



LIFE CENTERS, INC.

Financial Statements
With Independent Auditors' Report

December 31, 2011 and 2010

LIFE CENTERS, INC.

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Life Centers, Inc.
Indianapolis, Indiana

We have audited the accompanying statements of financial position of Life Centers, Inc. as of December 31, 2011 and 2010, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Life Center's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits 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 financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Life Center's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Life Centers, Inc. as of December 31, 2011 and 2010, and its statements of activities and its statements of cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Capin Crouse LLP

Greenwood, Indiana
May 14, 2012

LIFE CENTERS, INC.

Statements of Financial Position

	December 31,	
	2011	2010
ASSETS:		
Current assets:		
Cash	\$ 129,319	\$ 92,543
Investments	5,119	2,667
Contributions receivable—net	15,000	-
Prepaid expenses	10,435	24,245
Inventory	45,465	45,095
	205,338	164,550
Leasehold improvements and equipment, at cost—net	55,078	96,901
Total Assets	\$ 260,416	\$ 261,451
LIABILITIES AND NET ASSETS:		
Current liabilities:		
Accounts payable	\$ 60,521	\$ 80,522
Accrued payroll and other accrued expenses	30,310	27,933
	90,831	108,455
Net assets:		
Unrestricted:		
Operating	114,507	55,865
Net investment in leasehold improvements and equipment	55,078	96,901
	169,585	152,766
Temporarily restricted	-	230
	169,585	152,996
Total Liabilities and Net Assets	\$ 260,416	\$ 261,451

See notes to financial statements

LIFE CENTERS, INC.

Statements of Activities

	Year Ended December 31,					
	2011			2010		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
SUPPORT AND REVENUE:						
Support:						
Contributions	\$1,006,943	\$ 23,230	\$1,030,173	\$ 929,767	\$ 25,131	\$ 954,898
Special event support	256,947	-	256,947	165,757	-	165,757
Contributed services	521,986	-	521,986	467,915	-	467,915
Gift-in-kind	98,591	-	98,591	154,485	-	154,485
	<u>1,884,467</u>	<u>23,230</u>	<u>1,907,697</u>	<u>1,717,924</u>	<u>25,131</u>	<u>1,743,055</u>
Revenue:						
Other revenue	10,982	-	10,982	4,067	-	4,067
Total Support and Revenue	<u>1,895,449</u>	<u>23,230</u>	<u>1,918,679</u>	<u>1,721,991</u>	<u>25,131</u>	<u>1,747,122</u>
RECLASSIFICATIONS:						
Net assets released from restriction by satisfaction of purpose restrictions	23,460	(23,460)	-	101,986	(101,986)	-
EXPENSES:						
Program services:						
Client services	1,484,207	-	1,484,207	1,430,888	-	1,430,888
Supporting activities:						
Management and general	253,668	-	253,668	216,987	-	216,987
Fund-raising and community outreach	164,215	-	164,215	217,560	-	217,560
Total Expenses	<u>1,902,090</u>	<u>-</u>	<u>1,902,090</u>	<u>1,865,435</u>	<u>-</u>	<u>1,865,435</u>
Change in Net Assets	16,819	(230)	16,589	(41,458)	(76,855)	(118,313)
Net Assets, Beginning of Year	<u>152,766</u>	<u>230</u>	<u>152,996</u>	<u>194,224</u>	<u>77,085</u>	<u>271,309</u>
Net Assets, End of Year	<u>\$ 169,585</u>	<u>\$ -</u>	<u>\$ 169,585</u>	<u>\$ 152,766</u>	<u>\$ 230</u>	<u>\$ 152,996</u>

See notes to financial statements

LIFE CENTERS, INC.

Statements of Cash Flows

	Year Ended December 31,	
	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 16,589	\$ (118,313)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	47,818	59,701
Donated investments	(5,044)	(13,045)
Loss on sale of equipment and property held for sale	-	229
Changes in:		
Contributions receivable	(15,000)	180
Prepaid expenses	13,810	58,255
Inventory	(370)	(45,095)
Accounts payable	(20,001)	47,471
Accrued payroll and other accrued expenses	2,377	(472)
Net Cash Provided (Used) by Operating Activities	40,179	(11,089)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of leasehold improvements and equipment	(5,995)	(1,469)
Proceeds from investments	2,592	12,246
Net Cash Provided (Used) by Investing Activities	(3,403)	10,777
Change in Cash	36,776	(312)
Cash, Beginning of Year	92,543	92,855
Cash, End of Year	\$ 129,319	\$ 92,543
SUPPLEMENTAL DISCLOSURE:		
Donated Stock	\$ 5,044	\$ 13,045
Contributed Services	\$ 521,986	\$ 467,915
Gift-in-Kind	\$ 98,591	\$ 154,485

See notes to financial statements

LIFE CENTERS, INC.

Notes to Financial Statements

December 31, 2011 and 2010

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 Center's 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 Center's 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 Center's 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, 2011 and 2010

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

NET ASSETS

The financial statements have been prepared in accordance with the *Presentation of Financial Statements* topic of the FASB Accounting Standards Codification 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 the 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.

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 above policy.

CONTRIBUTIONS RECEIVABLE

Contributions receivable are normally allowed for when they are considered to be uncollectible. As of December 31, 2011, management considers all receivables fully collectible and are expected to be received within one year.

PREPAID EXPENSES

Prepaid expenses relate to expenses paid prior to fiscal year end for the annual Celebration of Life spring event paid in advance.

LIFE CENTERS, INC.

Notes to Financial Statements

December 31, 2011 and 2010

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 that meet generally accepted accounting principles reporting requirements. These contributed services consist of donated ultrasound hours and counseling hours. For the years ended December 31, 2011 and 2010, Life Centers reported \$521,986 and \$467,915, 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, 2011 and 2010, was \$98,591 and \$154,485, 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 9,900 and 10,300 volunteer hours for services that did not meet reporting requirements in 2011 and 2010, 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 \$47,818 and \$59,701 for the years ended December 31, 2011 and 2010, 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 the 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 that 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, 2011 and 2010

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 was approximately \$11,900 and \$13,200 for the years ended December 31, 2011 and 2010, respectively. Accordingly, expenses have been allocated among the various program services and supporting activities benefited. For the years ended December 31, 2011 and 2010, 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, 2011 and 2010.

Functional allocation of expenses was as follows for the year ended December 31, 2011:

	<u>Client Services</u>	<u>Management and General</u>	<u>Fund-raising</u>	<u>Total</u>
Personnel expenses	\$ 384,139	\$ 133,600	\$ 108,132	\$ 625,871
Employee and volunteer expense	515,181	1,361	16,442	532,984
Building expense	331,624	14,521	10,891	357,036
Supplies	127,572	15,723	21,316	164,611
Administrative	67,771	82,070	6,462	156,303
Equipment	48,592	4,786	18	53,396
Advertising	9,328	1,607	954	11,889
	<u>\$ 1,484,207</u>	<u>\$ 253,668</u>	<u>\$ 164,215</u>	<u>\$ 1,902,090</u>

Functional allocation of expenses was as follows for the year ended December 31, 2010:

	<u>Client Services</u>	<u>Management and General</u>	<u>Fund-raising</u>	<u>Total</u>
Personnel expenses	\$ 338,857	\$ 150,270	\$ 113,500	\$ 602,627
Employee and volunteer expense	491,884	4,244	15,342	511,470
Building expense	322,388	13,898	9,622	345,908
Supplies	128,007	2,145	51,699	181,851
Administrative	82,938	41,897	8,920	133,755
Equipment	54,962	4,210	3,215	62,387
Events	-	-	14,190	14,190
Advertising	11,852	323	1,072	13,247
	<u>\$ 1,430,888</u>	<u>\$ 216,987</u>	<u>\$ 217,560</u>	<u>\$ 1,865,435</u>

LIFE CENTERS, INC.

Notes to Financial Statements

December 31, 2011 and 2010

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, 2011 and 2010, Life Centers had no uncertain tax positions that qualify for recognition or disclosure in the financial statements.

3. LEASEHOLD IMPROVEMENTS AND EQUIPMENT:

	December 31,	
	2011	2010
Leasehold improvements	\$ 113,210	\$ 107,215
Furniture and equipment	355,955	355,955
	<u>469,165</u>	<u>463,170</u>
Less accumulated depreciation	(414,087)	(366,269)
	<u>(414,087)</u>	<u>(366,269)</u>
Net leasehold improvements and equipment	<u>\$ 55,078</u>	<u>\$ 96,901</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,	
	2011	2010
Special event revenue	\$ 125,696	\$ 327,611
Special event contributions	257,896	220,322
Special event expenses	(126,645)	(382,176)
	<u>\$ 256,947</u>	<u>\$ 165,757</u>

LIFE CENTERS, INC.

Notes to Financial Statements

December 31, 2011 and 2010

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 \$5,200 and \$5,100 were made to the plan during the years ended December 31, 2011 and 2010, respectively.

OTHER BENEFITS

Life Centers provides its full-time employees with group life term insurance and group medical insurance (including dental and vision). 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 \$100,800 and \$85,100 for the years ended December 31, 2011 and 2010, respectively.

6. COMMITMENTS:

Operating lease expense relating to office space and equipment for the years ended December 31, 2011 and 2010, was approximately \$267,500 and \$258,200, respectively. Remaining noncancelable minimum lease payments are approximately as follows:

<u>Years Ending December 31,</u>	
2012	\$ 247,600
2013	149,200
2014	65,200
2015	<u>18,600</u>
	<u>\$ 480,600</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. The estimated unpaid, noncancelable commitments for 2012 approximate \$20,500.

7. RELATED PARTY:

Life Centers purchases insurance from a board member's company. The total amounts paid for insurance for the years ended December 31, 2011 and 2010, was \$4,323 and \$6,567, respectively.

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.