



LIFE CENTERS, INC.

Financial Statements  
With Independent Accountants' Compilation  
Report

June 30, 2022 and 2021

# **LIFE CENTERS, INC.**

## **Table of Contents**

	<u>Page</u>
Independent Accountants' Compilation Report	1
Financial Statements	
Statements of Financial Position	2
Statements of Activities	3
Statements of Cash Flows	4
Notes to Financial Statements	5



## INDEPENDENT ACCOUNTANTS' COMPILATION REPORT

Board of Directors  
Life Centers, Inc.  
Indianapolis, Indiana

Management is responsible for the accompanying financial statements of Life Centers, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements in accordance with accounting principles generally accepted in the United States of America. We have performed the compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. We do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

*Capin Crouse LLP*

Indianapolis, Indiana  
October 20, 2022

# LIFE CENTERS, INC.

## Statements of Financial Position

	June 30,	
	2022	2021
ASSETS:		
Current assets:		
Cash	\$ 1,298,367	\$ 1,184,141
Prepaid expenses	36,247	26,957
Inventory	121,015	176,506
	<u>1,455,629</u>	<u>1,387,604</u>
Leasehold improvements and equipment, at cost–net	<u>158,364</u>	<u>163,182</u>
Total Assets	<u>\$ 1,613,993</u>	<u>\$ 1,550,786</u>
LIABILITIES AND NET ASSETS:		
Current liabilities:		
Accounts payable	\$ 12,395	\$ 17,616
Accrued payroll and other accrued expenses	66,031	57,016
Paycheck protection program loan	-	165,792
Total liabilities	<u>78,426</u>	<u>240,424</u>
Net assets:		
Without donor restrictions	1,523,067	1,297,862
With donor restrictions	12,500	12,500
Total net assets	<u>1,535,567</u>	<u>1,310,362</u>
Total Liabilities and Net Assets	<u>\$ 1,613,993</u>	<u>\$ 1,550,786</u>

See independent accountants' compilation report and accompanying notes

# LIFE CENTERS, INC.

## Statements of Activities

	Year Ended June 30,					
	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE:						
Special event support	\$ 306,780	\$ -	\$ 306,780	\$ -	\$ -	\$ -
Less: costs of direct benefits to donors	(42,550)	-	(42,550)	-	-	-
Special event support–net	264,230	-	264,230	-	-	-
Contributions	1,508,352	10,000	1,518,352	1,594,622	-	1,594,622
Gifts-in-kind	400,100	-	400,100	439,024	-	439,024
Gain on extinguishment of debt	165,792	-	165,792	185,552	-	185,552
Other gains	253	-	253	11,490	-	11,490
	<u>2,338,727</u>	<u>10,000</u>	<u>2,348,727</u>	<u>2,230,688</u>	<u>-</u>	<u>2,230,688</u>
RECLASSIFICATIONS:						
Net assets released from restriction by satisfaction of purpose restrictions	<u>10,000</u>	<u>(10,000)</u>	<u>-</u>	<u>99,587</u>	<u>(99,587)</u>	<u>-</u>
EXPENSES:						
Client services	1,575,850	-	1,575,850	1,354,183	-	1,354,183
Management and general	276,200	-	276,200	221,614	-	221,614
Fundraising and community outreach	<u>271,472</u>	<u>-</u>	<u>271,472</u>	<u>204,733</u>	<u>-</u>	<u>204,733</u>
Total Expenses	<u>2,123,522</u>	<u>-</u>	<u>2,123,522</u>	<u>1,780,530</u>	<u>-</u>	<u>1,780,530</u>
Change in Net Assets	225,205	-	225,205	549,745	(99,587)	450,158
Net Assets, Beginning of Year	<u>1,297,862</u>	<u>12,500</u>	<u>1,310,362</u>	<u>748,117</u>	<u>112,087</u>	<u>860,204</u>
Net Assets, End of Year	<u>\$ 1,523,067</u>	<u>\$ 12,500</u>	<u>\$ 1,535,567</u>	<u>\$ 1,297,862</u>	<u>\$ 12,500</u>	<u>\$ 1,310,362</u>

See independent accountants' compilation report and accompanying notes

# LIFE CENTERS, INC.

## Statements of Cash Flows

	Year Ended June 30,	
	2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ 225,205	\$ 450,158
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	26,505	18,157
Loss on disposal of leasehold improvements	-	1,304
Gain on extinguishment of debt	(165,792)	(185,552)
Changes in:		
Prepaid expenses	(9,290)	18,045
Inventory	55,491	(56,423)
Accounts payable	(5,221)	2,084
Accrued payroll and other accrued expenses	9,015	(9,034)
Net Cash Provided by Operating Activities	<u>135,913</u>	<u>238,739</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchases of leasehold improvements and equipment	(21,687)	(103,892)
Net Cash Used by Investing Activities	<u>(21,687)</u>	<u>(103,892)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from paycheck protection program loan	-	165,792
Payments on note payable	-	(150,000)
Net Cash Provided by Financing Activities	<u>-</u>	<u>15,792</u>
Change in Cash	114,226	150,639
Cash, Beginning of Year	<u>1,184,141</u>	<u>1,033,502</u>
Cash, End of Year	<u><u>\$ 1,298,367</u></u>	<u><u>\$ 1,184,141</u></u>
<b>Supplemental Disclosure:</b>		
Gain on extinguishment of debt	<u><u>\$ 165,792</u></u>	<u><u>\$ 185,552</u></u>

See independent accountants' compilation report and accompanying notes

# **LIFE CENTERS, INC.**

## **Notes to Financial Statements**

June 30, 2022 and 2021

### **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 six locations in Boone, Hamilton, 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, 2022 and 2021

### 2. SIGNIFICANT ACCOUNTING POLICIES, continued:

#### PAYCHECK PROTECTION PROGRAM LOAN

During the year ended June 30, 2020, Life Centers was approved for a Paycheck Protection Program (PPP) loan of \$185,552 through the Coronavirus Aid, Relief, and Economic Security (CARES) Act. The loan accrued interest at 1.00% per annum and was set to mature two years from the date it was funded if not forgiven. This loan was forgiven in full during the year ended June 30, 2021, and is shown as gain on extinguishment of debt on the statements of activities.

On February 1, 2021, Life Centers also received a second PPP loan of \$165,792 through the CARES Act. The loan accrued interest at 1.00% per annum and was set to mature five years from the date it was funded if not forgiven. This loan was forgiven in full during the year ended June 30, 2022 and is shown as gain on extinguishment of debt on the statements of activities.

#### 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 management 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, 2022 and 2021, approximately \$758,000 and \$935,000, 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, 2022 and 2021, the balance of this account was approximately \$168,000 and \$151,000, respectively.



# LIFE CENTERS, INC.

## Notes to Financial Statements

June 30, 2022 and 2021

### 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.

#### 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 without donor restrictions unless explicit donor stipulations specify how the assets must be used. Depreciation expense totaled \$26,505 and \$18,157 for the years ended June 30, 2022 and 2021, 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 donor restrictions unless specifically restricted by the donor. Support that is restricted by the donor is reported as with donor restrictions. When a stipulated time restriction ends or purpose restriction is satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

#### GIFTS-IN-KIND

Life Centers recognizes contributed support for services received that meet generally accepted accounting principles reporting requirements. These contributed services consist of donated ultrasound hours, radiologist hours, and counseling hours and are recognized at fair value. Life Centers uses a reputable salary website to determine the median wage per hour for these services in the region. The value of these contributed services used are below:

Counselors	\$19 per hour
Ultrasound technicians	\$46 per hour
Radiologists	\$204 per hour

Donated services are recognized as in-kind contributions at fair value, with a corresponding expense allocated to program expenses. The estimated value of these services for the years ended June 30, 2022 and 2021, were \$279,085 and \$262,518, respectively.

# LIFE CENTERS, INC.

## Notes to Financial Statements

June 30, 2022 and 2021

### 2. SIGNIFICANT ACCOUNTING POLICIES, continued:

#### GIFTS-IN-KIND, continued

Life Centers also receives donations of clothing, toys and blankets, packs of diapers and wipes, cans of formula and other baby food, and miscellaneous baby items. The items are recognized at estimated wholesale prices. The value range of the items received are below:

Clothing (received individually or in bulk)	\$2.00 - \$50.00
Toys and blankets	\$1.00 - \$30.00
Diapers and wipes	\$0.25 - \$4.50
Cans of formula and other baby food	\$1.00 - \$27.00
Miscellaneous baby items	\$10.00 - \$90.00

Donated items are recognized as in-kind contributions, with a corresponding expense allocated to program expenses when the items are given to those in need. The estimated value of these items for the years ended June 30, 2022 and 2021, were \$121,015 and \$176,506, respectively.

#### 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 \$17,000 and \$23,000 for the years ended June 30, 2022 and 2021, respectively. Accordingly, expenses have been allocated among the various program services and supporting activities benefited. For the years ended June 30, 2022 and 2021, 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, 2022 and 2021.

#### NEWLY ADOPTED ACCOUNTING POLICIES

In September 2020, the Financial Accounting Standards Board (FASB) issued an amendment to the codification pertaining to presentation and disclosures for contributed nonfinancial assets. The amendment is intended to increase transparency of contributed nonfinancial assets for not-for-profit entities through enhancements to presentation and disclosure. This new standard has no impact on the statements of activities but has increased disclosures to show contributed nonfinancial assets by natural classification.

# LIFE CENTERS, INC.

## Notes to Financial Statements

June 30, 2022 and 2021

3. AVAILABILITY OF FINANCIAL ASSETS:

The following reflects Life Centers' financial assets as of June 30, 2022 and 2021, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of June 30, 2022 and 2021.

	June 30,	
	2022	2021
Financial assets, end of year	\$ 1,298,367	\$ 1,184,141
Less those unavailable for general expenditures within one year, due to:		
Contractual or donor-imposed restrictions:		
Restrictions by donor with time or purpose restrictions	(12,500)	(12,500)
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,285,867</u>	<u>\$ 1,171,641</u>

Life Centers is substantially supported by contributions, which at times are received with restrictions. Those contributions with donor restrictions 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 the following:

	June 30,	
	2022	2021
Leasehold improvements	\$ 222,225	\$ 221,520
Furniture and equipment	440,465	419,483
	662,690	641,003
Less accumulated depreciation	(504,326)	(477,821)
	<u>\$ 158,364</u>	<u>\$ 163,182</u>

# LIFE CENTERS, INC.

## Notes to Financial Statements

June 30, 2022 and 2021

5. NET ASSETS WITH DONOR RESTRICTIONS:

Net assets subject to expenditure for specified purpose consist of the following:

	June 30,	
	2022	2021
Concert events	\$ 12,500	\$ 12,500

6. GIFTS-IN-KIND:

Gifts-in-kind received during the years ended June 30, 2022 and 2021, included in the statements of activities were as follows:

	June 30,	
	2022	2021
Contributed services	\$ 279,085	\$ 262,518
Gift-in-kind contributions:		
Clothing	64,424	83,004
Toys and blankets	29,548	53,989
Diapers and wipes	13,380	15,830
Formula and baby food	3,408	17,573
Miscellaneous baby items	10,255	6,110
	121,015	176,506
Total gifts-in-kind	\$ 400,100	\$ 439,024

# LIFE CENTERS, INC.

## Notes to Financial Statements

June 30, 2022 and 2021

### 7. FUNCTIONAL ALLOCATION OF EXPENSES:

The following table presents expenses by both their nature and function for the year ended June 30, 2022:

	Client Services	Management and General	Fundraising	Costs of Direct Benefit to Donors	Total
Personnel expenses	\$ 779,987	\$ 133,712	\$ 200,568	\$ -	\$ 1,114,267
Employee and volunteer expense	279,085	28,781	-	-	307,866
Occupancy expense	190,103	56,784	-	-	246,887
Supplies	196,658	6,099	265	-	203,022
Professional service fees	41,304	35,033	-	-	76,337
Equipment	27,353	12,687	-	-	40,040
Advertising	15,318	1,205	688	-	17,211
Other costs	46,042	1,899	69,951	42,550	160,442
Total functional expenses	<u>\$1,575,850</u>	<u>\$ 276,200</u>	<u>\$ 271,472</u>	<u>\$ 42,550</u>	<u>\$ 2,166,072</u>
Less costs of direct benefit to donors netted against support on the statements of activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>(42,550)</u>	<u>(42,550)</u>
Total expenses on the statements of activities	<u>\$1,575,850</u>	<u>\$ 276,200</u>	<u>\$ 271,472</u>	<u>\$ -</u>	<u>\$ 2,123,522</u>

The following table presents expenses by both their nature and function for the year ended June 30, 2021:

	Client Services	Management and General	Fundraising	Total
Personnel expenses	\$ 609,702	\$ 104,520	\$ 156,781	\$ 871,003
Employee and volunteer expense	262,518	12,830	-	275,348
Occupancy expense	194,615	58,132	-	252,747
Supplies	139,662	4,623	258	144,543
Professional service fees	69,507	20,762	-	90,269
Equipment	23,018	15,996	-	39,014
Advertising	20,857	1,640	937	23,434
Other costs	34,304	3,111	46,757	84,172
Total functional expenses	<u>\$1,354,183</u>	<u>\$ 221,614</u>	<u>\$ 204,733</u>	<u>\$ 1,780,530</u>

# LIFE CENTERS, INC.

## Notes to Financial Statements

June 30, 2022 and 2021

### 8. 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 \$61,800 and \$39,200 were made to the plan during the years ended June 30, 2022 and 2021, 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 \$10,000 and \$7,900 for the years ended June 30, 2022 and 2021, respectively.

### 9. COMMITMENTS:

Operating lease expense relating to office space and equipment for the years ended June 30, 2022 and 2021, was approximately \$197,000 and \$205,000, respectively. Remaining noncancelable minimum lease payments are approximately as follows:

<u>Year Ending June 30,</u>	
2023	\$ 182,035
2024	108,952
2025	95,199
2026	47,484
	<hr/>
	\$ 433,670
	<hr/>

Life Centers enters into contractual agreements for its annual Celebration of Life event. These agreements require Life Centers to pay speaker fees, food costs, and other expenses in conjunction with the event. Noncancelable commitments as of June 30, 2022 are approximated at \$14,400.

### 10. SUBSEQUENT EVENTS:

Subsequent events have been evaluated through October 20, 2022, which represents the date the financial statements were available to be issued. Subsequent events after that date have not been evaluated.