PLANNED PARENTHOOD OF SOUTH FLORIDA AND THE TREASURE COAST, INC. AND SUBSIDIARIES

(d/b/a Planned Parenthood of South, East and North Florida)

CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2023 and 2022

PLANNED PARENTHOOD OF SOUTH, EAST AND NORTH FLORIDA

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Planned Parenthood of South Florida and the Treasure Coast, Inc. and Subsidiaries
d/b/a Planned Parenthood of South, East and North Florida

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Planned Parenthood of South Florida and the Treasure Coast, Inc. and Subsidiaries d/b/a Planned Parenthood of South, East and North Florida (the "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 cash flows for each of the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Planned Parenthood of South Florida and the Treasure Coast, Inc. and Subsidiaries d/b/a Planned Parenthood of South, East and North Florida as of June 30, 2023 and 2022, and the changes in its net assets and its cash flows for each of 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 ("GAAS"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to 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

The Organization's 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.

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 the Organization's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditors' 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 auditors' 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 GAAS 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 GAAS, 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 the Organization'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 the Organization'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.

EisnerAmper LLP

EISNERAMPER LLP
New York, New York
January 29, 2024

PLANNED PARENTHOOD OF SOUTH, EAST AND NORTH FLORIDA

Consolidated Statements of Financial Position

	June 30, 2023	June 30, 2022
ASSETS		
Cash and cash equivalents	**$ 2,695,265**	$ 4,454,943
Receivables:		
Accounts receivable, net	**668,161**	974,928
Contributions and grants receivable, net	**542,747**	1,666,012
Interest receivable	**28,262**	30,215
Due from related parties	**1,320,597**	1,365,901
Other	**172,038**	57,790
Investments	**20,509,680**	18,710,144
Beneficial interest in assets held in trust	**436,278**	407,139
Prepaid expenses	**183,148**	64,536
Inventory	**520,633**	408,439
Property, equipment, and software, net	**11,647,233**	12,372,484
Operating leases right-of-use assets	**466,060**	-
Other assets	**78,516**	92,330
Total assets	**$ 39,268,618**	$ 40,604,861
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and accrued expenses	**$ 2,659,357**	$ 2,410,382
Deferred revenue	**36,280**	10,000
Grant funds received in advance	**-**	80,071
Operating lease liabilities	**525,928**	-
Deferred rent obligation	**-**	183,977
Total liabilities	**3,221,565**	2,684,430
Commitments and contingencies (see Notes N and O)		
Net assets:		
Without donor restrictions	**27,652,383**	27,127,718
With donor restrictions:		
Purpose and/or time restricted	**5,208,691**	7,606,734
Perpetual in nature	**3,185,979**	3,185,979
Total net assets with donor restrictions	**8,394,670**	10,792,713
Total net assets	**36,047,053**	37,920,431
	$ 39,268,618	$ 40,604,861

See notes to consolidated financial statements.

PLANNED PARENTHOOD OF SOUTH, EAST AND NORTH FLORIDA

Consolidated Statements of Activities

	Year Ended June 30,					
	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Operating activities:						
Revenue and public support:						
Health center revenue, net	$ 12,789,640	$ -	$ 12,789,640	$ 9,163,611	$ -	$ 9,163,611
Provision for bad debt	(180,000)	-	(180,000)	(293,500)	-	(293,500)
Net health center revenue	12,609,640	-	12,609,640	8,870,111	-	8,870,111
Grants	2,193,585	-	2,193,585	3,122,492	-	3,122,492
Contributions and bequests	8,578,720	1,354,141	9,932,861	6,663,304	4,005,654	10,668,958
Special events (net of direct expenses of $174,151 and $160,048 in 2023 and 2022, respectively)	1,199,125	-	1,199,125	997,700	-	997,700
Interest and dividends	571,967	87,771	659,738	479,375	271,925	751,300
Other	518,524	-	518,524	468,639	-	468,639
Total revenue and public support before net assets released from restrictions	25,671,561	1,441,912	27,113,473	20,601,621	4,277,579	24,879,200
Net assets released from restrictions	4,026,060	(4,026,060)	-	4,011,577	(4,011,577)	-
Total revenue and public support	29,697,621	(2,584,148)	27,113,473	24,613,198	266,002	24,879,200
Expenses:						
Program services:						
Health centers	21,999,663	-	21,999,663	16,849,440	-	16,849,440
Education	1,293,784	-	1,293,784	1,371,358	-	1,371,358
Public affairs	2,375,218	-	2,375,218	1,285,304	-	1,285,304
Total programmatic expenses	25,668,665	-	25,668,665	19,506,102	-	19,506,102
Supporting services:						
Management and general	2,943,277	-	2,943,277	2,839,404	-	2,839,404
Fundraising	1,491,697	-	1,491,697	1,468,887	-	1,468,887
Total supporting service expenses	4,434,974	-	4,434,974	4,308,291	-	4,308,291
Total expenses	30,103,639	-	30,103,639	23,814,393	-	23,814,393
Change in net assets before non-operating activities	(406,018)	(2,584,148)	(2,990,166)	798,805	266,002	1,064,807
Non-operating activities:						
Net realized and unrealized investment gains (losses) (net of investment expenses of $128,752 and $156,850, in 2023 and 2022, respectively)	1,036,142	186,105	1,222,247	(3,280,291)	(735,982)	(4,016,273)
Change in value of beneficial interest in trust	44,518	-	44,518	(74,888)	-	(74,888)
Loss on disposal of equipment	(149,977)	-	(149,977)	(12,361)	-	(12,361)
Gain on forgiveness of debt	-	-	-	1,981,827	-	1,981,827
Total non-operating activities	930,683	186,105	1,116,788	(1,385,713)	(735,982)	(2,121,695)
Change in net assets	524,665	(2,398,043)	(1,873,378)	(586,908)	(469,980)	(1,056,888)
Net assets, beginning of year	27,127,718	10,792,713	37,920,431	27,714,626	11,262,693	38,977,319
Net assets, end of year	$ 27,652,383	$ 8,394,670	$ 36,047,053	$ 27,127,718	$ 10,792,713	$ 37,920,431

See notes to consolidated financial statements.

PLANNED PARENTHOOD OF SOUTH, EAST AND NORTH FLORIDA

Consolidated Statement of Functional Expenses
Year Ended June 30, 2023

	Program Services				Supporting Services			
	Health Centers	Education	Public Affairs	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total
Salaries	$ 8,552,423	$ 764,591	$ 813,952	$ 10,130,966	$ 1,845,079	$ 800,535	$ 2,645,614	$ 12,776,580
Payroll taxes and employee benefits	1,499,306	171,887	156,134	1,827,327	704,769	139,489	844,258	2,671,585
	10,051,729	936,478	970,086	11,958,293	2,549,848	940,024	3,489,872	15,448,165
Advertising	154,665	-	-	154,665	-	-	-	154,665
Bank and credit card fees	153,780	746	1,355	155,881	2,694	12,044	14,738	170,619
Communications	869,199	12,270	14,530	895,999	11,617	8,657	20,274	916,273
Information technology	574,094	8,346	15,152	597,592	30,131	9,249	39,380	636,972
Conferences, meetings and travel	638,119	43,203	139,204	820,526	15,141	32,058	47,199	867,725
Dues and subscriptions	45,780	2,931	111,156	159,867	6,969	4,115	11,084	170,951
Grant reimbursed expenses	-	167,426	-	167,426	-	-	-	167,426
Facilities	1,101,373	18,387	12,035	1,131,795	19,233	5,903	25,136	1,156,931
Insurance	351,417	3,811	6,918	362,146	13,757	4,223	17,980	380,126
Medical expenses	5,269,174	-	-	5,269,174	-	-	-	5,269,174
Professional fees	1,784,148	91,115	172,792	2,048,055	262,108	630,115	892,223	2,940,278
Depreciation and amortization	745,411	6,077	11,033	762,521	21,940	6,734	28,674	791,195
Bad debt expense	180,000	-	-	180,000	-	-	-	180,000
Other	260,774	2,994	920,957	1,184,725	9,839	12,726	22,565	1,207,290
Total expenses	22,179,663	1,293,784	2,375,218	25,848,665	2,943,277	1,665,848	4,609,125	30,457,790
Provision for bad debt net with health center revenue	(180,000)	-	-	(180,000)	-	-	-	(180,000)
Special event expenses - direct expenses	-	-	-	-	-	(174,151)	(174,151)	(174,151)
Total expenses, statements of activities	$ 21,999,663	$ 1,293,784	$ 2,375,218	$ 25,668,665	$ 2,943,277	$ 1,491,697	$ 4,434,974	$ 30,103,639

See notes to consolidated financial statements.

PLANNED PARENTHOOD OF SOUTH, EAST AND NORTH FLORIDA

Consolidated Statement of Functional Expenses
Year Ended June 30, 2022

	Program Services				Supporting Services			
	Health Centers	Education	Public Affairs	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total
Salaries	$ 6,833,599	$ 847,814	$ 744,410	$ 8,425,823	$ 1,864,975	$ 987,388	$ 2,852,363	$ 11,278,186
Payroll taxes and employee benefits	1,192,737	172,295	153,783	1,518,815	726,646	143,777	870,423	2,389,238
	8,026,336	1,020,109	898,193	9,944,638	2,591,621	1,131,165	3,722,786	13,667,424
Advertising	155,722	-	300	156,022	-	624	624	156,646
Bank and credit card fees	124,204	864	781	125,849	2,218	10,444	12,662	138,511
Communications	792,948	13,472	12,237	818,657	7,548	9,426	16,974	835,631
Information technology	523,481	17,336	15,621	556,438	40,710	27,291	68,001	624,439
Conferences, meetings and travel	383,551	20,532	79,335	483,418	12,357	44,948	57,305	540,723
Dues and subscriptions	83,306	13,480	110,441	207,227	18,148	7,355	25,503	232,730
Grant reimbursed expenses	-	201,856	-	201,856	-	-	-	201,856
Facilities	1,205,033	10,195	7,181	1,222,409	18,577	41,834	60,411	1,282,820
Insurance	306,997	5,156	4,650	316,803	13,246	5,190	18,436	335,239
Interest	12,795	1,098	990	14,883	2,822	1,105	3,927	18,810
Medical expenses	3,550,234	-	-	3,550,234	-	-	-	3,550,234
Professional fees	618,711	43,704	69,773	732,188	71,832	196,547	268,379	1,000,567
Depreciation and amortization	739,857	9,875	8,906	758,638	25,372	9,940	35,312	793,950
Bad debt expense	293,500	-	-	293,500	-	-	-	293,500
Other	326,265	13,681	76,896	416,842	34,953	143,066	178,019	594,861
Total expenses	17,142,940	1,371,358	1,285,304	19,799,602	2,839,404	1,628,935	4,468,339	24,267,941
Provision for bad debt net with health center revenue	(293,500)	-	-	(293,500)	-	-	-	(293,500)
Special event expenses - direct expenses	-	-	-	-	-	(160,048)	(160,048)	(160,048)
Total expenses, statements of activities	$ 16,849,440	$ 1,371,358	$ 1,285,304	$ 19,506,102	$ 2,839,404	$ 1,468,887	$ 4,308,291	$ 23,814,393

See notes to consolidated financial statements.

PLANNED PARENTHOOD OF SOUTH, EAST AND NORTH FLORIDA

Consolidated Statements of Cash Flows

	Year Ended June 30, 2023	Year Ended June 30, 2022
Cash flows from operating activities:		
Change in net assets	**$ (1,873,378)**	$ (1,056,888)
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation and amortization	**791,195**	793,950
Net realized and unrealized (gains) losses on investments	**(1,350,999)**	3,859,423
Change in value of beneficial interest in trust	**(44,518)**	74,888
Amortization of deferred rent obligation	**-**	(75,625)
Bad debt expense	**180,000**	293,500
Loss on disposal of equipment	**149,977**	12,361
Non-cash lease amortization	**371,893**	-
Gain on forgiveness of debt	**-**	(1,981,827)
Changes in:		
Receivables, net	**1,183,041**	1,135,658
Prepaid expenses	**(118,612)**	29,874
Inventory	**(112,194)**	46,038
Other assets	**13,814**	40,565
Accounts payable and accrued expenses	**248,975**	489,319
Deferred revenue	**26,280**	(25,350)
Grant funds receivable in advance	**(80,071)**	(317,492)
Operating lease liabilities	**(496,002)**	-
Net cash (used in) provided by operating activities	**(1,110,599)**	3,318,394
Cash flows from investing activities:		
Proceeds from sales of investments	**10,521,264**	18,211,701
Purchases of investments	**(10,969,801)**	(18,810,121)
Distributions from beneficial interest in assets held in trust	**15,379**	16,166
Proceeds from the sale of property and equipment	**-**	6,063
Purchases of property and equipment	**(215,921)**	(1,174,386)
Net cash used in investing activities	**(649,079)**	(1,750,577)
Net change in in cash and cash equivalents	**(1,759,678)**	1,567,817
Cash and cash equivalents, beginning of year	**4,454,943**	2,887,126
Cash and cash equivalents, end of year	**$ 2,695,265**	$ 4,454,943
Supplemental disclosures of cash flow information:		
Cash payments for interest	**$ -**	$ 18,810
Operating leases right-of-use assets at adoption	**$ 968,470**	$ -
Operating lease liabilities at adoption	**$ 837,953**	$ -

See notes to consolidated financial statements.

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

[1] Organization:

Planned Parenthood of South Florida and the Treasure Coast, Inc. d/b/a Planned Parenthood of South, East and North Florida ("PPSENF") is a private not-for-profit corporation that operates as an independent affiliate of Planned Parenthood Federation of America, Inc., to which it pays annual membership dues. PPSENF and its subsidiaries, Protection Medical Archive, LLC, Health Services of South Florida, LLC and Edifice Development, LLC, are collectively referred to as (the "Organization").

The consolidated financial statements include the accounts of PPSENF and its subsidiaries, Protection Medical Archive, LLC, Health Services of South Florida, LLC and Edifice Development, LLC. All significant intra-entity balances have been eliminated in consolidation.

Protection Medical Archive, LLC, a single member LLC owned by PPSENF, was formed in Florida, commenced operations on May 28, 2009 and was dissolved on July 31, 2014. It was formed to manage the archival oversight of patient records for defunct health centers and was reactivated on February 17, 2015 to manage the archival oversight of patient records for the former Planned Parenthood of North Florida.

Health Services of South Florida, LLC, a single member LLC owned by PPSENF, was formed in Florida and commenced operations April 10, 2012. It was formed to provide family planning, reproductive health and preventative health services.

Edifice Development, LLC, a single member LLC owned by PPSENF, was formed in Delaware and commenced operations February 1, 2016. It was formed to construct and own a clinic building.

Founded in 1971, the Organization provides family planning services, reproductive healthcare, outreach, sexual health education, teen pregnancy prevention programs, and advocacy in Palm Beach, Broward, Miami-Dade, St. Lucie, Duval, Alachua and Leon counties. The Organization is held to Planned Parenthood Federation of America brand standards, assuring compliance with clinical, fiscal, fundraising, Board and administrative standards. The Organization is supported primarily through donor contributions, fundraising events, grants, and patient fees. For the years ended June 30, 2023 and 2022, approximately 42% and 36%, respectively, of the Organization's revenues were derived from patient fees earned in its health centers.

The Organization believes in the fundamental right of each individual to manage his or her fertility. The Organization also believes each individual has the right to privacy and respect. The Organization believes that respect and value for diversity in the Organization and the community is essential to each individual's well-being. The Organization further believes that voluntary self-determination and universal access to sexual health services will enhance the quality of life of all individuals. Based on these convictions, the mission of the Organization is to provide comprehensive sexual health care through direct services and education; protect and respect the essential privacy, rights, dignity, and culture of each individual; and advocate public policies which preserve those rights and ensure access to services.

The Organization is exempt from federal income tax pursuant to Section 501(c)(3) of the U.S. Internal Revenue Code (the "Code") and from state and local taxes under comparable laws, except for certain types of income subject to unrelated business income tax.

[2] Basis of accounting:

The consolidated financial statements of the Organization have been prepared using the accrual basis of accounting and conform to accounting principles generally accepted in the United States of America ("U.S. GAAP"), as applicable to not-for-profit organizations.

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

[3] Use of estimates:

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, public support and revenue and expenses, non-operating activities, as well as the disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

[4] Cash equivalents:

For financial-reporting purposes, the Organization considers all highly liquid investments, with maturities of three months or less when purchased, to be cash equivalents. Cash equivalents considered to be part of the Organization's investment portfolio are reported as investments in the consolidated statements of financial position.

[5] Investments:

The Organization's investments in equity securities, mutual funds and exchange traded funds, and fixed income securities are reported at their fair values in the consolidated statements of financial position based on quoted market prices. Cash and cash equivalents held as part of the Organization's investment portfolio are also included in the balances reported as investments.

The Organization's investments, in general, are subject to various risks, such as interest-rate, market, and credit risks. Due to the level of risk associated with certain investment vehicles, it is at least reasonably possible that changes in the values of those securities could occur in the near term, and that such changes could materially affect the amounts reported in the consolidated financial statements.

Investment transactions are recorded on a trade-date basis. The earnings from dividends and interest are recognized when earned. Realized gains and losses on investments sold, and unrealized appreciation and depreciation on investments held, are reported in the statements of activities as increases or decreases in net assets without donor restrictions, unless their use is restricted through donor stipulation. Realized gains and losses on investments are determined by comparison of the cost of acquisition to proceeds at the time of disposition. Unrealized gains and losses on investments are determined by comparing the investment's cost to the fair value at the end of each year.

Donated securities are recorded at their estimated fair values on the dates of donation or by their net asset values as determined by the Organization's management. The Organization's policy is to sell the donated securities immediately, and, accordingly, for purposes of the statements of cash flows, donated securities and the proceeds generated from their sale are included within operating activities.

Investment expenses include the services of bank trustees, investment managers and custodians. The balances of investment management fees disclosed in the accompanying consolidated statements of activities are those specific fees charged by the Organization's various investment managers during the fiscal year; however, they do not include those fees that are embedded in various other investment transactions.

[6] Inventory:

Inventory, which consists primarily of medications and supplies, is stated at the lower of cost (first-in, first-out method) or net realizable value. Management periodically evaluates inventory for obsolescence, and when appropriate, provides for allowances as necessary.

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

[7] Property, equipment, and software:

Property and equipment are stated at their original costs at the date of acquisition, or, if contributed, at their fair values at the dates of donation, less accumulated depreciation. The Organization capitalizes items of property and equipment that have a cost of $1,000 or more and useful lives greater than one year. Minor costs of repairs and maintenance are expensed as incurred. Land is not depreciated.

Depreciation is provided using the straight-line method over the estimated useful lives of the assets as follows:

Assets	Useful Lives
Building and improvements	40 years
Land improvements	20 years
Medical equipment	2 - 7 years
Furniture and equipment	5 -10 years
Vehicles	5 - 8 years
Leasehold improvements	Lesser of life of assets or lease term

Website and software costs related to website configuration and infrastructure, conceptual designs and purchase of software upgrades that result in additional functionality are capitalized. Costs relating to operation and content are expensed as incurred. Capitalized software costs are amortized over a three to five year expected life using the straight-line method.

Management evaluates the recoverability of the investment in long-lived assets on an on-going basis and when triggering events indicate that the fair value of the long-lived assets may be less than the carrying value recognizes any impairment in the year of determination. There were no triggering events during either fiscal year 2023 or 2022 requiring management to test for impairment that would require any adjustments to property and equipment. However, it is reasonably possible that relevant conditions could change in the near term and necessitate a change in management's estimate of the recoverability of these assets.

[8] Beneficial interest in assets held in trust:

Assets held in trust consist of assets held and invested by The Community Foundation for Northeast Florida (the "Community Foundation") for the benefit of the Organization. The Organization's assets consist of its proportionate share of the Community Foundation's pooled investments and are reported at fair value as reported by the Community Foundation. The Community Foundation also holds assets with a fair value of approximately $228,000, that were donated to the Community Foundation on behalf of the Organization, but for which the donors granted the Community Foundation variance power. Accordingly, these assets are not recorded in the accompanying consolidated financial statements because future distributions to the Organization are at the discretion of the Community Foundation. Amounts distributed from this fund are recorded by the Organization as contribution income.

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

[9] Paycheck Protection Program:

On March 27, 2020, Congress enacted the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act"). The Paycheck Protection Program ("PPP"), established by the CARES Act, implemented by the U.S. Small Business Administration ("SBA"), provides businesses, including certain not-for-profit organizations, with funds to pay payroll and other costs during the coronavirus ("COVID-19") outbreak.

There are two acceptable methods for accounting for the PPP funds received under the CARES Act. Entities can elect to treat the funds as a loan or as a conditional contribution. The Organization elected to record the PPP funds as a loan under the Financial Accounting Standards Board's (the "FASB") Accounting Standards Codification ("ASC") 470, *Debt.* The Organization received PPP funds, in a prior fiscal year, of $1,940,378 and accrued $41,449 of interest, which together was reported as debt in the consolidated statements of financial position in that prior year. During fiscal year 2022, the Organization applied for, and received, full forgiveness of the PPP loan and all accrued interest and recognized a gain on PPP loan forgiveness in the statements of activities $1,981,827.

[10] Operating leases:

The Company determines if an arrangement is a lease at inception. Operating leases are recorded as operating lease right-of-use ("ROU") assets and operating lease liabilities on the accompanying consolidated statements of financial position. Operating lease ROU assets and the related lease liabilities are recognized based on the present value of the future minimum lease payments over the lease term at commencement date. The operating lease ROU assets also include lease incentives and initial direct costs incurred. For operating leases, interest on the lease liability and the amortization of ROU asset result in straight-line rent expense over the lease term.

Leases may include options to extend or terminate the lease which are included in the ROU operating lease assets and operating lease liability when they are reasonably certain of exercise. Operating lease expense associated with minimum lease payments is recognized on a straight-line basis over the lease term. When additional payments are based on usage or vary based on other factors, they are considered variable lease payments and are excluded from the measurement of the ROU asset and lease liability. These payments are recognized as an expense in the period in which the related obligation was incurred.

Our lease agreements do not contain any material residual value guarantees or material restrictive covenants. For the fiscal year ended June 30, 2022, the Organization accounted for leases under ASC 840. Rent expense is recognized using the straight-line method over the term of the respective leases. The difference between rent expense incurred and the rental amounts actually paid, which is attributed to scheduled rent increases, is reported as deferred rent obligation in the consolidated statements of financial position.

[11] Compensated absences:

The Organization combines all compensated absence categories into one program called Paid Time Off ("PTO"). The Organization accrues unused PTO when earned by employees. Employees of the Organization may accumulate unused PTO after one year of service depending on their job classification and length of service. Accumulated PTO is payable to employees with one or more years of service, upon either termination or retirement with proper notice, at 75% of their pay rate on that date. At June 30, 2023 and 2022, the compensated absences balance was $295,962 and $233,793, respectively and is recorded within the accounts payable and accrued expenses within the consolidated statements of financial positions.

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

[12] Net assets:

The net assets of the Organization and changes therein are classified and reported as follows:

(i) Net assets without donor restrictions:

Net assets without donor restrictions represent those resources available for the general activities of the Organization.

(ii) Net assets with donor restrictions:

Net assets with donor restrictions represent those resources that are subject to donor-imposed restrictions, such as specific purposes and/or a specific period of time. Also included in net assets with donor restrictions are donor restrictions that are perpetual in nature and subject to the requirements of the Florida Uniform Prudent Management of Institutional Funds Act ("FUPMIFA"). These donors have stipulated that those resources be maintained in perpetuity with the resultant income and net capital appreciation arising from the underlying assets to be used in satisfaction of the wishes of those donors. When a donor restriction expires, that is, when a stipulated time restriction ends, or a purpose restriction is accomplished, or funds are appropriated through an action of the Board, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the statements of activities as "net assets released from restrictions." The Organization reports contributions with donor restrictions received and expended in the same year of donation in the net asset without donor restrictions category.

[13] Revenue recognition:

(i) Contributions and grants:

Contributions and grants to the Organization are recognized as revenue upon the receipt of either cash or other assets, or of unconditional pledges. Contributions and grants are recorded as "with donor restrictions" if they are received with donor stipulations or time considerations as to their use. Conditional contributions and grants, such as government contracts reimbursement grants and other similar funding are not recorded as revenue until the donors' specified conditions have been met by requisite actions of the Organization; if assets for conditional contributions and grants are received prior to the satisfaction of those conditions, they would be recognized in the statements of financial position as funds received in advance. Contributions and grants to be received over periods longer than a single year are discounted to present value, at an interest rate commensurate with the risk involved.

The Organization receives various grants from federal, state, and local agencies for program and supporting services expenses. These grants are on a cost reimbursement or fee for service basis, including recoverable overhead. As noted above, the revenue from grants is considered earned and recognized in the consolidated statements of activities when expenditures are made for allowable purposes under the grant. Grants generally require the fulfillment of certain conditions as set forth in each agreement.

Gross proceeds paid by attendees at special events held as fundraising activities represent contribution revenue, as well as the payment of the direct cost of the benefits received by the attendee at the event. Special-event revenue is reported net of the direct benefit to donors. Special event revenue, other than contributions, applicable to a current year are recognized as revenue in the year a special event takes place. Special event revenue received for a future year's event is deferred and recognized when the event takes place.

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

[13] Revenue recognition: (continued)

(i) Contributions and grants: (continued)

Management assesses the collectability of outstanding receivable balances and may reserve a portion of those receivables based on donor history and specific identification of those balances deemed uncollectible. Management believes that all contributions and grants are fully collectible, and, accordingly, no allowance for doubtful accounts has been recorded.

(ii) Revenue from contracts with customers:

The Organization recognizes revenue when, or as, performance obligations are satisfied associated with contracts with customers. Revenue is measured as the amount of consideration the Organization expects to receive in exchange for providing services. The primary source of revenue from contracts with customers for the Organization is health center fees.

Health center revenue is earned and recognized at the point in time when services are rendered. Patient service revenue is recorded at established billing rates or at the estimated amount realizable under agreements with third-party payors. Contractual adjustments under third-party reimbursement programs represent the difference between the established rates for services and amounts reimbursed by third-party payors and are included as a reduction of health center revenue. Revenue from self-pay patients was approximately 62% and 59% of total health center patient revenue for the fiscal year ending June 30, 2023 and 2022, respectively.

In evaluating the collectability of patient accounts receivable, the Organization analyzes its past history and identifies trends for its health centers and the services provided, to estimate the appropriate allowance for uncollectable accounts. Management regularly reviews data about these trends and services provided in evaluating the sufficiency of the allowance for uncollectable accounts. Receivables are written off when management has determined that the amount will not be collected. Collections on accounts previously written off are included in income when received. The Organization records insurance receivables net of a contractual allowance. The Organization estimates the contractual allowance on a payor specific basis, given its interpretation of the applicable regulations, or contractual terms, however, the services rendered and the resulting reimbursement are often subject to interpretation. These interpretations sometimes result in payments that differ from the Organization's estimates.

[14] Measure of operations:

The Organization includes in its definition of operations, all revenues and expenses that are an integral part of its programs and supporting activities. Gain on loan forgiveness, loss on disposal of equipment, net realized and unrealized gains and losses on investments and sales of other property, and the change in value of beneficial interest in trust, are recognized as a part of non-operating activities.

[15] Functional allocation of expenses:

The costs of providing the Organization's various program and support services have been summarized on a natural and functional basis in the statements of functional expenses. Accordingly, certain costs that are directly attributable to a specific functional area of the Organization are reported as an expense to the appropriate program or supporting service. Natural expenses attributable to more than one functional expense category have been allocated among the programs and supporting services based on resources utilized. Expenses that have been allocated include salaries and related expenses, information technology, facilities, insurance, and depreciation. Reimbursed grant expenses represent third-party contractors and other direct reimbursable expenses. Medical expenses represent third-party physicians, medical supplies, and dispensed pharmaceuticals.

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

[16] Income taxes:

The Organization is subject to the provisions of the FASB's ASC Topic 740, *Income Taxes*, as it relates to accounting and reporting for uncertainty in income taxes. Because of the Organization's general tax-exempt status, management believes ASC Topic 740 has not had, and is not expected to have, a material impact on the Organization's consolidated financial statements.

[17] Adoption of accounting principle:

In February 2016, the FASB issued ASC 842, *Leases*, to increase transparency and comparability among organizations by requiring the recognition of ROU assets and lease liabilities on the consolidated statements of financial position. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

The Organization adopted the standard effective July 1, 2022 and recognized and measured leases existing at July 1, 2022 (the beginning of the period of adoption), with certain practical expedients available. Lease disclosures for the year ended June 30, 2022 are made under prior lease guidance in FASB ASC 840. Accordingly, the Organization applied the guidance to each lease that had commenced as of the adoption date and also elected a package of practical expedients which included the following: no requirement to reassess (a) whether any expired or existing contracts are, or contain, leases, (including land easements that were not accounted for as containing a lease prior to transition) (b) the lease classification for any expired or existing leases and (c) the recognition requirements for initial direct costs for any existing leases. The Organization excluded short-term leases having initial terms of twelve months or less from the new guidance as an accounting policy election and recognizes rent expense for such leases on a straight-line basis over the lease term. In calculating the related lease liabilities at the time of adoption, the Organization utilized historical experience when determining the noncancelable portion of the lease term and elected to use the risk-free rate as the discount rate.

As a result of the adoption of the new lease accounting, the Organization recognized on July 1, 2022, an operating lease liability of $837,953, which represents the present value of the remaining operating lease payments, discounted using the risk-free rate, and a ROU asset of $968,740 adjusted for deferred rent at adoption. The standard has a material impact on the Organization's consolidated statements of financial position but did not have a material impact on its consolidated statements of activities, nor consolidated statements of cash flow. The most significant impact was the recognition of ROU assets, net and the lease liabilities for operating leases.

[18] Upcoming accounting pronouncement:

In June 2016, the FASB issued Accounting Standards Update ("ASU") 2016-13, *Financial Instruments - Credit Losses: Measurement of Credit Losses on Financial Instruments*, which requires the measurement and recognition of expected credit losses for financial assets held at amortized cost. ASU 2016-13 replaces the existing incurred loss impairment model with an expected loss methodology, which will result in more timely recognition of credit losses. This ASU is effective for the Organization beginning July 1, 2023. The Organization is currently evaluating the potential impact of this standard on its consolidated financial statements and related disclosures.

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

[19] Subsequent events:

The Organization evaluated subsequent events through January 29, 2024, the date on which the consolidated financial statements were available to be issued.

NOTE B - RECEIVABLES

[1] Contributions and grants receivable:

Contributions and grants are estimated to be received as follows:

	June 30, 2023	June 30, 2022
Less than one year	**$ 306,609**	$ 1,463,187
One to five years	**250,000**	228,019
	556,609	1,691,206
Reduction of pledges due in excess of one year to present value, at a discount rate ranging between 0.23% and 2.96%	**(13,862)**	(25,194)
	$ 542,747	$ 1,666,012

[2] Accounts and other receivables:

All other accounts receivables consisted of amounts due to the Organization for exchange-type transactions. All amounts are due within one year. Accounts receivable related to patient service revenues are presented net of an allowance for doubtful accounts and other contractual allowances of $1,578,565 and $2,112,219 at June 30, 2023 and 2022, respectively. All other exchange-based accounts receivable are considered to be fully collectable.

NOTE C - INVESTMENTS

Investments, at fair value, consisted of the following:

	June 30, 2023	June 30, 2022
Equity securities:		
Domestic	**$ -**	$ 133,959
International	**-**	6,727
Equity mutual funds and ETFs:		
Large cap	**8,184,876**	5,600,235
Large cap growth	**332,773**	310,143
Mid cap	**870,884**	162,814
Small cap	**857,488**	791,148
All cap value	**-**	73,918
All cap equity	**-**	757,665
International equity	**2,158,077**	1,598,343
Emerging markets	**1,156,985**	1,085,490
Fixed income securities:		
U.S. government	**2,896,454**	2,804,872
Corporate obligations	**1,505,872**	2,788,410
Mortgage-backed	**358,288**	433,709
	18,321,697	16,547,433
Temporary cash and money market funds	**2,187,983**	2,162,711
	$ 20,509,680	$ 18,710,144

Temporary cash consists of amounts held by the Organization's investment manager in cash and money market mutual funds pending future investment. The Organization's temporary cash consists of $250,000 in interest bearing bank accounts that was covered by federal depository insurance and $1,937,983 that was uninsured and uncollateralized as of June 30, 2023. The Organization's temporary cash consists of $250,000 in interest bearing bank accounts that was covered by federal depository insurance and $1,912,711 that was uninsured and uncollateralized as of June 30, 2022.

NOTE D - FAIR VALUE MEASUREMENTS

The FASB's ASC Topic 820, *Fair Value Measurements*, establishes a three-level valuation hierarchy of fair-value measurements. These valuation techniques are based upon observable and unobservable inputs. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect market assumptions. These two types of inputs create the following fair-value hierarchy:

Level 1: Valuations are based on observable inputs that reflect quoted market prices in active markets for identical investments or assets, at the reporting date.

NOTE D - FAIR VALUE MEASUREMENTS (CONTINUED)

Level 2: Valuations are based on: (i) quoted prices for similar investments or assets in active markets; or (ii) quoted prices for those investments, or similar investments or assets, in markets that are not active; or (iii) pricing inputs other than quoted prices that are directly or indirectly observable at the reporting date.

Level 3: Valuations are based on pricing inputs that are unobservable and include situations where: (i) there is little, if any, market activity for the investments, or (ii) the investments or assets cannot be independently valued.

The availability of market data is monitored to assess the appropriate classification of financial instruments within the fair-value hierarchy. Changes in economic conditions or valuation techniques may require the transfer of financial instruments from one level to another. In such instances, the transfer is reported at the beginning of the reporting period.

The following tables summarize the fair values of the Organization's assets, in accordance with the ASC Topic 820 valuation levels:

	June 30, 2023			
	Level 1	**Level 2**	**Level 3**	**Total**
Equity mutual funds and ETFs	**$ 13,561,083**	**$ -**	**$ -**	**$ 13,561,083**
Fixed income securities	**-**	**4,760,614**	**-**	**4,760,614**
Total investments	**13,561,083**	**4,760,614**	**-**	**18,321,697**
Beneficial interest in assets held in trust	**-**	**-**	**436,278**	**436,278**
	$ 13,561,083	**$ 4,760,614**	**$ 436,278**	**$ 18,757,975**

	June 30, 2022			
	Level 1	**Level 2**	**Level 3**	**Total**
Equity securities	$ 140,686	$ -	$ -	$ 140,686
Equity mutual funds and ETFs	10,379,756	-	-	10,379,756
Fixed income securities	-	6,026,991	-	6,026,991
Total investments	10,520,442	6,026,991	-	16,547,433
Beneficial interest in assets held in trust	-	-	407,139	407,139
	$ 10,520,442	$ 6,026,991	$ 407,139	$ 16,954,572

NOTE D - FAIR VALUE MEASUREMENTS (CONTINUED)

The beneficial interest in assets held in trust were the only Level 3 financial assets held by the Organization at June 30, 2023 and 2022. The changes in the value of the assets held in trust were as follows:

	2023	2022
Fair value, beginning of year	**$ 407,139**	$ 498,193
Change in fair value	**44,518**	(74,888)
Distributions to the Organization	**(15,379)**	(16,166)
Fair value, end of year	**$ 436,278**	$ 407,139

Quantitative information regarding unobservable inputs developed by the Organization and assumptions used to measure the fair value of split-interest agreements as of each fiscal year ended are as follows:

June 30, 2023

Type	Fair Value	Valuation Techniques	Significant Unobservable Inputs	Range
Beneficial interest in assets held in trust	**$ 436,278**	Market approach through valuation of underlying securities	Fair value of trust assets	N/A

June 30, 2022

Type	Fair Value	Valuation Techniques	Significant Unobservable Inputs	Range
Beneficial interest in assets held in trust	$ 407,139	Market approach through valuation of underlying securities	Fair value of trust assets	N/A

NOTE E - BENEFICIAL INTEREST IN ASSETS HELD IN TRUST

On March 31, 2015, the Organization received various assets of Planned Parenthood of North Florida ("PPNF") which included certain assets held in trust. The assets held in trust originated from an agreement between PPNF and The Community Foundation for Northeast Florida, whereby monies were transferred from PPNF to the Community Foundation to invest for general operating and endowment purposes. The fair value of the assets held in trust totaled $436,278 and $407,139 at June 30, 2023 and 2022, respectively. Of this amount, $384,778 and $355,639 was available for general operating purposes at June 30, 2023 and 2022, respectively, and $51,500 was a restricted endowment fund invested in perpetuity for both years.

NOTE F - PROPERTY AND EQUIPMENT

Property and equipment consisted of the following:

	June 30, 2023	June 30, 2022
Land	**$ 2,127,975**	$ 2,127,975
Land improvements	**79,328**	79,328
Building	**5,964,327**	5,964,327
Building improvements	**4,108,859**	4,072,935
Medical equipment	**850,246**	763,239
Furniture and equipment	**2,082,986**	2,095,171
Leasehold improvements	**1,491,828**	1,834,655
Software	**315,799**	315,799
	17,021,348	17,253,429
Less: accumulated depreciation and amortization	**(5,374,115)**	(4,880,945)
Net property and equipment	**$ 11,647,233**	$ 12,372,484

During the year ended June 30, 2023, the Organization disposed of property and equipment with a net book value of $149,977 due to closing two health centers during the year. The Organization recognized a loss on the disposal of $149,977.

During the year ended June 30, 2022, the Organization disposed of property and equipment with a net book value of $18,424 and received proceeds of $6,063, recognizing a loss on the disposal of $12,361. In addition, the Organization disposed of other fully depreciated assets that were no longer in use of $2,111,074.

NOTE G - LINE OF CREDIT

During 2018, the Organization entered into a line of credit agreement with a maximum borrowing limit of $750,000. On April 21, 2020, the maximum borrowing limit was increased to $2,000,000. The line of credit bears interest at a variable rate based on the one-month LIBOR rate administered by the ICE Benchmark Administration plus 1.90% (7.09% and 3.47% at June 30, 2023 and 2022, respectively), with a minimum interest rate of 1.90%. The line of credit is secured by cash and investments of the Organization with a fair value of $16,609,857 and $14,959,494 at June 30, 2023 and 2022, and expires on August 31, 2024. There were no draws on the line of credit during either fiscal year.

NOTE H - CONTRACT ASSETS AND LIABILITIES

Significant contract assets and liabilities consisted of the following:

	June 30, 2023	June 30, 2022
Patient service receivable	$ 668,161	$ 974,928
Deferred revenue related to special events	(36,280)	(10,000)

NOTE I - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following:

	June 30, 2023	June 30, 2022
Purpose restricted:		
Taking Action Now Campaign	**$ 4,368,646**	$ 5,739,536
Education	**276,048**	366,469
	4,644,694	6,106,005
Time restricted	**492,656**	1,366,480
Subject to appropriation:		
Accumulated endowment earnings reserved for appropriation	**71,341**	134,249
Perpetual in nature	**3,185,979**	3,185,979
	$ 8,394,670	$ 10,792,713

Net assets released from restrictions were for the following:

	June 30, 2023	June 30, 2022
Purpose restricted:		
Taking Action Now Campaign	**$ 3,572,613**	$ 3,804,624
Education	**116,664**	59,131
	3,689,277	3,863,755
Time restrictions	**336,783**	147,822
	$ 4,026,060	$ 4,011,577

NOTE J - ACCOUNTING AND REPORTING FOR ENDOWMENTS

[1] The endowments:

The Organization's endowments consist of investments and assets held in trust in which the principal is to be held in perpetuity, as stipulated by donors. Substantially all income from endowment investments is available to support the operations of the Organization. Income from endowment assets held in trust is available to support men's health. At June 30, 2023 and 2022, the Organization had endowment investments held in perpetuity of $3,134,479, respectively, and endowment assets held in trust of $51,500.

[2] Interpretation of relevant law:

FASB ASC 958, *Not-for-Profit Entities*, provides guidance on the net asset classification of donor-restricted endowment funds for a not-for-profit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 ("UPMIFA") and disclosures about an organization's endowment funds (both donor-restricted endowment funds and board-designated endowment funds), whether or not the organization is subject to UPMIFA. The State of Florida enacted a version of UPMIFA, known as the Florida Uniform Prudent Management of Institutional Funds Act ("FUPMIFA") that governs the investment, management and spending of donor-restricted endowment funds by Florida not-for-profit organizations. Absent explicit donor stipulations, FUPMIFA generally requires prudent care in investing, managing and developing spending plans for donor-restricted endowment funds.

The Organization's net assets with donor restrictions includes donor gifts in perpetuity consisting of: (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument (if applicable) at the time the accumulation is added to the fund, and (d) the portion of investment return added to the permanent endowment to maintain its purchasing power, if required.

The Organization classifies as net assets with donor restrictions (a) the portion of donor-restricted term endowment funds that is deemed to be restricted over a donor-specified period, if any, and (b) the portion of donor-restricted endowment funds with donor-imposed purpose restrictions that have not yet been met. The Organization considers the following factors in making a determination to expend donor-restricted endowment funds:

- The purposes of the Organization.
- The intent of the donors of the endowment fund.
- The terms of the applicable instrument.
- The long-term and short-term needs of the Organization in carrying out its purpose.
- General economic conditions.
- The possible effect of inflation and deflation.
- The other resources of the Organization.
- Perpetuation of the endowment.

[3] Funds with deficiencies:

Due to unfavorable market fluctuations, from time-to-time, the fair value of assets associated with individual donor-restricted endowment funds may decline below the historical dollar value of the donor's original restricted contribution, or the amount required to be maintained under state law, referred to as underwater endowment. Under the terms of FUPMIFA, the Board has no responsibility to restore such decreases in value. There were no underwater endowment funds as of June 30, 2023 or 2022.

NOTE J - ACCOUNTING AND REPORTING FOR ENDOWMENTS (CONTINUED)

[4] Endowment net-asset composition and changes in endowment net assets:

	June 30, 2023		
	With Donor Restrictions		
	Earnings Awaiting Appropriation	Amounts Held in Perpetuity	Total
Net assets, beginning of year	**$ 134,249**	**$ 3,185,979**	**$ 3,320,228**
Investment gains, net	**273,876**	**-**	**273,876**
Appropriation of endowment assets for expenditure	**(336,784)**	**-**	**(336,784)**
Net assets, end of year	**$ 71,341**	**$ 3,185,979**	**$ 3,257,320**

	June 30, 2022		
	With Donor Restrictions		
	Earnings Awaiting Appropriation	Amounts Held in Perpetuity	Total
Net assets, beginning of year	$ 996,877	$ 3,185,979	$ 4,182,856
Investment losses, net	(598,307)	-	(598,307)
Appropriation of endowment assets for expenditure	(264,321)	-	(264,321)
Net assets, end of year	$ 134,249	$ 3,185,979	$ 3,320,228

Amounts subject to appropriation represent the portion of allocated investment income derived from endowment assets that are perpetual in nature and have not been appropriated by the Board of Directors for expenditure.

[5] Return objectives and risk parameters:

The Board's overall financial objective for the endowment assets is to provide the operations of the Organization with a relatively stable stream of spendable revenue that increases over time. If this is to be achieved over the long term, the real (inflation-adjusted) value of the endowment assets must be preserved net of an annual distribution to programs. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity.

NOTE J - ACCOUNTING AND REPORTING FOR ENDOWMENTS (CONTINUED)

[6] Strategies employed for achieving objectives:

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowments while seeking to maintain the original principal of the endowment assets. Under this policy, the endowment assets are invested in a manner that is intended to produce moderate income while assuming a moderate level of investment risk.

To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation that consists of equity and fixed income investments and mutual funds. The Organization utilizes the services of a financial advisor that provides input into the investment strategy and policy. The Organization's annual appropriations are at the discretion of the Board of Directors unless specific instructions were provided by the endowment donors.

[7] Spending policy and how the investment objectives relate to the spending policy:

The Organization's annual operating budgets include support from the investment pool. Accordingly, the Organization's Board has established a policy of permitting annual spending in an amount up to 5% of the average market value of the investment portfolio at the thirty-six preceding month ends less campaign restricted fund balances, with the potential for additional amounts being approved to support operations or to meet other unanticipated requirements.

NOTE K - RELATED PARTY TRANSACTIONS

The Organization is an affiliate of Planned Parenthood Federation of America ("PPFA"). Affiliates are assessed "National Support Program" fees determined by a formula incorporating a percentage of audited expenses for the prior year. Fees paid to national and state organizations were approximately $147,000 and $213,000, for 2023 and 2022, respectively, and are included in dues and subscriptions in the consolidated statements of functional expenses.

On July 1, 2020, the Organization entered into a Memorandum of Understanding ("MOU") with PPFA which describes a bilateral business relationship known as the Collaborate Fundraising Program ("CFP"). The primary goal of the CFP is to increase contributions to the organizations by working together in the cultivation and solicitation of supporters in the Organization's service areas, utilizing the strengths and affinities of the two parties, and sharing the expenses and funds raised through the CFP. Pursuant to the MOU, a portion of unrestricted contributions received by the Organization will be shared with PPFA, and a portion of unrestricted contributions received by PPFA from donors in the Organization's service area will be shared with the Organization. Contributions received through CFP amounted to $2,707,115 and $2,552,014 during the fiscal years ended June 30, 2023 and 2022, respectively. The net amount due from PPFA for the years ended June 30, 2023 and 2022 was $1,320,597 and $1,365,901 and was recorded as a receivable from related party at June 30, 2023 and 2022, respectively.

NOTE L - EMPLOYEE-BENEFIT PLANS

[1] 403b defined contribution plan:

The Organization sponsors a Section 403(b) tax deferred annuity plan. Employees are eligible to participate in the Plan by making contributions and receiving employer contributions effective the first day of the month following their hire date. Employees may make contributions to the Plan from compensation up to the maximum permitted by the Internal Revenue Service. Employer contributions are determined at the discretion of management and are fully vested once the employee has completed two years of service under the Plan. Retirement plan expense for fiscal years 2023 and 2022 was $204,514 and $210,910, respectively.

[2] 457 deferred compensation plan:

The Organization sponsors Section 457b deferred compensation plan for the benefit of its Chief Executive Officer. All contributions to this plan are 100% vested at the time of contribution. The Organization made contributions to this Plan in the amount of $0 and $19,500 for fiscal years 2023 and 2022, respectively.

NOTE M - CONCENTRATIONS OF CREDIT RISK

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash and cash-equivalent accounts deposited in high-credit-quality financial institutions, the balances of which, from time-to-time, may exceed federal insurance limits. However, management believes that the Organization does not face a significant risk of loss on these accounts due to the failure of these institutions.

NOTE N - LEASES

[1] Operating lease agreements (as lessee):

Effective August 1, 2014, the Organization entered into a ten-year operating lease agreement for a new health center. The lease agreement provided for a rent abatement of $550,000 in lieu of construction work paid for by the Organization. The Organization's lease terms may include options to extend or terminate the lease. The Organization also leases other health center facilities extending through September 2025. Options to extend lease terms that are reasonably certain of exercise are recognized as part of the operating lease ROU asset and operating lease liability balances. Rent expense is recognized on a straight-line basis over the lease term and the difference between the amounts charged to operations and the amounts paid are recorded as deferred rent in the consolidated statements of financial position.

The liabilities under operating leases are recorded at the present value of the minimum lease payments. Lease expense relating to operating leases, consisting of ROU asset amortization and lease liability interest, is included in facilities expenses on the accompanying consolidated statement of functional expenses.

NOTE N - LEASES (CONTINUED)

[1] Operating lease agreements (as lessee): (continued)

The following maturity analysis of the annual undiscounted cash flows of the operating lease liabilities as of June 30, 2023 is approximately as follows:

Year Ending June 30,	Operating Leases
2024	$ 447,480
2025	76,643
2026	12,845
	536,968
Less: amount representing interest	(11,040)
Total	$ 525,928

There were no variable lease costs during the year ended June 30, 2023.

Other information related to the leases as of June 30, 2023 are as follows:

Weighted average remaining operating lease term in years	1.38 years
Weighted average discount rate of operating leases	2.84%

Under ASC 840, rent expense was $640,289 for the year ended June 30, 2022, which is included in facilities expenses in the accompanying consolidated statement of functional expenses. Deferred rent was $183,977 as of June 30, 2022, which was included in deferred rent obligation in the accompanying consolidated statements of financial position.

Minimum annual future rental commitments under the lease agreements. Excluding escalation charges for year subsequent to fiscal year 2022 are as follows:

Year Ending June 30,	Amount
2023	$ 502,488
2024	501,439
2025	130,553
2026	19,269
	$ 1,153,749

NOTE N - LEASES (CONTINUED)

[2] Lease (as lessor):

The Organization leases office space in its Port St. Lucie property to an unrelated third party. The lease is for a period of four years ending November 30, 2024 at a monthly rate of $3,503. The monthly rate may be increased by up to 3% after two years, subject to a market analysis. The lessee may receive a $10,000 tenant improvement allowance subject to certain terms and conditions. Future minimum rental receipts under this lease at June 30, 2023 are as follows:

Year Ending June 30,	Amount
2024	$ 42,036
2025	17,515
	$ 59,551

NOTE O - COMMITMENTS AND CONTINGENCIES

[1] Paycheck Protection Program forgiveness:

During fiscal-year 2022, the Organization was notified that its PPP loan was forgiven in its entirety by the bank and the SBA. The SBA may audit any PPP loan at its discretion for up to six years after the date the SBA forgave the loan. The SBA reserves the right to audit any PPP loan, regardless of size. In accordance with the CARES Act, all borrowers are required to maintain the PPP loan documentation for six years after the PPP loan was forgiven or repaid in full and to provide that documentation to the SBA upon request.

[2] Litigation, claims and assessments:

In the ordinary course of business, the Organization is periodically involved in litigation and/or disputes. Management, in consultation with legal counsel, does not believe that the outcome of such matters will materially affect the Organization's financial position.

NOTE P - LIQUIDITY AND AVAILABILITY OF RESOURCES

The following reflects the Organization's financial assets, reduced by amounts not available for general use within one year of fiscal year-end due to donor-imposed restrictions.

	June 30, 2023	June 30, 2022
Cash and cash equivalents	**$ 2,695,265**	$ 4,454,943
Receivables, net	**2,731,805**	4,094,846
Investments	**20,509,680**	18,710,144
Beneficial interest in assets held in trust	**436,278**	407,139
Total financial assets available within one year	**26,373,028**	27,667,072
Less: amounts unavailable for general expenditures within one year, due to:		
Restriction by donors for:		
Purpose and/or time restrictions	**(5,208,691)**	(7,606,734)
Perpetual in nature	**(3,185,979)**	(3,185,979)
Total amounts unavailable for general expenditure within one year	**(8,394,670)**	(10,792,713)
Total financial assets available to meet cash needs for general expenditures within one year	**$ 17,978,358**	$ 16,874,359

Liquidity policy:

The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. Operating expenses are generally paid from cash and cash equivalents, investment earnings and current revenues and support. Additional cash needs may be met by liquidating long-term investments not held for donor restricted purposes, if necessary. The Organization considers contributions with donor restrictions for use in current programs which are ongoing, major, and central to its operations and expected to be used within one year to be available to meet cash needs for general expenditures within one year. General expenditures include administrative and general expenses, fundraising expenses and all expenditures related to its ongoing program related activities that are not supported by patient charges. Contributions to the Organization's Taking Action Now Campaign consist of funds to be used in current and future periods. Financial assets of the Campaign are considered available for general expenditure within one year, when the Board approves the annual budget which includes Campaign expenditures.