

**PLANNED PARENTHOOD  
NORTH CENTRAL STATES**

**CONSOLIDATED FINANCIAL STATEMENTS  
AND  
SINGLE AUDIT COMPLIANCE REPORTS**

**YEARS ENDED JUNE 30, 2021 AND 2020**



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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Planned Parenthood North Central States  
St. Paul, Minnesota

### **Report on the Consolidated Financial Statements**

We have audited the accompanying consolidated financial statements of Planned Parenthood North Central States (the Organization), which comprise the consolidated statements of financial position as of June 30, 2021 and 2020, and the related consolidated statements of activity and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

### ***Management's Responsibility for the Consolidated Financial Statements***

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement. The financial statements of Planned Parenthood Minnesota, North Dakota, South Dakota Action Fund, Planned Parenthood Minnesota, North Dakota, South Dakota Fund, Planned Parenthood of Minnesota Political Action Fund, Planned Parenthood Minnesota PAC, Planned Parenthood Political Action Committee, Planned Parenthood of the Heartland Foundation, Planned Parenthood Voters of Iowa, Planned Parenthood Voters of Iowa Political Action Committee, Planned Parenthood Voters of Nebraska, and BRIDGE Healthcare Partners were not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated financial statements 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 entity's internal control. Accordingly, we express no such 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Planned Parenthood North Central States as of June 30, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.


**Other Matters**

*Other Information - Schedule of Expenditures of Federal Awards and Supplementary Information*

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 27, 2021, on our consideration of Planned Parenthood North Central States' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Planned Parenthood North Central States' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Planned Parenthood North Central States' internal control over financial reporting and compliance. The financial statements of Planned Parenthood Minnesota, North Dakota, South Dakota Action Fund, Planned Parenthood Minnesota, North Dakota, South Dakota Fund, Planned Parenthood of Minnesota Political Action Fund, Planned Parenthood Minnesota PAC, Planned Parenthood Political Action Committee, Planned Parenthood of the Heartland Foundation, Planned Parenthood Voters of Iowa, Planned Parenthood Voters of Iowa Political Action Committee, Planned Parenthood Voters of Nebraska, and BRIDGE Healthcare Partners were not audited in accordance with *Government Auditing Standards*.



**CliftonLarsonAllen LLP**

Minneapolis, Minnesota  
December 27, 2021

**PLANNED PARENTHOOD NORTH CENTRAL STATES  
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
JUNE 30, 2021 AND 2020**

<b>ASSETS</b>	2021	2020
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$ 19,318,341	\$ 24,786,100
Patient Accounts Receivable	3,096,695	2,467,866
Grants Receivable, Net	1,428,771	933,321
Current Pledges Receivable, Net	2,283,868	2,668,131
Inventory of Materials and Supplies	961,332	1,041,788
Prepaid Expenses	1,081,222	1,054,292
Other Current Assets	1,177,085	1,768,816
Total Current Assets	29,347,314	34,720,314
<b>PROPERTY AND EQUIPMENT, NET</b>	41,660,104	40,469,040
<b>LONG-TERM INVESTMENTS</b>		
Held for Endowment	10,168,867	12,633,788
Preferred Stock, Cost	500,000	500,000
Other Long-Term Investments	38,134,462	28,009,557
Total Long-Term Investments	48,803,329	41,143,345
<b>OTHER ASSETS</b>		
Pledges Receivable, Net	1,781,288	2,539,856
Charitable Remainder Unitrust Receivables	50,307	51,353
Other Assets	1,616,574	1,494,512
Total Other Assets	3,448,169	4,085,721
Total Assets	\$ 123,258,916	\$ 120,418,420

See accompanying Notes to Consolidated Financial Statements.

**PLANNED PARENTHOOD NORTH CENTRAL STATES**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTINUED)**  
**JUNE 30, 2021 AND 2020**

	2021	2020
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Current Portion of Long-Term Debt	\$ 2,081,867	\$ 2,782,046
Accounts Payable	1,365,348	1,896,078
Accrued Expenses:		
Salaries, Wages, and Benefits	2,148,121	1,478,480
Paid Time Off	1,145,191	1,204,452
Other	636,697	736,998
Total Current Liabilities	7,377,224	8,098,054
<b>LONG-TERM LIABILITIES</b>		
Long-Term Debt, Net of Current Portion	11,972,848	13,164,175
Annuities Payable and Other Long-Term Liabilities	1,539,960	1,434,769
Total Long-Term Liabilities	13,512,808	14,598,944
 Total Liabilities	 20,890,032	 22,696,998
<b>NET ASSETS</b>		
Without Donor Restrictions	28,339,731	27,292,926
Without Donor Restrictions - Board Designated	38,815,189	31,407,253
With Donor Restrictions - Time and Purpose	15,091,822	19,936,214
With Donor Restrictions - Endowment	20,122,142	19,085,029
Total Net Assets	102,368,884	97,721,422
 Total Liabilities and Net Assets	 \$ 123,258,916	 \$ 120,418,420

See accompanying Notes to Consolidated Financial Statements.

**PLANNED PARENTHOOD NORTH CENTRAL STATES**  
**CONSOLIDATED STATEMENT OF ACTIVITY AND CHANGES IN NET ASSETS**  
**YEAR ENDED JUNE 30, 2021**

	Without Donor Restrictions	With Donor Restrictions Time and Purpose	With Donor Restrictions Endowment	Total
<b>REVENUES</b>				
Contributions	\$ 15,788,906	\$ 5,882,336	\$ 1,037,113	\$ 22,708,355
Patient Service Revenues	37,343,955	-	-	37,343,955
Service Revenue	5,417,881	-	-	5,417,881
Grants and Contracts from Government				
Agencies:				
Federal Grants and Contracts	2,308,096	-	-	2,308,096
Other Grants and Contracts	3,166,643	-	-	3,166,643
Other Revenue	1,804,924	-	-	1,804,924
Net Assets Released from Program				
Restrictions	10,726,728	(10,726,728)	-	-
Total Revenues	<u>76,557,133</u>	<u>(4,844,392)</u>	<u>1,037,113</u>	<u>72,749,854</u>
<b>EXPENSES</b>				
Program Services:				
Patient Services	46,345,895	-	-	46,345,895
Public Education	3,527,774	-	-	3,527,774
Public Affairs	3,243,551	-	-	3,243,551
Total Program Services	<u>53,117,220</u>	<u>-</u>	<u>-</u>	<u>53,117,220</u>
Supporting Services:				
Management and General	21,654,790	-	-	21,654,790
Fundraising	3,739,268	-	-	3,739,268
Total Supporting Services	<u>25,394,058</u>	<u>-</u>	<u>-</u>	<u>25,394,058</u>
Affiliate Assessment:				
Planned Parenthood Federation of America, Inc.	104,898	-	-	104,898
Total Expenses	<u>78,616,176</u>	<u>-</u>	<u>-</u>	<u>78,616,176</u>
<b>CHANGES IN NET ASSETS FROM OPERATIONS</b>	(2,059,043)	(4,844,392)	1,037,113	(5,866,322)
<b>OTHER CHANGES</b>				
Investment Returns	10,513,784	-	-	10,513,784
<b>CHANGE IN NET ASSETS</b>	8,454,741	(4,844,392)	1,037,113	4,647,462
Net Assets - Beginning of Year	58,700,179	19,936,214	19,085,029	97,721,422
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 67,154,920</u>	<u>\$ 15,091,822</u>	<u>\$ 20,122,142</u>	<u>\$ 102,368,884</u>

See accompanying Notes to Consolidated Financial Statements.

**PLANNED PARENTHOOD NORTH CENTRAL STATES**  
**CONSOLIDATED STATEMENT OF ACTIVITY AND CHANGES IN NET ASSETS**  
**YEAR ENDED JUNE 30, 2020**

	Without Donor Restrictions	With Donor Restrictions Time and Purpose	With Donor Restrictions Endowment	Total
<b>REVENUES</b>				
Contributions	\$ 16,515,734	\$ 11,516,877	\$ 1,692,646	\$ 29,725,257
Patient Service Revenues	35,622,790	-	-	35,622,790
Service Revenue	6,836,323	-	-	6,836,323
Grants and Contracts from Government Agencies:				
Federal Grants and Contracts	909,155	-	-	909,155
Other Grants and Contracts	3,115,050	-	-	3,115,050
Other Revenue	1,862,717	-	-	1,862,717
Net Assets Released from Program Restrictions	16,759,494	(16,759,494)	-	-
Total Revenues	<u>81,621,263</u>	<u>(5,242,617)</u>	<u>1,692,646</u>	<u>78,071,292</u>
<b>EXPENSES</b>				
Program Services:				
Patient Services	43,278,724	-	-	43,278,724
Public Education	3,485,559	-	-	3,485,559
Public Affairs	1,641,344	-	-	1,641,344
Total Program Services	<u>48,405,627</u>	<u>-</u>	<u>-</u>	<u>48,405,627</u>
Supporting Services:				
Management and General	21,881,429	-	-	21,881,429
Fundraising	3,635,878	-	-	3,635,878
Total Supporting Services	<u>25,517,307</u>	<u>-</u>	<u>-</u>	<u>25,517,307</u>
Affiliate Assessment:				
Planned Parenthood Federation of America, Inc.	201,997	-	-	201,997
Total Expenses	<u>74,124,931</u>	<u>-</u>	<u>-</u>	<u>74,124,931</u>
<b>CHANGES IN NET ASSETS FROM OPERATIONS</b>	7,496,332	(5,242,617)	1,692,646	3,946,361
<b>OTHER CHANGES</b>				
Investment Returns	<u>1,234,075</u>	<u>-</u>	<u>-</u>	<u>1,234,075</u>
<b>CHANGE IN NET ASSETS</b>	8,730,407	(5,242,617)	1,692,646	5,180,436
Net Assets - Beginning of Year	<u>49,969,772</u>	<u>25,178,831</u>	<u>17,392,383</u>	<u>92,540,986</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 58,700,179</u>	<u>\$ 19,936,214</u>	<u>\$ 19,085,029</u>	<u>\$ 97,721,422</u>

See accompanying Notes to Consolidated Financial Statements.



**PLANNED PARENTHOOD NORTH CENTRAL STATES  
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED JUNE 30, 2021**

	Program Services				Supporting Services			Total
	Patient Services	Public Education	Public Affairs	Total Program Services	Management and General	Fundraising	Total Supporting Services	
Staffing Expenses	\$ 22,102,086	\$ 2,379,134	\$ 954,790	\$ 25,436,010	\$ 10,072,055	\$ 2,328,853	\$ 12,400,908	\$ 37,836,918
Fringe Benefits	4,452,723	483,145	261,795	5,197,663	1,258,396	491,888	1,750,284	6,947,947
Total Salaries and Related Expenses	26,554,809	2,862,279	1,216,585	30,633,673	11,330,451	2,820,741	14,151,192	44,784,865
Other Staff Expenses	25,553	15,459	1,236	42,248	40,363	9,523	49,886	92,134
Consultant Expenses	828,908	47,607	99,515	976,030	2,128,084	328,556	2,456,640	3,432,670
Clinical Supplies and Services	9,567,618	61,406	38,697	9,667,721	2,273,744	5,629	2,279,373	11,947,094
Media and Printing	2,302,742	148,661	1,737,836	4,189,239	491,899	188,734	680,633	4,869,872
Insurance	574,386	260	95	574,741	124,693	-	124,693	699,434
Communications	297,729	25,648	7,545	330,922	353,636	5,197	358,833	689,755
Facilities	4,079,475	116,981	47,796	4,244,252	845,410	134,157	979,567	5,223,819
Meetings and Travel	299,164	32,264	5,949	337,377	67,071	5,101	72,172	409,549
Financial Fees	98,537	186,062	7,253	291,852	703,558	73,105	776,663	1,068,515
MIS Expenses	693,517	20,413	10,597	724,527	732,813	134,330	867,143	1,591,670
Equipment Expenses	205,130	1,101	903	207,134	247,594	11,190	258,784	465,918
Miscellaneous	321	518	5,292	6,131	170,108	10,239	180,347	186,478
Donation Expense	-	-	50,000	50,000	212,048	5,000	217,048	267,048
Depreciation and Amortization	818,006	9,115	14,252	841,373	1,933,318	7,766	1,941,084	2,782,457
Total Program and Supporting Services Expenses	19,791,086	665,495	2,026,966	22,483,547	10,324,339	918,527	11,242,866	33,726,413
Payments to Planned Parenthood Federation of America, Inc.	-	-	-	-	104,898	-	104,898	104,898
Total Expenses	<u>\$ 46,345,895</u>	<u>\$ 3,527,774</u>	<u>\$ 3,243,551</u>	<u>\$ 53,117,220</u>	<u>\$ 21,759,688</u>	<u>\$ 3,739,268</u>	<u>\$ 25,498,956</u>	<u>\$ 78,616,176</u>

See accompanying Notes to Consolidated Financial Statements.

**PLANNED PARENTHOOD NORTH CENTRAL STATES  
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED JUNE 30, 2020**

	Program Services				Supporting Services			Total 2020
	Patient Services	Public Education	Public Affairs	Total Program Services	Management and General	Fundraising	Total Supporting Services	
Staffing Expenses	\$ 20,591,433	\$ 2,203,133	\$ 922,314	\$ 23,716,880	\$ 10,815,266	\$ 2,265,891	\$ 13,081,157	\$ 36,798,037
Fringe Benefits	3,912,981	437,663	201,074	4,551,718	1,174,887	487,040	1,661,927	6,213,645
Total Salaries and Related Expenses	24,504,414	2,640,796	1,123,388	28,268,598	11,990,153	2,752,931	14,743,084	43,011,682
Other Staff Expenses	36,086	11,505	2,028	49,619	59,292	7,166	66,458	116,077
Consultant Expenses	882,978	77,951	209,363	1,170,292	2,116,266	167,145	2,283,411	3,453,703
Clinical Supplies and Services	8,536,944	56,908	13,872	8,607,724	2,031,381	34,764	2,066,145	10,673,869
Media and Printing	2,026,100	119,106	148,729	2,293,935	855,456	174,365	1,029,821	3,323,756
Insurance	470,701	212	-	470,913	117,908	-	117,908	588,821
Communications	291,675	23,398	4,944	320,017	303,300	7,133	310,433	630,450
Facilities	3,997,164	72,574	34,527	4,104,265	509,890	75,086	584,976	4,689,241
Meetings and Travel	438,369	171,818	58,927	669,114	205,411	164,608	370,019	1,039,133
Financial Fees	67,625	274,900	10	342,535	585,248	95,416	680,664	1,023,199
MIS Expenses	897,013	26,488	11,407	934,908	830,429	36,792	867,221	1,802,129
Equipment Expenses	232,422	1,419	903	234,744	318,745	6,303	325,048	559,792
Payments to Title X Delegate Agencies	2,724	-	-	2,724	-	-	-	2,724
Miscellaneous	366	1,435	12,652	14,453	252,505	107,577	360,082	374,535
Donation Expense	-	-	-	-	-	1,324	1,324	1,324
Depreciation and Amortization	894,143	7,049	20,594	921,786	1,705,445	5,268	1,710,713	2,632,499
Total Program and Supporting Services Expenses	18,774,310	844,763	517,956	20,137,029	9,891,276	882,947	10,774,223	30,911,252
Payments to Planned Parenthood Federation of America, Inc.	-	-	-	-	201,997	-	201,997	201,997
Total Expenses	\$ 43,278,724	\$ 3,485,559	\$ 1,641,344	\$ 48,405,627	\$ 22,083,426	\$ 3,635,878	\$ 25,719,304	\$ 74,124,931

See accompanying Notes to Consolidated Financial Statements.

**PLANNED PARENTHOOD NORTH CENTRAL STATES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
YEARS ENDED JUNE 30, 2021 AND 2020**

	2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ 4,647,462	\$ 5,180,436
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	2,782,457	2,632,499
Restricted Contributions	(90,420)	(3,560,902)
Net Realized Gain on Investments	(36,170)	(88,599)
Net Unrealized Gain on Investments	(10,288,434)	(696,445)
Valuation Changes in Annuities Payable	38,664	27,465
Valuation Changes in Charitable Remainder Unitrust Receivable	1,046	-
Change in Operating Assets and Liabilities:		
Patient Accounts Receivable	(628,829)	68,518
Pledges Receivable, Net	1,142,831	(1,570,538)
Grants Receivable, Net	(495,450)	906,954
Inventory of Materials and Supplies	80,456	(213,185)
Prepaid Expenses	(26,930)	(138,695)
Other Current Assets	591,731	1,967,933
Other Assets	1,190,555	1,189,114
Accounts Payable	(530,730)	(1,742,147)
Accrued Compensation and Benefits	669,641	542,409
Other Accrued Expenses	(159,562)	(164,496)
Net Cash Provided (Used) by Operating Activities	(1,111,682)	4,340,321
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of Property and Equipment	(3,987,597)	(11,095,106)
Proceeds from Sale of Investments	5,485,799	15,511,457
Purchase of Investments	(2,821,179)	(7,833,862)
Net Cash Used by Investing Activities	(1,322,977)	(3,417,511)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Issuance of Long-Term Debt	900,000	7,400,000
Payments on Long-Term Debt	(2,791,506)	(787,315)
Proceeds from Restricted Contributions	90,420	3,560,902
Payments on Annuity Contracts	(1,232,014)	(981,450)
Net Cash Provided (Used) by Financing Activities	(3,033,100)	9,192,137
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(5,467,759)	10,114,947
Cash and Cash Equivalents - Beginning of Year	24,786,100	14,671,153
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	\$ 19,318,341	\$ 24,786,100

See accompanying Notes to Consolidated Financial Statements.

**PLANNED PARENTHOOD NORTH CENTRAL STATES  
CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)  
YEARS ENDED JUNE 30, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
<b>SUPPLEMENTARY DISCLOSURE OF CASH FLOW INFORMATION</b>		
Cash Paid for Interest	<u>\$ 520,243</u>	<u>\$ 447,347</u>
<b>NONCASH INVESTING AND FINANCING ACTIVITIES</b>		
Property and Equipment Held in Accounts Payable at Year-End	<u>\$ -</u>	<u>\$ 262,489</u>

*See accompanying Notes to Consolidated Financial Statements.*

**PLANNED PARENTHOOD NORTH CENTRAL STATES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020**

**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization**

Planned Parenthood North Central States (PPNCS) is a voluntary nonprofit corporation exempt from federal income taxation under Sections 501(c)(3) and 5019(a) that serves as the parent organization and provides high-quality management and administrative services to Planned Parenthood of Minnesota, North Dakota, South Dakota, and Planned Parenthood of the Heartland, Inc., whose purpose is to provide high quality, affordable reproductive health care services to their communities.

Effective July 1, 2018, Planned Parenthood of Minnesota, North Dakota, South Dakota, together with its affiliated entities (Planned Parenthood of Minnesota, North Dakota, South Dakota Fund, Planned Parenthood Minnesota, North Dakota, South Dakota Action Fund (the "Action Fund"), and the Action Fund's segregated Political Account Committee organizations, Planned Parenthood of Minnesota Political Action Fund, Planned Parenthood Minnesota PAC, and Planned Parenthood Political Action Committee), became an ancillary organization of PPNCS. PPMNS transferred all employees to PPNCS and entered into an Employee Leasing Agreement and Management Services Agreement with PPNCS.

Effective January 1, 2019, Planned Parenthood of the Heartland Inc., together with its affiliated entities, (Planned Parenthood of the Heartland Foundation, Planned Parenthood Voters of Iowa, its segregated Political Action Committee organizations, Planned Parenthood Voters of Iowa Political Action Committee, and Planned Parenthood Voters of Nebraska,) became an ancillary organization of PPNCS. PPH transferred all employees to PPNCS and entered into an Employee Leasing Agreement and Management Services Agreement with PPNCS.

Effective April 5, 2019, PPNCS became the sole member of BRIDGE Healthcare Partners (BHP), a nonprofit corporation whose purpose is to provide certain management and technology services.

Collectively, PPNCS and its wholly controlled subsidiaries are referred to in the consolidated financial statements as the Organization. PPNCS is an affiliate of Planned Parenthood Federation of America, Inc.

**Principles of Financial Consolidation**

The Organization's consolidated financial statements included the financial position, activity and changes in net assets, functional expenses, and cash flows of Planned Parenthood North Central States, Planned Parenthood of Minnesota, North Dakota, South Dakota, Planned Parenthood Minnesota, North Dakota, South Dakota Action Fund, Planned Parenthood Minnesota, North Dakota, South Dakota Fund, Planned Parenthood of Minnesota Political Action Fund, Planned Parenthood Minnesota PAC, Planned Parenthood Political Action Committee, Planned Parenthood of the Heartland, Inc., Planned Parenthood of the Heartland Foundation, Planned Parenthood Voters of Iowa, Planned Parenthood Voters of Iowa Political Action Committee, Planned Parenthood Voters of Nebraska, and BRIDGE Healthcare Partners. Intercompany transactions have been eliminated in the preparation of the accompanying consolidated financial statements.

**PLANNED PARENTHOOD NORTH CENTRAL STATES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020**

**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)**

**Basis of Accounting**

The Organization prepares its consolidated financial statements on the accrual basis of accounting. Consequently, revenue is recognized when earned and expenses when obligations are incurred.

**Use of Estimates**

The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

**Cash and Cash Equivalents**

Cash and cash equivalents consist of cash and money market accounts. The Organization maintains cash balances with quality financial institutions. Cash is held at high credit quality financial institutions. At times the amount on deposit may be in excess of the FDIC insurance limit.

**Patient Accounts Receivable**

Patient accounts receivables are recorded in the accompanying consolidated statement of net position at net realizable value based on certain assumptions. In evaluating the collectability of patient accounts receivable, the Organization analyzes its past history and identifies trends for each of its major payor sources of revenue to estimate net realizable value. For receivables associated with services provided to patients who have third-party coverage, the net realizable value is based on the estimated contractual reimbursement percentage, which is based on current contract prices or historical claims paid data by payor. For uninsured patients (which includes both patients without insurance and patients with deductible and copayment balances due which third-party coverage exists for a portion of the bill), the net realizable value is determined using estimates of historical collection experience. These estimates are adjusted for recoveries and any anticipated changes in trends, including significant changes in payor mix, economic conditions, or trends in federal and state governmental health care coverage.

**Pledges Receivable, Net**

Pledges to give that are expected to be collected within one year are recorded at their net realizable value. Pledges that are expected to be collected in future years are recorded at the present value of the amount expected to be collected. The discounts on those amounts are computed using an imputed interest rate applicable to the year in which the pledge is received. Amortization of the discount is included in contribution revenue. Conditional pledges are not included as support until such time as the conditions are substantially met. An allowance for uncollectible contributions receivable is provided based upon management's judgment including such factors as prior collection history, type of contribution, and nature of fundraising activity. At June 30, 2021 and 2020, the allowance for uncollectible contributions was approximately \$66,695 and \$100,570, respectively.

**PLANNED PARENTHOOD NORTH CENTRAL STATES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020**

**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)**

**Inventory of Materials and Supplies**

Inventory of materials and supplies are valued at the lower of cost (first-in, first-out method) or net realizable value. Net realizable value is the estimated selling price (in the ordinary course of business) less reasonable expected costs for completion, disposal, and transportation.

**Property and Equipment, Net**

Property and equipment are carried at cost, less accumulated depreciation and amortization. Buildings and improvements are depreciated on a straight-line basis over an estimated useful life of 25 to 30 years. Furniture and equipment are depreciated on a straight-line basis over estimated lives of five to ten years. Leasehold improvements are amortized over the lesser of the terms of their respective leases or their estimated useful lives. The Organization capitalizes amounts over \$5,000 that have useful lives greater than one year.

**Impairment of Long-Lived Assets**

Management periodically reviews the carrying value of long-lived assets for potential impairment by comparing the carrying value of these assets to the estimated undiscounted future cash flows expected to result from the use of these assets. Should the sum of the related expected future net cash flows be less than the carrying value, an impairment loss would be recognized. There were no impairments recorded in 2021 or 2020.

**Long-Term Investments**

Investments with values based on public market quotations are recorded at fair value with unrealized gains and losses recognized in the consolidated statement of activity and changes in net assets. For other securities, for which no such quotations or valuations are readily available, value is estimated using net asset values provided by external investment managers. These can consist of equity investments, mutual funds, fixed income securities, and other funds and are recorded at approximate fair value as determined and approved by the managers or valuation committees of the alternative investments based upon judgements, which include, among other factors, restrictions affecting marketability and operating results.

**Beneficial Interest in Assets Held by Others**

Certain funds are held by The Greater Cedar Rapids Community Foundation (GCRCF), the Community Foundation of the Great River Bend, and Community Foundation of Greater Des Moines, in a board designated Operating Group endowment fund, for the benefit of PPHeartland. The transactions with these foundations are deemed to be reciprocal and, therefore, the value of the fund held by the foundations is recognized as an asset (beneficial interest in assets held by others) by PPHeartland. The beneficial interest in assets held by others is currently included in other assets.

**PLANNED PARENTHOOD NORTH CENTRAL STATES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020**

**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)**

**Charitable Remainder Unitrust Receivables**

The Organization is the beneficiary of several charitable remainder unitrusts. Each year the trustees pay the recipients during the recipients' life an annuity amount. Upon the death of the recipients, the trustee will distribute a percentage of the principal and income of the trust. The trust requires the Organization to set up a permanent endowment fund representing the value of the trust.

**Net Assets**

Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Net assets of the Organization and changes therein are classified into the following two categories:

*Net Assets Without Donor Restrictions* – Include net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. At times, the governing board can designate, from net assets without donor restrictions, net assets for a board-designated endowment or other purposes.

*Net Assets With Donor Restrictions* – Include net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource has been fulfilled, or both.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by a donor-imposed restriction. Expenses are reported as a decrease in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as an increase or decrease in net assets without donor restrictions unless their use is restricted by explicit donor stipulation. Expirations of donor restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.

Contributions, including unconditional promises to give, are recognized as revenues in the period received. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. Donor-restricted contributions, the restrictions of which are met in the same year as the gift is made, are reported as contributions without donor restrictions in the current year. Contributions of assets other than cash are recorded at their estimated fair value.



**PLANNED PARENTHOOD NORTH CENTRAL STATES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020**

**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)**

**Patient Service Revenue**

The Organization has agreements with third-party payors that provide for payment to the Organization at amounts different from the Organization's established rate. Patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined.

**Provider Relief Funds**

Due to the Coronavirus pandemic, the U.S. Department of Health and Human Services (HHS) made available emergency relief grant funds to health care providers through the CARES Act Provider Relief Fund (PRF). Total grant funds approved and received by the Organization was \$1,155,722. The grant funds are subject to certain restrictions on eligible expenses or uses, reporting requirements, and will be subject to audit. At June 30, 2021, the Organization recognized the full funding received as contributions in the consolidated statement of activity and changes in net assets. Management believes the amounts have been recognized appropriately as of June 30, 2021.

**Functional Allocation of Expenses**

Salaries and related expenses are allocated to the program and supporting services based on actual time employees spent on each function. Other expenses not directly related to specific functions are allocated to the various functions based upon a combination of patient visits and the percentage of direct labor expense.

**Measure of Operations**

In the consolidated statement of activity and changes in net assets, the Organization includes in its definition of operations all revenues and expenses that are an integral part of its programs and supporting activities. Changes in net assets related to investment activities designated as nonoperating are excluded from changes in net assets from operations.

**Unemployment Compensation**

The Organization has elected to fund their unemployment tax claims through the Unemployment Services Trust. Contributions and unemployment payments are made through this Trust.

**Tax-Exempt Status**

The entities comprising the Organization are all classified by the Internal Revenue Service as tax-exempt organizations under the Internal Revenue Code (IRC) and they are subjected to federal income tax only on net unrelated business income. The Organization currently has a limited amount of unrelated business income.

**PLANNED PARENTHOOD NORTH CENTRAL STATES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020**

**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)**

**Tax-Exempt Status (Continued)**

Planned Parenthood North Central States and Planned Parenthood of Minnesota, North Dakota, South Dakota Fund are nonprofit organizations exempt from federal income taxes under Section 509(a) of the IRC.

Planned Parenthood Minnesota, North Dakota, South Dakota Action Fund, Planned Parenthood Voters of Iowa, and Planned Parenthood Voters of Nebraska are nonprofit organizations exempt from federal income taxes under Section 501(c)(4) of the IRC.

Planned Parenthood of Minnesota Political Action Fund, Planned Parenthood Minnesota PAC, Planned Parenthood Political Action Committee, and Planned Parenthood Voters of Iowa Political Action Committee are Political Action Committee organizations exempt from federal taxes under Section 527 of the IRC.

Planned Parenthood of the Heartland, Inc. and Planned Parenthood of the Heartland Foundation are nonprofit organizations exempt from federal income taxes under Section 501(c)(3) of the IRC.

BRIDGE Health Partners is a partnership exempt from federal taxes as the entity's member is a tax-exempt organization that is not subject to federal income taxes on its share of the entity's earnings.

The Organization follows guidance in the income tax standard regarding the recognition and measurement of uncertain tax positions. The Organization follows the accounting standard for contingencies for evaluating uncertain tax positions.

**Fair Value Measurements**

The Organization follows the *Fair Value Measurements* accounting standard. The standard emphasizes that fair value is a market-based measurement, not an entity-specific measurement. Therefore, a fair value measurement should be determined based on the assumptions that market participants would use in pricing the asset or liability and establishes a fair value hierarchy.

**PLANNED PARENTHOOD NORTH CENTRAL STATES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020**

**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)**

**Fair Value Measurements (Continued)**

The fair value hierarchy consists of three levels of inputs that may be used to measure fair value as follows:

*Level 1* – Inputs that utilize quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization has the ability to access.

*Level 2* – Inputs that include quoted prices for similar assets and liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument. Fair values for these instruments are estimated using pricing models, quoted prices of securities with similar characteristics, or discounted cash flows.

*Level 3* – Inputs that are unobservable inputs for the asset or liability, which are typically based on an entity's own assumptions, as there is little, if any, related market activity.

In instances where the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy within which the entire fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

**New Accounting Pronouncements**

Effective July 1, 2020, the Organization adopted FASB ASU No. 2014-09, *Revenue from Contracts with Customers* (Topic 606) using the full retrospective method of transition. This ASU converged and replaced existing revenue recognition guidance, including industry-specific guidance and requires revenue to be recognized in an amount that reflects the consideration the entity expects to be entitled to in an exchange of goods or services. The adoption of this ASU did not result in changes to previously reported revenues, other than presentation.

**Recently Issued Accounting Guidance**

In February 2016, the Financial Accounting Standards Board (FASB) issued amended guidance for the treatment of leases. The guidance requires lessees to recognize a right-of-use asset and a corresponding lease liability for all operating and financing leases with lease terms greater than one year. The accounting for lessors will remain relatively unchanged. The guidance changes the accounting for sale and leaseback transactions to conform to the new revenue recognition standards. The guidance also requires both qualitative and quantitative disclosures regarding the nature of the entity's leasing activities. Early adoption is permitted.

The standard was originally effective for the Organization for annual reporting periods beginning after December 15, 2020, however, given the impact of the Covid-19 pandemic, during the year ended December 31, 2020 the FASB issued ASU 2020-05, *Leases (Topic 842)*, allowing for delay in implementing the standard until reporting periods beginning after December 15, 2021. Management is evaluating the potential impact of these changes on the Organization's financial statements.

**PLANNED PARENTHOOD NORTH CENTRAL STATES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020**

**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)**

**Subsequent Events**

The Organization has evaluated subsequent events occurring through December 27, 2021, the date that the consolidated financial statements were available to be issued, for events requiring recording or disclosure in the Organization's consolidated financial statements.

**NOTE 2 PATIENT SERVICE REVENUE**

Patient service revenue is reported at the amount that reflects the consideration to which the Organization expects to be entitled in exchange for providing patient care. These amounts are due from patients, third-party payors (including health insurers and government payors), and others and includes variable consideration for retroactive revenue adjustments due to settlement of audits, reviews, and investigations. Generally, the Organization bills the patients and third-party after the services are performed. Revenue is recognized as the performance obligations are satisfied.

Performance obligations are determined based on the nature of the services provided by the Organization. Revenue for performance obligations satisfied over time is recognized based on actual charges incurred in relation to total expected (or actual) charges. The Organization believes that this method provides a faithful depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. Generally, performance obligations satisfied over time relate to patients receiving services in our outpatient facility, which includes a majority of the Organization's revenue. The Organization measures the performance obligation from check-in at the facility to the point when it is no longer required to provide services to that patient, which is generally at the completion of a patient visit.

The opening and closing contract balances were as follows:

	<u>Patient Receivables</u>
Balance as of July 1, 2019	\$ 2,536,384
Balance as of June 30, 2020	2,467,866
Balance as of June 30, 2021	3,096,695

The Organization determines the transaction price based on standard charges for services provided, reduced by contractual adjustments provided to third-party payors or the established rates of the government entities. The Organization determines its estimates of contractual adjustments and discounts based on contractual agreements, its discount policy(ies), and historical experience. The Organization determines its estimate of implicit price concessions based on its historical collection experience with patients.

**PLANNED PARENTHOOD NORTH CENTRAL STATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
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**NOTE 2 PATIENT SERVICE REVENUE (CONTINUED)**

Laws and regulations concerning government programs, including Medicare and Medicaid, are complex and subject to varying interpretation. As a result of investigations by governmental agencies, various health care companies have received requests for information and notices regarding alleged noncompliance with those laws and regulations, which, in some instances, have resulted in companies entering into significant settlement agreements. Compliance with such laws and regulations may also be subject to future government review and interpretation as well as significant regulatory action, including fines, penalties, and potential exclusion from the related programs. There can be no assurance that regulatory authorities will not challenge the Organization's compliance with these laws and regulations, and it is not possible to determine the impact (if any) such claims or penalties would have upon the Organization. In addition, the contracts the Organization has with commercial payors also provide for retroactive audit and review of claims.

Settlements with third-party payors for retroactive revenue adjustments due to audits, reviews or investigations are considered variable consideration and are included in the determination of the estimated transaction price for providing patient services. These settlements are estimated based on the terms of the payment agreement with the payor, correspondence from the payor and the Organization's historical settlement activity, including an assessment to ensure that it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the retroactive adjustment is subsequently resolved. Estimated settlements are adjusted in future periods as adjustments become known (that is, new information becomes available), or as years are settled or are no longer subject to such audits, reviews, and investigations.

Generally patients who are covered by third-party payors are responsible for related deductibles and coinsurance, which vary in amount. The Organization estimates the transaction price for patients with deductibles and coinsurance based on historical experience and current market conditions. The initial estimate of the transaction price is determined by reducing the standard charge by any contractual adjustments, discounts, and implicit price concessions. Subsequent changes to the estimate of the transaction price are generally recorded as adjustments to patient service revenue in the period of the change. Additional revenue recognized due to changes in its estimates of implicit price concessions, discounts, and contractual adjustments were not considered material for the years ended June 30, 2021 and 2020. Subsequent changes that are determined to be the result of an adverse change in the patient's ability to pay are recorded as bad debt expense.

The Organization has determined that the nature, amount, timing and uncertainty of revenue and cash flows are affected by the following factors:

- Payors (for example, Medicare, Medicaid, managed care or other insurance, patient) have different reimbursement/payment methodologies
- Length of the patient's service of care
- Method of reimbursement (fee for service or capitation)

**PLANNED PARENTHOOD NORTH CENTRAL STATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

**NOTE 2 PATIENT SERVICE REVENUE (CONTINUED)**

Consistent with the Organization's mission, care is provided to patients regardless of their ability to pay. Therefore, the Organization has determined it has provided implicit price concessions to uninsured patients and other uninsured balances (for example, copays and deductibles). The implicit price concessions included in estimating the transaction price represents the difference between amounts billed to patients and the amounts the Organization expects to collect based on its collection history with those patients.

**NOTE 3 PLEDGES RECEIVABLE**

Included in pledges receivable at June 30 are the following unconditional promises to give:

	<u>2021</u>	<u>2020</u>
Pledges Receivable	\$ 4,148,704	\$ 5,335,419
Less: Allowance of Doubtful Pledges	(66,965)	(100,570)
Less: Discount	(16,583)	(26,862)
Net Pledges Receivable	<u>\$ 4,065,156</u>	<u>\$ 5,207,987</u>
Amounts Due in:		
Less than One Year	\$ 2,283,868	\$ 2,668,131
One to Five Years	<u>1,781,288</u>	<u>2,539,856</u>
Net Pledges Receivable	<u>\$ 4,065,156</u>	<u>\$ 5,207,987</u>

The Organization applied a discount rate on pledges receivable of approximately 1.2% and 0.6% for the years ended June 30, 2021 and 2020, respectively.

**NOTE 4 INVESTMENTS**

Long-term investments consist of the following at June 30:

	<u>2021</u>	<u>2020</u>
Preferred Stock	\$ 500,000	\$ 500,000
Mutual Funds	6,942,295	5,429,994
Exchange Traded Funds	1,138,595	914,913
Pooled Investments:		
Fixed Income Securities	10,168,867	12,467,289
Equity Securities	<u>30,053,572</u>	<u>21,831,149</u>
Total Long-Term Investments	<u>\$ 48,803,329</u>	<u>\$ 41,143,345</u>

**PLANNED PARENTHOOD NORTH CENTRAL STATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

**NOTE 4 INVESTMENTS (CONTINUED)**

The composition of long-term investments is as follows at June 30:

	2021	2020
Held for Endowment Investments	\$ 10,668,867	\$ 13,133,788
457(f) Plan	903,321	770,301
Board Designated - Reserves	13,317,305	13,317,305
Board Designated - Accumulated Investment Income	23,913,836	13,921,951
Total Long-Term Investments	<u>\$ 48,803,329</u>	<u>\$ 41,143,345</u>

The following is the return on investments for the years ended June 30:

	2021	2020
Dividends and Interest	\$ 315,163	\$ 567,101
Net Unrealized Gains on Investments	10,288,434	696,445
Net Realized Gains on Investments	36,170	88,599
Investment Fees	(125,983)	(118,070)
Total Investment Gains	<u>\$ 10,513,784</u>	<u>\$ 1,234,075</u>

**NOTE 5 GIFT ANNUITY AGREEMENTS**

The Organization has entered into gift annuity agreements, which provide that the Organization shall pay to specified beneficiaries an annual amount until their death. The payments continue even if the assets of the gift annuity fund have been exhausted. The Organization records the contributions as the amount of the gift less payments to be made to the specified beneficiaries; the residual amount is recorded as contribution revenue using discount rates ranging from 1.2% to 7.6% for the purposes designated at the time the gift is received. Assets received in gift annuity agreements are held as general assets of the Organization and are currently included in other assets.

**NOTE 6 PROPERTY AND EQUIPMENT**

The following is summary of property and equipment including related accumulated depreciation at June 30:

	2021	2020
Land	\$ 5,390,007	\$ 5,390,007
Buildings and Building Improvements	55,865,738	40,498,601
Furniture and Equipment	11,603,227	10,466,517
Construction in Progress	161,274	12,677,522
Total Property and Equipment	<u>73,020,246</u>	<u>69,032,647</u>
Accumulated Depreciation	(31,360,142)	(28,563,607)
Property and Equipment, Net	<u>\$ 41,660,104</u>	<u>\$ 40,469,040</u>

**PLANNED PARENTHOOD NORTH CENTRAL STATES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020**

**NOTE 6 PROPERTY AND EQUIPMENT (CONTINUED)**

Construction in progress as of June 30, 2020 represented costs relating to the Minneapolis Building Project renovation. The project was capitalized during the year ended June 30, 2021 at a total cost of approximately \$14.2 million. The project was financed with \$11.5 million of a debt issuance as well as internal funding.

Construction in progress as of June 30, 2021 represents cost of various projects, none of which are expected be material upon completion.

**NOTE 7 LONG-TERM DEBT**

The following is summary of long-term debt obligations at June 30:

<u>Description</u>	<u>2021</u>	<u>2020</u>
Note Payable, Variable Interest Rate of 4.04% through June 29, 2029, decreasing to 2.05% in excess of the 10 Year Interest Rate Swaps; Original loan of \$6,500,000; Secured by Headquarters Building, due in Monthly installmetns including Interest of of \$39,731, due on June 29, 2039.	\$ 6,081,333	\$ 6,304,005
Note Payable, two equal installments of \$50,000 due On November 15, 2019 and November 15, 2020, no Interest payments, unsecured.	-	50,000
Note Payable for the purchase and improvement of land and buildings. The note requires monthly principal and interest payments of \$15,122, bears interest of 4.8%, and requires payment of unpaid principal and interest due in July 2020. The note is secured by real estate.	-	868,707
Note Payable, Secured by Clinic Building, Original Loan of \$1,622,042, monthly installments of \$10,001, including annual interest at 4.20%, balloon payment due March 5, 2022.	1,322,016	1,384,615
Note Payable, Secured by Mortgage, Original Loan of \$5,000,000, due in monthly installments of, \$143,281, including annual interest of 2.00%, due in June of 2023.	3,504,527	5,000,000



**PLANNED PARENTHOOD NORTH CENTRAL STATES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
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**NOTE 7 LONG-TERM DEBT (CONTINUED)**

Mortgage Loan, Secured by Bank Obligations, Original Loan of \$2,400,000, due in monthly installments of \$14,670, including annual interest of 4.04%, due in July of 2039.	2,257,141	2,338,894
Note Payable, Secured by Certain Deed of Trust and Assignments of Leases and Rents, Original Loan of \$900,000, due in monthly installments of \$5,249, including annual interest of 3.50%, due in October of 2040.	<u>889,698</u>	<u>-</u>
Total Long-Term Debt	14,054,715	15,946,221
Less: Current Portion of Long-Term Debt	<u>(2,081,867)</u>	<u>(2,782,046)</u>
Total Long-Term Debt, Net of Current Portion	<u>\$ 11,972,848</u>	<u>\$ 13,164,175</u>

Scheduled principal repayments on long-term debt obligations through maturity are as follows:

<u>Year Ending June 30.</u>	<u>Amount</u>
2022	\$ 2,081,867
2023	3,465,045
2024	382,184
2025	398,099
2026	414,358
Thereafter	<u>7,313,162</u>
Total Long-Term Debt	<u>\$ 14,054,715</u>

Interest expense was \$523,527 and \$470,444 for the years ended June 30, 2021 and 2020, respectively.

Certain notes payable subject the Organization to various restricted covenants. Management believes that the Organization was not in compliance with all of these covenants as of June 30, 2021 and have obtained signed bank waivers.

**PLANNED PARENTHOOD NORTH CENTRAL STATES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
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**NOTE 8 LINE OF CREDIT**

The Organization has a letter of credit of \$40,000 with a scheduled expiration date of October 15, 2023. The obligation under this letter of credit is reduced annually by \$20,000. The Organization had no borrowing as of June 30, 2021 and 2020.

Additionally, during the year ended June 30, 2021 the Organization entered in a new line of credit agreement. The Organization can draw up to \$4,840,000 with a maturity date of August 24, 2022. The interest rate is a variable yearly rate equal to the greater of 2.75% or the Wall Street Journal Prime Rate less .50%. The Organization had no balance outstanding on the line of credit as of June 30, 2021.

**NOTE 9 RESTRICTED NET ASSETS**

**Net Assets Without Donor Restrictions – Board Designated**

Net assets without donor restrictions – board designated consist of unrestricted bequests, grants, other gifts, and investment returns of \$38,815,189 and \$31,407,253 to be used for future capital projects and operations, as of June 30, 2021 and 2020, respectively.

**Net Assets With Donor Restrictions – Time and Purpose**

Net assets with donor restrictions – time and purpose consist of pledges that will be received in future periods and restrictions on uses for supporting the various projects. As the pledges are received and programming occurs, the restrictions will be met.

**PLANNED PARENTHOOD NORTH CENTRAL STATES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020**

**NOTE 9 RESTRICTED NET ASSETS (CONTINUED)**

Net assets with donor restrictions – time and purpose consist of the following at June 30, 2021:

	Balances July 1, 2020	Support Revenues and Grants	Expenses for Programs and Supporting Services	Balances June 30, 2021
Contributions Restricted by Purpose:				
Capital Campaign	\$ 10,475,731	\$ 90,420	\$ (2,302,546)	\$ 8,263,605
Centro Clinic Relocation	50,421	-	(29,388)	21,033
Rice Street Relocation	290,837	-	(140,890)	149,947
SD Sustainability Grant	(7,942)	-	7,942	-
Security	88,671	-	(88,671)	-
PPAF - MN, SD, and ND	139,107	-	-	139,107
Women's Foundation	13,463	-	-	13,463
Transformational	127,192	-	-	127,192
Marketing Campaign	456,961	-	-	456,961
Mission Investment Fund	983,310	-	(895,000)	88,310
Access to Care Fund	239,231	-	(239,231)	-
PPFA	412,863	2,273,346	(1,213,526)	1,472,683
Weitz Family Foundation	1,000,000	-	-	1,000,000
CAP Grant	410,066	787,569	(735,371)	462,264
HHS Cares Act Funds	-	765,530	(765,530)	-
SD Restricted Funds	-	450,000	-	450,000
Other Purposes	1,762,518	1,515,471	(2,777,145)	500,844
Contributions Restricted by Time	3,433,962	-	(1,549,857)	1,884,105
Contributions Restricted by Purpose and Time:				
TELEMAB Grant	23,763	-	(1,710)	22,053
Martin and Brown Foundation	(4,195)	-	4,195	-
PPFA	40,255	-	-	40,255
Donor Restricted Net Assets	<u>\$ 19,936,214</u>	<u>\$ 5,882,336</u>	<u>\$ (10,726,728)</u>	<u>\$ 15,091,822</u>

**PLANNED PARENTHOOD NORTH CENTRAL STATES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020**

**NOTE 9 RESTRICTED NET ASSETS (CONTINUED)**

Net assets with donor restrictions – time and purpose consist of the following at June 30, 2020:

	Balances July 1, 2019	Support Revenues and Grants	Expenses for Programs and Supporting Services	Balances June 30, 2020
Contributions Restricted by Purpose:				
Capital Campaign	\$ 16,892,151	\$ 3,560,902	\$ (9,977,322)	\$ 10,475,731
Centro Clinic Relocation	79,809	-	(29,388)	50,421
Rice Street Relocation	450,113	-	(159,276)	290,837
SD Sustainability Grant	(7,942)	-	-	(7,942)
Security	331,265	-	(242,594)	88,671
Technology Capital Investments	150,000	-	(150,000)	-
PPAF - MN, SD, and ND	139,107	-	-	139,107
Women's Foundation	13,463	-	-	13,463
Transformational	127,192	-	-	127,192
Marketing Campaign	-	881,152	(424,191)	456,961
Mission Investment Fund	-	983,310	-	983,310
Access to Care Fund	-	239,231	-	239,231
PPFA	-	522,247	(109,384)	412,863
Weitz Family Foundation	-	1,000,000	-	1,000,000
CAP Grant	-	1,369,897	(959,831)	410,066
Other Purposes	3,673,863	1,744,851	(3,656,196)	1,762,518
Contributions Restricted by Time	2,883,425	985,000	(434,463)	3,433,962
Contributions Restricted by Purpose and Time:				
TELEMAB Grant	25,473	-	(1,710)	23,763
Martin and Brown Foundation	247,821	250,000	(502,016)	(4,195)
SPF & FR Bigelow	59,921	-	(59,921)	-
Training Center Planning Grant	19,995	(19,713)	(282)	-
PPFA	93,175	-	(52,920)	40,255
Donor Restricted Net Assets	<u>\$ 25,178,831</u>	<u>\$ 11,516,877</u>	<u>\$ (16,759,494)</u>	<u>\$ 19,936,214</u>

**Net Assets With Donor Restrictions – Endowment**

Net assets with donor restrictions – endowment consist of contributions that have been restricted by the donor that stipulate the investments be maintained in perpetuity. The income from the investments is expendable to support operational expenses of the clinics, education, and outreach and advocacy activities of the Organization.

**PLANNED PARENTHOOD NORTH CENTRAL STATES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020**

**NOTE 9 RESTRICTED NET ASSETS (CONTINUED)**

**Interpretation of Relevant Law**

The Organization has complied with the State Prudent Management of Institutional Funds Act (the Act) in 2008. The board of directors of the Organization has interpreted the Act as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as donor restricted endowment net assets (1) the original value of gifts donated to the permanent endowment, (2) the original value of subsequent gifts to the permanent endowment, and (3) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

The remaining portion of the donor-restricted endowment fund that is not classified in donor restricted endowment net assets is classified as time and purpose donor restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed in the Act. In accordance with the Act, the Organization considers the following factors in making a determination to appropriate or accumulate donor restricted endowment funds:

- The duration and preservation of the fund
- The purposes of the Organization and the donor- restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Organization
- The investment policy of the Organization

The following were the changes in the endowment net assets for the year ended June 30, 2021:

	Without Donor Restrictions	With Donor Restrictions Time and Purpose	With Donor Restrictions Endowment	Total
<u>June 30, 2021</u>				
Endowment Net Assets -				
Beginning of Year	\$ 10,211,533	\$ -	\$ 19,085,029	\$ 29,296,562
Contributions	-	-	1,037,113	1,037,113
Investment Returns	-	8,589,674	-	8,589,674
Investment Returns Released	8,589,674	(8,589,674)	-	-
Endowment Net Assets -				
End of Year	<u>\$ 18,801,207</u>	<u>\$ -</u>	<u>\$ 20,122,142</u>	<u>\$ 38,923,349</u>

**PLANNED PARENTHOOD NORTH CENTRAL STATES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020**

**NOTE 9 RESTRICTED NET ASSETS (CONTINUED)**

**Interpretation of Relevant Law (Continued)**

The following were the changes in the endowment net assets for the year ended June 30, 2020:

	Without Donor Restrictions	With Donor Restrictions Time and Purpose	With Donor Restrictions Endowment	Total
<u>June 30, 2020</u>				
Endowment Net Assets -				
Beginning of Year	\$ 9,431,937	\$ -	\$ 17,392,383	\$ 26,824,320
Contributions	-	-	1,692,646	1,692,646
Investment Returns	-	779,596	-	779,596
Investment Returns Released	779,596	(779,596)	-	-
Endowment Net Assets -				
End of Year	<u>\$ 10,211,533</u>	<u>\$ -</u>	<u>\$ 19,085,029</u>	<u>\$ 29,296,562</u>

**Funds with Deficiencies**

From time-to-time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or the Act requires the Organization to retain as a fund of perpetual duration. In accordance with accounting principles generally accepted in the United States of America, any deficiencies of this nature that are reported in net assets without restrictions. The Organization had no such deficiencies at June 30, 2021 or 2020.

**Return Objectives and Risk Parameters**

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 endowment. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity or for a donor-specified period as well as board-designated funds. Under this policy, as approved by the board of directors, the endowment assets are invested in a manner that is intended to preserve and grow capital, strive for consistent absolute returns, preserve purchasing power by striving for long-term returns which either match or exceed the set payout, fees, and inflation without putting the principal value at imprudent risk. Equity and fixed income performance is expected to exceed capital market indices through opportunistic and diversified investments.

**PLANNED PARENTHOOD NORTH CENTRAL STATES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020**

**NOTE 9 RESTRICTED NET ASSETS (CONTINUED)**

**Strategies Employed for Achieving Objectives**

To satisfy its long-term rate-of-return objectives, the Organization relies on an investment strategy that allocates its investments among a number of asset classes. These asset classes may include: domestic equity, domestic fixed income, international equity, international fixed income, real estate, venture capital, private equity, and cash. The purpose of allocating among asset classes is to ensure the proper level of diversification to achieve the portfolio's investment objectives. The Organization feels that this investment strategy meets the Organization's long-term rate-of-return objectives while avoiding undue risk from imprudent concentration in any single asset class or investment vehicle.

**Spending Policy and How the Investment Objectives Relate to Spending Policy**

The Organization's spending policy is consistent with its objective of preservation of the fair value of the original gift of the endowment assets that are being held in perpetuity. The Organization's spending policy is also consistent with donor restrictions to use investment income for operational expenses of the clinics, education and outreach, and advocacy activities.

During the year ended June 30, 2021, the Organization earned \$8,589,674 of investment gains into its pool of unrestricted accumulated earnings. From this pool, the Organization sold \$-0- of endowment earnings and \$-0- of board-designated earnings to support operational expenses for the year ended June 30, 2021. This was done in accordance with the investment spending policy and was approved by the board.

During the year ended June 30, 2020, the Organization earned \$779,596 of investment gains into its pool of unrestricted accumulated earnings. From this pool, the Organization sold \$-0- of endowment earnings and \$-0- of board-designated earnings to support operational expenses for the year ended June 30, 2020. This was done in accordance with the investment spending policy and was approved by the board.

**NOTE 10 GRANTS AND CONTRACTS FROM GOVERNMENT AGENCIES**

The Organization receives grants and contracts from a number of state and county agencies. These agencies include the Minnesota Department of Health, Minnesota Department of Welfare, Community Health Services, Minnesota county social services departments, and the Federal Department of Health and Human Services.

The Federal Department of Health and Human Services funds family planning projects in Minnesota communities. For the years ended June 30, 2021 and 2020, this grant constituted approximately 0.0% and 0.2%, respectively of the Organization's total operating revenue and support.

**PLANNED PARENTHOOD NORTH CENTRAL STATES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020**

**NOTE 10 GRANTS AND CONTRACTS FROM GOVERNMENT AGENCIES (CONTINUED)**

Grants and contracts received are as follows:

	<u>2021</u>	<u>2020</u>
<b>Federal Grants and Contracts</b>		
Grant from Federal Department of Health and Human Services Bureau of Community Health Services Grant (Title X)	\$ -	\$ 156,540
Other Federal Grants and Contracts	<u>2,308,096</u>	<u>752,615</u>
Total	<u>\$ 2,308,096</u>	<u>\$ 909,155</u>
<b>Other Grants and Contracts:</b>		
Grants and Contracts from State and County Agencies:		
Minnesota Family Planning Special Projects	\$ 1,672,455	\$ 1,862,760
Minnesota County Social Service Departments	236,906	427,394
MNSure Consumer Assistance Grant	75,500	75,000
Grants from North Dakota State University	166,287	111,438
Other Grants	<u>1,015,495</u>	<u>638,458</u>
Total Other Grants and Contracts	<u>\$ 3,166,643</u>	<u>\$ 3,115,050</u>

**NOTE 11 OPERATING LEASES**

At June 30, 2021 and 2020, the Organization was obligated under a number of noncancelable operating leases for clinics, offices, and equipment. Lease expense was \$1,477,331 and \$1,527,037 for the years ended June 30, 2021 and 2020, respectively.

Future minimum lease payments under noncancelable operating leases with terms of more than one year at June 30, 2021 are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2022	\$ 988,996
2023	686,002
2024	545,078
2025	530,368
2026	<u>515,406</u>
Total	<u>\$ 3,265,850</u>



**PLANNED PARENTHOOD NORTH CENTRAL STATES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020**

**NOTE 12 AFFILIATION WITH PLANNED PARENTHOOD FEDERATION OF AMERICA, INC.**

The Organization is affiliated with Planned Parenthood Federation of America, Inc. As an affiliate, the Organization is required to pay an assessment to the national organization. For the years ended June 30, 2021 and 2020, the assessment was \$104,898 and \$201,997, respectively.

**NOTE 13 RETIREMENT PLAN**

Certain eligible full-time employees have elected to participate in the Organization's defined contribution plan. Employees become eligible for the plan when they reach 19 years of age and have completed one year of service. Matching contributions made by the Organization are based on a specified percentage of employee contributions. Contributions to the plan for the years ended June 30, 2021 and 2020 was \$272,085 and \$428,560, respectively.

The Organization also has a 457(f) Nonqualified Flexible Benefit Plan that is available to eligible participants. This plan is 100% employee funded. The Organization does not make contributions to this plan. The asset and liability are included on the balance sheet as Other Assets and Other Long-Term Liabilities, respectively.

**NOTE 14 PROFESSIONAL LIABILITY INSURANCE**

The Organization's professional liability insurance is carried through Affiliates Risk Management Services, Inc. The total policy limit is for claim losses up to \$1,000,000 per claim and \$3,000,000 per year which covers professional liability claims made during the policy year (claims-made coverage). Should the claims-made policy not be renewed or replaced with equivalent insurance, claims based on occurrences during its term, but reported subsequently, will be uninsured.

**NOTE 15 FUNDS HELD BY COMMUNITY FOUNDATION**

The Organization is a beneficiary of a designated fund at a community foundation. Pursuant to the terms of the agreement establishing this fund, property contributed to the community foundation is held as a separate fund designated for the benefit of the Organization. In accordance with its spending policy, the community foundation makes distributions from the fund to the Organization based on their discretion. The fund is not included in these consolidated financial statements, since all property in the fund was contributed by a third party to the community foundation to be held and administered for the benefit of the Organization. The amounts received from this fund for the years ended June 30, 2021 and 2020 was \$203,907 and \$143,539, respectively.

**PLANNED PARENTHOOD NORTH CENTRAL STATES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020**

**NOTE 16 CONCENTRATION OF RISK**

The Organization usually grants credit without collateral to its patients, most of whom are insured third-party payor agreements. The mix of receivables from patients and third-party payors at June 30 is as follows:

	<u>2021</u>	<u>2020</u>
Medicaid	31.8 %	30.4 %
Blue Cross Blue Shield	11.2	8.4
Self-Pay	19.6	23.4
Commercial and Other	37.4	37.8
Total	<u>100.0 %</u>	<u>100.0 %</u>

**NOTE 17 FAIR VALUE MEASUREMENTS**

The Organization uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures. For additional information on how the Organization measures fair value refer to Note 1 – Organization and Summary of Significant Accounting Policies.

The Organization invests funds with an investment management Organization that pools funds from other organizations and invests the funds according to their investment strategy. The Organizations is able to contribute or take disbursements from the fund at the end of each month.

In situations where the investment fund does not have a readily determinable fair value and meets other eligibility criteria, the Organization measures fair value based on net asset value per share or its equivalent.

The following tables list investments in the investment funds by major category as of June 30:

	<u>Net Asset Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
<u>June 30, 2021</u>				
Equity Securities	\$ 30,053,572	\$ -	Quarterly to Annually	5 business days prior to last day of the month
Fixed Income Securities	10,168,867	-	Quarterly to Annually	5 business days prior to last day of the month
<u>June 30, 2020</u>				
Equity Securities	\$ 21,831,149	\$ -	Quarterly to Annually	5 business days prior to last day of the month
Fixed Income Securities	12,467,289	-	Quarterly to Annually	5 business days prior to last day of the month

**PLANNED PARENTHOOD NORTH CENTRAL STATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

**NOTE 17 FAIR VALUE MEASUREMENTS (CONTINUED)**

Equity securities include commingled funds containing investments in domestic or foreign stocks that value their investments daily but impose certain liquidity restrictions on investors through periodic fund openings ranging from weekly to quarterly. Investing in equity securities provides diversification, dividend income, and growth potential to the overall portfolio.

Fixed income securities include commingled funds containing investments in domestic or foreign stocks that value their investments daily but impose certain liquidity restrictions on investors through periodic fund openings ranging from weekly to quarterly. Investing in equity securities provides diversification, dividend income, and growth potential to the overall portfolio.

The following table presents the fair value hierarchy for the balances of the assets and liabilities of the Organization measured at fair value on a recurring basis as of June 30:

	Level 1	Level 2	Level 3	Total
<u>June 30, 2021</u>				
Assets:				
Charitable Remainder Unitrust				
Receivables	\$ -	\$ -	\$ 50,307	\$ 50,307
Mutual Funds	6,942,295	-	-	6,942,295
Exchange Traded Funds	1,138,595	-	-	1,138,595
Total Assets Measured at Fair Value	8,080,890	-	50,307	8,131,197
Investments Measured at Net Asset Value or its Equivalent	40,222,439	-	-	40,222,439
Total Assets Measured at Fair Value	<u>\$ 48,303,329</u>	<u>\$ -</u>	<u>\$ 50,307</u>	<u>\$ 48,353,636</u>
<u>June 30, 2020</u>				
Assets:				
Charitable Remainder Unitrust				
Receivables	\$ -	\$ -	\$ 51,353	\$ 51,353
Mutual Funds	5,429,994	-	-	5,429,994
Exchange Traded Funds	914,913	-	-	914,913
Total Assets Measured at Fair Value	6,344,907	-	51,353	6,396,260
Investments Measured at Net Asset Value or its Equivalent	34,298,438	-	-	34,298,438
Total Assets Measured at Fair Value	<u>\$ 40,643,345</u>	<u>\$ -</u>	<u>\$ 51,353</u>	<u>\$ 40,694,698</u>

**PLANNED PARENTHOOD NORTH CENTRAL STATES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020**

**NOTE 17 FAIR VALUE MEASUREMENTS (CONTINUED)**

**Long-Term Investments**

Long-term investments are recorded at fair value or net asset value (NAV) on a recurring basis. Fair value measurement is based upon quoted prices, if available. If quoted prices are not available, fair values are measured using independent pricing models or other model-based valuation techniques such as the present value of future cash flows, adjusted for the security's credit rating, prepayment assumptions, and other factors such as credit loss assumptions. Securities valued using Level 1 inputs include those traded on an active exchange, such as the New York Stock Exchange, as well as U.S. Treasury and other U.S. government and agency mortgage-backed securities that are traded by dealers or brokers in active over-the-counter markets. Securities valued using Level 2 inputs include private collateralized mortgage obligations, municipal bonds, corporate debt securities, and certain pooled equity securities. Securities valued using a Level 3 inputs are based upon information received from the broker. The broker conducts an independent review of fund valuation, pricing, and performance information.

**Charitable Remainder Unitrust Receivables**

Fair values of the charitable remainder unitrust receivables is determined based upon good faith estimates of the trust's assets less the present value of estimated future payments to the recipients. The present value is based upon estimated discount rates and applicable mortality tables and, accordingly, is classified as using a Level 3 input. The following table provides a summary of changes to fair value of the Organization's Level 3 financial assets and liabilities for the years ended June 30.

	Charitable Remainder Unitrust Receivables	
	2021	2020
Beginning Fair Value	\$ 51,353	\$ 51,353
Change in Value of Charitable Remainder Unitrust Receivables	(1,046)	-
Ending Fair Value	<u>\$ 50,307</u>	<u>\$ 51,353</u>

**PLANNED PARENTHOOD NORTH CENTRAL STATES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020**

**NOTE 18 LIQUIDITY AND AVAILABILITY**

The Organization invests cash in excess of short-term requirements in short-term investments.

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

	2021	2020
Financial Assets at Year-End:		
Cash and Cash Equivalents	\$ 19,318,341	\$ 24,786,100
Patient Accounts Receivable, Net	3,096,695	2,467,866
Grants Receivable, Net	1,428,771	933,321
Current Pledges Receivable, Net	2,283,868	2,668,131
Other Current Assets	1,177,085	1,768,816
Total Financial Assets	27,304,760	32,624,234
Less: Amounts Not Available to be Used		
Within One Year:		
Current Pledges Receivable, Net	(2,283,868)	(2,668,131)
457(f) Plan	(1,194,218)	(1,175,928)
Total Amounts Not Available to be Used	(3,478,086)	(3,844,059)
Within One Year		
Total Financial Assets Available Within One Year	\$ 23,826,674	\$ 28,780,175

The Organization has other assets limited as to use related to pledges receivable and the 457(f) plan. These assets limited to use are not available for general expenditure within the next year and are not reflected in the amounts above.

**NOTE 19 COMMITMENTS AND CONTINGENCIES**

**Compliance**

The healthcare industry is subject to numerous laws and regulations of federal, state, and local governments. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, government healthcare program participation requirements, reimbursement for patient services, and Medicare and Medicaid fraud and abuse. Recently, government activity has increased with respect to investigations and allegations concerning possible violations of fraud and abuse statutes and regulations by healthcare providers. Violation of these laws and regulations could result in expulsion from government healthcare programs together with imposition of significant fines and penalties, as well as significant repayments for patient services billed.

Management believes that the Organization is in substantial compliance with fraud and abuse as well as other applicable government laws and regulations. While no regulatory inquiries have been made, compliance with such laws and regulations is subject to government review and interpretation, as well as regulatory actions unknown or unasserted at this time.

**PLANNED PARENTHOOD NORTH CENTRAL STATES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020**

**NOTE 19 COMMITMENTS AND CONTINGENCIES (CONTINUED)**

**Other**

The Organization is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions, injuries to employees; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. There has been no significant reduction in insurance coverage from the previous year in any of the Organization's policies.

The Organization is subject to legal proceedings which arise in the normal course of providing health care services. The Organization maintains malpractice insurance on a claims-made basis for claims made during the term of the policy. The potential loss related to any outstanding claims cannot currently be estimated; however, in management's opinion adequate provision has been made for any amounts that it may require to be paid under the policies deductible limits.

**COVID-19 Pandemic**

The COVID-19 pandemic continues to have a significant effect on global markets, supply chains, businesses, and communities. Specific to the Organization, COVID-19 may continue to impact various part of its fiscal year 2022 operations and financial results including, but not limited to, additional costs for emergency preparedness, disease control and containment, potential shortages of health care personnel, and loss of revenue due to reductions in certain revenue streams. Management believes the Organization is taking appropriate actions to mitigate the negative impact, however, the full impact of COVID-19 is unknown and cannot be reasonably estimated as June 30, 2021.

**NOTE 20 SUBSEQUENT EVENTS**

The Organization has entered into an agreement with an unrelated third-party to purchase real estate for investment purposes. The first investment was acquired in December 2021 and totaled approximately \$1,887,000.



## INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION

Board of Directors  
Planned Parenthood North Central States  
St. Paul, Minnesota

We have audited the consolidated financial statements of Planned Parenthood North Central States as of and for the years ended June 30, 2021 and 2020, and our report thereon dated December 27, 2021, which expressed an unmodified opinion on those consolidated financial statements, appears on pages 1 and 2. Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary statements are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the June 30, 2021 and 2020 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements for the years ended June 30, 2021 and 2020, as a whole.

*CliftonLarsonAllen LLP*

**CliftonLarsonAllen LLP**

Minneapolis, Minnesota  
December 27, 2021

**PLANNED PARENTHOOD NORTH CENTRAL STATES**  
**CONSOLIDATING STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2021**  
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)

<b>ASSETS</b>	PPNCS	Consolidated PPMNS	Consolidated PPH	BRIDGE Healthcare Partners	Elimination	PPNCS Consolidation
<b>CURRENT ASSETS</b>						
Cash and Cash Equivalents	\$ 1,484,970	\$ 13,130,810	\$ 3,511,038	\$ 1,191,523	\$ -	\$ 19,318,341
Patient Accounts Receivable	-	2,534,335	562,360	-	-	3,096,695
Grant Receivable, Net	-	570,392	858,379	-	-	1,428,771
Current Pledges Receivable, Net	-	1,065,836	1,218,032	-	-	2,283,868
Inventory of Materials and Supplies	-	639,445	321,887	-	-	961,332
Prepaid Expenses	491,029	279,869	156,326	153,998	-	1,081,222
Other Current Assets	671,986	165,883	37,299	301,917	-	1,177,085
Related Party Receivable	6,330,751	239	265,454	83,312	(6,679,756)	-
Total Current Assets	<u>8,978,736</u>	<u>18,386,809</u>	<u>6,930,775</u>	<u>1,730,750</u>	<u>(6,679,756)</u>	<u>29,347,314</u>
<b>PROPERTY AND EQUIPMENT, NET</b>	-	33,164,790	8,441,475	53,839	-	41,660,104
<b>LONG-TERM INVESTMENTS</b>						
Held for Endowment	-	10,168,867	-	-	-	10,168,867
Preferred Stock, Cost	-	500,000	-	-	-	500,000
Other Long-Term Investments	903,321	30,053,572	7,177,569	-	-	38,134,462
Total Long-Term Investments	<u>903,321</u>	<u>40,722,439</u>	<u>7,177,569</u>	<u>-</u>	<u>-</u>	<u>48,803,329</u>
<b>OTHER ASSETS</b>						
Pledges Receivable, Net	-	1,182,000	599,288	-	-	1,781,288
Charitable Remainder Unitrust Receivable	-	50,307	-	-	-	50,307
Other Assets	845,388	125,218	645,968	-	-	1,616,574
Total Other Assets	<u>845,388</u>	<u>1,357,525</u>	<u>1,245,256</u>	<u>-</u>	<u>-</u>	<u>3,448,169</u>
Total Assets	<u>\$ 10,727,445</u>	<u>\$ 93,631,563</u>	<u>\$ 23,795,075</u>	<u>\$ 1,784,589</u>	<u>\$ (6,679,756)</u>	<u>\$ 123,258,916</u>
<b>LIABILITIES AND NET ASSETS</b>						
<b>CURRENT LIABILITIES</b>						
Current Portion of Long-Term Debt	\$ -	\$ 1,964,519	\$ 117,348	\$ -	\$ -	\$ 2,081,867
Accounts Payable	198,888	546,545	262,401	440,826	(83,312)	1,365,348
Accrued Expenses:						
Salaries, Wages, and Benefits	1,978,860	-	4,414	164,847	-	2,148,121
Paid Time Off	978,970	-	-	166,221	-	1,145,191
Other	140,120	482,007	5,445	9,125	-	636,697
Related Party Payable	-	2,833,741	3,762,703	-	(6,596,444)	-
Total Current Liabilities	<u>3,296,838</u>	<u>5,826,812</u>	<u>4,152,311</u>	<u>781,019</u>	<u>(6,679,756)</u>	<u>7,377,224</u>
<b>LONG-TERM LIABILITIES</b>						
Long-Term Debt, Net of Current Portion	-	8,943,357	3,029,491	-	-	11,972,848
Annuities Payable and Other Long-Term Liabilities	1,312,617	227,343	-	-	-	1,539,960
Total Long-Term Liabilities	<u>1,312,617</u>	<u>9,170,700</u>	<u>3,029,491</u>	<u>-</u>	<u>-</u>	<u>13,512,808</u>
Total Liabilities	4,609,455	14,997,512	7,181,802	781,019	(6,679,756)	20,890,032
<b>NET ASSETS</b>						
Without Donor Restrictions	4,227,371	16,497,868	6,610,922	1,003,570	-	28,339,731
Without Donor Restrictions - Board Designated	354,375	35,538,055	2,922,759	-	-	38,815,189
With Donor Restrictions - Time and Purpose	1,536,244	10,135,680	3,419,898	-	-	15,091,822
With Donor Restrictions - Endowment	-	16,462,448	3,659,694	-	-	20,122,142
Total Net Assets	<u>6,117,990</u>	<u>78,634,051</u>	<u>16,613,273</u>	<u>1,003,570</u>	<u>-</u>	<u>102,368,884</u>
Total Liabilities and Net Assets	<u>\$ 10,727,445</u>	<u>\$ 93,631,563</u>	<u>\$ 23,795,075</u>	<u>\$ 1,784,589</u>	<u>\$ (6,679,756)</u>	<u>\$ 123,258,916</u>



**PLANNED PARENTHOOD NORTH CENTRAL STATES**  
**CONSOLIDATING STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2020**  
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)

	PPNCS	Consolidated PPMNS	Consolidated PPH	BRIDGE Healthcare Partners	Elimination	PPNCS Consolidation
<b>ASSETS</b>						
<b>CURRENT ASSETS</b>						
Cash and Cash Equivalents	\$ 1,249,191	\$ 16,406,525	\$ 6,648,504	\$ 481,880	\$ -	\$ 24,786,100
Patient Accounts Receivable	-	2,035,301	432,565	-	-	2,467,866
Grant Receivable	-	552,966	380,355	-	-	933,321
Pledges Receivable, Net	-	1,889,303	778,828	-	-	2,668,131
Inventory of Materials and Supplies	-	734,290	307,498	-	-	1,041,788
Prepaid Expenses	429,073	309,365	106,840	209,014	-	1,054,292
Other Current Assets	379,935	556,535	7,054	866,349	(41,057)	1,768,816
Related Party Receivable	2,021,986	-	-	-	(2,021,986)	-
Total Current Assets	<u>4,080,185</u>	<u>22,484,285</u>	<u>8,661,644</u>	<u>1,557,243</u>	<u>(2,063,043)</u>	<u>34,720,314</u>
<b>PROPERTY AND EQUIPMENT, NET</b>	-	31,478,857	8,928,083	62,100	-	40,469,040
<b>LONG-TERM INVESTMENTS</b>						
Held for Endowment	-	12,633,788	-	-	-	12,633,788
Preferred Stock, Cost	-	500,000	-	-	-	500,000
Other Long-Term Investments	770,301	21,664,650	5,574,606	-	-	28,009,557
Total Long-Term Investments	<u>770,301</u>	<u>34,798,438</u>	<u>5,574,606</u>	<u>-</u>	<u>-</u>	<u>41,143,345</u>
<b>OTHER ASSETS</b>						
Pledges Receivable, Net	-	1,465,000	1,074,856	-	-	2,539,856
Charitable Remainder Unitrust Receivable	-	51,353	-	-	-	51,353
Other Assets	825,215	140,193	529,104	-	-	1,494,512
Total Other Assets	<u>825,215</u>	<u>1,656,546</u>	<u>1,603,960</u>	<u>-</u>	<u>-</u>	<u>4,085,721</u>
Total Assets	<u>\$ 5,675,701</u>	<u>\$ 90,418,126</u>	<u>\$ 24,768,293</u>	<u>\$ 1,619,343</u>	<u>\$ (2,063,043)</u>	<u>\$ 120,418,420</u>
<b>LIABILITIES AND NET ASSETS</b>						
<b>CURRENT LIABILITIES</b>						
Current Portion of Long-Term Debt	\$ -	\$ 1,831,586	\$ 950,460	\$ -	\$ -	\$ 2,782,046
Accounts Payable	114,527	1,148,640	287,641	298,390	-	1,849,198
Accrued Expenses:						
Salaries, Wages, and Benefits	1,310,395	-	6,768	161,317	-	1,478,480
Paid Time Off	1,019,707	-	-	184,745	-	1,204,452
Other	71,282	547,460	98,165	20,091	-	736,998
Related Party Payable	-	330,505	1,779,418	-	(2,063,043)	46,880
Total Current Liabilities	<u>2,515,911</u>	<u>3,858,191</u>	<u>3,122,452</u>	<u>664,543</u>	<u>(2,063,043)</u>	<u>8,098,054</u>
<b>LONG-TERM LIABILITIES</b>						
Long-Term Debt, Net of Current Portion	-	10,907,034	2,257,141	-	-	13,164,175
Annuities Payable and Other Long-Term Liabilities	1,151,386	283,383	-	-	-	1,434,769
Total Long-Term Liabilities	<u>1,151,386</u>	<u>11,190,417</u>	<u>2,257,141</u>	<u>-</u>	<u>-</u>	<u>14,598,944</u>
Total Liabilities	<u>3,667,297</u>	<u>15,048,608</u>	<u>5,379,593</u>	<u>664,543</u>	<u>(2,063,043)</u>	<u>22,696,998</u>
<b>NET ASSETS</b>						
Without Donor Restrictions	692,737	17,307,799	8,337,590	954,800	-	27,292,926
Without Donor Restrictions - Board Designated	-	28,615,085	2,792,168	-	-	31,407,253
With Donor Restrictions - Time and Purpose	1,315,667	13,937,161	4,683,386	-	-	19,936,214
With Donor Restrictions - Endowment	-	15,509,473	3,575,556	-	-	19,085,029
Total Net Assets	<u>2,008,404</u>	<u>75,369,518</u>	<u>19,388,700</u>	<u>954,800</u>	<u>-</u>	<u>97,721,422</u>
Total Liabilities and Net Assets	<u>\$ 5,675,701</u>	<u>\$ 90,418,126</u>	<u>\$ 24,768,293</u>	<u>\$ 1,619,343</u>	<u>\$ (2,063,043)</u>	<u>\$ 120,418,420</u>

**PLANNED PARENTHOOD NORTH CENTRAL STATES**  
**CONSOLIDATING STATEMENT OF ACTIVITY AND CHANGES IN NET ASSETS**  
**YEAR ENDED JUNE 30, 2021**  
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)

	PPNCS	Consolidated PPMNS	Consolidated PPH	BRIDGE Healthcare Partners	Elimination	PPNCS Consolidation
<b>REVENUES</b>						
Contributions	\$ 5,137,816	\$ 12,356,912	\$ 6,213,627	\$ -	\$ (1,000,000)	\$ 22,708,355
Patient Service Revenues	-	28,741,630	8,602,325	-	-	37,343,955
Contracted Service Revenue	49,766,573	-	-	8,575,452	(52,924,144)	5,417,881
Grants from Government Agencies:						
Federal Grants and Contracts	-	-	2,308,096	-	-	2,308,096
Other Grants and Contracts	-	2,300,888	865,755	-	-	3,166,643
Other	222,023	2,939,967	2,118,664	27,265	(3,502,995)	1,804,924
Total Revenues	<u>55,126,412</u>	<u>46,339,397</u>	<u>20,108,467</u>	<u>8,602,717</u>	<u>(57,427,139)</u>	<u>72,749,854</u>
<b>EXPENSES</b>						
Program Services:						
Patient Services	35,976,768	32,777,708	13,481,161	-	(35,889,742)	46,345,895
Education	2,979,320	2,187,571	1,456,569	-	(3,095,686)	3,527,774
Public Affairs	1,369,099	2,443,610	758,568	-	(1,327,726)	3,243,551
Total Program Services	<u>40,325,187</u>	<u>37,408,889</u>	<u>15,696,298</u>	<u>-</u>	<u>(40,313,154)</u>	<u>53,117,220</u>
Supporting Services:						
Management and General	7,361,770	11,821,289	7,533,665	8,554,094	(13,616,028)	21,654,790
Fundraising	3,224,971	2,434,852	1,577,402	-	(3,497,957)	3,739,268
Total Supporting Services	<u>10,586,741</u>	<u>14,256,141</u>	<u>9,111,067</u>	<u>8,554,094</u>	<u>(17,113,985)</u>	<u>25,394,058</u>
Affiliate Assessment:						
Planned Parenthood Federation of America, Inc.	104,898	-	-	-	-	104,898
Total Expenses	<u>51,016,826</u>	<u>51,665,030</u>	<u>24,807,365</u>	<u>8,554,094</u>	<u>(57,427,139)</u>	<u>78,616,176</u>
<b>CHANGE IN NET ASSETS FROM OPERATIONS</b>	4,109,586	(5,325,633)	(4,698,898)	48,623	-	(5,866,322)
<b>OTHER CHANGES</b>						
Investment Returns	-	8,590,166	1,923,471	147	-	10,513,784
<b>CHANGE IN NET ASSETS</b>	4,109,586	3,264,533	(2,775,427)	48,770	-	4,647,462
Net Assets - Beginning of Year	<u>2,008,404</u>	<u>75,369,518</u>	<u>19,388,700</u>	<u>954,800</u>	<u>-</u>	<u>97,721,422</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 6,117,990</u>	<u>\$ 78,634,051</u>	<u>\$ 16,613,273</u>	<u>\$ 1,003,570</u>	<u>\$ -</u>	<u>\$ 102,368,884</u>

**PLANNED PARENTHOOD NORTH CENTRAL STATES**  
**CONSOLIDATING STATEMENT OF ACTIVITY AND CHANGES IN NET ASSETS**  
**YEAR ENDED JUNE 30, 2020**  
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)

	PPNCS	Consolidated PPMNS	Consolidated PPH	BRIDGE Healthcare Partners	Elimination	PPNCS Consolidation
<b>REVENUES</b>						
Contributions	\$ 1,448,223	\$ 19,272,503	\$ 9,004,531	\$ -	\$ -	\$ 29,725,257
Patient Service Revenues	-	27,448,475	8,174,315	-	-	35,622,790
Contracted Services Revenue	43,269,586	-	-	9,301,082	(45,734,345)	6,836,323
Grants from Government Agencies:						
Federal Grants and Contracts	-	112,500	796,655	-	-	909,155
Other Grants and Contracts	-	2,602,168	512,882	-	-	3,115,050
Other	325	425,990	1,674,785	1,038	(239,421)	1,862,717
Total Revenues	<u>44,718,134</u>	<u>49,861,636</u>	<u>20,163,168</u>	<u>9,302,120</u>	<u>(45,973,766)</u>	<u>78,071,292</u>
<b>EXPENSES</b>						
Program Services:						
Patient Services	25,729,438	31,554,890	11,751,379	-	(25,756,983)	43,278,724
Education	2,773,489	2,001,738	1,481,807	-	(2,771,475)	3,485,559
Public Affairs	1,149,047	883,068	762,529	-	(1,153,300)	1,641,344
Total Program Services	<u>29,651,974</u>	<u>34,439,696</u>	<u>13,995,715</u>	<u>-</u>	<u>(29,681,758)</u>	<u>48,405,627</u>
Supporting Services:						
Management and General	9,834,119	10,398,125	5,550,562	8,778,602	(12,679,979)	21,881,429
Fundraising	3,721,279	2,489,812	1,036,816	-	(3,612,029)	3,635,878
Total Supporting Services	<u>13,555,398</u>	<u>12,887,937</u>	<u>6,587,378</u>	<u>8,778,602</u>	<u>(16,292,008)</u>	<u>25,517,307</u>
Affiliate Assessment:						
Planned Parenthood Federation of America, Inc.	201,997	-	-	-	-	201,997
Total Expenses	<u>43,409,369</u>	<u>47,327,633</u>	<u>20,583,093</u>	<u>8,778,602</u>	<u>(45,973,766)</u>	<u>74,124,931</u>
<b>CHANGE IN NET ASSETS FROM OPERATIONS</b>	1,308,765	2,534,003	(419,925)	523,518	-	3,946,361
<b>OTHER CHANGES</b>						
Investment Returns	3,082	793,582	434,898	2,513	-	1,234,075
Total Other Changes	<u>3,082</u>	<u>793,582</u>	<u>434,898</u>	<u>2,513</u>	<u>-</u>	<u>1,234,075</u>
<b>CHANGE IN NET ASSETS</b>	1,311,847	3,327,585	14,973	526,031	-	5,180,436
Net Assets - Beginning of Year	696,557	72,041,933	19,373,727	428,769	-	92,540,986
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 2,008,404</u>	<u>\$ 75,369,518</u>	<u>\$ 19,388,700</u>	<u>\$ 954,800</u>	<u>\$ -</u>	<u>\$ 97,721,422</u>

**PLANNED PARENTHOOD MINNESOTA, NORTH DAKOTA, SOUTH DAKOTA FUND**  
**STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2021 AND 2020**  
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)

<b>ASSETS</b>	2021	2020
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$ 2,763,945	\$ 6,188,604
Current Pledges Receivable, Net	512,126	1,052,070
Prepaid Expenses	-	-
Other Current Assets	-	-
Related Party Receivable	262,789	1,080,592
Total Current Assets	3,538,860	8,321,266
<b>PROPERTY AND EQUIPMENT, NET</b>	29,247,601	26,917,561
<b>LONG-TERM INVESTMENTS</b>		
Permanently Restricted	10,168,867	12,633,788
Preferred Stock, Cost	500,000	500,000
Other Long-Term Investments	30,053,572	21,664,650
Total Long-Term Investments	40,722,439	34,798,438
<b>OTHER ASSETS</b>		
Pledges Receivable, Net	1,180,000	1,330,000
Total Assets	\$ 74,688,900	\$ 71,367,265
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Current Portion of Long-Term Debt	\$ 1,964,519	\$ 1,831,586
Accounts Payable	-	216,162
Accrued Expenses:		
Other	30,916	27,636
Total Current Liabilities	1,995,435	2,075,384
<b>LONG-TERM LIABILITIES</b>		
Long-Term Debt, Net of Current Portion	8,943,357	10,907,034
Total Liabilities	10,938,792	12,982,418
<b>NET ASSETS</b>		
Without Donor Restrictions	4,556,935	6,530,862
Without Donor Restrictions - Board Designated	35,480,872	26,956,695
With Donor Restrictions - Time and Purpose	7,249,853	9,387,817
With Donor Restrictions - Endowment	16,462,448	15,509,473
Total Net Assets	63,750,108	58,384,847
Total Liabilities and Net Assets	\$ 74,688,900	\$ 71,367,265

**PLANNED PARENTHOOD MINNESOTA, NORTH DAKOTA, SOUTH DAKOTA FUND**  
**STATEMENT OF ACTIVITY AND CHANGES IN NET ASSETS**  
**YEARS ENDED JUNE 30, 2021 AND 2020**  
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)

	<u>2021</u>	<u>2020</u>
<b>REVENUES</b>		
Contributions	\$ 1,060,081	\$ 6,242,096
Other	757	(4,047,080)
Total Revenues	<u>1,060,838</u>	<u>2,195,016</u>
<b>EXPENSES</b>		
Management and General	<u>4,103,543</u>	<u>4,128,389</u>
<b>CHANGE IN NET ASSETS FROM OPERATIONS</b>	(3,042,705)	(1,933,373)
<b>OTHER CHANGES</b>		
Investment Returns	<u>8,407,966</u>	<u>790,497</u>
<b>CHANGE IN NET ASSETS</b>	5,365,261	(1,142,876)
Net Assets - Beginning of Year	<u>58,384,847</u>	<u>59,527,723</u>
<b>NET ASSETS - END OF YEAR</b>	<u><u>\$ 63,750,108</u></u>	<u><u>\$ 58,384,847</u></u>

**PLANNED PARENTHOOD OF THE HEARTLAND FOUNDATION**  
**STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2021 AND 2020**  
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)

	2021	2020
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$ 889,947	\$ 795,990
Related Party Receivable	27,386	316,116
Total Current Assets	917,333	1,112,106
<b>PROPERTY AND EQUIPMENT, NET</b>	7,015,250	7,393,837
<b>OTHER LONG-TERM INVESTMENTS</b>	6,980,932	5,411,750
<b>OTHER ASSETS</b>	645,968	529,104
Total Assets	\$ 15,559,483	\$ 14,446,797
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Current Portion of Long-Term Debt	\$ 117,348	\$ 950,460
Accounts Payable	-	519
Accrued Expenses:		
Other	8,140	8,140
Related Party Payable	149,749	2,485
Total Current Liabilities	275,237	961,604
<b>LONG-TERM LIABILITIES</b>		
Long-Term Debt, Net of Current Portion	3,029,491	2,257,141
Total Liabilities	3,304,728	3,218,745
<b>NET ASSETS</b>		
Without Donor Restrictions	5,556,483	4,616,024
Without Donor Restrictions - Board Designated	2,794,274	2,792,168
With Donor Restrictions - Time and Purpose	244,304	244,304
With Donor Restrictions - Endowment	3,659,694	3,575,556
Total Net Assets	12,254,755	11,228,052
Total Liabilities and Net Assets	\$ 15,559,483	\$ 14,446,797

**PLANNED PARENTHOOD OF THE HEARTLAND FOUNDATION**  
**STATEMENT OF ACTIVITY AND CHANGES IN NET ASSETS**  
**YEARS ENDED JUNE 30, 2021 AND 2020**  
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)

	<u>2021</u>	<u>2020</u>
<b>REVENUES</b>		
Contributions	\$ 86,243	\$ 166,250
Other	651,858	658,475
Total Revenues	<u>738,101</u>	<u>824,725</u>
<b>EXPENSES</b>		
Patient Services	-	1,785
Management and General	1,275,026	887,453
Fundraising	-	476
Total Expenses	<u>1,275,026</u>	<u>889,714</u>
<b>CHANGE IN NET ASSETS FROM OPERATIONS</b>	(536,925)	(64,989)
<b>INVESTMENT RETURNS</b>	<u>1,563,628</u>	<u>59,803</u>
<b>CHANGE IN NET ASSETS</b>	1,026,703	(5,186)
Net Assets - Beginning of Year	<u>11,228,052</u>	<u>11,233,238</u>
<b>NET ASSETS - END OF YEAR</b>	<u><u>\$ 12,254,755</u></u>	<u><u>\$ 11,228,052</u></u>



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF CONSOLIDATED FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Directors  
Planned Parenthood North Central States  
St. Paul, Minnesota

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Planned Parenthood North Central States (the Organization), which comprise the consolidated statement of financial position as of June 30, 2021, and the related consolidated statements of activity and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated December 27, 2021. The financial statements of Planned Parenthood of Minnesota, North Dakota, South Dakota Action Fund, Planned Parenthood Minnesota, North Dakota, South Dakota Fund, Planned Parenthood of Minnesota Political Action Fund, Planned Parenthood Minnesota PAC, Planned Parenthood Political Action Committee, Planned Parenthood of the Heartland Foundation, Planned Parenthood Voters of Iowa, Planned Parenthood Voters of Iowa Political Action Committee, Planned Parenthood Voters of Nebraska, and BRIDGE Healthcare Partners were not audited in accordance with *Government Auditing Standards*.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the consolidated financial statements, we considered the Organization's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's consolidated financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness yet important enough to merit attention by those charged with governance.



Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Organization's consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the consolidated financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



**CliftonLarsonAllen LLP**

Minneapolis, Minnesota  
December 27, 2021



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR  
FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE  
REQUIRED BY THE UNIFORM GUIDANCE**

Board of Directors  
Planned Parenthood North Central States  
St. Paul, Minnesota

**Report on Compliance for Each Major Federal Program**

We have audited Planned Parenthood North Central States (the Organization) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended June 30, 2021. The Organization's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each the Organization's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Organization's compliance.

**Opinion on Each Major Federal Program**

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

**Other Matters**

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2021-001. Our opinion on each major federal program is not modified with respect to these matters.

Planned Parenthood North Central States' response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Planned Parenthood North Central States' response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

**Report on Internal Control Over Compliance**

Management of the Organization is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Organization's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify certain deficiencies in internal control over compliance, described in the accompanying schedule of findings and questioned costs as item 2021-001, that we consider to be a significant deficiency.

Board of Directors  
Planned Parenthood North Central States

Planned Parenthood North Central States' response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Planned Parenthood North Central States' response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



**CliftonLarsonAllen LLP**

Minneapolis, Minnesota  
December 27, 2021

**PLANNED PARENTHOOD NORTH CENTRAL STATES  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2021**

Federal Grantor/Pass through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Grantor	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
<b>U.S. Department of Homeland Security</b>					
Disaster Grants - Public Assistance (Covid-19 Vaccination)	97.036	State of Minnesota		\$ -	\$ 24,786
Total U.S. Department of Homeland Security				-	24,786
<b>U.S. Department of Health and Human Services</b>					
Temporary Assistance for Needy Families Cluster:					
Community Adolescent Pregnancy Prevention - Woodbury and Plymouth Counties	93.558	Iowa Department of Human Services	ACFS 20-050	37,752	56,687
Community Adolescent Pregnancy Prevention - Polk County	93.558	Iowa Department of Human Services	ACFS 20-051	19,861	52,630
Community Adolescent Pregnancy Prevention - Lee County	93.558	Iowa Department of Human Services	ACFS 20-052	-	65,589
Community Adolescent Pregnancy Prevention - Linn County	93.558	Iowa Department of Human Services	ACFS 20-053	-	48,000
Teen Pregnancy Prevention Youth Power Program	93.558	City of Minneapolis	2017G996115	-	22,662
Family Planning Special Projects (FPSP)	93.558	State of Minnesota	2017G996115	-	290,770
Total for Temporary Assistance for Needy Families Cluster				57,613	536,338
Affordable Care Act (ACA) Personal Responsibility Education Program:					
9/30/19-9/29/20	93.092	North Dakota State University	FAR0028658	-	25,167
9/30/19 - 9/29/21	93.092	North Dakota State University	FAR0030171	-	117,082
8/1/19 - 7/31/23	93.092	Iowa Department of Public Health	2107695	-	84,132
4/12/21-9/29/21	93.092	North Dakota State University	FAR0033987	-	24,038
Total for Federal Assistance Listing No. 93.092				-	250,419
Affordable Care Act (ACA) Abstinence Education Program - It's That Easy:					
1/1/19 - 9/30/20	93.235	Hennepin County	HS000000002	-	20,451
10/1/19 - 9/30/21	93.235	Hennepin County	HS000000002	-	65,938
Total for Federal Assistance Listing No. 93.235				-	86,389
Teenage Pregnancy Prevention Program	93.297	N/A	N/A	138,110	413,691
Teenage Pregnancy Prevention Program (Extension)	93.297	N/A	N/A	55,662	267,990
Total for Federal Assistance Listing No. 93.297				193,772	681,681
Breast and Cervical Cancer Screening Opportunities for States, Tribes and Territories					
	93.744	N/A	N/A	-	20,175
Total U.S. Department of Health and Human Services				251,385	1,575,002
<b>U.S. Department of Justice</b>					
Reduce Sexual Assault, Domestic Violence, Dating Violence, and Stalking on Campus Program	16.525	N/A	N/A	-	779
Total U.S. Department of Justice				-	779
<b>Total Expenditures of Federal Awards</b>				<b>\$ 251,385</b>	<b>\$ 1,600,567</b>

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**PLANNED PARENTHOOD NORTH CENTRAL STATES  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
JUNE 30, 2021**

**NOTE 1 BASIS OF ACCOUNTING**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant award activity of Planned Parenthood North Central States under programs of the federal government for the year ended June 30, 2021. The information in this Schedule is presented in accordance with the requirements of 2 CFR Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Organization.

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported in the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The Organization has elected to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

**PLANNED PARENTHOOD NORTH CENTRAL STATES  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2021**

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***Section I - Summary of Auditors' Results***

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***Financial Statements***

1. Type of Auditors' Report Issued: Unmodified
2. Internal Control over Financial Reporting:
- Material Weakness(es) Identified            Yes     X     No
  - Significant Deficiency(ies) Identified            Yes     X     None Reported
3. Noncompliance material to financial statements noted?            Yes     X     No

***Federal Awards***

1. Internal Control over Major Programs:
- Material Weakness(es) Identified            Yes     X     No
  - Significant Deficiency(ies) Identified     X     Yes            None Reported
2. Type of Auditors' Report Issued on Compliance for the Major Programs: Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?     X     Yes            No

***Identification of Major Programs:***

<u>Federal Assistance Listing Number(s)</u>	<u>Name of Federal Program or Cluster</u>
93.297	Teenage Pregnancy Prevention Program

Dollar threshold used to distinguish between Type A and Type B programs: Type A - \$750,000

Auditee qualified as low-risk auditee?            Yes     X     No

**PLANNED PARENTHOOD NORTH CENTRAL STATES  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2021**

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**Section II – Financial Statement Findings**

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Our audit did not disclose any matters required to be reported in accordance with *Government Auditing Standards*.

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**Section III – Findings and Questioned Costs – Major Federal Programs**

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**2021-001: Federal Funding Accountability and Transparency Act of 2006 (FFATA) Reporting**

**Federal Agency:** Department of Health and Human Services  
**Federal Program:** Teenage Pregnancy Prevention Program  
**Federal Assistance Listing Number(s):** 93.297 – Teenage Pregnancy Prevention Program

Transactions Tested	Subaward not reported	Report not timely	Subaward amount incorrect	Subaward missing key elements
-	4	4	N/A	N/A
Dollar Amount of Tested Transactions	Subaward not reported	Report not timely	Subaward amount incorrect	Subaward missing key elements
\$ -	\$ 244,710	\$ 244,710	N/A	N/A

**Award Period:** July 1, 2020 to June 30, 2021

**Type of Finding:** Significant Deficiency in Internal Control over Compliance and Other Matters

**Criteria or Specific Requirement:** The Code of Federal Regulations, 2 CFR Part 170, as required by the Federal Funding Accountability and Transparency Act of 2006, states organizations which make subawards of federal funding with obligations of \$25,000 or greater must complete FFATA reporting of executive compensation to the federal agency no later than the end of the month following the month in which the subaward obligation was made.

**Condition:** During our testing, the Organization reported they had not completed the required FFATA reporting for any of the subawards made during the year ending June 30, 2021 nor subsequent to year-end.

**Context:** During our testing, it was noted the Organization did not have proper procedures in place for ensuring completion of the FFATA reporting for subawards and subawardee executive compensation as required in the federal fund notice of awards.

**Cause:** The Organization made an error and had not completed the required reporting.

**Effect:** By not completing the required FFATA reporting, the Organization is not in compliance with the terms of the award. This did not result in any disallowed costs.



PLANNED PARENTHOOD NORTH CENTRAL STATES  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2021

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*Section III – Findings and Questioned Costs – Major Federal Programs (Continued)*

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**2021-001: Federal Funding Accountability and Transparency Act of 2006 (FFATA) Reporting (Continued)**

**Recommendation:** We recommend the Organization puts a process in place to ensure the required reporting is completed in the timeline allowed by the granting agency and to complete any missed or late reporting as required.

**Views of Responsible Official:** There is no disagreement with the audit finding.

**PLANNED PARENTHOOD NORTH CENTRAL STATES  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
YEAR ENDED JUNE 30, 2021**

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

Planned Parenthood North Central States respectfully submits the following summary schedule of prior audit findings for the year ended June 30, 2021.

Audit period: July 1, 2019 – June 30, 2020

The findings from the prior audit's schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the prior year.

**FINDINGS—FINANCIAL STATEMENT AUDIT**

There were no findings in the current year that require corrective action.

**FINDINGS—FEDERAL AWARD PROGRAMS AUDITS**

2020-001      Subrecipient Monitoring

Condition: The Organization did not obtain or review the most recent single audit reports for subrecipients tested during the audit. There was also no documented review performed to substantiate the timely completion of the annual desk audit required under the Organization's subrecipient monitoring policy.

Status: corrective action was taken. A Sub-recipient Agency Oversight SOP was approved by the Board. In addition, practices identified in the SOP are in practice in this current fiscal year 2021. These procedures provide standards for monitoring of sub-recipient activities.

If the Department of Health and Human Services has questions regarding this plan, please call Cindy J. Kaiser, Chief Operating Officer at 651-389-2390.



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Planned Parenthood North Central States

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

Planned Parenthood North Central States respectfully submits the following corrective action plan for the year ended June 30, 2021.

Audit period: July 1, 2020 – June 30, 2021

The findings from the schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

#### **FINDINGS—FINANCIAL STATEMENT AUDIT**

There were no findings in the current year that require corrective action.

#### **FINDINGS—FEDERAL AWARD PROGRAMS AUDITS**

DEPARTMENT OF HEALTH AND HUMAN SERVICES

2021-001      Teenage Pregnancy Prevent Program – Federal Assistance Listing No. 93.297

Recommendation: Planned Parenthood North Central States should put a process in place to ensure the required FFATA reporting is completed in the timeline allowed by the granting agency and to complete any missed or late FFATA reporting as required.

Explanation of disagreement with audit finding: There is no disagreement with the audit finding.

Action taken in response to finding: Management was aware of the FFATA reporting requirements regarding executive compensation for qualifying sub awards. Due to ongoing issues with the government reporting site, where award recipients were unable to submit the required reports to the website, the requirement had been waived in previous years, and we were unaware that the site was now functional for the first time. Procedures have been updated to make it a requirement that all sub-awards be evaluated to determine if reporting is required and if so, that the reporting is completed on a timely basis. In addition, all current sub-awards have been reviewed and required reporting has been completed.

Name(s) of the contact person(s) responsible for corrective action: Cindy J. Kaiser, COO

Planned completion date for corrective action plan: January 1, 2022

If the Department of Health and Human Services has questions regarding this plan, please call Cindy J. Kaiser, Chief Operating Officer at 651-389-2390.

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