



LIFE CENTERS, INC.

Financial Statements  
With Independent Accountants' Review Report

December 31, 2012 and 2011

# LIFE CENTERS, INC.

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## INDEPENDENT ACCOUNTANTS' REVIEW REPORT

Board of Directors  
Life Centers, Inc.  
Indianapolis, Indiana

We have reviewed the accompanying statement of financial position of Life Centers, Inc. as of December 31, 2012, and the related statements of activities and cash flows for the year then ended.

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 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.

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

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 conformity with accounting principles generally accepted in the United States of America.

The financial statements for the year ended December 31, 2011, were audited by us and we expressed an unqualified opinion on them in our report dated May 13, 2012, but we have not performed any auditing procedures since that date.

*Capin Crouse LLP*

Greenwood, Indiana  
May 24, 2013

# LIFE CENTERS, INC.

## Statements of Financial Position

	December 31,	
	2012 (Reviewed)	2011 (Audited)
<b>ASSETS:</b>		
Current assets:		
Cash	\$ 180,098	\$ 129,319
Investments	-	5,119
Contributions receivable-net	-	15,000
Prepaid expenses	6,159	10,435
Inventory	19,242	45,465
	<u>205,499</u>	<u>205,338</u>
 Leasehold improvements and equipment, at cost-net	 36,511	 55,078
	<u>36,511</u>	<u>55,078</u>
 Total Assets	 \$ 242,010	 \$ 260,416
	<u>\$ 242,010</u>	<u>\$ 260,416</u>
<b>LIABILITIES AND NET ASSETS:</b>		
Current liabilities:		
Accounts payable	\$ 72,964	\$ 60,521
Accrued payroll and other accrued expenses	40,363	30,310
	<u>113,327</u>	<u>90,831</u>
 Net assets:		
Unrestricted:		
Operating	92,172	114,507
Net investment in leasehold improvements and equipment	36,511	55,078
	<u>128,683</u>	<u>169,585</u>
Temporarily restricted	-	-
	<u>128,683</u>	<u>169,585</u>
 Total Liabilities and Net Assets	 \$ 242,010	 \$ 260,416
	<u>\$ 242,010</u>	<u>\$ 260,416</u>

See independent accountants' review report and accompanying notes

# LIFE CENTERS, INC.

## Statements of Activities

	Year Ended December 31,					
	2012 (Reviewed)			2011 (Audited)		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
<b>SUPPORT AND REVENUE:</b>						
Support:						
Contributions	\$ 985,274	\$ 26,345	\$ 1,011,619	\$1,006,943	\$ 23,230	\$1,030,173
Special event support	230,320	-	230,320	256,947	-	256,947
Contributed services	429,666	-	429,666	521,986	-	521,986
Gift-in-kind	60,373	-	60,373	98,591	-	98,591
	1,705,633	26,345	1,731,978	1,884,467	23,230	1,907,697
Revenue:						
Other revenue	19,337	-	19,337	10,982	-	10,982
<b>Total Support and Revenue</b>	<b>1,724,970</b>	<b>26,345</b>	<b>1,751,315</b>	<b>1,895,449</b>	<b>23,230</b>	<b>1,918,679</b>
<b>RECLASSIFICATIONS:</b>						
Net assets released from restriction by satisfaction of purpose restrictions	26,345	(26,345)	-	23,460	(23,460)	-
<b>EXPENSES:</b>						
Program services:						
Client services	1,338,627	-	1,338,627	1,484,207	-	1,484,207
Supporting activities:						
Management and general	283,253	-	283,253	253,668	-	253,668
Fund-raising and community outreach	170,337	-	170,337	164,215	-	164,215
<b>Total Expenses</b>	<b>1,792,217</b>	<b>-</b>	<b>1,792,217</b>	<b>1,902,090</b>	<b>-</b>	<b>1,902,090</b>
Change in Net Assets	(40,902)	-	(40,902)	16,819	(230)	16,589
Net Assets, Beginning of Year	169,585	-	169,585	152,766	230	152,996
Net Assets, End of Year	\$ 128,683	\$ -	\$ 128,683	\$ 169,585	\$ -	\$ 169,585

See independent accountants' review report and accompanying notes

# LIFE CENTERS, INC.

## Statements of Cash Flows

	Year Ended December 31,	
	2012 (Reviewed)	2011 (Audited)
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ (40,902)	\$ 16,589
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	26,886	47,818
Donated investments	-	(5,044)
Changes in:		
Contributions receivable	15,000	(15,000)
Prepaid expenses	4,276	13,810
Inventory	26,223	(370)
Accounts payable	12,443	(20,001)
Accrued payroll and other accrued expenses	10,053	2,377
Net Cash Provided by Operating Activities	53,979	40,179
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchases of leasehold improvements and equipment	(8,319)	(5,995)
Proceeds from investments	5,119	2,592
Net Cash Used by Investing Activities	(3,200)	(3,403)
Change in Cash	50,779	36,776
Cash, Beginning of Year	129,319	92,543
Cash, End of Year	\$ 180,098	\$ 129,319
<b>SUPPLEMENTAL DISCLOSURE:</b>		
Donated Stock	\$ -	\$ 5,004
Contributed Services	\$ 429,666	\$ 521,986
Gift-in-Kind	\$ 60,373	\$ 98,591

See independent accountants' review report and accompanying notes

# **LIFE CENTERS, INC.**

## **Notes to Financial Statements**

December 31, 2012 and 2011

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, 2012 and 2011

### 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 the above policy.

#### CONTRIBUTIONS RECEIVABLE

Contributions receivable are normally allowed for when they are considered to be uncollectible. As of December 31, 2011, management considered all receivables fully collectible and were paid in full during 2012.

# LIFE CENTERS, INC.

## Notes to Financial Statements

December 31, 2012 and 2011

### 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, 2012 and 2011, Life Centers reported \$443,755 and \$521,986, 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, 2012 and 2011, was \$67,573 and \$98,591, 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 10,400 and 9,900 volunteer hours for services that did not meet reporting requirements in 2012 and 2011, 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 \$26,886 and \$47,818 for the years ended December 31, 2012 and 2011, 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, 2012 and 2011

### 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 \$17,280 and \$11,900 for the years ended December 31, 2012 and 2011, respectively. Accordingly, expenses have been allocated among the various program services and supporting activities benefited. For the years ended December 31, 2012 and 2011, 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, 2012 and 2011.

Functional allocation of expenses was as follows for the year ended December 31, 2012:

	<u>Client Services</u>	<u>Management and General</u>	<u>Fund-raising</u>	<u>Total</u>
Personnel expenses	\$ 403,068	\$ 77,954	\$ 111,065	\$ 592,087
Employee and volunteer expense	436,068	9,134	40	445,242
Building expense	265,581	105,989	-	371,570
Supplies	117,754	19,504	21,913	159,171
Administrative	84,252	57,798	24,296	166,346
Equipment	19,004	12,003	-	31,007
Advertising	12,900	871	3,510	17,281
Events	-	-	9,513	9,513
	<u>\$ 1,338,627</u>	<u>\$ 283,253</u>	<u>\$ 170,337</u>	<u>\$ 1,792,217</u>

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>

# LIFE CENTERS, INC.

## Notes to Financial Statements

December 31, 2012 and 2011

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, 2012 and 2011, 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,	
	2012	2011
	(Reviewed)	(Audited)
Leasehold improvements	\$ -	\$ 113,210
Furniture and equipment	477,484	355,955
	<u>477,484</u>	<u>469,165</u>
Less accumulated depreciation	<u>(440,973)</u>	<u>(414,087)</u>
	<u>\$ 36,511</u>	<u>\$ 55,078</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,	
	2012	2011
	(Reviewed)	(Audited)
Special event revenue	\$ 49,670	\$ 125,696
Special event contributions and gift in kind	312,302	257,896
Special event expenses	<u>(131,652)</u>	<u>(126,645)</u>
	<u>\$ 230,320</u>	<u>\$ 256,947</u>

# LIFE CENTERS, INC.

## Notes to Financial Statements

December 31, 2012 and 2011

### 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 \$8,500 and \$5,200 were made to the plan during the years ended December 31, 2012 and 2011, 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 \$65,100 and \$100,800 for the years ended December 31, 2012 and 2011, respectively.

### 6. COMMITMENTS:

Operating lease expense relating to office space and equipment for the years ended December 31, 2012 and 2011, was approximately \$269,100 and \$267,500, respectively. Remaining noncancelable minimum lease payments are approximately as follows:

<u>Years Ending December 31,</u>	
2013	\$ 202,200
2014	118,900
2015	<u>70,800</u>
	<u>\$ 391,900</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 2013 approximate \$5,600.

### 7. RELATED PARTY:

In 2011, Life Centers purchased insurance from a board member's company. The total amount paid for insurance for the year ended December 31, 2011, was \$4,323.

### 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.