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

September 30, 2019 and 2018

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

SEPTEMBER 30, 2019 AND 2018

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

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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

Report on the Consolidated Financial Statements

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 September 30, 2019 and 2018, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, 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 September 30, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

Caler, Donten, Levine,
Cohen, Porter & Veit, P.A.

West Palm Beach, Florida
January 22, 2020

PLANNED PARENTHOOD OF SOUTH, EAST AND NORTH FLORIDA

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

September 30, 2019 and 2018

	2019	2018
ASSETS		
Cash and cash equivalents	$ 2,540,208	$ 4,293,965
Receivables		
Accounts, net	610,649	516,584
Grants	79,228	95,769
Interest	23,817	9,257
Other	65,743	43,118
Inventory	493,513	370,866
Prepaid expenses	159,899	149,381
Contributions and bequests receivable, net	4,848,569	3,840,260
Long-term investments	16,541,227	16,108,088
Assets held in trust	391,720	414,239
Property and equipment, net of accumulated depreciation	10,583,260	10,081,615
Other assets	139,623	122,932
TOTAL ASSETS	$ 36,477,456	$ 36,046,074
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	$ 699,255	$ 693,892
Accrued expenses	733,046	687,422
Deferred revenue	879,123	1,290,660
Deferred rent	381,366	425,770
TOTAL LIABILITIES	2,692,790	3,097,744
NET ASSETS		
Without donor restrictions	19,709,426	21,233,899
With donor restrictions	14,075,240	11,714,431
TOTAL NET ASSETS	33,784,666	32,948,330
TOTAL LIABILITIES AND NET ASSETS	$ 36,477,456	$ 36,046,074

PLANNED PARENTHOOD OF SOUTH, EAST AND NORTH FLORIDA

CONSOLIDATED STATEMENT OF ACTIVITIES

Year Ended September 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
PUBLIC SUPPORT AND OPERATING REVENUE			
Health centers revenue	$ 9,814,715	$ -	$ 9,814,715
Provision for bad debts	(120,000)	-	(120,000)
Net health centers revenue	9,694,715	-	9,694,715
Grant revenue	2,234,566	-	2,234,566
Contributions and bequests	2,345,899	4,432,489	6,778,388
Special event income, net of direct expenses of $184,592	958,589	-	958,589
Interest and dividends	410,904	-	410,904
Other income	464,441	-	464,441
TOTAL PUBLIC SUPPORT AND OPERATING REVENUE	16,109,114	4,432,489	20,541,603
NET ASSETS RELEASED FROM RESTRICTIONS	2,071,680	(2,071,680)	-
	18,180,794	2,360,809	20,541,603
EXPENSES			
Program services			
Health centers	13,288,607	-	13,288,607
Education	1,568,518	-	1,568,518
Public affairs	1,073,705	-	1,073,705
Total program services	15,930,830	-	15,930,830
Supporting services			
Fundraising	1,505,810	-	1,505,810
Management and general	2,116,076	-	2,116,076
Total supporting services	3,621,886	-	3,621,886
TOTAL EXPENSES	19,552,716	-	19,552,716
CHANGE IN NET ASSETS BEFORE OTHER GAINS/(LOSSES)	(1,371,922)	2,360,809	988,887
OTHER GAINS/(LOSSES)			
Net realized and unrealized losses on investments, including investment expenses of $123,206	(147,184)	-	(147,184)
Change in value of assets held in trust	(7,244)	-	(7,244)
Gain on sale of property and equipment	1,877	-	1,877
TOTAL OTHER GAINS/(LOSSES)	(152,551)	-	(152,551)
CHANGE IN NET ASSETS	(1,524,473)	2,360,809	836,336
NET ASSETS, BEGINNING OF YEAR	21,233,899	11,714,431	32,948,330
NET ASSETS, END OF YEAR	$ 19,709,426	$ 14,075,240	$ 33,784,666

See notes to consolidated financial statements.

PLANNED PARENTHOOD OF SOUTH, EAST AND NORTH FLORIDA

CONSOLIDATED STATEMENT OF ACTIVITIES

Year Ended September 30, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
PUBLIC SUPPORT AND OPERATING REVENUE			
Health centers revenue	$ 8,550,845	$ -	$ 8,550,845
Provision for bad debts	(120,000)	-	(120,000)
Net health centers revenue	8,430,845	-	8,430,845
Grant revenue	6,697,736	-	6,697,736
Contributions and bequests	5,921,754	7,255,681	13,177,435
Special event income, net of direct expenses of $172,801	908,335	-	908,335
Interest and dividends	403,078	-	403,078
Other income	406,435	-	406,435
TOTAL PUBLIC SUPPORT AND OPERATING REVENUE	22,768,183	7,255,681	30,023,864
NET ASSETS RELEASED FROM RESTRICTIONS	863,878	(863,878)	-
	23,632,061	6,391,803	30,023,864
EXPENSES			
Program services			
Health centers	11,525,385	-	11,525,385
Education	1,545,898	-	1,545,898
Public affairs	1,330,369	-	1,330,369
Total program services	14,401,652	-	14,401,652
Supporting services			
Fundraising	1,282,041	-	1,282,041
Management and general	1,785,517	-	1,785,517
Total supporting services	3,067,558	-	3,067,558
TOTAL EXPENSES	17,469,210	-	17,469,210
CHANGE IN NET ASSETS BEFORE OTHER GAINS	6,162,851	6,391,803	12,554,654
OTHER GAINS			
Net realized and unrealized gains on investments, net of investment expenses of $79,838	987,161	-	987,161
Change in value of assets held in trust	25,112	-	25,112
Gain on sale of property and equipment	5,449	-	5,449
TOTAL OTHER GAINS	1,017,722	-	1,017,722
CHANGE IN NET ASSETS	7,180,573	6,391,803	13,572,376
NET ASSETS, BEGINNING OF YEAR	14,053,326	5,322,628	19,375,954
NET ASSETS, END OF YEAR	$ 21,233,899	$ 11,714,431	$ 32,948,330

See notes to consolidated financial statements.

PLANNED PARENTHOOD OF SOUTH, EAST AND NORTH FLORIDA

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

Year Ended September 30, 2019

	Program Services			
	Health Centers	Education	Public Affairs	Total
Salaries	$ 4,752,258	$ 964,134	$ 692,689	$ 6,409,081
Payroll taxes and employee benefits	813,660	179,591	124,937	1,118,188
	5,565,918	1,143,725	817,626	7,527,269
Advertising	183,125	-	3,300	186,425
Bank and credit card fees	95,961	1,043	664	97,668
Communication expense	645,131	16,378	11,108	672,617
Computer expense	281,732	20,930	11,664	314,326
Conferences, meetings and travel	363,032	78,234	55,163	496,429
Dues and subscriptions	68,398	14,314	91,164	173,876
Grant reimbursed expense	108	214,559	-	214,667
Facilities expense	1,299,388	12,875	7,566	1,319,829
Insurance expense	195,240	4,538	2,746	202,524
Medical expense	3,513,177	-	-	3,513,177
Professional fees	236,508	35,863	44,791	317,162
Depreciation	606,154	17,581	10,277	634,012
Other administrative expense	234,735	8,478	17,636	260,849
Total	13,288,607	1,568,518	1,073,705	15,930,830
Less expenses included with special event revenues on the statement of activities	-	-	-	-
TOTAL EXPENSES	$ 13,288,607	$ 1,568,518	$ 1,073,705	$ 15,930,830

Supporting Services			
Fundraising	Management and General	Total	Total Expenses
$ 1,072,110	$ 1,484,874	$ 2,556,984	$ 8,966,065
156,797	470,699	627,496	1,745,684
1,228,907	1,955,573	3,184,480	10,711,749
1,880	-	1,880	188,305
12,394	1,927	14,321	111,989
10,870	9,506	20,376	692,993
29,114	34,820	63,934	378,260
48,791	16,010	64,801	561,230
6,219	12,443	18,662	192,538
-	-	-	214,667
28,936	23,086	52,022	1,371,851
3,818	8,380	12,198	214,722
-	-	-	3,513,177
72,419	11,323	83,742	400,904
15,639	31,083	46,722	680,734
231,415	11,925	243,340	504,189
1,690,402	2,116,076	3,806,478	19,737,308
(184,592)	-	(184,592)	(184,592)
$ 1,505,810	$ 2,116,076	$ 3,621,886	$ 19,552,716

See notes to consolidated financial statements.

PLANNED PARENTHOOD OF SOUTH, EAST AND NORTH FLORIDA

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

Year Ended September 30, 2018

	Program Services			
	Health Centers	Education	Public Affairs	Total
Salaries	$ 3,989,237	$ 903,914	$ 626,693	$ 5,519,844
Payroll taxes and employee benefits	688,925	158,367	119,695	966,987
	4,678,162	1,062,281	746,388	6,486,831
Advertising	168,895	-	2,111	171,006
Bank and credit card fees	83,580	1,141	908	85,629
Communication expense	541,525	16,029	13,509	571,063
Computer expense	260,956	89,317	15,383	365,656
Conferences, meetings, and travel	238,110	65,108	126,995	430,213
Dues and subscriptions	37,377	4,264	108,018	149,659
Grant reimbursed expense	205	215,987	123	216,315
Facilities expense	1,254,394	22,520	10,457	1,287,371
Insurance expense	176,960	3,991	3,173	184,124
Medical expense	2,975,527	-	-	2,975,527
Professional fees	313,774	31,446	209,626	554,846
Depreciation	515,299	12,362	8,849	536,510
Other administrative expense	280,621	21,452	84,829	386,902
Total	11,525,385	1,545,898	1,330,369	14,401,652
Less expenses included with special event revenues on the statement of activities	-	-	-	-
TOTAL EXPENSES	$ 11,525,385	$ 1,545,898	$ 1,330,369	$ 14,401,652

Supporting Services			
Fundraising	Management and General	Total	Total Expenses
$ 834,699	$ 1,274,978	$ 2,109,677	$ 7,629,521
150,268	334,386	484,654	1,451,641
984,967	1,609,364	2,594,331	9,081,162
1,109	-	1,109	172,115
14,616	1,936	16,552	102,181
10,574	9,217	19,791	590,854
24,494	30,682	55,176	420,832
53,434	15,918	69,352	499,565
4,677	6,559	11,236	160,895
16	34	50	216,365
18,590	22,053	40,643	1,328,014
3,200	6,770	9,970	194,094
-	-	-	2,975,527
93,347	28,936	122,283	677,129
8,924	18,880	27,804	564,314
236,894	35,168	272,062	658,964
1,454,842	1,785,517	3,240,359	17,642,011
(172,801)	-	(172,801)	(172,801)
$ 1,282,041	$ 1,785,517	$ 3,067,558	$ 17,469,210

See notes to consolidated financial statements.

PLANNED PARENTHOOD OF SOUTH, EAST AND NORTH FLORIDA

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years Ended September 30, 2019 and 2018

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 836,336	$ 13,572,376
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	680,734	564,314
Net realized and unrealized (gains)/losses on investments	23,978	(1,066,999)
Change in value of assets held in trust	7,244	(25,112)
Allowance for uncollectible accounts receivable	(26,679)	(35,884)
Gain on sale of property and equipment	(1,877)	(5,449)
Changes in operating assets and liabilities:		
Receivables	(1,096,339)	(3,490,224)
Inventory	(122,647)	(48,932)
Prepaid expenses	(10,518)	3,099
Other assets	(16,691)	(22,604)
Accounts payable	5,363	190,488
Accrued expenses	45,624	106,573
Deferred revenue	(411,537)	(4,451,054)
Deferred rent	(44,404)	(43,016)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	(131,413)	5,247,576
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(1,190,242)	(3,035,928)
Proceeds from sale of property and equipment	9,740	28,499
Distributions from assets held in trust	15,275	15,096
Purchases of investments	(8,075,189)	(18,167,929)
Proceeds from sale of investments	7,618,072	14,446,496
NET CASH USED IN INVESTING ACTIVITIES	(1,622,344)	(6,713,766)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(1,753,757)	(1,466,190)
Cash and cash equivalents, beginning of year	4,293,965	5,760,155
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 2,540,208	$ 4,293,965

See notes to consolidated financial statements.

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, was voluntarily dissolved on July 31, 2014 and was reactivated February 17, 2015. It was formed to manage the archival oversight of patient records for defunct health centers. The entity was reactivated in 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 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, Monroe, Martin, St. Lucie, Indian River, Okeechobee, 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 years ended September 30, 2019 and 2018, approximately 47% and 28%, respectively, 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.

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.

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

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 September 30, 2019 and 2018, was approximately $2,228,000 and $4,053,000, respectively.

Receivables: Receivables of the Organization consist of amounts due from private insurance and patients for services rendered, pledges, bequests and grants receivable from governmental entities and other organizations. An allowance for uncollectible 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 uncollectible 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.

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); and, fixed income and convertible securities mutual funds. 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.

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

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 “Foundation”) for the benefit of the Organization. The Organization’s assets consist of its proportionate share of the Foundation’s pooled investments and are reported at fair value as reported by the Foundation. The Foundation also holds assets with a fair value of approximately $155,000, that were donated to the Foundation on behalf of the Organization, but for which the donors granted the 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 Foundation. Amounts distributed from this fund are recorded by the Organization as a reduction of the assets held in trust when received.

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:

Assets	Useful Lives
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 cost reimbursement 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.

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

Revenue and Expense Recognition: Health center revenues are earned and recognized in the consolidated statements of activities 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 centers revenue. Revenue from self-pay patients was approximately 59% and 63% of total health center patient revenue for 2019 and 2018, respectively.

Contributions received, including unconditional promises to give, are recognized as revenues 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. Special event revenue is recognized when the event occurs.

Expenses are recorded when incurred in accordance with the accrual basis of accounting.

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 revenues from grants are 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.

Advertising: Advertising costs are charged to expense as incurred. Total advertising costs expensed for 2019 and 2018, amounted to $188,305 and $172,115, respectively.

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

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 leave 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, 2015.

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 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*, which was effective for the Organization for the year ended September 30, 2019. ASU 2016-14 amended the requirements for financial statement presentation by 1) changing the presentation of balances and transactions to include *net assets with donor restrictions* and *net assets without donor restrictions*, rather than unrestricted, temporarily restricted and permanently restricted; 2) requiring the presentation of functional expenses; 3) requiring the presentation of investment return net of external and direct internal investment expenses; and, 4) requiring certain additional disclosures. The Organization implemented ASU 2016-14 for 2019 and has adjusted the presentation in these financial statements accordingly. The ASU was applied retroactively to the 2018 financial statements and resulted in the reclassification of investment expenses that were previously reported within expenses as bank and credit card fees. There were no changes to the previously reported change in net assets or total net assets for 2018 as a result of implementing ASU 2016-14.

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

Recent Accounting Pronouncements: The Financial Accounting Standards Board (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 2014-09, *Revenue from Contracts with Customers,* 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 will be effective for the Organization for the year ending September 30, 2020.
>
> 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 September 30, 2021 and must be adopted using a modified retrospective method.
>
> ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made.* This standard clarifies the guidance for evaluating whether a transaction is reciprocal (i.e. an exchange transaction) or nonreciprocal (i.e. a contribution) and for distinguishing between conditional and unconditional contributions. This standard will be effective for the Organization for the year ending September 30, 2020.

Use of Accounting 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent Events: The Organization has evaluated subsequent events through January 22, 2020 which is the date the financial statements were available to be issued.

NOTE B - LIQUIDITY AND AVAILABILITY

The following table reflects the Organization's financial assets as of September 30, 2019 and 2018, available to meet general expenditures within one year of the 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. Contributions to the Organization's 2nd 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.

NOTE B - LIQUIDITY AND AVAILABILITY (Continued)

		2019		2018
Assets Without Donor Restrictions				
Cash and cash equivalents	$	2,540,208	$	4,293,965
Receivables				
Accounts		610,649		516,584
Grants		79,228		95,769
Interest		23,817		9,257
Other		65,743		43,118
Contributions and bequests receivable without donor purpose restrictions due in less than one year		832,073		56,800
Board approved 2nd Century Campaign expenditures		3,929,037		1,740,726
	$	8,080,755	$	6,756,219

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 as of September 30, 2019 and 2018:

		2019		2018
Accounts Receivable	$	691,343	$	623,957
Less allowance for uncollectible accounts		(80,694)		(107,373)
Accounts Receivable, net	$	610,649	$	516,584
Contributions Receivable				
Pledge amounts due in:				
Less than one year	$	2,028,548	$	704,044
One to five years		3,016,145		3,373,845
		5,044,693		4,077,889
Less discount to present value		(196,124)		(237,629)
Contributions Receivable, net	$	4,848,569	$	3,840,260

Contributions receivable due after one year are discounted at rates ranging from 1.45% to 2.96%.

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. The Organization has the ability and intent to hold the investments until a market price recovery occurs. Investments consist of the following as of September 30, 2019 and 2018:

	2019	2018
Equity securities	$ 3,479,279	$ 4,010,710
Equity mutual funds and ETF's	7,140,136	5,802,451
Fixed income securities	4,358,192	1,807,134
Fixed income mutual fund	637,701	-
Convertible securities mutual fund	631,015	858,027
Temporary cash	294,904	3,629,766
Total Investments	$ 16,541,227	$ 16,108,088

Temporary cash consists of amounts held by the Organization's investment manager in cash and money market mutual funds pending future investment. As of September 30, 2019 and 2018, the Organization's temporary cash consists of $250,000 and $191,316, respectively, in interest bearing bank accounts that were covered by federal depository insurance, $0 and $250,000, respectively, that was covered by SIPC insurance and $44,904 and $3,188,450, 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.

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.

NOTE D - INVESTMENTS AND FAIR VALUE MEASUREMENTS (Continued)

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 at year end 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 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 values. 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 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 September 30, 2019. 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 September 30, 2019 and 2018. 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 September 30, 2019 and 2018.

NOTE D - INVESTMENTS AND FAIR VALUE MEASUREMENTS (Continued)

	Fair Values at September 30, 2019			
	Level 1	Level 2	Level 3	Total
Investments				
Equity securities				
Domestic	$ 2,222,298	$ -	$ -	$ 2,222,298
International	1,256,981	-	-	1,256,981
Equity mutual funds and ETF's				
Large cap	2,994,479	-	-	2,994,479
Large cap growth	921,750	-	-	921,750
Mid cap	690,580	-	-	690,580
Small cap	849,696	-	-	849,696
International equity	838,534	-	-	838,534
Emerging markets	756,474	-	-	756,474
Sector	88,623	-	-	88,623
Fixed income securities				
U.S. Government	-	1,877,209	-	1,877,209
Corporate obligations	-	1,888,482	-	1,888,482
Mortgage-backed	-	592,501	-	592,501
Fixed income mutual fund	637,701	-	-	637,701
Convertible securities mutual fund	631,015	-	-	631,015
Total investments	11,888,131	4,358,192	-	16,246,323
Assets held in trust	-	-	391,720	391,720
Total	$ 11,888,131	$ 4,358,192	$ 391,720	$ 16,638,043

NOTE D - INVESTMENTS AND FAIR VALUE MEASUREMENTS (Continued)

	Fair Values at September 30, 2018			
	Level 1	Level 2	Level 3	Total
Investments				
Equity securities				
Domestic	$ 1,961,797	$ -	$ -	$ 1,961,797
International	2,048,913	-	-	2,048,913
Equity mutual funds and ETF's				
Large cap	2,458,645	-	-	2,458,645
Large cap growth	750,840	-	-	750,840
Mid cap	649,160	-	-	649,160
Small cap	876,460	-	-	876,460
International equity	713,895	-	-	713,895
Emerging markets	193,140	-	-	193,140
Sector	160,311	-	-	160,311
Fixed income securities				
U.S. Government	-	688,664	-	688,664
Corporate obligations	-	588,604	-	588,604
Mortgage-backed	-	529,866	-	529,866
Convertible securities mutual fund	858,027	-	-	858,027
Total investments	10,671,188	1,807,134	-	12,478,322
Assets held in trust	-	-	414,239	414,239
Total	$ 10,671,188	$ 1,807,134	$ 414,239	$ 12,892,561

The assets held in trust were the only Level 3 financial assets held by the Organization at September 30, 2019 and 2018. The changes in the value of the assets held in trust were as follows for 2019 and 2018:

	2019	2018
Fair value at beginning of year	$ 414,239	$ 404,223
Change in value	(7,244)	25,112
Distributions to the Organization	(15,275)	(15,096)
Fair value at end of year	$ 391,720	$ 414,239

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.

NOTE E - ASSETS HELD IN TRUST

On March 31, 2015, the Organization received various assets of Planned Parenthood of North Florida (PPNF) which included $393,562 of 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 Foundation to invest for unrestricted and endowment purposes. The fair value of the assets held in trust totaled $414,239 at September 30, 2018 and decreased to $391,720 at September 30, 2019. Of these amounts, $340,220 and $362,739 were available for unrestricted purposes at September 30, 2019 and 2018, respectively, and $51,500 was for an endowment fund invested in perpetuity at September 30, 2019 and 2018.

NOTE F - PROPERTY AND EQUIPMENT

Property and equipment as of September 30, 2019 and 2018, consists of the following:

	2019	2018
Land	$ 2,127,975	$ 1,984,453
Land improvements	79,328	79,328
Building	5,964,327	5,386,727
Building improvements	1,480,093	1,436,802
Medical equipment	577,889	532,890
Furniture and equipment	2,677,391	2,327,244
Leasehold improvements	2,726,336	2,718,936
Vehicles	23,571	23,571
Construction in progress	14,794	-
	15,671,704	14,489,951
Less accumulated depreciation	(5,088,444)	(4,408,336)
Net property and equipment	$ 10,583,260	$ 10,081,615

Depreciation expense totaled $680,734 and $564,314 for the years ended September 30, 2019 and 2018, 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. The line of credit bears interest at a variable rate based on the one month LIBOR rate administered by the ICE Benchmark Administration plus 2.50% (4.52% and 4.76% at September 30, 2019 and 2018, respectively), with a minimum interest rate of 2.50%. The line of credit is secured by cash and investments of the Organization with a fair value of $3,085,607 and $2,681,357 at September 30, 2019 and 2018, respectively, and expires on August 31, 2020. There was no outstanding balance on the line of credit at September 30, 2019 and 2018.

NOTE H - NET ASSETS WITH DONOR RESTRICTIONS

Restrictions on assets are imposed by donors and include restrictions for specified programs or purposes. 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 September 30, 2019 and 2018:

	2019	2018
Purpose Restrictions		
2nd Century Campaign	$ 6,035,401	$ 4,505,387
Capital expenditures	6,291	183,805
Total purpose restrictions	6,041,692	4,689,192
Time Restrictions		
Pledges receivable	4,848,569	3,840,260
Restricted in Perpetuity		
Endowment	3,184,979	3,184,979
Total	$ 14,075,240	$ 11,714,431

Net assets released from restrictions for the years ended September 30, 2019 and 2018, were as follows:

	2019	2018
Time restriction for contributions	$ 915,723	$ 61,000
Purpose restriction for contributions	1,155,957	802,878
	$ 2,071,680	$ 863,878

NOTE I - 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. As of September 30, 2019 and 2018, the Organization had endowment investments of $3,133,479 and endowment assets held in trust of $51,500.

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, NOTE I - ENDOWMENTS (Continued)

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, 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:

(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. There were no changes in endowment assets for the years ended September 30, 2019 and 2018.

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 September 30, 2019 and 2018.

NOTE J - 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 $167,000 and $118,000, for the years ended September 30, 2019 and 2018, respectively, and are included in dues and subscriptions in the accompanying consolidated statements of functional expenses.

Deferred revenue on the accompanying consolidated statements of financial position includes refundable grant advances from PPFA of approximately $504,000 and $873,000 as of December 31, 2019 and 2018, respectively. The majority of the related party refundable grant advances are cost reimbursement based grants related to the build out and related start-up costs of a new full service health center.

NOTE K - 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 after one year of service. 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 the years ended September 30, 2019 and 2018 was $134,586 and $105,005, respectively.

In addition, the Organization sponsors an Internal Revenue Service 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 $18,000 in both 2019 and 2018.

NOTE L - LEASE COMMITMENTS

<u>Operating Leases</u>: 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 accompanying consolidated statements of financial position.

In addition, the Organization leases health center facilities and office equipment under various operating leases with terms extending through November 2024. Total rent expense was approximately $838,000 and $905,000 for the years ended September 30, 2019 and 2018, respectively.

NOTE L - LEASE COMMITMENTS (Continued)

The estimated minimum payments required on operating leases as of September 30, 2019 are as follows:

Year Ending September 30,		
2020	$	647,620
2021		537,987
2022		501,459
2023		421,457
2024		367,564
Thereafter		9,270
	$	2,485,357