES, continued:

#### 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, radiologist hours, and counseling hours. For the years ended June 30, 2018 and 2017, Life Centers reported \$293,960 and \$284,378, 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 June 30, 2018 and 2017, were \$197,859 and \$181,266, 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 4,500 volunteer hours for services that did not meet reporting requirements in 2018 and 2017.

#### 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 \$37,836 and \$44,557 for the years ended June 30, 2018 and 2017, respectively. 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 without restriction unless specifically restricted by the donor. Support that is restricted by the donor is reported as with donor restriction. When a stipulated time restriction ends or purpose restriction is satisfied, net assets with donor restriction are reclassified to net assets without donor restriction and reported in the statements of activities as net assets released from restrictions. Life Centers incurs expenses and related support for its Celebration of Life event. This special event support is reported net of expenses for direct benefit to donors in the statements of activities.

# LIFE CENTERS, INC.

## Notes to Financial Statements

June 30, 2018 and 2017

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 \$31,000 and \$24,000 for the years ended June 30, 2018 and 2017, respectively. Accordingly, expenses have been allocated among the various program services and supporting activities benefited. For the years ended June 30, 2018 and 2017, 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 June 30, 2018 and 2017.

The following table presents expenses by both their nature and function for the year ended June 30, 2018:

	Client Services	Management and General	Fund-raising	Costs of Direct Benefit to Donors	Total
Personnel expenses	\$ 640,792	\$ 109,850	\$ 164,775	\$ -	\$ 915,417
Employee and volunteer expense	293,960	6,552	-	-	300,512
Building expense	220,969	55,627	-	-	276,596
Supplies	216,996	24,820	1,634	-	243,450
Administrative	149,759	188	-	-	149,947
Equipment	29,813	20,717	-	-	50,530
Advertising	27,956	2,199	1,257	-	31,412
Other costs for special events	-	-	96,733	48,446	145,179
Total functional expenses	1,580,245	219,953	264,399	48,446	2,113,043
Less costs of direct benefit to donors netted against support on the statements of activities	-	-	-	(48,446)	(48,446)
Total expenses on the statements of activities	\$ 1,580,245	\$ 219,953	\$ 264,399	\$ -	\$ 2,064,597

# LIFE CENTERS, INC.

## Notes to Financial Statements

June 30, 2018 and 2017

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

The following table presents expenses by both their nature and function for the year ended June 30, 2017:

	Client Services	Management and General	Fund-raising	Costs of Direct Benefit to Donors	Total
Personnel expenses	\$ 532,159	\$ 91,227	\$ 136,841	\$ -	\$ 760,227
Employee and volunteer expense	284,378	17,271	-	-	301,649
Building expense	170,007	67,990	-	-	237,997
Supplies	166,003	22,841	1,892	-	190,736
Administrative	102,882	32,202	4,441	-	139,525
Equipment	32,438	22,541	-	-	54,979
Advertising	21,176	1,666	952	-	23,794
Other costs for special events	-	-	59,326	41,727	101,053
Total functional expenses	<u>1,309,043</u>	<u>255,738</u>	<u>203,452</u>	<u>41,727</u>	<u>1,809,960</u>
Less costs of direct benefit to donors netted against support on the statements of activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>(41,727)</u>	<u>(41,727)</u>
Total expenses on the statements of activities	<u><u>\$ 1,309,043</u></u>	<u><u>\$ 255,738</u></u>	<u><u>\$ 203,452</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,768,233</u></u>

# LIFE CENTERS, INC.

## Notes to Financial Statements

June 30, 2018 and 2017

3. AVAILABILITY OF FINANCIAL ASSETS:

The following reflects Life Centers' financial assets as of June 30, 2018 and 2017, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statements of financial position date.

	June 30,	
	2018	2017
Financial assets, end of year	\$ 479,499	\$ 402,880
Less those unavailable for general expenditures within one year, due to:		
Contractual or donor-imposed restrictions:		
Restrictions by donor with time or purpose restrictions	(99,292)	(187,699)
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 380,207</u>	<u>\$ 215,181</u>

Life Centers is substantially supported by contributions, which at times are received with restrictions. Those contributions with donor restriction require resources to be used in a particular manner or in a future period. Life Centers must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year. As part of Life Centers' liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

4. LEASEHOLD IMPROVEMENTS AND EQUIPMENT—NET:

Leasehold improvements and equipment-net consists of:

	June 30,	
	2018	2017
Leasehold improvements	\$ 227,316	\$ 157,144
Furniture and equipment	482,851	482,851
	710,167	639,995
Less accumulated depreciation	(569,047)	(531,210)
	<u>\$ 141,120</u>	<u>\$ 108,785</u>

# LIFE CENTERS, INC.

## Notes to Financial Statements

June 30, 2018 and 2017

5. NET ASSETS WITH DONOR RESTRICTIONS:

Net assets subject to expenditure for specified purpose:

	June 30,	
	2018	2017
Translation program	\$ 71,692	\$ -
Concert events	20,000	-
SOAR	7,600	7,818
Hamilton County fund	-	97,155
Boone County fund	-	60,226
Medical fund	-	15,000
Client outreach	-	7,500
	<u>\$ 99,292</u>	<u>\$ 187,699</u>

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 \$12,000 and \$7,900 were made to the plan during the years ended June 30, 2018 and 2017, respectively.

**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 \$7,800 and \$10,500 for the years ended June 30, 2018 and 2017, respectively.

# LIFE CENTERS, INC.

## Notes to Financial Statements

June 30, 2018 and 2017

7. COMMITMENTS:

Operating lease expense relating to office space and equipment for the years ended June 30, 2018 and 2017, was approximately \$201,000 and \$183,000, respectively. Remaining noncancelable minimum lease payments are approximately as follows:

<u>Year Ending June 30,</u>	
2019	\$ 203,300
2020	125,400
2021	62,700
2022	39,400
2023	<u>32,600</u>
	<u>\$ 463,400</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 2019 approximate \$32,000.

8. SUBSEQUENT EVENTS:

Subsequent events have been evaluated through September 17, 2018, which represents the date the financial statements were available to be issued. Subsequent events after that date have not been evaluated.