

2014
Audit

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**Planned Parenthood League
of
Massachusetts, Inc. and Subsidiary**

Consolidated Financial Statements
and
Auditors' Report

June 30, 2014

2014

Planned Parenthood League of Massachusetts, Inc.
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Daniel Dennis & Company LLP

Certified Public Accountants

2014

To the Board of Directors of
Planned Parenthood League of Massachusetts, Inc. and Subsidiary

Independent Auditors' Report

We have audited the accompanying consolidated financial statements of Planned Parenthood League of Massachusetts, Inc. and Subsidiary (the Organization) (a nonprofit organization), which comprise the consolidated statement of financial position as of June 30, 2014, and the related consolidated statements of activities, functional expenses, and cash flows for the year 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 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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.

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 Organization'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 Organization'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 financial position of Planned Parenthood League of Massachusetts, Inc. and Subsidiary as of June 30, 2014, and the changes their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Organization's 2013 consolidated financial statements, and our report dated December 3, 2013, expressed an unmodified opinion on those audited consolidated financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2013, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the consolidating financial schedules as a whole. The *Consolidating Schedule of Financial Position and Consolidated Schedule of Activities* on pages 23 and 24 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 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.

Daniel Dennis & Company LLP

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Planned Parenthood League of Massachusetts, Inc. and Subsidiary
Consolidated Statement of Financial Position
 June 30, 2014 with Comparative Totals as of June 30, 2013

Assets:	<i>2014</i>	<i>As Restated 2013</i>
<i>Current Assets:</i>		
Cash	\$ 5,103,145	\$ 4,534,375
Investments	6,907,072	4,957,078
Funds held in trust	91,647	38,505
Accounts receivable, net	1,182,723	1,228,334
Contributions and pledges receivable, net	190,765	181,844
Inventory	745,662	597,090
Prepaid expenses	<u>107,738</u>	<u>183,490</u>
Total current assets	<u>14,328,752</u>	<u>11,720,716</u>
<i>Noncurrent Assets:</i>		
Split interest agreements	24,663	18,640
Real-estate reserve	114,318	114,295
Contributions and pledges receivable, net	33,254	122,313
Permanently restricted investment	710,434	687,286
Due from related party	25,314	-
Note receivable	6,761,240	6,761,240
Land, building and equipment less accumulated depreciation of \$9,504,550 and \$8,738,969, respectively	12,320,614	12,820,927
Financing and lease acquisition fees, net	<u>402,810</u>	<u>422,192</u>
Total noncurrent assets	<u>20,392,647</u>	<u>20,946,893</u>
Total assets	<u>\$ 34,721,399</u>	<u>\$ 32,667,609</u>
Liabilities and Net Assets:		
<i>Current Liabilities:</i>		
Accounts payable	\$ 628,153	\$ 515,875
Accrued expenses	607,087	598,441
Funds held in trust	91,647	38,505
Notes payable, current portion	<u>87,430</u>	<u>84,435</u>
Total current liabilities	<u>1,414,317</u>	<u>1,237,256</u>
<i>Noncurrent Liabilities:</i>		
Notes payable	<u>11,285,798</u>	<u>11,371,811</u>
Total liabilities	<u>12,700,115</u>	<u>12,609,067</u>
<i>Net Assets:</i>		
Unrestricted:		
Plant	7,822,944	8,240,216
Board designated	604,176	604,176
Undesignated	<u>11,452,359</u>	<u>5,775,967</u>
Total unrestricted	19,879,479	14,620,359
Temporarily restricted	1,303,201	4,620,172
Permanently restricted	<u>838,604</u>	<u>818,011</u>
Total net assets	<u>22,021,284</u>	<u>20,058,542</u>
Total liabilities and net assets	<u>\$ 34,721,399</u>	<u>\$ 32,667,609</u>

See accompanying notes to consolidated financial statements.

Planned Parenthood League of Massachusetts, Inc. and Subsidiary
Consolidated Statement of Activities
For the Year Ended June 30, 2014
with Summarized Comparative Totals for the Year Ended June 30, 2013

	<i>Unrestricted</i>	<i>Temporarily Restricted</i>	<i>Permanently Restricted</i>	<i>2014 Total</i>	<i>As Restated 2013</i>
<i>Support and Revenue</i>					
Patient Service revenue (net of contractual allowances and discounts):					
Greater Boston Medical Services	\$ 7,434,616	\$ -	\$ -	\$ 7,434,616	\$ 7,171,542
Central Massachusetts Medical Services	2,620,558	-	-	2,620,558	2,491,969
Western Massachusetts Medical Services	2,078,964	-	-	2,078,964	2,086,709
Somerville Medical Services	430,775	-	-	430,775	500,050
Laboratory Services	1,342,601	-	-	1,342,601	1,099,370
	<u>13,907,514</u>	<u>-</u>	<u>-</u>	<u>13,907,514</u>	<u>13,349,640</u>
Provision for bad debts	(230,238)	-	-	(230,238)	(766,316)
Net patient service revenue less provision for bad debts	13,677,276	-	-	13,677,276	12,583,324
Contract revenue	1,384,786	-	-	1,384,786	1,531,133
Other program service revenue	98,564	-	-	98,564	102,917
Contributions	3,182,494	931,752	-	4,114,246	4,053,725
Special Events	-	-	-	-	313,330
Contributed goods and services	90,488	-	-	90,488	123,584
Interest and dividends	175,088	-	12,602	187,690	186,491
Realized/unrealized gain/(loss) on investments	850,290	-	9,125	859,415	545,903
Other income	55,201	-	-	55,201	84,718
Net assets released from restrictions	1,247,567	(1,246,433)	(1,134)	-	-
	<u>20,761,754</u>	<u>(314,681)</u>	<u>20,593</u>	<u>20,467,666</u>	<u>19,525,125</u>
Total support and revenue					
<i>Expenses:</i>					
Program services:					
Medical services	12,942,289	-	-	12,942,289	12,793,781
Research center	404,990	-	-	404,990	332,205
Public affairs	418,385	-	-	418,385	530,916
Education	884,654	-	-	884,654	1,027,073
External relations	451,792	-	-	451,792	120,222
	<u>15,102,110</u>	<u>-</u>	<u>-</u>	<u>15,102,110</u>	<u>14,804,197</u>
Total program services					
Supporting services:					
Management and general	2,319,469	-	-	2,319,469	2,178,350
Fundraising	1,083,345	-	-	1,083,345	1,256,153
	<u>3,402,814</u>	<u>-</u>	<u>-</u>	<u>3,402,814</u>	<u>3,434,503</u>
Total supporting services					
Total expenses	18,504,924	-	-	18,504,924	18,238,700
Change in net assets	2,256,830	(314,681)	20,593	1,962,742	1,286,425
Net assets, beginning of year	14,620,359	4,620,172	818,011	20,058,542	18,457,023
Prior period adjustment	3,002,290	(3,002,290)	-	-	315,094
Net assets beginning of year, as restated	17,622,649	1,617,882	818,011	20,058,542	18,772,117
Net assets, end of year	<u>\$ 19,879,479</u>	<u>\$ 1,303,201</u>	<u>\$ 838,604</u>	<u>\$ 22,021,284</u>	<u>\$ 20,058,542</u>

See accompanying notes to consolidated financial statements.

Planned Parenthood League of Massachusetts, Inc. and Subsidiary
Consolidated Statement of Functional Expenses
For the Year Ended June 30, 2014 with Summarized Comparative Totals for the Year Ended June 30, 2013

	Medical Services	Research Center	Public Affairs	Education	External Relations	Total Program Expense	Fundraising Expense	General and Administration	2014 Total	2013 Total
Salary	\$5,124,310	\$162,651	\$233,726	\$526,542	\$163,153	\$6,210,382	\$195,170	\$1,097,993	\$7,803,545	\$7,793,906
Fringe	583,534	18,522	26,616	59,960	18,579	707,211	56,388	125,035	888,634	957,227
Payroll taxes	463,979	14,727	21,163	47,676	14,773	562,318	44,835	99,417	706,570	686,709
Contracted services and professional fees	1,267,042	160,254	16,174	74,068	31,565	1,549,103	269,240	503,526	2,321,869	2,365,504
Special events	-	-	-	-	-	-	-	-	-	50,999
Office supplies	61,133	1,051	5,626	3,459	6,398	77,667	21,842	29,362	128,871	114,956
Program supplies	2,891,889	-	3,186	18,214	1,882	2,915,171	4,262	4,385	2,923,818	2,544,048
Equipment rental and maintenance	57,805	147	641	361	293	59,247	2,858	2,426	64,531	52,140
Occupancy	388,035	3,414	5,135	8,285	5,232	410,121	13,531	31,355	455,207	438,816
Telephone	131,410	4,460	7,999	14,521	8,505	166,895	14,192	49,135	230,222	230,638
Depreciation and amortization	705,040	6,764	33,462	64,485	1,375	811,126	36,806	86,560	934,492	1,033,693
Conferences and meetings	8,856	1,712	2,209	3,660	4,600	21,037	5,890	19,614	46,541	60,762
Dues and fees	118,701	380	6,309	5,097	928	131,415	6,847	17,832	161,032	164,845
Travel	14,219	17,784	6,130	19,084	1,735	58,952	5,658	10,289	82,442	70,186
Insurance	286,725	1,584	1,768	3,813	2,644	296,534	4,376	124,011	311,199	310,426
Interest and fees	180,556	500	-	1,703	-	182,759	11,047	-	191,755	371,266
Advertising	8,804	-	20,668	-	162,033	191,505	-	250	317,817	89,175
Printing	4,292	559	9,907	5,190	10,694	30,642	61,016	3,746	95,404	14,944
Loss on disposals	14,924	305	1,502	2,684	64	19,479	1,695	3,841	25,015	14,944
National assessment	157,857	5,040	5,624	12,130	8,410	189,061	13,921	32,731	235,713	232,302
Repairs and maintenance	472,593	5,129	10,507	13,709	8,922	510,860	13,758	54,299	578,917	604,420
Miscellaneous	585	7	13	13	7	635	13	692	1,330	19,996
Total	\$ 12,942,289	\$ 404,990	\$ 418,385	\$ 884,654	\$ 451,792	\$ 15,102,110	\$ 1,083,345	\$ 2,319,469	\$ 18,504,924	\$ 18,238,700

See accompanying notes to consolidated financial statements.

Planned Parenthood League of Massachusetts, Inc. and Subsidiary
Consolidated Statement of Cash Flows
For the Year Ended June 30, 2014
With Comparative Totals for the Year Ended June 30, 2013

	2014	2013
Cash Flows From Operating Activities		
Changes in net assets	\$ 1,962,742	\$ 1,286,425
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	915,111	1,012,382
Amortization	19,381	21,311
Change in allowance for uncollectible pledges	(4,103)	(29,000)
Change in discounts of pledges	(6,855)	(22,674)
Bad debt	230,238	766,316
Loss on disposals	25,015	14,944
Unrealized gain on investment	(766,920)	(506,763)
Change in operating assets and liabilities:		
Accounts receivables	(391,434)	216,656
Unconditional promises to give	91,096	545,133
Prepays	75,752	82,068
Inventory	(148,572)	(96,265)
Other assets	(6,046)	24,734
Deferred revenue	-	(401,445)
Accounts payable and accrued expenses	120,924	(196,408)
Net cash provided by operating activities	<u>2,116,329</u>	<u>2,717,414</u>
Cash Flows From Investing Activities		
Purchase of investments	(1,975,349)	(300,000)
Proceeds from sale of investments	975,304	300,000
Payment to cash held in trust	-	(38,505)
Purchase of fixed assets	(439,182)	(259,022)
Net cash used in investing activities	<u>(1,439,227)</u>	<u>(297,527)</u>
Cash Flows From Financing Activities		
Proceeds to a related party	(25,314)	-
Payments on notes payable	(83,018)	(1,215,495)
Net cash used in financing activities	<u>(108,332)</u>	<u>(1,215,495)</u>
Net change in cash	568,770	1,204,392
Cash at beginning of year	<u>4,534,375</u>	<u>3,329,983</u>
Cash at end of year	<u>\$ 5,103,145</u>	<u>\$ 4,534,375</u>
<i>Supplementary Disclosure of Cash Flow Information</i>		
Cash paid for interest	<u>\$ 229,575</u>	<u>\$ 283,718</u>

See accompanying notes to consolidated financial statements.

Planned Parenthood League of Massachusetts, Inc. and Subsidiary
Notes to the Consolidated Financial Statements
June 30, 2014 with Comparative Totals as of June 30, 2013

1. *The Organization*

Planned Parenthood League of Massachusetts, Inc. and its wholly owned subsidiary 470 Pleasant Street Holdings Company, Inc. (hereinafter the "Organization") is a not-for-profit organization whose mission is to protect and promote sexual and reproductive health and freedom of choice by providing clinical services, education and advocacy. The Organization operates out of seven locations in Massachusetts, with its most significant location in Boston, Massachusetts. The Organization was established in January 1979 as a Massachusetts not-for-profit corporation while predecessor organizations date back to 1928.

The Organization's operations are funded largely by contributions from the general public, government contracts and revenues for services.

The Organization operates the following programs:

Medical Services – Provides medical reproductive health services and offers counseling, medical advice and referrals for health care.

Research Center – Conducts independent as well as collaborative clinical research on unintended pregnancy, family planning and abortion care methods.

Public Affairs – Provides information regarding family planning services and related legislative and judicial deliberations and actions.

Education – Provides organization-based sex education curriculum, parent education programs and professional training.

External Relations – Engages supporters and the general public through publications, volunteer opportunities and events.

2. *Summary of Significant Accounting Policies*

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of Planned Parenthood League of Massachusetts, Inc. and its wholly owned subsidiary, 470 Pleasant Street Holdings Company, Inc. All material inter-company transactions have been eliminated in these consolidated financial statements.

470 Pleasant Street Holdings Company, Inc. was formed as a not-for-profit organization under the laws of the Commonwealth of Massachusetts on December 28, 2009.

Cash and Cash Equivalents

For the purposes of the consolidated statement of financial position and the statement of cash flows, the Organization considers all short-term investments with an original maturity of three months or less to be cash equivalents. There were no cash equivalents as of June 30, 2014 and 2013.

Planned Parenthood League of Massachusetts, Inc. and Subsidiary
Notes to the Consolidated Financial Statements
June 30, 2014 with Comparative Totals as of June 30, 2013

2. Summary of Significant Accounting Policies - continued

Net Asset Classification

Accounting standards require classification of an entity's net assets, revenues, expenses, gains and losses into three classes of net assets as follows:

Unrestricted Net Assets - consist of assets, public support and program revenues, which are available and used for operations and programs. Contributions are considered available for unrestricted use unless specifically restricted by the donor. Operating net assets represent funds available for current operations other than plant and equipment.

Temporarily Restricted Net Assets - include the Organization's funds with donor-imposed restrictions relevant to time or purpose. These resources are released upon meeting the purpose restrictions or the passage of time and are then reflected as "net assets released from restrictions." Resources of this nature originate from gifts, grants, bequests and investment income earned on restricted funds.

Permanently Restricted Net Assets - include resources with a permanent donor-imposed restriction, which stipulates that the assets are to be maintained permanently, but permits the Organization to expend part or all of the income derived from the donated assets. In certain cases, donors have stipulated that accumulated unspent gains are considered permanently restricted. Accordingly, such amounts have been reflected as permanently restricted net assets.

Fair Value Measurements

Investments are reported using a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are as follows:

- Level 1 - Inputs are quoted prices (unadjusted) in active markets for identical investments that the Organization has the ability to access at the measurement date.
- Level 2 - Inputs are measurements other than quoted prices included within Level 1 that are observable for the investments, either directly or indirectly.
- Level 3 - Inputs are unobservable inputs for the investments.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

Investments

The Organization carries investments in marketable securities at fair value in the *Consolidated Statement of Financial Position*. Realized and unrealized gains and losses are reflected in the *Consolidated Statement of Activities*. Investment income and gains and losses are recorded as increases or decreases in unrestricted net assets unless a donor or law temporarily or permanently restricts their use.

Planned Parenthood League of Massachusetts, Inc. and Subsidiary
Notes to the Consolidated Financial Statements
June 30, 2014 with Comparative Totals as of June 30, 2013

2. *Summary of Significant Accounting Policies - continued*

Accounts Receivable

Accounts receivables are presented net of the allowance for doubtful accounts. The Organization's periodic evaluation of the adequacy of the allowance is based on its past experience. Accounts receivable are charged off when all efforts to collect the account have been exhausted and the amounts have been sent to collection agencies. Any recovery is recorded when received.

Inventories

Inventories purchased for use in program and supporting services are carried at the lower of cost or market. Cost is determined using the first-in, first-out method.

Land, Buildings and Equipment

Land, buildings and equipment are recorded at cost or at fair market value at the date of donation. The Organization capitalizes all fixed assets costing greater than \$2,000. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets. Estimated useful lives are 40 years for buildings, 20 years or the remaining life of the lease for building improvements and 3 to 10 years for furniture and equipment.

Long lived assets, such as buildings are reviewed on an ongoing basis for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Recoverability is measured by a comparison of the carrying amount of the asset to the future net undiscounted cash flow expected to be generated by the asset including any estimated proceeds from the eventual disposition of the asset. If the asset is considered to be impaired, the impairment to be recognized is measured at the amount by which the carrying amount of the asset exceeds its fair value. As of June 30, 2014, management has determined that there has been no impairment of the long lived assets.

Finance and Lease Acquisition Fees

Finance and lease acquisition fees include costs incurred negotiating the lease for the building located in Springfield, Massachusetts and the financing fees associated with the refinancing of the Worcester, Massachusetts building debt. The costs are amortized on a straight line basis over the remaining term of the lease for the building in Springfield and the term of the loan for the building in Worcester.

Revenue and Expenses

The Organization prepares its consolidated financial statement on the accrual basis of accounting. Accordingly, revenue is recorded when earned and expenses recorded when goods are received or services rendered.

Deferred Revenue

Revenue is recognized when earned, however funds received that are not earned as of year-end are recorded under liabilities as deferred revenue.

Planned Parenthood League of Massachusetts, Inc. and Subsidiary
Notes to the Consolidated Financial Statements
June 30, 2014 with Comparative Totals as of June 30, 2013

2. *Summary of Significant Accounting Policies - continued*

Medical Services Revenue

The Organization recognizes medical services revenue at its standard charges with a reduction for contractual allowances for those patients with third party payer coverage. For uninsured patients, the Organization recognizes revenue on the basis of its standard rates for services provided with a reduction for a self-pay discount. On the basis of historical experience a significant portion of the Organization's uninsured patients will be unable or unwilling to pay for the services provided. Therefore, the Organization records a significant allowance for doubtful accounts related to uninsured patients in the period the services are provided. Medical service revenue, net of contractual allowances and discounts, but before the allowance for doubtful account, recognized in fiscal years 2014 and 2013 is as follows:

<i>2014</i>	<i>Third Party Payors</i>	<i>Self Pay</i>	<i>Total</i>
Medical Service Revenue, net of contractual allowances	<u>\$ 11,637,776</u>	<u>\$ 2,269,738</u>	<u>\$ 13,907,514</u>
 <i>2013</i>	 <i>Third Party Payors</i>	 <i>Self Pay</i>	 <i>Total</i>
Medical Service Revenue, net of contractual allowances	<u>\$ 10,811,356</u>	<u>\$ 2,538,284</u>	<u>\$ 13,349,640</u>

Contributions

The Organization distinguishes between contributions received for each net asset category in accordance with donor imposed restrictions. Contributions may include gifts of cash, collection items or promises to give. Such contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes.

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows.

Donated Services and Materials

The Organization records various types of in-kind support including contributed facilities, professional services, advertising and materials. Contributed professional services are recognized if the services received (a) create or enhance long-lived assets, or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not donated. Such donations are recorded as contributions in the financial statements. Donated materials are recorded at the fair value at the date of the gift. For the fiscal years ended June 30, 2014 and 2013, the value of donated services and materials recognized was \$90,488 and \$123,584, respectively.

Planned Parenthood League of Massachusetts, Inc. and Subsidiary
Notes to the Consolidated Financial Statements
June 30, 2014 with Comparative Totals as of June 30, 2013

2. *Summary of Significant Accounting Policies - continued*

Donated Services and Materials – continued

Additionally, the Organization receives a significant amount of skilled contributed services, which does not meet the two recognition criteria described above. Accordingly, the value of these contributed services is not reflected in the accompanying financial statements. For the years ended June 30, 2014 and 2013 the Organization received \$31,728 and \$56,510, respectively in non-professional volunteer services.

Income Tax Status

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Organization is also exempt from Massachusetts income taxes. Unrelated business income, of which there was none for the fiscal years ended June 30, 2014 and 2013, would be subject to Federal and state income taxes. Consequently, the accompanying financial statements do not reflect any provision for income taxes.

As of June 30, 2014, the Organization has evaluated the tax positions taken in its previously filed returns and those expected to be taken in its 2014 returns, and believes they are *more-likely-than-not* of being sustained if examined by Federal or state tax authorities. The Organization's 2010 through 2013 tax years remain subject to examination by Federal and state tax authorities.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Functional Expenses

The costs of providing the Organization's programs and other activities have been summarized on a functional basis in the *Consolidated Statement of Functional Expenses*. Direct expenses are charged to programs and supporting services. Expenses related to more than one function are charged to programs and supporting services benefitted.

Summarized Comparative Information

The consolidated financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2013, from which the summarized information was derived.

Planned Parenthood League of Massachusetts, Inc. and Subsidiary
Notes to the Consolidated Financial Statements
June 30, 2014 with Comparative Totals as of June 30, 2013

3. Significant Concentrations

Credit Risk

Cash at the financial institutions with which the Organization maintains its accounts are insured by the Federal Deposit Insurance Corporation (FDIC). At times during the year these accounts exceed the FDIC insurance limit. The Organization has not experienced any losses in such accounts and does not believe it is exposed to any significant credit risk on cash.

4. Investments

As of June 30, 2014, the Organization's investment accounts are maintained at one financial institution. The investments are subject to market fluctuations and due to the level of risk associated with investments, it is at least reasonably possible that changes in the value of investments will occur in the near term and that such changes could materially affect the consolidated financial statements.

At June 30, 2014 and 2013, investments are measured at fair value on a recurring basis and consisted of the following:

<i>Description</i>	<i>Level 1</i>	
	<i>2014</i>	<i>2013</i>
<i>Mutual funds:</i>		
Large Blend Funds	\$ 1,185,561	\$ 837,517
Mid Blend Funds	937,206	659,186
Large Cap Funds	508,860	435,420
Large Growth Funds	1,974,285	1,408,900
Foreign Large Blend	582,761	338,886
Fixed Income	517,929	630,512
Emerging Markets	250,425	191,415
Bank Loan	576,906	275,858
Bond Funds	<u>1,083,573</u>	<u>866,670</u>
Total	<u>\$ 7,617,506</u>	<u>\$ 5,644,364</u>

The following schedule summarizes the investment returns for the year ended June 30, 2014 and 2013:

<i>June 30, 2014</i>	<i>Unrestricted</i>	<i>Permanently Restricted</i>	<i>Total</i>
Interest and dividends	\$ 120,078	\$ 12,602	\$ 132,680
Realized/Unrealized gains on investments	<u>850,290</u>	<u>9,125</u>	<u>859,415</u>
Total	<u>\$ 970,368</u>	<u>\$ 21,727</u>	<u>\$ 992,095</u>

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Planned Parenthood League of Massachusetts, Inc. and Subsidiary
Notes to the Consolidated Financial Statements
June 30, 2014 with Comparative Totals as of June 30, 2013

4. Investments – continued

<i>June 30, 2013</i>	<i>Unrestricted</i>	<i>Permanently Restricted</i>	<i>Total</i>
Interest and dividends	\$ 103,108	\$ 15,771	\$ 118,879
Realized/Unrealized losses on investments	<u>540,673</u>	<u>5,230</u>	<u>545,903</u>
Total	<u>\$ 643,781</u>	<u>\$ 21,001</u>	<u>\$ 664,782</u>

5. Accounts Receivable

Accounts receivable consisted of the following at June 30:

	<i>2014</i>	<i>2013</i>
Medical services	\$ 804,308	\$ 1,236,982
Contracts	329,494	154,800
Other	<u>174,844</u>	<u>84,098</u>
Total accounts receivable	1,308,646	1,475,880
Less: Allowance for doubtful accounts	<u>(125,923)</u>	<u>(247,546)</u>
Net accounts receivable	<u>\$ 1,182,723</u>	<u>\$ 1,228,334</u>

At June 30 2014 and 2013 approximately 16% and 38%, respectively of accounts receivable were due from two customers.

6. Note Receivable

During fiscal year 2011, the Organization entered into a note agreement with PPLM Investment Fund, LLC (the Fund), an unrelated entity, in the amount of \$6,761,240. The proceeds were used by the Fund to finance their capital contribution to MassDevelopment New Markets CDE #4, LLC, who in turn loaned the funds to the 470 Pleasant Street Holdings, Inc., a related entity. The loan matures on July 8, 2045 and bears interest at one percent, per annum, with quarterly interest payments to be received for the first eight years, thereafter payments of principal and interest shall be received quarterly. As of June 30, 2014 and 2013 the amount receivable was \$6,761,240 and interest income was \$67,612 and \$67,612, respectively.

Planned Parenthood League of Massachusetts, Inc. and Subsidiary
Notes to the Consolidated Financial Statements
June 30, 2014 with Comparative Totals as of June 30, 2013

7. Contributions and Pledges Receivable

As of June 30, 2014 and 2013 unconditional promises to give are expected to be realized as follows:

	<i>2014</i>	<i>2013</i>
In one year or less	\$ 194,266	\$ 181,844
Between one and five years	47,462	150,980
<i>Less:</i>		
Allowance for uncollectible pledges	(11,897)	(16,000)
Discount	<u>(5,812)</u>	<u>(12,667)</u>
Total	<u>\$ 224,019</u>	<u>\$ 304,157</u>

The contributions are discounted at 1.68% for amounts pledged in fiscal year 2014, 1.21% for amounts pledged in fiscal year 2013, 0.71% for amounts pledged in fiscal year 2012, 1.58% for amounts pledged in fiscal year 2011, 1.76% for amounts pledged in fiscal year 2010 and 2.56% for all amounts pledged prior to fiscal year 2010.

8. Property and Equipment

Property and equipment consisted of the following at June 30:

<i>Description</i>	<i>2014</i>	<i>2013</i>
Land	\$ 1,595,669	\$ 1,595,669
Buildings and improvements	14,212,831	14,176,921
Leasehold improvements	1,799,714	1,758,309
Equipment	<u>4,216,950</u>	<u>4,028,997</u>
Total	21,825,164	21,559,896
Less: accumulated depreciation	<u>(9,504,550)</u>	<u>(8,738,969)</u>
Net	<u>\$ 12,320,614</u>	<u>\$ 12,820,927</u>

Depreciation expense was \$915,110 and \$1,012,382 for the years ended June 30, 2014 and 2013, respectively.

9. Financing and Lease Acquisition Fees

Financing and lease acquisition fees are as follows:

<i>Description</i>	<i>2014</i>	<i>2013</i>
Lease acquisition	\$ 243,257	\$ 243,257
Financing	<u>465,154</u>	<u>465,154</u>
Total	708,411	708,411
Less: accumulated amortization	<u>(305,601)</u>	<u>(286,219)</u>
Net	<u>\$ 402,810</u>	<u>\$ 422,192</u>

Amortization expense is expected to be \$19,381 annually for next five years.

Planned Parenthood League of Massachusetts, Inc. and Subsidiary
Notes to the Consolidated Financial Statements
June 30, 2014 with Comparative Totals as of June 30, 2013

10. Inventory

Inventories are comprised of the following as of June 30:

	<i>2014</i>	<i>2013</i>
Supplies	<u>\$ 745,662</u>	<u>\$ 597,090</u>

11. Notes Payable

During fiscal year 2011, the Organization refinanced its note payable with Massachusetts Development Finance Agency (MDFA). The original note proceeds were used to fund the renovation and expansion of the facilities located in Worcester, Massachusetts. The Organization used New Market Tax Credits to refinance the original note payable which resulted in that debt being reduced from \$6,050,000 to \$4,400,000 and, in accordance with the terms of the refinance, executed three additional loans with MDFA totaling \$8,712,000.

As of June 30, 2014 the outstanding loans are as follows:

\$4,400,000 loan payable maturing July 1, 2017 and bearing interest at 3.5% per annum. The loan is secured by the Boston facility. As of June 30, 2014 and 2013 the outstanding balance is \$2,661,228 and \$2,744,246, respectively. Interest expense for the years ended June 30, 2014 and 2013 was \$96,369 and \$150,512, respectively.

\$8,712,000 loans payable maturing July 8, 2050 and each bearing interest at a rate of 1.53% per annum. The loans require interest only payments for the first eight years with principal and interest payments thereafter. The loans are secured by the Worcester facility. As of June 30, 2014 and 2013 the outstanding balance of the loans was \$8,712,000. Interest expense for the years ended June 30, 2014 and 2013 was \$133,206 and \$133,206, respectively.

Aggregate maturities of the long-term debt for the next five years and thereafter are as follows:

<i>Fiscal Year</i>	<i>Amount</i>
2015	\$ 87,430
2016	90,532
2017	93,742
2018	2,389,524
2019	190,234
Thereafter	<u>8,521,766</u>
Total	<u>\$ 11,373,228</u>

Planned Parenthood League of Massachusetts, Inc. and Subsidiary
Notes to the Consolidated Financial Statements
June 30, 2014 with Comparative Totals as of June 30, 2013

12. Commitments

Operating Leases

The Organization leases office space in Springfield, Massachusetts under a non-cancelable operating lease agreement expiring in November 2014. Under the terms of the operating lease, the Organization pays for certain pass through costs associated with the operation of the building.

The Organization leases office space in Somerville, Massachusetts under a non-cancelable operating lease agreement expiring in January 2016. The lease also contains a five-year option to extend. The differences between current rental costs and future costs are not considered significant by management and, therefore, have not been recorded on a straight-line basis over the lease term.

The Organization leases office space in Milford, Massachusetts under a non-cancelable operating lease agreement expiring in May 2015. The lease also contains a five-year option to extend.

The Organization leases office space in Marlboro, Massachusetts under a non-cancelable operating lease agreement expiring in May 2015. The lease also contains a five-year option to extend.

The Organization leases office space in Fitchburg, Massachusetts under a non-cancelable operating lease agreement expiring in July 2015. The lease also contains a five-year option to extend.

For the years ended June 30, 2014 and 2013, rent expense was \$221,712 and \$220,160, respectively.

The minimum payments due over the remaining terms of the leases are as follows:

<i>Fiscal</i>	
<i>Year</i>	<i>Amount</i>
2015	\$ 148,475
2016	<u>79,758</u>
Total	<u>\$ 228,233</u>

13. Tax Deferred Savings

The Organization offers a tax-deferred savings plan, which qualifies as a voluntary contribution savings plan under Internal Revenue Code Section 403(b). The plan is administered by a financial institution. Employees may provide tax-deferred contributions to fully vested individual retirement accounts up to the Internal Revenue Code limit. The plan covers all employees, over age twenty-one that have completed one year of employment and achieved a minimum number of hours of service.

The Board of Directors has the option at their discretion to match up to 3% of the contributions made by the participants. Pension expense for the years ended June 30, 2014 and 2013 was \$89,359 and \$94,942, respectively.

Planned Parenthood League of Massachusetts, Inc. and Subsidiary
Notes to the Consolidated Financial Statements
June 30, 2014 with Comparative Totals as of June 30, 2013

14. *Related Party Transactions*

Planned Parenthood Advocacy Fund (“PPAF”) was incorporated on January 6, 1984 as a social welfare organization whose purpose includes studying aspects of family planning, promoting public interest in comprehensive reproductive health services and conducting lobbying efforts related to issues of reproductive health. PPAF and the Organization have overlapping members of their boards of directors, however the Organization does not have control over PPAF. The Organization purchases services on behalf of PPAF and is reimbursed. In addition, the Organization provides PPAF with certain support services. As of June 30, 2014, the Organization had an amount receivable from PPAF of \$25,314 and as of June 30, 2013, the Organization had an amount payable to PPAF of \$15,353.

The Organization is a member of the Planned Parenthood Federation of America (“PPFA”), which requires payment of annual dues to the national organization for certain support services. For the years ended June 30, 2014 and 2013, dues expense was \$235,713 and \$232,302.

During fiscal year 2013, a member of the Organization’s board of directors was employed by the Organization. The total paid to the board member during the year ended June 30, 2013 was \$20,192.

15. *Endowment*

On July 2, 2009, the Uniform Prudent Management of Institutional Funds Act (UPMIFA) was signed into law in Massachusetts and was effective for endowments held as of June 30, 2009. UPMIFA requires the historical dollar amount of a donor-restricted endowment fund to be preserved. In the absence of donor restrictions, the net appreciation on a donor-restricted endowment fund is spendable under UPMIFA. However, one the Organization’s donors provided the following restriction on the net appreciation; a portion of interest and dividends earned on the permanently restricted net assets, not to exceed 5% annually, may be used to support the operations of the Organization.

The income on the Board designated endowment may be used for operations at the Board of Director’s discretion.

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Planned Parenthood League of Massachusetts, Inc. and Subsidiary
Notes to the Consolidated Financial Statements
June 30, 2014 with Comparative Totals as of June 30, 2013

15. Endowment – continued

The endowment activity for 2014 and 2013 is as follows:

	<i>2014</i>		
	<i>Donor Restricted Endowment</i>	<i>Board-Designated Endowment</i>	<i>Total</i>
Endowment net assets - beginning of year	\$ 818,011	\$ 604,176	\$ 1,422,187
Investment return:			
Investment income	12,602	-	12,602
Net appreciation (realized and unrealized)	<u>9,125</u>	<u>-</u>	<u>9,125</u>
Total investment return	<u>21,727</u>	<u>-</u>	<u>21,727</u>
Contributions	-	-	-
Appropriation of endowment assets for expenses	<u>(1,134)</u>	<u>-</u>	<u>(1,134)</u>
Endowment net assets - end of year	<u>\$ 838,604</u>	<u>\$ 604,176</u>	<u>\$ 1,442,780</u>
	<i>2013</i>		
	<i>Donor Restricted Endowment</i>	<i>Board-Designated Endowment</i>	<i>Total</i>
Endowment net assets - beginning of year	\$ 797,060	\$ 604,176	\$ 1,401,236
Investment return:			
Investment income	15,771	-	15,771
Net appreciation (realized and unrealized)	<u>5,230</u>	<u>-</u>	<u>5,230</u>
Total investment return	<u>21,001</u>	<u>-</u>	<u>21,001</u>
Contributions	1,000	-	1,000
Appropriation of endowment assets for expenses	<u>(1,050)</u>	<u>-</u>	<u>(1,050)</u>
Endowment net assets - end of year	<u>\$ 818,011</u>	<u>\$ 604,176</u>	<u>\$ 1,424,287</u>

At June 30, 2014, the fair value of invested assets assigned to individual donor restricted endowment net asset balances required to be maintained in perpetuity had a \$128,170 deficiency.

16. Net Assets

This account represents the cumulative excess of revenue, gains and other support over expenses. Net assets consist of three components, unrestricted, temporarily restricted and permanently restricted. Unrestricted funds are not restricted as to use. Restricted funds are funds that are subject to donor imposed restrictions.

Planned Parenthood League of Massachusetts, Inc. and Subsidiary
Notes to the Consolidated Financial Statements
June 30, 2014 with Comparative Totals as of June 30, 2013

16. Net Assets – continued

Temporarily Restricted

At June 30, 2014 and 2013, temporarily restricted net assets were restricted for the following:

<i>Description</i>	<i>2014</i>	<i>2013</i>
Program/purpose restriction	\$ 1,283,739	\$ 4,530,967
Time restriction	<u>19,462</u>	<u>89,205</u>
Total	<u>\$ 1,303,201</u>	<u>\$ 4,620,172</u>

Permanently Restricted

The Organization has received public gifts with specific donor stipulations requiring that the principal be held inviolate and that only a portion of the income therefrom be used for operations. These resources are, by act of Congress, under the control of the Board of Directors who are required to maintain and invest the funds.

Unrestricted – Board Designated

The Board of Directors has designated a portion of the unrestricted net assets for future capital needs and operations at their discretion. The balance on the board designated net assets was \$604,176 at June 30, 2014 and 2013.

17. Beneficial Interest in Split Interest Agreements

The Organization is a beneficiary of income earned on assets under split interest agreements. These assets are administered by the PPFA who is also responsible for the liability of the gift. Under the terms of the agreements, the Organization receives either the entire income or a percentage of the income earned on the assets. The income on these life income gifts is payable over the donors life therefore the asset is recorded at market value and the liability is recorded for the projected future payment associated with the planned gift. The liability is based on the amount of the beneficiaries' annual payments, the predicted termination of the payment according to IRS life expectancy tables and the anticipated future return of invested funds. As of June 30, 2014 and 2013, the gifts had a fair market value of \$52,785 and \$47,737, respectively and a liability of \$28,122 and \$29,097, respectively. The net receivable due to the Organization was \$24,663 and \$18,640 at June 30, 2014 and 2013, respectively.

18. Real-Estate Reserve

Part of the terms of the secured financing described in Note 11, requires the Organization to establish a real-estate reserve in the original amount of \$113,871. As of June 30, 2014 and 2013 the balance of the reserve was \$114,318 and \$114,295, respectively.

Planned Parenthood League of Massachusetts, Inc. and Subsidiary
Notes to the Consolidated Financial Statements
June 30, 2014 with Comparative Totals as of June 30, 2013

19. Insurance Captive

Planned Parenthood League of Massachusetts Inc. is a participant in Affiliated Risk Management Services, Inc. ("ARMS") which is a self-insurance fund for the PPFA family of affiliates. ARMS provides comprehensive, stable, and affordable insurance, risk management, and quality management services to Planned Parenthood entities so they can better advance their mission. The program offers a wide range of insurance coverages formulated to meet the needs of those participating Planned Parenthood entities. An entity must participate in all coverages provided by the program and cannot opt for selective coverages.

The Organization purchases its professional liability insurance, excess professional liability insurance, general liability, non-owned and hired automobile liability, umbrella liability, directors and officers insurance, employment practices liability, media special perils policy, and group travel accident insurance from ARMS through PPFA.

20. Contingencies

Grant Funding

The Organization's various grants and contracts are subject to audit by appropriate governmental agencies. Acceptance of final costs incurred under these grants and contracts resides with these grantor agencies. As of the date of these statements, the materiality of adjustments to final costs, if any, cannot be determined although management does not anticipate any. Therefore, no adjustment has been made to the consolidated financial statements.

Litigation

The Organization was a defendant in a medical malpractice action. Subsequent to year end, the case was dismissed with prejudice.

Benefit Liability

The Organization had a Supplemental Executive Retirement Plan (SERP) agreement with a member of senior management. The SERP agreement provided for three yearly contributions of \$10,000 to be made into an interest bearing account for the benefit of the individual. Additionally, the SERP agreement provided for an additional \$10,000 deposit to be made if certain criteria are met. The contributions vested on December 31, 2012, provided the individual remains employed by the Organization. The funds are required to be paid out within thirty days of vesting. During fiscal year 2013 the employment condition of the SERP was met and the Organization paid \$34,536.

21. Line of Credit

During fiscal year 2011 the Organization entered into a \$1,000,000 line of credit with a financial institution with an interest rate of 5% expiring December 31, 2014. As of June 30, 2014 and 2013 there was no outstanding balance on the line.

Planned Parenthood League of Massachusetts, Inc. and Subsidiary
Notes to the Consolidated Financial Statements
June 30, 2014 with Comparative Totals as of June 30, 2013

22. *Prior Period Adjustment*

The accompanying consolidated financial statements for fiscal year 2013 have been restated to correct an error in the accounts receivable balance made in a prior year. Additionally, the Organization reclassified net assets previously classified as temporarily restricted net assets to unrestricted net assets as a result of the restrictions being met in the prior year(s). The following are the changes to the financial statements previously reported:

	<i>As Previously Reported</i>	<i>Prior Period Adjustment</i>	<i>As Restated</i>
<u>2013</u>			
Assets	<u>\$ 32,352,515</u>	<u>\$ 315,094</u>	<u>\$ 32,667,609</u>
Liabilities	<u>\$ 12,609,067</u>	<u>\$ -</u>	<u>\$ 12,609,067</u>
Net assets	<u>\$ 19,743,448</u>	<u>\$ 315,094</u>	<u>\$ 20,058,542</u>
Support and revenue	<u>\$ 19,525,125</u>	<u>\$ -</u>	<u>\$ 19,525,125</u>
Expenses	<u>\$ 18,238,700</u>	<u>\$ -</u>	<u>\$ 18,238,700</u>
Change in net assets	<u>\$ 1,286,425</u>	<u>\$ -</u>	<u>\$ 1,286,425</u>
Net assets, beginning of year	<u>\$ 18,457,023</u>	<u>\$ -</u>	<u>\$ 18,457,023</u>
Net assets, end of year	<u>\$ 19,743,448</u>	<u>\$ 315,094</u>	<u>\$ 20,058,542</u>

23. *Subsequent Events*

The Organization has performed an evaluation of subsequent events through December 2, 2014, which is the date the Organization's consolidated financial statements were available to be issued. No material subsequent events have occurred since June 30, 2014 that requires recognition or disclosure in these consolidated financial statements.

Planned Parenthood League of Massachusetts, Inc. and Subsidiary
Consolidating Schedule of Financial Position
June 30, 2014

Assets:	<i>Planned Parenthood</i>	<i>470 Pleasant Street</i>	<i>Eliminations</i>	<i>Consolidated</i>
<i>Current Assets:</i>				
Cash	\$ 5,103,145	\$ -	\$ -	\$ 5,103,145
Investments	6,907,072	-	-	6,907,072
Funds held in trust	91,647	-	-	91,647
Accounts receivable, net	1,182,723	-	-	1,182,723
Contributions and pledges receivable, net	190,765	-	-	190,765
Inventory	745,662	-	-	745,662
Prepaid expenses	103,519	99,055	(94,836)	107,738
	<u>14,324,533</u>	<u>99,055</u>	<u>(94,836)</u>	<u>14,328,752</u>
<i>Noncurrent Assets:</i>				
Split interest agreements	24,663	-	-	24,663
Real-estate reserve	-	114,318	-	114,318
Contributions and pledges receivable, net	33,254	-	-	33,254
Permanently restricted investment	710,434	-	-	710,434
Due from related party	25,314	227,427	(227,427)	25,314
Note receivable	6,761,240	-	-	6,761,240
Land, building and equipment less accumulated depreciation	5,532,354	6,995,476	(207,216)	12,320,614
Financing and lease acquisition fees	-	402,810	-	402,810
	<u>13,087,259</u>	<u>7,740,031</u>	<u>(434,643)</u>	<u>20,392,647</u>
Total noncurrent assets	<u>13,087,259</u>	<u>7,740,031</u>	<u>(434,643)</u>	<u>20,392,647</u>
Total assets	<u>\$ 27,411,792</u>	<u>\$ 7,839,086</u>	<u>\$ (529,479)</u>	<u>\$ 34,721,399</u>
Liabilities and Net Assets:				
<i>Current Liabilities:</i>				
Accounts payable	\$ 628,153	\$ -	\$ -	\$ 628,153
Accrued expenses	607,087	-	-	607,087
Funds held in trust	91,647	-	-	91,647
Deferred revenue	32,143	-	(32,143)	-
Notes payable, current portion	87,430	-	-	87,430
	<u>1,446,460</u>	<u>-</u>	<u>(32,143)</u>	<u>1,414,317</u>
<i>Noncurrent Liabilities:</i>				
Deferred revenue	62,693	-	(62,693)	-
Due to related party	227,427	-	(227,427)	-
Notes payable	2,573,798	8,712,000	-	11,285,798
	<u>2,863,918</u>	<u>8,712,000</u>	<u>(290,120)</u>	<u>11,285,798</u>
Total noncurrent liabilities	<u>2,863,918</u>	<u>8,712,000</u>	<u>(290,120)</u>	<u>11,285,798</u>
Total liabilities	<u>4,310,378</u>	<u>8,712,000</u>	<u>(322,263)</u>	<u>12,700,115</u>
<i>Net Assets:</i>				
Total unrestricted	20,959,609	(872,914)	(207,216)	19,879,479
Temporarily restricted	1,303,201	-	-	1,303,201
Permanently restricted	838,604	-	-	838,604
	<u>23,101,414</u>	<u>(872,914)</u>	<u>(207,216)</u>	<u>22,021,284</u>
Total net assets	<u>23,101,414</u>	<u>(872,914)</u>	<u>(207,216)</u>	<u>22,021,284</u>
Total liabilities and net assets	<u>\$ 27,411,792</u>	<u>\$ 7,839,086</u>	<u>\$ (529,479)</u>	<u>\$ 34,721,399</u>

Planned Parenthood League of Massachusetts, Inc. and Subsidiary
Consolidating Schedule of Activities
For the Year Ended June 30, 2014

	<i>Planned Parenthood</i>	<i>470 Pleasant Street</i>	<i>Eliminations</i>	<i>Consolidated</i>
<i>Support and Revenue</i>				
Patient Service revenue (net of contractual allowances and discounts):				
Greater Boston Medical Services	\$ 7,434,616	\$ -	\$ -	\$ 7,434,616
Central Massachusetts Medical Services	2,620,558	-	-	2,620,558
Western Massachusetts Medical Services	2,078,964	-	-	2,078,964
Somerville Medical Services	430,775	-	-	430,775
Laboratory Services	1,342,601	-	-	1,342,601
	<u>13,907,514</u>	<u>-</u>	<u>-</u>	<u>13,907,514</u>
Provision for bad debts	(230,238)	-	-	(230,238)
Net patient service revenue less provision for bad debts	13,677,276	-	-	13,677,276
Contract revenue	1,384,786	-	-	1,384,786
Other program service revenue	98,564	-	-	98,564
Contributions	4,114,246	-	-	4,114,246
Contributed goods and services	90,488	-	-	90,488
Interest and dividends	187,667	23	-	187,690
Realized/unrealized gain on investments	859,415	-	-	859,415
Administrative fee	32,143	-	(32,143)	-
Rental income	-	150,000	(150,000)	-
Other income	55,201	-	-	55,201
	<u>20,499,786</u>	<u>150,023</u>	<u>(182,143)</u>	<u>20,467,666</u>
<i>Expenses:</i>				
Program services:				
Medical services	12,714,032	383,934	(155,677)	12,942,289
Research center	404,990	-	-	404,990
Public affairs	418,385	-	-	418,385
Education	884,654	-	-	884,654
External relations	451,792	-	-	451,792
	<u>14,873,853</u>	<u>383,934</u>	<u>(155,677)</u>	<u>15,102,110</u>
Total program services				
Supporting services:				
Management and general	2,319,469	32,143	(32,143)	2,319,469
Fundraising	1,083,345	-	-	1,083,345
	<u>3,402,814</u>	<u>32,143</u>	<u>(32,143)</u>	<u>3,402,814</u>
Total supporting services				
Total expenses	<u>18,276,667</u>	<u>416,077</u>	<u>(187,820)</u>	<u>18,504,924</u>
Change in net assets	<u>\$ 2,223,119</u>	<u>\$ (266,054)</u>	<u>\$ 5,677</u>	<u>\$ 1,962,742</u>