

**PLANNED PARENTHOOD OF LOUISIANA AND THE
MISSISSIPPI DELTA, INC.**
(A Non-Profit Organization)

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION
FOR THE YEARS ENDED AUGUST 31, 2010 AND 2009

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 4/6/11

GAINER DONNELLY & DESROCHES

PLANNED PARENTHOOD OF LOUISIANA AND THE MISSISSIPPI DELTA, INC.
(A Non-Profit Organization)

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Planned Parenthood of Louisiana and the Mississippi Delta, Inc.
Houston, Texas

We have audited the accompanying statements of financial position of Planned Parenthood of Louisiana and the Mississippi Delta, Inc. (Planned Parenthood) as of August 31, 2010 and 2009, and the related statements of activities and changes in net assets, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of Planned Parenthood's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Planned Parenthood of Louisiana and the Mississippi Delta, Inc. as of August 31, 2010 and 2009, 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.

In accordance with *Government Auditing Standards*, we also have issued a report dated December 1, 2010 on our consideration of Planned Parenthood of Louisiana and the Mississippi Delta, Inc.'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 for the year ended August 31, 2010. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Gainer Donnelly & Desroches LLP

December 1, 2010

PLANNED PARENTHOOD OF LOUISIANA AND THE MISSISSIPPI DELTA, INC.
(A Non-Profit Organization)
STATEMENTS OF FINANCIAL POSITION
AUGUST 31, 2010 AND 2009

ASSETS		
	2010	2009
ASSETS:		
Cash and Cash Equivalents	\$ 917,941	\$ 352,520
Accounts Receivable:		
Government Contracts, Net	106,478	166,391
Other	1,549	3,491
Pledges Receivable	50,000	75
Due from Affiliate	283,300	-
Related Party Note Receivable	-	950,000
Prepaid Expenses	3,058	7,798
Investments	709,372	971,522
Inventory	37,840	100,766
Property and Equipment, Net	515,241	94,802
TOTAL ASSETS	\$ 2,624,779	\$ 2,647,365
LIABILITIES AND NET ASSETS		
LIABILITIES:		
Accounts Payable	\$ 7,800	\$ 26,542
Accrued Salaries and Benefits	29,777	11,534
Payable to Affiliate	-	71,205
Total Liabilities	37,577	109,281
COMMITMENTS AND CONTINGENCIES		
NET ASSETS:		
Unrestricted	2,537,202	2,445,584
Temporarily Restricted	50,000	92,500
Total Net Assets	2,587,202	2,538,084
TOTAL LIABILITIES AND NET ASSETS	\$ 2,624,779	\$ 2,647,365

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

PLANNED PARENTHOOD OF LOUISIANA AND THE MISSISSIPPI DELTA, INC.
(A Non-Profit Organization)

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED AUGUST 31, 2010 AND 2009

	2010		2009	
	Unrestricted	Temporarily Restricted	Unrestricted	Temporarily Restricted
SUPPORT AND INCOME:				
Patient Fees	\$ 628,585	\$ -	\$ 1,101,959	\$ -
Government Contracts	995,472	-	595,058	-
Contributions	172,776	50,000	192,367	-
Special Events Income	85,585	-	81,775	-
Cost of Direct Donor Benefits	(10,225)	-	(8,314)	-
Investment Income	45,994	-	31,446	-
Total Support and Income	1,918,187	50,000	1,994,291	-
Net Assets Released from Restrictions:				
Expenditure for Program Purposes	92,500	(92,500)	-	-
Total Support and Reclassifications	2,010,687	(42,500)	1,994,291	-
PROGRAM SERVICES:				
Patient Care Services	1,485,039	-	1,380,985	-
Community Services	138,858	-	226,838	-
Total Program Services	1,623,897	-	1,607,823	-
SUPPORT SERVICES:				
Fundraising	116,764	-	122,036	-
Management and General	61,039	-	88,958	-
Clinic Allocations	85,801	-	86,295	-
National Organization Dues	31,568	-	29,846	-
Total Program and Support Services	1,919,069	-	1,934,958	-
CHANGES IN NET ASSETS	91,618	(42,500)	59,333	-
NET ASSETS, BEGINNING OF YEAR	2,445,584	92,500	2,386,251	92,500
NET ASSETS, END OF YEAR	\$ 2,537,202	\$ 50,000	\$ 2,445,584	\$ 92,500
				\$ 2,538,084

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

PLANNED PARENTHOOD OF LOUISIANA AND THE MISSISSIPPI DELTA, INC.
(A Non-Profit Organization)
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED AUGUST 31, 2010

	PROGRAM SERVICES			SUPPORT SERVICES			Total Program and Support Services
	Patient Care Services	Community Services	Total Program Services	Fundraising	Management and General		
Advertising	\$ -	\$ 10,385	\$ 10,385	\$ -	\$ 395	\$ -	10,780
Bank Fees	10,765	(4)	10,761	1,204	-	-	11,965
Clinic Supplies	14,780	4	14,784	-	-	-	14,784
Depreciation	10,508	1,850	12,358	-	-	-	12,358
Employee Benefits	109,686	8,769	118,455	11,681	5,623	-	135,759
Insurance	13,001	410	13,411	-	-	-	13,411
Laboratory Fees	109,872	-	109,872	-	-	-	109,872
Maintenance, Repairs and Equipment	16,767	881	17,648	846	-	-	18,494
Medical Fees	59,703	-	59,703	-	-	-	59,703
Medical Supplies	249,318	120	249,438	-	-	-	249,438
Meetings, Conferences and Training	4,514	1,091	5,605	550	-	-	6,155
Occupancy	126,326	16,213	142,539	7,588	-	-	150,127
Office Supplies	10,226	2,317	12,543	8,801	-	-	21,344
Other	2,576	3,336	5,912	45	118	-	6,075
Postage and Delivery	15,062	894	15,956	1,844	-	-	17,800
Professional Fees	97	17,318	17,415	600	12,600	-	30,615
Salaries	665,653	69,797	735,450	79,426	40,891	-	855,767
Travel	66,185	5,477	71,662	4,179	1,412	-	77,253
Total	\$ 1,485,039	\$ 138,858	\$ 1,623,897	\$ 116,764	\$ 61,039	\$ -	1,801,700
Clinic Allocations							85,801
National Organization Dues							31,568
Total Expenses							\$ 1,919,069

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

PLANNED PARENTHOOD OF LOUISIANA AND THE MISSISSIPPI DELTA, INC.
(A Non-Profit Organization)
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED AUGUST 31, 2009

	PROGRAM SERVICES			SUPPORT SERVICES			Total Program and Support Services
	Patient Care Services	Community Services	Total Program Services	Fundraising	Management and General		
Advertising	\$ 1,922	\$ 34,571	\$ 36,493	\$ -	\$ -	\$ -	36,493
Affiliate Services	12,591	60	12,651	1,927	190		14,768
Bank Fees	15,000	-	15,000	-	-	-	15,000
Clinic Supplies	13,102	5	13,107	-	-	-	13,107
Depreciation	6,785	1,104	7,889	-	-	-	7,889
Employee Benefits	79,744	20,140	99,884	(4,534)	2,869		98,219
Insurance	13,442	-	13,442	-	-	-	13,442
Laboratory Fees	159,443	-	159,443	-	-	-	159,443
Maintenance, Repairs and Equipment	9,007	1,021	10,028	112	225		10,365
Medical Fees	18,582	604	19,186	-	-	-	19,186
Medical Supplies	268,656	163	268,819	-	-	-	268,819
Meetings, Conferences and Training	3,225	2,508	5,733	1,344	46		7,123
Occupancy	120,746	12,282	133,028	6,337	151		139,516
Office Supplies	11,795	2,902	14,697	14,079	-		28,776
Other	1,708	2,580	4,288	844	521		5,653
Postage and Delivery	24,274	2,804	27,078	2,459	-		29,537
Professional Fees	2,522	16,497	19,019	-	11,303		30,322
Salaries	586,658	118,848	705,506	96,581	71,378		873,465
Travel	31,783	10,749	42,532	2,887	2,275		47,694
Total	\$ 1,380,985	\$ 226,838	\$ 1,607,823	\$ 122,036	\$ 88,958		1,818,817
Clinic Allocations							86,295
National Organization Dues							29,846
Total Expenses							\$ 1,934,958

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

PLANNED PARENTHOOD OF LOUISIANA AND THE MISSISSIPPI DELTA, INC.
(A Non-Profit Organization)
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED AUGUST 31, 2010 AND 2009

	<u>2010</u>	<u>2009</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Changes in Net Assets	\$ 49,118	\$ 59,333
Adjustments to Reconcile Changes in Net Assets to Net Cash Provided by (Used in) Operating Activities:		
Depreciation	12,358	7,889
Adjustment to Bad Debt Allowance	-	15,000
Net Realized and Unrealized Losses	38,306	15,533
Changes in Operating Assets and Liabilities:		
Accounts Receivable	61,855	(73,980)
Pledges Receivable	(49,925)	1,137,050
Due from Affiliate	(283,300)	-
Prepaid Expenses	4,740	(2,283)
Inventory	62,926	(52,033)
Accounts Payable	(18,742)	(3,119)
Accrued Salaries and Benefits	18,243	(34,780)
Payable to Affiliate	(71,205)	(119,332)
Net Cash Provided by (Used in) Operating Activities	<u>(175,626)</u>	<u>949,278</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of Property and Equipment	(432,797)	-
Repayment of Affiliate Line of Credit	950,000	-
Advances on Affiliate Line of Credit	-	(950,000)
Proceeds from Sales of Investments	295,000	-
Purchases of Investments	<u>(71,156)</u>	<u>(910,455)</u>
Net Cash Provided by (Used in) Investing Activities	<u>741,047</u>	<u>(1,860,455)</u>
CHANGE IN CASH AND CASH EQUIVALENTS	565,421	(911,177)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>352,520</u>	<u>1,263,697</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>\$ 917,941</u></u>	<u><u>\$ 352,520</u></u>

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

PLANNED PARENTHOOD OF LOUISIANA AND THE MISSISSIPPI DELTA, INC.
(A Non-Profit Organization)
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 - DESCRIPTION OF ORGANIZATION

Planned Parenthood of Louisiana and the Mississippi Delta, Inc. (Planned Parenthood), founded in 1983, is a Louisiana non-profit corporation that provides *comprehensive* and complementary reproductive and sexual health care services to men and women in the New Orleans, Baton Rouge, and the Mississippi Delta areas. *During 2009*, Planned Parenthood released its Mississippi Delta service area to Planned Parenthood of Alabama, Inc. Planned Parenthood is an affiliate of Planned Parenthood Federation of America, Inc. (PPFA) and operates in accordance with its Standards of Affiliation. Planned Parenthood's mission is to provide confidential, comprehensive, reproductive, and complementary health services for the women and men of Louisiana in accordance with their own personal beliefs; to provide education that enhances personal and social understanding of human sexuality as an integral part of human life; to advocate for public policies, which guarantee reproductive rights, essential privacy, and the health and well-being of individuals, and ensure the ability to exercise these rights and access to such services. In keeping with its mission, Planned Parenthood provides care without charge or at reduced rates to patients who meet certain criteria under its charity care policy.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Statement Presentation

Planned Parenthood's financial records are maintained on the accrual basis of accounting in accordance with generally accepted accounting principles. Planned Parenthood reports information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted, based on the existence or absence of donor imposed restrictions. Accordingly, net assets of Planned Parenthood and changes therein are classified and reported as follows:

Unrestricted Net Assets: Unrestricted net assets include those net assets whose use is not restricted by donor-imposed stipulations even though their use may be limited in other respects such as by contract or board designation.

Temporarily Restricted Net Assets: Temporarily restricted net assets include contributions restricted by the donor for specific purposes or time periods. Temporarily restricted net assets are released to unrestricted net assets, when a purpose restriction is accomplished or a time restriction ends.

Permanently Restricted Net Assets: Permanently restricted net assets include contributions that donors have restricted in perpetuity. Related investment return may be used to support the mission and operations of Planned Parenthood.

Cash and Cash Equivalents

For the purpose of the statements of cash flows, Planned Parenthood considers demand deposit and money market accounts and all highly liquid investments available for current use with initial maturities of three months or less to be cash equivalents.

Allowance for Uncollectible Accounts

An allowance for uncollectible accounts is provided when it is believed accounts may not be collected in full. The amount of bad debt expense recorded each period and the resulting adequacy of the allowance at the end of each period are determined using historical loss experience. At August 31, 2010 and 2009, the allowance for doubtful accounts totaled \$20,837.

PLANNED PARENTHOOD OF LOUISIANA AND THE MISSISSIPPI DELTA, INC.
(A Non-Profit Organization)
NOTES TO THE FINANCIAL STATEMENTS

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Inventory

Inventory is stated at the lower of cost, determined by the average cost method, or market and consists primarily of medical drugs for patients.

Investments and Investment Income

Investments are recorded at fair value. Investment return includes interest, dividends, and realized and unrealized gains and losses. Investment return is reported in the statements of activities as an increase in unrestricted net assets unless otherwise specified by donor restrictions. Marketable securities donated to Planned Parenthood are recorded at fair value on the date of donation.

Property and Equipment

Acquisitions of property and equipment in excess of \$5,000 are capitalized. Property and equipment are stated at cost, or in the case of donated property, at the estimated fair market value at the date of donation. Depreciation is computed using the straight-line method over the useful lives of the assets ranging from five to fifteen years.

Routine maintenance, repair, renewal and replacement costs are charged against operations in the year incurred. Expenditures which materially increase values or extend useful lives of property and equipment are capitalized.

Net Patient Service Revenue

Planned Parenthood has agreements with third-party payors that provide for payments at rates different from Planned Parenthood's established rates. Payment arrangements include cost reimbursement, discounted charges, and per diem payments. Net patient service revenue is reported at the established net realizable amounts due from patients, third-party payors, and others.

Government Contracts

Planned Parenthood recognizes government contracts as revenue when the related services are provided. In accordance with the terms of certain government contracts, the records of Planned Parenthood are subject to audit for varying periods after the date of the final payment of the contracts. Planned Parenthood is liable for any disallowed costs; however, management believes that the amount of costs disallowed, if any, would not be significant.

Contributions

Contributions are recorded as revenue at fair value when an unconditional commitment is received from the donor. Contributions received are classified as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. Restricted net assets are reclassified to unrestricted net assets upon satisfaction of the time or purpose restrictions.

Unconditional promises to give that are expected to be collected within one year are recorded at their realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of estimated future cash flows. The discounts on those amounts are computed using a risk-free interest rate applicable to the year in which the promise is received, if material. Amortization of the discount is included in support and income. Conditional promises to give are not included as support until such time as the conditions are substantially met.

PLANNED PARENTHOOD OF LOUISIANA AND THE MISSISSIPPI DELTA, INC.
(A Non-Profit Organization)
NOTES TO THE FINANCIAL STATEMENTS

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Contributions - Continued

Planned Parenthood reports restricted contributions whose restrictions are met in the same reporting period as unrestricted support.

Charity Care

Planned Parenthood provides care without charge or at reduced rates to patients who meet certain criteria under its charity care policy. Planned Parenthood does not pursue collection of amounts determined to qualify as charity care, and such amounts are not reported as revenue. Charity care provided during 2010 and 2009 was approximately \$50,000 and \$91,000, respectively.

Income Taxes

Planned Parenthood is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code (Code) and is classified as a public charity under Section 509(a)(2). They are also exempt from Louisiana income tax under the authority of R.S.47:121(5).

In 2010, Planned Parenthood adopted a new accounting standard that clarifies the accounting for uncertainty in income taxes recognized for financial statement reporting purposes as applied to nonprofit organizations. Based on its evaluation, Planned Parenthood has concluded that there are no significant uncertain tax positions requiring recognition in its financial statements. Planned Parenthood's evaluation was performed for the tax periods ended August 31, 2007 through August 31, 2010 for U.S. Federal tax years which principally remain subject to examination by major tax jurisdictions as of August 31, 2010.

Functional Expenses

Functional expenses which can not readily be related to a specific program are charged to various programs based upon hours worked, square footage, number of program staff or other reasonable methods for allocated multiple function expenses.

Advertising

Advertising costs are expensed when incurred. No direct-response advertising is used by Planned Parenthood. Advertising expense for the years ended August 31, 2010 and 2009 totaled \$10,780 and \$36,493, respectively.

Use of Estimates

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the 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. Estimates that have the most impact on financial position and results of operations primarily relate to the collectibility of receivables, the fair value of investments, the useful lives of property and equipment, and the allocation of expenses among functional areas. Management believes these estimates and assumptions provide a reasonable basis for the fair presentation of the financial statements.

PLANNED PARENTHOOD OF LOUISIANA AND THE MISSISSIPPI DELTA, INC.
(A Non-Profit Organization)
NOTES TO THE FINANCIAL STATEMENTS

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Fair Value Considerations

Planned Parenthood uses fair value to measure financial assets and liabilities. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. The fair value hierarchy established and prioritized fair value measurements into three levels based on the nature of the inputs. The hierarchy gives the highest priority to inputs based on market data from independent sources (observable inputs-Level 1) and the lowest priority to a reporting entity's internal assumptions based upon the best information available when external market data is limited or unavailable (unobservable inputs-Level 3).

The fair value option allows entities to choose, at specified election dates, to measure eligible financial assets and financial liabilities at fair value that are not otherwise required to be measured at fair value. If an organization elects the fair value option for an eligible item, changes in that item's fair value in subsequent reporting periods must be recognized in current earnings. Planned Parenthood did not elect the fair value option for the measurement of any eligible assets or liabilities.

Planned Parenthood's financial instruments (primarily cash and cash equivalents, various receivables, liabilities and debt) are carried in the accompanying statements of financial position at amounts which reasonably approximate fair value.

Subsequent Events

Planned Parenthood has evaluated subsequent events through the time of issuance of the financial statements on December 1, 2010. No matters were identified affecting the financial statements that have not already been disclosed elsewhere in these financial statements.

NOTE 3 - CONCENTRATION OF CREDIT RISK

Financial instruments that potentially subject Planned Parenthood to concentrations of credit risk consist principally of cash and investments. At various times during the year, Planned Parenthood may have bank deposits in excess of Federal Insurance Corporation (FDIC) insurance limits. At August 31, 2010, Planned Parenthood's deposits in non-interest bearing accounts were fully insured by the FDIC under the Transaction Account Guarantee Program. Management believes any credit risk is low due to the overall financial strength of the financial institutions.

Planned Parenthood also maintains other investment accounts with a brokerage firm for which balances are insured up to \$500,000 (with a limit of \$100,000 for cash) by the Securities Investor Protection Corporation (SIPC). Some amounts were at risk as of August 31, 2010.

NOTE 4 - PLEDGES RECEIVABLE

The pledges receivable consists of educational program funding. At August 31, 2010, all pledges receivable are expected to be collected during the next year and are classified as temporarily restricted net assets in the statement of activities. Management has determined that the pledges receivable are fully collectible; therefore, no allowance for uncollectible accounts is considered necessary at August 31, 2010.

PLANNED PARENTHOOD OF LOUISIANA AND THE MISSISSIPPI DELTA, INC.
(A Non-Profit Organization)
NOTES TO THE FINANCIAL STATEMENTS

NOTE 5 - FAIR VALUE MEASUREMENTS

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The three tier fair value hierarchy requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The three levels of inputs that may be used to measure fair value are as follows:

- Level 1: Quoted market prices in active markets for identical assets or liabilities.
- Level 2: Inputs other than Level 1 inputs that are either directly or indirectly observable such as quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; inputs other than quoted prices that are observable; or other inputs not directly observable, but derived principally from, or corroborated by, observable market data.
- Level 3: Unobservable inputs that are supported by little or no market activity.

Investments in equity securities with readily determinable fair values are carried at fair value based on quoted market values in active markets (Level 1). Investments in bonds are carried at fair value based on estimates using recently executed transactions, market price quotations, and pricing models that factor in, where applicable, interest rates and bond or credit default swap spreads (Level 2).

The value of assets measured at fair value on a recurring basis is as follows:

	Quoted Market Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
August 31, 2010:			
Corporate Bonds	\$ -	\$ 708,190	\$ -
Equity Securities	<u>1,182</u>	<u>-</u>	<u>-</u>
Total Investments	<u>\$ 1,182</u>	<u>\$ 708,190</u>	<u>\$ -</u>
August 31, 2009:			
Corporate Bonds	\$ -	\$ 970,139	\$ -
Equity Securities	<u>1,383</u>	<u>-</u>	<u>-</u>
Total Investments	<u>\$ 1,383</u>	<u>\$ 970,139</u>	<u>\$ -</u>

The following summarizes the investment return in the statement of activities for the year ended August 31:

	<u>2010</u>	<u>2009</u>
Dividend and Interest Income	\$ 84,300	\$ 46,979
Net Realized and Unrealized Loss	<u>(38,306)</u>	<u>(15,533)</u>
Investment Income	<u>\$ 45,994</u>	<u>\$ 31,446</u>

PLANNED PARENTHOOD OF LOUISIANA AND THE MISSISSIPPI DELTA, INC.
(A Non-Profit Organization)
NOTES TO THE FINANCIAL STATEMENTS

NOTE 5 - FAIR VALUE MEASUREMENTS - CONTINUED

Investments are exposed to various risks such as interest rate risk, market and credit risks. Because of these risks, it is at least reasonably possible that changes in the fair values of investments will occur in the near term and such changes could materially affect the amounts reported in the statements of financial position and the statements of activities and changes in net assets.

NOTE 6 - PROPERTY AND EQUIPMENT

Property and equipment consists of the following at August 31:

	2010	2009
Land	\$ 407,255	\$ -
Leasehold Improvements	118,330	118,330
Computers and Equipment	21,942	-
Construction in Progress	3,600	-
Less: Accumulated Depreciation	(35,886)	(23,528)
Total	\$ 515,241	\$ 94,802

Depreciation expense for the years ended August 31, 2010 and 2009 totaled \$12,358 and \$7,889, respectively.

NOTE 7 - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets at August 31, 2010 and 2009 consist of net assets restricted for education and property and equipment acquisitions totaling \$50,000 and \$92,500, respectively.

NOTE 8 - EMPLOYEE BENEFIT PLANS

Planned Parenthood participates in the PPFA defined contribution retirement plan. Full-time employees may contribute to the plan on the first day of any month following their first day of employment. Part-time employees become eligible upon completion of one year of service. Employer matching contributions begin on the first month after an employee is 19 years old and completed one year of service. Planned Parenthood makes a matching contribution of one hundred percent of the first three percent and fifty percent of the next two percent of each participant's contribution to the plan. Planned Parenthood's contributions to the plan totaled \$12,632 during 2010 and \$11,756 during 2009.

NOTE 9 - LEASE COMMITMENTS

Planned Parenthood leases office space and certain equipment under non-cancelable operating leases. Future minimum lease payments required under the leases total \$2,550 for the year ending August 31, 2011.

Rent expense for office space totaled \$63,673 during 2010 and \$60,086 during 2009.

PLANNED PARENTHOOD OF LOUISIANA AND THE MISSISSIPPI DELTA, INC.
(A Non-Profit Organization)
NOTES TO THE FINANCIAL STATEMENTS

NOTE 10 - RELATED PARTY TRANSACTIONS

Planned Parenthood reimbursed Planned Parenthood of Houston and Southeast Texas, Inc. (PPHSET) approximately \$974,000 and \$1,200,000 during 2010 and 2009, respectively, for expenses related to program and support services paid on behalf of Planned Parenthood. During 2010, PPHSET received funds on behalf of Planned Parenthood totaling \$284,375. At August 31, 2010, the amount due from PPHSET totaled \$283,300. At August 31, 2009, Planned Parenthood owed PPHSET \$71,205.

Additionally, on August 27, 2009, Planned Parenthood entered into a line of credit agreement with PPHSET, whereby PPHSET could borrow up to \$2,000,000 for working capital requirements. Monthly payments consisted of interest at the greater of 3% or 0.5% plus the then published rate of return on any investment surrendered by Planned Parenthood in order to fund PPHSET's request (3% at August 31, 2010). At August 31, 2010, all outstanding amounts were repaid on this line of credit.

Planned Parenthood has an affiliation with the national Planned Parenthood Foundation. Planned Parenthood's dues to the national office totaled \$31,568 and \$29,846 for the years ended August 31, 2010 and 2009, respectively.

NOTE 11 - CONTINGENCIES

Planned Parenthood purchases professional and general liability insurance to cover medical malpractice claims. There are known claims and incidents that may result in the assertion of claims, as well as claims from unknown incidents that may be asserted arising from services provided. Management does not expect such claims to have a material adverse effect on Planned Parenthood's financial position.

NOTE 12 - SUBSEQUENT EVENT

On September 1, 2010, Planned Parenthood and PPHSET completed a merger of their operations. Both Planned Parenthood and PPHSET provide comprehensive and complementary reproductive and sexual health care services to men and women in the Gulf Coast region. Through their merger, the organizations seek to further their common mission by improving their medical and service programs and achieving economies of scale through integrating their services. As a result of the merger, the combined organization has been renamed Planned Parenthood Gulf Coast, Inc.

SUPPLEMENTARY INFORMATION

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

To the Board of Directors
Planned Parenthood of Louisiana and the Mississippi Delta, Inc.
Houston, Texas

We have audited the financial statements of Planned Parenthood of Louisiana and the Mississippi Delta, Inc. (Planned Parenthood) as of and for the year ended August 31, 2010, and have issued our report thereon dated December 1, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Planned Parenthood's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Planned Parenthood's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Planned Parenthood's internal control over financial reporting.

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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Planned Parenthood's financial statements are free of 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 determination of financial statement amounts. 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*.

This report is intended solely for the information and use of management, the Board of Directors, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Gainer Donnelly & Desroches LLP

December 1, 2010

PLANNED PARENTHOOD OF LOUISIANA AND THE MISSISSIPPI DELTA, INC.
 (A Non-Profit Organization)
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE YEAR ENDED AUGUST 31, 2010

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? _____ yes X no
 - Significant deficiency(ies) identified? _____ yes X none reported
- Noncompliance material to financial statements noted? _____ yes X no

Federal Awards

Planned Parenthood of Louisiana and the Mississippi Delta, Inc. did not expend in excess of \$500,000 in federal assistance during the year ended August 31, 2010 and therefore, is exempt from the audit requirements of Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

SECTION II - FINANCIAL STATEMENT FINDINGS

None

SECTION III - PRIOR YEAR FINANCIAL STATEMENT FINDINGS

None