

**PLANNED PARENTHOOD GREATER MEMPHIS REGION  
(DBA PLANNED PARENTHOOD OF TENNESSEE  
AND NORTH MISSISSIPPI)**

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**CONSOLIDATED FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2023 AND 2022**

## **CONSOLIDATED FINANCIAL STATEMENTS**

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## **INDEPENDENT AUDITOR'S REPORT**

The Board of Directors  
Planned Parenthood Greater Memphis Region  
(DBA Planned Parenthood of Tennessee and North Mississippi)  
Memphis, Tennessee

### ***Opinion***

We have audited the accompanying financial statements of Planned Parenthood Greater Memphis Region (DBA Planned Parenthood of Tennessee and North Mississippi) ("PPTNM") (a nonprofit organization), which comprise the consolidated statements of financial position as of June 30, 2023 and 2022, and the related consolidated statements of activities, functional expenses, and of cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Planned Parenthood Greater Memphis Region (DBA Planned Parenthood of Tennessee and North Mississippi) as of June 30, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of "PPTNM" and meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about "PPTNM's" ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 "PPTNM's" internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about "PPTNM's" ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

*William Jankovsky, Dore, PLLC*

November 29, 2023  
Memphis, Tennessee

**PLANNED PARENTHOOD GREATER MEMPHIS REGION  
(DBA PLANNED PARENTHOOD OF TENNESSEE AND NORTH MISSISSIPPI)  
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

	<b>JUNE 30</b>	
	<b>2023</b>	<b>2022</b>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents .....	\$ 7,382,593	\$ 12,274,816
Investments - certificates of deposit .....	63,262	63,249
Investments .....	10,119,698	970,803
Promises to give .....	313,166	83,451
Trade accounts and other receivables .....	403,923	1,166,467
Inventory .....	209,824	211,129
Prepaid expenses and other .....	10,970	-
<b>TOTAL CURRENT ASSETS</b> .....	<b>18,503,436</b>	<b>14,769,915</b>
<b>ASSETS RESTRICTED FOR LONG TERM PURPOSES</b> .....	<b>268,424</b>	<b>667,000</b>
<b>PROPERTY AND EQUIPMENT, net</b> .....	<b>9,310,877</b>	<b>9,274,645</b>
<b>OPERATING LEASE RIGHT OF USE ASSET, net</b> .....	<b>10,231</b>	<b>-</b>
<b>OTHER ASSETS</b>		
Beneficial interest in assets held by the Community		
Foundation of Greater Memphis .....	4,812,617	4,621,410
Cash surrender value of donor life insurance .....	37,818	37,818
Deposits .....	3,000	3,000
	<b>4,853,435</b>	<b>4,662,228</b>
<b>TOTAL ASSETS</b> .....	<b>\$ 32,946,403</b>	<b>\$ 29,373,788</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable .....	\$ 114,283	\$ 202,610
Accrued and withheld liabilities .....	180,853	333,233
Operating lease liability .....	10,231	-
<b>TOTAL CURRENT LIABILITIES</b> .....	<b>305,367</b>	<b>535,843</b>
<b>NET ASSETS</b>		
Without donor restrictions		
Undesignated .....	26,292,362	22,793,740
Board-designated endowment .....	4,812,617	4,621,410
With donor restrictions .....	1,536,057	1,422,795
<b>TOTAL NET ASSETS</b> .....	<b>32,641,036</b>	<b>28,837,945</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b> .....	<b>\$ 32,946,403</b>	<b>\$ 29,373,788</b>

See notes to consolidated financial statements



**PLANNED PARENTHOOD GREATER MEMPHIS REGION  
(DBA PLANNED PARENTHOOD OF TENNESSEE AND NORTH MISSISSIPPI)  
CONSOLIDATED STATEMENTS OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2023**

	<u>WITHOUT DONOR RESTRICTIONS</u>	<u>WITH DONOR RESTRICTIONS</u>	<u>TOTAL</u>
<b>Support and Revenue</b>			
Private gifts and grants .....	\$ 8,015,111	\$ 985,307	\$ 9,000,418
Private gifts and grants - TAPP .....	276,183	-	276,183
Patient fees, net of contractual allowance of \$698,280 .....	1,891,379	-	1,891,379
Special events .....	46,482	-	46,482
Income from beneficial interest in assets held by the Community Foundation of Greater Memphis .....	262,836	-	262,836
<b>Total support and revenue</b> .....	<u>10,491,991</u>	<u>985,307</u>	<u>11,477,298</u>
<b>Reclassifications</b>			
Net assets released from restrictions - satisfaction of time and/or purpose restrictions .....	872,045	(872,045)	-
<b>Total support and revenue and reclassifications</b> .....	<u>11,364,036</u>	<u>113,262</u>	<u>11,477,298</u>
<b>Expenses</b>			
Patient services .....	5,524,801	-	5,524,801
Education .....	633,592	-	633,592
Advocacy .....	572,654	-	572,654
TAPP .....	314,459	-	314,459
<b>Total program services</b> .....	<u>7,045,506</u>	<u>-</u>	<u>7,045,506</u>
Development and fundraising .....	817,549	-	817,549
General and administrative .....	667,229	-	667,229
<b>Total support services</b> .....	<u>1,484,778</u>	<u>-</u>	<u>1,484,778</u>
<b>Total expenses</b> .....	<u>8,530,284</u>	<u>-</u>	<u>8,530,284</u>
<b>Other income and (expense)</b>			
Change in value of beneficial interest in assets held by the Community Foundation of Greater Memphis .....	191,207	-	191,207
Interest and dividend income .....	71,325	-	71,325
Rental Income .....	24,169	-	24,169
Unrealized loss on investments .....	323,139	-	323,139
Gain on disposition of property and equipment ...	246,237	-	246,237
<b>Total other income and (expense)</b> .....	<u>856,077</u>	<u>-</u>	<u>856,077</u>
<b>CHANGE IN NET ASSETS</b> .....	<u>3,689,829</u>	<u>113,262</u>	<u>3,803,091</u>
<b>NET ASSETS</b>			
Beginning of year .....	27,415,150	1,422,795	28,837,945
End of year .....	<u>\$ 31,104,979</u>	<u>\$ 1,536,057</u>	<u>\$ 32,641,036</u>

See notes to consolidated financial statements

**PLANNED PARENTHOOD GREATER MEMPHIS REGION  
(DBA PLANNED PARENTHOOD OF TENNESSEE AND NORTH MISSISSIPPI)  
CONSOLIDATED STATEMENTS OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2022**

	<u>WITHOUT DONOR RESTRICTIONS</u>	<u>WITH DONOR RESTRICTIONS</u>	<u>TOTAL</u>
<b>Support and Revenue</b>			
Private gifts and grants .....	\$ 6,058,701	\$ 886,314	\$ 6,945,015
Private gifts and grants - TAPP .....	146,973	-	146,973
Patient fees, net of contractual allowance of \$646,388 .....	4,621,334	-	4,621,334
Special events .....	53,628	-	53,628
Income from beneficial interest in assets held by the Community Foundation of Greater Memphis .....	244,507	-	244,507
<b>Total support and revenue</b> .....	<u>11,125,143</u>	<u>886,314</u>	<u>12,011,457</u>
<b>Reclassifications</b>			
Net assets released from restrictions - satisfaction of time and/or purpose restrictions .....	70,699	(70,699)	-
<b>Total support and revenue and reclassifications</b> .....	<u>11,195,842</u>	<u>815,615</u>	<u>12,011,457</u>
<b>Expenses</b>			
Patient services .....	6,792,240	-	6,792,240
Education .....	842,571	-	842,571
Advocacy .....	882,463	-	882,463
TAPP .....	303,907	-	303,907
<b>Total program services</b> .....	<u>8,821,181</u>	<u>-</u>	<u>8,821,181</u>
Development and fundraising .....	810,490	-	810,490
General and administrative .....	698,485	-	698,485
<b>Total support services</b> .....	<u>1,508,975</u>	<u>-</u>	<u>1,508,975</u>
<b>Total expenses</b> .....	<u>10,330,156</u>	<u>-</u>	<u>10,330,156</u>
<b>Other income and (expense)</b>			
Change in value of beneficial interest in assets held by the Community Foundation of Greater Memphis .....	(1,031,872)	-	(1,031,872)
Interest and dividend income .....	375	-	375
Rental income .....	24,197	-	24,197
Unrealized gain (loss) on investments .....	(141,106)	-	(141,106)
Change in cash surrender value life insurance .....	-	-	-
Loss on disposition of property and equipment ....	(1,083,144)	-	(1,083,144)
<b>Total other income and (expense)</b> .....	<u>(2,231,550)</u>	<u>-</u>	<u>(2,231,550)</u>
<b>CHANGE IN NET ASSETS</b> .....	<u>(1,365,864)</u>	<u>815,615</u>	<u>(550,249)</u>
<b>NET ASSETS</b>			
Beginning of year .....	28,781,014	607,180	29,388,194
End of year .....	<u>\$ 27,415,150</u>	<u>\$ 1,422,795</u>	<u>\$ 28,837,945</u>

See notes to consolidated financial statements



**PLANNED PARENTHOOD GREATER MEMPHIS REGION  
(DBA PLANNED PARENTHOOD OF TENNESSEE AND NORTH MISSISSIPPI)  
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED JUNE 30, 2023**

	<u>PATIENT SERVICES</u>	<u>EDUCATION</u>	<u>PATIENT ADVOCACY</u>	<u>TAPP</u>	<u>DEVELOPMENT AND FUND- RAISING</u>	<u>GENERAL AND ADMINISTRATION</u>	<u>TOTAL</u>
<b>Expenses</b>							
Salaries .....	\$ 2,233,803	\$ 279,311	\$ 343,863	\$ 119,687	\$ 489,555	\$ 237,460	\$ 3,703,679
Fringe benefits .....	517,876	52,714	56,562	-	89,202	89,857	806,211
Total salaries and fringe benefits .....	2,751,679	332,025	400,425	119,687	578,757	327,317	4,509,890
Advertising .....	23,542	21,871	8,462	25,093	3,548	905	83,421
Advocacy / Community affairs .....	-	-	17,054	-	-	-	17,054
Bad debt .....	156,767	-	-	-	-	-	156,767
Bank charges and credit card fees .....	25,657	-	-	84	-	11,437	37,178
Computer and internet expense .....	-	-	-	-	-	-	-
Dues, subscriptions and licenses .....	54,418	2,266	5,196	1,260	70,443	28,938	162,521
Equipment rental and maintenance .....	209,949	32,642	33,672	-	22,033	42,814	341,110
Events and conferences .....	-	-	-	4,276	-	-	4,276
General insurance .....	-	-	-	11,526	484	(194)	11,816
Interest .....	76	-	-	-	-	744	820
Lab, drug, medical and birth control supplies .....	561,410	-	-	-	-	-	561,410
Meals .....	5,305	1,261	7,199	21,441	1,984	1,689	38,879
Miscellaneous .....	74,629	2,442	13,487	165	1,890	13,808	106,421
Occupancy .....	236,035	-	-	-	20,783	31,295	288,113
Office supplies .....	46,856	136,742	36,598	29,385	-	10,627	260,208
Outside lab and medical services .....	78,906	-	-	-	-	-	78,906
PAC electoral expense .....	-	-	-	1,000	-	-	1,000
Patient liability insurance .....	213,783	-	-	-	-	-	213,783
Personnel recruitment .....	10,151	983	527	-	983	605	13,249
Postage and delivery .....	3,974	757	(3,898)	378	15,166	2,198	18,575
Printing and pamphlets .....	553	954	2,907	23,389	58,768	2,230	88,801
Professional fees .....	511,735	84,259	6,545	35,617	10,739	57,761	706,656
Rent .....	-	-	-	13,628	-	-	13,628
Repairs .....	-	-	-	5,298	-	-	5,298
Telephone .....	67,469	12,483	-	5,810	11,487	4,873	102,122
Travel and mileage .....	130,394	4,907	44,480	16,422	20,484	15,648	232,335
842 Rental building management .....	-	-	-	-	-	17,759	17,759
Total functional expenses before depreciation .....	5,163,288	633,592	572,654	314,459	817,549	570,454	8,071,996
Depreciation .....	361,513	-	-	-	-	94,675	456,188
842 Rental building depreciation .....	-	-	-	-	-	2,100	2,100
	361,513	-	-	-	-	96,775	458,288
<b>Total expenses</b> .....	<b>\$ 5,524,801</b>	<b>\$ 633,592</b>	<b>\$ 572,654</b>	<b>\$ 314,459</b>	<b>\$ 817,549</b>	<b>\$ 667,229</b>	<b>\$ 8,530,284</b>

See notes to consolidated financial statements

**PLANNED PARENTHOOD GREATER MEMPHIS REGION  
(DBA PLANNED PARENTHOOD OF TENNESSEE AND NORTH MISSISSIPPI)  
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED JUNE 30, 2022**

	<u>PATIENT SERVICES</u>	<u>EDUCATION</u>	<u>PATIENT ADVOCACY</u>	<u>TAPP</u>	<u>DEVELOPMENT AND FUND- RAISING</u>	<u>GENERAL AND ADMINISTRATION</u>	<u>TOTAL</u>
<b>Expenses</b>							
Salaries .....	\$ 2,827,884	\$ 428,279	\$ 511,680	\$ 153,428	\$ 493,308	\$ 236,575	\$ 4,651,154
Fringe benefits .....	620,325	97,669	146,392	-	90,879	39,716	994,981
Total salaries and fringe benefits .....	3,448,209	525,948	658,072	153,428	584,187	276,291	5,646,135
Advertising .....	11,895	27,037	63,201	18,246	675	14	121,068
Advocacy / Community affairs .....	-	-	2,134	-	-	(100)	2,034
Bad debt .....	109,117	-	-	-	-	-	109,117
Bank charges and credit card fees .....	40,294	-	-	84	352	(1,085)	39,645
Computer and internet expense .....	-	-	-	100	-	-	100
Dues, subscriptions and licenses .....	67,179	5,008	32,794	287	31,617	12,770	149,655
Equipment rental and maintenance .....	273,979	23,492	24,609	-	68,213	15,068	405,361
General insurance .....	-	-	-	3,482	-	-	3,482
Interest .....	833	-	-	-	-	186	1,019
Lab, drug, medical and birth control supplies .....	816,997	-	-	-	-	-	816,997
Meals .....	2,424	587	5,903	351	1,203	210	10,678
Miscellaneous .....	55,374	2,761	14,843	1,386	3,732	10,836	88,932
Occupancy .....	275,862	-	-	-	19,631	29,081	324,574
Office supplies .....	82,783	116,099	55,685	12,759	-	18,819	286,145
Outside lab and medical services .....	132,500	-	-	-	-	-	132,500
PAC electoral expense .....	-	-	-	500	-	-	500
Patient liability insurance .....	233,790	-	-	-	-	-	233,790
Personnel recruitment .....	7,993	1,124	999	-	1,124	562	11,802
Postage and delivery .....	4,179	1,484	1,607	416	22,109	2,672	32,467
Printing and pamphlets .....	382	618	663	3,299	39,864	153	44,979
Professional fees .....	634,098	117,264	5,566	83,293	10,539	45,628	896,388
Rent .....	-	-	-	12,495	-	-	12,495
Repairs .....	-	-	-	2,375	-	-	2,375
Telephone .....	69,687	13,051	-	8,004	10,443	3,976	105,161
Travel and mileage .....	159,320	8,098	16,387	3,402	16,801	5,874	209,882
842 Rental building management .....	-	-	-	-	-	175,961	175,961
Total functional expenses before depreciation .....	<u>6,426,895</u>	<u>842,571</u>	<u>882,463</u>	<u>303,907</u>	<u>810,490</u>	<u>596,916</u>	<u>9,863,242</u>
Depreciation .....	365,345	-	-	-	-	62,636	427,981
842 Rental building depreciation .....	-	-	-	-	-	38,933	38,933
	<u>365,345</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>101,569</u>	<u>466,914</u>
<b>Total expenses</b> .....	<u>\$ 6,792,240</u>	<u>\$ 842,571</u>	<u>\$ 882,463</u>	<u>\$ 303,907</u>	<u>\$ 810,490</u>	<u>\$ 698,485</u>	<u>\$ 10,330,156</u>

See notes to consolidated financial statements

**PLANNED PARENTHOOD GREATER MEMPHIS REGION  
(DBA PLANNED PARENTHOOD OF TENNESSEE AND NORTH MISSISSIPPI)  
CONSOLIDATED STATEMENTS OF CASH FLOWS**

	<b>YEAR ENDED JUNE 30</b>	
	<b>2023</b>	<b>2022</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Increase (decrease) in net assets .....	\$ 3,803,091	\$ (550,249)
Contributions restricted for long term purposes .....	-	(440,000)
Accrued interest .....	(69,750)	-
Depreciation .....	458,288	466,914
Change in value of beneficial interest in assets held by the Community Foundation of Greater Memphis .....	(454,043)	787,365
Non-cash stock contributions .....	(264,794)	(78,598)
Unrealized (gain) loss in investments .....	(333,883)	141,106
Bad debt provision .....	156,767	109,117
(Gain) loss on disposal of fixed assets .....	(246,237)	1,083,144
Changes in assets and liabilities:		
Trade accounts receivables and other .....	852,014	(197,647)
Promises to give .....	(229,715)	93,520
Inventory .....	1,305	150,864
Prepaid expenses and other .....	(10,970)	1,772
Accounts payable .....	(88,327)	(33,556)
Accrued and withheld liabilities .....	(152,380)	90,279
Deferred grant revenue .....	-	(43,007)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b> .....	<b>3,421,366</b>	<b>1,581,024</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Increase in assets restricted for long-term purposes .....	-	(440,000)
Proceeds from disposal of property and equipment .....	-	823,769
Payments for purchase of property and equipment .....	(95,944)	(1,544,553)
Payment for purchases of investments .....	(9,500,000)	(217,740)
Proceeds from maturities of investments .....	1,019,519	217,365
Proceeds from beneficial interest .....	262,836	244,507
<b>NET CASH (USED) BY INVESTING ACTIVITIES</b> .....	<b>(8,313,589)</b>	<b>(916,652)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Contributions restricted for long-term purposes .....	-	440,000
<b>CHANGE IN CASH AND CASH EQUIVALENTS</b> .....	<b>(4,892,223)</b>	<b>1,104,372</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b> .....	<b>12,274,816</b>	<b>11,170,444</b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b> .....	<b>\$ 7,382,593</b>	<b>\$ 12,274,816</b>
<b>SUPPLEMENTAL SCHEDULE OF NON-CASH FINANCING AND INVESTING ACTIVITIES</b>		
Purchase of property and equipment from assets restricted for long-term purposes .....	<b>\$ 398,576</b>	<b>\$ -</b>

See notes to consolidated financial statements

**PLANNED PARENTHOOD GREATER MEMPHIS REGION  
(DBA PLANNED PARENTHOOD OF TENNESSEE AND NORTH MISSISSIPPI)  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2023 AND 2022**

**NOTE 1 - DESCRIPTION OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

*PURPOSE* - Planned Parenthood Greater Memphis Region (dba Planned Parenthood of Tennessee and North Mississippi) ("PPTNM"), which is affiliated with Planned Parenthood Federation of America, is a not-for-profit corporation engaged in providing education and medical treatment options to individuals concerning reproductive and health related decisions in forty-two counties surrounding the Memphis, Tennessee region. Public funding comes from state and local governments. During 2017, PPTNM created a single member limited liability company ("LLC") to effectuate the purchase of a building property. In addition, PPTNM has an economic and controlling financial interest in Tennessee Advocates for Planned Parenthood ("TAPP") due to its ability to exercise control over those elected to and/or serving on the board of directors of TAPP, an advocacy nonprofit entity. The accompanying consolidated financial statements include the activities of the LLC, TAPP and PPTNM and any intercompany transactions have been eliminated in these consolidated financial statements.

*USE OF ESTIMATES* - The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America 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. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

*BASIS OF PRESENTATION* - PPTNM follows Financial Accounting Standards Board Accounting Standards Codification ("FASB ASC") 958-205 - *Not-for-Profit Organizations - Presentation of Financial Statements*, as amended and updated by Accounting Standards Update 2016-14 for the presentation of its consolidated financial statements. PPTNM reports information regarding its financial position and activities according to two classes of net assets: without donor restriction and with donor restriction. Donor restricted net assets at each year end are generally available for use during the next fiscal year.

*FUNCTIONAL ALLOCATION* - The costs of providing various programs and other activities have been summarized on a functional basis in the Consolidated Statements of Activities and in the Consolidated Statements of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefitted using various methods of allocation on a reasonable basis that is consistently applied. Such methods include allocations based upon estimates of time and effort, square footage usage and/or other reasonable methods. These allocations represent estimates by management and it is at least reasonably possible that a change in the estimates will occur in the near term.



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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED  
YEARS ENDED JUNE 30, 2023 AND 2022**

**NOTE 1 - DESCRIPTION OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

*TRADE ACCOUNTS RECEIVABLE* - Trade accounts receivable are recorded as the services are rendered and are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts, if any, through a charge to operating expense and a credit to the allowance for doubtful accounts based upon its assessment of the current status of individual accounts. PPTNM does not assess finance charges on past-due amounts. Past-due amounts are determined based upon the original invoice date. The allowance for uncollectible trade accounts receivable is based upon a review of fees receivable, past experience, current economic conditions and other pertinent factors which form a basis for determining the adequacy of the allowance. The allowance represents an estimate by management based upon these and other factors and it is at least reasonably possible that a change in the estimate will occur in the near term. There was no allowance for trade accounts receivable as of June 30, 2023 or 2022.

*PROMISES TO GIVE* - Unconditional promises to give are recognized as revenue or gains in the period received as assets, decreases of liabilities or expenses depending upon the form of benefits received. Conditional promises to give are recognized when the conditions upon which they depend are substantially met. An allowance for uncollectible promises to give is determined based upon management's review of promises receivable, past experience, current economic conditions and other pertinent factors which form a basis for determining the adequacy of the allowance. There was no allowance for uncollectible promises to give as of June 30, 2023 or 2022.

*INVENTORIES* - Inventories represent contraceptive, medical and lab supplies and are valued at the lower of cost or net realizable value using the average cost method.

*INVESTMENTS* - Investments consist of various bank certificates of deposit which have initial maturity dates ranging from six to twelve months, and marketable securities. Investments in certificates of deposit are reported at cost, which approximates fair value. Investments in marketable securities with readily determinable fair values are reported at their fair values in the consolidated statements of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

*ENDOWMENTS* - PPTNM's Endowment Fund was established to support PPTNM and its mission over the long-term. PPTNM follows the Uniform Prudent Management of Institutional Funds Act of 1972 ("UPMIFA") and its own governing documents. UPMIFA requires the historical dollar amount of a donor-restricted endowment fund to be preserved. In the absence of donor restrictions, the net appreciation on a donor-restricted endowment fund is spendable under UPMIFA. PPTNM's donors have not placed restrictions on the use of either the original contributions or the investment income and net appreciation resulting from endowment funds.



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**NOTE 1 - DESCRIPTION OF ACTIVITIES AND SUMMARY OF SIGNIFICANT  
ACCOUNTING POLICIES - CONTINUED**

*ENDOWMENTS - CONTINUED*

Certain contributions may be received subject to gift instruments or other specific agreements. The Board of Directors has the ability to distribute so much of the original principal of any trust or separate gift, devise, bequest, or fund as the Board in its sole discretion shall determine, assuming no other restriction. As a result of the ability to distribute the original principal, all contributions not classified as temporarily restricted or permanently restricted are classified as unrestricted net assets for financial statement purposes.

PPTNM has adopted investment and spending policies, approved by the Board of Directors (or Endowment Fund Committee), for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of these endowment assets over the long-term. All endowment assets have been previously transferred to the Community Foundation of Greater Memphis (the "Community Foundation") under the policies and procedures and investment practices of the Community Foundation. PPTNM's spending and investment policies work together to achieve this objective.

The spending policy calculates the amount of money annually distributed from PPTNM's endowment fund for operations. The current spending policy is to allow distributions of 5% of the value of the endowment assets. Accordingly, over the long-term, PPTNM expects its current spending policy to allow its endowment assets to grow. This is consistent with the PPTNM's objective to maintain the purchasing power of endowment assets as well as to provide additional real growth through investment return.

All endowment assets are considered unrestricted board-designated and are presented as beneficial interest in assets held by the Community Foundation with earnings on such accounts presented as "change in value of beneficial interest." It is PPTNM's policy to annually designate the fair value of the endowment assets held by the Community Foundation as board-designated.

*PROPERTY AND EQUIPMENT* - Property and equipment acquired by PPTNM is considered to be owned by the organization. However, governmental granting agencies may maintain a reversionary interest in the property purchased with grant monies. Such property shall not be disposed of without written approval from these agencies.

Property and equipment are recorded at cost, plus the cost of those additions and improvements which materially increase the useful lives of the assets. Donated property and equipment are recorded at their estimated fair value at the date of gift. Repair and maintenance costs are expensed as incurred.

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**NOTE 1 - DESCRIPTION OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

*PROPERTY AND EQUIPMENT - CONTINUED*

Depreciation is computed on the straight-line method over the following estimated useful lives:

Building .....	30 years
Furniture and equipment .....	5 - 10 years
Leasehold improvements .....	5 years

*LEASE ACCOUNTING* - During the year ended June 30, 2023, PPTNM adopted the provisions of Financial Accounting Standards Board ("FASB") Accounting Standards Update ("ASU") 2016-02-Leases (Topic 842). Under this standard, determination of whether an arrangement is a lease is made at the lease's inception. Under Accounting Standards Codification ("ASC") 842, a contract is (or contains) a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is defined under the standard as having both the right to obtain substantially all of the economic benefits from use of the asset and the right to direct the use of the asset. Management only reassesses its determination if the terms and conditions of the contract are changed.

Operating leases are included in operating lease right-of-use ("ROU") assets, current liabilities, and long-term liabilities in the accompanying statements of financial position. Lease expense is included in operating expenses in the accompanying statements of activities and changes in net assets. PPTNM's policy for leases with an initial term of 12 months or less is to not record such leases on the statements of financial position.

ROU assets represent PPTNM's right to use an underlying asset for the lease term, and lease liabilities represent PPTNM's obligation to make lease payments. Operating lease ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the remaining lease term. PPTNM uses the implicit rate when it is readily determinable. If the lease does not provide an implicit rate, management uses the Company's incremental borrowing rate or the risk free rate allowed under ASU 2016-02. Lease expense for lease payments is recognized on a straight-line basis over the lease term. PPTNM's lease terms may include options to extend or terminate the lease when it is reasonably certain that PPTNM will exercise the option.

ASU 2016-02-Leases requires companies to transition using a modified retrospective method. PPTNM applied the effective method practical expedient provided under ASU 2016-02 where the new standard was applied as of the effective date July 1, 2022, and the financial statements for the year ended June 30, 2022 have not been restated.

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**NOTE 1 - DESCRIPTION OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

*COLLECTIONS* - PPTNM has adopted a policy of not capitalizing contributions of collections in accordance with FASB-ASC 958-605, *Not-for-Profit Entities - Revenue Recognition*. Collection items consist of art transferred to PPTNM during the year ended June 30, 2022. These items are held for public display at PPTNM locations in furtherance of public service. These collection items are protected and preserved by PPTNM and are subject to a restriction by the donor that requires they be returned to the donor should PPTNM no longer wish to maintain ownership.

*REVENUE RECOGNITION* - PPTNM follows Accounting Standards Update (“ASU”) 2014-09, *Revenue from Contracts with Customers (Topic 606)* and ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*.

ASU 2014-09 requires revenue recognition criteria 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 in exchange for those goods or services and requires a five-step recognition process.

ASU 2018-08 reduces the diversity in practice in how not-for-profit organizations classify grants and contracts by clarifying whether transactions should be accounted for as contributions or exchange transactions and whether a contribution is conditional.

Grant and other contributions with conditions are not recognized as receivables or revenue until such time as the condition has been satisfied.

Support received or receivable is recorded as without donor restriction or with donor restriction depending on the existence and/or nature of any donor restrictions. Donor-restricted support is reported as an increase in donor restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), donor restricted net assets are reclassified to net assets without donor restriction and reported in the statement of activities as net assets released from restrictions. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor.

Patient fees and various insurance income for billable patient services are recognized at the time the service is rendered.



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**NOTE 1 - DESCRIPTION OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

*SPECIAL EVENT EXPENSES* - Special event expenses are incurred in connection with PPTNM's activities to solicit contributions for program needs as well as for certain specific future needs and for special events. Special event activities are a peripheral or incidental activity of PPTNM, and thus expenses are netted with the related special events revenues in the accompanying Consolidated Statements of Activities and totaled \$4,300 and \$36,402, respectively, during 2023 and 2022.

*ADVERTISING/COMMUNITY AFFAIRS* - PPTNM expenses advertising costs as incurred. Such costs totaled \$83,421 and \$121,068 during 2023 and 2022, respectively. In addition, PPTNM expenses advocacy and community affairs costs as incurred. Such costs totaled \$17,054 and \$2,034 during 2023 and 2022, respectively.

*IN-KIND DONATIONS* - In-kind donations of goods or assets are recorded at their estimated fair market value at date of contribution.

Donated services are recognized as contributions if the services create or enhance nonfinancial assets or require specialized skills, are performed by people with those skills and would otherwise be purchased by the organization. There were no such donated services in 2023 or 2022. In addition, a number of volunteers have donated significant amounts of their time to PPTNM. These services do not meet the requirements for recording in the consolidated financial statements and the value of such is not able to be reasonably estimated.

Donated investments are evaluated by management and may be held or converted to cash depending upon the entity's current investment strategy.

*CASH AND CASH EQUIVALENTS* - For purposes of the statement of cash flows, cash and cash equivalents consist of cash on hand and in checking and interest bearing accounts. PPTNM's policy is to consider all highly liquid debt securities purchased with initial maturities of three months or less to be cash equivalents.

*FEDERAL TAX STATUS* - The Internal Revenue Service has classified PPTNM as exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. It has been classified as an organization that is not a private foundation under Section 509(a)(2) of the Internal Revenue Code.

PPTNM follows the provisions of FASB ASC 740-10, *Accounting for Uncertainty in Income Taxes*. This pronouncement requires that computations of current and deferred income tax assets and liabilities only consider tax positions that are more likely than not (defined as a greater than 50% chance) to be sustained if the taxing authority examined the positions. There are no significant unrecognized tax positions at June 30, 2023 or 2022. PPTNM is subject to U.S. federal tax examinations by taxing authorities for years ending after June 30, 2019.

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**NOTE 1 - DESCRIPTION OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

*CONCENTRATIONS* - PPTNM maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. PPTNM has not experienced any losses in such accounts nor does management of the organization believe there is any significant credit risk on cash and cash equivalents.

*SUBSEQUENT EVENTS* - PPTNM's management has evaluated subsequent events through November 29, 2023, which is the date the consolidated financial statements were available for issuance.

*RECLASSIFICATIONS* - For comparability, certain prior years amounts have been reclassified where appropriate to conform with the consolidated financial statement presentation in the current years.

**NOTE 2 - PROMISES TO GIVE**

Unconditional promises to give are expected to be collected in one year or less. There were \$313,166 and \$83,451 in unconditional promises to give at June 30, 2023 and 2022, respectively.

PPTNM is a partial beneficiary of a portion of two separate trusts under the will of a deceased contributor. Additionally, one half of the remaining estate will be received upon the death of the contributor's daughter. Due to the conditional nature of this gift, no amount has been recorded in the accompanying consolidated financial statements.



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**NOTE 3 - INVESTMENTS**

Investments comprised the following:

	<u><b>Fair Value</b></u>
<u><b>June 30, 2023</b></u>	
Government cash reserves .....	\$ 548,889
Exchange traded products - equities .....	1,580,253
Exchange traded products - fixed income .....	1,633,316
Bonds .....	2,051,281
Certificates of deposit - brokerage .....	4,305,959
Certificate of deposit - bank .....	<u>63,262</u>
	<u><b>\$ 10,182,960</b></u>
<u><b>June 30, 2022</b></u>	
Government cash reserve .....	\$ 5,339
Exchange traded products - equities .....	548,495
Exchange traded products - fixed income .....	416,969
Certificates of deposit - bank .....	<u>63,249</u>
	<u><b>\$ 1,034,052</b></u>

**Endowment Funds**

Endowment fund net assets as of June 30, 2023 and 2022 aggregated \$4,812,617 and \$4,621,410, respectively, and represented board-designated unrestricted funds only.

Changes in endowment fund net assets are as follows:

	<u><b>YEAR ENDED JUNE 30</b></u>	
	<u><b>2023</b></u>	<u><b>2022</b></u>
<b>Endowment net assets at beginning of year .....</b>	<b>\$ 4,621,410</b>	<b>\$ 5,653,282</b>
Net change in value of beneficial interest .....	454,043	(787,365)
Amounts appropriated for expenditure .....	<u>(262,836)</u>	<u>(244,507)</u>
<b>Endowment net assets at end of year .....</b>	<b><u>\$ 4,812,617</u></b>	<b><u>\$ 4,621,410</u></b>

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED  
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**NOTE 4 - FAIR VALUE MEASUREMENTS**

FASB ASC 820-10, *Fair Value Measurements*, establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels. Level 1 inputs are based on unadjusted quoted market prices within active markets. Level 2 inputs are based on quoted prices for similar assets in active or inactive markets. Level 3 inputs are all other financial instruments without an active or inactive market and for which no significant observable inputs are available.

Fair values of assets measured on a recurring basis are as follows:

		<b>Fair Value Measurements at Reporting Date Using</b>		
		<b>Quoted Prices In Active Markets for Identical Assets (Level 1)</b>	<b>Significant Other Observable Inputs (Level 2)</b>	<b>Significant Unobservable Inputs (Level 3)</b>
	<b><u>Fair Value</u></b>			
<b><u>June 30, 2023</u></b>				
Government cash reserves . . . . .	\$ 548,889	\$ 548,889	\$ -	\$ -
Exchange traded products - equities . . . . .	1,580,253	1,580,253	-	-
Exchange traded products - fixed income . . . . .	1,633,316	1,633,316	-	-
Bonds . . . . .	2,051,281	2,051,281	-	-
Certificates of deposit . . . . .	4,305,959	-	4,305,959	-
Beneficial interest . . . . .	<u>4,812,617</u>	<u>-</u>	<u>-</u>	<u>4,812,617</u>
<b>Total . . . . .</b>	<b><u>\$ 14,932,315</u></b>	<b><u>\$ 5,813,739</u></b>	<b><u>\$ 4,305,959</u></b>	<b><u>\$ 4,812,617</u></b>
<b><u>June 30, 2022</u></b>				
Government cash reserve . . . . .	\$ 5,339	\$ 5,339	\$ -	\$ -
Exchange traded products - equities . . . . .	548,495	548,495	-	-
Exchange traded products - fixed income . . . . .	416,969	416,969	-	-
	<u>4,621,410</u>	<u>-</u>	<u>-</u>	<u>4,621,410</u>
<b>Total . . . . .</b>	<b><u>\$ 5,592,213</u></b>	<b><u>\$ 970,803</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 4,621,410</u></b>

PPTNM recognizes transfers of assets into and out of levels as of the date an event or change in circumstances causes the transfer. There were no transfers between levels in the years ended June 30, 2023 and 2022.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED  
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**NOTE 4 - FAIR VALUE MEASUREMENTS - CONTINUED**

Securities (Level 1) are reported at fair value on a recurring basis determined by reference to quoted market prices and other relevant information generated by market transactions. The fair value of the beneficial interests (Level 3), as determined by the Community Foundation of Greater Memphis, was based primarily at the Organization's proportional share of the market value of the underlying investments of the investment pools in which PPTNM has its investments. PPTNM has no Level 2 assets.

All assets above have been valued using a market value approach and there have been no changes in valuation techniques and related inputs.

The table below presents information about recurring fair value measurements that use significant unobservable inputs (Level 3 measurements):

	<u><b>Beneficial Interests</b></u>
<b><u>June 30, 2022</u></b> .....	\$ 5,653,282
Contributions and collections (net) .....	-
Change in value of beneficial interest .....	(787,365)
Payments from beneficial interest .....	<u>(244,507)</u>
<b><u>June 30, 2023</u></b> .....	4,621,410
Contributions and collections (net) .....	-
Change in value of beneficial interest .....	454,043
Payments from beneficial interest .....	<u>(262,836)</u>
<b><u>June 30, 2023</u></b> .....	<u><b>\$ 4,812,617</b></u>

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**NOTE 5 - PROPERTY AND EQUIPMENT**

Property and equipment consists of the following:

	<u>JUNE 30</u>	
	<u>2023</u>	<u>2022</u>
Land .....	\$ 1,740,312	\$ 1,740,312
Buildings and improvements .....	8,937,107	8,937,107
Clinic furniture .....	144,824	144,824
Medical instruments .....	151,035	151,035
Computer equipment and software .....	342,299	257,104
Furniture and fixtures .....	625,172	625,172
Construction in progress .....	203,640	-
Mobile unit deposit .....	<u>377,901</u>	<u>172,216</u>
	12,522,290	12,027,770
Less accumulated depreciation .....	<u>(3,211,413)</u>	<u>(2,753,125)</u>
	<u>\$ 9,310,877</u>	<u>\$ 9,274,645</u>

Depreciation expense totaled \$458,288 and \$466,914, respectively, for the years ended June 30, 2023 and 2022.

At June 30, 2021, PPTNM was in the process of evaluating a building donation which, if approved, would occur during fiscal year 2022. However, the decision was made to raze the building in lieu of donation. The building was demolished during the year ended June 30, 2022. A loss on disposition of this building of \$843,812 is included in loss on disposal of fixed assets on the accompanying consolidated statement of activities for the year ended June 30, 2022.

In December 2021 a fire destroyed a building owned by PPTNM that was undergoing significant renovation. Insurance proceeds totaling \$823,769 relating to this incident were received during the year ended June 30, 2022. An additional \$1,015,222 was expected to be received during the year ended June 30, 2023 and was included in trade accounts and other receivables on the accompanying statement of financial position at June 30, 2022. This receivable as well as an additional \$246,237 of insurance proceeds were received in the current year.

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YEARS ENDED JUNE 30, 2023 AND 2022**

**NOTE 6 - BENEFICIAL INTEREST IN ASSETS**

In prior years, PPTNM transferred funds, without variance power, to the Community Foundation, to establish the Memphis Planned Parenthood Endowment Fund of the Community Foundation for the benefit of PPTNM. The fund, which is valued at fair value, consists of pooled investments with the Community Foundation, five percent of which are distributed annually to PPTNM. With the approval of the entire Endowment Fund Committee and seventy-five percent of the Board of Directors, PPTNM may request advances from the Community Foundation.

**NOTE 7 - RETIREMENT PLAN**

PPTNM maintains a 401(k) retirement plan covering substantially all employees. Employees can voluntarily contribute to the plan. Effective January 1, 2005, the Plan was amended to allow a discretionary matching contribution as determined by PPTNM in December of each year. For the year ended June 30, 2022, matching contributions were equal to the voluntary employee contributions and limited to 5% of the qualified employee compensation or a maximum of \$5,000. Employer contributions expense totaled \$105,661 and \$83,676, respectively, for the years ended June 30, 2023 and 2022.

**NOTE 8 - RESTRICTIONS ON NET ASSETS**

Net assets with donor restrictions are available for the following purposes or periods:

	<u>JUNE 30</u>	
	<u>2023</u>	<u>2022</u>
Subject to expenditure for specified purposes:		
Knox MD Fly .....	\$ 22,324	\$ 22,324
Knox AB Expansion .....	268,424	667,000
TAPP .....	10,057	64,372
PPFA .....	1,235,252	615,461
Other (CAPS) .....	<u>-</u>	<u>53,638</u>
	<u>\$1,536,057</u>	<u>\$ 1,422,795</u>



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**NOTE 8 - RESTRICTIONS ON NET ASSETS- CONTINUED**

Net assets were released from donor restrictions during the year by incurring expenses or purchase of assets in accordance with the restricted purposes as specified by the donors and comprised the following amounts:

	<u>JUNE 30</u>	
	<u>2023</u>	<u>2022</u>
Restrictions satisfied:		
PPFA .....	\$ 764,092	\$ 58,609
Knox MD Fly .....	-	12,090
TAPP .....	54,315	-
Other (CAPS) .....	<u>53,638</u>	<u>-</u>
	<u>\$ 872,045</u>	<u>\$ 70,699</u>

Board-designated unrestricted net assets without donor restriction consist of funds raised for the purpose of creating an endowment to provide future income for PPTNM activities.

**NOTE 9 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS**

The following reflects PPTNM's financial assets reduced by amounts not available for general use because of either contractual or donor-imposed restrictions within one year of the balance sheet date. All donor restricted amounts are available for use only for the indicated purposes as presented in Note 8.

	<u>JUNE 30</u>	
	<u>2023</u>	<u>2022</u>
Financial assets, at year end .....	\$ 23,401,501	\$ 19,885,014
Less those unavailable for general expenditures within one year due to:		
Contractual or donor-imposed restrictions:		
Restricted by donor with time or purpose restrictions .....	(1,536,057)	(1,422,795)
Board designations:		
Beneficial interest - board designated endowment .....	<u>(4,812,616)</u>	<u>(4,621,410)</u>
Financial assets available to meet cash needs for general expenditures within one year .....	<u>\$ 17,052,828</u>	<u>\$ 13,840,809</u>

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED  
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**NOTE 9 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS -  
CONTINUED**

PPTNM is supported not only through fees for services and related other sales, and various special events, but also substantially by contributions received from others. Management and the board manage resources to best utilize its financial assets in order to meet donor restrictions and meet general expenditure obligations.

The beneficial interest in assets, while board designated as an endowment to be used for long-term purposes, can be withdrawn for current operating needs if needed although there is no current intent to do so.

**NOTE 10 - LEASE INCOME AND LEASE COMMITMENTS**

PPTNM is the lessor of a billboard under the terms of a lease which automatically renewed on June 1, 2021 for 5 years with monthly rent payments of \$2,014. Three additional, five-year renewal periods are available under the terms of the lease with each renewal including a ten percent (10%) increase in the monthly rent payments. Each of these renewals will occur automatically unless the lessee provides lessor written notice of its intent to not renew the lease at least ninety (90) days prior to the end of the term, as extended.

As disclosed in Note 1, PPTNM, as lessee, adopted FASB ASC 842 as of July 1, 2022, which resulted in leases with initial ROU assets and related lease liabilities of \$51,156 at the implementation date above, which are amortized on a straight-line basis over the remaining lease terms. Amortization of the ROU assets and related liabilities totaled \$40,925 during the year ended June 30, 2023.

The ROU assets had a balance of \$10,231, presented in noncurrent assets on the accompanying Combined Statements of Financial Position at June 30, 2023; the lease liability is included in current liabilities (\$10,231). The lease asset and liability were calculated using Applicable Federal Rates of 2.35% based on the applicable lease evaluation date. The total lease expense included on the accompanying statements of activities for these leases totaled \$41,488 for the year ended June 30, 2023.

**PLANNED PARENTHOOD GREATER MEMPHIS REGION  
(DBA PLANNED PARENTHOOD OF TENNESSEE AND NORTH MISSISSIPPI)  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED  
YEARS ENDED JUNE 30, 2023 AND 2022**

**NOTE 10 - LEASE INCOME AND LEASE COMMITMENTS - CONTINUED**

Maturities of operating lease liabilities at June 30, 2023 are as follows:

<u>YEAR ENDING</u> <u>JUNE 30</u>	<u>AMOUNT</u>
2024 .....	\$ 10,372
Less Interest .....	<u>(141)</u>
Present value of lease liabilities .....	<u>\$ 10,231</u>

**NOTE 11 - RELATED PARTY TRANSACTIONS**

As an accredited affiliate of Planned Parenthood Federation of America ("PPFA"), PPTNM pays dues which entitles them to receive liability insurance at a lower cost and provides PPTNM selected professional and business consulting services at no additional cost. Each affiliate must follow established policies, procedures and protocols for the clinic set forth by the Federation as well as follow financial guidelines in the form of ratios. Each affiliate is reviewed by PPFA periodically, at least every four years, for accreditation purposes. Dues paid to PPFA were suspended for 2022 and 2023.

Grant funds from PPFA included in support and revenue in the consolidated statements of activities totaled \$2,120,287 for 2023 and \$893,991 in 2022.