

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

Financial Statements

June 30, 2014 and 2013

(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.

Report on the Financial Statements

We have audited the statements of financial position of the Planned Parenthood of Middle and East Tennessee, Inc. (a nonprofit organization) as of June 30, 2014 and 2013, and the related statements of activities and changes in net assets functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including assessment of the risks of material misstatement of the 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 financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an 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 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 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, 2014 and 2013, and 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.

December 11, 2014

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

Statements of Financial Position

June 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
<u>Assets</u>		
Current assets:		
Cash and cash equivalents:		
Cash in bank	\$ 91,735	180,534
Money market accounts, held by brokerage firm	102,024	48,195
Total cash and cash equivalents	193,759	228,729
Investments in marketable securities	686,543	568,633
Accounts receivable	41,775	46,341
Prepaid expenses	27,776	67,036
Inventory	51,983	35,224
Total current assets	1,001,836	945,963
Property and equipment	1,493,528	1,081,480
Other assets:		
Beneficial interest at Community Foundation	169,429	155,507
Loan costs, net of amortization	23,185	24,373
Total other assets	192,614	179,880
	<u><u>\$ 2,687,978</u></u>	<u><u>2,207,323</u></u>
<u>Liabilities and Net Assets</u>		
Current liabilities:		
Accounts payable	\$ 218,109	97,811
Current portion of long term debt	28,314	-
Accrued expenses	97,684	82,848
Total current liabilities	344,107	180,659
Long term debt	848,052	494,171
Total liabilities	1,192,159	674,830
Net assets:		
Unrestricted	1,025,100	1,144,003
Temporarily restricted	301,290	232,983
Permanently restricted	169,429	155,507
Total net assets	1,495,819	1,532,493
	<u><u>\$ 2,687,978</u></u>	<u><u>2,207,323</u></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, 2014 and 2013

	Unrestricted Fund Groups	Temporarily Restricted Fund Groups	Permanently Restricted Fund Groups	2014 Total	2013 Total
Public support and revenue:					
United Way/Community Shares	\$ 49,306	-	-	49,306	53,803
Grants from government agencies	-	37,240	-	37,240	46,946
Grants from other agencies	-	700,500	-	700,500	785,919
Contributions	319,265	70,098	450	389,813	432,581
Patient fees	2,332,004	-	-	2,332,004	1,963,430
Investment income	124,876	5	1,679	126,560	46,237
Gain from funds held in trust with Community Foundation	-	-	14,693	14,693	5,735
Special events	60,708	-	-	60,708	62,201
	<u>2,886,159</u>	<u>807,843</u>	<u>16,822</u>	<u>3,710,824</u>	<u>3,396,852</u>
Net assets released from restrictions	742,436	(739,536)	(2,900)	-	-
Total support and revenue	<u>3,628,595</u>	<u>68,307</u>	<u>13,922</u>	<u>3,710,824</u>	<u>3,396,852</u>
Expenses:					
Program services	2,695,036	-	-	2,695,036	2,423,507
Supporting services:					
General and administrative	667,540	-	-	667,540	681,477
Fund raising	136,691	-	-	136,691	150,533
Community services and Public affairs	248,231	-	-	248,231	237,883
Total supporting services	<u>1,052,462</u>	<u>-</u>	<u>-</u>	<u>1,052,462</u>	<u>1,069,893</u>
Total expenses	<u>3,747,498</u>	<u>-</u>	<u>-</u>	<u>3,747,498</u>	<u>3,493,400</u>
Increase (decrease) in net assets	(118,903)	68,307	13,922	(36,674)	(96,548)
Net assets at beginning of year	<u>1,144,003</u>	<u>232,983</u>	<u>155,507</u>	<u>1,532,493</u>	<u>1,629,039</u>
Net assets at end of year	<u>\$ 1,025,100</u>	<u>301,290</u>	<u>169,429</u>	<u>1,495,819</u>	<u>1,532,493</u>

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, 2014 and 2013

2014

Unrestricted Fund Groups														
Community Services & Public Affairs														
Abortion Services		Family Planning	Education	J. P. Davis Fund	Fund Raising	Public Affairs	Total Unrestricted Fund Groups	Temporarily Restricted Fund Groups	Permanently Restricted Fund Groups	2014 Total	2013 Total			
Public support and revenue:														
United Way/Community Shares \$		-	-	-	49,306	-	49,306	-	-	49,306	53,805			
Grants from government agencies		-	-	-	-	-	-	37,240	-	37,240	46,946			
Grants from other agencies		-	-	-	-	-	-	700,500	-	700,500	785,919			
Contributions		-	-	-	319,265	-	319,265	70,098	450	389,813	432,581			
Patient fees		1,725,444	601,325	5,235	-	-	2,332,004	-	-	2,332,004	1,963,430			
Interest income		-	-	-	124,876	-	124,876	5	-	124,881	46,097			
Gain (loss) from funds held in trust with Community Foundation		-	-	-	-	-	-	-	16,372	16,372	5,875			
Special events		-	-	-	60,708	-	60,708	-	-	60,708	62,201			
Total support and revenue		1,725,444	601,325	5,235	554,155	-	2,886,159	807,843	16,822	3,710,824	3,396,854			
Net assets released from restrictions		602,458	3,418	54,595	2,900	60,000	742,436	(739,536)	(2,900)	-	-			
		2,327,902	604,743	59,830	19,065	60,000	3,628,595	68,307	13,922	3,710,824	3,396,854			
Expenses:														
Program services		1,523,140	1,006,505	146,326	19,065	-	2,695,036	-	-	2,695,036	2,423,507			
Supporting services:														
General and administrative		253,065	247,858	43,657	-	79,170	667,540	-	-	667,540	681,477			
Fund raising		-	-	-	-	-	136,691	-	-	136,691	150,533			
Community services and Public affairs		-	-	-	-	248,231	248,231	-	-	248,231	237,883			
Total supporting services		253,065	247,858	43,657	-	327,401	1,052,462	-	-	1,052,462	1,069,893			
Total expenses		1,776,205	1,254,363	189,983	19,065	327,401	3,747,498	-	-	3,747,498	3,493,400			
Increase (decrease) in net assets \$		551,697	(649,620)	(130,153)	-	(267,401)	(118,903)	68,307	13,922	(36,674)	(96,546)			

See accompanying notes to financial statements.

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

Statements of Functional Expenses

For the years ended June 30, 2014 and 2013

2014

	Program Services			Supporting Services					
	Abortion Services	Family Planning	Education	J.P. Davis Fund	Manage-	Fund Raising	Community Services & Public Affairs		
					ment and General				
Personnel costs:									
Salaries	\$ 419,189	410,613	72,363	-	388,778	72,579	131,169	1,494,691	1,356,590
Payroll taxes	31,635	30,508	5,545	-	26,323	5,428	9,831	109,270	105,002
Fringe benefits	47,317	44,527	11,565	-	40,033	7,206	9,935	160,583	144,265
Contract Labor	375	375	3,680	-	16,595	2,569	27,150	50,744	43,410
Physicians	332,275	-	-	-	-	-	-	332,275	302,300
Total personnel costs	830,791	486,023	93,153	-	471,729	87,782	178,085	2,147,563	1,951,567
Medical supplies	356,706	169,881	5,156	-	4,889	-	-	536,632	470,397
Office and other supplies	13,270	12,151	5,157	-	6,978	1,751	2,365	41,672	43,099
Equipment rental and maintenance	1,948	4,764	142	-	6,416	670	76	14,016	12,015
Telephone	8,906	10,729	4,608	-	9,069	2,561	2,920	38,793	37,229
Contract services	85,579	82,318	254	-	21,209	-	254	189,614	235,211
Postage and freight	2,148	1,809	331	-	3,724	7,771	12	15,795	14,398
Occupancy	47,108	54,860	3,334	-	3,518	1,188	2,878	112,886	120,051
Rent	266	5,066	10,800	-	15,240	7,200	5,760	44,332	40,270
Printing and publications	4,555	11,994	6,697	-	9,944	6,136	5,402	44,728	40,637
Security services	4,685	5,643	186	-	2	-	186	10,702	11,510
Travel	4,185	11,658	5,190	-	20,513	740	13,454	55,740	67,837
Employee development	1,050	3,046	2,125	-	3,477	-	239	9,937	21,779
Malpractice insurance	60,118	12,022	-	-	-	-	-	72,140	67,004
Interest	14,880	12,791	1,456	-	22,695	-	-	51,822	20,641
Marketing	6,278	7,442	1,520	-	1,041	200	3,538	20,019	22,077
Assistance to individuals	-	-	-	19,065	-	-	-	19,065	20,785
Depreciation	35,807	47,101	6,073	-	5,481	1,231	1,583	97,276	72,731
Dues	208	208	-	-	59,477	6,100	1,521	67,514	67,117
Events	-	-	135	-	20	10,070	5,660	15,885	18,869
Voxent patient record management	31,410	58,333	-	-	-	-	-	89,743	54,382
Loan cost amortization	-	-	-	-	1,188	-	-	1,188	594
Uncollectible employee advance	-	-	-	-	-	-	-	-	5,318
Polling research	-	-	-	-	-	-	24,283	24,283	51,949
Bank fees	13,242	8,666	9	-	930	3,291	15	26,153	25,933
Allocation of management and general expenses	1,523,140	1,006,505	146,326	19,065	667,540	136,691	248,231	3,747,498	3,493,400
Total expenses	\$ 1,776,205	\$ 1,254,363	\$ 189,983	\$ 19,065	\$ -	\$ 180,482	\$ 327,401	\$ 3,747,498	\$ 3,493,400

See accompanying notes to financial statements.

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

Statements of Cash Flows

For the years ended June 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
<u>Cash Flows from Operating Activities</u>		
Cash received from:		
Clients and public support	\$ 3,536,447	3,192,435
Federal, state and local governments	37,240	46,946
Investment income	17,577	8,864
Distributions from Community Foundation	2,900	2,750
Cash paid for:		
Interest	(51,822)	(20,641)
Employees and vendors	(3,439,577)	(3,293,501)
Net operating activities	<u>102,765</u>	<u>(63,147)</u>
<u>Cash Flows from Investing Activities</u>		
Purchase of property and equipment	(509,323)	(209,234)
Purchases of investments, net of proceeds from sale	(10,607)	(531,401)
Net investing activities	<u>(519,930)</u>	<u>(740,635)</u>
<u>Cash Flows from Financing Activities</u>		
Proceeds from borrowings	405,829	272,747
Capitalized loan costs	-	(24,967)
Repayment of long term debt	(23,634)	(571)
	<u>382,195</u>	<u>247,209</u>
Net increase (decrease) in cash and cash equivalents	(34,970)	(556,573)
Cash and cash equivalents at beginning of year	<u>228,729</u>	<u>785,302</u>
Cash and cash equivalents at end of year	<u><u>\$ 193,759</u></u>	<u><u>228,729</u></u>
<u>Reconciliation of change in net assets to cash flows from operating activities</u>		
Change in net assets	\$ (36,674)	(96,546)
Depreciation	97,276	72,731
Loan cost amortization	1,188	594
Less gains on investment accounts	(107,303)	(37,232)
(Increase) decrease in funds held in beneficial interest	(13,923)	(103,226)
(Increase) decrease in current assets:		
Accounts receivable	4,566	(5,401)
Prepaid expenses	39,260	32,913
Inventory	(16,759)	8,452
Increase (decrease) in current liabilities:		
Accounts payable	120,298	48,257
Accrued payroll, benefits and other expenses	14,836	16,311
Net operating activities	<u><u>\$ 102,765</u></u>	<u><u>(63,147)</u></u>

See accompanying notes to financial statements.

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

Notes to Financial Statements

June 30, 2014 and 2013

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, however, have been prepared to focus on the Affiliate as a whole and to present transactions according to the existence or absence of donor-imposed restrictions in conformity with accounting principles generally accepted in the United States of America.

As required by generally accepted accounting principles, the Affiliate reports information regarding its financial position and activities according to three classes of net assets as follows:

Unrestricted net assets - Net assets not subject to donor imposed stipulations. Unrestricted net assets may be designated for specific purposes by action of the governing body.

Temporarily restricted net assets - Net assets whose use is subject to donor imposed stipulations and / or the passage of time.

Permanently restricted net assets - Net assets to be maintained in perpetuity as directed by donor imposed stipulations.

The amount of each of the classes of net assets are presented in the statement of financial position and the change in each class of net assets is presented in the statement of activities.

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, 2013, 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.

Accounts Receivable

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

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

Notes to Financial Statements, continued

(1) Summary of Significant Accounting Policies, continued

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

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date and sets out a fair value hierarchy which gives the highest priority to observable inputs such as quoted prices in active markets for identical assets or liabilities (Level 1), the next highest priority to inputs from observable data other than quoted prices (Level 2) and the lowest priority to unobservable inputs (Level 3). Inputs are broadly defined as assumptions market participants would use in pricing an asset or liability. Investments in marketable securities are valued using Level 1 inputs. The beneficial interest at Community Foundation is valued using Level 2 inputs.

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.

Property and Equipment

Expenditures for property and equipment are stated at cost or estimated fair value at date of gift. Expenditures for property and equipment of \$500 or more are capitalized and depreciated. 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

Loan Costs

Costs required to obtain long term financing are capitalized and amortized to operations over the 5 year call period, using the straight line method.

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. No significant contributed services are recognized in the 2014 or 2013 financial statements.

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.

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

Notes to Financial Statements, continued

(1) Summary of Significant Accounting Policies, continued

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

Abortion Services - resources are utilized in the performance of abortion services.

Family Planning - resources are utilized to encourage family involvement with respect to family planning services provided to individuals.

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.

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.

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 have been evaluated for potential recognition and disclosure through December 11, 2014, the date these financial statements were available to be issued.

(2) Accounts Receivable

Accounts receivable consist of the following:

	<u>2014</u>	<u>2013</u>
Grants receivable	5,327	17,161
Pledges receivable	14,000	21,000
Patient receivable - insurance reimbursement	20,361	3,232
Other	2,087	4,948
	<u>41,775</u>	<u>46,341</u>

(3) Beneficial Interest at Community Foundation

The Affiliate has a beneficial interest in trusts 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 \$169,429 and \$155,507 as of June 30, 2014 and 2013, respectively. An additional \$100,000 contribution was made to the beneficial interest during 2013. The Foundation has made transfers amounting to \$2,900 in 2014 and \$2,750 in 2013 which are reported as revenues in the statement of activities.

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

Notes to Financial Statements, continued

(4) Investments - Marketable Securities

Investment securities are stated at market value. The following table summarizes by type the relationship between carrying value and market value of the investment assets.

	<u>Cost or Basis</u>	<u>Market Value</u>	<u>Excess of Market Over (Under) Cost</u>	<u>Unrealized Cumulative Gains</u>	<u>Unrealized Cumulative Losses</u>
Balance June 30, 2014					
Common stocks	\$ 535,915	642,016	106,101	106,101	-
Real estate and tangibles	42,513	44,527	2,014	2,014	-
	<u>\$ 578,428</u>	<u>686,543</u>	<u>108,115</u>	<u>108,115</u>	<u>-</u>
Balance June 30, 2013	<u>\$ 536,066</u>	<u>568,633</u>	<u>32,567</u>	<u>32,567</u>	<u>-</u>

Reconciliation of earnings from unrestricted investment activities:

	<u>2014</u>	<u>2013</u>
Earnings and investment income	\$ 17,579	8,865
Realized gain on stock sales	31,754	4,665
Unrealized gain due to change in the cumulative market values	75,548	32,567
	<u>\$ 124,881</u>	<u>46,097</u>

(5) Property and Equipment

Property and equipment consists of the following:

	<u>2014</u>	<u>2013</u>
Land	\$ 176,100	176,100
Buildings	1,602,776	1,162,726
Renovations in process	-	71,084
Office furniture and equipment	393,282	351,145
	<u>2,172,158</u>	<u>1,761,055</u>
Less accumulated depreciation	<u>(678,630)</u>	<u>(679,575)</u>
Net property and equipment	<u>\$ 1,493,528</u>	<u>1,081,480</u>
Depreciation expense	<u>\$ 97,276</u>	<u>72,731</u>

(6) Long Term Debt

5.75% term note, requiring interest only payments through August 2013; September 2013 monthly payments of principal and interest of \$6,497 begin. The note matures August 2017, at which time the note will be refinanced or a lump sum payment of approximately \$780,000 will be required. The note is related to the acquisition of property in Knoxville Tennessee in 2010 and renovation of the Nashville clinic during year ended 2014. The note is secured by the Affiliates land and buildings located in Nashville and Knoxville Tennessee.

Less current portion of long term debt

	<u>2014</u>	<u>2013</u>
	\$ 876,366	494,171
	28,314	-
	<u>\$ 848,052</u>	<u>494,171</u>

Principal maturities of long-term debt are as follows: 2015 - \$28,314; 2016 - 29,986; 2017 - \$31,756; and 2018 - \$786,310.

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

Notes to Financial Statements, continued

(7) Temporarily Restricted Net Assets

Temporarily restricted net assets are available as follows:

	<u>2014</u>	<u>2013</u>
Education	4,949	5,963
Justice Fund for client abortion assistance	86,209	123,165
J. P. Davis for client abortion assistance	126,224	92,888
PPFA - Organizing (YOPI)	70,000	-
PPFA - Organizing (Hunt / Gibbons)	5,000	-
Technology grant - Frist Foundation	-	3,419
PG 13 Players - Community Foundation	8,908	7,548
	<u>\$ 301,290</u>	<u>232,983</u>

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

Education - Generations	\$ 1,715
J. P. Davis for client abortion assistance	19,065
Grant for PG - 13 Players program	15,640
Justice Fund for client abortion assistance	602,457
PPFA - Organizing (Hunt / Gibbons)	60,000
Technology grant - Frist Foundation	3,419
Federal grants	37,240
Temporarily restricted net assets released from restriction	739,536
Grants from funds held by Community Foundation see note 3	2,900
Net assets released to unrestricted funds	<u>\$ 742,436</u>

(8) Contingencies and Commitments

Support Concentrations

The Affiliate receives significant support from one private donor amounting to \$565,500 in 2014 and \$754,000 in 2013. A substantial reduction in the level of this support, should this occur, would have a material effect on programs and services.

Leases

The Affiliate is obligated under certain lease agreements for office and equipment. The lease agreement for the administrative office Metro Center - Nashville, Tennessee, requires monthly payments of \$3,000 and expires August 2016. Further, the Affiliate leases office space in Johnson City, Tennessee which requires monthly payments of \$400 on a month to month basis.

Future obligations under non cancelable office equipment lease agreements amounts to \$24,412 in 2015; \$10,496 in 2016; \$7,228 in 2017 and 2017; and \$519 in 2019.

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, 2014 and 2013, the Affiliate contributed \$21,211 and \$18,258, respectively.

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

Notes to Financial Statements, continued

(8) Contingencies and Commitments, continued

Voxent Patient Record Management

Service contract to provide electronic patient record management requiring monthly minimum payments of \$8,049 through June, 2015. Expenses related to this contract amounted to \$89,743 in 2014 and \$54,382 in 2013.

(9) National Organizations

Dues paid to national organizations, including the Affiliate's Fair Share Assessment, amount to \$40,758 and \$37,607, respectively in 2014 and 2013.

(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 by a governmental agency and receivables collectibility. The following table summarizes the Affiliate's accounting risk of loss:

	<u>Account Balance</u>	<u>Secured / Collateralized</u>	<u>Amount of Accounting Risk of Loss</u>
Cash in bank	\$ 91,735	91,735	-
Money market accounts, held by brokerage firm	102,024	102,024	-
Investments in marketable securities	686,543	-	686,543
Accounts receivable	41,775	-	41,775
Beneficial interest at Community Foundation	169,429	-	169,429
	<u>\$ 1,091,506</u>	<u>193,759</u>	<u>897,747</u>