STATE FISCAL YEAR 2022-2023
SEPARATION OF ABORTION AND ABORTION-RELATED ACTIVITIES FROM FAMILY PLANNING ACTIVITIES PROVIDED THROUGH ANY FAMILY PLANNING APPROPRIATION

REQUIREMENTS OF REPORT

As required by Act 66 of 2006, the Pennsylvania Department of Human Services (DHS) is to include the following in its report for State Fiscal Year 2022-2023 on the separation of abortion and abortion-related activities from family planning activities:

- Number and findings of audits filed;
- Adequacy of the documentation submitted; and
- Any recommendation to revise the verification process.

DEPARTMENT OF HUMAN SERVICES REQUIREMENTS OF GRANTEES

Grantee Audit Guidelines are included in Appendix I.

Paragraph A of Appendix I requires the Grantee to have its independent auditor attest that abortion-related activities are physically and financially separate from family planning activities funded by any family planning appropriation.

Paragraph B defines “abortion-related activities” and provides further instructions regarding the required audits. Paragraph B directs the independent auditor to review six specific areas and submit the attestation to supplement the agency’s annual audit.

Paragraph C requires that each subgrantee who engages in abortion-related activities must provide to the Grantee its policies and procedures relating to the means and methods of separating abortion-related activities from family planning activities. These policies and procedures are to be approved by the subgrantee’s board of directors. In addition, the subgrantee is to describe how it complies with the separation requirements.

Paragraph D requires the Grantee to make an annual inspection of all subgrantees conducting abortion-related activities to assure physical and financial separation from family planning activities. The Grantee is required to attest to DHS, in writing, by January 31 of each year that the subgrantee met the physical and financial separation requirements for the state fiscal year ending the previous June 30.

Paragraph E requires that the Grantee shall include the physical and financial separation requirements in every grant, contract, or agreement with a subgrantee and shall develop guidelines for the subgrantee regarding physical and financial separation.

Paragraph F identifies those subgrantees which are excluded from the audit requirements contained in the Guidelines.

RESPONSE OF GRANTEES

Each of the four Grantees provided DHS with a letter attesting to compliance with the Grantee Audit Guidelines. The independent auditor for each Grantee provided a letter attesting that the requirements contained in the Guidelines were met. Correspondence is from AccessMatters in Philadelphia, Adagio Health in Pittsburgh, Family Health Council of Central Pennsylvania, Inc. in Camp Hill, and Maternal and Family Health Services, Inc. in Wilkes-Barre. To provide the most complete information to document compliance with the Guidelines, the Grantees have also provided to the Department, and we have enclosed copies of, audit statements from their affected subgrantees. (See Appendices II through V for copies of correspondence.)

Grantees and their affected subgrantees are as follows:

AccessMatters:
- Planned Parenthood Keystone
- Planned Parenthood of Southeastern Pennsylvania
- Mazzoni Center

Adagio Health:
- Planned Parenthood of Western Pennsylvania

Family Health Council of Central Pennsylvania, Inc.
- Planned Parenthood Keystone
- Planned Parenthood of Western Pennsylvania

Maternal and Family Health Services, Inc.
- Planned Parenthood Keystone

ADEQUACY OF THE DOCUMENTATION SUBMITTED

The documentation submitted by the Grantees complies with the Guidelines (Appendix I) provided by the Secretary.

ANY RECOMMENDATION TO REVISE THE VERIFICATION PROCESS

At present, the DHS has no recommendation to revise the verification process. It appears that the Grantee Audit Guidelines are meeting the requirements in Act 66 of 2006.

Family Planning Audit Report

Annual Report to the General Assembly
FY 2022-2023

Joshua Shapiro
Governor

Valerie A. Arkoosh, MD, MPH
Secretary
Department of Human Services

Appendix I

Department of Human Services
Grantee Audit Guidelines for the Family Planning Councils

Grantee Audit Guidelines for the Family Planning Councils

As required by Act 66 of 2006
72 P.S. §§1701-D, et seq.
Effective State Fiscal Year 2006-2007 and forward

A. The Grantee receiving funding through any family planning appropriat ion, will require its independent auditor to attest to the audit of any subgrantee receiving funding through any family planning appropriation. The Grantee will require each subgrantee receiving funding through any Family Planning Appropriation, except those excluded as described in paragraph F below, to have an audit performed by an independent auditor. A "family planning appropriation" is defined as moneys appropriated by the General Assembly from Commonwealth revenue sources and Federal revenue sources for the purpose of funding family planning services or a combination of family planning services and other programs.

B. Both the Grantee's independent auditor and the subgrantee's independent auditor must attest to the physical and financial separation of abortion related-activities from any family planning project. An "abortion related activity" is defined as activities that consist of any of the following: 1) performing or directly assisting in abortions; 2) referring a pregnant woman to an abortion provider for an abortion; 3) counseling that advocates for or promotes abortion, including counseling that advocates abortion as an option for dealing with an unwanted pregnancy. A family planning "project" is defined as a group or set of family planning services or a combination of family planning services and other services wh.ich are funded in whole or in part from a family planning appropriation and which are furnished pursuant to a grant, contract or other agreement between a family planning services provider and the Department of Human Services (formerly Department of Public Welfare) or the Department of Health, as appropriate, or furnished by a subcontractor of such provider pursuant to such grant contract, or agreement." The separation and audit requirements apply regardless of whether the program or project is considered a major program under OMB Circular A-133 audit requirements. The audit must be provided as a supplement to the annual audit as described in Rider 1 of Grantee's grant with the Department for State Fiscal year 2022-2023 and must include the following:

(i) Auditor attests of abortion-related activities and attests that these activities are physically and financially separate from those services funded under any family planning appropriation.

(ii) Auditor attests that equipment and supplies for abortion-related activities are purchased separately or if there is a single purchase for the entity that apportionment to the abortion-related activity is made equitably and documented according to the Cost Allocation Plan and attests to the same.

(iii) Auditor attests that there are separate timesheets for the personnel performing abortion-related activities and attests to the same.

(iv) Auditor attests that all payments received from persons receiving abortion-related services, or payments made on their behalf, are maintained on separate accounting records and attests to the same.

(v) Auditor attests that all payments made for rent, utilities, maintenance, supplies, or other purchases are maintained on separate accounting records and attests to the same.

(vi) Auditor attests and describes how abortion-related activities are physically separated from activities of the entity funded through any family planning appropriation and attests to the same.

C. The Grantee must receive from each subgrantee that engages in abortion-related activities a copy of the subgrantee's policies and procedures and other documentation of its abortion and abortion-related activities, including the means and methods of separating these activities from activities of the subgrantee funded through any family planning appropriation. These policies and procedures and other documentation must show approval by the subgrantee's board of directors. In addition, the subgrantee shall supply a description of how it complies with the separation requirements. The Grantee will make these documents available for inspection by the Department.

D. The Grantee must perform, at a minimum, an annual inspection of the subgrantees described in A, above, to separately attest to the physical and financial separation of abortion-related activities from any family planning project. In addition to the element& described above, the Grantee shall review the abortion services for compliance with pertinent state and federal laws, regulations, and guidelines addressing the promotion, performance, or referral of abortions or abortion counseling and the required separation of these activities from any family planning projects. As a result of this annual inspection, the Grantee shall separately attest, in writing by January 31 of each grant year, to the Department whether the subgrantee is complying with the requirements found in this paragraph as well as A, B, and C above.

E. The Grantee shall include the physical and financial separation and the audit requirements in every grant, contract or agreement with a subgrantee or subcontractor. The Grantee shall develop guidelines for the use of the subgrantee described in A, above, in establishing facilities that promote, perform, or refer for abortions or abortion counseling. These documents are to be available for inspection by the Department.

F. The physical and financial separation and audit requirements shall not apply to subgrantees or subcontractors who are 1) a licensed hospital; 2) a family planning services provider who is a natural person, who is licensed to provide medical services in this Commonwealth and whose only public funding is through a medical assistance appropriation; or 3) recipients of Federal Title X funds, to the extent that the family planning services provider or subcontractor provides only those nondirective abortion counseling and referral services required under Title X and whose failure to perform those services will result in the withholding of Federal funds.

Appendix II

AccessMatters
Attestations & Documentation

ACCESSMATTERS
TRANSFORMING ACCESS TO SEXUAL & REPRODUCTIVE HEALTH

January 29, 2024

Via Email (brclemons@pa.gov)
Brandi L. Clemons
Executive Policy Specialist I
Pennsylvania Department of Human Services
323 Health and Welfare Building
Harrisburg, PA 17105

Dear Brandi:

The purpose of this letter is to satisfy the requirements of paragraph B of the Grantee Audit Guidelines for AccessMatters as required by Act 66 of 2006 72 P.S. §§1701-D, et seq. effective state Fiscal Year 2006-2007 for AccessMatters' fiscal year 2022-2023.

In compliance with Paragraph B, AccessMatters provides no abortion services and attests that all of its sub-grantees are in compliance with the above referenced audit guidelines, as they relate to the physical and financial separation of abortion services from family planning services funded by the Commonwealth from any family planning appropriation, including non-invasive contraceptive supplies, except as noted on the enclosed required supplementary report from AccessMatters' auditors, CliftonLarsonAllen LLP. In addition, based on the communications from the Department, we have included copies of the audit statements of the providers that perform abortion services and receive family planning funds from AccessMatters

By Board resolution, AccessMatters has adopted the required policies. In addition, AccessMatters has made the required site visits to each of the sub-grantees to assure that the policies and procedures necessary to maintain the physical and financial separation of abortion services are in place.

Audit materials and other documentation supporting this attestation are available for Department review. If you require any additional information, please do not hesitate to contact us.

Sincerely,

Melissa Weiler Gerber

President and CEO

CliftonLarsonAllen LLP
CLAconnect.com

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Board of Directors
AccessMatters
Philadelphia, Pennsylvania

We have performed the procedures enumerated below related to AccessMatters' compliance with the physical and financial separation of abortion services from family planning services funded by the Commonwealth of Pennsylvania from any family planning appropriation, including noninvasive contraceptive supplies (the subject matter) for the year ended June 30, 2023. AccessMatters is responsible for its compliance with those requirements.

AccessMatters has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of applying procedures and reporting associated findings related to AccessMatters' compliance with specified requirements. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

In accordance with "Grantee Audit Guidelines for the Family Planning Councils" as set forth by the Commonwealth of Pennsylvania, Department of Human Services, we were engaged by AccessMatters solely to assist them to attest to the physical and financial separation of abortion services from family planning services funded by the Commonwealth from any family planning appropriation, including noninvasive contraceptive supplies for the year ended June 30, 2023. In compliance with the requirements of paragraph B of the Grantee Audit Guidelines for the Family Planning Councils as required by Act 66 of 2006, AccessMatters provides no abortion services and attests that all of its sub-grantees are in compliance with the above referenced audit guidelines, with the exceptions as noted on page 2 by the sub-grantee's agreed upon procedures report and AccessMatters' annual inspection report. Since AccessMatters does not directly engage in any of these services, it was determined that no attestation procedures needed to be applied directly to AccessMatters. However, such services are performed by the following sub-grantees of AccessMatters:

Planned Parenthood Keystone
Planned Parenthood Southeastern Pennsylvania
Mazzoni Center

Each of the aforementioned sub-grantees had their independent accountants perform the procedures enumerated below, which were agreed to by AccessMatters, the sub-grantees and the Commonwealth of Pennsylvania, Department of Human Services, solely to assist the sub-grantees in complying with the requirements of Act 66 of 2006. AccessMatters received agreed-upon procedures reports from the sub-grantees highlighted above.

We have been informed that, under AccessMatters' interpretation of the subject matter, the enumerated procedures below are required and appropriate. The procedures and findings for each of the sub-grantees included the following:

(i) Accountant tests abortion-related activities and attests that these activities are physically and financially separate from those services funded under any family planning appropriation.

(ii) Accountant tests that equipment and supplies for abortion-related activities are purchased separately or if there is a single purchase for the entity that apportionment to the abortion-related activity is made equitably and documented according to the Cost Allocation Plan and attests to the same.

(iii) Accountant tests that there are separate timesheets and/or accounting for the personnel costs related to performing abortion-related activities and attests to the same.

(iv) Accountant tests that all payments received from persons receiving abortion-related services, or payments made on their behalf, are maintained on separate accounting records and attests to the same.

(v) Accountant tests that all payments made for rent, utilities, maintenance, supplies, or other purchases are maintained on separate accounting records and attests to the same.

(vi) Accountant tests and describes how abortion-related activities are physically separated from activities of the entity funded through any family planning appropriation and attests to the same.

Our procedures and associated findings are as follows:

a. We have obtained the three sub-grantees' agreed-upon procedures reports for the year ended June 30, 2023, for the six compliance requirements as noted above. We observed that the reports received included the six requirements and the results are summarized as follows:
    - Planned Parenthood Keystone: no findings were noted
    - Planned Parenthood Southeastern Pennsylvania: no findings were noted
    - Mazzoni Center: The independent accountant noted that the Center does not separate time and effort between abortion and non-abortion activities with separate timesheets. However, the accountants did note evidence relating to process and definition of patient visits under the family planning grant with Access Matters. A client will request an initial visit with a Center's physician, which will be considered a client wellness visit. Time and effort of the Center's physicians has been classified as a wellness, nonabortion related services and has been applied to the family planning grant as such. As part of these wellness visits if it is determined that abortion services are necessary, the client will be referred to have a separate appointment for abortion services following the protocol of the Commonwealth of Pennsylvania Department of Human Services as it relates to these services.

b. We have obtained AccessMatters' annual inspection reports of the three sub-grantees highlighted above and noted that the required procedures to monitor physical and financial separation of abortion services from family planning services were performed. These inspection reports were performed during the fiscal year and are summarized as follows:
    - Planned Parenthood Keystone: no findings were noted
    - Planned Parenthood Southeastern Pennsylvania: no findings were noted
    - Mazzoni Center: no findings were noted

We were engaged by AccessMatters to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the AICPA. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on AccessMatters' compliance with specified requirements. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of AccessMatters and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely for the information and use of the management and board of directors of AccessMatters and the Commonwealth of Pennsylvania and is not intended to be and should not be used by anyone other than these specified parties.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

King of Prussia, Pennsylvania
January 26, 2024

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Planned Parenthood Keystone
Warminster, Pennsylvania

We have performed the procedures enumerated below, which were agreed to by Planned Parenthood Keystone, solely to assist in evaluating Planned Parenthood Keystone's compliance with the physical and financial separation of abortion services from services provided through the Women's Medical Services grants for the year ended June 30, 2023. Management is responsible for the Organization's compliance with those requirements. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings are as follows:

1. Accountant tests abortion activities and attests that these activities are physically and financially separate from those services funded under the Women's Medical Services grants.

Currently, eight of the Organization's centers receive funding from planning counsels and perform abortions, including Reading, York, Harrisburg, Warminster, Allentown, Bensalem, Wilkes Barre and Lancaster. All of those centers have separate hours for abortion and family planning services. During the designated hours for family planning, the center will not see abortion patients and during the set hours for abortion services the center will not see family planning patients. All data pertaining to abortion patients is manually logged onto sheets with a patient number, name, and the amount of money collected. The files are kept in a separate location and coded differently than family planning patients.

The results of these procedures indicate that the abortion activities are physically and financially separate from family planning services.

2. Accountant tests that equipment and supplies for abortion activities are purchased separately or if there is a single purchase for the entity that apportionment to the abortion activity is made equitably and documented according to the Cost Allocation Plan and attests to the same.

Supplies used specifically for abortion related activities are purchased separately from family planning supplies, using a separate purchase order system and are accounted for in the general ledger, under expense categories used for this purpose only. We examined and verified that abortion supplies at the center are kept in separate areas, separate purchase orders were used, and costs were properly posted to the general ledger. Our compliance testing of expenditures did not disclose any instance of expenses being improperly allocated to family planning services. Equipment purchased and used for abortion activities is expensed or capitalized according to the Organization's capitalization policy. The expense or depreciation related to the equipment is allocated to the appropriate cost center.

We noted no exceptions in performing these procedures and conclude that equipment and supplies are physically and financially separate.

3. Accountant tests the agency's process to distinguish the time each person/employee spends performing abortion and abortion related activities from other non-abortion related activities and attests to the same.

The Organization has a standard time system that distinctly requires the recording of time spent on abortion-related activities. We selected five pay periods and haphazardly examined time cards from employees allocated to abortion activities and family planning activities. We verified that the hours reported on the time sheet were consistent with the hours the center was open for abortion services. We verified that the wages posted to the general ledger for abortion activities was in agreement with the payroll records.

We noted no exceptions in performing these procedures, the agency's process to distinguish the time each employee spends performing abortion and abortion related activities exists.

4. Accountant tests that payments received from persons receiving abortion or abortion related services, or payments made on their behalf, can be identified separately in the accounting records and attests to the same.

We verified and examined payments received from patients for abortion services. The payments are summarized on a deposit log, used only for abortion services, and recorded on a separate deposit slip. Patients may pay by credit card, and a separate credit card account is used for abortion services, signed credit card slips and the daily batch report are stapled to the daily log. We verified that deposit slips and credit card payments agreed with the daily log and were deposited into the bank and not comingled with family planning receipts with no exceptions.

5. Accountant tests that all payments made for rent, utilities, maintenance, supplies, or other purchases can be identified separately in the accounting records and attests to the same.

Allocations of overhead, maintenance and occupancy costs, not directly attributable to abortion services, are based on time usage for abortion services over total usage of the center. The amount allocated is reasonable based on all the factors involved, i.e.: space used only for abortion activities vs. shared space and space used only for family planning services. Abortion services are separately budgeted from family planning services and have separated general ledger accounts for classification.

Based on our observations and tests we conclude that payments made for rent, utilities, maintenance, supplies, or other purchases can be identified separately in the accounting records.

6. Accountant tests and describes how abortion and abortion related activities are physically separated from the activities of the entity funded through the agreement and attests to the same.

We observed the abortion hours of the Reading, York, Harrisburg, Warminster, Allentown, Wilkes Barre, Lancaster and Bensalem clinics. The hours are clearly stated and are generally the same every week. Family planning patients are not admitted during these hours. All abortion patients must have an appointment to be seen.

Based on the results of tests in numbers one through six, listed above, and the observations of the facility hours and inquiries of key personnel the procedures performed indicate that abortions and abortion related activities are physically separated from the activities funded through the agreement.

We were not engaged to, and did not conduct an examination, the objective of which would be the expression of an opinion on compliance. Accordingly, we do not express such and opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is solely for the information and use of the Finance and Audit Committee, Management and Board of Directors of Planned Parenthood Keystone, Maternal Family Health Services, Inc., Access Matters, Family Health Council of Central Pennsylvania, and the Department of Human Services and is not intended to be, and should not be used by anyone other than these specified parties.

Tait, Weller & Baker LLP

Tait, Weller & Baker LLP
January 13, 2024

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Board of Directors
Planned Parenthood Southeastern Pennsylvania
Philadelphia, PA

We have performed the procedures enumerated below, which were agreed to by Planned Parenthood Southeastern Pennsylvania (PPSP), Access Matters, and the Commonwealth of Pennsylvania, Department of Human Services (collectively, with the Board of Directors, the "specified parties"), solely to assist the specified parties with respect to complying with the requirements of Act 66 of 2006 and Family Planning Audit Guidelines, for the year ended June 30, 2023. PPSP's management is responsible for PPSP's accounting records. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and results are as follows:

1. We obtained and read PPSP's Board Resolution on "Adoption of the Policy on the Distinct Separation between Non-Tit1e X Abortion Activities and Title X Project Activities."

2. We verified that the abortion related activities for the year ended June 30, 2023 are physically and financially segregated from those services funded under any family planning appropriation.

3. We verified that equipment and supplies for abortion-related activities are purchased separately or, if there is a single purchase for the entity, that apportionment to the abortion related activity is made in accordance with the cost allocation plan. We randomly selected a sample of cash disbursements for testing and traced them to supporting documentation to verify the proper recording in the general ledger. Based on our testing, we noted that abortion-related equipment and supplies were not recorded in non abortion-related accounts. **No exceptions noted.**

4. We verified and observed that separate time sheets are maintained for personnel performing abortion-related activities for the year ended June 30, 2023. We randomly selected and reviewed twenty payroll transactions for employees performing abortion-related services. For the twenty selections, we noted the separate allocation of payroll costs in the general ledger and the payroll registers based on the employees' abortion-related services noted on their time records. We randomly selected transactions from the months of September 2022, December 2022, February 2023, and May 2023 and traced their time records to the general ledger report for verification that services performed were properly coded. **No exceptions noted.**

5. We tested that services and payments received for abortion or non-abortion related services are recorded separately within the accounting records. We obtained PPSP's abortion related activities report summaries for each month recorded during the year. We randomly selected five months during the year ended June 30, 2023 and determined that all payments received from persons receiving abortion-related services, or payments made on their behalf, were maintained in separate accounting records. We randomly selected seven patient records from the selected months and traced to the underlying support and cash receipt to determine that it was for an abortion-related service and was properly recorded in the general ledger. **No exceptions noted.**

6. We obtained a schedule of PPSP's headquarter building, Norristown and West Chester Surgical Center expenses for the year ended June 30, 2023, which includes rent, utilities, maintenance, supplies and other purchases. We made inquires to determine that such expenses are properly allocated to abortion-related activities and non-abortion activities based upon square footage of the buildings or number of employees. We obtained and recalculated PPSP's allocations. **No exceptions noted.**

7. We verified through observation at each location that the abortion-related activities are physically separated from activities of PPSP funded through any family planning appropriation. Abortion-related activities are located on a separate floor from the non-abortion activities at the Locust Surgical Center. At the West Chester and Norristown locations, abortion-related services are provided only on designated days and/or times and in separately identified examination rooms. We also noted at these locations, that there were separately identified locked medical storage cabinets in the facility that provided clear segregation of family planning and abortion-related supplies. **No exceptions noted.**

We were not engaged to and did not conduct an audit, the objectives of which would be the expression of an opinion on the accounting records supporting compliance with the requirements of Act 66 of 2006 and Family Planning Audit Guidelines. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of PPSP, Access Matters and the Commonwealth of Pennsylvania, Department of Human Services and is not intended to be and should not be used by anyone other than those specified parties.

Tait, Weller & Baker LLP

Tait, Weller & Baker, LLP
January 13, 2024

INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES

Management and Board of Directors
Mazzoni Center
Philadelphia, Pennsylvania

We have performed the procedures enumerated below on the DHS "Grantee Audit Guidelines" of Mazzoni Center (the Center) for the year ended June 30, 2023.

The Center has agreed to and acknowledged the procedures performed are appropriate to meet the intended purpose of Access Matters and the Commonwealth of Pennsylvania, Department of Human Services (DHS) (the specified parties). This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

Our procedures and the associated findings are as follows:

a. We obtained and read Center's Board Resolution on "Adoption of the Policy on the Distinct Separation between Non-Title X Abortion Activities and Title X Project Activities."

b. We verified that the abortion-related activities for the year ended June 30, 2023 are physically and financially segregated from those services funded under any family planning appropriation.

c. We verified that equipment and supplies for abortion-related activities are purchased separately or, if there is a single purchase for the entity, that apportionment to the abortion related activity is made in accordance with the cost allocation plan. We haphazardly selected a total of five months of invoices charged to the Access Matters Family Planning Grant and traced them to supporting documentation to verify the proper recording in the general ledger. Based on the results of our testing, we noted that the items purchased with funds from this grant were for nonabortion related activities and both appropriately applied to this grant and recorded in the general ledger. No exceptions were noted.

d. We verified and observed that separate time sheets are not maintained for personnel performing abortion-related activities for the year ended June 30, 2023. We selected three employees charged to the AccessMatters Family Planning Grant to review. In performance of these procedures, we noted that the Center does not separate time and effort between abortion and nonabortion activities with separate timesheets. However, we did note evidence relating to process and definition of patient visits under the family planning grant with Access Matters. A client will request an initial visit with a Center's physician, which will be considered a client wellness visit. Time and effort of the Center's physicians has been classified as a wellness, nonabortion related services and has been applied to the family planning grant as such. As part of these wellness visits if it is determined that abortion services are necessary, the client will be referred to have a separate appointment for abortion services following the protocol of the Commonwealth of Pennsylvania Department of Human Services as it relates to these services.

e. We tested that services and payments received for abortion or nonabortion related services are recorded separately within the accounting records. We obtained a list of invoices and payments received by the Center from Access Matters. We haphazardly selected 5 out of the 12 invoices and payments during the year ended June 30, 2023, and determined that all payments received from persons receiving abortion-related services, or payments made on their behalf, were maintained in separate accounting records. We reviewed the invoice, underlying support, and cash receipt to determine if it was abortion related services and was properly recorded in the general ledger. No exceptions were noted.

f. We obtained a schedule of the Center's schedule of functional expenses for the year ended June 30, 2023, which includes rent, utilities, maintenance, supplies, and other purchases. We obtained and recalculated these allocations for the year ended June 30, 2023. We made inquiries to determine that applicable expenses and payments had been properly allocated between abortion-related activities and nonabortion activities. There was no evidence of any abortion-related expenses or payments having been allocated to the Title X funded program. In testing the cost report for the year ended June 30, 2023, for the Access Matters Family Planning Grant, we noted nonabortion programmatic, rent, and supply expenditures having been allocated to this program. No exceptions were noted.

g. We verified through observation that the abortion-related activities are physically separated from activities of the Center funded through Access Matters Family Planning Grant. Abortion-related activities are separate from the nonabortion activities at Mazzoni Center's Health Center. Abortion-related services are provided by appointment only, after a list of family planning options and a respite period for a patient to decide on treatment options. We also observed that there were a separately identified locked medical storage cabinet in the facility that provided clear segregation of family planning and abortion-related supplies. No exceptions were noted.

We were engaged by Mazzoni Center to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the AICPA. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the compliance requirements of DHS Grantee Audit Guidelines. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of Mazzoni Center and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely for the information and use of the specified parties, and is not intended to be, and should not be, used by anyone other than the specified parties.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

King of Prussia, Pennsylvania
January 26, 2024

Appendix III

Adagio Health
Attestations & Documentation

adagio health

You're welcome here

January 22, 2024

Brandi L. Clemons, Policy Aide
Department of Human Services
Office of Policy Development
Health & Welfare Building, Room 323
Harrisburg, PA 17105

Dear Ms. Clemons,
The purpose of this letter is to satisfy the requirements of Grantee Audit Guidelines for the Family Planning Councils as required by Appropriations Act 66 of 2006 72 P.S. 1701-D, et seq., effective state fiscal year 2006-2007.

Adagio Health attests that the sub-grantee falling into this category is in compliance with the above referenced audit guidelines as they relate to the physical and financial separation of abortion services provided through the grant for women's medical services, including non-invasive contraceptive supplies.

Should you require additional information, please do not hesitate to contact us.

Sincerely,

B.J. Leber, President/CEO — Date: 1-22-24

William Gedman, Chief Financial/Operations Officer — Date: 1-22-24

412-288-2130 · Two Gateway Center Suite 500 · 603 Stanwix Street Pittsburgh, PA 15222

ADAGIO HEALTH INC.
Pittsburgh, Pennsylvania

Independent Accountant's Report on
Applying Agreed-Upon Procedures

For the year ended June 30, 2023

SCHNEIDER DOWNS

Big Thinking. Personal Focus.

www.schneiderdowns.com

SCHNEIDER DOWNS
Big Thinking. Personal Focus.

INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

To the Board of Directors
Adagio Health Inc.
Pittsburgh, Pennsylvania

We have performed the procedures enumerated below on the compliance with the required review of sub-grantee policies and annual inspection of sub-grantees that engage in abortion-related activities (questionnaire and responses) of Adagio Health Inc. (Organization or Grantee) during the year ended June 30, 2023. The Organization's management is responsible for the questionnaire and responses.

The Organization has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of compliance with the required review of sub-grantee policies and annual inspection of sub-grantees that engage in abortion-related activities. Additionally, the Commonwealth of Pennsylvania Department of Human Services (DHS) has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report, and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings related to the Grantee are as follows. We asked the following questions to the Grantee (Adagio Health Inc.) and received the following responses:

1. **Question:** Does the Grantee (Adagio Health Inc.) receive, from each sub-grantee that engages in abortion-related activities, a copy of the sub-grantee's policies and procedures and other documentation of its abortion-related activities, including the means and methods of separating these activities from activities of the sub-grantee funded through any family planning appropriation?

Are these policies and procedures and other documentation approved by the sub-grantee's board of directors?

Response: Adagio Health Inc. has received a copy of the sub-grantee's policies and procedures and other documentation of its abortion-related activities, including the means and methods of separating these activities from activities of the sub-grantee funded through any family planning appropriation. These policies and procedures have been approved by the sub-grantee's board of directors. A copy of the policies and procedures is available for inspection.

Schneider Downs & Co., Inc.
www.schneiderdowns.com
PrimeGlobal
An Association of Independent Accounting Firms

One PPG Place
Suite 1700
Pittsburgh, PA 15222
TEL 412.261.3644
FAX 412.261.4876

65 E. State Street
Suite 2000
Columbus, OH 43215
TEL 614.621.4060
FAX 614.621.4062

1660 International Drive
Suite 600
McLean, VA 21102
TEL 571.380.9003

2. **Question:** Did the Grantee (Adagio Health Inc.) perform an inspection of the sub-grantee to separately attest to the physical and financial separation of abortion-related activities from any family planning project?

Has the Grantee (Adagio Health Inc.) reviewed the abortion-related services for compliance with pertinent state and federal laws, regulations and guidelines addressing the promotion, performance or referral of abortions or abortion counseling and the required separation of these activities from any family planning projects?

Response: Adagio Health Inc. has performed an inspection of the physical and financial separation of the sub-grantee's abortion-related activities. In addition, Adagio Health Inc. has reviewed the abortion-related services for compliance with pertinent state and federal laws.

3. **Question:** Did the Grantee (Adagio Health Inc.) include the physical and financial separation and the audit requirements in every grant, contract or agreement with a sub-grantee or contractor?

Did the Grantee (Adagio Health Inc.) develop guidelines for the use of the sub-grantee in establishing facilities that promote, perform or refer for abortions or abortion counseling?

Response: Adagio Health Inc. did include the physical and financial separation and the audit requirements in every grant, contract or agreement with a sub-grantee or contractor.

Adagio Health Inc. did not develop guidelines for the use of the sub-grantee. However, Adagio Health Inc. has provided the sub-grantee with all relevant information related to any family planning appropriation.

We were engaged by the Organization and DHS to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an audit or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the subject matter. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely for the information and use of the Commonwealth of Pennsylvania Department of Human Services, the Board of Directors and management of Adagio Health Inc. and is not intended to be and should not be used by anyone other than these specified parties.

Schneider Downs & Co., Inc.

Pittsburgh, Pennsylvania
October 31, 2023

ADAGIO HEALTH INC.

Report on Audit of Statement of Title XX
Reimbursements and Statement of Financial
Transactions for Units of Service

For the Year Ended June 30, 2023

C O N T E N T S

SCHNEIDER DOWNS
Big Thinking. Personal Focus.

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Adagio Health Inc.
Pittsburgh, Pennsylvania

Report on the Audit of the Contract Financial Statements

Opinion
We have audited the accompanying contract financial statements of Adagio Health Inc. (Organization) pursuant to the Title XX Contract Number 4100093495 between the Organization and the Pennsylvania Department of Health, which comprise the statements of Title XX reimbursements and financial transactions for units of service of the Organization for the year ended June 30, 2023, and the related notes to the contract financial statements.

In our opinion, the contract financial statements referred to above present fairly, in all material respects, Title XX reimbursements and financial transactions for units of service provided by the Organization for the year ended June 30, 2023, in accordance with the financial reporting provisions of Contract 4100093495 as described in Note 2.

Basis for Opinion
We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Contract Financial Statement section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis of Accounting
We draw attention to Note 2 of the contract financial statements, which describes the basis of accounting. The contract financial statements are prepared on the basis of the financial reporting provisions of Contract Number 4100093495 between the Organization and the Pennsylvania Department of Health, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to comply with the provisions of the contract referred to above. The contract financial statements are not intended to be a complete presentation of the Organization's revenues and expenses. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Contract Financial Statement
Management is responsible for the preparation and fair presentation of these contract financial statements in accordance with the financial reporting provisions of Contract Number 4100093495 between the Organization and the Pennsylvania Department of Health. Management is also responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of contract financial statements that are free from material misstatement, whether due to fraud or error.

Schneider Downs & Co., Inc.
www.schneiderdowns.com
PrimeGlobal
An Association of Independent Accounting Firms

One PPG Place
Suite 1700
Pittsburgh, PA 15222
TEL 412.261.3644
FAX 412.261.4876

65 E. State Street
Suite 2000
Columbus, OH 43215
TEL 614.621.4060
FAX 614.621.4062

1660 International Drive
Suite 600
McLean, VA 21102
TEL 571.380.9003

Auditor's Responsibilities for the Audit of the Contract Financial Statement
Our objectives are to obtain reasonable assurance about whether the contract financial statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the contract financial statement.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the contract financial statement, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the contract financial statement.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the contract financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Other Reporting Required by *Government Auditing Standards*
In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2023, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

Restriction on Use
Our report is intended solely for the information and use of the Board of Directors and management of Adagio Health Inc. and the Pennsylvania Department of Health and is not intended to be and should not be used by anyone other than these specified parties.

Schneider Downs & Co., Inc.

Pittsburgh, Pennsylvania
October 31, 2023

ADAGIO HEALTH INC.
PENNSYLVANIA DEPARTMENT OF HUMAN SERVICES - TITLE XX
CONTRACT NUMBER 4100093495

STATEMENT OF TITLE XX REIMBURSEMENTS
JUNE 30, 2023

FAMILY PLANNING	
Services provided	$ 2,246,651
BREAST CANCER SCREENING SERVICE	
Services provided	185,909
Services Provided Under Title XX - Contract Number 4100093495	$ 2,432,560

FAMILY PLANNING	
Services reimbursed through federal funds	$ 2,167,598
Services reimbursed through state funds	25,749
	2,193,347
BREAST CANCER SCREENING SERVICE	
Services reimbursed through state funds	185,909
Total Services Reimbursed Under Title XX - Contract Number 4100093495	$ 2,379,256

See independent auditor’s report and notes to financial statements.

ADAGIO HEALTH INC.
PENNSYLVANIA DEPARTMENT OF HUMAN SERVICES - TITLE XX
CONTRACT NUMBER 4100093495

STATEMENT OF FINANCIAL TRANSACTIONS FOR UNITS OF SERVICE
FOR THE YEAR ENDED JUNE 30, 2023

Type of Service	Procedure Code	Number Provided	Fee Per Service	Amount Invoiced
Family Planning:				
Insertion, nonbiodegradable drug delivery implant	11981	98	$ 103.91	$ 10,183
Removal, nonbiodegradable drug delivery implant	11982	89	126.20	11,232
Remove and insert, nonbiodegradable drug delivery implant	11983	40	219.10	8,764
Destroy benign lesion < 14	17110	17	85.20	1,448
Destroy benign lesion 15 >	17111	1	105.29	105
Destruction of lesion(s), chemical	54050	7	129.69	908
Destruction of vulva lesion(s)	56501	9	141.09	1,270
Biopsy of vulva or perineum	56605	2	75.38	151
Colposcopy of the cervix, without cervical biopsies	57452	8	114.64	917
Colposcopy with cervical biopsies and endocervical curettage	57454	37	168.63	6,239
Colposcopy of the cervix, with cervical biopsies	57455	8	137.94	1,104
Colposcopy of the entire vagina, with biopsy	57456	6	128.30	770
BX of cervix with scope leep	57460	3	202.40	607
CONZ of cervix with scope leep	57461	1	234.40	234
Biopsy, single or multiple, or local exc	57500	3	94.01	282
Endometrial sampling	58100	23	108.89	2,504
IUD insertion	58300	153	67.60	10,343
IUD removal	58301	125	84.25	10,531
Urinalysis auto with scope	81001	15	3.00	45
Urinalysis by dipstick or tablet reagent	81002	499	4.35	2,171
Urinalysis auto without scope	81003	174	3.10	539
Urine pregnancy test, by visual color code	81025	2,162	10.76	23,263
Gonadotropin, follicle stim hormone (FSH)	83001	31	17.50	543
Hemoglobin; glycated	83036	43	7.00	301
Prolactin level	84146	80	24.00	1,920
Gonadotropin, chorionic (HCG); quantitative	84702	122	16.42	2,003
Blood count; other than spun hematocrit	85014	4	3.23	13
Hemoglobin	85018	48	4.04	194
Blood count; hemogram and platelet count	85025	68	6.00	408
Subtotal - Family Planning (Federal Funds; Appropriation No. 165)		3,876		98,992

See independent auditor’s report and notes to financial statements.

ADAGIO HEALTH INC.
PENNSYLVANIA DEPARTMENT OF HUMAN SERVICES - TITLE XX
CONTRACT NUMBER 4100093495

STATEMENT OF FINANCIAL TRANSACTIONS FOR UNITS OF SERVICE
FOR THE YEAR ENDED JUNE 30, 2023
(Continued)

Type of Service	Procedure Code	Number Provided	Fee Per Service	Amount Invoiced
Family Planning (Continued):				
Balance Brought Forward		3,876		$ 98,992
Immunoassay infectious agent	86317	4	$ 20.49	82
Syphilis test, qualitative	86592	89	4.00	356
Syphilis test, non-treponemal antibody qualitative	86593	4	6.09	24
Antibody; herpes simplex, non-specific type test	86694	3	19.83	59
Antibody; herpes simplex, type 1	86695	412	18.22	7,507
Antibody; herpes simplex, type 2	86696	423	21.40	9,052
Antibody; HIV-1	86701	36	12.12	436
Antibody; HIV-2	86702	26	13.83	360
Antibody; HIV-1, HIV-2, single result	86703	61	23.34	1,424
Antibody; Treponema Pallidium	86780	962	15.18	14,603
Culture, other specimen aerobic	87070	9	6.90	62
Culture, bacterial, quantitative colony count, urine	87086	457	13.75	6,284
Smear gram stain	87205	1	4.50	5
Smear special stain	87207	2	10.20	20
Smear, wet mountain saline/ink	87210	794	7.28	5,780
Virus isolation; ID by virus specific enzymatic activity	87255	64	37.85	2,422
Infection agent antigen detection, HIV-1 and HIV-2 antibodies	87389	1,048	27.30	28,610
Candida dir probe	87480	849	22.72	19,289
Chlamydia amplified probe	87491	4,064	23.19	94,244
Gardner dir probe	87510	841	16.04	13,490
HIV-1 DNA quant	87536	2	116.09	232
Gonorrhea amplified probe	87591	4,052	23.19	93,966
HPV high-risk types 31, 33, 35, 39, 45, 51, 52, 56, 58, 59, and 68	87624	568	59.75	33,938
Human Papillomavirus (HPV), high-risk types 16 and 18 only	87625	2	59.75	120
Trichomonas vagin	87660	851	22.42	19,079
Trichomonas vaginalis	87661	2,205	38.30	84,452
Detect agent nos dna amp	87798	10	23.19	232
Cytopath c/v interpret	88141	5	6.53	33
Cytopath c/v thin layer	88142	243	16.00	3,888
Subtotal - Family Planning (Federal Funds; Appropriation No. 165)		21,963		539,041

See independent auditor’s report and notes to financial statements.

ADAGIO HEALTH INC.
PENNSYLVANIA DEPARTMENT OF HUMAN SERVICES - TITLE XX
CONTRACT NUMBER 4100093495

STATEMENT OF FINANCIAL TRANSACTIONS FOR UNITS OF SERVICE
FOR THE YEAR ENDED JUNE 30, 2023
(Continued)

Type of Service	Procedure Code	Number Provided	Fee Per Service	Amount Invoiced
Family Planning (Continued):				
Balance Brought Forward		21,963		$ 539,041
Cytopath c/v auto fluid redo	88175	495	$ 29.55	14,627
Level IV - Surgical pathology, gross and microscopic examination	88305	112	88.53	9,915
HPV vaccine admin nonavalent 4	90649	1	10.00	10
HPV vaccine admin nonavalent 9	90651	301	10.00	3,010
Hepatitis vaccine, adult dosage, 3-dose schedule	90746	1	10.00	10
Office visit, new patient, 20 min. face-to-face	99202	308	62.20	19,158
Office visit, new patient, 30 min. face-to-face	99203	473	95.13	44,996
Office visit, new patient, 45 min. face-to-face	99204	112	160.89	18,020
New patient office/outpatient visit; typically 60 min	99205	1	209.15	209
Minimal office visit established patient - 5 minutes	99211	1,316	20.00	26,320
Office visit, established patient, 10 min. face-to-face	99212	764	31.15	23,799
Office visit, established patient, 15 min. face-to-face	99213	1,862	63.14	117,567
Office visit, established patient, 25 min. face-to-face	99214	645	96.91	62,507
Established patient office/outpatient; typically 40 min	99215	23	137.24	3,157
Initial Comprehensive E/M visit (age 12-17 years)	99384	86	126.41	10,871
Initial Comprehensive E/M visit (age 18-39 years)	99385	285	121.14	34,525
Initial Comprehensive E/M visit (age 40-64 years)	99386	26	147.46	3,834
Periodic comprehensive E/M visit (age 12-17 years)	99394	49	107.53	5,269
Periodic comprehensive E/M visit (age 18-39 years)	99395	653	110.60	72,222
Periodic comprehensive E/M visit (age 40-64 years)	99396	81	120.25	9,740
Preventive med. counseling and risk factor reduction	99401	23,953	10.00	239,530
Smoking and tobacco use cessation counseling visit	99407	10	19.33	193
Male condom	A4267	11,078	0.35	3,877
Female condom	A4268	29	2.25	65
Gardasil	000064121	302	398.10	120,226
Depo subq provera 104, depo subq provera 104 syringe	00094709	21	220.14	4,623
Nuva ring	00520273	1,064	25.00	26,600
Nexplanon 68 mg implant	00524330	134	875.03	117,254
Mirena	504190423	66	885.80	58,463
Subtotal - Family Planning (Federal Funds; Appropriation No. 165)		66,214		1,589,638

See independent auditor’s report and notes to financial statements.

ADAGIO HEALTH INC.
PENNSYLVANIA DEPARTMENT OF HUMAN SERVICES - TITLE XX
CONTRACT NUMBER 4100093495

STATEMENT OF FINANCIAL TRANSACTIONS FOR UNITS OF SERVICE
FOR THE YEAR ENDED JUNE 30, 2023
(Continued)

Type of Service	Procedure Code	Number Provided	Fee Per Service	Amount Invoiced
Family Planning (Continued):				
Balance Brought Forward		66,214		$ 1,589,638
Kyleena	J7296	25	$ 780.00	19,500
Contraceptive patch	03783340	832	37.91	31,541
Paragard	593655128	35	762.65	26,692
Liletta 52 mg system	00235858	16	780.00	12,480
Azithromycin 250 mg tablet	64679964	14	7.50	105
Medroxyprogesterone, 150 mg/ml	J1050	1,378	71.41	98,402
Fluconazole 150 mg tablet	01725412	44	12.00	528
Metronidazole 250 mg	501110334	327	7.50	2,453
Ceftriaxone	J0696	32	7.50	240
Penicillin g potassium	J2540	10	7.50	75
Emergency contraception	73302456	260	20.00	5,200
Condylox	00236118	4	215.00	860
Oral contraceptives	S4993	6,326	20.00	126,520
Doxycycline hyclate 100 mg capsule	621350985	31	7.50	233
Etonogestrel-ee vaginal ring	669930605	3	25.00	75
Acyclovir 400 mg tablet	705180065	3	7.50	23
Skyla system	J7301	1	737.57	738
Administration Fees - 17.3%		-		331,348
Total - Family Planning (Federal Funds; Appropriation No. 165)		75,555		$ 2,246,651

See independent auditor’s report and notes to financial statements.

ADAGIO HEALTH INC.
PENNSYLVANIA DEPARTMENT OF HUMAN SERVICES - TITLE XX
CONTRACT NUMBER 4100093495

STATEMENT OF FINANCIAL TRANSACTIONS FOR UNITS OF SERVICE
FOR THE YEAR ENDED JUNE 30, 2023
(Continued)

Type of Service	Procedure Code	Number Provided	Fee Per Service	Amount Invoiced
Breast cancer screening				
Breast cancer screening	90185	10,566	$ 15.00	$ 158,490
Administration Fees - 17.3%		-		27,419
Total - Breast Cancer Screening (State Funds; Appropriation No. 245)		10,566		$ 185,909
Total Services Provided		86,121		$ 2,432,560
Net Reimbursements				2,379,256
Services Provided in Excess of Reimbursements				$ 53,304

See independent auditor’s report and notes to financial statements.

NOTES TO THE CONTRACT FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

NOTE 1 - ORGANIZATION

Adagio Health Inc. (Organization) is a not-for-profit corporation that promotes the reproductive health and overall wellbeing of women of all ages, their families and their communities by providing healthcare services and educational programs that are responsive and creative.

The Organization was established to provide comprehensive family planning services. In addition to family planning, the Organization addresses a wide variety of health concerns, including prenatal care, gynecology, breast and cervical cancer screening, STD testing and treatment, nutrition education, teen pregnancy prevention, sexuality education for teens, community education and professional training.

Family planning services are provided through a network of 53 stationary locations and 2 mobile units throughout 23 counties of Western Pennsylvania. The Organization directly operates 9 reproductive health sites and has contractual arrangements with 18 subrecipient agencies, offering clinical care through 44 stationary locations and 2 mobile health units.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of significant accounting policies consistently applied by management in the preparation of the accompanying contract financial statements follows:

Basis of Accounting - The Organization contracts annually with the Pennsylvania Department of Human Services to provide family planning services, breast cancer screening services and other women's medical services to individuals meeting certain eligibility criteria. The Pennsylvania Department of Human Services receives the funding from the United States Department of Health and Human Services under Title XX of the Social Security Act. The Pennsylvania Department of Human Services reimburses for approved services at contractual rates, up to a maximum amount as provided in the contracts. Services provided in excess of the reimbursements are funded by the Organization through other sources.

The accompanying financial statements were prepared in accordance with the financial reporting provisions of Contract Number 4100093495 between the Organization and the Pennsylvania Department of Human Services. The statement of Title XX reimbursements shows the calculation of the total amount reimbursable to the Organization under Title XX, after deducting amounts in excess of the contract maximum. The amounts have been received in cash by the Organization. The reimbursements are recorded as revenue in the Organization's records as services are performed. The schedule of financial transactions for units of service provides detail for the units of service by type of service, procedure code and fee per service at the contractual rate.

Subsequent Events - Subsequent events are defined as events or transactions that occur after the contract period but before the contract financial statements are issued or available to be issued. The Organization has evaluated subsequent events through October 31, 2023, the date on which the contract financial statements were available to be issued.

[This Page Intentionally Left Blank.]

REPORTING UNDER *GOVERNMENT AUDITING STANDARDS*

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

To the Board of Directors
Adagio Health Inc.
Pittsburgh, Pennsylvania

We have audited, in accordance with auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the contract financial statements of Title XX reimbursements and financial transactions for units of service of Adagio Health Inc. (Organization) for the year ended June 30, 2023, and the related notes to the contract financial statements, and have issued our report thereon dated October 31, 2023.

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

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

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

Schneider Downs & Co., Inc.
www.schneiderdowns.com
PrimeGlobal
An Association of Independent Accounting Firms

One PPG Place
Suite 1700
Pittsburgh, PA 15222
TEL 412.261.3644
FAX 412.261.4876

65 E. State Street
Suite 2000
Columbus, OH 43215
TEL 614.621.4060
FAX 614.621.4062

1660 International Drive
Suite 600
McLean, VA 21102
TEL 571.380.9003

Report on Compliance and Other Matters

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

Purpose of This Report

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

Schneider Downs & Co., Inc.

Pittsburgh, Pennsylvania
October 31, 2023

ADAGIO HEALTH INC.
Pittsburgh, Pennsylvania

Financial Statements
For the years ended June 30, 2023 and 2022

and Independent Auditor's Report Thereon

SCHNEIDER DOWNS

Big Thinking. Personal Focus.

www.schneiderdowns.com

C O N T E N T S

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Adagio Health Inc.
Pittsburgh, Pennsylvania

Opinion

We have audited the accompanying financial statements of Adagio Health Inc. (Organization), which comprise the statements of financial position as of June 30, 2023 and 2022, and related statements of activities, functional expenses and cash flows for the years then ended and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2023 and 2022, 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 (U.S. GAAP).

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP, and for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Schneider Downs & Co., Inc.
www.schneiderdowns.com
PrimeGlobal
An Association of Independent Accounting Firms

One PPG Place
Suite 1700
Pittsburgh, PA 15222
TEL 412.261.3644
FAX 412.261.4876

65 E. State Street
Suite 2000
Columbus, OH 43215
TEL 614.621.4060
FAX 614.621.4062

1660 International Drive
Suite 600
McLean, VA 21102
TEL 571.380.9003

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings and certain internal control related matters that we identified during the audit.

Schneider Downs & Co., Inc.

Pittsburgh, Pennsylvania
October 31, 2023

ADAGIO HEALTH INC.

STATEMENTS OF FINANCIAL POSITION

	June 30 2023	June 30 2022
ASSETS		
Cash and cash equivalents	$ 1,306,233	$ 5,710,291
Accounts receivable, net	4,734,073	2,870,527
Investments	2,750,000	1,253,121
Prepaid expenses and other assets	456,672	430,363
Property and equipment, net	1,259,100	1,035,650
Operating lease right-of-use assets	3,195,132	-
Total Assets	$ 13,701,210	$ 11,299,952
LIABILITIES AND NET ASSETS		
Accounts payable	$ 1,704,574	$ 1,649,587
Accrued compensation and benefits	699,384	607,016
Other accrued liabilities	40,412	317,763
Operating lease liabilities	3,457,298	-
Total Liabilities	5,901,668	2,574,366
NET ASSETS		
Without Donor Restrictions	7,700,837	8,501,499
With Donor Restrictions	98,705	224,087
Total Net Assets	7,799,542	8,725,586
Total Liabilities and Net Assets	$ 13,701,210	$ 11,299,952

See notes to financial statements.

ADAGIO HEALTH INC.

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
PUBLIC SUPPORT AND REVENUE			
Patient fee for service revenue (net of contractual allowances and discounts)	$ 9,425,445	-	$ 9,425,445
Provision for bad debts	(194,412)	-	(194,412)
	9,231,033	-	9,231,033
Government grants	10,725,578	-	10,725,578
Foundation and other grants and revenues	3,877,256	$ 294,000	4,171,256
Investment income	31,846	-	31,846
Net assets released as a result of satisfaction of restrictions	419,382	(419,382)	-
	24,285,095	(125,382)	24,159,713
EXPENSES			
Program	21,013,763	-	21,013,763
General and administrative	2,978,600	-	2,978,600
Development and fundraising	1,093,394	-	1,093,394
	25,085,757	-	25,085,757
Change in Net Assets	(800,662)	(125,382)	(926,044)
NET ASSETS			
Beginning of year	8,501,499	224,087	8,725,586
End of year	$ 7,700,837	$ 98,705	$ 7,799,542

See notes to financial statements.

ADAGIO HEALTH INC.

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
PUBLIC SUPPORT AND REVENUE			
Patient fee for service revenue (net of contractual allowances and discounts)	$ 8,013,506	-	$ 8,013,506
Provision for bad debts	(180,778)	-	(180,778)
	7,832,728	-	7,832,728
Government grants	11,898,284	-	11,898,284
Foundation and other grants and revenues	4,871,451	$ 288,577	5,160,028
Investment income	3,820	-	3,820
Net assets released as a result of satisfaction of restrictions	716,178	(716,178)	-
	25,322,461	(427,601)	24,894,860
EXPENSES			
Program	20,067,313	-	20,067,313
General and administrative	2,954,111	-	2,954,111
Development and fundraising	1,076,055	-	1,076,055
	24,097,479	-	24,097,479
Change in Net Assets	1,224,982	(427,601)	797,381
NET ASSETS			
Beginning of year	7,276,517	651,688	7,928,205
End of year	$ 8,501,499	$ 224,087	$ 8,725,586

See notes to financial statements.

ADAGIO HEALTH INC.

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2023

	Program Services				
	Family Planning	Prenatal	Nutrition Services	Cancer Screening	Community Education
Salaries	$ 4,232,859	$ 76	$ 2,829,938	$ 359,028	$ 910,270
Payroll taxes and fringe benefits	823,464	-	536,707	64,597	199,714
	5,056,323	76	3,366,645	423,625	1,109,984
Medical supplies and services	3,164,722	37,719	38,682	1,298,570	1,319,389
Purchased services	425,693	15,101	85,929	7,745	31,009
Facilities rental	647,604	15,563	447,013	9,666	54,479
Professional services	276,491	-	56,875	6,060	20,673
Education and training materials	41,954	-	62,213	29	17,592
Repair and maintenance	137,013	1,084	47,723	48	2,995
Supplies	68,613	231	178,349	7,254	29,702
Rental and maintenance equipment	61,002	1,134	41,444	508	2,683
Insurance	103,930	-	64,645	6,290	23,178
Utilities	153,994	1,662	139,801	3,276	17,319
Printing and advertising	64,178	595	37,317	21,502	308,355
Communications	4,050	-	2,525	450	1,809
Postage	16,568	343	8,549	482	3,635
Travel	129,276	84	102,948	17,755	66,000
Staff training and development	11,067	-	9,938	827	13,419
Miscellaneous	599	-	10	532	10,019
Depreciation	86,376	-	58,304	6,478	21,594
Donations	-	-	-	1,300	4,175
	$ 10,449,453	$ 73,592	$ 4,748,910	$ 1,812,397	$ 3,058,009

Program Services		Support Services			
Other	Total Program Services	General and Administrative	Development	Total Supporting Services	Total Expenses
$ 342,277	$ 8,674,448	$ 1,384,833	$ 546,100	$ 1,930,933	$ 10,605,381
(1,492)	1,622,990	909,426	139,669	1,049,095	2,672,085
340,785	10,297,438	2,294,259	685,769	2,980,028	13,277,466
282,652	6,141,734	21,260	21,447	42,707	6,184,441
37,202	602,679	57,397	14,177	71,574	674,253
18,558	1,192,883	46,628	20,412	67,040	1,259,923
127,182	487,281	290,397	91,185	381,582	868,863
350	122,138	21,425	21,094	42,519	164,657
2,805	191,668	189	103	292	191,960
27,079	311,228	120,060	30,443	150,503	461,731
(12,183)	94,588	(7,822)	1,082	(6,740)	87,848
2,044	200,087	40,484	13,655	54,139	254,226
7,634	323,686	27,062	7,004	34,066	357,752
25,860	457,807	1,416	109,153	110,569	568,376
-	8,834	3,650	-	3,650	12,484
866	30,443	1,714	3,065	4,779	35,222
7,222	323,285	15,684	4,494	20,178	343,463
1,939	37,190	5,731	8,411	14,142	51,332
157	11,317	9,994	18,389	28,383	39,700
-	172,752	28,072	15,116	43,188	215,940
1,250	6,725	1,000	28,395	29,395	36,120
$ 871,402	$ 21,013,763	$ 2,978,600	$ 1,093,394	$ 4,071,994	$ 25,085,757

See notes to financial statements.

ADAGIO HEALTH INC.

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2022

	Program Services				
	Family Planning	Prenatal	Nutrition Services	Cancer Screening	Community Education
Salaries	$ 4,010,967	$ 100	$ 2,729,895	$ 381,935	$ 1,013,663
Payroll taxes and fringe benefits	781,254	3,238	480,848	81,618	177,085
	4,792,221	3,338	3,210,743	463,553	1,190,748
Medical supplies and services	2,869,573	153,411	39,509	1,209,766	944,074
Purchased services	396,211	14,672	85,954	9,775	52,909
Facilities rental	631,926	10,912	405,228	13,368	56,085
Professional services	238,644	383	45,024	21,768	30,650
Education and training materials	21,155	2,129	138,109	-	9,353
Repair and maintenance	119,202	931	39,186	161	2,848
Supplies	398,384	1,127	211,109	10,923	25,640
Rental and maintenance equipment	44,173	427	48,081	1,472	4,673
Insurance	101,413	3,689	46,025	14,129	17,473
Utilities	137,930	1,949	126,818	3,726	18,887
Printing and advertising	314,810	(2,926)	72,704	27,404	245,722
Communications	4,769	-	3,523	600	2,530
Postage	15,668	73	18,449	496	4,442
Travel	109,247	-	67,220	7,470	46,620
Staff training and development	20,753	-	16,397	2,189	26,600
Legal	5,000	-	-	-	-
Miscellaneous	357	-	48	-	20,902
Depreciation	123,167	892	54,863	17,912	29,322
Donations	156	-	-	-	16,100
	$ 10,344,759	$ 191,007	$ 4,628,990	$ 1,804,712	$ 2,745,578

Program Services		Support Services			
Other	Total Program Services	General and Administrative	Development	Total Supporting Services	Total Expenses
$ 159,436	$ 8,295,996	$ 1,248,274	$ 643,174	$ 1,891,448	$ 10,187,444
28,165	1,552,208	1,023,056	102,984	1,126,040	2,678,248
187,601	9,848,204	2,271,330	746,158	3,017,488	12,865,692
71,594	5,287,927	16,421	9,304	25,725	5,313,652
9,356	568,877	68,465	10,980	79,445	648,322
11,845	1,129,364	39,537	15,843	55,380	1,184,744
2,001	338,470	270,228	62,219	332,447	670,917
1,341	172,087	1,323	6,659	7,982	180,069
744	163,072	275	110	385	163,457
898	648,081	162,471	67,306	229,777	877,858
1,174	100,000	7,338	1,807	9,145	109,145
4,090	186,819	18,356	4,509	22,865	209,684
6,791	296,101	40,636	7,098	47,734	343,835
37,582	695,296	1,496	105,916	107,412	802,708
-	11,422	3,050	-	3,050	14,472
730	39,858	2,792	4,765	7,557	47,415
4,617	235,174	8,740	7,565	16,305	251,479
2,300	68,239	8,507	4,039	12,546	80,785
-	5,000	-	-	-	5,000
-	21,307	30,846	9,474	40,320	61,627
9,603	235,759	-	2,553	2,553	238,312
-	16,256	2,300	9,750	12,050	28,306
$ 352,267	$ 20,067,313	$ 2,954,111	$ 1,076,055	$ 4,030,166	$ 24,097,479

See notes to financial statements.

ADAGIO HEALTH INC.

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ (926,044)	$ 797,381
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation	215,940	238,312
Provision of bad debts	194,412	180,778
Changes in assets and liabilities:		
Accounts receivable	(2,057,958)	284,249
Prepaid expenses and other assets	(26,309)	(74,507)
Accounts payable and accrued liabilities	150,632	(2,641)
Operating right-of-use assets and lease liabilities	(18,462)	-
Net Cash (Used In) Provided By Operating Activities	(2,467,789)	1,423,572
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(439,390)	(316,615)
Purchase of investments	(1,496,879)	-
Proceeds from the sale of investments	-	252,051
Net Cash Used in Investing Activities	(1,936,269)	(64,564)
Net (Decrease) Increase in Cash	(4,404,058)	1,359,008
CASH AND CASH EQUIVALENTS		
Beginning of year	5,710,291	4,351,283
End of year	$ 1,306,233	$ 5,710,291

SUPPLEMENTAL DISCLOSURE OF NONCASH ACTIVITIES

On July 1, 2022, the Organization adopted ASU No. 2016-02, Leases (Topic 842) and recorded operating lease right-of-use assets and lease liabilities of approximately $3,563,000 and $3,844,000, respectively.

During the year ended June 30, 2023, the Organization recognized additions of approximately $582,000 of total right-of-use assets and related lease liabilities.

See notes to financial statements.

NOTE 1 - ORGANIZATION

Adagio Health Inc. (Organization) is a not-for-profit corporation that promotes the reproductive health and overall wellbeing of women of all ages, their families and their communities by providing healthcare services and educational programs that are responsive and creative.

The Organization was established to provide comprehensive family planning services. In addition to family planning, the Organization addresses a wide variety of health concerns, including prenatal care, gynecology, breast and cervical cancer screening, STD testing and treatment, nutrition education, teen pregnancy prevention, sexuality education for teens, community education and professional training.

Family planning services are provided through a network of 53 stationary locations and 2 mobile units throughout 23 counties of Western Pennsylvania. The Organization directly operates 9 reproductive health sites and has contractual arrangements with 18 subrecipient agencies, offering clinical care through 44 stationary locations and 2 mobile health units. The accounts and operations of the subrecipient agencies are not required to be consolidated in the Organization's financial statements under generally accepted accounting principles.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of significant accounting policies consistently applied by management in the preparation of the accompanying financial statements follows:

Basis of Accounting - The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Use of Estimates - The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Basis of Presentation - In accordance with the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) topic, Presentation of Financial Statements for Not-for-Profit Entities, net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. The net assets of the Organization are classified and reported as follows:

Net Assets without Donor Restrictions - Net assets that are not subject to donor-imposed restrictions or stipulations as to purpose or use. This includes balances that are designated by the Board of Directors (Board) for specific purposes and for operating reserves.

Net Assets with Donor Restrictions - Net assets that are subject to donor-imposed restrictions or stipulations that may or will be met either by actions of the Organization or the passage of time.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents - The Organization considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. The majority of cash and cash equivalents are maintained at one financial institution located in Western Pennsylvania. Account balances at times may exceed the Federal Deposit Insurance Corporation limit. The Organization believes that it has placed these temporary cash equivalents with a high-credit quality financial institution and does not believe it is exposed to any significant credit risk.

Revenue Recognition - The Organization follows FASB ASC Topic 606, Revenue from Contracts with Customers (Topic 606). Under ASC Topic 606, revenue is recognized in accordance with a five-step model, that includes: identifying the contracts with customers; identifying the separate performance obligations; determining the transaction price; allocating the transaction price to the separate performance obligations; and recognizing revenue when (or as) each performance obligation is satisfied.

The Organization generates revenue from individual contracts with customers, primarily through patient fee for service revenue. The provisions of Topic 606 are applied by the Organization on an individual contract basis. As a practical expedient, the Organization applies this Topic to a portfolio of contracts with similar characteristics for the fee for service revenue stream. The Organization expects that the effects of applying this guidance to the portfolios would not significantly differ from applying the guidance to the individual contracts within the portfolio.

The Organization's operating revenue is primarily generated and received through the following sources:

Government Grants - Government grants include federal and state funds that are primarily cost reimbursement-type arrangements with a budgeted ceiling per grant term. Revenue is recognized under these grants when allowable costs have been expended.

Government Patient Fee for Service - Government patient fee for service includes federal and state funds that are paid to the Organization under various fee-for-service arrangements with public funding sources and with managed health care organizations. Such agreements generally reimburse at rates other than the Organization's usual and customary billing rates. The Organization records revenue at the estimated expected amount to be received from these funding sources, net of estimated contractual allowance. The Organization recognizes revenues under the government patient fee-for-service arrangements when the services are provided to patients. Government patient fee-for-service revenue (net of contractual allowance and discounts) was approximately $4,844,000 and $4,277,000 during 2023 and 2022, respectively.

Other Patient Fees - Other patient fee for service includes revenue earned for services provided to patients who may not qualify for services under the federal and state fee-for-service programs. These services are typically paid for by the patient's private health insurance plan or, in some cases, directly by the patient on a fee sliding-scale basis (self-pay).

Similar to the government fee-for-service revenue, private health insurance plans generally reimburse at rates other than the Organization's usual and customary billing rates. The Organization recognizes patient service revenue relating to services rendered to patients having third-party payer coverage on the basis of contractual rates for such services. Private health insurance revenues are recorded at the estimated expected amount to be received from these payers, net of estimated contractual allowance.

For services rendered to uninsured patients (i.e., self-pay patients), revenue is recognized on the basis of standard or negotiated discounted rates, net of allowance for doubtful accounts.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

These patient fee revenues are recognized as services are provided to patients. Patient service revenue (net of contractual allowances and discounts but before taking account of the provision for bad debts) recognized during 2023 totaled approximately $4,581,000, of which approximately $4,542,000 was revenue from third-party payors, and approximately $39,000 was revenue from self-pay patients. Patient service revenue (net of contractual allowances and discounts but before taking account of the provision for bad debts) recognized during 2022 totaled approximately $3,737,000, of which approximately $3,718,000 was revenue from third-party payors, and approximately $19,000 was revenue from self-pay patients.

The United States Department of Health and Human Services and the Commonwealth of Pennsylvania Departments of Public Welfare and Health annually appropriate funds to the Organization under various grants and contracts. For each of the years ended June 30, 2023 and 2022, funds from these sources approximated 62% of the Organization's total support and revenue.

Receivables from grants and contributions, which include amounts derived from government grants and private gifts, are presented on the statements of financial position less an allowance for uncollectible contributions on the portfolio basis.

The Organization applies the practical expedient in FASB ASC 606-10-50-14 and, therefore, does not disclose further information about remaining performance obligations that have original expected durations of one year or less. Additionally, there was no revenue recognized during each of the years ended June 30, 2023 or 2022, from performance obligations that were satisfied or partially satisfied in prior periods.

The timing and the satisfaction of performance obligations were determined through careful analysis of the timing of which control of services are transferred to patients. All performance obligations are satisfied at a point in time, as patients simultaneously receive and consume the benefits provided by the Organization's performance upon payment.

Promises to Give - Contributions, foundation grants received and unconditional promises to give are recorded as revenues or gains with or without donor restrictions in the period received as assets, decreases of liabilities or expenses, depending on the form of the benefits received and on the existence or nature of any donor restrictions. All donor-restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. There were no pledges receivable as of June 30, 2023 and 2022.

During the year ended June 30, 2022, the Organization established the Innovation Fund with an initial goal to raise $2,000,000, with the Organization seeding the fund with an initial $500,000. The Innovation Fund will support the development of innovative and sustainable programs that will further reduce health disparities in underserved communities. The Board designated the assets for specified purposes, which make them unavailable for use at management's discretion. The Board has formed a committee to manage and monitor the administration of these funds. Contributions to the Innovation Fund were approximately $320,000 and $1,560,000 for the years ended June 30, 2023 and 2022, respectively, and were included in foundation and other grants and revenues without donor restrictions on the accompanying statement of activities. During the year ended June 30, 2023, approximately $126,000 was approved by the Board and utilized from the Innovation Fund. The balance of the Innovation Fund was approximately $1,754,000 and $1,560,000 at June 30, 2023 and 2022, respectively, and included within net assets without donor restrictions on the accompanying statement of financial position.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Conditional promises to give are recognized when the conditions on which they depend are substantially met. There were no conditional promises to give at June 30, 2023 and 2022.

Accounts Receivable and Provisions for Contractual Allowances and Doubtful Accounts - Accounts receivable consist of amounts due under grants and contractual agreements with third-party payers. A substantial portion of the outstanding balance as of June 30, 2023 and 2022 is due from the Commonwealth of Pennsylvania Departments of Public Welfare and Health. Concentration of credit risk with respect to other payers is limited due to the large number of such payers.

The Organization estimates the total provision for contractual allowances based on management's knowledge of any changes in applicable laws, rules and regulations and contract terms to assure that the portion of the provision reflects the most accurate information available.

The Organization then estimates the allowance for doubtful accounts. In evaluating the collectability of accounts receivable, the Organization analyzes past results and identifies trends for each major payor source of revenue for the purpose of estimating the appropriate amounts of the allowance for doubtful accounts and the provision for bad debts. Data in each major payor source is regularly reviewed to evaluate the adequacy of the allowance for doubtful accounts. Specifically, for receivables relating to services provided to patients having third-party coverage, an allowance for doubtful accounts and a corresponding provision for bad debts are established for third-party payors outstanding longer than six months based on historical collection experience. For receivables relating to self-pay patients, a provision is made after attempting to collect from state-sponsored programs that provide health care to qualifying applicants. A full allowance is provided for those charges outstanding greater than six months, based on historical collection experience. Actual write-offs are charged against the allowance for doubtful accounts. The total provision is approximately $192,000 and $130,000 as of June 30, 2023 and 2022, respectively.

Investments and Investment Risk - Investments are carried at fair value. Those received as gifts or donations are recorded at their fair value on the date received. The Organization has investments in certificates of deposit with an original maturity of greater than three months at June 30, 2023 and 2022. Interest earned on these investments is reflected in investment income without donor restrictions on the statements of activities.

Fair Value Measurements - Fair value is defined as the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at a measurement date. When determining the fair value measurements for assets and liabilities required to be recorded at fair value, the Organization considers the principal or most advantageous market in which it would transact and considers the assumptions that market participants would use when pricing the asset or liability.

The Organization applies the following fair value hierarchy, which prioritizes the inputs used to measure fair value into three levels and bases the categorization within the hierarchy upon the lowest level of input that is available and significant to the fair value measurement:

- Level 1 - Quoted prices in active markets for identical assets or liabilities.

- Level 2 - Observable inputs other than quoted prices in active markets for identical assets and liabilities, quoted prices for identical or similar assets or liabilities in inactive markets, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- Level 3 - Inputs that are generally unobservable and typically reflect management's estimates of assumptions that market participants would use in pricing the asset or liability.

Based on the availability of observable inputs, management has determined all investments to be Level 1 in the fair value hierarchy. All were invested within certificates of deposit with an original maturity of greater than three months at June 30, 2023 and 2022.

Property and Equipment - Property and equipment acquired are recorded at lower of cost or fair value.

The Organization reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of such assets might not be recoverable in accordance with Accounting for the Impairment or Disposal of Long-Lived Assets topic of the FASB ASC. Any write-downs due to impairment are charged to operations at the time impairment is identified. No such write-downs were required in 2023 and 2022.

Maintenance and repairs that are not considered to extend the useful lives of assets are charged to operations as incurred. Expenditures for additions and improvements are capitalized. Upon sale or retirement, the cost of assets and related allowances are removed from the accounts and any resulting gains or losses are included in income (expense) for the year.

Depreciation of property and equipment is provided by the straight-line method over the estimated useful lives of the assets that range from 40 years for buildings to three to 10 years for equipment. For leasehold improvements acquired in connection with an operating lease, the depreciation period is the shorter of the useful life of the leasehold improvement or the lease term of five to 10 years.

Leases - Leases are recognized under ASC 842, Leases (Topic 842). The Organization determines whether a contract is or contains a lease at contract inception and classifies it as either finance or operating. A contract is or contains a lease if there is an identified asset and the Organization has the right to control the asset.

Operating lease right-of-use assets represent the Organization's right to use an underlying asset for the lease term, and lease liabilities represent the Organization's obligation to make lease payments arising from the lease. Operating leases are recorded in operating lease right-of-use assets and lease liabilities on the Organization's statement of financial position. In the statements of activities, lease expense for operating lease payments is recognized on a straight-line basis over the lease term.

Topic 842 allows lessees an option to not recognize right-of-use assets and lease liabilities arising from short-term leases. A short-term lease is defined as a lease with an initial term of 12 months or less. The Organization elected to not recognize short-term leases as right-of-use assets and lease liabilities on the statement of financial position. All short-term leases that are not included on the Organization's statement of financial position will be recognized within lease expense. Leases that have an initial term of 12 months or less with an option for renewal will need to be assessed in order to determine if the lease qualifies for the short-term lease exception. If the option is reasonably certain to be exercised, the lease does not qualify as a short-term lease.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Operating lease right-of-use assets and lease liabilities are recognized at commencement date based on the present value of lease payments over the lease term. The Organization's lease liabilities are recognized based on the present value of the remaining fixed lease payments, over the lease term, using a discount rate. For the purpose of lease liability measurement, the Organization considers only payments that are fixed and determinable at the time of commencement. Some leasing arrangements require variable payments that are dependent upon usage or output, or may vary for other reasons, such as insurance or tax payments. Any variable payments are expensed as incurred. The Organization uses the risk-free rate at the commencement date in determining the present value of the lease payments for all asset classes, unless the implicit rate is readily determinable. The Organization's lease terms may include options to extend or terminate the lease and are recognized when it is reasonably certain that the Organization will exercise that option. The Organization has lease agreements with lease and non-lease components, which are accounted for as a single lease component for all classes of leased assets for which the Organization is the lessee. Lease assets are tested for impairment in the same manner as long-lived assets used in operations. See Note 10 for additional information.

The Organization also receives donated services from a variety of unpaid volunteers. No amounts have been recognized in the accompanying statement of activities because the volunteer efforts do not meet the criteria for recognition in accordance with U.S. GAAP.

Functional Allocation of Expenses - The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Income Taxes - The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made in the accompanying financial statements.

The Organization follows the ASC topic on Income Taxes. The topic prescribes a minimum recognition threshold and measurement methodology that a tax position taken or expected to be taken in a tax return is required to meet before being recognized in financial statements. The Organization's statements of financial position at June 30, 2023 and 2022 do not include any liabilities associated with uncertain tax positions; further, Adagio Health Inc. has no unrecognized tax benefits. The Organization is no longer subject to examination of its tax returns for years before 2020. No interest and penalties were recorded in operating expenses within the statements of operations during the years ended June 30, 2023 and 2022.

Recently Adopted Accounting Pronouncements - In February 2016, the FASB issued Accounting Standards Update (ASU) 2016-02, Leases. This ASU modifies lease accounting for lessees to increase transparency and comparability by recording lease assets and liabilities for operating leases and disclosing key information about leasing arrangements. The Organization adopted this standard on July 1, 2022 and has elected to utilize the optional transition method. See Note 10 for the impact to the financial statements and disclosures.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In March 2020, the FASB issued ASU No. 2020-04 Reference Rate Reform (Topic 848), Facilitation of the Effects of Reference Rate Reform on Financial Reporting, which provides optional expedients and exceptions for applying GAAP to contract modifications and hedging relationships, subject to meeting certain criteria, that reference the London InterBank Offered Rate (LIBOR) or another rate that is expected to be discontinued. ASU 2020-04 is effective as of March 12, 2020 through December 31, 2022. The Organization adopted this ASU during the year ended June 30, 2023 which did not have a significant impact on the financial statements and disclosures.

Subsequent Events - Management has evaluated subsequent events through October 31, 2023, the date on which the financial statements were available to be issued.

NOTE 3 - AVAILABILITY AND LIQUIDITY

Financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, include the following:

	2023	2022
Cash and cash equivalents	$ 1,306,233	$ 5,710,291
Investments	2,750,000	1,253,121
Accounts receivable	4,734,073	2,870,527
Less: Net assets with donor restrictions	(98,705)	(224,087)
Less: Net assets with board designations	(1,753,588)	(1,558,330)
	$ 6,938,013	$ 8,051,522

The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. As part of the liquidity management plan employed by the Organization, cash in excess of monthly requirements is maintained in the cash equivalents until needed. The Organization also maintains an operating line of credit with maximum borrowings of $3,000,000. At June 30, 2023 and 2022, there were no outstanding borrowings.

NOTE 4 - ACCOUNTS RECEIVABLE

Accounts receivable consisted of the following at June 30:

	2023	2022
Accounts receivable:		
Government grants	$ 4,383,040	$ 2,510,432
Government patient fee for service	218,608	68,105
Other patient fee for service	324,035	296,572
Foundation grants	-	125,000
	4,925,683	3,000,109
Less - Allowance for doubtful accounts	(191,610)	(129,582)
Net Accounts Receivable	$ 4,734,073	$ 2,870,527

Amounts due from the Commonwealth of Pennsylvania Departments of Public Welfare and Health, included in net accounts receivable, were approximately $1,789,000 and $1,310,000 as of June 30, 2023 and 2022, respectively, for services provided under various grants and contracts.

NOTE 5 - PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30:

	2023	2022
Leasehold improvements	$ 1,689,524	$ 1,374,582
Office equipment	257,911	181,008
Medical equipment	633,499	585,953
IT equipment	696,160	696,160
	3,277,094	2,837,703
Less - Accumulated depreciation	(2,017,944)	(1,802,053)
	$ 1,259,100	$ 1,035,650

NOTE 6 - LINE OF CREDIT

The Organization has an agreement for a line of credit with a bank that allows for maximum borrowings of $3,000,000. Interest is payable monthly at the one-month Bloomberg Short-Term Bank Yield Index "BSBY) rate plus 2% (7.22% at June 30, 2023). The borrowings are collateralized by certain equipment and other certain assets. There was no borrowing on the line as of June 30, 2023 and 2022, and there was $3,000,000 available to borrow. The line of credit is due upon demand.

NOTE 7 - NET ASSETS

Net assets with donor restrictions were available at June 30 for the following purposes:

	2023	2022
Purpose Restrictions:		
Healthcare for Women Veterans	$ 67,725	$ 175,614
Food Insecurity	30,980	18,449
Education and Outreach	-	28,498
Wellness and Prevention Services	-	1,526
	$ 98,705	$ 224,087

Total assets released from donor restrictions by satisfying the restricted purposes, as reflected in the statements of activities, were as follows:

	2023	2022
Purpose Restrictions:		
Healthcare for Women Veterans	$ 341,889	$ 101,896
Food Insecurity	47,469	8,951
Education and Outreach	28,498	4,894
Wellness and Prevention Services	1,526	388,111
Proving Services in Rural Areas	-	127,000
Breaking Down Barriers	-	47,224
Medical Equipment Maintenance	-	33,102
Breast Cancer Detection	-	5,000
	$ 419,382	$ 716,178

NOTE 8 - RELATED-PARTY TRANSACTIONS

Certain members of the Board of Directors hold positions with vendors that provide services for the Organization. The Organization's approximate reimbursement to these agencies for the cost of providing services was approximately $2,776,000 and $2,664,000 in 2023 and 2022, respectively. Accounts payable to these related parties approximated $46,000 and $133,000 at June 30, 2023 and 2022, respectively.

NOTE 9 - EMPLOYEE BENEFIT PLAN

Effective July 1, 2018, the Organization amended its 403(b) plan to allow all employees to make contributions and receive discretionary employer match contribution, currently approved up to a maximum employer match contribution of 2%. Employees vest in the plan immediately for both employee and employer contributions. The Organization contributed $129,000 and $125,000 to the plan in 2023 and 2022, respectively. Previously, the Organization had an employer-funded defined contribution pension plan covering substantially all employees. This plan was frozen effective July 1, 2018 with the formation of the 403(b) plan.

NOTE 10 - LEASE OBLIGATION

On July 1, 2022, the Organization adopted Topic 842 using the "comparatives under 840 option" as amended by ASU 2018-11, Leases (Topic 842): Targeted Improvements. The reported results for the year ended June 30, 2023 reflect the application of Topic 842, while prior-period amounts have not been adjusted and continue to be reported in accordance with historical accounting under Topic 840.

The Organization elected the practical expedient package permitted under the transition approach. As such, the Organization did not reassess whether any expired or existing contracts are or contain leases, did not reassess historical lease classification, and did not reassess initial direct costs for any leases that existed prior to July 1, 2022.

As of the date of adoption, the Organization recognized operating lease right-of-use assets and liabilities of approximately $3,563,000 and $3,844,000, respectively, on the statement of financial position.

The Organization has operating leases for administrative and medical facilities.

The statement of financial position components of the leases were as follows as of June 30, 2023:

Operating lease right-of-use assets	$	3,195,000
Operating lease liabilities	$	3,457,000

The components of lease expense within the statement of activities was as follows for the year ended June 30, 2023:

Operating lease cost	$	1,054,000
Short-term lease cost		19,000
Total lease cost	$	1,073,000

The cash flow components of the leases were as follows for the year ended June 30, 2023:

Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	$	1,072,000
Right-of-use assets obtained in exchange for new lease liabilities:		
Operating leases	$	582,000

NOTE 10 - LEASE OBLIGATION (Continued)

The weighted-average remaining lease term (in years) and discount rate were as follows for the year ended June 30, 2023:

Operating lease weighted-average remaining lease term	4 years
Operating lease weighted-average discount rate	3.04%

As of June 30, 2023, estimated annual maturities of operating lease liabilities for the year ending June 30, 2024 and thereafter were as follows:

Year Ending	Amount
2024	$ 1,119,000
2025	987,000
2026	679,000
2027	449,000
2028	376,000
Thereafter	89,000
Total minimum lease payments	3,699,000
Less: amounts representing interest	(242,000)
Present value of total lease liabilities	$ 3,457,000

Total rent expense under these leases was approximately $1,022,000 for 2022.

The estimated future minimum obligations for the operating leases at June 30, 2022 were as follows:

Year Ending June 30	Amount
2023	$ 977,000
2024	724,000
2025	581,000
2026	313,000
2027	405,000
Thereafter	445,000
	$ 3,445,000

NOTE 11 - CONTINGENCIES

The Organization is a defendant in certain legal actions in the ordinary course of business. Management is of the opinion that the ultimate liability, if any, from the final resolution of these matters would be covered by the Organization's professional liability insurance and will not have a material effect on the financial statements.

The Organization receives a significant portion of its grant and contract revenue from federal and state agencies. Any of the funding sources may, at its discretion, request reimbursement for expenses or return of funds, or both, as a result of noncompliance by the Organization with the terms of the grants and contracts. Management is not currently aware of any proposed adjustments in its funding from any of its funding sources.

PLANNED PARENTHOOD KEYSTONE
(A Not-For-Profit Corporation)

FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT

JUNE 30, 2023 AND 2022

PLANNED PARENTHOOD KEYSTONE
(A Not-For-Profit Corporation)

TABLE OF CONTENTS

June 30, 2023

INDEPENDENT AUDITORS' REPORT

To The Board of Directors
Planned Parenthood Keystone
Warminster, Pennsylvania

Opinion

We have audited the accompanying financial statements of the Planned Parenthood Keystone (a nonprofit organization), which comprise the statement of financial position as of June 30, 2023, and the related statements of revenues without donor restrictions, expenses and other changes in net assets without donor restrictions, activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Planned Parenthood Keystone as of June 30, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Planned Parenthood Keystone and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Planned Parenthood Keystone's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Planned Parenthood Keystone's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Planned Parenthood Keystone's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited Planned Parenthood Keystone’s 2022 financial statements, and our report dated December 19, 2022, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Tait, Weller & Baker LLP

Philadelphia, Pennsylvania
December 19, 2023

PLANNED PARENTHOOD KEYSTONE

STATEMENTS OF FINANCIAL POSITION

June 30, 2023 and 2022

	2023	2022
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 232,434	$ 15,122
Accounts receivable	350,480	297,300
Grants contracts receivable ***(Note 2)***	233,039	164,791
Promises to give ***(Note 3)***	268,498	599,021
Inventory	114,568	109,760
Prepaid expenses and other current assets	12,436	253,109
Total current assets	1,211,455	1,439,103
PROPERTY AND EQUIPMENT, net *(Note 4)*	4,357,783	4,011,528
OTHER ASSETS		
Assets whose use is limited	116,000	-
Right of use assets ***(Note 9)***	749,196	-
Promises to give ***(Note 3)***	84,975	65,800
Trusts held by PPFA	30,999	27,396
Long-term investments ***(Note 5)***	8,138,643	9,350,006
Beneficial interests in assets held by community foundations ***(Note 6)***	265,122	254,864
Total other assets	9,384,935	9,698,066
TOTAL ASSETS	$ 14,954,173	$ 15,148,697
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	$ 390,218	$ 825,133
Accrued payroll and payroll taxes	355,598	566,075
Patient refunds payable	26,822	83,811
Grant refunds payable	395,680	-
Deferred revenue	632,480	245,085
Lines of credit payable ***(Note 8)***	-	340,489
Current portion of lease liability ***(Note 9)***	144,886	38,203
Total current liabilities	1,945,684	2,098,796
LONG-TERM DEBT AND OTHER LIABILITIES		
Loan guarantee obligation ***(Note 10)***	539,228	-
Lease liability, net of current portion ***(Note 9)***	610,643	23,273
Total long-term debt and other liabilities	1,149,871	23,273
TOTAL LIABILITIES	3,095,555	2,122,069
NET ASSETS *(Notes 11 and 12)*		
Without donor restrictions	9,995,935	11,336,339
With donor restrictions	1,862,683	1,690,289
TOTAL NET ASSETS	11,858,618	13,026,628
TOTAL LIABILITIES AND NET ASSETS	$ 14,954,173	$ 15,148,697

PLANNED PARENTHOOD KEYSTONE

STATEMENTS OF REVENUES WITHOUT DONOR RESTRICTIONS, EXPENSES AND OTHER CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS

For the Years Ended June 30, 2023 and 2022

	2023	2022
REVENUES, GAINS AND OTHER SUPPORT ***(Note 13)***		
Contributions and other support	$ 3,971,120	$ 10,371,426
Government grants and contracts	2,029,791	1,782,840
Direct service revenue, net	7,911,898	6,335,090
Total support and revenue without donor restrictions	13,912,809	18,489,356
Interest and dividends, net	266,020	73,868
Net assets released from restrictions ***(Note 11)***	1,218,987	376,715
TOTAL REVENUES, GAINS AND OTHER SUPPORT WITHOUT DONOR RESTRICTIONS	15,397,816	18,939,939
EXPENSES		
Program services		
Medical services	8,618,109	6,632,217
Abortion care	3,833,813	2,812,983
Education services	302,475	163,396
Public affairs	74,646	13,073
Total program services	12,829,043	9,621,669
Support services		
Management and general	2,273,604	1,670,532
Fundraising	1,000,806	768,034
Total support services	3,274,410	2,438,566
Other expenses		
Payments to affiliated organizations	171,413	111,730
Loan guarantee expense	539,228	-
Total other expenses	710,641	111,730
TOTAL EXPENSES	16,814,094	12,171,965
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS FROM OPERATIONS	(1,416,278)	6,767,974
Non-Operating activity		
Realized and unrealized gain (loss)	91,550	(429,788)
Loss on disposal of fixed assets	(15,676)	(27,916)
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	$ (1,340,404)	$ 6,310,270

PLANNED PARENTHOOD KEYSTONE

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

For the Year Ended June 30, 2023 with Summarized Information for 2022

	Without Donor Restrictions	With Donor Restrictions	Totals 2023	Totals 2022
REVENUES, GAINS AND OTHER SUPPORT				
Support and revenue without donor restrictions	$ 13,912,809	$ -	$ 13,912,809	$ 18,489,356
Support and revenue with donor restrictions	-	1,337,987	1,337,987	494,527
Interest and dividends, net	266,020	22,169	288,189	80,860
Change in split interest agreements	-	3,603	3,603	(13,576)
Change in beneficial interests	-	10,258	10,258	(33,040)
Net assets released from restrictions	1,218,987	(1,218,987)	-	-
TOTAL REVENUES, GAINS AND OTHER SUPPORT	15,397,816	155,030	15,552,846	19,018,127
EXPENSES	16,814,094	-	16,814,094	12,171,965
CHANGE IN NET ASSETS FROM OPERATIONS	(1,416,278)	155,030	(1,261,248)	6,846,162
Non-Operating Activity				
Realized and unrealized gain (loss)	91,550	17,364	108,914	(519,769)
Loss on disposal of fixed assets	(15,676)	-	(15,676)	(27,916)
INCREASE (DECREASE) IN NET ASSETS	(1,340,404)	172,394	(1,168,010)	6,298,477
Net assets, beginning of the year	11,336,339	1,690,289	13,026,628	6,728,151
Net assets, end of the year	$ 9,995,935	$ 1,862,683	$ 11,858,618	$ 13,026,628

PLANNED PARENTHOOD KEYSTONE

STATEMENTS OF CASH FLOWS

For the Years Ended June 30, 2023 and 2022

	2023	2022
Cash flows from operating activities		
Change in net assets	$ (1,168,010)	$ 6,298,477
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation	377,119	347,110
Amortization of right of use assets	156,703	-
Net realized and unrealized (gain) loss on long-term investments	(108,914)	519,769
Loss on disposal of fixed assets	15,676	27,916
Contributions restricted for capital acquisition and construction	(6,750)	(87,736)
Contributions restricted for endowment	(347,333)	-
(Increase) decrease in accounts receivable	(53,180)	(42,264)
(Increase) decrease in inventory	(4,808)	(21,613)
(Increase) decrease in prepaid expenses and other current assets	240,673	(195,003)
(Increase) decrease in grants contracts receivable	(68,248)	59,530
(Increase) decrease in pledges receivable	311,348	(547)
(Increase) decrease in beneficial interests in assets held by foundations	(10,258)	33,040
(Increase) decrease in split interest trust	(3,603)	13,576
Increase (decrease) in accounts payable and accrued expenses	(434,915)	(269,259)
Increase (decrease) in accrued payroll and payroll taxes	(210,477)	77,082
Increase (decrease) in deferred revenue	387,395	227,514
Increase (decrease) in refundable advance	-	(853,975)
Increase (decrease) in patient refunds payable	(56,989)	(3,742)
Increase (decrease) in grant refunds payable	395,680	-
Increase (decrease) in loan guarantee obligation	539,228	-
Net cash provided by (used in) operating activities	(49,663)	6,129,875
Cash flows from investing activities		
Purchases of property and equipment	(739,050)	(70,287)
Advances for acquisition of building	-	(479,604)
Assets whose use is limited	(116,000)	-
Purchases of investments	(1,987,195)	(8,603,560)
Proceeds from sales of investments	3,307,472	1,828,868
Net cash provided by (used in) investing activities	465,227	(7,324,583)
Cash flows from financing activities		
Contributions restricted for capital acquisition and construction	6,750	87,736
Contributions restricted for endowment	347,333	-
Net payments on line of credit	(340,489)	(355,466)
Operating lease liability payments	(173,552)	-
Interest on lease liability	23,182	-
Principal payments on capital lease obligation	(61,476)	(36,163)
Net cash used in financing activities	(198,252)	(303,893)
Net increase (decrease) in cash and cash equivalents	217,312	(1,498,601)
Cash and cash equivalents, beginning of the year	15,122	1,513,723
Cash and cash equivalents, end of the year	$ 232,434	$ 15,122
Supplemental Disclosure of Cash Flow Information		
Interest paid	$ 9,959	$ 18,656
Right of use asset in exchange for operating lease liability	$ 905,899	$ -

PLANNED PARENTHOOD KEYSTONE

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2023 with Summarized Information for 2022

	Program Services				Support Services		Totals	
	Medical Services	Abortion Care	Education Services	Public Affairs	Management and General	Fundraising	2023	2022
Salaries and wages	$ 3,924,975	$ 1,233,165	$ 205,296	$ 45,248	$ 922,491	$ 650,098	$ 6,981,273	$ 5,092,019
Payroll taxes	297,518	95,939	15,109	3,163	76,669	50,238	538,636	393,275
Employee benefits	421,262	171,595	21,616	4,529	78,459	70,359	767,820	555,792
Total personnel expense	4,643,755	1,500,699	242,021	52,940	1,077,619	770,695	8,287,729	6,041,086
Contracted services	25,018	614,897	-	-	-	-	639,915	545,829
Contracted services - call center	201,562	67,187	-	-	-	-	268,749	476,935
Electronic health records	171,319	57,106	-	-	-	-	228,425	254,310
Contraceptive supplies	577,509	379,992	-	-	-	-	957,501	725,605
Laboratory fees	272,074	102,887	-	-	-	-	374,961	353,637
Medical supplies	303,748	115,436	-	-	-	-	419,184	236,740
Employee recruitment and training	4,953	1,714	2,751	33	43,331	1,889	54,671	56,354
Occupancy	229,052	91,855	11,248	4,874	21,532	825	359,386	349,626
Building and equipment maintenance and rental	204,123	125,703	1,202	890	29,737	3,390	365,045	399,776
Insurance	96,435	143,756	12	6	64,200	12	304,421	256,433
Billing services	147,142	49,048	-	-	-	-	196,190	146,750
Miscellaneous contracts	12,058	45,443	-	-	408	187	58,096	68,718
Advertising	241,777	80,592	-	1,091	-	7,369	330,829	274,811
Professional fees	933,385	180,204	921	1,276	645,918	56,967	1,818,671	708,956
Travel, conferences and meetings	180,117	83,572	8,979	6,433	24,972	34,267	338,340	237,298
Office expense	22,883	9,812	32,394	1,735	117,170	8,805	192,799	84,489
Telephone and internet	27,010	11,649	36	18	4,099	36	42,848	129,157
Postage and printing	22,657	4,639	227	312	1,474	43,515	72,824	72,285
Miscellaneous expense	133,158	96,397	2,684	5,038	95,729	72,785	405,791	275,674
Depreciation expense	168,374	71,225	-	-	137,456	64	377,119	347,110
Interest expense	-	-	-	-	9,959	-	9,959	18,656
Total expenses before payments to affiliated organizations & loan guarantee expense	8,618,109	3,833,813	302,475	74,646	2,273,604	1,000,806	16,103,453	12,060,235
Payments to affiliated organizations	-	-	-	-	-	-	171,413	111,730
Loan guarantee expense	-	-	-	-	-	-	539,228	-
	$ 8,618,109	$ 3,833,813	$ 302,475	$ 74,646	$ 2,273,604	$ 1,000,806	$ 16,814,094	$ 12,171,965

See notes to financial statements.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NATURE OF ACTIVITIES

Planned Parenthood Keystone ***("Organization")*** is a not-for-profit corporation organized under the laws of the Commonwealth of Pennsylvania for the purpose of providing various medical services to contribute to the health, stability, and happiness of family life and of the individuals comprising the family. The Organization serves individuals in central and eastern Pennsylvania. Planned Parenthood Keystone is an affiliate of Planned Parenthood Federation of America, Inc. and operates in accordance with its standards of affiliation. Planned Parenthood's mission is to protect and promote an environment that ensures that individuals have universal access to quality reproductive health care and the freedom of choice to determine their reproductive needs.

The Organization's revenue is obtained from government contracts, direct service revenue from service recipients and third-party insurance and contributions from individual and corporate donors.

PROGRAM SERVICES

Medical Services:

Medical centers provide comprehensive reproductive health services including annual exams, pregnancy testing, STD testing and treatment, HIV testing, cancer screening and treatment and pregnancy terminations.

Birth control methods and emergency contraception are also provided using FDA-approved products.

All provided services include supportive and informative counseling for the patient; these services include birth control, pregnancy, adoption and prenatal education and referrals.

Abortion Care:

The Organization provides accessible and affordable high-quality abortion care services. This care includes the provision of accurate and non-judgmental information and counseling. Abortion care is funded by patient fees, private insurance, and charitable giving.

Education Services:

Community education programs are designed to provide current, comprehensive, and medically accurate and age appropriate information on topics related to sexuality and reproductive health. These educational offerings are conducted in a variety of settings including classrooms, after-school programs, clubs, residential facilities, scouts and individually.

Public Affairs:

The Organization also acts at the state and local levels to reduce barriers to good healthcare for the uninsured and underinsured, and to educate legislators in a bi-partisan approach for the betterment of women's health, and to improve access to birth control.

BASIS OF PRESENTATION

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

The financial statements classify net assets and revenues based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified as follows:

Without donor restrictions – Net assets that are available for the support of operations and whose use is not externally restricted.

Included in net assets without donor restrictions are net assets designated by the Board of Directors to function as endowment funds.

With donor restrictions – Net assets subject to donor-imposed restrictions that will be met either by actions of the Organization or the passage of time. Items that affect this net asset category are gifts for which donor-imposed restrictions have not been met in the year of receipt, gifts and contributions which require, by donor restrictions, that the corpus be invested in perpetuity, including endowment, and pledges. Expirations of restrictions of net assets with donor restrictions are reported as net assets released from restriction.

USE OF ESTIMATES

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

CONCENTRATION OF CREDIT RISK

The Organization maintains cash balances which may exceed federally insured limits, but historically has not experienced any credit related losses.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash on hand, cash in conventional accounts at financial institutions and funds held in money market mutual funds. Cash and cash equivalents exclude cash received with donor-imposed stipulations restricting its use to long-term purposes.

ACCOUNTS, GRANTS AND CONTRACTS RECEIVABLE

Accounts, grants and contracts receivable are stated at unpaid balances. There is no allowance for doubtful accounts as management believes all balances to be collectible. It is the Organization's policy to charge off uncollectable accounts receivable when management determines the receivable will not be collected.

INVENTORIES

Inventories, consisting primarily of medical supplies, are stated at the lower of first-in, first-out cost or market.

INVESTMENTS

Investments in equity and fixed income mutual funds are stated at fair value based on quoted market values. Investments in cash management funds are stated at cost, which approximates fair value. Net realized and unrealized gains and losses on investments are reflected in the statement of activities.

PROPERTY AND EQUIPMENT

Acquisitions of property and equipment in excess of $3,000 and expenditures for repairs, maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using primarily the straight-line method over the following useful lives:

	Years
Buildings and Improvements	10 – 40
Furniture and Equipment	5 – 10
Technology Equipment	3 – 5

The Organization reports gifts of land, buildings, and equipment as support 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 support with donor restrictions. The Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

ASSETS WHOSE USE IS LIMITED

Assets whose use is limited consists of cash included in the Organization's bank accounts that is donor restricted for endowment purposes.

BENEFICIAL INTERESTS IN ASSETS HELD BY COMMUNITY FOUNDATIONS

Beneficial interests in assets held by Community Foundations (***"Beneficial Interests"***) are recorded at the fair value as determined by the foundations.

REVENUE RECOGNITION

Clinic fees and sales revenue are based on the premise that the Organization has a performance obligation to provide family planning services to the Organization's patients. As compensation for these services, the Organization is entitled to a service fee based on the level of service provided. The patient's copays for the services are generally collected at the point of service and the remaining charges are billed to the patient's commercial insurance or Medicaid. For self-pay patients, fees are collected at the point of service. The Organization generally satisfies the performance obligations on the date the service was rendered.

Patient fees, which consist primarily of fees for family planning services and the sale of contraceptives, are recorded when earned net of any discounts and contractual adjustments. Contractual adjustments represent the difference between the gross fees charged and the net fees received from third-party payors.

Medical and educational services include revenue earned for services provided to patients who may not qualify for services under the Federal and state fee-for-service programs. These services are paid for directly by the patient on a fee sliding scale when appropriate, or by their private health insurance plan. Similar to the government fee-for-service revenue, private health insurance plans generally reimburse at rates other than the Organization's usual and customary billing rates. Private health insurance revenues are recorded at estimated expected receipt values at the time the services are provided.

The Organization recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give – that is, those with a measurable performance or other barrier and right of return – are not recognized until the condition on which they depend have been met. Unconditional contributions are classified as without donor restrictions unless there are donor stipulations that limit the use of the donated assets. Pledges receivable are recorded net of the discount to present value of the future cash flows. Gifts of cash and other assets are reported 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 of the restriction is accomplished, 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."

DONATED ASSETS AND SERVICES

Donated marketable securities and other non-cash donations are recorded as contributions at their fair values at the date of donation. Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. Volunteers also provide services throughout the year that are not recognized as contributions in the financial statements since the recognition criteria were not met.

EXPENSE ALLOCATION

Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are charged to programs and supporting services on the basis of periodic time and expense studies. Management and General expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

INCOME TAXES

The Organization is a not-for-profit Pennsylvania corporation exempt from federal income tax under Internal Revenue Code 501(c)(3). Accordingly, no provision has been made for federal or state taxes on the excess revenue over expenses.

Management has reviewed the tax positions for each of the open fiscal tax years (2020 – 2022) or expected to be taken in the Organization's fiscal 2023 tax return and has concluded that there are no significant uncertain tax positions that would require recognition in the financial statements.

PRIOR YEAR SUMMARIZED COMPARATIVE INFORMATION

The 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 generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2022, from which the summarized information was derived.

RECLASSIFICATIONS

Certain reclassifications were made to the 2022 financial statements to conform to the 2023 presentation.

NEW ACCOUNTING PRONOUNCEMENTS ADOPTED

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, Leases (Topic 842). Topic 842 requires an organization to recognize in the statement of financial position a liability to make lease payments (the lease liability) and a right-of-use asset representing its right to use the underlying asset for the lease term. The Organization implemented the provisions of ASU 2016-02 during the year ended June 30, 2023 by applying the modified retrospective transition approach for leases existing as of the beginning of the period of adoption. As such, the Organization has not adjusted the statement of financial position for comparative periods: and, this ASU did not result in a cumulative effect adjustment to the opening balance of net assets. The Organization has elected to apply the package of practical expedients within ASU 2016-02 such that the Organization did not reassess: (1) if expired or existing contracts are, or contain, leases; (2) lease classification for any expired or existing leases; and (3) initial direct costs for any existing leases. In addition, the Organization has elected, as a practical expedient, not to apply lease recognition requirements to short-term lease arrangements, generally those with a lease term of less than 12-months, for all classes of underlying assets. Refer to Note 9 for additional details.

(2) GRANTS CONTRACTS RECEIVABLE

Grants contracts receivable consists of amounts owed from Maternal Family Health Services (***"MFHS"***), Family Health Council of Central Pennsylvania (***"FHCCP"***) and Access Matters (the ***"Funding Councils"***), and amounts due from other grantors for services rendered. Grant contracts receivable consists of the following as of June 30, 2023 and 2022:

	2023	2022
MFHS receivable	$ 48,016	$ 57,515
FHCCP receivable	63,374	51,716
Access Matters receivable	121,649	55,518
Other receivables	-	42
	$ 233,039	$ 164,791

(3) PROMISES TO GIVE

Unconditional grants and promises to give consist of the following as of June 30, 2023 and 2022:

	2023	2022
Receivable in less than 1 year	$ 268,498	$ 599,021
Receivable in 1 to 5 years	84,975	65,800
	353,473	664,821
Less: Allowance for uncollectible accounts	-	-
Net unconditional promises to give	$ 353,473	$ 664,821

(4) PROPERTY AND EQUIPMENT

Property and equipment consist of the following as of June 30:

	2023	2022
Land	$ 486,813	$ 108,500
Building and Leasehold Improvements	6,421,023	5,342,862
Furniture and Equipment	1,060,772	970,753
Construction in Progress	75,391	945,081
	8,043,999	7,367,196
Accumulated Depreciation	(3,686,216)	(3,355,668)
	$ 4,357,783	$ 4,011,528

Depreciation charged to expense was $377,119 and $347,110 in 2023 and 2022, respectively. Included in Construction in Progress as of June 30, 2022 is $894,858 of advances funded for the acquisition of buildings which occurred during the year ended June 30, 2023.

(5) LONG-TERM INVESTMENTS

Investments are composed of the following as of June 30, 2023 and 2022:

	2023	2022
Cash Held for Investment	$ 3,772,595	$ 1,133,198
Stocks	235,018	78,126
Corporate Bonds	744,770	5,685,368
Mutual Funds	3,386,260	2,453,314
	$ 8,138,643	$ 9,350,006

Investments are segregated by net asset category as follows:

	2023	2022
Without Donor Restrictions	$ 7,374,950	$ 8,726,639
With Donor Restrictions	763,693	623,367
	$ 8,138,643	$ 9,350,006

The composition of investment return, net of fess, for the years ended June 30, 2023 and 2022 consists of:

	2023	2022
Income	$ 313,736	$ 102,396
Fees	(25,547)	(21,536)
Realized Gains	41,454	283,067
Unrealized Gains (Losses)	67,460	(802,836)
	$ 397,103	$ (438,909)

All of the long-term investments are pledged as collateral against the outstanding lines of credit balances (See ***Note 8***).

(6) BENEFICIAL INTERESTS IN ASSETS HELD BY COMMUNITY FOUNDATIONS

The Organization is named as beneficiary under trusts administered by the Philadelphia Foundation, York County Community Foundation and the Foundation for Enhancing Communities (the ***"Foundations"***). The Organization has granted the Foundations variance power which gives the Foundations' Boards of Trustees the power to use the trust funds for other purposes in certain circumstances. The trust funds are subject to the Foundations' investment and spending policies, which currently result in distributions to the Organization of 5% of the average quarterly value of the funds.

Assets held by the Foundations are recorded at fair value on the Statements of Financial Position. Changes in the Beneficial Interests are as follows for the years ended June 30, 2023 and 2022:

	2023	2022
Beginning Balance	$ 254,864	$ 287,904
Appreciation (Depreciation)	19,458	(24,120)
Distributions	(9,200)	(8,920)
Ending Balance	$ 265,122	$ 254,864

(7) FAIR VALUE MEASUREMENTS

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820 *Fair Value Measurements*, establishes 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 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described below:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2 Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 Inputs to the valuation methodology are unobservable.

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 classified within Level 3 whose fair value measurements consider several inputs may include Level 1 and/or Level 2 inputs as components of the overall fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value.

Stocks and Mutual Funds: Valued at the net asset value ("NAV") of shares held at year end.

Corporate Bonds: Valued at the closing bid price on the last business day of the fiscal year.

Trusts and Beneficial Interests: Valued at market value determined by PPFA and Foundations.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

There were no significant transfers between Level 1 and Level 2 during the years ended June 30, 2023 and 2022.

The following tables set forth by level, within the fair value hierarchy, the Organization's assets at fair value:

	2023			
	Level 1	**Level 2**	**Level 3**	**Total**
Mutual Funds	$ 3,386,260	$ -	$ -	$ 3,386,260
Stocks	235,018	-	-	235,018
Corporate Bonds	-	744,770	-	744,770
Cash Held for Investment	3,772,595	-	-	3,772,595
Beneficial Interests	-	-	265,122	265,122
Trusts Held by PPFA	-	-	30,999	30,999
Total Assets at Fair Value	$ 7,393,873	$ 744,770	$ 296,121	$ 8,434,764

	2022			
	Level 1	**Level 2**	**Level 3**	**Total**
Mutual Funds	$ 2,453,314	$ -	$ -	$ 2,453,314
Stocks	78,126	-	-	78,126
Corporate Bonds	-	5,685,368	-	5,685,368
Cash Held for Investment	1,133,198	-	-	1,133,198
Beneficial Interests	-	-	254,864	254,864
Trusts Held by PPFA	-	-	27,396	27,396
Total Assets at Fair Value	$ 3,664,638	$ 5,685,368	$ 282,260	$ 9,632,266

Assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3 inputs):

	PPFA Trusts	**Beneficial Interests**	**Total**
Balance at July 1, 2021	$ 40,972	$ 287,904	$ 328,876
Distributions	-	(8,920)	(8,920)
Change in Fair Value	(13,576)	(24,120)	(37,696)
Balance at July 1, 2022	27,396	254,864	282,260
Distributions	-	(9,200)	(9,200)
Change in Fair Value	3,603	19,458	23,061
Balance at June 30, 2023	$ 30,999	$ 265,122	$ 296,121

(8) LINES OF CREDIT

As of June 30, 2023, the Organization has a line of credit with a financial institution whereby $850,000 is available. The line of credit bears interest at the United States Prime Rate (8.25% as of June 30, 2023), expires July 29, 2025 and is collateralized by real estate, inventory, receivables, equipment and pledged marketable securities whose fair market value must exceed $566,667 until the note is paid in full. As of June 30, 2023 there was no balance due on the line of credit. As of June 30, 2022 the balance on the line of credit was $340,489.

The Organization has another line of credit with Morgan Stanley whereby $750,000 is available. The line of credit bears interest at a variable rate (6.67% as of June 30, 2023) and is collateralized by pledged marketable securities. There was no balance due on the line of credit at June 30, 2023 and 2022.

Interest paid on loans totaled $9,959 and $18,656 during the years ended June 30, 2023 and 2022, respectively.

(9) LEASES

The Organization leases property under non-cancellable operating leases with remaining terms of one year or more. The Organization determines whether an agreement is or contains a lease at lease inception. Right-of-use assets represent the Organization's right to use an underlying asset for the lease term and the lease liability represents the Organization's obligation to make lease payments arising from the lease, measured at an amount equal to the present value of the minimum lease payments over the remaining expected terms of the leases.

The discount rates for the leases are derived from the rate implicit in the lease whenever readily determinable or the Organization's incremental borrowing rate.

The following is the quantitative data related to the Organization's operating leases for the year ended June 30, 2023:

Operating Lease Amounts:	
Right-of-use assets	$749,196
Lease liability	$755,529
Other Information:	
Operating outgoing cash flows for operating leases	$173,552
Weighted-average remaining lease term	5.58 years
Weighted average discount rate	2.9%

Lease cost information for the year ended June 30, 2023 is as follows:

Operating lease cost	$180,844

Future lease payments for the years ended June 30 are as follows:

2024	$ 164,371
2025	147,446
2026	150,051
2027	136,778
2028	87,757
Thereafter	131,897
	818,300
Less: present value adjustment	(62,771)
Lease liability	$ 755,529

(10) LOAN GUARANTEE OBLIGATION

The Organization has entered into an agreement with Clinical Health Network for Transformation, Inc. (CHN). CHN was established to provide various services to its members as a management service organization. In connection with the agreement, the Organization has made a guarantee to pay its share of CHN's loan with Planned Parenthood Federation of America, Inc. The Organization's liability with respect to the loan guarantee totaled $539,228 as of June 30, 2023. The Organization has since elected to withdraw from CHN, though CHN continues to provide services to the Organization during the notice period.

(11) NET ASSETS

Net assets without donor restrictions include the following as of June 30:

	2023	2022
Board Designated Reserves	$ 4,269,190	$ 6,875,537
Board Designated Endowment	1,225,637	1,186,571
	$ 5,494,827	$ 8,062,108

Net assets with donor restrictions include the following as of June 30:

	2023	2022
Subject to expenditure for a special purpose:		
Fund for Choice	$ -	$ 42,205
Education	19,451	26,935
Charitable Health/TeleHealth	44,738	204,520
Capital Improvements	8,520	370,002
Time Restricted	27,000	74,500
Advocacy & DEI Program	446,159	62,500
Other	30,500	4,000
Accumulated Endowment Income	185,962	166,468
Trusts held by PPFA	30,999	27,396
	793,329	978,526

Perpetual in nature:		
Beneficial Interests	265,122	254,864
Donor Restricted Endowments	804,232	456,899
	1,069,354	711,763
Total net assets with donor restrictions	$ 1,862,683	$ 1,690,289

During the years ended June 30, 2023 and 2022, net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes for program or time as follows:

	2023	2022
Operating Releases		
Fund for Choice	$ 105,395	$ 90,809
Capital Improvements	383,232	-
Education	203,815	23,065
Advocacy & DEI Program	87,841	-
Accumulated Endowment Income	20,039	27,981
Charitable Health/TeleHealth	264,782	233,860
Other	86,383	-
Time Restricted	67,500	1,000
Total Net Assets Released from Restrictions	$ 1,218,987	$ 376,715

(12) ENDOWMENT FUNDS

The Pennsylvania Uniform Principal and Income Act (Pennsylvania Act) governs the investment, use and management of the Organization's endowment funds. The Pennsylvania Act does not require the preservation of the fair value of a donor's original gift as of the gift date of a donor-restricted endowment fund, absent explicit donor stipulations to the contrary. However, based on its interpretation of the Pennsylvania Act and relevant accounting literature, the Organization classifies as permanently restricted net assets for reporting purposes: (1) the original value of gifts donated to the permanent endowment; (ii) the original value of subsequent gifts to the permanent endowment; and (iii) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization. The Pennsylvania Act allows a nonprofit to elect to appropriate for expenditure between 2% and 7% of the endowment fair value, determined at least annually and averaged over a period of three or more preceding years.

In accordance with the Pennsylvania Act, the Organization has adopted endowment investment and spending policies which have been approved by the Board of Directors. The goal of the endowment investment policy is to provide a total return that preserves the long-term purchasing power of the endowment's assets, while providing an income stream to support the activities and mission of the Organization through sufficient spending. To satisfy the total return objectives, the Organization relies on a strategy in which investment returns are achieved through both capital appreciation and current yield. The Organization targets a diversified asset allocation that places emphasis on equities-based securities and fixed income investments within prudent risk parameters.

The Board adopted endowment spending policy releases endowment funds for operating use. The annual spending amount released to operations is calculated as 5% of the average endowment market value, including board designated endowment, of the preceding 3 years. The spending percentage is reviewed and approved annually. The determination of the endowment draw is based on several factors including past performance and future expected performance of the investments and the Organization's financial needs. If the endowment draw amount exceeds the actual earnings of the pooled investment funds in any one year, then the amount needed to fund such excess will first be taken from the accumulated excess earnings from prior years, and, conversely, any undistributed income after the allocation of the spending rate amount is added back to the accumulated excess earnings in the appropriate net asset category.

As of June 30, 2023, the Board of Directors had board designated endowment funds of $1,225,637 that are classified and reported as net assets without donor restrictions. As of June 30, 2023, total endowment composition by net asset fund is:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor Restricted Endowment	$ -	$ 990,194	$ 990,194
Board Designated Endowment	1,225,637	-	1,225,637
	$ 1,225,637	$ 990,194	$ 2,215,831

Changes in endowment net assets for the year ended June 30, 2023 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Balance at July 1, 2022	$ 1,186,571	$ 623,367	$ 1,809,938
Contributions	-	347,333	347,333
Investment Income	44,425	22,169	66,594
Net Appreciation	34,797	17,364	52,161
Amount Released for Operations	(40,156)	(20,039)	(60,195)
Balance at June 30, 2023	$ 1,225,637	$ 990,194	$ 2,215,831

As of June 30, 2022, the Board of Directors had board designated endowment funds of $1,186,571 that are classified and reported as net assets without donor restrictions. As of June 30, 2022, total endowment composition by net asset fund is:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor Restricted Endowment	$ -	$ 623,367	$ 623,367
Board Designated Endowment	1,186,571	-	1,186,571
	$ 1,186,571	$ 623,367	$ 1,809,938

Changes in endowment net assets for the year ended June 30, 2022 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Balance at July 1, 2021	$ 259,671	$ 734,337	$ 994,008
Contributions	999,904	-	999,904
Investment Income	4,600	6,992	11,592
Net Depreciation	(59,196)	(89,981)	(149,177)
Amount Released for Operations	(18,408)	(27,981)	(46,389)
Balance at June 30, 2022	$ 1,186,571	$ 623,367	$ 1,809,938

(13) REVENUES, GAINS AND OTHER SUPPORT WITHOUT DONOR RESTRICTIONS

Revenues, gains and support without donor restrictions consist of the following:

	2023	2022
Contributions and Other Support		
Total Contributions and Other Support	$ 3,971,120	$10,371,426
Government Grants and Contracts		
Family Planning Funding Councils	$ 951,677	$ 812,317
Covid-Related Funding	1,078,114	970,523
Total Government Grants	$ 2,029,791	$ 1,782,840
Direct Service Revenue		
Third Party Billing and Patient Fees	$ 5,946,306	$ 4,823,472
Medical Assistance – HMO	1,362,817	1,324,207
Miscellaneous Direct Service Revenue	668,822	277,553
Implicit Price Reductions	(66,047)	(90,142)
Total Direct Service Revenue	$ 7,911,898	$ 6,335,090

(14) RETIREMENT PLAN

The Organization has a 401(k) retirement plan, whereby the Organization made discretionary contributions equivalent to 50% of employee deferrals, capped at 2% of the employee's salary. Effective November 1, 2022, the Organization adopted The Fusion Employer Services Retirement Savings Plan (the "***Fusion Plan***") as a participating employer. As of that date, all employees of the Organization began contributing solely to the Fusion Plan. Contributions made to the plans for the years ended June 30, 2023 and 2022 totaled $77,660 and $39,318, respectively.

(15) ADVERTISING COSTS

Advertising costs are expensed as incurred and were $330,829 and $274,811 in 2023 and 2022, respectively.

(16) FEDERAL AND STATE GRANT ACTIVITY

Federal and state funds are received under established funding formulas through agreements with the Funding Councils (See ***Note 2***). The Organization earns federal and state awards, based upon actual patient volume, in accordance with the terms of the agreements.

In June 2018, the Trump administration proposed changes to the rules governing the Title X family planning program. These rules, collectively known as the "domestic gag rule" prohibited abortion referral and excluded agencies that provided abortion services from receiving Title X funding. Accordingly, Title X funding to the Organization ceased effective July 15, 2019. The Biden-Harris administration's Title X rule went into effect in November 2021, restoring Title X funding but at a rate reduced from pre-2019 levels.

(17) COLLABORATIVE FUNDRAISING PROGRAM

The Agency participates in the collaborative fundraising Program ("CFP"). The CFP is a program developed by Planned Parenthood Federation of America (PPFA") in cooperation with the Agency and other Planned Parenthood affiliates. Its primary goal is to increase the amount of contributions made to support Planned Parenthood's mission.

Unless specifically excluded under the terms of the CFP agreement, all gifts made by individuals in the Agency's service area (whether made to PPFA or the Agency) are included in the CFP. Expenses of the CFP reflect those incurred directly by the Agency as well as those incurred by PPFA in support of fundraising in the Agency's service area.

Under the current CFP agreement, net funds raised collaboratively are generally to be shared at a ratio of 70% to the Agency and 30% to PPFA. The expense factor used in the computation of net funds raised is fixed at 30%. This expense factor is shared at a ratio of 36% to the agency and 64% to PPFA. At the end of each year, the cost factors are applied to the contributions received specifically by the Agency and PPFA to determine each party's individual net results. These results are then combined, and the 70/30 split is computed. The difference between the individual net funds raised and each party's share of the combined funds raised results in one party making a grant to the other party in the amount of the difference.

During the years ended June 30, 2023 and 2022, the Agency received $704,668 and $429,469, respectively, in CFP shareable contributions. The sharing computation described above resulted in grants of $1,263,211 and $745,005 in 2023 and 2022, respectively, from PPFA to the Agency.

(18) FINANCIAL ASSETS AND LIQUIDITY RESOURCES

The following table reflects the Organization's financial assets as of June 30, 2023 and 2022, reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date because of donor and/or contractual restrictions.

	2023	2022
Financial Assets		
Cash and cash equivalents	$ 232,434	$ 15,122
Accounts receivable, net	350,480	297,300
Grants and contracts receivable	233,039	164,791
Promises to give – current portion	268,498	599,021
Investments	8,138,643	9,350,006
Total financial assets	9,223,094	10,426,240
Assets restricted as to use:		
Board-designated reserves, non-endowment	(4,269,190)	(6,875,537)
Board-designated quasi and true endowment funds, net of beneficial interest in trusts	(2,215,831)	(1,809,938)
Financial assets available to meet general expenditures within one year	$ 2,738,073	$ 1,740,765

As part of the Organization's liquidity management, it has a practice to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. The Organization has donor-restricted endowment and investments used similar to quasi-endowment. Income from the endowments and the investments of the quasi-endowment, $1,225,637 and $1,186,571 as of June 30, 2023 and 2022, respectively, could be made available with Board approval. Additionally, the Organization's board designated reserves, $4,269,190 and $6,875,537 as of June 30, 2023 and 2022, respectively, could be made available by the Board. Also, the Organization maintains two lines of credit which can be drawn on as needed during the year to manage cash flows.

(19) SUBSEQUENT EVENTS

Management has evaluated subsequent events through December 19, 2023, the date on which the financial statements were available to be issued. Management has determined that there are no subsequent events that would require disclosure or adjustment in the financial statements.

Appendix IV

Family Health Council of Central Pennsylvania, Inc.
Attestations & Documentation

FHCCP
Family Health Council of
Central Pennsylvania, Inc.

Patricia A. Fonzi
President / CEO

3461 Market Street
Suite 200
Camp Hill, PA 17011
717-761-7380
717-763-4779 FAX
www.fhccp.org

January 30, 2024

Ms. Brandi L. Clemons

Policy Aide

Department of Human Services

Office of Policy Development

Room 323 Health and Welfare Building

Harrisburg, PA 17120

Dear Ms. Clemons:

The purpose of this letter is to satisfy the requirements of Act 66 of 2006 72 P.S. 1701-D effective state fiscal year 2006-2007. Family Health Council of Central Pennsylvania, Inc. (FHCCP) is in full compliance and therefore attests that all its sub-grantees are in compliance with the above referenced audit guidelines as they relate to the physical and financial separation of abortion services from services provided through all family planning appropriations received from the Commonwealth of Pennsylvania.

An independent auditor report from the accounting firm of Boyer & Ritter LLC, attesting that both FHCCP and its sub-grantees (Planned Parenthood of Western Pennsylvania, Inc. and Planned Parenthood Keystone) are in compliance with the aforementioned audit guidelines are included.

The 2023 reports from Tait Weller, for Planned Parenthood of Western Pennsylvania, Inc. and Planned Parenthood Keystone attesting that these organizations are in compliance with the audit guidelines is also included.

If you require additional information, please let me know.

Sincerely,

DocuSigned by:
Kacey B. Schneider
E257003970FD47A...

Kacey B. Schneider

Director of Provider Relations

FAMILY HEALTH COUNCIL
OF CENTRAL PENNSYLVANIA, INC.

EXAMINATION REPORT

JUNE 30, 2023

CONTENTS

INDEPENDENT ACCOUNTANT'S REPORT ON SUPPLEMENTAL COMPLIANCE REQUIREMENTS AS REQUIRED BY APPROPRIATIONS ACT 66; 72 P.S. 1701-D

Board of Directors
Family Health Council of Central Pennsylvania, Inc.
Camp Hill, Pennsylvania

We have examined the Family Health Council of Central Pennsylvania, Inc.'s compliance with the G*rantee Audit Guidelines for the Family Planning Councils* provided by the Commonwealth of Pennsylvania, Department of Human Services, contained in Appropriations Act 66 for the year ended June 30, 2023. Those Guidelines require that the Council perform, at a minimum, an annual inspection of the sub-grantee to separately attest to the physical and financial separation of the promotion, performance, or referral of abortions or abortion counseling. The Council's inspection of the sub-grantee's (Planned Parenthood of Western Pennsylvania, Inc. and Planned Parenthood Keystone) operations included, but was not limited to, the gathering of information to document the sub-grantee's compliance with the following:

1. Abortion activities are physically and financially separate from those funded under the Women's Medical Services Grant.

2. Equipment and supplies for abortion activities are purchased separately.

3. Separate timesheets are maintained for personnel performing abortion and abortion-related activities.

4. All payments received from persons receiving abortion or abortion-related services, or payments made on their behalves, are maintained in separate accounting records.

5. All payments for rent, utilities, maintenance and supplies are maintained in separate accounting records.

Management is responsible for the Council's compliance with these requirements. Our responsibility is to express an opinion on the Council's compliance based upon our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Council complied, in all material respects with the specific requirements referenced above. An examination involves performing procedures to obtain evidence about whether Council complied with the specific requirements. The nature, timing and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

We are required to be independent of Family Health Council of Central Pennsylvania, and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our examination engagement.

Our examination does not provide a legal determination on Council's compliance with specific requirements.

In our opinion, the Council complied as the grantee, in all material respects, with the *Grantee Audit Guidelines for the Family Planning Councils* contained in Appropriations Act 66 for the year ended June 30, 2023.

This report is intended solely for Family Health Council of Central Pennsylvania, Inc., and the Pennsylvania Department of Human Services, and is not intended to be, and should not be, used by anyone other than those parties.

Boyer & Ritter

Camp Hill, Pennsylvania
January 22, 2024

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Planned Parenthood Keystone
Warminster, Pennsylvania

We have performed the procedures enumerated below, which were agreed to by Planned Parenthood Keystone, solely to assist in evaluating Planned Parenthood Keystone's compliance with the physical and financial separation of abortion services from services provided through the Women's Medical Services grants for the year ended June 30, 2023. Management is responsible for the Organization's compliance with those requirements. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings are as follows:

1. Accountant tests abortion activities and attests that these activities are physically and financially separate from those services funded under the Women's Medical Services grants.

Currently, eight of the Organization's centers receive funding from planning counsels and perform abortions, including Reading, York, Harrisburg, Warminster, Allentown, Bensalem, Wilkes Barre and Lancaster. All of those centers have separate hours for abortion and family planning services. During the designated hours for family planning, the center will not see abortion patients and during the set hours for abortion services the center will not see family planning patients. All data pertaining to abortion patients is manually logged onto sheets with a patient number, name, and the amount of money collected. The files are kept in a separate location and coded differently than family planning patients.

The results of these procedures indicate that the abortion activities are physically and financially separate from family planning services.

2. Accountant tests that equipment and supplies for abortion activities are purchased separately or if there is a single purchase for the entity that apportionment to the abortion activity is made equitably and documented according to the Cost Allocation Plan and attests to the same.

Supplies used specifically for abortion related activities are purchased separately from family planning supplies, using a separate purchase order system and are accounted for in the general ledger, under expense categories used for this purpose only. We examined and verified that abortion supplies at the center are kept in separate areas, separate purchase orders were used, and costs were properly posted to the general ledger. Our compliance testing of expenditures did not disclose any instance of expenses being improperly allocated to family planning services. Equipment purchased and used for abortion activities is expensed or capitalized according to the Organization's capitalization policy. The expense or depreciation related to the equipment is allocated to the appropriate cost center.

We noted no exceptions in performing these procedures and conclude that equipment and supplies are physically and financially separate.

3. Accountant tests the agency's process to distinguish the time each person/employee spends performing abortion and abortion related activities from other non-abortion related activities and attests to the same.

The Organization has a standard time system that distinctly requires the recording of time spent on abortion-related activities. We selected five pay periods and haphazardly examined time cards from employees allocated to abortion activities and family planning activities. We verified that the hours reported on the time sheet were consistent with the hours the center was open for abortion services. We verified that the wages posted to the general ledger for abortion activities was in agreement with the payroll records.

We noted no exceptions in performing these procedures, the agency's process to distinguish the time each employee spends performing abortion and abortion related activities exists.

4. Accountant tests that payments received from persons receiving abortion or abortion related services, or payments made on their behalf, can be identified separately in the accounting records and attests to the same.

We verified and examined payments received from patients for abortion services. The payments are summarized on a deposit log, used only for abortion services, and recorded on a separate deposit slip. Patients may pay by credit card, and a separate credit card account is used for abortion services, signed credit card slips and the daily batch report are stapled to the daily log. We verified that deposit slips and credit card payments agreed with the daily log and were deposited into the bank and not comingled with family planning receipts with no exceptions.

5. Accountant tests that all payments made for rent, utilities, maintenance, supplies, or other purchases can be identified separately in the accounting records and attests to the same.

Allocations of overhead, maintenance and occupancy costs, not directly attributable to abortion services, are based on time usage for abortion services over total usage of the center. The amount allocated is reasonable based on all the factors involved, i.e.: space used only for abortion activities vs. shared space and space used only for family planning services. Abortion services are separately budgeted from family planning services and have separated general ledger accounts for classification.

Based on our observations and tests we conclude that payments made for rent, utilities, maintenance, supplies, or other purchases can be identified separately in the accounting records.

6. Accountant tests and describes how abortion and abortion related activities are physically separated from the activities of the entity funded through the agreement and attests to the same.

We observed the abortion hours of the Reading, York, Harrisburg, Warminster, Allentown, Wilkes Barre, Lancaster and Bensalem clinics. The hours are clearly stated and are generally the same every week. Family planning patients are not admitted during these hours. All abortion patients must have an appointment to be seen.

Based on the results of tests in numbers one through six, listed above, and the observations of the facility hours and inquiries of key personnel the procedures performed indicate that abortions and abortion related activities are physically separated from the activities funded through the agreement.

We were not engaged to, and did not conduct an examination, the objective of which would be the expression of an opinion on compliance. Accordingly, we do not express such and opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is solely for the information and use of the Finance and Audit Committee, Management and Board of Directors of Planned Parenthood Keystone, Maternal Family Health Services, Inc., Access Matters, Family Health Council of Central Pennsylvania, and the Department of Human Services and is not intended to be, and should not be used by anyone other than these specified parties.

Tait, Weller & Baker LLP

Tait, Weller & Baker LLP
January 13, 2024

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED UPON PROCEDURES

Board of Directors
Planned Parenthood of Western Pennsylvania, Inc.
Pittsburgh, Pennsylvania

We have performed the procedures enumerated below, which were agreed to by the management and the Board of Directors of Planned Parenthood of Western Pennsylvania, Inc. (Planned Parenthood) and the Commonwealth of Pennsylvania Department of Human Service (DHS) solely to assist the specified parties with respect to complying with the requirements of Act 66 of 2006 and Family Planning Audit Guidelines, for the year ended June 30, 2023. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of Planned Parenthood and the DHS. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Procedures related to the sub-grantee: We inquired of the management of Planned Parenthood regarding the assertions below and performed observation procedures to confirm the responses of the management of Planned Parenthood, as indicated below:

1. Assertion: Abortion-related activities are physically and financially separate from those services funded under any family planning appropriation.

   Response: The abortion-related activities performed by Planned Parenthood are physically separate from services provided under any family planning appropriation. The financial records and physical custody of assets related to abortion-related activities are separate from the records and physical custody of assets related to family planning appropriations.

2. Assertion: Equipment and supplies for abortion-related activities are purchased separately, or if there is a single purchase for the entity that apportionment to the abortion-related activity is made equitably and documented according to the Cost Allocation Plan.

   Response: Purchases of equipment and supplies used by Planned Parenthood for abortion-related activities are separate from purchases for Planned Parenthood's other services.

3. Assertion: Separate timesheets are maintained for the personnel performing abortion-related activities.

   Response: Separate timesheets are maintained by all employees, including those who perform abortion-related activities.

4. Assertion: All payments received from persons receiving abortion-related services, or payments made on their behalf, are maintained in separate accounting records.

   Response: All payments received from persons receiving abortion-related services are segregated from other receipts of Planned Parenthood.

5. Assertion: All payments made for rent, utilities, maintenance, supplies, or other purchases are maintained on separate accounting records.

   Response: Planned Parenthood maintains separate accounting records for the abortion-related services costs. As such, payments for all expenses, including rent, utilities, maintenance, supplies and other purchases are reflected in the abortion related services accounting records only.

6. Assertion: Abortion-related activities are physically separated from activities of the entity funded through any family planning appropriation.

   Response: Abortion-related activities are physically separated from activities of the entity funded through any family planning appropriation.

We were not engaged to and did not conduct an audit, the objectives of which would be the expression of an opinion on the accounting records supporting compliance with the requirements of Act 66 of 2006 and Family Planning Audit Guidelines. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the management and Board of Directors of Planned Parenthood, Adagio Health, Inc., Family Health Council of Central Pennsylvania, and DHS, and is not intended to be, and should not be used by anyone other than these specified parties.

Tait, Weller & Baker LLP

TAIT, WELLER & BAKER LLP

Philadelphia, Pennsylvania
December 28, 2023

Appendix V

Maternal and Family Health Services, Inc.
Attestations & Documentation

Maternal & Family Health Services

15 Public Square, Suite 600,
Wilkes-Barre, PA 18701
800.367.6347
Fax: 570.823.3040
mfhs.org

January 29, 2024

Brandi Clemons
Department of Human Services
Office of Policy Development
Room 323
Health and Welfare Building
Harrisburg, PA 17120

Dear Ms. Clemons:

The purpose of this letter is to satisfy the annual requirements of paragraph C of the Grantee Audit Guidelines for Family Planning Councils as required by Act 66 of 2006 P.S. 1701-D effective State Fiscal year 2006-2007. In compliance with paragraph B, Maternal and Family Health Services, Inc., attests that all its sub-grantees are in compliance with the above referenced audit guidelines as they relate to the physical and financial separation of abortion services from services provided through any family planning appropriation.

Auditor material and other related documentation supporting this attest are available for department review. If you require any additional information, please do not hesitate to contact us.

Respectfully,

Maria Montoro Edwards
President and CEO

Margaret Manley
Margaret Manley
Chief Financial Officer

MATERNAL AND FAMILY HEALTH SERVICES, INC.

INDEPENDENT ACCOUNTANTS' REPORT ON

APPLYING AGREED-UPON PROCEDURES

FOR THE YEAR ENDED

JUNE 30, 2023

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Board of Directors
Maternal and Family Health Services, Inc.

We have performed the procedures enumerated below, on evaluating Maternal and Family Health Services, Inc.'s (MFHS) compliance with required reviews of subgrantee policies and annual inspection of subgrantees that promote, perform or refer for abortions or engage in abortion counseling for the year ended June 30, 2023 as agreed upon by MFHS, the Pennsylvania Department of Health, and Pennsylvania Department of Human Services. Planned Parenthood Keystone (PPKeystone) through its Reading, Wilkes-Barre, and Allentown, Pennsylvania centers is the only subgrantee of MFHS that engages in abortion services. Management is responsible for MFHS's compliance with those requirements.

MFHS has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of reviewing the subgrantee policies and annual inspection of subgrantees that promote, perform or refer for abortions or engage in abortion counseling for the year ended June 30, 2023. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

Enumerated procedures and findings are as follows:

We asked the following questions and we were provided the responses, as noted.

Question #1: Does the Grantee (MFHS) receive, from each subgrantee that is promoting, performing or referring for abortions or engaging in abortion counseling, a copy of the subgrantee's policies and procedures and other documentation of its abortion and abortion related activities, including the means and methods of separating these activities from activities of the subgrantee funded through any family planning appropriation?

Are these policies and procedures and other documentation approved by the subgrantee's Board of Directors?

Kingston, Pennsylvania
January 17, 2024

KINGSTON | SUGARLOAF 575 Pierce Street | Suite 400 | Kingston, PA 18704 | Voice: (570) 288-6464 | Fax: (570) 288-1518 | www.ClementeCPA.com

Response: MFHS did confirm with PPKeystone there were no changes to their policies and procedures related to the separation of abortions and abortion related services from Family Planning Services and that such policies and procedures were approved by their Board of Directors. PPKeystone maintains separate storage of physical supplies, budgets, revenues, expenses, and data related to abortion and abortion related (AR) services.

Question #2: Did the Grantee (MFHS) perform an inspection of the subgrantees to separately attest to the physical and financial separation of the promotion, performance, or referral of abortions or abortion related services?

Has the Grantee reviewed the abortion and abortion related services for compliance with pertinent state and federal laws, regulations, and guidelines addressing the promotion, performance, or referral of abortions or abortion related services and the required separation of these activities from other medical services provided by the subgrantee and funded through the Women's Medical Services grant?

Response: Yes, an onsite visit was conducted at Planned Parenthood Keystone – Wilkes Barre in November 2023. As part of the visit, a review of the facilities, procedures, and transmission of data were reviewed and discussed with the staff of the site. All procedures were in compliance with the requirements. PPKeystone sites are setup with separate budgets and profit and loss accounting to ensure all revenues and expenses are kept totally separate from Family Planning funds. A copy of the site review report is available at MFHS's administrative offices.

Question #3: Did the Grantee (MFHS) develop guidelines for the use of the subgrantee in establishing facilities that promote, perform, or refer for abortions or abortion related services?

Response: MFHS has not changed any of its policies related to the separation of AR services. Language related to abortion services can be found in the applicable contract (section 13-f) which prohibits abortion services to be included as part of Family Planning services.

We were engaged by Maternal and Family Health Services, Inc. to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on MFHS's compliance with the applicable requirements for the year ended June 30, 2023. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

Kingston, Pennsylvania
January 17, 2024

We are required to be independent of Maternal and Family Health Services, Inc. and meet our other ethical responsibilities, in accordance with relevant ethical requirements related to our agreed upon procedures engagement.

This report is intended solely for the information and use of the Board of Directors and management of Maternal and Family Health Services, the Pennsylvania Department of Health, and Pennsylvania Department of Human Services and is not intended to be and should not be used by anyone other than these specified parties.

Snyder & Clemente

Kingston, Pennsylvania
January 17, 2024

MATERNAL AND FAMILY HEALTH SERVICES, INC.

INDEPENDENT ACCOUNTANTS' REPORT

ON COMPLIANCE WITH THE GRANT AUDIT

GUIDELINES FOR FAMILY PLANNING COUNCILS

AS REQUIRED BY ACT 66 OF 2006 72 P.S. 1701-D

FOR THE YEAR ENDED JUNE 30, 2023

INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH THE GRANT AUDIT GUIDELINES FOR FAMILY PLANNING COUNCILS AS REQUIRED BY ACT 66 OF 2006 72 P.S. 1701-D

To the Board of Directors
Maternal and Family Health Services, Inc.

We have examined Maternal and Family Health Services, Inc.'s (MFHS) compliance with the *Grantee Audit Guidelines for the Family Planning Councils* provided by the Commonwealth of Pennsylvania, Department of Human Services and Department of Health concerning the physical and financial separation of abortion services from services provided through the grant for appropriated family planning funds during the year ended June 30, 2023. Those Guidelines require that Maternal and Family Health Services, Inc. perform, at a minimum, an annual inspection of the sub-grantee to separately attest to the physical and financial separation of the promotion, performance, or referral of abortions or abortion counseling. The Maternal and Family Health Services, Inc.'s inspection of the sub-grantee's Planned Parenthood Keystone (PP Keystone) operations included, but was not limited to, the gathering of information to document the sub-grantee's compliance with the requirements listed in Attachment 1. Management of MFHS is responsible for MFHS's compliance with the specified requirements. Our responsibility is to express an opinion on MFHS's compliance with the specified requirements based on our examination.

Planned Parenthood Keystone, Inc. (PP Keystone) receives funding from MFHS, as a subgrantee, for family planning services. Maternal and Family Health Services, Inc. does not promote, perform or refer abortions or abortion counseling services and, therefore, is not required to comply with the physical and financial separation of abortion services from services provided through the grant for appropriated family planning funds. However, the Reading, Wilkes-Barre, and Allentown, Pennsylvania centers of Planned Parenthood Keystone, Inc. engage in abortion related activities. Planned Parenthood Keystone, Inc.'s independent auditor has attested to the physical and financial separation of abortion services from services provided through appropriated family planning funds in a report dated January 13, 2024 for the year ended June 30, 2023.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether MFHS complied, in all material respects, with the specified requirements referenced above. An examination

KINGSTON | SUGARLOAF 575 Pierce Street | Suite 400 | Kingston, PA 18704 | Voice: (570) 288-6464 | Fax: (570) 288-1518 | www.ClementeCPA.com

involves performing procedures to obtain evidence about whether MFHS complied in all material respects with the specified requirements referenced above. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

Our examination does not provide a legal determination on MFHS's compliance with specified requirements.

In our opinion, Maternal and Family Health Services, Inc. complied as the grantee, in all material respects, with the *Grantee Audit Guidelines for the Family Planning Councils* contained in Appropriations Act 66 as listed in Attachment 1 concerning the physical and financial separation of abortion services from services provided through the grant for appropriated family planning funds for the year ended June 30, 2023.

Snyder & Clements

Kingston, Pennsylvania
January 22, 2024

ATTACHMENT 1

Grantee Audit Guidelines for the Family Planning Councils as required by Act 66 of 2006 72 P.S. 1701-D concerning the physical and financial separation of abortion services from services provided through the Grant for Appropriated Family Planning Funds.

Maternal Family and Health Services, Inc.'s (grantee) inspection of Planned Parenthood Keystone, Inc. (sub-grantee) operations included, but was not limited to, the gathering of information to document the sub-grantee's compliance with the following:

1. Abortion and abortion related activities are physically and financially separate from those services funded under the appropriated family planning funds.

2. Equipment and supplies for abortion and abortion related activities are purchased separately or, if there is a single purchase for the entity, that apportionment to abortion and abortion related activity is made equitably and documented according to the Cost Allocation Plan.

3. Separate timesheets are maintained for the personnel performing abortion and abortion related activities.

4. All payments received from persons receiving abortion and abortion related services, or payments made on their behalf, are maintained on separate accounting records.

5. All payments made for rent, utilities, maintenance, supplies, or other purchases related to abortions and abortion related activities are properly allocated and maintained on separate accounting records.

6. Abortion hours are clearly stated and are generally the same every week. Family planning patients are not admitted during these hours. All abortion patients must have an appointment to be seen.

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED UPON PROCEDURES

Board of Directors
Planned Parenthood of Western Pennsylvania, Inc.
Pittsburgh, Pennsylvania

We have performed the procedures enumerated below, which were agreed to by the management and the Board of Directors of Planned Parenthood of Western Pennsylvania, Inc. (Planned Parenthood) and the Commonwealth of Pennsylvania Department of Human Service (DHS) solely to assist the specified parties with respect to complying with the requirements of Act 66 of 2006 and Family Planning Audit Guidelines, for the year ended June 30, 2023. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of Planned Parenthood and the DHS. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Procedures related to the sub-grantee: We inquired of the management of Planned Parenthood regarding the assertions below and performed observation procedures to confirm the responses of the management of Planned Parenthood, as indicated below:

1. Assertion: Abortion-related activities are physically and financially separate from those services funded under any family planning appropriation.

   Response: The abortion-related activities performed by Planned Parenthood are physically separate from services provided under any family planning appropriation. The financial records and physical custody of assets related to abortion-related activities are separate from the records and physical custody of assets related to family planning appropriations.

2. Assertion: Equipment and supplies for abortion-related activities are purchased separately, or if there is a single purchase for the entity that apportionment to the abortion-related activity is made equitably and documented according to the Cost Allocation Plan.

   Response: Purchases of equipment and supplies used by Planned Parenthood for abortion-related activities are separate from purchases for Planned Parenthood's other services.

3. Assertion: Separate timesheets are maintained for the personnel performing abortion-related activities.

   Response: Separate timesheets are maintained by all employees, including those who perform abortion-related activities.

4. Assertion: All payments received from persons receiving abortion-related services, or payments made on their behalf, are maintained in separate accounting records.

   Response: All payments received from persons receiving abortion-related services are segregated from other receipts of Planned Parenthood.

5. Assertion: All payments made for rent, utilities, maintenance, supplies, or other purchases are maintained on separate accounting records.

   Response: Planned Parenthood maintains separate accounting records for the abortion-related services costs. As such, payments for all expenses, including rent, utilities, maintenance, supplies and other purchases are reflected in the abortion related services accounting records only.

6. Assertion: Abortion-related activities are physically separated from activities of the entity funded through any family planning appropriation.

   Response: Abortion-related activities are physically separated from activities of the entity funded through any family planning appropriation.

We were not engaged to and did not conduct an audit, the objectives of which would be the expression of an opinion on the accounting records supporting compliance with the requirements of Act 66 of 2006 and Family Planning Audit Guidelines. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the management and Board of Directors of Planned Parenthood, Adagio Health, Inc., Family Health Council of Central Pennsylvania, and DHS, and is not intended to be, and should not be used by anyone other than these specified parties.

Tait, Weller & Baker LLP

TAIT, WELLER & BAKER LLP

Philadelphia, Pennsylvania
December 28, 2023

PLANNED PARENTHOOD OF WESTERN PENNSYLVANIA, INC.

FINANCIAL STATEMENTS AND
REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

JUNE 30, 2023 AND 2022

TABLE OF CONTENTS

INDEPENDENT AUDITORS' REPORT

Board of Directors
Planned Parenthood of Western Pennsylvania, Inc.
Pittsburgh, Pennsylvania

Opinion

We have audited the accompanying financial statements of Planned Parenthood of Western Pennsylvania, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities, changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Planned Parenthood of Western Pennsylvania, Inc. as of June 30, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Basis of Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Planned Parenthood of Western Pennsylvania, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Planned Parenthood of Western Pennsylvania, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

Board of Directors
Planned Parenthood of Western Pennsylvania, Inc.
Pittsburgh, Pennsylvania

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Planned Parenthood of Western Pennsylvania, Inc.'s internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Planned Parenthood of Western Pennsylvania, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Tait, Weller & Baker LLP

Philadelphia, Pennsylvania
December 28, 2023

PLANNED PARENTHOOD OF WESTERN PENNSYLVANIA, INC.

STATEMENTS OF FINANCIAL POSITION

June 30, 2023 And 2022

	2023	2022
ASSETS		
Cash and cash equivalents	$ 3,448,938	$ 3,522,373
Accounts receivable – net	174,028	134,401
Contributions receivable	1,997,105	995,913
Investments – at fair value	2,317,385	2,612,259
Beneficial interest in perpetual and restricted trusts	1,548,770	1,993,519
Inventories and prepaid expenses	307,504	281,274
Operating right-of-use asset	421,554	-
Property and equipment – net	1,134,354	1,176,508
Total Assets	$ 11,349,638	$ 10,716,247
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	$ 323,543	$ 274,850
Accrued expenses	225,243	171,511
Deferred revenue	24,084	49,146
Operating lease liability	411,557	-
Total Liabilities	984,427	495,507
NET ASSETS		
Without donor restrictions		
Undesignated	4,795,668	4,205,279
Board designated	1,581,092	1,501,022
Total without donor restrictions	6,376,760	5,706,301
With donor restrictions	3,988,451	4,514,439
Total Net Assets	10,365,211	10,220,740
Total Liabilities And Net Assets	$ 11,349,638	$ 10,716,247

PLANNED PARENTHOOD OF WESTERN PENNSYLVANIA, INC.

STATEMENT OF ACTIVITIES

For The Year Ended June 30, 2023 (With Comparative Totals For 2022)

	Without Donor Restrictions	With Donor Restrictions	2023	2022
Operating Support and Revenue				
Community Support				
Contributions	$2,798,520	$1,117,662	$ 3,916,182	$ 3,360,960
Federal and state grants	952,767	-	952,767	680,055
PPP loan forgiveness	-	-	-	714,770
Special events – fundraising	210,711	-	210,711	261,695
Total Community Support	3,961,998	1,117,662	5,079,660	5,017,480
Revenue				
Medical and educational services	2,504,322	-	2,504,322	2,543,820
Dividends, interest and net (depreciation) appreciation –short-term investments	54,319	-	54,319	(12,173)
Investment income transferred to operations from investment fund	111,242	-	111,242	109,443
Miscellaneous	22,777	-	22,777	55,793
Total Revenue	2,692,660	-	2,692,660	2,696,883
Net Assets Released for Satisfaction of Program Restrictions	1,749,524	(1,749,524)		-
Total Operating Revenues, Gains And Other Support	8,404,182	(631,862)	7,772,320	7,714,363
Expenses				
Program services	6,591,263	-	6,591,263	5,345,972
Supporting services				
Development	504,514	-	504,514	382,222
Administration	718,016	-	718,016	566,491
Total Expenses	7,813,793	-	7,813,793	6,294,685
Increase in Net Assets From Operations	590,389	(631,862)	(41,473)	1,419,678
Other Changes				
Excess (deficit) of investment income over amount transferred to operations	80,070	29,516	109,586	(482,350)
Change in value of perpetual and restricted trusts	-	76,358	76,358	(671,088)
Increase in Net Assets	$ 670,459	$ (525,988)	$ 144,471	$ 266,240

PLANNED PARENTHOOD OF WESTERN PENNSYLVANIA, INC.

STATEMENT OF ACTIVITIES

For The Year Ended June 30, 2022

	Without Donor Restrictions	With Donor Restrictions	2022
Operating Support and Revenue			
Community Support			
Contributions	$ 1,820,513	$ 1,540,447	$ 3,360,960
Federal and state grants	680,055	-	680,055
PPP loan forgiveness	714,770	-	714,770
Special events – fundraising	261,695	-	261,695
Total Community Support	3,477,033	1,540,447	5,017,480
Revenue			
Medical and educational services	2,543,820	-	2,543,820
Dividends, interest and net (depreciation) appreciation –short-term investments	(12,173)	-	(12,173)
Investment income transferred to operations from investment fund	109,443	-	109,443
Miscellaneous	55,793	-	55,793
Total Revenue	2,696,883	-	2,696,883
Net Assets Released for Satisfaction of Program Restrictions	479,777	(479,777)	-
Total Operating Revenues, Gains And Other Support	6,653,693	1,060,670	7,714,363
Expenses			
Program services	5,345,972	-	5,345,972
Supporting services			
Development	382,222	-	382,222
Administration	566,491	-	566,491
Total Expenses	6,294,685	-	6,294,685
Increase in Net Assets From Operations	359,008	1,060,670	1,419,678
Other Changes			
Excess (deficit) of investment income over amount transferred to operations	(349,503)	(132,847)	(482,350)
Change in value of perpetual and restricted trusts	-	(671,088)	(671,088)
Increase in Net Assets	$ 9,505	$ 256,735	$ 266,240

PLANNED PARENTHOOD OF WESTERN PENNSYLVANIA, INC.

STATEMENTS OF CHANGES IN NET ASSETS

For The Years Ended June 30, 2023 And 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Balance – June 30, 2021	$5,696,796	$4,257,704	$ 9,954,500
Change in net assets	9,505	256,735	266,240
Balance – June 30, 2022	5,706,301	4,514,439	10,220,740
Change in net assets	670,459	(525,988)	144,471
Balance – June 30, 2023	$6,376,760	$3,988,451	$ 10,365,211

PLANNED PARENTHOOD OF WESTERN PENNSYLVANIA, INC.

STATEMENT OF FUNCTIONAL EXPENSES

For The Year Ended June 30, 2023 (With Comparative Totals For 2022)

	Program Services				Supporting Services				
	Medical Services	Education Services	Public Affairs	Total	Development	Administration	Total	2023	2022
Expenses									
Salaries and benefits	$ 3,345,947	$ 389,110	$ 168,167	$ 3,903,224	$ 277,019	$ 429,188	$ 706,207	$ 4,609,431	$ 3,734,299
Occupancy costs	291,460	22,329	5,013	318,802	9,918	18,176	28,094	346,896	302,208
Telephone	96,567	2,452	1,385	100,404	1,831	4,677	6,508	106,912	71,606
Insurance	115,962	2,081	1,040	119,083	1,301	2,081	3,382	122,465	126,520
Technology support	308,983	15,671	5,761	330,415	14,366	25,530	39,896	370,311	290,871
Equipment maintenance and rental	85,741	2,519	1,839	90,099	3,938	8,714	12,652	102,751	88,235
Advertising and publications	10,055	835	1,141	12,031	31,687	1,042	32,729	44,760	33,806
Stipends	-	17,305	-	17,305	-	-	-	17,305	6,550
Travel	32,872	6,986	915	40,773	3,674	8,223	11,897	52,670	13,692
Medical supplies	806,454	-	-	806,454	-	-	-	806,454	733,394
Laboratory services	63,029	-	-	63,029	-	-	-	63,029	55,409
Office and program supplies	31,175	12,874	166	44,215	11,350	7,358	18,708	62,923	45,346
Federation and state affiliate dues	68,755	6,579	4,321	79,655	4,465	6,707	11,172	90,827	81,942
Professional fees and contract services payments	373,054	25,179	12,814	411,047	51,667	184,239	235,906	646,953	363,645
Special events costs	-	-	-	-	72,532	-	72,532	72,532	58,132
Bad debt expense	36,257	-	-	36,257	7,128	-	7,128	43,385	27,064
Miscellaneous	108,279	18,409	2,136	128,824	9,340	14,711	24,051	152,875	120,291
Total Expenses Before Depreciation and Amortization	5,774,590	522,329	204,698	6,501,617	500,216	710,646	1,210,862	7,712,479	6,153,010
Depreciation	84,931	2,698	2,017	89,646	4,298	7,370	11,668	101,314	141,675
Total Expenses	$ 5,859,521	$ 525,027	$ 206,715	$ 6,591,263	$ 504,514	$ 718,016	$ 1,222,530	$ 7,813,793	$ 6,294,685

The accompanying notes are an integral part of these financial statements.

PLANNED PARENTHOOD OF WESTERN PENNSYLVANIA, INC.

STATEMENT OF FUNCTIONAL EXPENSES

For The Year Ended June 30, 2022

	Program Services				Supporting Services			
	Medical Services	Education Services	Public Affairs	Total	Development	Administration	Total	2022
Expenses								
Salaries and benefits	$2,720,983	$ 282,522	$ 94,680	$3,098,185	$ 222,018	$ 414,096	$ 636,114	$3,734,299
Occupancy costs	235,134	25,564	15,543	276,241	10,387	15,580	25,967	302,208
Telephone	62,956	2,070	1,768	66,794	1,086	3,726	4,812	71,606
Insurance	121,437	2,204	747	124,388	780	1,352	2,132	126,520
Technology support	234,431	15,585	6,434	256,450	13,650	20,771	34,421	290,871
Equipment maintenance and rental	72,767	2,620	3,782	79,169	2,894	6,172	9,066	88,235
Advertising and publications	6,652	137	625	7,414	23,856	2,536	26,392	33,806
Stipends	150	6,400	-	6,550	-	-	-	6,550
Travel	9,334	3,278	-	12,612	1,080	-	1,080	13,692
Medical supplies	733,394	-	-	733,394	-	-	-	733,394
Laboratory services	55,409	-	-	55,409	-	-	-	55,409
Office and program supplies	21,357	6,970	266	28,593	14,158	2,595	16,753	45,346
Federation and state affiliate dues	66,891	3,771	2,537	73,199	3,579	5,164	8,743	81,942
Professional fees and contract services payments	231,704	21,499	9,662	262,865	19,578	81,202	100,780	363,645
Special events costs	-	-	-	-	58,132	-	58,132	58,132
Bad debt expense	27,064	-	-	27,064	-	-	-	27,064
Miscellaneous	96,909	9,266	423	106,598	7,239	6,454	13,693	120,291
Total Expenses Before Depreciation and Amortization	4,696,572	381,886	136,467	5,214,925	378,437	559,648	938,085	6,153,010
Depreciation	122,244	5,599	3,204	131,047	3,785	6,843	10,628	141,675
Total Expenses	$4,818,816	$ 387,485	$ 139,671	$5,345,972	$ 382,222	$ 566,491	$ 948,713	$6,294,685

The accompanying notes are an integral part of these financial statements.

PLANNED PARENTHOOD OF WESTERN PENNSYLVANIA, INC.

STATEMENTS OF CASH FLOWS

For The Years Ended June 30, 2023 And 2022

	2023	2022
Cash Flows from Operating Activities		
Change in net assets	$ 144,471	$ 266,240
Adjustments to reconcile change in net assets to net cash used in operating activities		
Net realized and unrealized (gains) losses on investments	(172,503)	424,853
Depreciation	101,314	141,675
Amortization of right-of-use assets	120,125	-
Operating lease liability payments	(133,555)	-
Interest on lease liability	3,433	-
Change in value of perpetual and restricted trusts	444,749	671,088
Change in:		
Accounts receivable	(39,627)	55,737
Contributions receivable	(1,001,192)	(617,161)
Inventories and prepaid expenses	(26,230)	(92,059)
Accounts payable	48,693	138,710
Accrued expenses	53,732	(63,394)
Deferred revenue	(25,062)	49,146
Net Cash (Used for) Provided by Operating Activities	(481,652)	974,835
Cash Flows from Investing Activities		
Purchase of investments	(1,076,953)	(1,092,944)
Proceeds from sale of investments	1,544,330	1,289,723
Acquisition of property and equipment	(59,160)	-
Net Cash Provided by Investing Activities	408,217	196,779
Cash Flows from Financing Activities		
PPP loan forgiveness	-	(714,770)
Net Cash Used for Financing Activities	-	(714,770)
Net (Decrease) Increase in Cash and Cash Equivalents	(73,435)	456,844
Cash and Cash Equivalents		
Beginning of year	3,522,373	3,065,529
End of year	$ 3,448,938	$ 3,522,373
Supplemental Information		
Right-of-use assets received in exchange for operating lease liability	$ 541,679	$ -

(1) ORGANIZATION

Planned Parenthood of Western Pennsylvania, Inc. (the ***"Organization"***) has served western Pennsylvania since 1930. The Organization provides reproductive medical care and counseling to women and men, with fees assessed on a sliding scale based on client income. Comprehensive sexuality education services are provided to individuals, schools and organizations throughout an eleven-county area. The Organization also advocates for public policies that protect access to reproductive medical and education services.

The Organization is incorporated under the laws of the Commonwealth of Pennsylvania as a voluntary, non-profit corporation. The Organization is a member of Planned Parenthood Federation of America ***("PPFA")*** and Planned Parenthood of Pennsylvania Advocates.

The Organization maintains clinics in the Pittsburgh area, one in Johnstown, Pennsylvania, one in Somerset, Pennsylvania, and one in Greensburg, Pennsylvania. Pregnancy termination services are provided at a clinic separate from the family planning services. Separate financial records are maintained for the pregnancy termination clinic.

(2) SIGNIFICANT ACCOUNTING POLICIES AND PRACTICES

BASIS OF ACCOUNTING

The financial statements of the Organization are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

USE OF 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 reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of petty cash and money on deposit with banks, all of which are considered available for current use.

ACCOUNTS RECEIVABLE

Accounts receivable are carried at the estimated collectible amount. The Organization uses the reserve method to account for bad debts. An allowance of $106,946 and $88,213 has been recorded as of June 30, 2023 and 2022, respectively, based on management's estimates of the collectability of the accounts receivable balance.

PROMISES TO GIVE

The Organization records unconditional promises to give (pledges) as a receivable and revenue in the year pledged, net of the discount to present value of the future cash flows. An allowance is recorded based on management's estimates of the collectability of the promises to give balance. No allowance is deemed necessary as of June 30, 2023 and 2022.

INVESTMENTS

Investments are carried at fair value, using quoted market prices, with unrealized gains and losses included in the statement of activity and changes in net assets. Donated securities are recorded at their fair value, using quoted market prices at the date of donation. Dividend and interest income are recorded as earned.

The Organization has received contributions that are restricted by donors and required to be held in perpetuity. The original amounts of these contributions are maintained in net assets with donor restrictions. The use of the income on these funds is not restricted.

In accordance with Pennsylvania law, the Organization's Board of Directors elected to follow a total return policy with respect to its investment funds. As such, the Organization has adopted an investment policy seeking to achieve a reasonable long-term total return (derived from both capital appreciation and earnings), consistent with acceptable investment risk, and to preserve capital. The policy prescribes diversified asset allocations for fixed income, equity and cash equivalents, as well as measures for performance evaluation.

FAIR VALUE OF FINANCIAL INSTRUMENTS

For the years ended June 30, 2023 and 2022, the fair value of the Organization's marketable securities is based on quoted market prices. Similarly, the carrying value of all other financial instruments potentially subject to value risk (principally consisting of cash, accounts receivable, and accounts payable) approximates fair value.

CONCENTRATION OF MARKET AND CREDIT RISK

The Organization periodically, maintains cash balances in excess of insured limits. Accounting Standards Codification *("ASC")* 825, ***"Financial Instruments"*** identifies these items as a concentration of credit risk requiring disclosure, regardless of degree of risk. The risk is managed by monitoring the financial institutions in which deposits are made.

Market risk represents the potential loss the Organization faces due to the decrease in the value of marketable securities. Credit risk represents the potential loss the Organization faces due to the possible nonperformance by obligors and counterparts of the terms of their contracts.

INVENTORIES

Inventories are valued at the lower of cost or market based upon the first-in first-out valuation method (FIF0). Inventories consist of medical supplies totaling approximately $222,000 and $235,000 at June 30, 2023 and 2022, respectively.

PROPERTY AND EQUIPMENT

Property and equipment are stated at cost for purchased assets and at fair market value on the date of the gift for donated assets. The Organization's capitalization level is $5,000 ($1,000 prior to fiscal year 2022). Depreciation is provided using the straight-line method over the estimated useful lives of the assets. Maintenance, repairs, and small equipment purchases are charged to expense when incurred.

Donations of property and equipment, or funds donated to acquire property and equipment, are reported as support with donor restrictions.

NET ASSETS

Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. All contributions are considered available for unrestricted use, unless specifically restricted by the donor. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Net Assets without donor restrictions – include the revenues and expenses associated with the principal mission of the Organization and are segregated as follows:

Undesignated: These may be used by management for any purpose without restriction.

Board Designated: Includes reserves such as the Funds Functioning as Endowment.

Net Assets with donor restrictions – include gifts for which restrictions have not been met. Net assets with donor restrictions are limited by donors for a specific purpose or specified period. Also includes gifts and contributions which require, by donor restriction, that the corpus be invested in perpetuity and only the income be made available for program operations in accordance with donor restrictions.

REVENUE RECOGNITION

Clinic fees and sales revenue are based on the premise that the Organization has a performance obligation to provide family planning services to the Organization's patients. As compensation for these services, the Organization is entitled to a service fee based on the level of service provided. The patient's copays for the services are generally collected at the point of service and the remaining charges are billed to the patient's commercial insurance or Medicaid. For self-pay patients, fees are collected at the point of service. The Organization generally satisfies the performance obligations on the date the service was rendered.

Patient fees, which consist primarily of fees for family planning services and the sale of contraceptives, are recorded when earned net of any discounts and contractual adjustments. Contractual adjustments represent the difference between the gross fees charged and the net fees received from third-party payors.

The Organization recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give – that is, those with a measurable performance or other barrier and right of return – are not recognized until the condition on which they depend have been met. Unconditional contributions are classified as without donor restrictions unless there are donor stipulations that limit the use of the donated assets. Contributions received are recorded as with or without donor restrictions support, depending on the existence and nature of any donor restrictions. Donor-restricted support is reported as an increase in net assets with donor restrictions. When a 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 statement of activities as net assets released from restrictions.

Contributions administered by PPFA accounted for approximately 19% and 24% in 2023 and 2022, respectively. In addition, approximately $371,000 and $253,000 in the years ended June 30, 2023 and 2022, respectively, represent proceeds from a grant from PPFA to subsidize patient fees for surgical procedures.

ADVERTISING

The Organization expenses advertising costs as incurred. Total advertising expenses were approximately $29,000 and $22,000 for 2023 and 2022, respectively.

ALLOCATION OF EXPENSES

Expenses, not specifically identified by type, are allocated between program, management and general and fundraising expenses using the following methods. Expenses associated with occupancy are allocated based upon the square footage used by the program, management, and administrative personnel. All other expenses are allocated based upon estimates made by the Organization's management. Functional expenses fluctuate annually based on the priorities of the Organization.

LEASES

Operating leases are included in operating lease right-of-use ("ROU") assets lease liabilities in the statement of financial position. The Organization determines whether an agreement is or contains a lease at lease inception.

ROU assets represent the Organization's right to use an underlying asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As the Organization's leases do not provide an implicit interest rate, the incremental borrowing rate based on the information available at commencement date is used in determining the present value of lease payments. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

INCOME TAXES

The Organization is exempt from income taxes as a not-for-profit organization under Section 501(c)(3) of the Internal Revenue Code and is not a private foundation because it is an organization of the type described in Internal Revenue Code Section 170(b)(1)(A)(VI).

Management has reviewed the tax positions for each of the open fiscal tax years (2020 – 2022) or expected to be taken in the Organization's fiscal 2023 tax return and has concluded that there are no significant uncertain tax positions that would require recognition in the financial statements.

NEW ACCOUNTING PRONOUNCEMENT - ADOPTED

In 2016, the FASB issued ASU 2016-02, Leases (Topic 842). The ASU changes the accounting treatment for operating leases by recognizing a lease asset and lease liability at the present value of the lease payments in the statement of financial position and disclosing key information about leasing arrangements. The Organization adopted this ASU in 2023 and applied the transition method allowed by ASU 2016-02 to adopt this standard as of July 1, 2022.

(3) ACCOUNTS RECEIVABLE

Accounts receivable consist of the following at June 30:

	2023	2022
Accounts receivable	$ 280,974	$ 222,614
Less: Contractual allowance and reserve for uncollectible accounts	(106,946)	(88,213)
Accounts receivable – net	$ 174,028	$ 134,401

(4) CONTRIBUTIONS RECEIVABLE

Contributions receivable at June 30, 2023 and 2022 were $1,997,105 and $995,913, respectively. All contributions receivable were due in less than one year.

(5) INVESTMENTS

The Organization's investments consist of the following at June 30:

	2023		2022	
	Cost	Fair Value	Cost	Fair Value
Fixed income securities	$ 380,407	$ 342,782	$ 372,692	$ 338,857
Common stocks	329,808	416,939	558,977	614,340
Mutual funds				
Money market funds	23,207	23,207	78,929	78,929
Fixed income funds	270,525	257,645	616,073	582,877
Equity funds	762,462	900,428	536,481	566,328
Exchange-traded funds	322,641	376,384	380,056	430,928
	$2,089,050	$2,317,385	$2,543,208	$2,612,259

Returns on the securities are as follows:

	2023	2022
Investment income included in operations		
Dividends, interest and net appreciation (depreciation) – short-term investments	$ 54,319	$ (12,173)
Investment income on investment fund transferred to operations in accordance with spending policy	111,242	109,443
Investment (loss) income excluded from operations		
Without donor restrictions	80,070	(349,503)
With donor restrictions	29,516	(132,847)
Net investment income (loss)	$275,147	$(385,080)

Investment fees totaled $18,862 and $21,816 for the years ending June 30, 2023 and 2022.

(6) FAIR VALUE OF FINANCIAL INSTRUMENTS

The Organization utilized various methods to measure the fair value of its investments on a recurring basis. Generally accepted accounting principles established a hierarchy that prioritizes inputs to valuation methods. The three levels of inputs are described below:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities that Organization has the ability to access.

Level 2 – Observable inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. These inputs may include quoted prices for the identical instruments on an inactive market, prices for similar instruments, interest rates, prepayment speeds, credit risk, yield curves, default rates and similar data.

Level 3 – Unobservable inputs for the asset or liability, to the extent relevant observable inputs are not available, representing Organization's own assumptions about the assumptions a market participant would use in valuing the asset or liability, and would be based on the best information available.

The input methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

The summary of inputs used to value the Organization's investments as of June 30, 2023 and 2022 are as follows:

	2023			
	Total	Level 1 Quoted Prices	Level 2 Other Significant Observable Inputs	Level 3 Significant Unobservable Inputs
Investments				
Fixed income securities	$ 342,782	$ -	$ 342,782	$ -
Common stocks	416,939	416,939	-	-
Mutual funds				
Money market funds	23,207	23,207	-	-
Fixed income funds	257,645	257,645	-	-
Equity funds	900,428	900,428	-	-
Exchange-traded funds	376,384	376,384	-	-
	$2,317,385	$1,974,603	$ 342,782	$ -
Beneficial interest in perpetual and restricted trusts	$1,548,770	$ -	$ -	$1,548,770

	2022			
	Total	Level 1 Quoted Prices	Level 2 Other Significant Observable Inputs	Level 3 Significant Unobservable Inputs
Investments				
Fixed income securities	$ 338,857	$ -	$ 338,857	$ -
Common stocks	614,340	614,340	-	-
Mutual funds				
Money market funds	78,929	78,929	-	-
Fixed income funds	582,877	582,877	-	-
Equity funds	566,328	566,328	-	-
Exchange-traded funds	430,928	430,928	-	-
	$2,612,259	$2,273,402	$ 338,857	$ -
Beneficial interest in perpetual and restricted trusts	$1,993,519	$ -	$ -	$1,993,519

Fair values for investments are determined by reference to quoted market prices and other relevant information generated by market transactions. Fair value for the contribution receivable from the beneficial interest in the charitable remainder unitrust is determined by calculating the present value of the future distributions expected to be received, using published life expectancy tables, a 2.7% discount rate, and earnings of 5.75%. Fair value for the contribution receivable from the charitable perpetual trust is determined by calculating the Organization's 10% share based on the fair value of the trust.

There were no transfers between Level 1 and Level 2 during the years ended June 30, 2023 and 2022.

The Beneficial Interest in Perpetual and Restricted Trusts are measured at the estimated future cash flows which involve unobservable inputs. In addition, the assets of the charitable perpetual trust must be held in perpetuity and cannot be accessed by the Organization. As a result, these present value techniques would be Level 3 inputs.

The changes in investments measured at fair value for which the Organization used Level 3 inputs to determine value are as follows:

	2023	2022
Beginning of year balance	$1,993,519	$2,664,607
Release from restriction	(521,107)	-
Realized/unrealized gains (losses) – net change in valuation	76,358	(671,088)
End of year balance	$1,548,770	$1,993,519

Changes in the fair value of charitable remainder trusts are reflected in other changes on the statements of activities.

(7) BENEFICIAL INTEREST IN PERPETUAL AND RESTRICTED TRUSTS

The Organization is a beneficiary under two irrevocable split-interest agreements at June 30, 2023 and 2022. The fair value is measured using inputs as described in Note 6 and consists of the following at June 30:

	2023	2022
Charitable remainder unitrust	$ -	$ 521,107
Charitable perpetual trust	1,548,770	1,472,412
	$1,548,770	$1,993,519

Under the terms of the charitable remainder unitrust agreement, two beneficiaries, unrelated to the Organization, were to receive annual distributions of 6% of the fair value of the trust over their lifetimes. Upon the death of the last surviving income beneficiary, the Organization was to receive one-quarter of the remaining trust assets for its unrestricted use. The last beneficiary passed away in March 2023 and $1,107,137 was distributed to the Organization in July 2023.

The Organization is a beneficiary of a perpetual trust held by a third party and receives 10% of the net income of the trust annually. Any gains or losses on trust assets are reflected as changes in net assets with donor restrictions.

(8) PROPERTY AND EQUIPMENT

Property and equipment consists of the following at June 30:

	2023	2022
Land	$ 229,603	$ 229,603
Building	588,757	588,757
Building improvements	2,687,456	2,687,456
Leasehold improvements	37,778	37,778
Furniture, fixtures and office equipment	915,398	856,238
	4,458,992	4,399,832
Less: Accumulated depreciation	(3,324,638)	(3,223,324)
Property and equipment – net of accumulated depreciation	$ 1,134,354	$ 1,176,508

(9) REFUNDABLE ADVANCE

In May 2020, the Organization received a loan in the amount of $739,900 under the Small Business Administration's (SBA) Paycheck Protection Program ("***PPP***"). In June 2021, the Organization repaid a portion of the loan as a result of the bank conducting an internal review of the Organization's loan forgiveness application, leaving a loan balance of $714,770 as of June 30, 2021. The Organization considered this loan to be a conditional contribution as it expected to meet the criteria for loan forgiveness upon incurring eligible expenditures and when its application was accepted by the SBA. The Organization considered the incurrence of eligible expenses and the acceptance of its application for forgiveness to be barriers in the PPP loan agreement, and as such, would recognize contribution income when these conditions were substantially met. The Organization received notification from the SBA that this PPP loan was forgiven August 13, 2021, as such, the loan was recognized in the Statement of Activities as PPP loan forgiveness in fiscal year 2022.

(10) LINE OF CREDIT

On August 27, 2020, the Organization entered into a new revolving line of credit with its bank for $600,000. The line is collateralized by an investment account maintained at the bank. Interest will accrue on the outstanding balance at the bank's prime rate plus .75% and is payable monthly. The line of credit expires August 27, 2024. There was no outstanding balance on the line of credit as of June 30, 2023 and 2022.

(11) NET ASSETS AND ENDOWMENT FUNDS

NET ASSETS WITHOUT DONOR RESTRICTIONS

Net assets without donor restrictions are as follows as of June 30:

	2023	2022
Undesignated	$4,795,668	$4,205,279
Board designated endowment funds	1,581,092	1,501,022
	$6,376,760	$5,706,301

NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are as follows as of June 30:

	2023	2022
Time restricted:		
Charitable remainder trusts	$ -	$ 521,107
Accumulated gains on endowment funds	168,701	139,185
Purpose restricted:		
Programs	1,281,230	1,218,694
Education	39,930	123,330
Supporting services	1,309	83,500
Capital campaign	280,921	288,621
	1,772,091	2,374,437
Net assets with donor restrictions required to be held in perpetuity:		
Charitable perpetual trust	1,548,770	1,472,412
Endowment funds	667,590	667,590
Total Net Assets with donor restrictions	$3,988,451	$4,514,439

NET ASSETS RELEASED FROM RESTRICTIONS

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by the collection of promises to give, as follows:

Purpose restrictions satisfied:

	2023	2022
Operating Releases		
Programs	$ 744,112	$ 267,371
Education	344,415	185,955
Supporting services	132,190	11,500
Capital campaign	7,700	14,951
	1,228,417	479,777
Time restriction release	521,107	-
Total releases	$ 1,749,524	$ 479,777

ENDOWMENTS

The Investment Fund (Endowment) consists principally of board designated amounts. The board designated funds are invested for long-term capital needs and to provide for the continuing viability of the Organization. The remainder of the Endowment is restricted by donors and required to be held in perpetuity.

Endowment net asset composition by type of fund as of June 30, 2023 and 2022:

	2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor restricted endowment funds perpetual in duration-			
Original gift amount	$ -	$ 667,590	$ 667,590
Accumulated earnings	-	168,701	168,701
Funds functioning as endowment	1,581,092	-	1,581,092
Total funds	$ 1,581,092	$ 836,291	$ 2,417,383

	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor restricted endowment funds perpetual in duration-			
Original gift amount	$ -	$ 667,590	$ 667,590
Accumulated earnings	-	139,185	139,185
Funds functioning as endowment	1,501,022	-	1,501,022
Total funds	$ 1,501,022	$ 806,775	$ 2,307,797

Changes in endowment net assets for the years ended June 30, 2023 and 2022:

	2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, June 30, 2022	$ 1,501,022	$ 806,775	$2,307,797
Investment return:			
Investment income, net	46,884	-	46,884
Net realized/unrealized loss	144,428	29,516	173,944
Total investment return	191,312	29,516	220,828
Endowment income designated for current operations	(111,242)	-	(111,242)
Endowment net assets, June 30, 2023	$ 1,581,092	$ 836,291	$2,417,383

	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, June 30, 2021	$ 1,850,525	$ 739,622	$2,590,147
Contribution	-	200,000	200,000
Investment return:			
Investment income, net	32,725	-	32,725
Net realized/unrealized loss	(272,785)	(132,847)	(405,632)
Total investment return	(240,060)	(132,847)	(372,907)
Endowment income designated for current operations	(109,443)	-	(109,443)
Endowment net assets, June 30, 2022	$ 1,501,022	$ 806,775	$2,307,797

The Organization follows the accounting pronouncement that provides guidance on the net asset classification of donor-restricted endowment funds for a not-for-profit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA). The pronouncement requires certain disclosures applicable to all non-profit organizations that have endowments, even if the organization is not yet subject to a version of the UPMIFA.

The Organization classifies as net assets with donor restrictions the original value of the gift, the original value of any subsequent gifts to the endowment and accumulations made in accordance with the direction of the donor gift instrument. The remaining portion of the donor-restricted endowment funds is also classified as net assets with donor restrictions as required by the donor.

The Board of Directors has documented an investment spending policy consistent with state law. Under this policy, the Organization annually transfers up to 5% of the prior three years' average market value of total invested funds to operating funds. The Organization transferred approximately $111,200 and $109,400 in 2023 and 2022, respectively, from board designated funds to operating funds in accordance with the investment policy. Income on short-term investments is also included in operating revenues.

Income on donor restricted endowment funds in excess of the 5% transferred, if any, is classified in net assets with donor restrictions since it may be eligible for transfer in future years. The difference between earnings on the investment fund and the amounts transferred to operating funds is excluded from operations and reflected as non-operating income. In years when the transfer is greater than the actual earnings, or when there is a loss, the excess is charged to net assets with donor restrictions.

The Organization has investments in mutual funds. Investment securities are exposed to various risks, such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possibly that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position.

From time to time, the fair value of donor-restricted endowments may fall below the level of the original contribution. There were no underwater endowments as of June 30, 2023 and 2022.

(12) FEDERAL AND STATE GRANT ACTIVITY

Federal and state funds, consisting primarily of Title X, XX, and V funds, are received under established funding formulas and specific grant programs, where applicable through agreements with Family Health Council of Central Pennsylvania (***"FHCCP"***) and through Adagio Health (***"Adagio"***) based on a fee for service arrangement. The Organization recognized revenue of approximately $413,000 and $289,000 in 2023 and 2022. The contracts, which are granted on an annual basis, have been renewed or extended through June 30, 2024 for Adagio and FHCCP.

For the year ended June 30, 2023, the Organization recorded $363,299 from the Employee Retention Tax Credit program.

For the year ended June 30, 2022, the Organization received Provider Relief Funds from the Human Resources & Services Administration of $381,880.

(13) PENSION PLAN EXPENSE

The Organization maintains, for all eligible employees, a defined contribution plan. The plan provided for a 2% contribution based upon compensation for the years ended June 30, 2023 and 2022, respectively. In addition, the Organization matched each employee's contributions up to 2% of compensation for the years ended June 30, 2023 and 2022, respectively. Contributions were approximately $81,000 and $55,000 in 2023 and 2022, respectively.

(14) LEASES

The Organization has five operating lease agreements for office space and clinics expiring at various dates through December 2027. In addition, there is a lease for copiers that runs through November 2024.

The following is quantitative data related to the Organization's operating lease for the year ended June 30, 2023:

Operating Lease Amounts:	
Right-of-use asset	$ 421,554
Lease liability	411,557
Other Information:	
Operating outgoing cash flows for operating leases	$ 133,555
Weighted-average remaining lease term	3.68 years
Weighted average discount rate	2.99%

Lease cost information for the year ended June 30, 2023 is as follows:

Operating lease cost	$ 134,047

The minimum annual rental payments under the leases are as follows:

Year Ending June 30,	Amounts Per Lease Agreements
2024	$ 136,379
2025	107,500
2026	93,891
2027	76,098
2027	20,470
Total undiscounted cash flows	434,338
Less: present value adjustment	(22,781)
Lease liability	$ 411,557

Rent expense, including for lease agreements that are less than one year in length, for the years ended June 30, 2023 and 2022 was approximately $145,000 and $147,000, respectively.

(15) FINANCIAL ASSETS AND LIQUIDITY RESOURCES

The following table reflects the Organization's financial assets as of June 30, 2023 and 2022, reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date because of contractual restrictions.

Financial Assets

	2023	2022
Cash and cash equivalents	$ 3,448,938	$ 3,522,373
Accounts receivable	174,028	134,401
Contributions receivable, current portion	1,997,105	995,913
Investments	2,317,385	2,612,259
Total financial assets	7,937,456	7,264,946
Endowment income designated for operations- estimated – 2024/2023	117,174	111,242
Board-designated quasi and true endowment funds	(2,417,383)	(2,307,797)
Net assets with donor restrictions not expected to be spent within one year	(452,746)	(494,839)
Financial assets available to meet general expenditures within one year	$ 5,184,501	$ 4,573,552

The Organization strives to maintain liquid financial assets to be available as its general expenditures, liabilities and other obligations become due. Financial assets in excess of daily cash requirements are invested in money market funds and certificates of deposit. As part of the Organization's liquidity management, it has a practice to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. The Organization has donor-restricted endowment and investments used similar to quasi-endowment. Although the Organization does not intend to spend from its quasi-endowment of approximately $1.6 million, with the exception of budgeted draws, amounts from its quasi-endowment could be made available, if necessary, with Board approval. In addition, the Organization maintains a line of credit with a bank in the amount of $600,000 which can be drawn upon if needed.

(16) SUBSEQUENT EVENTS

Subsequent events after the statement of financial position through the date that the financial statements were available for issuance, December 28, 2023, have been evaluated in the preparation of the financial statements.