

**PLANNED PARENTHOOD OF
MIDDLE AND EAST TENNESSEE, INC.**

Financial Statements

June 30, 2010 and 2009

(With Independent Auditors' Report Thereon)



Hill, Harper & Associates
Certified Public Accountants

Independent Auditors' Report

**The Board of Directors
Planned Parenthood of Middle and
East Tennessee, Inc.**

We have audited the statements of financial position of Planned Parenthood of Middle and East Tennessee, Inc. (a nonprofit organization) as of June 30, 2010 and 2009, and the related statements of activities and changes in net assets, activities by functional classification, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of the Affiliate's management. Our responsibility is to express an opinion on these financial statements based on our audits. The prior year summarized comparative information has been derived from the Affiliate's 2009 financial statements and, in our report dated December 10, 2009, we expressed an unqualified opinion on those financial statements.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Planned Parenthood of Middle and East Tennessee, Inc. as of June 30, 2010 and 2009, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

A handwritten signature in cursive script that reads 'Hill, Harper & Associates'.

December 13, 2010

**PLANNED PARENTHOOD OF
MIDDLE AND EAST TENNESSEE, INC.**

Statements of Financial Position

June 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
<u>Assets</u>		
Current assets:		
Cash and cash equivalents:		
Cash in bank	\$ 144,111	124,456
Money market accounts, held by brokerage firm	434,102	101,909
Total cash and cash equivalents	<u>578,213</u>	<u>226,365</u>
Certificates of deposit	-	330,000
Accounts receivable:		
Grants receivable	45,684	63,732
Pledges receivable	10,000	16,945
Other	5,037	97,130
Total receivables	<u>60,721</u>	<u>177,807</u>
Prepaid expenses	35,659	62,851
Inventory	35,939	30,784
Total current assets	<u>710,532</u>	<u>827,807</u>
Property and equipment:		
Land	176,100	101,975
Building	1,133,853	846,267
Office furniture and equipment	151,795	308,143
Leasehold improvements	-	22,857
	<u>1,461,748</u>	<u>1,279,242</u>
Less accumulated depreciation	(490,070)	(638,562)
Net property and equipment	<u>971,678</u>	<u>640,680</u>
Other assets:		
Notes receivable	50,000	50,000
Beneficial interest at Community Foundation	47,938	44,803
	<u>\$ 1,780,148</u>	<u>1,563,290</u>
<u>Liabilities and Net Assets</u>		
Current liabilities:		
Accounts payable	\$ 30,451	54,271
Current portion of long term mortgage payable	6,295	-
Accrued expenses	107,948	103,782
Total current liabilities	<u>144,694</u>	<u>158,053</u>
Long term mortgage payable	<u>228,321</u>	<u>-</u>
Total liabilities	<u>373,015</u>	<u>158,053</u>
Net assets:		
Unrestricted	1,203,879	1,246,013
Temporarily restricted	155,315	114,420
Permanently restricted	47,939	44,804
Total net assets	<u>1,407,133</u>	<u>1,405,237</u>
	<u>\$ 1,780,148</u>	<u>1,563,290</u>

See accompanying notes to financial statements.

**PLANNED PARENTHOOD OF
MIDDLE AND EAST TENNESSEE, INC.**

Statements of Activities and Changes in Net Assets

For the years ended June 30, 2010 and 2009

	<u>Unrestricted Fund Groups</u>	<u>Temporarily Restricted Fund Groups</u>	<u>Permanently Restricted Fund Groups</u>	<u>2010 Total</u>	<u>2009 Total</u>
Public support and revenue:					
Public support - United Way	\$ -	25,173	-	25,173	38,493
Grants from government agencies	-	523,085	-	523,085	573,642
Grants from other agencies	-	620,204	-	620,204	543,815
Contributions and memberships	199,274	22,215	-	221,489	199,673
Patient fees	1,738,635	-	-	1,738,635	1,762,188
Investment earnings	4,379	9	567	4,955	10,939
Gain (loss) from funds held in trust with Community Foundation	-	-	4,968	4,968	(13,701)
Special events	19,559	-	-	19,559	33,284
	1,961,847	1,190,686	5,535	3,158,068	3,148,333
Net assets released from restrictions	1,152,191	(1,149,791)	(2,400)	-	-
Total support and revenue	3,114,038	40,895	3,135	3,158,068	3,148,333
Expenses:					
Program services	2,503,641	-	-	2,503,641	2,502,609
Supporting services:					
General and administrative	387,536	-	-	387,536	362,336
Fund raising	107,798	-	-	107,798	212,556
Community services and Public affairs	157,197	-	-	157,197	181,338
Total supporting services	652,531	-	-	652,531	756,230
Total expenses	3,156,172	-	-	3,156,172	3,258,839
Increase (decrease) in net assets	(42,134)	40,895	3,135	1,896	(110,506)
Net assets at beginning of year	1,246,013	114,420	44,804	1,405,237	1,515,743
Net assets at end of year	\$ 1,203,879	155,315	47,939	1,407,133	1,405,237

See accompanying notes to financial statements.

**PLANNED PARENTHOOD OF
MIDDLE AND EAST TENNESSEE, INC.**
Statements of Activities by Functional Classification
For the years ended June 30, 2010 and 2009

2010												
Unrestricted Fund Groups												
	Surgical Services	Family Planning and Teen Clinic		Education	J. P. Davis Fund	Fund Raising	Community Services & Public Affairs	Total Unrestricted Fund Groups	Temporarily Restricted Fund Groups	Permanently Restricted Fund Groups	2010 Total	2009 Total
		Grant	Non Grant									
Public support and revenue:												
Public support - United Way	\$ -	-	-	-	-	-	-	-	25,173	-	25,173	38,493
Grants from government agencies	-	-	-	-	-	-	-	-	523,085	-	523,085	573,642
Grants from other agencies	-	-	-	-	-	-	-	-	620,204	-	620,204	543,815
Contributions and memberships	-	-	-	-	-	199,274	-	199,274	22,215	-	221,489	199,673
Patient fees	1,365,942	176,448	185,499	10,746	-	-	-	1,738,635	-	-	1,738,635	1,762,188
Investment earnings	-	-	-	-	-	4,379	-	4,379	9	-	4,388	10,216
Gain (loss) from funds held in trust with Community Foundation	-	-	-	-	-	-	-	-	-	5,535	5,535	(12,978)
Special events	-	-	-	-	-	19,559	-	19,559	-	-	19,559	33,284
Total support and revenue	1,365,942	176,448	185,499	10,746	-	223,212	-	1,961,847	1,190,686	5,535	3,158,068	3,148,333
Net assets released from restrictions	514,834	404,200	-	173,158	10,843	47,504	1,652	1,152,191	(1,149,791)	(2,400)	-	-
	1,880,776	580,648	185,499	183,904	10,843	270,716	1,652	3,114,038	40,895	3,135	3,158,068	3,148,333
Expenses:												
Program services	1,092,786	768,519	231,466	400,027	10,843	-	-	2,503,641	-	-	2,503,641	2,502,609
Supporting services:												
General and administrative	94,908	110,680	52,472	79,871	-	20,811	28,794	387,536	-	-	387,536	362,336
Fund raising	-	-	-	-	-	107,798	-	107,798	-	-	107,798	212,556
Community services and Public affairs	-	-	-	-	-	-	157,197	157,197	-	-	157,197	181,338
Total supporting services	94,908	110,680	52,472	79,871	-	128,609	185,991	652,531	-	-	652,531	756,230
Total expenses	1,187,694	879,199	283,938	479,898	10,843	128,609	185,991	3,156,172	-	-	3,156,172	3,258,839
Increase (decrease) in net assets	\$ 693,083	(298,551)	(98,439)	(295,994)	-	142,107	(184,339)	(42,134)	40,895	3,135	1,896	(110,506)

See accompanying notes to financial statements.

**PLANNED PARENTHOOD OF
MIDDLE AND EAST TENNESSEE, INC.**

Statements of Functional Expenses

For the years ended June 30, 2010 and 2009

	2010									2009
	Program Services					Supporting Services				
	Surgical Services	Family Planning & Teen Clinic	Non Grant	Education	J.P. Davis Fund	Manage- ment and General	Fund Raising	Community Services & Public Affairs	2010 Total	2009 Total
Personnel costs:										
Salaries	\$ 268,695	313,386	148,592	226,140	-	248,435	58,898	81,518	1,345,664	1,394,128
Payroll taxes	21,344	25,412	11,957	18,186	-	19,971	4,795	6,467	108,132	109,265
Fringe benefits	30,673	49,967	24,106	33,474	-	25,026	4,238	13,097	180,581	181,494
Contract Labor	600	1,200	600	12,175	-	459	7,958	23,980	46,972	75,270
Physicians	275,440	-	-	-	-	-	-	-	275,440	291,034
Total personnel costs	596,752	389,965	185,255	289,975	-	293,891	75,889	125,062	1,956,789	2,051,191
Medical supplies	238,281	139,047	9,565	-	-	-	-	-	386,893	342,276
Office and other supplies	6,739	10,041	2,019	10,451	-	(1,883)	822	2,806	30,995	41,557
Equipment rental and maintenance	3,993	3,838	651	1,825	-	1,195	40	743	12,285	11,082
Telephone	9,068	13,713	2,567	8,865	-	6,831	1,365	2,945	45,354	44,265
Contract services	69,048	50,622	7,422	345	-	14,239	53	107	141,836	88,860
Postage and freight	1,107	1,789	330	2,483	-	1,061	3,901	1,182	11,853	13,520
Occupancy	51,652	69,119	6,934	3,611	-	1,610	575	1,422	134,923	105,302
Rent	4,480	8,055	2,614	16,763	-	13,140	6,102	8,420	59,574	62,293
Printing and publications	7,573	7,888	1,315	7,365	-	3,381	8,687	5,273	41,482	38,793
Security services	795	1,411	242	290	-	-	100	-	2,838	2,905
Travel	1,985	4,883	965	8,114	-	10,226	351	2,610	29,134	61,616
Employee development	810	1,274	154	628	-	1,612	122	243	4,843	5,532
Malpractice insurance	52,270	9,446	1,259	-	-	-	-	-	62,975	59,864
Interest	1,303	2,607	1,303	1,303	-	-	-	-	6,516	-
Marketing	14,822	22,493	3,693	40,883	-	-	963	3,225	86,079	158,026
Assistance to individuals	-	-	-	-	10,843	-	-	-	10,843	12,920
Depreciation	23,826	20,989	3,971	3,971	-	2,773	1,135	-	56,665	54,098
Dues	2,507	3,857	462	1,535	-	38,719	741	1,459	49,280	61,512
Events	-	-	-	1,620	-	-	5,394	1,700	8,714	23,608
Bank fees	5,775	7,482	745	-	-	741	1,558	-	16,301	19,619
	1,092,786	768,519	231,466	400,027	10,843	387,536	107,798	157,197	3,156,172	3,258,839
Allocation of general and administrative expenses	94,908	110,680	52,472	79,871	-	(387,536)	20,811	28,794	-	-
Total expenses	\$ 1,187,694	879,199	283,938	479,898	10,843	-	128,609	185,991	3,156,172	3,258,839

See accompanying notes to financial statements.

**PLANNED PARENTHOOD OF
MIDDLE AND EAST TENNESSEE, INC.**

Statements of Cash Flows

For the years ended June 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
<u>Cash Flows from Operating Activities</u>		
Cash received from:		
Clients and public support	\$ 2,609,258	2,577,905
Federal, state and local governments	563,880	524,308
Interest income	4,388	10,216
Reimbursement of expenditures for cancellation of Knoxville leasehold	91,446	-
Distributions from Community Foundation	2,400	6,200
Cash paid for:		
Interest	(6,516)	-
Employees and vendors	(3,089,961)	(3,279,130)
Net operating activities	<u>174,895</u>	<u>(160,501)</u>
<u>Cash Flows from Investing Activities</u>		
Note receivable advanced to affiliated organization	-	(50,000)
Purchase of property and equipment	(150,663)	(14,634)
Net change in investments / maturity of certificates of deposit	330,000	(2,851)
Net investing activities	<u>179,337</u>	<u>(67,485)</u>
<u>Cash Flows from Financing Activities</u>		
Repayment of long term debt	(2,384)	-
Net increase (decrease) in cash and cash equivalents	351,848	(227,986)
Cash and cash equivalents at beginning of year	226,365	454,351
Cash and cash equivalents at end of year	<u>\$ 578,213</u>	<u>226,365</u>
<u>Reconciliation of change in net assets to cash flows from operating activities</u>		
Change in net assets	\$ 1,896	(110,506)
Depreciation	56,665	54,098
(Increase) decrease in funds held in beneficial interest	(3,135)	19,179
Decrease in current assets:		
Grants and contracts receivable	18,048	(49,334)
Pledges receivable	6,945	451
Other receivables	92,093	(89,952)
Prepaid expenses	27,192	(10,315)
Inventory	(5,155)	(5,546)
Increase (decrease) in current liabilities:		
Accounts payable	(23,820)	21,191
Accrued payroll, benefits and other expenses	4,166	10,233
Net operating activities	<u>\$ 174,895</u>	<u>(160,501)</u>
Supplemental Information:		
Knoxville property financed through mortgage debt		
Property purchase	<u>\$ 237,000</u>	<u>-</u>
Mortgage obtained to purchase property	<u>\$ 237,000</u>	<u>-</u>

See accompanying notes to financial statements.

**PLANNED PARENTHOOD OF
MIDDLE AND EAST TENNESSEE, INC.**

Notes to Financial Statements

June 30, 2010 and 2009

General

On July 1, 2000, Planned Parenthood of Middle Tennessee and Planned Parenthood of East Tennessee were merged with the new name being Planned Parenthood of Middle and East Tennessee, Inc. (the "Affiliate") and affiliated with Planned Parenthood Federation of America. The Affiliate is primarily engaged in providing education and medical treatment options to individuals concerning reproductive and health - related decisions.

(1) Summary of Significant Accounting Policies

Basis of Financial Statement Presentation

The financial statements have been prepared on the accrual basis of accounting and accordingly, reflect all significant receivables, payables and other liabilities.

These financial statements have been prepared to focus on the entity as a whole and to present transactions according to the existence or absence of donor-imposed restrictions. This has been accomplished by classification of fund transactions into three categories of net assets: unrestricted net assets which have no donor-imposed restrictions, temporarily restricted assets which have donor-imposed restrictions that expire in the future, and permanently restricted net assets which have donor imposed restrictions that do not expire, if any.

Comparative Information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Affiliate's financial statements for the year ended June 30, 2009, from which the summarized information was derived.

Financial Statement Presentation

Certain reclassifications may have been made to the prior year figures in order to conform to current year presentation. These reclassifications, if any, have no effect on reported net assets.

Revenue Recognition

Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support, depending on the existence and/or nature of any donor restrictions. All donor restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

Cash and Cash Equivalents

For purposes of the statements of cash flows, cash on hand, deposits in financial institutions and highly liquid debt instruments with an original maturity of three months or less are considered to be cash and cash equivalents.

Pledges Receivable

The amounts, if any, less an appropriate reserve, will be recorded at their estimated fair value with amounts due later than one year at the present value of estimated future cash flows.

Inventory

Inventory consists of drugs, medical, contraceptive and laboratory supplies. Inventory is stated at the lower of cost or market, with cost being determined by use of the first - in, first-out method.

Fair Value Measurements

The carrying value of cash, accounts receivable, accounts payable and accrued expenses approximate fair value because of the short maturity of these instruments. The carrying values of liabilities are not materially different from the estimated fair values of these instruments.

**PLANNED PARENTHOOD OF
MIDDLE AND EAST TENNESSEE, INC.**

Notes to Financial Statements, continued

(1) Summary of Significant Accounting Policies, continued

Property and Equipment

Expenditures for property and equipment are stated at cost or estimated fair value at date of gift. Depreciation is provided over the estimated useful lives of the respective assets on a straight-line basis as follows:

Buildings and improvements	35 - 40 years
Office furniture and equipment	3 - 7 years
Leasehold improvements	Life of lease

Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Contributed Services

Contributed services are reflected in the financial statements at the fair value of the services received, if those services (a) create or enhance non financial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. During the year ended June 30, 2010 and 2009 the Affiliate recognized no contributed services.

Compensated Absences

Employees are entitled to paid vacation, paid sick days and personal days off, depending on job classification, length of service and other factors. A liability has been provided in the financial statements for compensated absences relating to vacations earned not paid. It is impractical to estimate the amount of compensation for future absences related to sick days and personal days off, accordingly, this liability has not been recorded in the accompanying financial statements. The policy is to recognize the cost of these other compensated absences when actually paid to employees.

Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the following programs:

Unrestricted Fund Groups

Surgical Services - resources are utilized in the performance of surgical services.

Family Planning and Teen Clinic - resources are utilized to encourage family involvement with respect to family planning services provided to individuals and comprehensive services to teens. No state or federal grant resources are used for providing abortion services.

Non Grant - resources provide a fee - for - service base for patients capable of paying modest fees for high quality medical services and supplies.

Education - resources are utilized for providing family planning education to youth, youth serving agencies, and to adults. Educational programs and materials emphasize the connection between behavior and consequences, and encourage the development of responsible decision making skills. No education resources are used for providing surgical services.

J. P. Davis Fund - Contributions to this fund are temporarily restricted to providing abortions to indigent or low income women. As assistance is extended to these individuals the donor imposed restriction is released.

**PLANNED PARENTHOOD OF
MIDDLE AND EAST TENNESSEE, INC.**

Notes to Financial Statements, continued

(1) Summary of Significant Accounting Policies, continued

Income Taxes

The Affiliate is exempt from federal income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made in the financial statements.

Generally accepted accounting principles prescribe a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. Management believes that the Affiliate is not involved in any activities that could be deemed taxable.

Subsequent Events

Subsequent events were considered through the date of the auditors report, which is December 13, 2010.

(2) Certificates of Deposits

Marketable securities consist of the following:

	<u>2010</u>	<u>2009</u>
At quoted market value:		
Certificates of deposit	\$ -	330,000
Total cost or carrying value	-	330,000
Unrealized cumulative change	\$ -	-

(3) Accounts Receivable

Accounts receivable are deemed to be fully collectable by management and no reserve is considered necessary.

Accounts receivable consists of the following:

	<u>2010</u>	<u>2009</u>
Grants receivable:		
Governmental grants:		
Family Planning Services	\$ -	42,732
Rape Prevention and Education Services	642	3,450
HIV / AIDS Prevention	14,568	9,823
	<u>15,210</u>	<u>56,005</u>
Private Grants:		
Security upgrades from PPFA	19,931	-
HIV Vaccine	10,543	7,727
	<u>30,474</u>	<u>7,727</u>
Total grant receivable	<u>45,684</u>	<u>63,732</u>
Pledges receivable:		
United Way campaign	10,000	14,250
Private	-	2,695
Total pledge receivable	<u>10,000</u>	<u>16,945</u>
Other receivables:		
Reimbursement of expenditures for cancellation of Knoxville leasehold	-	91,446
Employee and other	5,037	5,684
Total other receivable	<u>5,037</u>	<u>97,130</u>
Total accounts receivable	<u>\$ 60,721</u>	<u>177,807</u>

(4) Notes Receivable

4% note receivable amounting to \$50,000 from an affiliated organization, with maturity date of July 25, 2011, which is secured by a first priority interest in all current and future assets of the borrower.

**PLANNED PARENTHOOD OF
MIDDLE AND EAST TENNESSEE, INC.**

Notes to Financial Statements, continued

(5) Beneficial Interest at Community Foundation

The Affiliate has a beneficial interest in a trust held by the Community Foundation. The Foundation has legal ownership of these funds. The Affiliate requests grants from the Foundation based on the beneficial interest periodically. This asset is classified as a permanently restricted net asset. The quoted market value of this beneficial interest amounted to \$47,938 and \$44,803 as of June 30, 2010 and 2009, respectively.

(6) Mortgage Payable

During January 2010, the Affiliate purchased land and building to house its clinical services in Knoxville, Tennessee. This purchase was funded in part through a mortgage with the Affiliate's primary bank. The original amount of the mortgage amounted to \$237,000 at 6.5% interest, with monthly payments of \$1,780. The outstanding balance amounted to \$234,616 at June 30, 2010. The mortgage matures January 2015 and requires a balloon payment of approximately \$204,000 or to be refinanced. This mortgage is secured by the Knoxville real property which has a basis of approximately \$362,000.

Summary of maturities of mortgage payable is as follows:

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>Total</u>
\$	6,295	6,717	7,167	7,647	206,790	234,616

(7) Temporarily Restricted Net Assets

Temporarily restricted net assets are available as follows:

	<u>2010</u>	<u>2009</u>
Private foundation grant for future Rivergate service center	\$ 10,000	10,000
Education	3,058	3,807
Future capital acquisitions or maintenance	10,392	10,392
Ultrasound for Knoxville Clinic	-	3,000
Justice Fund for client surgical assistance	81,248	48,082
J. P. Davis for client surgical assistance	50,269	39,139
PPFA - Public Policy grant	348	-
	<u>\$ 155,315</u>	<u>114,420</u>

Net assets released from donor restrictions by incurring expenses satisfying the restricted purposes of the funds received:

Education - Generations	\$ 1,000
J. P. Davis for client surgical assistance	10,843
HIV Vaccine	23,273
Grant for PG - 13 Players program	5,000
PPFA - Public Policy grant	1,652
PPFA - Knoxville security upgrades	19,931
Joe Davis education grant	25,000
United Way campaign	25,173
Justice Fund for client surgical assistance	511,834
Training Knoxville Ultra Sound	3,000
Federal grants	523,085
Temporarily restricted net assets released from restriction	1,149,791
Grants from funds held by Community Foundation see note 5	2,400
Net assets released to unrestricted funds	<u>\$ 1,152,191</u>

(6) State and National Organizations

Dues paid to state and national organizations, including the Affiliate's Fair Share Assessment, amount to \$34,972 and \$28,762, respectively in 2010 and 2009.

**PLANNED PARENTHOOD OF
MIDDLE AND EAST TENNESSEE, INC.**

Notes to Financial Statements, continued

(7) Contingencies and Commitments

Support Concentrations

The Affiliate receives significant support from federal awards programs and fee for service contracts, and from one private donor. A substantial reduction in the level of this support, should this occur, would have a material effect on programs and services. The following summarizes the nature of this support:

	Federal Support	Private Support
Family Planning Services	\$ 334,600	-
Maternal and Child Health	116,000	-
Rape and Sex Abuse Prevention	33,088	-
HIV Education	39,397	-
Justice Fund for client surgical assistance	-	511,834
	<u>\$ 523,085</u>	<u>511,834</u>
Percent of total revenues	<u>16.60%</u>	<u>16.20%</u>

Leases

The Affiliate is obligated under certain lease agreements for office and equipment. The lease agreement for the administrative office Metro Center - Nashville, Tennessee at \$3,000 per month expires July 2010 and has not been renewed on a long term basis. The Affiliate is currently renting this facility month to month.

Future obligations under non cancelable office equipment lease agreements amounts to \$27,377 in 2011; 27,972 in 2012; \$27,881 in 2013; 12,075 in 2014; and \$595 in 2015.

Pension Plan

The Affiliate offers a pension plan to its full-time employees who are at least 21 years of age with at least 2 years of service. Eligible employees may contribute up to 6% of their gross earnings, with the Affiliate matching 50% of the employees' contributed amounts. Also, eligible employees may contribute an additional 6% of their gross earnings (with no additional contribution from the Affiliate). There is immediate vesting by the employees for the Affiliate's contribution. During the years ended June 30, 2010 and 2009, the Affiliate contributed \$29,626 and \$25,504, respectively. The plan is administered by CompuPay.

(10) Concentration of Credit Risk

The Affiliate is primarily engaged in providing education and medical treatment options to individuals in Middle and East Tennessee concerning reproductive and health - related decisions. The Affiliate has an accounting risk of loss in the areas of cash and receivables to the extent that cash funds are not insured insured by a governmental agency and receivables collectibility. The following table summarizes the Affiliate's accounting risk of loss:

	Account Balance	Secured / Collateralized	Amount of Accounting Risk of Loss
Cash held in banks	\$ 144,111	144,111	-
Cash - money market	434,102	434,102	-
Government grants receivable	* 15,210	15,210	-
Private grants receivable	* 30,474	-	30,474
Other receivables	* 5,037	-	5,037
Pledges receivable	10,000	-	10,000
Notes receivable	50,000	-	50,000
	<u>\$ 688,934</u>	<u>593,423</u>	<u>95,511</u>

* Substantially collected subsequent to end of year