



LIFE CENTERS, INC.

Financial Statements
With Independent Accountants' Review Report

June 30, 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 statement of financial position as of June 30, 2017, and the related statements of activities and cash flows for the year 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 20, 2017

LIFE CENTERS, INC.

Statement of Financial Position

June 30, 2017

ASSETS:

Current assets:

Cash	\$ 398,532
Contributions receivable-net	4,348
Prepaid expenses	24,179
Inventory	64,983
	<u>492,042</u>

Leasehold improvements and equipment, at cost-net	<u>108,785</u>
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Total Assets	<u><u>\$ 600,827</u></u>
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LIABILITIES AND NET ASSETS:

Current liabilities:

Accounts payable	\$ 14,700
Accrued payroll and other accrued expenses	38,068
	<u>52,768</u>

Net assets:

Without donor restrictions:

Undesignated	251,575
Net investment in leasehold improvements and equipment	108,785
	<u>360,360</u>

With donor restrictions	187,699
	<u>548,059</u>

Total Liabilities and Net Assets	<u><u>\$ 600,827</u></u>
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See independent accountants' review report and accompanying notes

LIFE CENTERS, INC.

Statement of Activities

Year Ended June 30, 2017

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE:			
Support:			
Special event support	\$ 258,346	\$ -	\$ 258,346
Less: costs of direct benefits to donors	(47,435)	-	(47,435)
Special event support-net	210,911	-	210,911
Contributions	1,003,417	171,473	1,174,890
Contributed services	284,378	-	284,378
Gift-in-kind	181,266	-	181,266
	1,679,972	171,473	1,851,445
Revenue:			
Other revenue	6,148	-	6,148
	1,686,120	171,473	1,857,593
RECLASSIFICATIONS:			
Net assets released from restriction by satisfaction of purpose restrictions	55,487	(55,487)	-
	1,741,607	115,986	1,857,593
EXPENSES:			
Program services:			
Client services	1,309,043	-	1,309,043
Supporting activities:			
Management and general	255,738	-	255,738
Fund-raising and community outreach	197,744	-	197,744
	1,762,525	-	1,762,525
Total Expenses	1,762,525	-	1,762,525
Change in Net Assets	(20,918)	115,986	95,068
Net Assets, Beginning of Year	381,278	71,713	452,991
Net Assets, End of Year	\$ 360,360	\$ 187,699	\$ 548,059

See independent accountants' review report and accompanying notes

LIFE CENTERS, INC.

Statement of Cash Flows

Year Ended June 30, 2017

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in net assets	\$ 95,068
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:	
Depreciation	44,557
Loss on disposal of leasehold improvements and equipment	1,627
Changes in:	
Contributions receivable	8,580
Prepaid expenses	3,760
Inventory	(25,592)
Accounts payable	(2,599)
Accrued payroll and other accrued expenses	(4,394)
Net Cash Provided by Operating Activities	<u>121,007</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Purchases of leasehold improvements and equipment	<u>(31,105)</u>
Net Cash Used by Investing Activities	<u>(31,105)</u>

Change in Cash 89,902

Cash, Beginning of Year 308,630

Cash, End of Year \$ 398,532

See independent accountants' review report and accompanying notes

LIFE CENTERS, INC.

Notes to Financial Statements

Year Ended June 30, 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 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

Year Ended June 30, 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. Cash received from the Indiana Association of Pregnancy Centers is required to be maintained in a separate bank account. At June 30, 2017, the balance of this account was \$51,818.

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, 2017, management considered all receivables fully collectible and are expected to be collected within one year.

LIFE CENTERS, INC.

Notes to Financial Statements

Year Ended June 30, 2017

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 year ended June 30, 2017, Life Centers reported \$284,378 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 year ended June 30, 2017, was \$181,266. 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 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 \$44,557 for the year ended June 30, 2017. 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 use 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 statement of activities as net assets released from restrictions. 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 for direct benefit to donors in the statement of activities.

LIFE CENTERS, INC.

Notes to Financial Statements

Year Ended June 30, 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 statement of activities. Advertising expense approximated \$24,000 for the year ended June 30, 2017. Accordingly, expenses have been allocated among the various program services and supporting activities benefited. For the year ended June 30, 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 year ended June 30, 2017.

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	-	-	53,618	47,435	101,053
Total functional expenses	1,309,043	255,738	197,744	47,435	1,809,960
Less costs of direct benefit to donors netted against support on the statement of activities	-	-	-	(47,435)	(47,435)
Total expenses on the statement of activities	\$ 1,309,043	\$ 255,738	\$ 197,744	\$ -	\$ 1,762,525

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 statement of activities. As of June 30, 2017, Life Centers had no uncertain tax positions that qualify for recognition or disclosure in the financial statements.

LIFE CENTERS, INC.

Notes to Financial Statements

Year Ended June 30, 2017

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

RECENTLY ADOPTED ACCOUNTING STANDARDS

During the year ended June 30, 2017, Life Centers adopted Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. ASU 2016-14 requires not-for-profit entities to improve their financial statement presentation and disclosures to provide more relevant information about their resources to their donors, grantors, creditors, and other users. ASU 2016-14 has qualitative and quantitative requirements for presentation and disclosure over net asset classes, investment return, expenses, liquidity and availability of resources, and cash flows. There was no effect on changes in net assets for the year ended June 30, 2017.

3. AVAILABILITY OF FINANCIAL ASSETS:

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

Financial assets, end of year	\$ 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	<u>(187,699)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 215,181</u>

Life Centers is substantially supported by contributions on an unrestricted and restricted basis. 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:

Leasehold improvements	\$ 157,144
Furniture and equipment	<u>482,851</u>
	639,995
Less accumulated depreciation	<u>(531,210)</u>
	<u>\$ 108,785</u>

LIFE CENTERS, INC.

Notes to Financial Statements

Year Ended June 30, 2017

5. NET ASSETS WITH DONOR RESTRICTIONS

Net assets subject to expenditure for specified purpose:

Hamilton County fund	\$ 97,155
Boone County fund	60,226
Medical fund	15,000
SOAR	7,818
Client outreach	7,500
	<hr/>
	\$ 187,699
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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 \$7,900 were made to the plan during the year ended June 30, 2017.

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 \$10,500 for the year ended June 30, 2017.

LIFE CENTERS, INC.

Notes to Financial Statements

Year Ended June 30, 2017

7. COMMITMENTS:

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

<u>Year Ending June 30,</u>	
2018	\$ 186,102
2019	168,656
2020	87,550
2021	43,854
2022	32,400
Thereafter	<u>23,942</u>
	<u>\$ 542,504</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 2018 approximate \$32,000. Life Centers entered into construction contracts for the buildout of two centers which totaled approximately \$54,500. No costs have been incurred under these contracts at June 30, 2017.

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.