

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

Financial Statements

June 30, 2015 and 2014

(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, 2015, 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, 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, 2015, and changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited Planned Parenthood of Middle and East Tennessee, Inc.'s 2014 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 11, 2014. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2014, is consistent, in all material respects, with the audited financial statements from which it was derived.

A handwritten signature in blue ink that reads "Hill Harper & Associates". The signature is written in a cursive, flowing style.

December 10, 2015

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

Statements of Financial Position

June 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
<u>Assets</u>		
Current assets:		
Cash and cash equivalents:		
Cash in bank	\$ 247,203	91,735
Money market accounts, held by brokerage firm	35,322	102,024
Total cash and cash equivalents	<u>282,525</u>	<u>193,759</u>
Investments in marketable securities	351,039	686,543
Accounts receivable	197,488	41,775
Prepaid expenses	18,060	27,776
Inventory	45,501	51,983
Total current assets	<u>894,613</u>	<u>1,001,836</u>
Property and equipment	<u>1,452,709</u>	<u>1,493,528</u>
Other assets:		
Beneficial interest at Community Foundation	166,582	169,429
Loan costs, net of amortization	21,997	23,185
Total other assets	<u>188,579</u>	<u>192,614</u>
	<u><u>\$ 2,535,901</u></u>	<u><u>2,687,978</u></u>
<u>Liabilities and Net Assets</u>		
Current liabilities:		
Accounts payable	\$ 276,713	218,109
Current portion of long term debt	29,943	28,314
Accrued excise tax on excess lobbying expenditures	157,726	-
Accrued expenses	103,300	97,684
Total current liabilities	<u>567,682</u>	<u>344,107</u>
Long term debt	<u>818,822</u>	<u>848,052</u>
Total liabilities	<u>1,386,504</u>	<u>1,192,159</u>
Net assets:		
Unrestricted	666,488	1,025,100
Temporarily restricted	316,327	301,290
Permanently restricted	166,582	169,429
Total net assets	<u>1,149,397</u>	<u>1,495,819</u>
	<u><u>\$ 2,535,901</u></u>	<u><u>2,687,978</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, 2015 and 2014

	Unrestricted Fund Groups	Temporarily Restricted Fund Groups	Permanently Restricted Fund Groups	2015 Total	2014 Total
Public support and revenue:					
United Way/Community Shares	\$ 43,241	-	-	43,241	49,306
Grants from government agencies	-	86,918	-	86,918	37,240
Grants from other agencies	928,130	732,075	-	1,660,205	700,500
Contributions	490,110	49,822	-	539,932	389,813
Patient fees	2,219,133	-	-	2,219,133	2,332,004
Special events	66,053	-	-	66,053	60,708
	<u>3,746,667</u>	<u>868,815</u>	<u>-</u>	<u>4,615,482</u>	<u>3,569,571</u>
Net assets released from restrictions	862,841	(859,741)	(3,100)	-	-
Total support and revenue	<u>4,609,508</u>	<u>9,074</u>	<u>(3,100)</u>	<u>4,615,482</u>	<u>3,569,571</u>
Expenses:					
Program services	2,837,668	-	-	2,837,668	2,695,036
Supporting services:					
General and administrative	733,163	-	-	733,163	667,540
Fund raising	132,318	-	-	132,318	136,691
Community services and Public affairs	1,246,192	-	-	1,246,192	248,231
	<u>2,111,673</u>	<u>-</u>	<u>-</u>	<u>2,111,673</u>	<u>1,052,462</u>
Total expenses	<u>4,949,341</u>	<u>-</u>	<u>-</u>	<u>4,949,341</u>	<u>3,747,498</u>
Decrease in net assets - operations	<u>(339,833)</u>	<u>9,074</u>	<u>(3,100)</u>	<u>(333,859)</u>	<u>(177,927)</u>
Investment income	(7,856)	(4,960)	-	(12,816)	126,560
Gain from funds held in trust with Community Foundation	-	-	253	253	14,693
Decrease in net assets	<u>(347,689)</u>	<u>4,114</u>	<u>(2,847)</u>	<u>(346,422)</u>	<u>(36,674)</u>
Net assets at beginning of year					
As previously reported	1,025,100	301,290	169,429	1,495,819	1,532,493
Correction relating to JP Davis	(10,923)	10,923	-	-	-
	<u>1,014,177</u>	<u>312,213</u>	<u>169,429</u>	<u>1,495,819</u>	<u>1,532,493</u>
Net assets at end of year	<u>\$ 666,488</u>	<u>316,327</u>	<u>166,582</u>	<u>1,149,397</u>	<u>1,495,819</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, 2015 and 2014

2015										
	Unrestricted Fund Groups				Community Services & Public Affairs					
	Abortion Services	Family Planning	Education	J. P. Davis Fund	Fund Raising	Total Unrestricted Fund Groups	Temporarily Restricted Fund Groups	Permanently Restricted Fund Groups	2015 Total	2014 Total
Public support and revenue:										
United Way/Community Shares \$	-	-	-	-	43,241	43,241	-	-	43,241	49,306
Grants from government agencies	-	-	-	-	-	-	86,918	-	86,918	37,240
Grants from other agencies	-	-	-	-	928,130	928,130	732,075	-	1,660,205	700,500
Contributions	-	-	-	-	490,110	490,110	49,822	-	539,932	389,813
Patient fees	1,661,035	549,695	8,403	-	-	2,219,133	-	-	2,219,133	2,332,004
Interest income	-	-	-	-	(7,856)	(7,856)	(4,960)	-	(12,816)	124,881
Gain (loss) from funds held in trust with Community Foundation	-	-	-	-	-	-	-	253	253	16,372
Special events	-	-	-	-	66,053	66,053	-	-	66,053	60,708
Total support and revenue	1,661,035	549,695	8,403	-	1,519,678	3,738,811	863,855	253	4,602,919	3,710,824
Net assets released from restrictions	617,318	-	95,826	14,580	3,100	862,841	(859,741)	(3,100)	-	-
	2,278,353	549,695	104,229	14,580	1,522,778	4,601,652	4,114	(2,847)	4,602,919	3,710,824
Expenses:										
Program services	1,592,107	1,031,220	199,761	14,580	-	2,837,668	-	-	2,837,668	2,695,036
Supporting services:										
General and administrative	252,942	230,800	53,887	-	41,277	733,163	-	-	733,163	667,540
Fund raising	-	-	-	-	132,318	132,318	-	-	132,318	136,691
Community services and Public affairs	-	-	-	-	-	1,246,192	-	-	1,246,192	248,231
Total supporting services	252,942	230,800	53,887	-	173,595	2,111,673	-	-	2,111,673	1,052,462
Total expenses	1,845,049	1,262,020	253,648	14,580	173,595	4,949,341	-	-	4,949,341	3,747,498
Increase (decrease) in net assets \$	433,304	(712,325)	(149,419)	-	1,349,183	(347,689)	4,114	(2,847)	(346,422)	(36,674)

See accompanying notes to financial statements.

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

Statements of Functional Expenses

For the years ended June 30, 2015 and 2014

2015

	Program Services			Supporting Services					
	Abortion Services	Family Planning	Education	J.P. Davis Fund	Manage-	Fund	Community		
					ment and General	Raising	Services & Public Affairs		
Personnel costs:									
Salaries	451,197	411,689	96,152	-	368,443	73,676	275,212	1,676,369	1,494,691
Payroll taxes	33,804	30,800	7,217	-	27,171	5,470	20,513	124,975	109,270
Fringe benefits	43,864	40,129	10,439	-	32,708	5,129	11,188	143,457	160,583
Contract Labor	190	190	3,155	-	24,339	1,509	27,467	56,850	50,744
Physicians	331,920	-	-	-	-	-	-	331,920	332,275
Total personnel costs	860,975	482,808	116,963	-	452,661	85,784	334,380	2,333,571	2,147,563
Medical supplies	324,552	200,964	20,090	-	794	-	-	546,400	536,632
Office and other supplies	12,234	8,485	2,131	-	14,786	574	2,871	41,081	41,672
Equipment rental and maintenance	20,649	5,774	354	-	4,554	1,753	180	33,264	14,016
Telephone	7,356	11,097	3,614	-	10,523	1,993	2,968	37,551	38,793
Contract services	92,028	117,740	317	-	27,748	-	670	238,503	189,614
Postage and freight	1,425	1,956	444	-	2,244	4,921	3,074	14,064	15,795
Occupancy	45,849	52,398	3,018	-	1,843	465	2,248	105,821	112,886
Rent	-	4,800	10,800	-	12,240	7,200	5,760	40,800	44,332
Printing and publications	3,695	10,959	6,034	-	8,349	3,653	9,656	42,346	44,728
Security services	1,314	2,337	205	-	20,366	2,620	205	4,061	10,702
Travel	2,546	9,048	6,367	-	4,060	-	11,424	52,371	55,740
Employee development	-	156	510	-	-	-	-	4,726	9,937
Malpractice insurance	72,217	15,437	-	-	-	-	-	87,654	72,140
Interest	18,386	14,114	1,486	-	17,447	-	-	51,433	51,822
Marketing	1,572	1,123	23,700	-	1,212	222	2,049	29,878	20,019
Assistance to individuals	-	-	-	14,580	-	-	-	14,580	19,065
Depreciation	77,524	19,712	2,948	-	2,902	399	444	103,929	97,276
Dues	500	500	110	-	145,496	7,338	1,975	155,919	67,514
Events	125	-	670	-	-	12,515	76,143	89,453	15,885
Voxent patient record management	34,940	64,889	-	-	-	-	-	99,829	89,743
Loan cost amortization	-	-	-	-	1,188	-	-	1,188	1,188
Vote No on ONE	-	-	-	-	-	-	634,389	634,389	-
Excise tax on excess lobbying expenditure	-	-	-	-	-	-	157,726	157,726	-
Polling research	-	-	-	-	-	-	-	-	24,283
Bank fees	14,220	6,923	-	-	4,750	2,881	30	28,804	26,153
Allocation of management and general expenses	1,592,107	1,031,220	199,761	14,580	733,163	132,318	1,246,192	4,949,341	3,747,498
Total expenses	252,942	230,800	53,887	-	(733,163)	41,277	154,257	-	-
\$	1,845,049	1,262,020	253,648	14,580	-	173,595	1,400,449	4,949,341	3,747,498

See accompanying notes to financial statements.

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

Statements of Cash Flows

For the years ended June 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
<u>Cash Flows from Operating Activities</u>		
Cash received from:		
Clients and public support	\$ 4,372,851	3,536,447
Federal, state and local governments	86,918	37,240
Investment income	353	17,577
Distributions from Community Foundation	3,100	2,900
Cash paid for:		
Interest	(51,433)	(51,822)
Employees and vendors	(4,554,648)	(3,439,577)
Net operating activities	<u>(142,859)</u>	<u>102,765</u>
<u>Cash Flows from Investing Activities</u>		
Purchase of property and equipment	(63,110)	(509,323)
Purchases of investments, net of proceeds from sale	322,335	(10,607)
Net investing activities	<u>259,225</u>	<u>(519,930)</u>
<u>Cash Flows from Financing Activities</u>		
Proceeds from borrowings	-	405,829
Repayment of long term debt	(27,600)	(23,634)
Net financing activities	<u>(27,600)</u>	<u>382,195</u>
Net increase (decrease) in cash and cash equivalents	88,766	(34,970)
Cash and cash equivalents at beginning of year	193,759	228,729
Cash and cash equivalents at end of year	<u><u>\$ 282,525</u></u>	<u><u>193,759</u></u>
<u>Reconciliation of change in net assets to cash flows from operating activities</u>		
Change in net assets	\$ (346,422)	(36,674)
Depreciation	103,929	97,276
Loan cost amortization	1,188	1,188
(Gains) losses on investment accounts	13,168	(107,303)
(Increase) decrease in funds held in beneficial interest	2,847	(13,923)
(Increase) decrease in current assets:		
Accounts receivable	(155,713)	4,566
Prepaid expenses	9,716	39,260
Inventory	6,482	(16,759)
Increase (decrease) in current liabilities:		
Accounts payable	58,604	120,298
Accrued excise tax on excess lobbying expenditures	157,726	-
Accrued payroll, benefits and other expenses	5,616	14,836
Net operating activities	<u><u>\$ (142,859)</u></u>	<u><u>102,765</u></u>

See accompanying notes to financial statements.

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

Notes to Financial Statements

June 30, 2015 and 2014

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.

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.

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.

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

Notes to Financial Statements, continued

(1) Summary of Significant Accounting Policies, continued

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 2015 or 2014 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 10, 2015, the date these financial statements were available to be issued.

(2) Accounts Receivable

Accounts receivable consist of the following:

	<u>2015</u>	<u>2014</u>
Grants receivable	\$ 6,851	5,327
Pledges receivable	-	14,000
Bequest receivable	130,000	-
Patient receivable - insurance reimbursement	31,697	20,361
Patient receivable - self pay	23,858	-
Other	5,082	2,087
	<u>\$ 197,488</u>	<u>41,775</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 \$166,582 and \$169,429 as of June 30, 2015 and 2014, respectively. An additional \$100,000 contribution was made to the beneficial interest during 2013. The Foundation has made transfers amounting to \$3,100 in 2015 and \$2,900 in 2014 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, 2015					
Common stocks	\$ 300,888	321,626	20,738	20,738	-
Real estate and tangibles	30,361	29,413	(948)	-	948
	<u>\$ 331,249</u>	<u>351,039</u>	<u>19,790</u>	<u>20,738</u>	<u>948</u>
Balance June 30, 2014	<u>\$ 578,428</u>	<u>686,543</u>	<u>108,115</u>	<u>108,115</u>	<u>-</u>

Reconciliation of earnings from unrestricted investment activities:

	<u>2015</u>	<u>2014</u>
Earnings and investment income	\$ 11,050	17,579
Realized gain on stock sales	64,459	31,754
Unrealized gain due to change in the cumulative market values	<u>(88,325)</u>	<u>75,548</u>
	<u>\$ (12,816)</u>	<u>124,881</u>

(5) Property and Equipment

Property and equipment consists of the following:

	<u>2015</u>	<u>2014</u>
Land	\$ 176,100	176,100
Buildings	1,602,776	1,602,776
Office furniture and equipment	<u>456,393</u>	<u>393,282</u>
	2,235,269	2,172,158
Less accumulated depreciation	<u>(782,560)</u>	<u>(678,630)</u>
Net property and equipment	<u>\$ 1,452,709</u>	<u>1,493,528</u>
Depreciation expense	<u>\$ 103,929</u>	<u>97,276</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 began. 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>2015</u>	<u>2014</u>
	\$ 848,765	876,366
	<u>29,943</u>	<u>28,314</u>
	<u>\$ 818,822</u>	<u>848,052</u>

Principal maturities of long-term debt are as follows: 2016 - \$29,943; 2017 - 31,711; 2018 - \$787,111.

**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>2015</u>	<u>2014</u>
J. P. Davis for client abortion assistance	167,428	126,224
Education	4,950	4,949
Justice Fund for client abortion assistance	8,205	86,209
Youth Conference	15,000	-
Health Center Advocacy Program	4,922	-
Health Care Investment Program	50,000	-
Justice Fund travel grant	3,100	-
PPFA - Organizing (Hunt, Gibbons) / Public Policy Pilot	62,722	5,000
PPFA - Organizing (YOPI)	-	70,000
PG 13 Players - Community Foundation	-	8,908
	<u>\$ 316,327</u>	<u>301,290</u>

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

Justice Fund for client abortion assistance	\$ 612,343
J. P. Davis for client abortion assistance	14,580
Grant for PG - 13 Players program	8,908
YOPI	77,000
PPFA - Organizing (Hunt, Gibbons) / Public Policy Pilot	53,939
Health Center Advocacy Program	1,078
Justice Fund travel grant	4,975
Federal grants	<u>86,918</u>
Temporarily restricted net assets released from restriction	859,741
Grants from funds held by Community Foundation see note 3	<u>3,100</u>
Net assets released to unrestricted funds	<u>\$ 862,841</u>

(8) Contingencies and Commitments

Support Concentrations

The Affiliate receives significant support from one private donor amounting to \$561,000 in 2015 and \$565,500 in 2014. 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 \$10,496 in 2016; \$7,228 in 2017 and 2018; and \$519 in 2019.

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

Notes to Financial Statements, continued

(8) Contingencies and Commitments, continued

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, 2015 and 2014, the Affiliate contributed \$18,359 and \$21,211, respectively.

Voxent Patient Record Management

Service contract to provide electronic patient record will be renegotiated and is currently under a month to month arrangement requiring monthly payments of approximately \$8,600. Expenses related to this service amounted to \$99,829 in 2015 and \$89,743 in 2014.

(9) National Organizations

Dues paid to national organizations, including the Affiliate's Fair Share Assessment, amount to \$40,423 and \$40,758, respectively in 2015 and 2014.

(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	\$ 247,203	247,203	-
Money market accounts, held by brokerage firm	35,322	35,322	-
Investments in marketable securities	351,039	-	351,039
Accounts receivable	197,488	-	197,488
Beneficial interest at Community Foundation	166,582	-	166,582
	<u>\$ 997,634</u>	<u>282,525</u>	<u>715,109</u>