

**Audited Consolidated Financial Statements**

**Planned Parenthood of South Florida  
and the Treasure Coast, Inc. and  
Subsidiaries  
d/b/a**

**Planned Parenthood of  
South, East and North Florida**

**June 30, 2021 and 2020**



**CALER, DONTEN, LEVINE,  
COHEN, PORTER & VEIL, P.A.**

CERTIFIED PUBLIC ACCOUNTANTS

PLANNED PARENTHOOD OF SOUTH FLORIDA  
AND THE TREASURE COAST, INC. AND SUBSIDIARIES  
d/b/a

PLANNED PARENTHOOD OF  
SOUTH, EAST AND NORTH FLORIDA

AUDITED CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

INDEPENDENT AUDITOR'S REPORT ..... 1

AUDITED CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Statements of Financial Position ..... 3  
Consolidated Statements of Activities ..... 4  
Consolidated Statements of Functional Expenses ..... 6  
Consolidated Statements of Cash Flows ..... 10  
Notes to Consolidated Financial Statements ..... 11



## Independent Auditor's Report

To the Board of Directors  
Planned Parenthood of South Florida and the Treasure Coast, Inc.  
d/b/a Planned Parenthood of South, East and North Florida  
West Palm Beach, Florida

We have audited the accompanying consolidated financial statements of Planned Parenthood of South Florida and the Treasure Coast, Inc. and Subsidiaries d/b/a Planned Parenthood of South, East and North Florida (a not-for-profit organization, the "Organization"), which comprise the consolidated statements of financial position as of June 30, 2021 and 2020, and the related consolidated statements of activities, functional expenses, and cash flows for the year ended June 30, 2021 and the nine months ended June 30, 2020, and the related notes to the consolidated financial statements.

### **Management's Responsibility for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Planned Parenthood of South Florida and the Treasure Coast, Inc. and Subsidiaries d/b/a Planned Parenthood of South, East and North Florida as of June 30, 2021 and 2020, and the changes in its net assets and its cash flows for the year ended June 30, 2021 and the nine months ended June 30, 2020, in accordance with U.S. generally accepted accounting principles.

*Cale, Dauter, Levine,  
Cohen, Porter & Veil, P.A.*

West Palm Beach, Florida  
November 11, 2021

PLANNED PARENTHOOD OF SOUTH, EAST AND NORTH FLORIDA

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 2,887,126	\$ 3,757,283
Receivables		
Accounts, net	533,416	671,149
Grants	104,559	94,405
Interest	36,817	35,997
Related party	1,905,943	-
Other	41,358	93,670
Inventory	454,477	461,155
Prepaid expenses	94,410	221,007
Contributions receivable, net	2,901,911	4,479,235
Long-term investments	21,971,147	17,654,301
Assets held in trust	498,193	380,134
Property and equipment, net of accumulated depreciation	12,010,472	10,795,219
Other assets	<u>132,895</u>	<u>132,477</u>
TOTAL ASSETS	<u>\$ 43,572,724</u>	<u>\$ 38,776,032</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts payable	\$ 994,336	\$ 598,719
Accrued expenses	968,176	840,128
Deferred revenue	432,913	667,276
Deferred rent	259,602	326,902
Note payable	<u>1,940,378</u>	<u>1,940,378</u>
TOTAL LIABILITIES	4,595,405	4,373,403
<b>NET ASSETS</b>		
Without donor restrictions	27,714,626	21,926,568
With donor restrictions	<u>11,262,693</u>	<u>12,476,061</u>
TOTAL NET ASSETS	<u>38,977,319</u>	<u>34,402,629</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 43,572,724</u>	<u>\$ 38,776,032</u>

See notes to consolidated financial statements.

PLANNED PARENTHOOD OF SOUTH, EAST AND NORTH FLORIDA

CONSOLIDATED STATEMENT OF ACTIVITIES

Year Ended June 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
<b>PUBLIC SUPPORT AND OPERATING REVENUE</b>			
Health center revenue	\$ 9,279,771	\$ -	\$ 9,279,771
Provision for bad debts	(220,000)	-	(220,000)
Net health centers revenue	9,059,771	-	9,059,771
Grant revenue	2,633,805	-	2,633,805
Contributions and bequests	5,953,922	1,372,441	7,326,363
Special event income, net of direct expenses of \$12,805	881,298	-	881,298
Interest and dividends	476,208	-	476,208
Other income	591,372	-	591,372
TOTAL PUBLIC SUPPORT AND OPERATING REVENUE	19,596,376	1,372,441	20,968,817
<b>NET ASSETS RELEASED FROM RESTRICTIONS</b>	2,585,809	(2,585,809)	-
	22,182,185	(1,213,368)	20,968,817
<b>EXPENSES</b>			
Program services			
Health centers	14,143,284	-	14,143,284
Education	1,457,301	-	1,457,301
Public affairs	871,983	-	871,983
Total program services	16,472,568	-	16,472,568
Supporting services			
Fundraising	1,286,319	-	1,286,319
Management and general	2,592,238	-	2,592,238
Total supporting services	3,878,557	-	3,878,557
TOTAL EXPENSES	20,351,125	-	20,351,125
CHANGE IN NET ASSETS BEFORE OTHER GAINS	1,831,060	(1,213,368)	617,692
<b>OTHER GAINS</b>			
Net realized and unrealized gains on investments, net of investment expenses of \$155,007	3,823,896	-	3,823,896
Change in value of assets held in trust	133,102	-	133,102
TOTAL OTHER GAINS	3,956,998	-	3,956,998
CHANGE IN NET ASSETS	5,788,058	(1,213,368)	4,574,690
NET ASSETS, BEGINNING OF YEAR	21,926,568	12,476,061	34,402,629
NET ASSETS, END OF YEAR	<u>\$ 27,714,626</u>	<u>\$ 11,262,693</u>	<u>\$ 38,977,319</u>

See notes to consolidated financial statements.

PLANNED PARENTHOOD OF SOUTH, EAST AND NORTH FLORIDA

CONSOLIDATED STATEMENT OF ACTIVITIES

Nine Months Ended June 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
<b>PUBLIC SUPPORT AND OPERATING REVENUE</b>			
Health center revenue	\$ 7,811,022	\$ -	\$ 7,811,022
Provision for bad debts	(90,000)	-	(90,000)
Net health centers revenue	7,721,022	-	7,721,022
Grant revenue	1,787,111	-	1,787,111
Contributions and bequests	3,961,939	1,230,258	5,192,197
Special event income, net of direct expenses of \$150,214	1,033,437	-	1,033,437
Interest and dividends	344,916	-	344,916
Other income	401,948	-	401,948
TOTAL PUBLIC SUPPORT AND OPERATING REVENUE	15,250,373	1,230,258	16,480,631
<b>NET ASSETS RELEASED FROM RESTRICTIONS</b>	2,829,437	(2,829,437)	-
	18,079,810	(1,599,179)	16,480,631
<b>EXPENSES</b>			
Program services			
Health centers	10,806,553	-	10,806,553
Education	1,223,814	-	1,223,814
Public affairs	739,820	-	739,820
Total program services	12,770,187	-	12,770,187
Supporting services			
Fundraising	1,077,869	-	1,077,869
Management and general	1,971,454	-	1,971,454
Total supporting services	3,049,323	-	3,049,323
TOTAL EXPENSES	15,819,510	-	15,819,510
CHANGE IN NET ASSETS BEFORE OTHER GAINS, LOSSES AND EXPENSES	2,260,300	(1,599,179)	661,121
<b>OTHER GAINS, LOSSES AND EXPENSES</b>			
Net realized and unrealized gains on investments, net of investment expenses of \$94,682	783,175	-	783,175
Change in value of assets held in trust	3,472	-	3,472
Loss on sale of property and equipment	(4,805)	-	(4,805)
Contribution to affiliated entity	(825,000)	-	(825,000)
TOTAL OTHER GAINS, LOSSES AND EXPENSES	(43,158)	-	(43,158)
CHANGE IN NET ASSETS	2,217,142	(1,599,179)	617,963
NET ASSETS, BEGINNING OF PERIOD	19,709,426	14,075,240	33,784,666
NET ASSETS, END OF PERIOD	<u>\$ 21,926,568</u>	<u>\$ 12,476,061</u>	<u>\$ 34,402,629</u>

See notes to consolidated financial statements.

PLANNED PARENTHOOD OF SOUTH, EAST AND NORTH FLORIDA

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2021

	Program Services			
	Health Centers	Education	Public Affairs	Total
Salaries	\$ 5,357,270	\$ 987,282	\$ 595,733	\$ 6,940,285
Payroll taxes and employee benefits	942,623	194,918	115,626	1,253,167
	<u>6,299,893</u>	<u>1,182,200</u>	<u>711,359</u>	<u>8,193,452</u>
Advertising	91,121	-	-	91,121
Bank and credit card fees	93,127	1,158	666	94,951
Communication expense	715,128	14,671	10,091	739,890
Computer expense	323,596	16,911	10,125	350,632
Conferences, meetings and travel	315,743	20,751	8,959	345,453
Dues and subscriptions	32,419	11,076	1,591	45,086
Grant reimbursed expense	-	133,666	-	133,666
Facilities expense	1,239,081	9,760	5,618	1,254,459
Insurance expense	294,181	6,020	3,465	303,666
Interest expense	13,073	1,414	814	15,301
Medical expense	3,565,090	-	-	3,565,090
Professional fees	334,359	38,580	13,761	386,700
Depreciation	633,093	13,271	7,026	653,390
Other administrative expense	193,380	7,823	98,508	299,711
	<u>14,143,284</u>	<u>1,457,301</u>	<u>871,983</u>	<u>16,472,568</u>
Total	14,143,284	1,457,301	871,983	16,472,568
Expenses included with special event revenues on the consolidated statement of activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL EXPENSES	<u>\$ 14,143,284</u>	<u>\$ 1,457,301</u>	<u>\$ 871,983</u>	<u>\$ 16,472,568</u>



Supporting Services

Fundraising	Management and General	Total	Total Expenses
\$ 914,371	\$ 1,815,906	\$ 2,730,277	\$ 9,670,562
165,716	626,763	792,479	2,045,646
<u>1,080,087</u>	<u>2,442,669</u>	<u>3,522,756</u>	<u>11,716,208</u>
20	-	20	91,141
6,608	2,383	8,991	103,942
9,351	7,719	17,070	756,960
19,156	32,817	51,973	402,605
8,823	6,217	15,040	360,493
3,532	5,690	9,222	54,308
-	-	-	133,666
8,233	20,093	28,326	1,282,785
5,078	12,393	17,471	321,137
1,193	2,911	4,104	19,405
-	-	-	3,565,090
124,022	22,572	146,594	533,294
10,297	25,130	35,427	688,817
<u>22,724</u>	<u>11,644</u>	<u>34,368</u>	<u>334,079</u>
1,299,124	2,592,238	3,891,362	20,363,930
<u>(12,805)</u>	<u>-</u>	<u>(12,805)</u>	<u>(12,805)</u>
<u>\$ 1,286,319</u>	<u>\$ 2,592,238</u>	<u>\$ 3,878,557</u>	<u>\$ 20,351,125</u>

See notes to consolidated financial statements.

PLANNED PARENTHOOD OF SOUTH, EAST AND NORTH FLORIDA

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

Nine Months Ended June 30, 2020

	Program Services			
	Health Centers	Education	Public Affairs	Total
Salaries	\$ 4,115,803	\$ 746,377	\$ 458,724	\$ 5,320,904
Payroll taxes and employee benefits	810,783	183,922	103,347	1,098,052
	<u>4,926,586</u>	<u>930,299</u>	<u>562,071</u>	<u>6,418,956</u>
Advertising	17,812	-	35,000	52,812
Bank and credit card fees	74,585	862	496	75,943
Communication expense	526,336	11,314	8,153	545,803
Computer expense	185,598	8,868	5,101	199,567
Conferences, meetings, and travel	247,242	30,257	18,420	295,919
Dues and subscriptions	44,645	5,978	46,506	97,129
Grant reimbursed expense	104	185,005	208	185,317
Facilities expense	930,464	6,952	3,998	941,414
Insurance expense	185,819	4,421	2,543	192,783
Interest expense	2,142	251	145	2,538
Medical expense	2,807,306	-	-	2,807,306
Professional fees	241,321	25,178	49,318	315,817
Depreciation	464,180	10,163	5,180	479,523
Other administrative expense	152,413	4,266	2,681	159,360
	<u>10,806,553</u>	<u>1,223,814</u>	<u>739,820</u>	<u>12,770,187</u>
Total	10,806,553	1,223,814	739,820	12,770,187
Expenses included with special event revenues on the consolidated statement of activities	-	-	-	-
TOTAL EXPENSES	<u>\$ 10,806,553</u>	<u>\$ 1,223,814</u>	<u>\$ 739,820</u>	<u>\$ 12,770,187</u>

Supporting Services

Fundraising	Management and General	Total	Total Expenses
\$ 681,195	\$ 1,361,762	\$ 2,042,957	\$ 7,363,861
136,159	507,805	643,964	1,742,016
<u>817,354</u>	<u>1,869,567</u>	<u>2,686,921</u>	<u>9,105,877</u>
6,236	-	6,236	59,048
11,045	1,664	12,709	88,652
7,402	6,260	13,662	559,465
15,632	17,119	32,751	232,318
33,354	6,735	40,089	336,008
4,410	10,113	14,523	111,652
-	-	-	185,317
80,597	13,420	94,017	1,035,431
3,721	8,534	12,255	205,038
212	485	697	3,235
-	-	-	2,807,306
123,100	12,166	135,266	451,083
7,581	17,385	24,966	504,489
<u>117,439</u>	<u>8,006</u>	<u>125,445</u>	<u>284,805</u>
1,228,083	1,971,454	3,199,537	15,969,724
<u>(150,214)</u>	<u>-</u>	<u>(150,214)</u>	<u>(150,214)</u>
<u>\$ 1,077,869</u>	<u>\$ 1,971,454</u>	<u>\$ 3,049,323</u>	<u>\$ 15,819,510</u>

See notes to consolidated financial statements.

PLANNED PARENTHOOD OF SOUTH, EAST AND NORTH FLORIDA

CONSOLIDATED STATEMENTS OF CASH FLOWS

Year Ended June 30, 2021 and Nine Months Ended June 30, 2020

	<u>2021</u>	<u>2020</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 4,574,690	\$ 617,963
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	688,817	504,489
Net realized and unrealized gains on investments	(3,978,903)	(877,857)
Change in value of assets held in trust	(133,102)	(3,472)
Allowance for uncollectible accounts receivable	66,651	(32,262)
Loss on sale of property and equipment	-	4,805
Changes in operating assets and liabilities:		
Receivables	(216,199)	285,812
Inventory	6,678	32,358
Prepaid expenses	126,597	(61,108)
Other assets	(418)	7,146
Accounts payable	395,617	(100,536)
Accrued expenses	128,048	107,082
Deferred revenue	(234,363)	(211,847)
Deferred rent	(67,300)	(54,464)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>1,356,813</u>	<u>218,109</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of property and equipment	(1,904,070)	(721,502)
Proceeds from sale of property and equipment	-	249
Distributions from assets held in trust	15,043	15,058
Purchases of investments	(24,756,704)	(12,404,616)
Proceeds from sale of investments	24,418,761	12,169,399
NET CASH USED IN INVESTING ACTIVITIES	<u>(2,226,970)</u>	<u>(941,412)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITY</b>		
Borrowings under note payable	-	1,940,378
NET CASH PROVIDED BY FINANCING ACTIVITY	<u>-</u>	<u>1,940,378</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(870,157)	1,217,075
Cash and cash equivalents, beginning of year	<u>3,757,283</u>	<u>2,540,208</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 2,887,126</u>	<u>\$ 3,757,283</u>

See notes to consolidated financial statements.

PLANNED PARENTHOOD OF SOUTH, EAST AND NORTH FLORIDA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2021 and 2020

NOTE A - NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization: Planned Parenthood of South Florida and the Treasure Coast, Inc. d/b/a Planned Parenthood of South, East and North Florida (PPSENF) is a private not-for-profit corporation that operates as an independent affiliate of Planned Parenthood Federation of America, Inc., to which it pays annual membership dues. PPSENF and its subsidiaries, Protection Medical Archive, LLC, Health Services of South Florida, LLC and Edifice Development, LLC, are collectively referred to as the "Organization".

Protection Medical Archive, LLC, a single member LLC owned by PPSENF, was formed in Florida, commenced operations on May 28, 2009 and was dissolved on July 31, 2014. It was formed to manage the archival oversight of patient records for defunct health centers and was reactivated on February 17, 2015 to manage the archival oversight of patient records for the former Planned Parenthood of North Florida.

Health Services of South Florida, LLC, a single member LLC owned by PPSENF, was formed in Florida and commenced operations April 10, 2012. It was formed to provide family planning, reproductive health and preventative health services.

Edifice Development, LLC, a single member LLC owned by PPSENF, was formed in Delaware and commenced operations February 1, 2016. It was formed to construct and own a clinic building.

The Organization believes in the fundamental right of each individual to manage his or her fertility. The Organization also believes each individual has the right to privacy and respect. The Organization believes that respect and value for diversity in the Organization and the community is essential to each individual's well-being. The Organization further believes that voluntary self-determination and universal access to sexual health services will enhance the quality of life of all individuals. Based on these convictions, the mission of the Organization is to provide comprehensive sexual health care through direct services and education; protect and respect the essential privacy, rights, dignity, and culture of each individual; and advocate public policies which preserve those rights and ensure access to services.

Organizational Structure: Founded in 1971, the Organization provides family planning services, reproductive healthcare, outreach, sexual health education, teen pregnancy prevention programs, and advocacy in Palm Beach, Broward, Miami-Dade, St. Lucie, Duval, Alachua and Leon counties. The Organization is held to Planned Parenthood Federation of America brand standards, assuring compliance with clinical, fiscal, fundraising, Board and administrative standards. The Organization is supported primarily through donor contributions, fundraising events, grants, and patient fees. For the year ended June 30, 2021 and the nine months ended June 30, 2020, approximately 43% and 47% of the Organization's revenues were derived from patient fees earned in its health centers.

Principles of Consolidation: The accompanying consolidated financial statements include the accounts of PPSENF and its subsidiaries, Protection Medical Archive, LLC, Health Services of South Florida, LLC and Edifice Development, LLC. All significant intra-entity balances have been eliminated in consolidation.

PLANNED PARENTHOOD OF SOUTH, EAST AND NORTH FLORIDA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2021 and 2020

NOTE A - NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fiscal Year: The Organization changed its fiscal year end from September 30th to June 30th during 2020, resulting in a nine month period ended June 30, 2020.

Liquidity: The Organization's assets and liabilities have been sequenced in the consolidated statements of financial position according to their nearness of conversion to cash and the nearness of their maturity and resulting use of cash, respectively.

Basis of Presentation: The accompanying consolidated financial statements have been prepared on the accrual basis of accounting. Net assets and revenue, gains and losses of the Organization are classified and reported based on the existence or absence of donor-imposed restrictions as follows:

*Net Assets Without Donor Restrictions* are resources generated from operations, donations received without donor-imposed restrictions and donations where the donor restrictions were met or have lapsed.

*Net Assets With Donor Restrictions* are resources whose use by the Organization has been limited by donors to a specific time-period, purpose or in perpetuity.

Net assets of the restricted class are created only by donor-imposed restrictions on their use. All other net assets, including Board designated or appropriated amounts, are legally unrestricted, and are reported as net assets without donor restrictions.

Cash and Cash Equivalents: The Organization considers money market mutual fund accounts that are not held for long-term investment purposes to be cash equivalents. The Organization maintains its cash in deposit and money market accounts with financial institutions which, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts. The total uninsured cash balance at June 30, 2021 and 2020, was approximately \$2,725,000 and \$3,576,000, respectively.

Receivables: Receivables of the Organization consist of amounts due from private insurance and patients for services rendered, pledges, bequests, contributions from related parties and grants receivable from governmental entities and other organizations. An allowance for uncollectable accounts is provided for receivables where there is a question as to the ultimate collectability. In evaluating the collectability of patient accounts receivable, the Organization analyzes its past history and identifies trends for each of its health centers and the services provided, to estimate the appropriate allowance for uncollectable accounts. Management regularly reviews data about these trends and services provided in evaluating the sufficiency of the allowance for uncollectable accounts. Receivables are written off when management has determined that the amount will not be collected. Collections on accounts previously written off are included in income when received. The Organization records insurance receivables net of a contractual allowance. The Organization estimates the contractual allowance on a payor specific basis, given its interpretation of the applicable regulations, or contractual terms, however, the services rendered and the resulting reimbursement are often subject to interpretation. These interpretations sometimes result in payments that differ from the Organization's estimates.

PLANNED PARENTHOOD OF SOUTH, EAST AND NORTH FLORIDA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2021 and 2020

NOTE A - NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Inventory: Inventory, which consists primarily of medications and supplies, is stated at the lower of cost (first-in, first-out method) or market value.

Investments: Investments are presented in the consolidated financial statements at fair value, using quoted market prices for publicly traded securities and other relevant information generated by market transactions. The Organization invests in equity and fixed income securities; equity mutual funds; and, exchange traded funds (ETFs). Investments also include temporary cash held by the Organization's investment manager in cash and money market mutual funds pending future investment. The Organization contracts with an investment manager to perform ongoing investment functions. Investments are held by the investment manager for the benefit of the Organization, but are not insured or collateralized.

Investment transactions are recorded on a trade date basis. Interest income is recorded on the accrual basis and dividend income is recorded on the ex-dividend date. Realized and unrealized gains and losses are included in the change in net assets without donor restrictions in the accompanying consolidated statements of activities, unless their use is restricted by donor stipulation.

Assets Held in Trust: Assets held in trust consist of assets held and invested by The Community Foundation for Northeast Florida (the "Community Foundation") for the benefit of the Organization. The Organization's assets consist of its proportionate share of the Community Foundation's pooled investments and are reported at fair value as reported by the Community Foundation. The Community Foundation also holds assets with a fair value of approximately \$198,000, that were donated to the Community Foundation on behalf of the Organization, but for which the donors granted the Community Foundation variance power. Accordingly, these assets are not recorded in the accompanying consolidated financial statements because future distributions to the Organization are at the discretion of the Community Foundation. Amounts distributed from this fund are recorded by the Organization as contribution income.

Property and Equipment: Property and equipment over \$1,000 is capitalized and stated at cost, if purchased by the Organization or at the fair value of the asset on the date of the gift, if received as a donation. Donated assets are reported as support without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as net assets with donor restrictions. Absent donor stipulations regarding how long donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time. Depreciation is recorded using the straight-line method over the estimated useful lives of the assets as follows:

PLANNED PARENTHOOD OF SOUTH, EAST AND NORTH FLORIDA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2021 and 2020

NOTE A - NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

<u>Assets</u>	<u>Useful Lives</u>
Building and improvements	40 years
Land improvements	20 years
Medical equipment	2-7 years
Furniture and equipment	5-10 years
Vehicles	5-8 years
Leasehold improvements	Lesser of life of assets or lease term

Deferred Revenue: Deferred revenue consists of amounts received in advance for future special events and grant funds received for which allowable expenditures have not yet been incurred or related conditions have not been met.

Deferred Rent: Deferred rent is comprised of the difference between the actual rental payments due under long-term operating leases and the straight-line rent expense recorded under U.S. generally accepted accounting principles.

Revenue Recognition: The Organization recognizes revenue from providing patient services in its health centers and from special events in accordance with ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*. The revenue recognition principles of this ASU apply only to exchange transactions and not to contributions, certain grants and other nonreciprocal transfers to the Organization. The Organization has three main sources of revenue, excluding contributions: health center fees, special events and grants.

Health center revenue is earned and recognized at the point in time when services are rendered. Patient service revenue is recorded at established billing rates or at the estimated amount realizable under agreements with third-party payors. Contractual adjustments under third-party reimbursement programs represent the difference between the established rates for services and amounts reimbursed by third-party payors and are included as a reduction of health center revenue. Revenue from self-pay patients was approximately 60% and 64% of total health center patient revenue for 2021 and 2020, respectively. Special events income equal to the fair value of direct benefits to donors, and contribution income for the excess received, is recognized at the point in time when the event takes place. Ticket sales and sponsorships received in advance of an event are recorded as deferred revenue until such time as the event takes place. Deferred revenue related to special events at June 30<sup>th</sup> is generally recognized in the subsequent fiscal year. Revenues from health centers and special events are presented separately in the consolidated statements of activities.

The beginning and ending contract balances related to contract revenue were as follows at June 30, 2021, June 30, 2020 and September 30, 2019:

	<u>2021</u>		<u>2020</u>		<u>2019</u>
Receivables	\$ 533,416	\$	671,149	\$	610,649
Deferred revenue related to special events	35,350		25,000		129,600



PLANNED PARENTHOOD OF SOUTH, EAST AND NORTH FLORIDA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2021 and 2020

NOTE A - NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

A portion of the Organization's revenue is received from federal, state, private and related party grants. Federal and state grant revenue is generally derived from cost-reimbursable contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. All current federal and state grants are on a cost reimbursement basis. Private and related party grants are often received in advance and include certain conditions that limit the Organization's discretion on how the funds may be used. Amounts received prior to incurring qualifying expenditures are considered refundable advances and are shown as deferred revenue in the consolidated statements of financial position. At June 30, 2021 and 2020, the Organization has refundable advances included in deferred revenue totaling approximately \$642,000 and \$408,000, respectively, because qualifying expenditures have not yet been incurred. These amounts are expected to be incurred in the subsequent fiscal year.

Contributions received, including unconditional promises to give, are recognized as revenue when received. Bequests are recorded as revenue when written communication is received by the Organization and the amount to be received is estimable and unconditional. Conditional promises to give are not included as support until the conditions are substantially met. Contributions collectable more than one year in the future are recorded at their discounted present value based on a risk free interest rate. Amortization of the present value discount is included in contribution revenue. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are restricted by the donor for use in future periods, specific purposes, or investment in perpetuity are reported as changes in net assets with donor restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions.

Grants: The Organization receives various grants from federal, state, and local agencies for program and supporting services expenses. These grants are on a cost reimbursement or fee for service basis, including recoverable overhead. The revenue from grants is considered earned and recognized in the consolidated statements of activities when expenditures are made for allowable purposes under the grant. Grants generally require the fulfillment of certain conditions as set forth in each agreement. Amounts received or receivable from grantor agencies are subject to audit by those agencies and any disallowed expenses, including amounts already received, might constitute a liability of the Organization for return of those funds. Management believes that the Organization has met all requirements and objectives of the grantor agencies and considers it unlikely that any material amount of funds would be returned.

Donated Services: Donated services are recognized as contributions if the services: (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise have been purchased. Donated services are reflected in the consolidated financial statements at their estimated fair value at the date of receipt. However, many individuals volunteer their time and perform a variety of tasks that do not require specialized skills to assist the Organization in carrying out its mission, which are not recorded in the consolidated financial statements. There were no donated services required to be recorded in the accompanying consolidated statements of activities for 2021 or 2020.

PLANNED PARENTHOOD OF SOUTH, EAST AND NORTH FLORIDA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2021 and 2020

NOTE A - NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Advertising: Advertising costs are charged to expense as incurred. Total advertising costs expensed for 2021 and 2020, amounted to \$91,141 and \$59,048, respectively.

Compensated Absences: The Organization combines all compensated absence categories into one program called Paid Time Off (PTO). The Organization accrues unused PTO when earned by employees. Employees of the Organization may accumulate unused PTO after one year of service depending on their job classification and length of service. Accumulated PTO is payable to employees with one or more years of service, upon either termination or retirement with proper notice, at 75% of their pay rate on that date.

Functional Allocation of Expenses: The costs of providing the various programs and other activities of the Organization have been summarized on a functional basis in the accompanying consolidated statements of activities and in the consolidated statements of functional expenses. Accordingly, specific costs are charged to the program in which costs were incurred. Non-specific program costs are allocated among the programs and supporting services benefited. Expenses are allocated on the basis of time and effort.

Income Taxes: The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Protection Medical Archive, LLC, Health Services of South Florida, LLC and Edifice Development, LLC, are disregarded entities for federal income tax purposes. Therefore, no provision for income taxes has been reflected in the Organization's consolidated financial statements.

The Organization evaluates its uncertain tax positions in accordance with FASB ASC 740, *Income Taxes*, which states that management's determination of the taxable status of an entity, including its status as a tax-exempt entity, is a tax position subject to the standards required for accounting for uncertainty in income taxes. Management does not believe that the Organization has any significant uncertain tax positions that would be material to the consolidated financial statements. The Organization remains subject to examinations by major tax jurisdictions for tax years ending after September 30, 2017.

Litigation: In the ordinary course of business, the Organization is periodically involved in litigation and/or disputes. Management, in consultation with legal counsel, does not believe that the outcome of such matters will materially affect the Organization's financial position.

Changes in Accounting Principles: The Financial Accounting Standards Board (FASB) issued ASU 2014-09, *Revenue from Contracts with Customers*, which clarifies the principles for recognizing revenue by creating common revenue recognition guidance for U.S. GAAP. The core principle of the new guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled for those goods and services. This standard was effective for the Organization for the year ending June 30, 2021. The Organization's revenue recognition principles are described under Revenue Recognition.

The ASU was applied using the modified retrospective method. There were no changes to the previously reported change in net assets or total net assets for 2020 as a result of implementing ASU 2014-09.

PLANNED PARENTHOOD OF SOUTH, EAST AND NORTH FLORIDA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2021 and 2020

NOTE A - NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recent Accounting Pronouncements: The FASB has issued the following accounting pronouncements that will affect the Organization in future years. Management has not completed its analysis of the effects of the following updates:

ASU 2016-02, *Leases*, requires lessees to record right-of-use assets and lease liabilities arising from most operating leases on the consolidated statement of financial position. The standard will be effective for the Organization for the year ending June 30, 2022 and must be adopted using a modified retrospective method.

ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, requires contributions of nonfinancial assets to be shown as a separate line item in the statement of activities, as well as certain required disclosures. The standard will be effective for the Organization for the year ending June 30, 2022.

Use of Estimates: The preparation of consolidated financial statements in conformity with U.S. generally accepted accounting principles 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 consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent Events: The Organization has evaluated subsequent events through November 11, 2021 which is the date the consolidated financial statements were available to be issued.

NOTE B - LIQUIDITY AND AVAILABILITY

The following table reflects the Organization's financial assets at June 30, 2021 and 2020, available to meet general expenditures within one year of the consolidated statement of financial position date. The Organization considers contributions with donor restrictions for use in current programs which are ongoing, major, and central to its operations and expected to be used within one year to be available to meet cash needs for general expenditures within one year. General expenditures include administrative and general expenses, fundraising expenses and all expenditures related to its ongoing program related activities that are not supported by patient charges. Contributions to the Organization's 2<sup>nd</sup> Century Campaign consist of funds to be used in current and future periods. Financial assets of the Campaign are considered available for general expenditure within one year, when the Board approves the annual budget which includes Campaign expenditures.

PLANNED PARENTHOOD OF SOUTH, EAST AND NORTH FLORIDA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2021 and 2020

NOTE B - LIQUIDITY AND AVAILABILITY (Continued)

	<u>2021</u>	<u>2020</u>
<b>Assets Without Donor Restrictions</b>		
Cash and cash equivalents	\$ 2,887,126	\$ 3,757,283
Receivables		
Accounts	533,416	671,149
Grants	104,559	94,405
Interest	36,817	35,997
Related party	1,905,943	-
Other	41,358	93,670
Contributions and bequests receivable without donor purpose restrictions due in less than one year	50	1,482,023
<b>Board approved 2<sup>nd</sup> Century Campaign expenditures</b>	3,087,814	3,172,601
<b>Board approved spending from investments not related to the 2<sup>nd</sup> Century Campaign</b>	<u>1,255,508</u>	<u>1,161,756</u>
	<u>\$ 9,852,591</u>	<u>\$ 10,468,884</u>

The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. Operating expenses are generally paid from cash and cash equivalents, investment earnings and current revenues and support. Additional cash needs may be met by liquidating long-term investments not held for donor restricted purposes, if necessary.

NOTE C - ACCOUNTS AND CONTRIBUTIONS RECEIVABLE

Accounts and contributions receivable consist of the following at June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
<b>Accounts Receivable</b>	\$ 648,499	\$ 719,581
Less allowance for uncollectible accounts	<u>(115,083)</u>	<u>(48,432)</u>
Accounts Receivable, net	<u>\$ 533,416</u>	<u>\$ 671,149</u>
<b>Contributions Receivable</b>		
Pledge amounts due in:		
Less than one year	\$ 1,708,159	\$ 2,498,495
One to five years	<u>1,265,019</u>	<u>2,114,506</u>
	2,973,178	4,613,001
Less discount to present value	<u>(71,267)</u>	<u>(133,766)</u>
Contributions Receivable, net	<u>\$ 2,901,911</u>	<u>\$ 4,479,235</u>

Contributions receivable due after one year are discounted at rates ranging from 0.23% to 2.96%.

PLANNED PARENTHOOD OF SOUTH, EAST AND NORTH FLORIDA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2021 and 2020

NOTE D - INVESTMENTS AND FAIR VALUE MEASUREMENTS

Investments are maintained in managed accounts in accordance with the investment policy of the Organization. The Investment Committee is responsible for implementing the investment policy adopted by the Board of Directors. The Organization relies on investment advisors for making specific investment choices and portfolio management decisions based on investment policy and general guidance of the Organization. The investment advisors are not aware of losses that are deemed to be other than temporary in nature, and if there were any, the Organization has the ability and intent to hold the investments until a market price recovery occurs. Investments consist of the following at June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Equity securities		
Domestic	\$ 820,537	\$ 2,467,498
International	101,477	1,349,854
Equity mutual funds and ETF's		
Large cap	3,969,705	3,039,196
Large cap growth	1,956,433	1,510,511
Mid cap	1,730,323	638,211
Mid cap growth	234,679	-
Small cap	1,961,284	773,888
International equity	2,453,243	178,498
Emerging markets	986,038	260,363
Sector	-	19,000
Fixed income securities		
U.S. Government	2,837,616	1,842,814
Corporate obligations	3,515,849	3,428,805
Mortgage-backed	303,499	592,127
Temporary cash	<u>1,100,464</u>	<u>1,553,536</u>
Total Investments	<u>\$ 21,971,147</u>	<u>\$ 17,654,301</u>

Temporary cash consists of amounts held by the Organization's investment manager in cash and money market mutual funds pending future investment. As of June 30, 2021 and 2020, the Organization's temporary cash consists of \$250,000 in interest bearing bank accounts that was covered by federal depository insurance and \$850,464 and \$1,303,536, respectively, that was uninsured and uncollateralized.

FASB ASC 820, *Fair Value Measurements and Disclosures*, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives highest priority to unadjusted quoted prices in active markets for identical assets and liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are as follows:

Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization has the ability to access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly or indirectly.

Level 3: Inputs are unobservable for the assets or liabilities.

PLANNED PARENTHOOD OF SOUTH, EAST AND NORTH FLORIDA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2021 and 2020

NOTE D - INVESTMENTS AND FAIR VALUE MEASUREMENTS (Continued)

The fair value measurement of an asset or liability within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Items Measured at Fair Value on a Recurring Basis: The following methods and assumptions were used by the Organization in estimating the fair value of financial instruments that are measured at fair value on a recurring basis under FASB ASC 820:

*Equity securities and exchange traded funds (ETF's):* Valued at the closing price reported on the active market on which the individual securities and ETF's are traded.

*Mutual funds:* Valued at the net asset value (NAV) of the shares held by the Organization as reported on the active market on which the mutual fund is traded.

*U.S. Government securities:* U.S. government securities are valued using a model that incorporates market observable data such as reported sales of similar securities, broker quotes, yields, bids, offers and reference data.

*Corporate obligations:* Fair value is estimated using various techniques, which may consider recently executed transactions in securities of the issuer or comparable issuers, market price quotations, bond spreads, fundamental data relating to the issuer, and credit default swap spreads adjusted for any basis difference between cash and derivative instruments.

*Mortgage-backed securities:* Fair value is estimated based on models that consider the estimated cash flows of each tranche of the security, establishes a benchmark yield, and develops an estimated tranche specific spread to the benchmark yield based on the unique attributes of the tranche.

*Assets held in trust:* Valued by The Community Foundation for Northeast Florida based on the Organization's proportionate share of the underlying fair value of the Foundation's portfolio of investments. The fair value of the underlying securities in the Community Foundation's portfolio is not observable.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair value. Furthermore, while the Organization believes its valuation methodologies are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date. There were no changes in the methodologies used at June 30, 2021 and 2020. The categorization of an investment within the fair value hierarchy is based upon the pricing transparency of the investment and does not necessarily correspond to the Organization's perceived risk of that investment. The Organization had no assets or liabilities measured at fair value on a nonrecurring basis.

Fair Value of Assets and Liabilities: There were no liabilities measured at fair value on a recurring basis at June 30, 2021 and 2020. The following tables set forth by level within the fair value hierarchy, the fair value of the Organization's financial assets measured at fair value on a recurring basis at June 30, 2021 and 2020.

PLANNED PARENTHOOD OF SOUTH, EAST AND NORTH FLORIDA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2021 and 2020

NOTE D - INVESTMENTS AND FAIR VALUE MEASUREMENTS (Continued)

	<b>Fair Values at June 30, 2021</b>			
	Level 1	Level 2	Level 3	Total
<b>Investments</b>				
Equity securities	\$ 922,014	\$ -	\$ -	\$ 922,014
Equity mutual funds and ETF's	13,291,705	-	-	13,291,705
Fixed income securities	-	<u>6,656,964</u>	-	<u>6,656,964</u>
Total investments	14,213,719	6,656,964	-	20,870,683
<b>Assets held in trust</b>				
	-	-	<u>498,193</u>	<u>498,193</u>
Total	<u>\$ 14,213,719</u>	<u>\$ 6,656,964</u>	<u>\$ 498,193</u>	<u>\$ 21,368,876</u>

	<b>Fair Values at June 30, 2020</b>			
	Level 1	Level 2	Level 3	Total
<b>Investments</b>				
Equity securities	\$ 3,817,352	\$ -	\$ -	\$ 3,817,352
Equity mutual funds and ETF's	6,419,667	-	-	6,419,667
Fixed income securities	-	<u>5,863,746</u>	-	<u>5,863,746</u>
Total investments	10,237,019	5,863,746	-	16,100,765
<b>Assets held in trust</b>				
	-	-	<u>380,134</u>	<u>380,134</u>
Total	<u>\$ 10,237,019</u>	<u>\$ 5,863,746</u>	<u>\$ 380,134</u>	<u>\$ 16,480,899</u>

The assets held in trust were the only Level 3 financial assets held by the Organization at June 30, 2021 and 2020. The changes in the value of the assets held in trust were as follows for 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Fair value at beginning of period	\$ 380,134	\$ 391,720
Change in value	133,102	3,472
Distributions to the Organization	<u>(15,043)</u>	<u>(15,058)</u>
Fair value at end of period	<u>\$ 498,193</u>	<u>\$ 380,134</u>

Investment securities are exposed to various risks such as interest rate, market, foreign and credit risk. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the value of investment securities will occur in the near term and such changes could materially affect the amounts reported in the consolidated financial statements. The value, liquidity, and related income of certain securities with contractual cash flows, such as mortgage-backed securities, collateralized mortgage obligations, asset-backed securities, and mutual funds investing in these securities or entities, are particularly sensitive to changes in economic conditions, including real estate value, delinquencies or defaults, or both, and may be adversely affected by shifts in the market's perception of the issuers and changes in interest rates.

PLANNED PARENTHOOD OF SOUTH, EAST AND NORTH FLORIDA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2021 and 2020

NOTE E - ASSETS HELD IN TRUST

On March 31, 2015, the Organization received various assets of Planned Parenthood of North Florida (PPNF) which included certain assets held in trust. The assets held in trust originated from an agreement between PPNF and The Community Foundation for Northeast Florida, whereby monies were transferred from PPNF to the Community Foundation to invest for unrestricted and endowment purposes. The fair value of the assets held in trust totaled \$380,134 at June 30, 2020 and increased to \$498,193 at June 30, 2021. Of these amounts, \$446,693 and \$328,634 were available for unrestricted purposes at June 30, 2021 and 2020, respectively, and \$51,500 was an endowment fund invested in perpetuity at June 30, 2021 and 2020.

NOTE F - PROPERTY AND EQUIPMENT

Property and equipment at June 30, 2021 and 2020, consists of the following:

	<u>2021</u>	<u>2020</u>
Land	\$ 2,127,975	\$ 2,127,975
Land improvements	79,328	79,328
Building	5,964,327	5,964,327
Building improvements	2,211,124	1,901,326
Medical equipment	745,781	677,922
Furniture and equipment	3,106,925	2,847,083
Leasehold improvements	2,697,445	2,697,445
Vehicle	23,571	23,571
Construction in progress	<u>1,269,571</u>	<u>3,000</u>
	18,226,047	16,321,977
Less accumulated depreciation	<u>(6,215,575)</u>	<u>(5,526,758)</u>
Net property and equipment	<u>\$ 12,010,472</u>	<u>\$ 10,795,219</u>

Depreciation expense totaled \$688,817 and \$504,489 for 2021 and 2020, respectively.

NOTE G - LINE OF CREDIT

During 2018, the Organization entered into a line of credit agreement with a maximum borrowing limit of \$750,000. On April 21, 2020, the maximum borrowing limit was increased to \$2,000,000. The line of credit bears interest at a variable rate based on the one month LIBOR rate administered by the ICE Benchmark Administration plus 1.90% (2.00% and 2.06% at June 30, 2021 and 2020, respectively), with a minimum interest rate of 1.90%. The line of credit is secured by cash and investments of the Organization with a fair value of \$17,754,061 and \$13,858,647 at June 30, 2021 and 2020, respectively, and expires on August 31, 2022. There was no outstanding balance on the line of credit at June 30, 2021 and 2020.



PLANNED PARENTHOOD OF SOUTH, EAST AND NORTH FLORIDA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2021 and 2020

NOTE H - NOTE PAYABLE

On May 8, 2020, the Organization received a loan of \$1,940,378 from Northern Trust Bank under the Paycheck Protection Program (“PPP”) administered by the Small Business Administration (“SBA”) pursuant to the Coronavirus Aid, Relief and Economic Security Act (“CARES Act”). Interest accrues on the loan at 1.0% per month. Principal payments of \$109,219 plus interest are due monthly on the loan commencing on December 1, 2020 through maturity on May 8, 2022. Principal maturities on the loan of \$1,940,378 at June 30, 2021, are due during the year ending June 30, 2022.

In June 2020, the Paycheck Protection Program Flexibility Act of 2020 was passed, extending the deferral period for payments of principal, interest and fees on all PPP loans. The loan and accrued interest may be forgivable provided the loan proceeds are used for eligible expenditures under the CARES Act, including employee payroll and benefits, rent and utilities, and the Organization meets the other requirements of the CARES Act for loan forgiveness. If the loan forgiveness application to the lender is made within 10 months after the end of the covered period of the loan, the borrower is not required to make any payments until the forgiveness amount is remitted to the lender by the SBA. Management applied for forgiveness in August 2021 and believes that all expenditures of the loan proceeds have met the conditions for future forgiveness of the loan.

Total interest accrued and expensed on the loan during the year ended June 30, 2021 and nine months ended June 30, 2020 was \$19,405 and \$3,235, respectively, and \$0 was paid.

NOTE I - NET ASSETS WITH DONOR RESTRICTIONS

Restrictions on assets are imposed by donors and include restrictions for specified programs, purposes or in perpetuity. In addition, pledges and bequests that are receivable over a period of time are considered donor restricted until the cash is received, at which time the restriction is released if the pledge or bequest did not have a purpose restriction. Pledges and donations received with purpose restrictions remain restricted until expenditures are incurred for the restricted purpose, at which time the purpose restriction is released.

Net assets with donor restrictions consist of the following at June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
<i><b>Purpose Restrictions</b></i>		
2 <sup>nd</sup> Century Campaign	\$ 4,323,603	\$ 4,811,847
Education	425,600	-
Health services	<u>425,600</u>	<u>-</u>
Total purpose restrictions	5,174,803	4,811,847
<i><b>Time Restrictions</b></i>		
Pledges receivable	2,901,911	4,479,235
<i><b>Restricted in Perpetuity</b></i>		
Endowment	<u>3,185,979</u>	<u>3,184,979</u>
Total	<u>\$ 11,262,693</u>	<u>\$ 12,476,061</u>

PLANNED PARENTHOOD OF SOUTH, EAST AND NORTH FLORIDA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2021 and 2020

NOTE I - NET ASSETS WITH DONOR RESTRICTIONS (Continued)

Net assets released from restrictions for the years ended June 30, 2021 and 2020, were as follows:

	<u>2021</u>	<u>2020</u>
Time restriction for contributions	\$ 752,228	\$ 1,100
Purpose restriction for contributions	<u>1,833,581</u>	<u>2,828,337</u>
	<u>\$ 2,585,809</u>	<u>\$ 2,829,437</u>

NOTE J - ENDOWMENTS

The Organization's endowments consist of investments and assets held in trust in which the principal is to be held in perpetuity, as stipulated by donors. Substantially all income from endowment investments is available to support the operations of the Organization. Income from endowment assets held in trust is available to support men's health. At June 30, 2021 and 2020, the Organization had endowment investments of \$3,134,479 (increased by a \$1,000 contribution in 2021) and \$3,133,479, respectively, and endowment assets held in trust of \$51,500 in each year.

FASB ASC 958, *Not-for-Profit Entities*, provides guidance on the net asset classification of donor-restricted endowment funds for a not-for-profit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA) and disclosures about an organization's endowment funds (both donor-restricted endowment funds and board-designated endowment funds), whether or not the organization is subject to UPMIFA. The State of Florida enacted a version of UPMIFA, known as the Florida Uniform Prudent Management of Institutional Funds Act (FUPMIFA) that governs the investment, management and spending of donor-restricted endowment funds by Florida not-for-profit organizations. Absent explicit donor stipulations, FUPMIFA generally requires prudent care in investing, managing and developing spending plans for donor-restricted endowment funds.

The Organization's net assets with donor restrictions includes donor gifts in perpetuity consisting of: (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument (if applicable) at the time the accumulation is added to the fund, and (d) the portion of investment return added to the permanent endowment to maintain its purchasing power, if required.

The Organization classifies as net assets with donor restrictions (a) the portion of donor-restricted term endowment funds that is deemed to be restricted over a donor-specified period, if any, and (b) the portion of donor-restricted endowment funds with donor-imposed purpose restrictions that have not yet been met. The Organization considers the following factors in making a determination to expend donor-restricted endowment funds:

PLANNED PARENTHOOD OF SOUTH, EAST AND NORTH FLORIDA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2021 and 2020

NOTE J - ENDOWMENTS (Continued)

- (1) The purposes of the Organization
- (2) The intent of the donors of the endowment fund
- (3) The terms of the applicable instrument
- (4) The long-term and short-term needs of the Organization in carrying out its purpose
- (5) General economic conditions
- (6) The possible effect of inflation and deflation
- (7) The other resources of the Organization
- (8) Perpetuation of the endowment

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowments while seeking to maintain the original principal of the endowment assets. Under this policy, the endowment assets are invested in a manner that is intended to produce moderate income while assuming a moderate level of investment risk.

To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation that consists of equity and fixed income investments and mutual funds. The Organization utilizes the services of a financial advisor that provides input into the investment strategy and policy. The Organization's annual appropriations are at the discretion of the Board of Directors unless specific instructions were provided by the endowment donors.

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires the Organization to retain as a fund of perpetual duration. None of the endowments were below the donor required levels at June 30, 2021 and 2020.

NOTE K - RELATED PARTY TRANSACTIONS

The Organization is an affiliate of Planned Parenthood Federation of America ("PPFA"). Affiliates are assessed "National Support Program" fees determined by a formula incorporating a percentage of audited expenses for the prior year. Fees paid to national and state organizations were approximately \$34,000 and \$105,000, for 2021 and 2020, respectively, and are included in dues and subscriptions in the consolidated statements of functional expenses.

Deferred revenue on the consolidated statements of financial position includes refundable grant advances from PPFA of approximately \$372,000 and \$418,000 at June 30, 2021 and 2020, respectively. The majority of the related party refundable grant advances are cost reimbursement based grants related to start-up costs of a new full service health center.

The Organization is collaborating with other Planned Parenthood affiliates to create a shared ancillary organization in an effort to transform Planned Parenthood's health care delivery model with the goals of growing Planned Parenthood's health care practice, ensuring affiliate sustainability while increasing health equity and reducing health disparities. The projected start-up and implementation costs were divided

PLANNED PARENTHOOD OF SOUTH, EAST AND NORTH FLORIDA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2021 and 2020

NOTE K - RELATED PARTY TRANSACTIONS (Continued)

among the participating affiliates and PPFA. In October 2019, the Organization contributed funding of \$825,000 for the startup and implementation costs which is presented as a contribution to affiliated entity with other gains, losses and expenses in the 2020 consolidated statement of activities.

On July 1, 2020, the Organization entered into a Memorandum of Understanding ("MOU") with PPFA which describes a bilateral business relationship known as the Collaborate Fundraising Program ("CFP"). The primary goal of the CFP is to increase contributions to the organizations by working together in the cultivation and solicitation of supporters in the Organization's service areas, utilizing the strengths and affinities of the two parties, and sharing the expenses and funds raised through the CFP. Pursuant to the MOU, a portion of unrestricted contributions received by the Organization will be shared with PPFA, and a portion of unrestricted contributions received by PPFA from donors in the Organization's service area will be shared with the Organization. The net amount due from PPFA for the year ended June 30, 2021 was \$1,905,943 and was recorded as a receivable from related party and contribution revenue at June 30, 2021.

NOTE L - PENSION PLANS

The Organization sponsors a 403(b) tax deferred annuity plan. Employees are eligible to participate in the Plan by making contributions and receiving employer contributions effective the first day of the month following their hire date. Employees may make contributions to the Plan from compensation up to the maximum permitted by the Internal Revenue Service. Employer contributions are determined at the discretion of management and are fully vested once the employee has completed two years of service under the Plan. Retirement plan expense for 2021 and 2020 was \$165,319 and \$122,503, respectively. During 2020, the Organization determined that audited financial statements were required to be filed with the pension plan's Form 5500 for the tax years 2018 and 2019. Management intends to amend the prior years' Form 5500 to include the required audits and does not expect to be subject to any penalties for voluntarily correcting the incomplete tax filings. Accordingly, no provision for tax penalties that could be assessed, if any, has been included in the consolidated financial statements.

In addition, the Organization sponsors an Internal Revenue Code Section 457 deferred compensation plan for the benefit of its Chief Executive Officer. All contributions to this plan are 100% vested at the time of contribution. The Organization made contributions to this Plan in the amount of \$21,000 and \$19,000 for 2021 and 2020, respectively.

NOTE M - OPERATING LEASES

As Lessee: Effective August 1, 2014, the Organization entered into a ten year operating lease agreement for a new health center. The lease agreement provided for a rent abatement of \$550,000 in lieu of construction work paid for by the Organization. Rent expense is recognized on a straight-line basis over the lease term and the difference between the amounts charged to operations and the amounts paid are recorded as deferred rent in the consolidated statements of financial position. The Organization also leases other health center facilities and office equipment under various operating leases with terms extending through September 2025. Total rent expense was approximately \$768,000 and \$612,000 for the years ended June 30, 2021 and 2020, respectively.

PLANNED PARENTHOOD OF SOUTH, EAST AND NORTH FLORIDA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2021 and 2020

NOTE M - OPERATING LEASES (Continued)

The estimated minimum payments required on operating leases at June 30, 2021 are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2022	\$ 623,723
2023	502,488
2024	501,439
2025	130,553
2026	<u>19,269</u>
	<u>\$ 1,777,472</u>

As Lessor: The Organization leases office space in its Port St. Lucie property to an unrelated third party. The lease is for a period of four years ending November 30, 2024 at a monthly rate of \$3,503. The monthly rate may be increased by up to 3% after two years, subject to a market analysis. The lessee may receive a \$10,000 tenant improvement allowance subject to certain terms and conditions. The net book value of the Port St. Lucie property is approximately \$767,000 at June 30, 2021. Future minimum rental receipts under this lease at June 30, 2021 are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2022	\$ 42,036
2023	42,036
2024	42,036
2025	<u>17,515</u>
	<u>\$ 143,623</u>

NOTE N - CONSTRUCTION COMMITMENT

At June 30, 2021, the Organization had outstanding contractual commitments for improvements to its facilities totaling approximately \$469,000.