



REPORT OF INDEPENDENT AUDITORS  
AND CONSOLIDATED FINANCIAL STATEMENTS

**PLANNED PARENTHOOD OF THE COLUMBIA WILLAMETTE**

June 30, 2021 and 2020

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## **Report of Independent Auditors**

The Board of Directors  
Planned Parenthood of the Columbia Willamette

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

We have audited the accompanying consolidated financial statements of Planned Parenthood of the Columbia Willamette and Affiliate (PPCW), which comprise the consolidated statements of financial position as of June 30, 2021 and 2020, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

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

Management is responsible for the preparation and fair presentation of these 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.

### ***Auditor's 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. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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 auditor's 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 opinions.

**Opinion**

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of PPCW 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.

**Emphasis of Matter – Revenue Recognition**

As discussed in Note 1 to the financial statements, PPCW adopted Accounting Standards Codification Topic 606, *Revenue from Contracts with Customers* (“ASC 606”). The adoption of the standard resulted in additional footnote disclosures and has been applied retrospectively to all periods presented. Our opinion is not modified with respect to this matter.

**Report on Summarized Comparative Information**

We have previously audited PPCW’s June 30, 2020 financial statements, and expressed an unmodified audit opinion on those audited financial statements in our report dated November 24, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

*Moss Adams LLP*

Portland, Oregon  
November 18, 2021

## Planned Parenthood of the Columbia Willamette Consolidated Statements of Financial Position

	Without Donor Restrictions	With Donor Restrictions	June 30,	
			2021	2020
<b>ASSETS</b>				
Cash and cash equivalents	\$ 6,752,843	\$ 376,774	\$ 7,129,617	\$ 8,253,754
Investments	8,636,941	2,062,769	10,699,710	8,092,281
Accounts receivable, net	833,086	-	833,086	1,160,960
Grants and contracts receivable	625,030	-	625,030	357,650
Inventories	279,207	-	279,207	264,249
Prepaid expenses	200,395	-	200,395	338,144
Contributions receivable - net	20,792	198,972	219,764	717,650
Split-interest agreements	-	917,837	917,837	650,249
Property and equipment, net	19,355,830	-	19,355,830	20,203,990
	<u>\$36,704,124</u>	<u>\$ 3,556,352</u>	<u>\$40,260,476</u>	<u>\$40,038,927</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 1,073,421	\$ -	\$ 1,073,421	\$ 1,100,388
Accrued payroll and related expenses	1,225,405	-	1,225,405	1,115,618
Other accrued liabilities	110,229	-	110,229	73,823
Capital leases	289,871	-	289,871	286,375
Lines of credit	-	-	-	1,500,000
Loans payable, net	7,769,228	-	7,769,228	5,902,234
	<u>10,468,154</u>	<u>-</u>	<u>10,468,154</u>	<u>9,978,438</u>
<b>COMMITMENTS AND CONTINGENCIES (Notes 11, 14, and 20)</b>				
<b>NET ASSETS</b>				
Without donor restrictions				
Undesignated	17,151,301	-	17,151,301	19,896,655
Board designated	9,084,669	-	9,084,669	7,369,554
Net assets with donor restrictions	<u>-</u>	<u>3,556,352</u>	<u>3,556,352</u>	<u>2,794,280</u>
	<u>26,235,970</u>	<u>3,556,352</u>	<u>29,792,322</u>	<u>30,060,489</u>
	<u>\$36,704,124</u>	<u>\$ 3,556,352</u>	<u>\$40,260,476</u>	<u>\$40,038,927</u>

## Planned Parenthood of the Columbia Willamette Consolidated Statements of Activities

	Without Donor Restrictions	With Donor Restrictions	Years Ended June 30,	
			2021	2020
<b>SUPPORT AND REVENUE</b>				
Public support				
Contributions	\$ 4,427,824	\$ 437,341	\$ 4,865,165	\$ 4,444,755
Grant and contracts	1,376,253	-	1,376,253	1,407,130
	<u>5,804,077</u>	<u>437,341</u>	<u>6,241,418</u>	<u>5,851,885</u>
Total contribution, grant, and contract revenue				
Special events revenue	407,883	-	407,883	461,846
Less direct costs of special events	(70,568)	-	(70,568)	(62,175)
	<u>337,315</u>	<u>-</u>	<u>337,315</u>	<u>399,671</u>
Net special events revenue				
In-kind contributions	9,466	-	9,466	14,234
	<u>9,466</u>	<u>-</u>	<u>9,466</u>	<u>14,234</u>
Total public support	6,150,858	437,341	6,588,199	6,265,790
Revenue				
Patient service revenue, net	16,153,047	-	16,153,047	17,405,845
Miscellaneous income	455,856	-	455,856	742,080
	<u>16,608,903</u>	<u>-</u>	<u>16,608,903</u>	<u>18,147,925</u>
Net revenue				
Total support and revenue before net assets released from restrictions – operating	22,759,761	437,341	23,197,102	24,413,715
Net assets released from restrictions – operating	657,001	(657,001)	-	-
	<u>657,001</u>	<u>(657,001)</u>	<u>-</u>	<u>-</u>
Total support and revenue	23,416,762	(219,660)	23,197,102	24,413,715
<b>EXPENSES</b>				
Total program services	21,596,968	-	21,596,968	20,697,512
Supporting and other services				
Management and general	3,864,912	-	3,864,912	4,484,369
Fundraising	813,529	-	813,529	723,347
	<u>4,678,441</u>	<u>-</u>	<u>4,678,441</u>	<u>5,207,716</u>
Total supporting and other services				
Total expenses	26,275,409	-	26,275,409	25,905,228
	<u>26,275,409</u>	<u>-</u>	<u>26,275,409</u>	<u>25,905,228</u>
Decrease in net assets before non-operating income and non-operating releases from restrictions	\$ (2,858,647)	\$ (219,660)	\$ (3,078,307)	\$ (1,491,513)

**Planned Parenthood of the Columbia Willamette  
Consolidated Statements of Activities (continued)**

	Without Donor Restrictions	With Donor Restrictions	Years Ended June 30,	
			2021	2020
Decrease in net assets before non-operating income and non-operating releases from restrictions	\$ (2,858,647)	\$ (219,660)	\$ (3,078,307)	\$ (1,491,513)
Non-operating income				
Capital campaign contributions	-	1,489	1,489	108,800
Education endowment contributions	-	515,000	515,000	36,808
Interest and dividends	150,713	20,867	171,580	276,796
Net realized and unrealized gain (loss) on investments	1,480,319	481,522	1,961,841	(25,030)
Change in value of receivable under split-interest agreements	-	267,588	267,588	(70,916)
Loss on sale or disposal of assets	(107,358)	-	(107,358)	(3,355)
Total non-operating income	(1,334,973)	1,066,806	(268,167)	(1,168,410)
Non-operating releases from restrictions				
Property and equipment acquisitions	304,734	(304,734)	-	-
Increase (decrease) in net assets	(1,030,239)	762,072	(268,167)	(1,168,410)
NET ASSETS, beginning of year	27,266,209	2,794,280	30,060,489	31,228,899
NET ASSETS, end of year	<u>\$26,235,970</u>	<u>\$ 3,556,352</u>	<u>\$29,792,322</u>	<u>\$30,060,489</u>

**Planned Parenthood of the Columbia Willamette**  
**Consolidated Statements of Functional Expenses**  
**Year Ended June 30, 2021**  
**(with Summarized Financial Information for the Year Ended June 30, 2020)**

	Program Services				Supporting and Other Services			Total	
	Patient Services	Education and Community Engagement	Public Affairs	Total	Management and General	Fundraising	Total	2021	2020
Salaries and related expenses	\$11,524,947	\$ 634,132	\$ -	\$12,159,079	\$ 2,627,580	\$ 611,420	\$ 3,239,000	\$15,398,079	\$15,146,698
Other expenses									
Professional fees – labs and physicians	457,873	-	-	457,873	2,596	-	2,596	460,469	494,346
Professional fees – other	1,717,372	1,509	-	1,718,881	304,280	3,878	308,158	2,027,039	2,188,649
Supplies – medical	3,317,901	21	-	3,317,922	58	18	76	3,317,998	3,235,621
Supplies – program	62,045	5,257	-	67,302	3,209	2,084	5,293	72,595	136,601
Telephone and network	340,764	24,509	-	365,273	69,490	17,977	87,467	452,740	249,776
Printing, postage, and shipping	17,474	1,974	-	19,448	14,524	30,244	44,768	64,216	44,243
Advertising	1,491	-	-	1,491	313,559	1,290	314,849	316,340	442,622
Occupancy	845,065	18,176	-	863,241	60,128	15,966	76,094	939,335	819,912
Equipment	534,862	14,326	-	549,188	142,397	34,820	177,217	726,405	763,565
Insurance	311,595	4,364	-	315,959	29,732	3,847	33,579	349,538	303,801
Travel, training, and staff appreciation	85,344	4,496	-	89,840	101,447	2,000	103,447	193,287	358,388
Membership dues	7,368	2,003	250,959	260,330	12,207	32,438	44,645	304,975	399,264
Interest	146,780	10,639	-	157,419	34,904	9,379	44,283	201,702	174,017
Miscellaneous	161,272	11,352	178,500	351,124	42,415	12,635	55,050	406,174	222,741
Total other expenses	8,007,206	98,626	429,459	8,535,291	1,130,946	166,576	1,297,522	9,832,813	9,833,546
Depreciation and amortization	865,144	37,454	-	902,598	106,386	35,533	141,919	1,044,517	924,984
Total expenses	<u>\$20,397,297</u>	<u>\$ 770,212</u>	<u>\$ 429,459</u>	<u>\$21,596,968</u>	<u>\$ 3,864,912</u>	<u>\$ 813,529</u>	<u>\$ 4,678,441</u>	<u>\$26,275,409</u>	<u>\$25,905,228</u>



**Planned Parenthood of the Columbia Willamette  
Consolidated Statements of Cash Flows**

	Years Ended June 30,	
	2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ (268,167)	\$ (1,168,410)
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	1,044,517	924,984
Allowance for doubtful accounts on accounts receivable	(102,884)	(891,993)
Net realized and unrealized gain on investments	(1,961,841)	25,030
Change in value of split-interest agreement agreements	(267,588)	70,916
Amortization of debt issuance costs	2,623	2,623
Contributions restricted for permanent endowment and capital campaign	(515,000)	(36,808)
Changes in discount on contributions receivable	(5,890)	(11,630)
Loss on sale of property and equipment	107,358	3,355
(Increase) decrease in		
Accounts receivable	430,758	1,812,621
Grants and contracts receivable	(267,380)	96,753
Inventories	(14,958)	17,980
Prepaid expenses	137,749	105,174
Contributions receivable	503,776	552,370
Accounts payable	(31,967)	(844,265)
Accrued payroll and related expenses	109,787	299,263
Other accrued liabilities	36,406	(67,554)
Net cash (used in) provided by operating activities	<u>(1,062,701)</u>	<u>890,409</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sale of investments	2,879,285	5,603,232
Purchases of investments	(3,524,873)	(5,906,930)
Additions to property and equipment	<u>(33,977)</u>	<u>(3,367,774)</u>
Net cash used in investing activities	<u>(679,565)</u>	<u>(3,671,472)</u>

## Planned Parenthood of the Columbia Willamette Consolidated Statements of Cash Flows

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	Years Ended June 30,	
	<u>2021</u>	<u>2020</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from PPP Loan	\$ 2,000,000	\$ 2,636,200
Principal payments on loans payable	(135,629)	(128,963)
Payments on revolving line of credit	(1,500,000)	-
Repayment on capital lease obligations	(261,242)	(68,717)
Proceeds from contributions restricted to permanent endowment and capital campaign	<u>515,000</u>	<u>36,808</u>
Net cash provided by financing activities	<u>618,129</u>	<u>2,475,328</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	(1,124,137)	(305,735)
CASH AND CASH EQUIVALENTS, beginning of year	<u>8,253,754</u>	<u>8,559,489</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 7,129,617</u>	<u>\$ 8,253,754</u>
<b>SUPPLEMENTAL DISCLOSURES OF CASH</b>		
Cash paid for interest	<u>\$ 199,079</u>	<u>\$ 243,894</u>
<b>SUPPLEMENTAL DISCLOSURES OF NONCASH INFORMATION</b>		
Assets in progress included in accounts payable	<u>\$ 5,000</u>	<u>\$ 186,707</u>
Additions of equipment through capital leases	<u>\$ 264,738</u>	<u>\$ 172,800</u>

# Planned Parenthood of the Columbia Willamette

## Notes to Consolidated Financial Statements

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### Note 1 – Nature of Activities and Summary of Significant Accounting Policies

#### Nature of activities

Planned Parenthood of the Columbia Willamette (PPCW) (a not-for-profit corporation) was incorporated in 1963, and today provides, promotes, and protects access to sexual and reproductive health services. PPCW's main sources of revenue are program service fees, grants from government agencies, and private contributions.

PPCW is accredited by Planned Parenthood Federation of America (PPFA). PPCW is required to comply with PPFA medical, program, and administrative standards as a prerequisite to using the Planned Parenthood name. In order to ensure such compliance, all affiliates undergo an accreditation process every three years. PPCW's current accreditation expires in 2021.

As of June 30, 2021, PPCW operates seven health centers: six in Oregon (southeast and northeast Portland, Milwaukie, Beaverton, Salem, and Bend) and one in Vancouver, Washington.

#### Program services

The following program service functions are provided by PPCW:

*Patient services* – Patient Services provide high-quality and supportive reproductive health care for women and men through seven health centers in Oregon and Southwest Washington. Services include low-cost birth control methods and supplies; pregnancy testing and options counseling including referrals for parenting resources, adoption, and prenatal care; abortion; annual wellness exams including pap smears, breast and pelvic exams; testing and treatment of sexually transmitted diseases and infections; HIV testing and referrals; cervical cancer screening and treatment including colposcopy and LEEP services; vasectomy and post-vasectomy exams and testing; and preventive health education.

*Education and community engagement* – PPCW provides high-quality empowering education and engagement programs to promote reproductive health, improve community health, and support social justice within our health centers and surrounding communities.

Through partnerships with other Planned Parenthood affiliates and local institutions, PPCW provides an array of programs in communities where the need is greatest. PPCW implements programs that assist young people, their families, schools and community-based organizations with information, tools, and technical support needed to prevent unintended pregnancies, sexually transmitted infections and to be in control of their sexual and reproductive health. The programs provide young people with the necessary support and opportunities to prepare for successful adulthood and avoid problem behavior.

PPCW also facilitates peer education programs in which highly trained and motivated high school students mentor and teach their peers in formal and informal settings to help teens develop healthy sexual attitudes and behaviors and make informed choices in their lives.

In an effort to build upon existing community partnerships and create a coordinated effort to address health disparities, PPCW utilized resources from the Health Equity Initiative to build the organization's cultural competency and awareness, and to increase outreach and education to, and partnerships with, underserved communities for the purpose of building awareness about the broad range of services PPCW offers and to spread knowledge and skills.

# Planned Parenthood of the Columbia Willamette

## Notes to Consolidated Financial Statements

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### Note 1 – Nature of Activities and Summary of Significant Accounting Policies (continued)

*Public affairs* – The Public Affairs program provides information, support, and training that helps PPCW supporters influence public policy and the legislative process. PPCW works with local, state, and national officials and through public-information and grassroots organizing to make sure that reproductive health care is recognized as a basic and fundamental health-care service; improve access to family planning services; improve the availability and accuracy of sexuality education in public schools; keep abortion safe and legal; and reduce teen pregnancy rates in Oregon and Southwest Washington.

#### Summary of significant accounting policies

The significant accounting policies followed by PPCW are described below to enhance the usefulness of the consolidated financial statements to the reader.

*Principles of consolidation* – The consolidated financial statements include the accounts of PPCW and its wholly owned affiliate, 14601 SE Division LLC. All significant intercompany investments, accounts and transactions have been eliminated in the consolidated financial statements.

*Basis of presentation* – Net assets, revenues, gains and losses are classified on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

- *Net assets without donor restrictions* – Net assets that are not subject to donor-imposed stipulations.
- *Net assets with donor restrictions* – Net assets subject to donor-imposed stipulations that may or will be met, either by actions of PPCW and/or the passage of times. When a restriction is met, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Also included in this category are net assets subject to donor-imposed stipulations which must be maintained in perpetuity by PPCW. Generally, the donors of these assets permit PPCW to use all or part of the income earned on any related investments for general or specific purposes.

Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. 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 net assets released from restrictions.

*Use of estimates* – The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions. Those estimates and assumptions affect the reported amounts of assets and liabilities and the 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 periods. Actual results could differ from those estimates.

Significant estimates include estimated accounts receivable from patients and third-party payors, the related allowance for doubtful accounts receivable, and depreciation and amortization expense.

## Planned Parenthood of the Columbia Willamette Notes to Consolidated Financial Statements

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### Note 1 – Nature of Activities and Summary of Significant Accounting Policies (continued)

*Cash and cash equivalents* – PPCW considers all highly liquid debt instruments with a maturity of three months or less to be cash equivalents. At June 30, 2021 and 2020, and on occasion throughout the respective years, cash and cash equivalents include bank deposits in excess of Federal Deposit Insurance Corporation limits.

*Investments and investment return* – PPCW carries investments with readily determinable fair values at their fair values in the accompanying consolidated statements of financial position. Unrealized and realized gains and losses are included in the change in net assets in the accompanying consolidated statements of activities, net of investment expenses.

*Inventories* – Inventories of contraceptives and medical supplies are valued at the lower of cost or net realizable value. Cost is determined using the first-in, first-out method.

*Accounts receivable* – Accounts receivable are recognized as goods and services are provided. At the discretion of management, certain delinquent accounts may be assessed finance charges, which are recognized as income when charged.

Accounts receivable are reduced by an allowance for contractual arrangements as well as an allowance for doubtful accounts. In evaluating the collectability of accounts receivable, PPCW analyzes its history and identifies trends for each of its major payor sources of revenue to estimate the appropriate allowance for doubtful accounts and provision for bad debts. Management regularly reviews data about these major payor sources of revenue in evaluating the sufficiency of the allowance for doubtful accounts. The major receivable classes include commercial insurance receivables, Medicaid and Medicaid Expansion program receivables, and patient receivables. For each of these classes, PPCW records a provision for bad debts in the period of service on the basis of its past experience. Receivables are written off when they are determined to be uncollectible and management has exhausted all reasonable collection efforts.

*Property and equipment* – Purchased property and equipment are recorded at cost. Donated property and equipment are recorded as contributions and as assets at their estimated fair values at the date of receipt. Depreciation and amortization are calculated using the straight-line method over the estimated useful lives of the assets, which range from 3 to 35 years. PPCW follows the practice of capitalizing all expenditures for property and equipment in excess of \$2,500. Amortization expense on capital lease equipment was \$113,690 and \$89,690 for the years ended June 30, 2021 and 2020, respectively. Accumulated amortization on capital lease equipment was approximately \$116,854 and \$89,690 for the years ended June 30, 2021 and 2020, respectively. PPCW is obligated under capital lease agreements for equipment with an imputed interest rate of 5%. Future minimum lease payments under these agreements range from approximately \$58,500 to \$61,300 through the year ending June 30, 2022 and approximately \$15,000 for the year ending June 30, 2023.

Artwork with a carrying value of \$123,021 at June 30, 2021 and 2020, is not depreciated.

## Planned Parenthood of the Columbia Willamette

### Notes to Consolidated Financial Statements

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#### Note 1 – Nature of Activities and Summary of Significant Accounting Policies (continued)

*Contribution recognition* – Contributions, which include unconditional promises to give, are recognized as revenues in the period received. Conditional promises to give, that is, those with a measurable performance-related barrier and a right of return, are not recognized in net assets until they become unconditional, that is, when the conditions on which they depend are substantially met.

PPCW reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions.

PPCW reports gifts of property and equipment as without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, PPCW reports expirations of donor restrictions when the donated long-lived assets are placed in service.

*Net patient service revenue* – Patient service revenue is reported at the amount that reflects the consideration to which PPCW expects to be entitled in exchange for providing patient care. These amounts, representing transaction price, are due from third-party, patients and others. Generally, PPCW bills the third-party payors and patients several days after the services are performed. Revenue is recognized as performance obligations are satisfied.

PPCW measures the performance obligation at the time the services are performed. Because all of its performance obligations relate to contracts with a duration of less than one year, PPCW has elected to apply the optional exemption provided in Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 606-10-50-14(a) and, therefore, is not required to disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period. The performance obligations for these contracts are generally completed at the time of service.

PPCW is utilizing the portfolio approach practical expedient in ASC 606 for contracts related to patient service revenue. PPCW accounts for the contracts within each portfolio as a collective group, rather than individual contracts, based on the payment pattern expected in each portfolio category and the similar nature and characteristics of the patients within each portfolio. As a result, PPCW has concluded that revenue for a given portfolio would not be materially different than if accounting for revenue on a contract-by-contract basis.

## Planned Parenthood of the Columbia Willamette Notes to Consolidated Financial Statements

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### Note 1 – Nature of Activities and Summary of Significant Accounting Policies (continued)

PPCW has agreements with third-party payors, which include commercial insurance, Medicaid, and other third-party payors, that generally provide for payments at amounts different from its established rates. PPCW recognizes revenue based on established or contracted rates, subject to certain discounts and implicit price concessions as determined by PPCW. PPCW determines the transaction price based on standard charges for services provided, reduced by contractual adjustments provided to third-party payors, discounts provided to uninsured patients in accordance with PPCW's policy, and implicit price concessions provided to patients. Implicit price concessions represent differences between amounts billed and the estimated consideration PPCW expects to receive from payors and patients, which are determined based on historical collection experience, current market conditions and other factors. PPCW determines its estimates of contractual adjustments and discounts based on contractual agreements, discount policies, and historical experience.

Entities doing business with governmental payors, including Medicaid, are subject to risks unique to the government-contracting environment that is difficult to anticipate and quantify. Revenues are subject to adjustment as a result of examination by government agencies as well as auditors, contractors, and intermediaries retained by the federal, state, or local governments (collectively "Government Agents"). Resolution of such audits or reviews often extends (and in some cases does not even commence until) several years beyond the year in which services were rendered and/or fees received.

Moreover, different Government Agents frequently interpret government regulations or other requirements differently. For example, Government Agents might disagree on a patient's principal medical diagnosis, the appropriate code for a clinical procedure, or many other matters. Such disagreements might have a significant effect on the ultimate payout due from the government to fully recoup sums already paid. Governmental agencies may make changes in program interpretations, requirements, or "conditions of participation," some of which may have implications for amounts previously estimated. In addition to varying interpretation and evolving codification of the regulations, standards of supporting documentation and required data are subject to wide variation.

In accordance with generally accepted accounting principles, to account for the uncertainty around Medicaid revenues, PPCW estimates the amount of revenue that will ultimately be received under the Medicaid program. Amounts ultimately received or paid may vary significantly from these estimates.

Generally, patients who are covered by third-party payors are responsible for patient responsibility balances, including deductibles and coinsurance established by their insurance plans, which vary in amount. PPCW 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 such changes occur or it can be reasonably determined such change is probable. Adjustments arising from a change in the transaction price were not significant in the years ending June 30, 2021 and 2020.

# Planned Parenthood of the Columbia Willamette

## Notes to Consolidated Financial Statements

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### Note 1 – Nature of Activities and Summary of Significant Accounting Policies (continued)

PPCW provides discounted services to self-pay (uninsured) patients on a sliding fee scale based on the patient's gross income.

Patient service revenue, net recognized during the years ended June 30, 2021 and 2020, from these major payor sources is approximately as follows:

	<u>2021</u>	<u>2020</u>
Medicaid	\$ 9,115,061	\$ 9,695,438
Commercial insurance	4,898,166	4,436,838
Self-pay patients	<u>2,139,820</u>	<u>3,273,569</u>
	<u>\$ 16,153,047</u>	<u>\$ 17,405,845</u>

PPCW has elected the practical expedient allowed under FASB ASC 606-10-32-18 and does not adjust the promised amount of consideration from patients and third-party payors for the effects of a significant financing component due to PPCW's expectation that the period between the time the service is provided to a patient and the time that the patient or a third-party payor pays for that service will be one year or less. However, PPCW does, in certain instances, enter into payment agreements with patients that allow payments in excess of one year. For those cases, the financing component is not deemed to be significant to the contract.

*Donated services* – During the years ended June 30, 2021 and 2020, PPCW recorded donated services (consisting principally of professional services) totaling \$9,311 and \$11,220, respectively. The donated services were charged to management and general expense. In addition, a substantial number of volunteers have donated significant amounts of their time to PPCW's program services and its fundraising campaigns, which has not been recorded since the appropriate recognition criteria have not been met.

*Advertising* – PPCW expenses the cost of advertising as incurred. Advertising costs total \$316,340 and \$442,622 for the years ended June 30, 2021 and 2020, respectively.

*Income taxes* – Income taxes are not provided for in the consolidated financial statements since PPCW is exempt from Federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC) and similar state provisions except for tax on activities unrelated to its exempt purpose. Any tax from activities unrelated to the exempt purpose would be immaterial and has not been reflected in the consolidated financial statements. PPCW is not classified as a private foundation.

Management does not believe PPCW has undertaken any uncertain tax positions. Accordingly, no liability for uncertain tax positions has been recorded. PPCW did not incur any penalty or interest related to its tax positions. If any were incurred, they would be recorded as a component of management and general expenses.

PPCW files informational returns with the Internal Revenue Service and the State of Oregon. 14601 SE Division LLC is a disregarded entity for income tax purposes; therefore, files no tax return. There are currently no examinations in progress for any periods.



## Planned Parenthood of the Columbia Willamette Notes to Consolidated Financial Statements

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### Note 1 – Nature of Activities and Summary of Significant Accounting Policies (continued)

*Functional allocation of expenses* – Costs of providing various programs and other activities have been summarized on a functional basis in the consolidated statements of functional expenses. Certain specific costs have been allocated among the programs and supporting services directly benefited. Expenses are allocated on the basis of estimates of time and effort. It is not the practice of PPCW to allocate indirect management and general expenses to programs.

*Recently adopted standards* – In May 2014, the FASB issued Accounting Standards Update (“ASU”) No. 2014-09, Revenue from Contracts with Customers (Topic 606) (“ASU 2014-09”), which provides that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services by identifying the contract(s) with a customer, identifying the performance obligations in the contract, determining the transaction price, allocating the transaction price to the performance obligations in the contract, and recognizing revenue when (or as) the entity satisfied a performance obligation.

On July 1, 2020, PPCW adopted ASU 2014-09 applying the modified retrospective method. There was no cumulative effect on the opening balance of net assets as a result of adopting the standard as of July 1, 2020. The adoption of the standard resulted in additional footnote disclosures and has been applied to the period beginning July 1, 2020.

PPCW also adopted Accounting Standards Update (ASU) No. 2018-13, Fair Value Measurement (Topic 820): Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurement. This guidance is intended to improve the effectiveness of disclosures in the notes to the financial statements by facilitating clear communication of the information required that is most important to users of the financial statements. The standard modifies the disclosure requirements on fair value measurements founded within ASC Topic 820, Fair Value Measurements, including streamlining disclosures related to transfers between Level 1 and Level 2 classifications, and simplifying disclosures for Level 3 assets and liabilities. PPCW’s fair value disclosures in Note 17 reflect the changes required by ASU No. 2018-13.

*Recent accounting pronouncements* – In February 2016, the FASB issued ASU No. 2016-02, *Leases* (ASU 2016-02). ASU 2016-02 requires a lessee to record a right of use asset and a corresponding lease liability on the balance sheet for all leases with terms longer than 12 months. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest period presented in the financial statements. On May 20, 2020, the FASB approved the deferral of the effective date for private companies that have not issued financial statements reflecting the adoption of the ASU. The new effective date for adoption of the ASU is annual reporting periods beginning after December 15, 2021. PPCW has elected the deferral of the adoption of this standard. PPCW is evaluating the impact of the pending adoption of the new standard on the financial statements.

*Summarized Financial Information for 2020* – The consolidated financial statements include certain 2020 summarized financial information. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with PPCW’s consolidated financial statements for the year ended June 30, 2020, from which the summarized information was derived.

# Planned Parenthood of the Columbia Willamette

## Notes to Consolidated Financial Statements

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### Note 1 – Nature of Activities and Summary of Significant Accounting Policies (continued)

*Reclassifications* – Certain amounts in the prior year financial statements have been reclassified to conform to the current year presentation. These reclassifications have no impact on total net assets or the change in net assets.

*Subsequent events* – Subsequent events are events or transactions that occur after the statement of financial position date but before the consolidated financial statements are available to be issued. PPCW recognized in the consolidated financial statements the effect of all subsequent events that provide additional evidence about conditions that existed at the date of the statement of financial position, including the estimates inherent in the process of preparing the consolidated financial statements. PPCW's consolidated financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the statement of financial position but arose after the statement of financial position date and before the consolidated financial statements are available to be issued. PPCW has evaluated subsequent events through November 18, 2021, which is the date the financial statements were available to be issued. See Note 21.

### Note 2 – Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restriction limiting their use, within one year of the statements of financial position date, comprise the following for the year ended June 30:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 6,752,843	\$ 7,863,820
Investments	8,636,941	7,018,541
Accounts receivable – net of allowance for doubtful accounts	<u>833,086</u>	<u>1,160,960</u>
	<u>\$ 16,222,870</u>	<u>\$ 16,043,321</u>

At a high level, liquidity is managed through the allocation of investments to asset classes and target ranges. As part of PPCW's liquidity management plan, they invest excess cash in short-term investments and money market funds.

PPCW's total net assets at June 30, 2021 and 2020 are \$29,792,322 and \$30,060,489, respectively. Net assets are comprised of both net assets with donor restrictions and net assets without donor restrictions. PPCW's net assets with donor restrictions consist of both donor-restricted endowments as well as Board-designated net assets. Board-designated net assets represent dollars approved by the Board to be set aside for various initiatives. At June 30, 2021 and 2020, the Board-designated net assets totaled \$9,084,669 and \$7,369,554, respectively. While these Board-designated net assets are identified for specified use, they can be made available to PPCW for other purposes as deemed appropriate by the Board.

PPCW's donor-restricted endowment totaled \$1,513,293 and \$998,752 at June 30, 2021 and 2020, respectively. Detail about the donor-restricted endowment is explained in Note 9.

## Planned Parenthood of the Columbia Willamette Notes to Consolidated Financial Statements

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### Note 3 – Investments

Investments consist of the following at June 30:

	2021	2020
Equities		
Common stocks	\$ 2,227,162	\$ 1,525,054
Mutual funds	2,886,150	2,726,786
Total equities	5,113,312	4,251,840
Certificate of Deposits	1,761,561	1,729,458
Fixed income Funds	1,408,170	837,458
Investments held at Oregon Community Foundation	2,416,667	1,273,525
Total Investments	\$ 10,699,710	\$ 8,092,281

PPCW has an agreement with the Oregon Community Foundation (OCF) to transfer certain of its investments to OCF in order to achieve improved performance results and enhanced long-term planned giving goals. The agreement gives OCF variance power, that is, terms which grant OCF's Board of Directors the authority to modify restrictions and conditions of the fund agreement under certain circumstances. The agreement stipulates that OCF will distribute a percentage of the fair market value of the fund to PPCW based on the expected total return on the investments of the permanent funds of OCF and other factors. The agreement specifies that such percentage shall not be less than a reasonable rate of return. Additional distributions may be made on a resolution of both organizations' Boards of Directors.

## Planned Parenthood of the Columbia Willamette

### Notes to Consolidated Financial Statements

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#### Note 4 – Contributions Receivable – Net

PPCW had unconditional promises to give representing the following at June 30:

	<u>2021</u>	<u>2020</u>
Southeast remodel capital campaign	\$ -	\$ 296,887
Education and outreach	79,404	162,004
Other purpose restrictions	119,107	236,466
Time restrictions	21,253	37,753
Allowance	-	(15,460)
	<u>          </u>	<u>          </u>
Total	<u>\$ 219,764</u>	<u>\$ 717,650</u>
Unconditional promises expected to be collected within		
Less than one year	\$ 216,253	\$ 502,776
One to five years	5,000	222,253
	<u>          </u>	<u>          </u>
Total	221,253	725,029
Less discount to net present value *	<u>(1,489)</u>	<u>(7,379)</u>
	<u>\$ 219,764</u>	<u>\$ 717,650</u>

\* Discounts on contributions receivable were calculated using discount rate of 1.5 percent for the years ended June 30, 2021 and 2020.

At June 30, 2021 and 2020, approximately 90 and 81 percent of net contributions receivable was due from one and two donor(s), respectively.

#### Note 5 – Split-Interest Agreements

PPCW is a beneficiary under 15 split-interest agreements. The split-interest agreements are initially recorded as a receivable and as contributions with donor restrictions in the consolidated statements of activities. These split-interest agreements are valued at PPCW's share of the fair value of the underlying assets, and have been discounted using rates ranging from 2 percent to 8 percent and applicable mortality tables. Adjustments to the receivable to reflect amortization of the discount or changes in actuarial assumptions are recognized as changes in value of split-interest agreements in the consolidated statements of activities.

	<u>2021</u>	<u>2020</u>
Present value of interest in charitable remainder unitrusts and charitable gift annuities	<u>\$ 917,837</u>	<u>\$ 650,249</u>

**Planned Parenthood of the Columbia Willamette**  
**Notes to Consolidated Financial Statements**

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**Note 6 – Property and Equipment, Net**

Property and equipment consist of the following at June 30:

	<u>2021</u>	<u>2020</u>
Land	\$ 3,551,756	\$ 3,551,756
Buildings and improvements	20,581,895	20,476,409
Leasehold improvements	1,173,724	1,173,724
Furniture and office equipment	5,334,324	5,283,246
Medical equipment	<u>864,830</u>	<u>855,765</u>
	31,506,529	31,340,900
Less accumulated depreciation and amortization	<u>(12,187,593)</u>	<u>(11,240,601)</u>
	19,318,936	20,100,299
Assets in progress	<u>36,894</u>	<u>103,691</u>
Property and equipment, net	<u><u>\$ 19,355,830</u></u>	<u><u>\$ 20,203,990</u></u>

## Planned Parenthood of the Columbia Willamette

### Notes to Consolidated Financial Statements

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#### Note 7 – Loans Payable, Net

Loans payable consisted of the following at June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Loan payable to JP Morgan Chase Bank, N.A. with monthly payments of \$9,665 due through July 1, 2039, the maturity date of the loan. The loan bears interest at 4.24 percent per annum. The loan is secured by real property.	\$ 870,772	\$ 947,517
Loan payable to Washington Trust Bank with monthly payments of \$15,016. The loan bears interest at the three-year Federal Home Loan Bank intermediate/long-term advance rate plus 2.50 percent per annum (5.18 percent at June 30, 2021 and 2020) and will be adjusted once every three years during the term of the loan. The remaining principal balance plus accrued interest is due on April 5, 2027. The loan is secured by a security interest in property.	2,277,331	2,336,215
Loan payable to Washington Trust Bank with monthly payments of \$148,357 starting September 15, 2021 due through April 15, 2025. The loan was granted under the Paycheck Protection Program (PPP) offered by the SBA under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). The loan bears interest at 1% and is subject to partial or full forgiveness if PPCW: uses all proceeds for eligible purposes; maintains certain employment levels; and maintains certain compensation levels in accordance with and subject to the CARES Act and the rules, regulations and guidance.	2,636,200	2,636,200
Loan payable to Washington Trust Bank with monthly payments of \$42,525 starting April 12, 2022, due through March 12, 2026. The loan was granted under the Paycheck Protection Program (PPP) offered by the SBA under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). The loan bears interest at 1% and is subject to partial or full forgiveness if PPCW: uses all proceeds for eligible purposes; maintains certain employment levels; and maintains certain compensation levels in accordance with and subject to the CARES Act and the rules, regulations and guidance.	<u>2,000,000</u>	<u>-</u>
	7,784,303	5,919,932
Less debt issuance costs – net of accumulated amortization of \$10,928	<u>(15,075)</u>	<u>(17,698)</u>
	<u>\$ 7,769,228</u>	<u>\$ 5,902,234</u>

## Planned Parenthood of the Columbia Willamette Notes to Consolidated Financial Statements

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### Note 7 – Loans Payable, Net (continued)

Total cash paid for interest during the years ended June 30, 2021 and 2020, was \$199,079 and \$243,894, respectively. Of these amounts, \$0 and \$72,500, respectively, was capitalized and is included in assets in progress and \$196,456 and \$174,017, respectively, was charged to expense. Non-cash amortization of loan fees included in interest expense during the years ended June 30, 2021 and 2020, was \$2,623.

Future minimum payments due under the above agreements at June 30, 2021, exclusive of unamortized issuance costs, are as follows:

Years Ending June 30, 2022	\$ 828,027
2023	1,367,660
2024	1,389,488
2025	1,300,285
2026	569,930
Thereafter	2,328,913
	\$ 7,784,303

The above notes contain covenants regarding financial statement amounts, ratios, and activities of PPCW. As of June 30, 2021, PPCW was out of compliance with its debt service coverage ratio requirement with JP Morgan Chase Bank, N.A. and Washington Trust Bank. Subsequent to year end, both banks have waived the covenant violation. In addition, PPCW refinanced its \$2.3 million loan with Washington Trust Bank, see Note 21.

### Note 8 – Board and Other Designated Net Assets

Net assets without donor restrictions have been designated by the Board as follows at June 30:

	2021	2020
Undesignated	\$ 5,564,699	\$ 7,094,899
Board designated	9,084,669	7,369,554
Property and equipment	11,586,602	12,801,756
	\$ 26,235,970	\$ 27,266,209

Certain net assets without donor restrictions have been designated by the Board of Directors for special purposes. The PPCW Endowment Fund was established by the Board to designate funds as a quasi-endowment. In accordance with the Board's policy, all undesignated bequests, undesignated planned gifts, and contributions designated for this quasi-endowment are included in the PPCW Endowment Fund. During the Care Build Change campaign, certain undesignated bequests and planned gifts are directed to the Education Endowment, not the Board quasi-endowment. The income earned on the principal is used to support the programs and services of PPCW. Only under unusual circumstances may the Board, by a two-third vote of the full Board, utilize the principal to meet the urgent needs of PPCW.

## Planned Parenthood of the Columbia Willamette

### Notes to Consolidated Financial Statements

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#### Note 8 – Board and Other Designated Net Assets (continued)

Board designated net assets without donor restrictions consist of the following at June 30:

	<u>2021</u>	<u>2020</u>
PPCW Board designated endowment fund	\$ 8,075,959	\$ 6,582,122
Mark Nichols Endowment Fund	52,951	43,613
Education Endowment Fund	<u>778,691</u>	<u>566,751</u>
Total Board designated endowment funds	8,907,601	7,192,486
Evona Brim Education Fund	<u>177,068</u>	<u>177,068</u>
	<u>\$ 9,084,669</u>	<u>\$ 7,369,554</u>

#### Note 9 – Net Assets with Donor Restrictions

Net assets with donor restrictions that will be met either by actions of PPCW or the passage of time consist of the following at June 30:

	<u>2021</u>	<u>2020</u>
Split-interest agreements	\$ 917,837	\$ 650,249
Southeast remodel capital campaign	-	289,995
Patient assistance	226,044	238,238
Education	487,029	75,027
Disparities	30,000	57,267
Equal Access Fund	38,363	38,654
Breast health	26,888	26,888
Voluntary sterilization funds	20,479	20,479
Restricted income from endowments	62,446	4,618
Other	<u>233,973</u>	<u>394,113</u>
	<u>\$ 2,043,059</u>	<u>\$ 1,795,528</u>



## Planned Parenthood of the Columbia Willamette Notes to Consolidated Financial Statements

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### Note 9 – Net Assets with Donor Restrictions (continued)

Net assets with donor restrictions that are perpetual in nature consist of the following at June 30:

	2021	2020
Ruth Magnuson Roberts Endowment Fund	\$ 100,000	\$ 100,000
Fanny and Patricia Turtledove Educational Endowment Fund	262,344	262,804
Planned Parenthood Columbia/Willamette Education Endowment Fund at OCF	1,150,949	635,948
	\$ 1,513,293	\$ 998,752

The interest and dividends from the Roberts endowment are available for general operations. The income from the Turtledove endowment and Education endowment at OCF are available to support the education program.

### Note 10 – Net Assets Released from Restrictions

Net assets were released from donor restrictions by incurring expenses satisfying the following purposes during the year ended June 30:

	2021	2020
Operating releases		
Turtledove Educational Endowment Fund earnings	\$ 13,800	\$ 13,824
Ruth Magnusen Roberts Endowment Fund earnings	5,256	5,352
Patient assistance	106,387	75,007
Disparities	57,267	80,242
Health center capital	16,000	-
Education	253,038	345,183
Time restrictions	253	59,268
Other	205,000	220,000
Total operating releases	657,001	798,876
Asset acquisition releases:		
Southeast capital improvements	304,734	2,915,951
Total asset acquisition releases	304,734	2,915,951
Total net assets released from restrictions	\$ 961,735	\$ 3,714,827

## Planned Parenthood of the Columbia Willamette

### Notes to Consolidated Financial Statements

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#### Note 11 – Commitments

PPCW leases various health center and administrative facilities under operating lease agreements expiring through April 2027.

Future minimum annual lease payments under the leases are as follows at June 30, 2021:

Years Ending June 30, 2022	\$	218,624
2023		151,819
2024		153,637
2025		91,200
2026		91,200
Thereafter		<u>76,000</u>
	\$	<u>782,480</u>

Total rent expense for the years ended June 30, 2021 and 2020, (including other incidental rent charges incurred not related to the leases described above), was \$208,492 and \$203,843, respectively.

PPCW sub-leases space to tenants under operating lease agreements that expire through March 2024. Monthly rent payments range from \$1,090 to \$1,150 during the lease terms. Rental income under these leases was \$64,275 and \$57,070 for the years ended June 30, 2021 and 2020, respectively.

Future minimum annual lease income under the leases is as follows at June 30, 2021:

Years Ending June 30, 2022	\$	13,170
2023		13,530
2024		<u>10,350</u>
	\$	<u>37,050</u>

#### Note 12 – Retirement Plan

PPCW sponsors a 403(b) retirement plan (the Plan) that is available to all employees who meet certain eligibility requirements. The Plan provides for elective employee deferrals and discretionary employer matching contributions. For the years ended June 30, 2021 and 2020, the discretionary employer matching contribution equaled 50 percent of the employee deferrals up to 6 percent of compensation, and totaled \$257,354 and \$231,419, respectively.

## **Planned Parenthood of the Columbia Willamette Notes to Consolidated Financial Statements**

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### **Note 13 – Affiliated Organizations**

PPCW is affiliated with Planned Parenthood Advocates of Oregon (PPAO) and Planned Parenthood Votes Northwest (PPVNW). Each of these organizations are separate corporations exempt from Federal and state income taxes under Section 501(c)(4) of the IRC and similar state provisions. The purpose of these entities is to enhance affiliate impact on public policy concerning reproductive health care. Currently, representatives from PPCW serve on the boards of both PPAO and PPVNW. For the years ended June 30, 2021 and 2020, PPCW paid dues of \$231,746 and \$19,213 and \$248,301 and \$19,213, to PPAO and PPVNW, respectively.

PPCW paid dues of \$30,000 and \$116,232 to PPFA for the years ended June 30, 2021 and 2020, and also paid dues of \$3,000 and \$6,000 to the Affiliate Chief Executives Council during the years ended June 30, 2021 and 2020.

In March 2016, PPCW entered into a member agreement with Planned Parenthood Laboratory Services Cooperative (PPLSC), a cooperative hospital service organization, organized under Section 501(c)(3) and 501(e) of the IRC. PPLSC performs laboratory services for all member organizations. PPCW received approximately \$411,354 and \$646,000 in shared revenue from PPLSC during the years ended June 30, 2021 and 2020, respectively.

### **Note 14 – Significant Sources of Revenue and Contingencies**

A significant portion of PPCW's support and revenues are earned under contracts with the U.S. Department of Health and Human Services and the State of Oregon and State of Washington Health Divisions. Amounts received or receivable from these contracting agencies are subject to audit and potential adjustment by contracting agencies. Any disallowed claims, including amounts already collected, would become a liability of PPCW if so determined in the future. It is management's belief that no material amounts received or receivable will be required to be returned. These revenues are also subject to rulings by the courts, to changes in Federal and state law, and to changes in administrative policy. Such changes in the public health environment could cause a significant decline in revenues from the aforementioned governmental agencies if PPCW decided not to abide by the revised conditions for receiving these funds.

### **Note 15 – Lines of Credit**

At June 30, 2021 and 2020, PPCW had a line of credit with Washington Trust Bank with a maximum commitment of \$2,000,000. The line of credit had a maturity date of April 5, 2021 and was secured by the Northeast clinic property. Interest was charged at the Washington Trust Bank index rate. The balance on the line of credit was \$0 and \$1,500,000 at June 30, 2021 and 2020, respectively. This account is now closed.

At June 30, 2021 and 2020, PPCW had a line of credit with JP Morgan Chase Bank, N.A. with a maximum commitment of \$1,000,000. The line of credit had a maturity date of July 1, 2021 and was secured by substantially all of PPCW's assets. Interest was charged at a rate of 3 percentage points over the Libor rate (3.24 percent at June 30, 2021). There was no outstanding balance on the line of credit at June 30, 2021 and 2020. The line of credit was renewed effective September 30, 2021. See Note 21.

## Planned Parenthood of the Columbia Willamette

### Notes to Consolidated Financial Statements

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#### Note 16 – Financial Instruments with Concentrations of Risk

Financial instruments that potentially subject PPCW to concentrations of risk consist principally of investments (Note 3); contributions receivable (Note 4); accounts receivable; and cash equivalents.

PPCW's investments are exposed to various risks, such as interest rate, market, and credit risk. The value, liquidity, and related income of these investments are sensitive to changes in economic conditions, and may be adversely affected by shifts in the market's perception of the issuers and interest rates. Due to the level of risk associated with certain investment securities, it is at least reasonably possible changes in the values of investment securities will occur in the near term, and such changes could materially affect account balances and amounts reported in the consolidated financial statements.

#### Note 17 – Fair Value Measurements

GAAP establishes a three-level hierarchy for disclosure of assets and liabilities recorded at fair value. The classification of assets and liabilities within the hierarchy is based on whether the inputs to the valuation methodology used for measurement are observable or unobservable. Observable inputs reflect market-derived or market-based information obtained from independent sources while unobservable inputs reflect estimates about market data.

The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels:

**Level 1** – Quoted prices are available in active markets for identical assets or liabilities readily accessible at the reporting date.

**Level 2** – Pricing inputs are observable for the assets or liabilities, either directly or indirectly, as of the reporting date, but are not the same as those used in Level 1.

**Level 3** – Pricing inputs are unobservable for the assets or liabilities and may include significant management judgment or estimation.

## Planned Parenthood of the Columbia Willamette Notes to Consolidated Financial Statements

### Note 17 – Fair Value Measurements (continued)

PPCW's assets measured at fair value on a recurring basis along with how fair value was determined at June 30:

	2021			Total
	Quoted Prices (Level 1)	Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	
Common stock				
Domestic	\$ 2,227,162	\$ -	\$ -	\$ 2,227,162
International	-	-	-	-
Mutual funds				
Domestic	3,284,296	-	-	3,284,296
International	1,010,024	-	-	1,010,024
Certificate of deposits				
Domestic	-	1,761,561	-	1,761,561
	<u>\$ 6,521,482</u>	<u>\$ 1,761,561</u>	<u>\$ -</u>	8,283,043
Investments measured at net asset value				<u>2,416,667</u>
Total Investments				<u>\$ 10,699,710</u>
Receivable under split-interest agreements	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 917,837</u>	<u>\$ 917,837</u>
	2020			
	Quoted Prices (Level 1)	Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	Total
Common stock				
Domestic	\$ 1,467,730	\$ -	\$ -	\$ 1,467,730
International	57,323	-	-	57,323
Mutual funds				
Domestic	3,342,158	-	-	3,342,158
International	222,087	-	-	222,087
Certificate of deposits				
Domestic	-	1,729,458	-	1,729,458
	<u>\$ 5,089,298</u>	<u>\$ 1,729,458</u>	<u>\$ -</u>	6,818,756
Investments measured at net asset value				<u>1,273,525</u>
Total Investments				<u>\$ 8,092,281</u>
Receivable under split-interest agreements	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 650,249</u>	<u>\$ 650,249</u>

## **Planned Parenthood of the Columbia Willamette Notes to Consolidated Financial Statements**

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### **Note 17 – Fair Value Measurements (continued)**

Equities, mutual funds, real estate investment trusts, exchange traded funds, and preferred stock are all valued using quoted market prices, and are therefore measured under Level 1 of the fair value hierarchy.

The split-interest agreements are valued using the various split-interest agreements, discount rates, and consideration of the prices of the underlying assets of these agreements. As such, the split-interest agreements are measured under Level 3 of the fair value hierarchy.

As described in Note 3, investments held at OCF represent PPCW's share of a pooled investment portfolio managed by OCF. PPCW's share of the pooled investment portfolio is not actively traded and significant other observable inputs are not available. However, the underlying investments of OCF are measured by management of OCF using a variety of valuation methods including Level 1, Level 2, and Level 3 inputs. As such, investments held at OCF are measured at NAV. There are no unfunded commitments and the redemption frequency is quarterly. There is no redemption notice period and no other restrictions.

There have been no changes in the methodologies used to determine fair value during the years ended June 30, 2021 or 2020.

There were no transfers into or out of level 3 assets and there were no purchases and issues of level 3 assets during the years ended June 30, 2021 or 2020.

## Planned Parenthood of the Columbia Willamette Notes to Consolidated Financial Statements

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### Note 18 – Endowment Funds

GAAP provides guidance for the classification of donor-restricted endowment funds that are subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA). The principles also provide for enhanced disclosure about endowment funds (both donor restricted endowment funds and quasi-endowment funds).

PPCW's endowment includes both donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments (Note 8). As required by GAAP, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

#### *Interpretation of Relevant Law*

The Board of Directors of PPCW has interpreted the Uniform Prudent Management of Institutional Funds Act as allowing PPCW to appropriate for expenditure or accumulate so much of an endowment fund as PPCW determines is prudent for the uses, benefits, purposes, and duration for which the endowment is established, subject to the intent of the donor as expressed in the gift agreement. PPCW classifies as net assets with perpetual donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument, if any, at the time the accumulation is added to the fund.

The remaining portion of the donor-restricted endowment fund is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by PPCW in a manner consistent with the standard of prudence prescribed by UPMIFA.

#### *Investment Strategy and Spending Policy*

The donor-restricted endowment funds are invested in a mixture of cash equivalents, fixed income and equity securities that attempts to provide a predictable stream of income while maintaining purchasing power of the endowment fund. Distributions, if any, are made from interest and dividends earned by the fund.

Board designated endowment funds are invested in a mixture of cash equivalents, certificates of deposit, fixed income, and equity securities that attempt to provide a predictable stream of income while maintaining purchasing power of the endowment fund. Distributions, if any, are determined by the Board of Directors and are based on a variety of factors including general economic conditions and other resources of PPCW.

## Planned Parenthood of the Columbia Willamette

### Notes to Consolidated Financial Statements

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#### Note 18 – Endowment Funds (continued)

Endowment net asset composition by type of fund as of June 30:

	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor restricted funds	\$ -	\$ 2,063,228	\$ 2,063,228
Board designated funds	8,907,601	-	8,907,601
	<u>\$ 8,907,601</u>	<u>\$ 2,063,228</u>	<u>\$ 10,970,829</u>
	2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor restricted funds	\$ -	\$ 1,078,398	\$ 1,078,398
Board designated funds	7,192,486	-	7,192,486
	<u>\$ 7,192,486</u>	<u>\$ 1,078,398</u>	<u>\$ 8,270,884</u>

Changes in endowment net assets for the year ended June 30:

	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 7,192,486	\$ 1,078,398	\$ 8,270,884
Contributions	100,500	515,000	615,500
Investment income			
Interest and dividends	134,620	7,364	141,984
Net increase in fair value of investments	1,479,995	481,522	1,961,517
Appropriation of endowment assets for expenditure	-	(19,056)	(19,056)
Endowment net assets, end of year	<u>\$ 8,907,601</u>	<u>\$ 2,063,228</u>	<u>\$ 10,970,829</u>



**Planned Parenthood of the Columbia Willamette**  
**Notes to Consolidated Financial Statements**

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**Note 18 – Endowment Funds (continued)**

	2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 6,726,809	\$ 1,046,902	\$ 7,773,711
Contributions	310,066	36,808	346,874
Investment income			
Interest and dividends	166,949	9,414	176,363
Net increase in fair value of investments	(11,338)	4,450	(6,888)
Appropriation of endowment assets for expenditure	-	(19,176)	(19,176)
Endowment net assets, end of year	<u>\$ 7,192,486</u>	<u>\$ 1,078,398</u>	<u>\$ 8,270,884</u>

**Note 19 – Collective Bargaining Agreement**

Approximately 75% of PPCW's employees are covered under a collective bargaining agreement with Service Employees International Union Local 49, which is in effect until April 30, 2024.

**Note 20 – Risks and Uncertainties**

In March 2020, the World Health Organization declared the novel coronavirus (COVID-19) a global pandemic. The related adverse public health developments, including orders to shelter-in-place, travel restrictions and mandated business closures, have continued to adversely affect workforces, organizations, their customers, economies, and financial markets globally, leading to increased market volatility and disruptions in normal business operations, including the PPCW operations.

PPCW anticipates a continued impact to its business operations, and is currently unable to estimate the future results the coronavirus will have on its consolidated financial statements. During the year ended June 30, 2021, 1 in 5 healthcare workers left their jobs during the pandemic (that had the ability to work), and that has been reflected in PPCW's 29% turnover rate. The extent to which the coronavirus impacts PPCW's financial condition and results of operations will depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of the coronavirus and the actions to contain the coronavirus or treat its impact, among others.

## **Planned Parenthood of the Columbia Willamette**

### **Notes to Consolidated Financial Statements**

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#### **Note 20 – Risks and Uncertainties (continued)**

In April 2020, PPCW applied for and received a loan through the Small Business Administration (SBA) in the amount of \$2,636,200 under the criteria outlined in the Paycheck Protection Program (PPP) of the CARES Act of 2020, which may provide a potentially forgivable loan up to 250% of average monthly salaries, wages and employee benefits. PPCW was granted full loan forgiveness subsequent to year end (see Note 21).

In January 2021, PPCW applied for and received a second loan through the SBA in the amount of \$2,000,000 under the criteria outlined in the Paycheck Protection Program of the CARES Act of 2020. Under the terms of the agreement, payments of principal and interest are due starting April of 2022 and the loan accrues interest at a rate of 1.00% per annum. The loan matures in March of 2026. PPCW intends to utilize the loan forgiveness opportunity within the PPP. Management believes burdened payroll (as defined by the PPP) and rent expense incurred in a span of 8 to 24 weeks after the loan date are subject to forgiveness and will be evaluated by the lending institution.

In addition, the CareOregon COVID-19 Stabilization Funding was given to eligible organizations who provide billable specialty services to active CareOregon HSO Oregon Health Plan members as of March 2020. This provided funding to PPCW of \$373,000 to ensure continuity of services to Primary CareOregon members and to assist with financial stability during the COVID-19 pandemic. No additional funding was received for the year ended June 30, 2021.

#### **Note 21 – Subsequent Events**

In August 2021, the outstanding balance of \$2,267,268 plus accrued interest on the Washington Trust Bank loan was paid in full and refinanced with Washington Trust Bank. The principal amount of the new note was \$2,300,000 and accrues interest at 3.92% per annum. Principal and interest payments of \$13,933 are due monthly with a final payment of \$1,392,597 due upon maturity. The loan matures on September 5, 2031.

In September 2021, PPCW was granted full loan forgiveness on the first PPP loan in the amount of \$2,636,200 which was recorded in non-operating income as a gain on debt extinguishment.

In September 2021, PPCW renewed the line of credit with JP Morgan Chase Bank, N.A. The line of credit has a maximum commitment of \$1,000,000, a maturity date of October 1, 2022, and was secured by substantially all of PPCW's assets. Interest is charged at a rate of 3 percentage points over the Libor rate.

During the year ended June 30, 2021, PPCW became aware that due to a software coding issue, certain amounts had been overbilled to customers in error. PPCW was able to fix the issue and isolate the impacted accounts. Subsequent to year end, PPCW obtained additional information related to this matter and determined it is likely to incur approximately \$200,000 to reimburse customers for the billing errors. PPCW has accrued \$200,000 as its best estimate, based on its understanding of the amounts likely to be paid as of the date of this report.

