



LIFE CENTERS, INC.

Financial Statements  
With Independent Accountants' Review Report

December 31, 2014 and 2013

# LIFE CENTERS, INC.

## Table of Contents

	<u>Page</u>
Independent Accountants' Review 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' REVIEW REPORT

Board of Directors  
Life Centers, Inc.  
Indianapolis, Indiana

We have reviewed the accompanying statements of financial position of Life Centers, Inc. as of December 31, 2014 and 2013, and the related statements of activities and cash flows for the years 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 reviews 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 reviews, 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.

*Capin Crouse LLP*

Greenwood, Indiana  
March 24, 2015

# LIFE CENTERS, INC.

## Statements of Financial Position

	December 31,	
	2014	2013
ASSETS:		
Current assets:		
Cash	\$ 188,783	\$ 149,289
Contributions receivable–net	11,713	13,560
Prepaid expenses	18,442	33,406
Inventory	50,461	39,616
	<u>269,399</u>	<u>235,871</u>
Leasehold improvements and equipment, at cost–net	<u>122,208</u>	<u>33,271</u>
Total Assets	<u>\$ 391,607</u>	<u>\$ 269,142</u>
LIABILITIES AND NET ASSETS:		
Current liabilities:		
Accounts payable	\$ 4,930	\$ 48,042
Accrued payroll and other accrued expenses	56,266	47,349
	<u>61,196</u>	<u>95,391</u>
Net assets:		
Unrestricted:		
Operating	202,953	140,480
Net investment in leasehold improvements and equipment	122,208	33,271
	<u>325,161</u>	<u>173,751</u>
Temporarily restricted	<u>5,250</u>	<u>-</u>
	<u>330,411</u>	<u>173,751</u>
Total Liabilities and Net Assets	<u>\$ 391,607</u>	<u>\$ 269,142</u>

See independent accountants' review report and accompanying notes

# LIFE CENTERS, INC.

## Statements of Activities

	Year Ended December 31,					
	2014			2013		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
<b>SUPPORT AND REVENUE:</b>						
Support:						
Contributions	\$ 869,498	\$134,490	\$ 1,003,988	\$ 861,884	\$ 21,731	\$ 883,615
Special event support	300,747	-	300,747	253,872	-	253,872
Contributed services	467,016	-	467,016	387,450	-	387,450
Gift-in-kind	99,993	-	99,993	104,542	-	104,542
	<u>1,737,254</u>	<u>134,490</u>	<u>1,871,744</u>	<u>1,607,748</u>	<u>21,731</u>	<u>1,629,479</u>
Revenue:						
Other revenue	5,947	-	5,947	8,139	-	8,139
<b>Total Support and Revenue</b>	<u>1,743,201</u>	<u>134,490</u>	<u>1,877,691</u>	<u>1,615,887</u>	<u>21,731</u>	<u>1,637,618</u>
<b>RECLASSIFICATIONS:</b>						
Net assets released from restriction by satisfaction of purpose restrictions	129,240	(129,240)	-	21,731	(21,731)	-
<b>EXPENSES:</b>						
Program services:						
Client services	1,298,249	-	1,298,249	1,192,154	-	1,192,154
Supporting activities:						
Management and general	279,178	-	279,178	283,460	-	283,460
Fund-raising and community outreach	143,604	-	143,604	116,936	-	116,936
<b>Total Expenses</b>	<u>1,721,031</u>	<u>-</u>	<u>1,721,031</u>	<u>1,592,550</u>	<u>-</u>	<u>1,592,550</u>
Change in Net Assets	151,410	5,250	156,660	45,068	-	45,068
Net Assets, Beginning of Year	173,751	-	173,751	128,683	-	128,683
<b>Net Assets, End of Year</b>	<u>\$ 325,161</u>	<u>\$ 5,250</u>	<u>\$ 330,411</u>	<u>\$ 173,751</u>	<u>\$ -</u>	<u>\$ 173,751</u>

See independent accountants' review report and accompanying notes

# LIFE CENTERS, INC.

## Statements of Cash Flows

	Year Ended December 31,	
	2014	2013
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ 156,660	\$ 45,068
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	17,912	24,235
Changes in:		
Contributions receivable	1,847	(13,560)
Prepaid expenses	14,964	(27,247)
Inventory	(10,845)	(20,374)
Accounts payable	(43,112)	(24,922)
Accrued payroll and other accrued expenses	8,917	6,986
Net Cash Provided (Used) by Operating Activities	<u>146,343</u>	<u>(9,814)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchases of leasehold improvements and equipment	<u>(106,849)</u>	<u>(20,995)</u>
Net Cash Used by Investing Activities	<u>(106,849)</u>	<u>(20,995)</u>
Change in Cash	39,494	(30,809)
Cash, Beginning of Year	<u>149,289</u>	<u>180,098</u>
Cash, End of Year	<u>\$ 188,783</u>	<u>\$ 149,289</u>
<b>SUPPLEMENTAL DISCLOSURE:</b>		
Contributed Services	<u>\$ 467,016</u>	<u>\$ 387,450</u>
Gift-in-Kind	<u>\$ 99,993</u>	<u>\$ 104,542</u>

See independent accountants' review report and accompanying notes

# **LIFE CENTERS, INC.**

## **Notes to Financial Statements**

December 31, 2014 and 2013

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, 2014 and 2013

### 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.

At December 31, 2014 and 2013, there was \$5,250 and \$0 of temporarily restricted net assets, respectively. The 2014 amounts are restricted for a website project and a new location to be opened in Hendricks County during the year ended December 31, 2015.

#### 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 December 31, 2014 and 2013, the balance of this account was \$6,802 and 7,877, 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 December 31, 2014 and 2013, management considered all receivables fully collectible and are expected to be collected within one year.

# **LIFE CENTERS, INC.**

## **Notes to Financial Statements**

December 31, 2014 and 2013

### 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 years ended December 31, 2014 and 2013, Life Centers reported \$467,016 and \$387,450, 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, 2014 and 2013, was \$99,993 and \$106,542, 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 8,700 and 9,600 volunteer hours for services that did not meet reporting requirements in 2014 and 2013, 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 \$17,912 and \$24,235 for the years ended December 31, 2014 and 2013, 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, 2014 and 2013

### 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 \$19,500 and \$12,500 for the years ended December 31, 2014 and 2013, respectively. Accordingly, expenses have been allocated among the various program services and supporting activities benefited. For the years ended December 31, 2014 and 2013, 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, 2014 and 2013.

Functional allocation of expenses was as follows for the year ended December 31, 2014:

	<u>Client Services</u>	<u>Management and General</u>	<u>Fund-raising</u>	<u>Total</u>
Personnel expenses	\$ 402,695	\$ 118,828	\$ 138,633	\$ 660,156
Employee and volunteer expense	468,693	11,686	362	480,741
Building expense	195,747	56,775	-	252,522
Supplies	113,665	27,333	1,474	142,472
Administrative	85,796	52,669	2,355	140,820
Equipment	14,295	10,522	-	24,817
Advertising	17,358	1,365	780	19,503
	<u>\$ 1,298,249</u>	<u>\$ 279,178</u>	<u>\$ 143,604</u>	<u>\$ 1,721,031</u>

Functional allocation of expenses was as follows for the year ended December 31, 2013:

	<u>Client Services</u>	<u>Management and General</u>	<u>Fund-raising</u>	<u>Total</u>
Personnel expenses	\$ 361,797	\$ 93,618	\$ 77,735	\$ 533,150
Employee and volunteer expense	390,222	5,714	208	396,144
Building expense	226,727	82,989	-	309,716
Supplies	110,367	28,729	11,766	150,862
Administrative	74,642	59,883	20,686	155,211
Equipment	17,904	11,357	-	29,261
Advertising	10,495	1,170	880	12,545
Events	-	-	5,661	5,661
	<u>\$ 1,192,154</u>	<u>\$ 283,460</u>	<u>\$ 116,936</u>	<u>\$ 1,592,550</u>

# LIFE CENTERS, INC.

## Notes to Financial Statements

December 31, 2014 and 2013

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, 2014 and 2013, 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,	
	2014	2013
Leasehold improvements	\$ 108,264	\$ 108,264
Furniture and equipment	483,104	376,256
	<u>591,368</u>	<u>484,520</u>
Less accumulated depreciation	(469,160)	(451,249)
	<u>\$ 122,208</u>	<u>\$ 33,271</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,	
	2014	2013
Special event revenue	\$ 105,881	\$ 48,375
Special event contributions and gift-in-kind	304,515	321,043
Special event expenses	<u>(109,649)</u>	<u>(115,546)</u>
	<u>\$ 300,747</u>	<u>\$ 253,872</u>

# LIFE CENTERS, INC.

## Notes to Financial Statements

December 31, 2014 and 2013

### 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 approximated \$9,500 and \$8,900 were made to the plan during the years ended December 31, 2014 and 2013, 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 \$50,900 and \$54,500 for the years ended December 31, 2014 and 2013, respectively.

### 6. COMMITMENTS:

Operating lease expense relating to office space and equipment for the years ended December 31, 2014 and 2013, was approximately \$176,300 and \$221,000, respectively. Remaining noncancelable minimum lease payments are approximately as follows:

<u>Year Ending December 31,</u>	
2015	\$ 92,200
2016	59,200
2017	64,400
2018	41,600
2019	<u>20,900</u>
	<u>\$ 278,300</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 2015 approximate \$19,000.

### 7. 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.