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IN THE  
UNITED STATES COURT OF APPEALS  
FOR THE SEVENTH CIRCUIT

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No. 11-2464

PLANNED PARENTHOOD OF INDIANA, INC., *et al.*,  
Plaintiffs/Appellees,

v.

COMMISSIONER OF THE INDIANA STATE DEPARTMENT OF HEALTH, *et al.*,  
Defendants/Appellants.

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On Appeal from the United States District Court for the  
Southern District of Indiana, No. 1:11-cv-630-TWP-DKL  
The Honorable Tanya Walton Pratt, Judge

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**APPENDIX OF APPELLANTS INDIANA STATE  
DEPARTMENT OF HEALTH, *et al.***

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## APPENDIX

Pursuant to Circuit Rule 30, Defendants submit the following as their Appendix. Appellants' Appendix contains all of the materials required under Circuit Rule 30(b).

By: s/ Thomas M. Fisher

Thomas M. Fisher

Solicitor General

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| Overview

**IHCP Provider Agreement**

[www.indianamedicaid.com](http://www.indianamedicaid.com)

**IHCP Provider Agreement Overview**

**New Enrollee or New Provider Type:**

If the application you completed is a first-time enrollment in the Indiana Health Coverage Programs (IHCP), you are required to complete and sign a Provider Agreement to fulfill your enrollment requirements. Providers whose eligibility has lapsed for one year or greater are required to re-enroll to restore their eligibility. A full enrollment packet must be submitted for processing. An owner or official with your business must sign the *IHCP Provider Agreement*. An original signature is required. A new IHCP number is assigned to each Provider Type enrolled in the IHCP.

**Additional Service Location:**

If the application you completed was used to enroll an additional service location to your existing business, you are not required to sign an *IHCP Provider Agreement*.

**Provider Agreement Summary:**

The Agreement details the requirements for participation in the IHCP. Included are provider responsibilities regarding updating provider information, protecting patient health information, requirements for claims processing, overpayments, and record retention. In addition, the Agreement details obligations regarding the appeals process, civil rights regulation compliance, utilization, control, and disclosure rules. The entire Agreement must be read, signed, and returned with the application. A signed copy must be retained by the provider.



| Provider Agreement

IHCP Provider Agreement

www.indianamedicaid.com

**This agreement must be completed, signed, and returned to EDS for processing.**

By execution of this Agreement, the undersigned entity ("Provider") requests enrollment as a provider in the Indiana Health Coverage Programs. As an enrolled provider in the Indiana Health Coverage Programs, the undersigned entity agrees to provide covered services and/or supplies to Indiana Health Coverage Program members. As a condition of enrollment, this agreement cannot be altered and the Provider agrees to all of the following:

1. To comply, on a continuing basis, with all enrollment requirements established under rules adopted by the state of Indiana Family and Social Services Administration ("IFSSA").
2. To comply with all federal and state statutes and regulations pertaining to the Indiana Health Coverage Programs, as they may be amended from time to time.
3. To meet, on a continuing basis, the state and federal licensure, certification or other regulatory requirements for Provider's specialty including all provisions of the state of Indiana Medical Assistance law, state of Indiana Children's Health Insurance Program law, or any rule or regulation promulgated pursuant thereto.
4. To notify IFSSA or its agent within ten (10) days of any change in the status of Provider's license, certification, or permit to provide its services to the public in the state of Indiana.
5. To provide covered services and/or supplies for which federal financial participation is available for Indiana Health Coverage Program members pursuant to all applicable federal and state statutes and regulations.
6. To safeguard information about Indiana Health Coverage Program members including at a minimum:
  - a. members' name, address, and social and economic circumstances;
  - b. medical services provided to members;
  - c. members' medical data, including diagnosis and past history of disease or disability;
  - d. any information received for verifying members' income eligibility and amount of medical assistance payments;
  - e. any information received in connection with the identification of legally liable third party resources.
7. To release information about Indiana Health Coverage Program members only to the IFSSA or its agent and only when in connection with:
  - a. providing services for members; and
  - b. conducting or assisting an investigation, prosecution, or civil or criminal proceeding related to the provision of Indiana Health Coverage Program covered services.
8. To maintain a written contract with all subcontractors, which fulfills the requirements that are appropriate to the service or activity delegated under the subcontract. No subcontract, however, terminates the legal responsibility of the contractor to the agency to assure that all activities under the contract are carried out.
9. Provider also agrees to notify the IHCP in writing of the name, address, and phone number of any entity acting on Provider's behalf for electronic submission of Provider's claims. Provider understands that the State requires 30-days prior written notice of any changes concerning Provider's use of entities acting on Provider's behalf for electronic submission of Provider's claims and that such notice shall be provided to the IHCP.
10. To submit claims for services rendered by the Provider or employees of the Provider and not to submit claims for services rendered by contractors unless the provider is a healthcare facility (such as hospital, ICF-MR, or nursing home), or a government agency with a contract that meets the requirements described in item 8 of this Agreement. Healthcare facilities and government agencies may, under circumstances permitted in federal law, subcontract with other entities or individuals to provide Indiana Health Coverage Program covered services rendered pursuant to this Agreement.
11. To comply, if a hospital, nursing facility, provider of home health care and personal care services, hospice, or HMO; with advance directive requirements as required by 42 Code of Federal Regulations, parts 489, subpart I, and 417.436.
12. To abide by the Indiana Health Coverage Programs Provider Manual, as amended from time to time, as well as all provider bulletins and notices. Any amendments to the provider manual, as well as provider bulletins and

&lt; Page 14 of 39 &gt;

IHCP Provider Agreement  
Version 2.0, April 2009

EDS Provider Enrollment Unit  
P.O. Box 7263  
Indianapolis, IN 46207-7263

notices, communicated to Provider shall be binding upon receipt. Receipt of amendments, bulletins and notices by Provider shall be presumed when mailed to the billing Provider's current "mail to" address on file with IFSSA or its fiscal agent.

13. To submit timely billing on Indiana Health Coverage Program approved claim forms, as outlined in the *Indiana Health Coverage Programs Provider Manual*, bulletins, and banner pages, in an amount no greater than Provider's usual and customary charge to the general public for the same service.
14. To be responsible and accountable for the completion, accuracy, and validity of all claims filed under the provider number issued, including claims filed by the Provider, the Provider's employees, or the Provider's agents. Provider understands that the submission of false claims, statements, and documents or the concealment of material fact may be prosecuted under the applicable federal and/or state law.
15. To submit claim(s) for Indiana Health Coverage Program reimbursement only after first exhausting all other sources of reimbursement as required by the *Indiana Health Coverage Programs Provider Manual*, bulletins, and banner pages.
16. To submit claim(s) for Indiana Health Coverage Program reimbursement utilizing the appropriate claim forms and codes as specified in the provider manual, bulletins and notices.
17. To submit claims that can be documented by Provider as being strictly for:
  - a. medically necessary medical assistance services;
  - b. medical assistance services actually provided to the person in whose name the claim is being made; and
  - c. compensation that Provider is legally entitled to receive.
18. To accept payment as payment in full the amounts determined by IFSSA or its fiscal agent, in accordance with federal and state statutes and regulations as the appropriate payment for Indiana Health Coverage Program covered services provided to Indiana Health Coverage Program members (recipients). Provider agrees not to bill members, or any member of a recipient's family, for any additional charge for Indiana Health Coverage Program covered services, excluding any co-payment permitted by law.
19. To refund within fifteen (15) days of receipt, to IFSSA or its fiscal agent any duplicate or erroneous payment received.
20. To make repayments to IFSSA or its fiscal agent, or arrange to have future payments from the Indiana Health Coverage Program withheld, within sixty (60) days of receipt of notice from IFSSA or its fiscal agent that an investigation or audit has determined that an overpayment to Provider has been made, unless an appeal of the determination is pending.
21. To pay interest on overpayments in accordance with *IC 12-15-13-3*, *IC 12-15-21-3*, and *IC 12-15-23-3*.
22. To make full reimbursement to IFSSA or its fiscal agent of any federal disallowance incurred by IFSSA when such disallowance relates to payments previously made to Provider under the Indiana Health Coverage Programs.
23. To fully cooperate with federal and state officials and their agents as they conduct periodic inspections, reviews and audits.
24. To make available upon demand by federal and state officials and their agents all records and information necessary to assure the appropriateness of Indiana Health Coverage Program payments made to Provider, to assure the proper administration of the Indiana Health Coverage Program and to assure Provider's compliance with all applicable statutes and regulations. Such records and information are specified in *405 IAC 1-5* and in the *Indiana Health Coverage Programs Provider Manual*, and shall include, without being limited to, the following:
  - a. medical records as specified by Section 1902(a)(27) of Title XIX of the Social Security Act, and any amendments thereto;
  - b. records of all treatments, drugs and services for which vendor payments have been made, or are to be made under the Title XIX or Title XXI Program, including the authority for and the date of administration of such treatment, drugs or services;
  - c. any records determined by IFSSA or its representative to be necessary to fully disclose and document the extent of services provided to individuals receiving assistance under the provisions of the Indiana Health Coverage Program;
  - d. documentation in each patient's record that will enable the IFSSA or its agent to verify that each charge is due and proper;
  - e. financial records maintained in the standard, specified form;
  - f. all other records as may be found necessary by the IFSSA or its agent in determining compliance with any federal or state law, rule, or regulation promulgated by the United States Department of Health and Human Services or by the IFSSA; and
  - g. any other information regarding payments claimed by the provider for furnishing services to the plan.

25. To cease any conduct that IFSSA or its representative deems to be abusive of the Indiana Health Coverage Program.
26. To promptly correct deficiencies in Provider's operations upon request by IFSSA or its fiscal agent.
27. To make a good faith effort to provide and maintain a drug-free workplace. Provider will give written notice to the State within ten (10) days after receiving actual notice that the provider or an employee of the provider has been convicted of a criminal drug violation occurring in the provider's workplace.
28. To file all appeal requests within the time limits listed below. Appeal requests must state facts demonstrating that:
  - a. the petitioner is a person to whom the order is specifically directed;
  - b. the petitioner is aggrieved and, or adversely affected by the order;
  - c. the petitioner is entitled to review under the law.
29. Provider must file a statement of issues within the time limits listed below, setting out in detail:
  - a. the specific findings, actions, or determinations of IFSSA from which Provider is appealing;
  - b. with respect to each finding, action or determination, all statutes or rules supporting Provider's contentions of error.
30. Time limits for filing an appeal and the statement of issues are as follows:
  - a. A provider must file an appeal of any of the following actions within sixty days of receipt of IFSSA's determination:
    - 1) A notice of program reimbursement or equivalent determination regarding reimbursement or a year end cost settlement.
    - 2) A notice of overpayment.
    - 3) The statement if issues must be filed with the request for appeal.
  - b. All appeals of actions not described in (a) must be filed within 15 days of receipt of IFSSA's determination. The statement of issues must be filed within 45 days of receipt of IFSSA's determination.
31. To cooperate with IFSSA or its agent in the application of utilization controls as provided in federal and state statutes and regulations as they may be amended from time to time.
32. To comply with the advance directives requirements as specified in 42 C.F.R. part 489, subpart I, and 42 C.F.R. 417.436(d), as applicable.
33. To comply with civil rights requirements as mandated by federal and state statutes and regulation by ensuring that no person shall, on the basis of race, color, national origin, ancestry, disability, age, sex or religion, be excluded from participation in, be denied the benefits of, or be otherwise subject to discrimination in the provision of a Indiana Health Coverage Program covered service.
34. The Provider and its agents shall abide by all ethical requirements that apply to persons who have a business relationship with the State, as set forth in *Indiana Code § 4-2-6 et seq.*, *Indiana Code § 4-2-7, et seq.*, the regulations promulgated thereunder, and *Executive Order 04-08*, dated April 27, 2004. If the Provider is not familiar with these ethical requirements, the Provider should refer any questions to the Indiana State Ethics Commission, or visit the Indiana State Ethics Commission Web site at <<<<http://www.in.gov/ethics/>>>>. If the Provider or its agents violate any applicable ethical standards, the State may, in its sole discretion, terminate this Agreement immediately upon notice to the Provider. In addition, the Provider may be subject to penalties under *Indiana Code § 4-2-6, 4-2-7, 35-44-1-3, and under any other applicable laws.*
35. To disclose information on ownership and control, information related to business transactions, information on change of ownership, and information on persons convicted of crimes in accordance with *42 Code of Federal Regulations, part 455, subpart B*, and *405 IAC 1-19*. Long term care providers must comply with additional requirements found in *405 IAC 1-20*. Pursuant to *42 Code of Federal Regulations, part 455.104(c)*, OMPP must terminate an existing provider agreement if a provider fails to disclose ownership or control information as required by federal law.
36. To submit within 35 days of the date of request by the federal or state agency full and complete information about ownership of subcontractors with whom the provider has had more than \$25,000 in a twelve month hearing period, and any significant business transactions between the provider and any (1) wholly owned supplier or (2) subcontractor during five-year period ending with the date of request.
37. Long term care providers must comply with additional requirements found in *405 IAC 1-20*. Pursuant to *42 Code of Federal Regulations, part 455.104(c)*, OMPP must terminate an existing provider agreement if a provider fails to disclose ownership or control information as required by federal law.
38. To furnish to IFSSA or its agent, as a prerequisite to the effectiveness of this Agreement, the information and documents set out in Schedules A through I to this Agreement, which are incorporated here by reference, and to update this information as it may be necessary.

39. That subject to item 32, this Agreement shall be effective as of the date set out in the provider enrollment notification letter.
40. That this Agreement may be terminated as follows:
  - a. By IFSSA or its fiscal agent for Provider's breach of any provision of this Agreement as determined by IFSSA; or
  - b. By IFSSA or its fiscal agent, or by Provider, upon 60 days written notice.
41. That this Agreement has not been altered, and upon execution, supersedes and replaces any provider agreement previously executed by the Provider.
42. For long term care providers involved in a change of ownership, this agreement acts as an amendment to the transferor's agreement with IHCP to bind the transferee to the terms of the previous agreement; and any existing plan of correction and pending audit findings in accordance with 405 IAC 1-20.
43. For new owners of nursing facilities or intermediate care facilities for the mentally retarded, to accept the assignment of the provider agreement executed by the previous owner(s) as required by 42 CFR 442.14.
44. For any entity that receives or makes annual payments totaling at least \$5,000,000 annually as described in 42 U.S.C. 1396a(a)(68), to establish written policies that provide detailed information about federal and state False Claims Acts, whistleblower protections, and entity policies and procedures for preventing and detecting fraud and abuse. In any inspection, review, or audit of the entity by OMPP or its contractors, the entity shall provide copies of the entity's written policies regarding fraud, waste, and abuse upon request. Entity shall submit to OMPP a corrective action plan within 60 days if the entity is found not to be in compliance with any part of the requirements stated in this paragraph.
45. To verify and maintain proof of verification that no employee or contractor is an excluded individual or entity with the Health and Human Services (HHS) Office of the Inspector General (OIG). Providers shall review the HHS-OIG List of Excluded Individuals/Entities (LEIE) database for excluded parties. This LEIE database is accessible to the general public at <http://www.oig.hhs.gov/fraud/exclusions.asp>.

THE UNDERSIGNED, BEING THE PROVIDER OR HAVING THE SPECIFIC AUTHORITY TO BIND THE PROVIDER TO THE TERMS OF THIS AGREEMENT, AND HAVING READ THIS AGREEMENT AND UNDERSTANDING IT IN ITS ENTIRETY, DOES HEREBY AGREE TO ABIDE BY AND COMPLY WITH ALL THE STIPULATIONS, CONDITIONS, AND TERMS SET FORTH HEREIN. THE UNDERSIGNED ACKNOWLEDGES THAT THE COMMISSION OF ANY INDIANA HEALTH COVERAGE PROGRAM RELATED OFFENSE AS SET OUT IN 42 USC 1320a-7b MAY BE PUNISHABLE BY A FINE OF UP TO \$25,000 OR IMPRISONMENT OF UP TO FIVE YEARS OR BOTH.

Provider Agreement-Authorized Signature - All Schedules and Applicable Addendums	
<b>The owner or an authorized representative of the business entity directly, or ultimately responsible for operating the business enterprise must complete this section. In addition, all rendering providers must sign this section.</b>	
Provider's Business Name (Please Print):	Tax ID:
Authorized Official's or Rendering Provider's Name (Please Print):	Title:
Authorized Official's or Rendering Provider's Signature:	Date:



Mitchell E. Daniels, Jr.  
*Governor*

Gregory N. Larkin, M.D., F.A.A.F.P.  
*State Health Commissioner*

December 14, 2010

Liz Carroll  
Vice President Patient Services  
Planned Parenthood of Indiana, Inc.  
200 South Meridian Street  
#400  
Indianapolis, IN 46202

We are enclosing a copy of the completed agreement A70-0-112147 (STD 223-3) for our financial assistance as indicated on the enclosed documents.

You will be receiving further information from our Purchasing Department regarding details on how to submit your invoice.

If we can be of any further assistance, please contact the Contract & Audit Section of the Division of Finance at (317) 233-7398.

Sincerely,

  
Joseph Olivadoti, Supervisor  
Contract & Audit Section  
Division of Finance  
Indiana State Department of Health

Enclosure  
cc: Sharon Lankford  
ISDH Purchasing

2 North Meridian Street • Indianapolis, IN 46204  
317.233.1325 tdd 317.233.5577  
[www.statehealth.in.gov](http://www.statehealth.in.gov)

*The Indiana State Department of Health supports Indiana's economic prosperity and quality of life by promoting, protecting and providing for the health of Hoosiers in their communities.*

(RH)

61910-573100-4003610141610  
STD 223-3

**Amendment No. 1  
EDS Number A70-0-112147**

This is an Amendment to the existing Sexually Transmitted Diseases Grant Agreement entered into by and between the **Indiana State Department of Health** (hereinafter referred to as the "State") and **Planned Parenthood of Indiana, Inc.** (hereinafter referred to as the "Grantee") for the period from January 1, 2010 through December 31, 2010, in the amount of \$50,000.

In consideration of the mutual undertakings and covenants hereinafter set forth, the parties agree as follows:

The amount of the Grant Agreement is being increased by \$50,000 making the new total of the Grant Agreement \$100,000. The additional funds will be used to continue implementing Disease Intervention Specialist (DIS) and Partner Services (PS) services in accordance with program standards established by the ISDH and applicable state and federal statutes. See Attachment B, attached hereto, and made a part hereof and incorporated herein by reference as a part of this Grant Agreement. The expiration date of this Grant Agreement is being extended to December 31, 2011.

The following paragraph replaces the previous Grant Agreement paragraph:

Paragraph 20A – **Additional Payment Terms** is amended to read:

The State disburses Grant funds on a cost reimbursement basis. Actual expenditures of authorized costs will be reimbursed monthly by the State upon receipt of duly executed invoices from the Grantee. Invoices shall be due by the 20<sup>th</sup> day after the end of each month. Payments shall not exceed \$50,000 for the period of January 1, 2010 through December 31, 2010, and \$50,000 for the period of January 1, 2011 through December 31, 2011. Total remuneration under this Grant Agreement shall not exceed \$100,000.

Paragraph 20B is amended to read:

All accounts will be closed sixty (60) days after the end of each Grant Agreement period as specified in Paragraph 20A. Any invoice submitted after sixty (60) days will not be reimbursed by the State.

**Funding Summary**

61910-573100-4003610141610	01/01/10 through 12/31/10	\$ 50,000
61910-573100-4003610141610	01/01/11 through 12/31/11	50,000
Total		\$100,000

All other matters previously agreed to and set forth in the original Grant Agreement and not affected by this Amendment shall remain in full force and effect.

**Non-Collusion and Acceptance**

The undersigned attests, subject to the penalties of perjury, that he/she is the Grantee, or that he/she is the properly authorized representative, agent, member or officer of the Grantee, that he/she has not, nor has any other member, employee, representative, agent or officer of the Grantee, directly or indirectly, to the best of his/her knowledge, entered into or offered to enter into any combination, collusion or agreement to receive or pay, and that he/she has not received or paid any sum of money or other consideration for the execution of this Grant Agreement other than that which appears upon the face hereof.

**The rest of this page has been left blank intentionally.**

In Witness Whereof, the Grantee and the State of Indiana have, through duly authorized representatives, entered into this Grant Agreement Amendment. The parties having read and understanding the foregoing terms of the Grant Agreement Amendment do by their respective signatures dated below agree to the terms thereof.

Accepted By:

*Suzannah Wilson Overholt*  
~~LIZ CARROLL~~ *Suzannah Wilson Overholt*  
VICE PRESIDENT-PATIENT SERVICES Finance & Admin.  
PLANNED PARENTHOOD OF INDIANA, INC.

DATE: 11/18/10

Certification of Funds:

*Allen L. Collier*  
ALLEN L. COLLIER  
DIRECTOR OF FINANCE  
DIVISION OF FINANCE  
OPERATIONAL SERVICES COMMISSION  
INDIANA STATE DEPARTMENT OF HEALTH

DATE: 11-23-10

Recommended and Approved By:

*Michael R. Kistler*  
MICHAEL R. KISTLER  
CHIEF FINANCIAL OFFICER  
OPERATIONAL SERVICES COMMISSION  
INDIANA STATE DEPARTMENT OF HEALTH

DATE: 11-23-10

Approved:

*Robert D. Wynkoop* For  
ROBERT D. WYNKOOP  
COMMISSIONER  
DEPARTMENT OF ADMINISTRATION  
STATE OF INDIANA

DATE: 11-24-10

Approved:

*James Horst*  
ADAM M. HORST, DIRECTOR  
STATE BUDGET AGENCY  
STATE OF INDIANA

DATE: 11-30-2010

Approved as to Form and Legality:

*Gregory F. Zoeller*  
GREGORY F. ZOELLER  
ATTORNEY GENERAL OF INDIANA

DATE: 12/6/2010

Grant – STD

Attachment B

Planned Parenthood of Indiana, Inc.

For the Period January 1, 2011 to December 31, 2011

Amount Awarded

50,000.00

<b>EXPENSE</b>	<b>COST</b>
Salary	\$35,000.00
Fringe	7,935
Supplies	700
Travel	3,000
Rent/Utilities	2,600
Other	765
<b>Total Expense</b>	<b>\$50,000</b>

1. No changes or additions to these terms may be made unless the Indiana State Department of Health (hereinafter State) Sexually Transmitted Disease (hereinafter STD) Program Director is consulted and an amendment of the Grant Agreement is executed.
2. In collaboration with the State STD Prevention Program, the grantee will establish and submit written objectives and set goals that are commensurate with the State and federal STD cooperative agreement objectives. The written objectives and goals will be submitted to the assigned STD Prevention Specialist by January 15, 2011 in the logic model format.
3. The grantee will be required to implement Disease Intervention Specialist (hereinafter DIS) services and Partner Services (hereinafter PS) in accordance with program standards and policy guidelines established by the ISDH and applicable state and federal statutes.
4. The grantee will integrate disease intervention services for Chlamydia, gonorrhea, HIV and syphilis infections at the client level.
5. As a the grantee operating a full-time (5day/week STD services) STD Clinic the grantee will restrict DIS clinic activity to interviewing clients infected with Chlamydia, gonorrhea, HIV and syphilis only.
6. As a grantee operating a full-time STD clinic the grantee will have DIS interview 100% of all clinic patients diagnosed with Chlamydia, gonorrhea, HIV and syphilis.

7. DIS operating under this contract will verify treatment status of 100% of all chlamydia, gonorrhea, and syphilis diagnosis reported in their assigned district within 30 days of receipt of report.
8. DIS operating under this contract will enter all non-electronically reported cases diagnosed with chlamydia, gonorrhea, and syphilis within 5 working days of receipt of report.
9. The grantee will implement partner services immediately upon receipt of notification of diagnosis.
10. The grantee will provide partner services to all newly diagnosed and assigned persons testing positive for HIV and perform any other duties for HIV positive persons assigned by the ISDH Division of HIV, STD, Viral Hepatitis, on an HIV positive person residing in the following counties: Benton, Carroll, Clinton, Fountain, Montgomery, Tippecanoe, Warren, White (hereinafter District 4).
11. DIS funded under this agreement will return all DIS follow-up forms generated by the HIV and STD surveillance program within 30 days of the SWIMSS initiation date.
12. DIS funded under this contract will have 90% of locatable sex and needle sharing partners to HIV examined within 7 days of assignment.
13. The grantee will link (by actively helping index patients with newly diagnosed or newly reported HIV infection to access medical care either directly or by linking them to HIV care coordination.) 100 % of locatable identified persons as infected with HIV to medical and prevention services in District 4.
14. The grantee will provide partner services to all newly diagnosed and assigned persons testing positive for early syphilis in District 4.
15. DIS funded under this contract will have 90% of locatable partners to Chlamydia examined within 7 days of assignment.
16. DIS funded under this contract will have 90% of locatable sex partners to gonorrhea examined within 7 days of assignment.
17. DIS funded under this contract have 90% of locatable sex partners to syphilis examined within 7 days of assignment.
18. The grantee will collaborate with internal and external partners involved in all aspects of partner services, including ensuring that partner services throughout the prevention and care continuum are available for all persons infected with HIV.

19. The grantee will assure that all client interviews are correctly entered into SWIMSS no later than 72 hours after the original interview.
20. The grantee will report on the established goals and objectives by the 15<sup>th</sup> day of the month following the end of the quarter to their assigned STD Prevention Specialist using a narrative format.
21. The grantee agrees to maintain client records in a secure and confidential manner. Computer systems containing client information must be protected with multiple passwords. Office equipment that is used for storing confidential materials must be locked when not in use. Providers must adopt and adhere to written policies and procedures which specify that client information is considered confidential, privileged information. The provider must possess a written policy which limits access to client records to only designated clinic staff. Release of information to entities other than those noted herein must be preceded by the written consent of the client or legal representative, except as demanded under state statutes. These policies and procedures must include provisions for discipline should violations occur.
22. The grantee agrees to have Internet access and meet system requirements required by the Indiana Office of Technology and Compliance when accessing SWIMSS or EvaluationWeb© system.
23. The grantee agrees to provide the assigned STD Prevention Specialist a copy of their internet partner notification services policy by January 15, 2011.
24. The grantee agrees to submit all HIV materials (brochures, videos, promotional, etc.) used as educational materials to the HIV Program Review Panel for approval.
25. The grantee agrees that all DIS funded under this contract will satisfactorily complete the following trainings. Even with personnel changes within the funded entity, staff will maintain the appropriate training:
  - Basic HIV, STD, Viral Hepatitis, and TB Training as Recommended by CDCs Program Collaboration and Integration Services (PICS) initiative.
  - Annual Confidentiality Review Webinar
  - Indiana State Department of Health's HIV Prevention Counseling Certification Course based on the CDC's Fundamentals of HIV Prevention Counseling and Partner Services Course
  - CDC's STD training modules course (CDC's Employee Development Guide)
  - CDC's Introduction to STD Interviewing (ISTDI) and Advanced STD Interviewing (ASTDI) as needed.
  - The grantee's staff functioning as first line supervisors of DIS syphilis casework need to complete CDC's Principles of STD Supervision and STD Intervention for Supervisors courses.
  - Phlebotomy training for DIS is to be provided within three (3) months of the DIS hiring date.

22. The grantee agrees that project personnel supported under this Grant Agreement shall attend and successfully complete the training programs required for this project in a time period specified by the State STD Program.
23. The State, through the STD Prevention Program, reserves the right to approve any person selected for a position supported by this Grant Agreement and to discontinue financial assistance in the event that the person fails to meet the professional standards established by the State STD Program which are hereby incorporated by reference. State approval shall not be unreasonably withheld.
24. The grantee will assure documented annual DIS visitation to CLIA approved laboratories in District 4 that perform syphilis test analysis by July 1 of each calendar year.
25. The grantee, if providing STD clinical and laboratory services, will comply with the CDC Program Operations Guidelines (POG) for STD Prevention, as well as CDC's STD Treatment Guidelines.

GRANT AGREEMENT  
EDS # A70-0-112147

KH for LH  
KH

61910-573100-4003610141610  
STD 223-3

This Grant Agreement, entered into by and between the **Indiana State Department of Health** (the "State") and **Planned Parenthood of Indiana, Inc.** (the "Grantee"), is executed pursuant to the terms and conditions set forth herein. In consideration of those mutual undertakings and covenants, the parties agree as follows:

**1. Purpose of this Grant Agreement**

The purpose of this Grant Agreement is to enable the State to award a grant from the State of Indiana's Federally Funded Sexually Transmitted Diseases Fund of ~~up to \$50,000~~ to the Grantee for eligible costs of the project (the "Project") or services as described in Attachment A of this Grant Agreement, which is attached hereto and incorporated herein. The funds shall be used exclusively in accordance with the provisions contained in this Grant Agreement.

**2. Term**

This Grant Agreement shall commence on January 1, 2010, (the Commencement Date) and shall remain in effect through December 31, 2010, (the Expiration Date). In no event shall payments be made for work done or services performed before the Commencement Date or after the Expiration Date.

**3. Design and Implementation of Project**

The Grantee shall be solely responsible for the proper design and implementation of the Project as described in the grant application and in Attachment A. The Grantee agrees to complete the Project in accordance with the plans and specifications contained in its application which is on file with the State and is incorporated by reference. Modification of the Project shall require prior written approval of the State.

**4. Monitoring Reviews by the State**

The State may conduct an on-site monitoring review of the Project. The monitoring review may document any of the following:

- A. Whether Project activities are consistent with those set forth in Attachment A, the grant applications, and the terms and conditions of the Grant Agreement.
- B. A complete, detailed analysis of actual state, local and/or private funds expended to date on the Project and conformity with the amounts for each budget line item as set forth in Attachment A.
- C. A detailed listing of all Project costs by project budget line item which are accrued yet unpaid, if any.

A written evaluation as to the Grantee's timely progress in project management, financial management and control systems, procurement systems and methods, and performance relative to timely submission of project reports.

#### 5. Payment of Grant Funds by the State

The payment of this Grant by the State to the Grantee shall be made in accordance with the following schedule and conditions:

- A. This Grant Agreement must be fully executed.
- B. All items required by Attachment A must be submitted to and approved by the State.
- C. Any other grant conditions as specified in Attachment A must be met to the State's satisfaction.
- D. The State may require evidence furnished by the Grantee that substantial progress has been made toward completion of the Project prior to making the first payment under this Grant. All payments are subject to the State's determination that the Grantee's performance to date conforms to the Project as approved, notwithstanding any other provision of this Grant Agreement.
- E. If advance payment of a portion of the grant funds is permitted by statute, and the State agrees to provide such advance payment, it shall be made only upon submission of a proper claim setting out the intended purposes of those funds. After such funds have been expended, Grantee shall provide State with a reconciliation of those expenditures.
- F. If this Grant Agreement is terminated by either party prior to the Expiration Date set forth in Paragraph 2 of this Grant Agreement, the State may promptly conduct an on-site monitoring of the Project and complete a Project monitoring report.
- G. Failure to complete the Project and expend State, local and/or private funds in accordance with this Grant Agreement may be considered a material breach, and shall entitle the State to impose sanctions against the Grantee including, but not limited to, suspension of all grant payments, and/or suspension of the Grantee's participation in State grant programs until such time as all material breaches are cured to the State's satisfaction. Sanctions may also include repayment of all State funds expended that are not in the scope of this Project or the Budget.
- H. All payments shall be made in arrears in conformance with State fiscal policies and procedures and, as required by IC 4-13-2-14.8, by electronic funds transfer to the financial institution designated by the Grantee in writing unless a specific waiver has been obtained from the Auditor of State. No payments will be made in advance of receipt of the goods or services that are the subject of this Grant except as permitted by IC 4-13-2-20 or by the statute authorizing this Grant.

**6. Audits and Maintenance of Records**

- A. Following the termination of this Grant Agreement, the Grantee shall secure an audit of grant funds. An independent public accountant or certified public accountant (Auditor) or the State Board of Accounts shall conduct this audit in accordance with Generally Accepted Government Auditing Standards ("GAGAS") and any other applicable audit guidelines or any standards specified by the State or the federal government. These standards include Indiana Code 5-11-1 and the Indiana State Board of Accounts publication "Guidelines for the Examination of the Entities Receiving Financial Assistance from Governmental Sources." The federal Office of Management and Budget (OMB) Circular A-133 (Audits of Institutions of Higher Education and Other Non-Profit Organizations) may also apply. The Grantee must submit the audit either thirty (30) days after receipt of the Auditor's report(s) or nine (9) months after the close of the audit period, whichever is earlier, unless the ISDH Audit Section provides a written waiver. The Grantee agrees to provide a readable copy, or original of all audits secured by the Grantee to meet this provision. The Grantee must provide a copy of its Audit Report to the Indiana State Department of Health, 2 North Meridian Street, Audit Section 2C99, Indianapolis, Indiana 46204. Grantee agrees to provide the Indiana State Board of Accounts an original of all financial and compliance audits and the original Grantee's "Entity Annual Report" (Form E-1). Should the Grantee be an agency of the State of Indiana or a local or quasi-governmental agency, the requirement to submit the Grantee's "Entity Annual Report" (Form E-1) to the State Board of Accounts is waived.
- A. The Grantee's audit shall be an audit of the actual entity or the distinct portion thereof that performs the functions of the Grant Agreement, and not of a parent, member, or subsidiary corporation of the Grantee, unless the Indiana State Board of Accounts or State requests an expanded audit. The audit shall include a statement from the Auditor that the Auditor has reviewed this Grant Agreement and that the Grantee is not out of compliance with the financial aspects of this Grant Agreement.
- B. The State and the Indiana State Board of Accounts reserve the right to approve any auditor who conducts the audit. If the State requests, the Grantee shall require its sub-grantees to secure audits in accordance with subparagraph A, and to timely file all reports required by the Indiana State Board of Accounts.
- C. Grantee shall maintain books, records, documents, including but not limited to statistical reports, program reports, payroll records, banking records, accounting records, and purchase orders that are sufficient to document Grantee's program and financial activities under this grant and Grantee's claims for reimbursement as required by law, and any other evidence which, according to generally accepted accounting procedures, identifies costs attributable to the services specified on Attachment A of this Grant Agreement and any other documents required under the terms of this Grant Agreement. The Grantee shall comply with the cost principles set forth in OMB Circular A-122. The Grantee shall maintain a written cost allocation plan identifying procedures for attributing costs to each component code and service.

The State may require more restrictive fiscal accountability, beginning upon written notice, if the State determines the Grantee is financially unstable, has a history of poor accountability, or has a management system that does not meet the standards required by the State of Indiana or the United States Government.

- D. The Grantee must use internal controls that assure: 1) the reliability of financial information and records; 2) effectiveness and efficiency of operations; 3) proper execution of management's objectives; and 4) compliance with laws and regulations. Sufficient internal controls include but are not limited to segregation of duties and safeguarding controls over cash, other assets, and information processing.
- E. Upon written demand by the State, the Grantee will repay the State all money paid during any period of time when an audit showed inadequate fiscal documentation.
- F. If the State finds an audit exception, it may set off the amount against current or future allowable invoices, demand a cash payback, withhold payment of current invoices, or avail itself of any combination of the above remedies.

#### **7. Project Budget and Budget Modification**

The approved Project Budget is set forth as Attachment A of this Grant Agreement. The Grantee shall not spend more than the amount for each line item, as described in the Budget, without the prior written consent of a duly authorized representative of the State, nor shall the Project costs funded by this Grant Agreement and those funded by the local and/or private share be amended without the prior written consent of the State.

#### **8. Statutory Authority of Grantee**

The Grantee expressly represents and warrants to the State that it is statutorily eligible to receive these monies and it expressly agrees to repay all monies paid to it under this Grant, should a legal determination of its ineligibility be made by any court of competent jurisdiction.

#### **9. Use of Grant Funds by Grantee**

The funds received by the Grantee pursuant to this Grant Agreement shall be used only to implement DIS and PS services in accordance with program standards established by the ISDH and applicable state and federal statutes as described fully in Attachment A and for no other purpose.

#### **10. Compliance with Laws**

- A. The Grantee shall comply with all applicable federal, state and local laws, rules, regulations and ordinances, and all provisions required thereby to be included herein are hereby incorporated by reference. The enactment or modification of any applicable state or federal statute or the promulgation of rules or regulations thereunder after execution of this Grant shall be reviewed by the State and the Grantee to determine whether the provisions of this Grant require formal modification.

- B. The Grantee and its agents shall abide by all ethical requirements that apply to persons who have a business relationship with the State as set forth in IC 4-2-6, *et seq.*, IC 4-2-7, *et seq.*, the regulations promulgated thereunder, and Executive Order 04-08, dated April 27, 2004. If the Grantee is not familiar with these ethical requirements, the Grantee should refer any questions to the Indiana State Ethics Commission, or visit the Indiana State Ethics Commission website at <http://www.in.gov/ig/>. If the Grantee or its agents violate any applicable ethical standards, the State may, in its sole discretion, terminate this Grant immediately upon notice to the Grantee. In addition, the Grantee may be subject to penalties under IC 4-2-6, 4-2-7, 35-44-1-3, and under any other applicable laws.
- C. The Grantee certifies by entering into this Grant that neither it nor its principal(s) is presently in arrears in payment of taxes, permit fees or other statutory, regulatory or judicially required payments to the State. The Grantee agrees that any payments currently due to the State may be withheld from payments due to the Grantee. Additionally, further work or payments may be withheld, delayed, or denied and/or this Grant suspended until the Grantee is current in its payments and has submitted proof of such payment to the State.
- D. The Grantee warrants that it has no current, pending or outstanding criminal, civil, or enforcement actions initiated by the State, and agrees that it will immediately notify the State of any such actions. During the term of such actions, the Grantee agrees that the State may delay, withhold, or deny work under any supplement, amendment, change order or other contractual device issued pursuant to this Grant.
- E. If a valid dispute exists as to the Grantee's liability or guilt in any action initiated by the State or its agencies, and the State decides to delay, withhold, or deny work to the Grantee, the Grantee may request that it be allowed to continue, or receive work, without delay. The Grantee must submit, in writing, a request for review to the Indiana Department of Administration (IDOA) following the procedures for disputes outlined herein. A determination by IDOA shall be binding on the parties. Any payments that the State may delay, withhold, deny, or apply under this section shall not be subject to penalty or interest, except as permitted by IC 5-17-5.
- F. The Grantee warrants that the Grantee and its subgrantees, if any, shall obtain and maintain all required permits, licenses, registrations, and approvals, and shall comply with all health, safety, and environmental statutes, rules, or regulations in the performance of work activities for the State. Failure to do so may be deemed a material breach of this Grant and grounds for immediate termination and denial of further work with the State.
- G. The Grantee affirms that, if it is an entity described in IC Title 23, it is properly registered and owes no outstanding reports to the Indiana Secretary of State.
- H. As required by IC 5-22-3-7:
- (1) The Grantee and any principals of the Grantee certify that:
    - (A) the Grantee, except for de minimis and nonsystematic violations, has not violated the terms of:
      - (i) IC 24-4.7 [Telephone Solicitation Of Consumers];
      - (ii) IC 24-5-12 [Telephone Solicitations]; or
      - (iii) IC 24-5-14 [Regulation of Automatic Dialing Machines];in the previous three hundred sixty-five (365) days, even if IC 24-4.7 is preempted by federal law; and

- (B) the Grantee will not violate the terms of IC 24-4.7 for the duration of the Grant, even if IC 24-4.7 is preempted by federal law.
- (2) The Grantee and any principals of the Grantee certify that an affiliate or principal of the Grantee and any agent acting on behalf of the Grantee or on behalf of an affiliate or principal of the Grantee
  - (A) except for de minimis and nonsystematic violations, has not violated the terms of IC 24-4.7 in the previous three hundred sixty-five (365) days, even if IC 24-4.7 is preempted by federal law; and
  - (B) will not violate the terms of IC 24-4.7 for the duration of the Grant, even if IC 24-4.7 is preempted by federal law.

#### 11. Drug-Free Workplace Certification

The Grantee hereby covenants and agrees to make a good faith effort to provide and maintain a drug-free workplace. Grantee will give written notice to the State within ten (10) days after receiving actual notice that the Grantee, or an employee of the Grantee in the State of Indiana has been convicted of a criminal drug violation occurring in the workplace. False certification or violation of the certification may result in sanctions including, but not limited to, suspension of grant payments, termination of the Grant and/or debarment of grant opportunities with the State of Indiana for up to three (3) years.

In addition to the provisions of the above paragraphs, if the total Grant amount set forth in this Grant Agreement is in excess of \$25,000.00, Grantee hereby further agrees that this Grant Agreement is expressly subject to the terms, conditions and representations of the following Certification:

This certification is required by Executive Order No. 90-5, April 12, 1990, issued by the Governor of Indiana. Pursuant to its delegated authority, the Indiana Department of Administration is requiring the inclusion of this certification in all grants with and grants from the State of Indiana in excess of \$25,000.00. No award of a grant shall be made, and no grant, purchase order or agreement, the total amount of which exceeds \$25,000.00, shall be valid, unless and until this certification has been fully executed by the Grantee and made a part of the Grant Agreement as part of the Grant documents.

The Grantee certifies and agrees that it will provide a drug-free workplace by:

- A. Publishing and providing to all of its employees a statement notifying them employees that the unlawful manufacture, distribution, dispensing, possession or use of a controlled substance is prohibited in the Grantee's workplace and specifying the actions that will be taken against employees for violations of such prohibition; and
- B. Establishing a drug-free awareness program to inform its employees of (1) the dangers of drug abuse in the workplace; (2) the Grantee's policy of maintaining a drug-free workplace; (3) any available drug counseling, rehabilitation, and employee assistance programs; and (4) the penalties that may be imposed upon an employee for drug abuse violations occurring in the workplace; and
- C. Notifying all employees in the statement required by subparagraph (A) above that as a condition of continued employment the employee will (1) abide by the terms of the statement; and (2) notify the Grantee of any criminal drug statute conviction for a violation occurring in the workplace no later than five (5) days after such conviction; and

- D. Notifying in writing the State within ten (10) days after receiving notice from an employee under subdivision (C)(2) above, or otherwise receiving actual notice of such conviction; and
- E. Within thirty (30) days after receiving notice under subdivision (C)(2) above of a conviction, imposing the following sanctions or remedial measures on any employee who is convicted of drug abuse violations occurring in the workplace: (1) take appropriate personnel action against the employee, up to and including termination; or (2) require such employee to satisfactorily participate in a drug abuse assistance or rehabilitation program approved for such purposes by a Federal, State or local health, law enforcement, or other appropriate agency; and
- F. Making a good faith effort to maintain a drug-free workplace through the implementation of subparagraphs (A) through (E) above.

#### **12. Funding Cancellation**

When the Director of the State Budget Agency (SBA) makes a written determination that funds are not appropriated or otherwise available to support continuation of performance of this Grant Agreement, it shall be canceled. A determination by the Director of the SBA that funds are not appropriated or otherwise available to support continuation of performance shall be final and conclusive.

#### **13. Information Technology Accessibility Standards**

Any information technology related products or services purchased, used or maintained through this Grant must be compatible with the principles and goals contained in the Electronic and Information Technology Accessibility Standards adopted by the Architectural and Transportation Barriers Compliance Board under Section 508 of the federal Rehabilitation Act of 1973 (29 U.S.C. 794d), as amended. The federal Electronic and Information Technology Accessibility Standards can be found at: <http://www.access-board.gov/508.htm>.

#### **14. Nondiscrimination**

Pursuant to the Indiana Civil Rights Law, specifically including IC 22-9-1-10, and in keeping with the purposes of the federal Civil Rights Act of 1964, the Age Discrimination in Employment Act, and the Americans with Disabilities Act, the Grantee covenants that it shall not discriminate against any employee or applicant for employment relating to this Grant with respect to the hire, tenure, terms, conditions or privileges of employment or any matter directly or indirectly related to employment, because of the employee or applicant's: race, color, national origin, religion, sex, age, disability, ancestry, status as a veteran, or any other characteristic protected by federal, state, or local law ("Protected Characteristics"). Furthermore, Grantee certifies compliance with applicable federal laws, regulations, and executive orders prohibiting discrimination based on the Protected Characteristics in the provision of services.

The Grantee understands that the State is a recipient of federal funds, and therefore, where applicable, Grantee and any subgrantees agree to comply with requisite affirmative action requirements, including reporting, pursuant to 41 CFR Chapter 60, as amended, and Section 202 of Executive Order 11246.

### 15. Notice to Parties

Whenever any notice, statement or other communication is required under this Grant, it shall be sent to the following addresses, unless otherwise specifically advised.

A. Notices to the State shall be sent to:

Indiana State Department of Health  
ATTN: Contract and Audit Section  
2 North Meridian Street, Section 2-C  
Indianapolis, IN 46204

B. Notices to the Grantee shall be sent to:

Planned Parenthood of Indiana, Inc.  
ATTN: Liz Carroll  
Vice President Patient Services  
200 South Meridian Street  
#400  
Indianapolis, IN 46202

C. As required by IC 4-13-2-14.8, payments to the Grantee shall be made via electronic funds transfer in accordance with instructions filed by the Grantee with the Indiana Auditor of State.

### 16. Order of Precedence

Any inconsistency or ambiguity in this Grant Agreement shall be resolved by giving precedence in the following order: (A) Grant Agreement, (B) Attachment(s) prepared by the State, and (C) Grantee's Grant Application. All attachments, and all documents referred to in this paragraph are hereby incorporated fully by reference.

### 17. Renewal

This Grant Agreement may be renewed under the same terms and conditions subject to the approval of the Commissioner of the Department of Administration and the State Budget Director in compliance with IC 5-22-17-4. The term of the renewed Grant Agreement may not be longer than the term of the original Grant Agreement.

### 18. Termination for Convenience

This Grant Agreement may be terminated, in whole or in part, by the State whenever, for any reason, the State determines that such termination is in the best interest of the State. Termination shall be effected by delivery to the Grantee of a Termination Notice, specifying the extent to which such termination becomes effective. The Grantee shall be compensated for completion of the Project properly done prior to the effective date of termination. The State will not be liable for work on the Project performed after the effective date of termination. In no case shall total payment made to the Grantee exceed the original grant.

### 19. Access To Records

The Grantee and its subgrantees shall maintain all books, documents, papers, accounting records, and other evidence (Records) pertaining to all costs incurred under this Grant Agreement for inspection by the State or its authorized representatives. Copies of the Records shall be furnished at no cost to the State if requested. The Grantee and its subgrantees shall make all Records available at their respective offices at all reasonable times during the Grant Agreement period and for three (3) years from the date of final payment under the Grant Agreement or longer if an audit has been completed and all audit exceptions have not been cleared by the State.

### 20. Additional Payment Terms

- A. The State disburses grant funds on a cost reimbursement basis. Actual expenditures of authorized costs will be reimbursed monthly by the State upon receipt of duly executed invoices from the Grantee. Invoices are due by the 20th day after the end of each month.
- B. All accounts will be closed sixty (60) days after the Expiration Date of this Grant Agreement. Any invoice submitted after sixty (60) days will not be reimbursed by the State.
- C. No expenses for travel will be reimbursed unless specifically permitted under the scope of services or consideration provisions. Expenditures made by the Grantee for travel will be reimbursed at the current rate paid by the State and in accordance with the State Travel Policies and Procedures as specified in the current Financial Management Circular. Out-of-state travel requests must be reviewed by the State for availability of funds and for appropriateness per Circular guidelines.

### 21. Amendments

No alteration or variation of the terms of this Grant Agreement shall be valid unless made in writing and signed by the parties hereto. No oral understanding or agreement not incorporated herein shall be binding on any of the parties hereto. Any alterations or amendments, except a change between budget categories which requires the prior written consent of a duly authorized representative of the State, shall be subject to the contract approval procedure of the State.

### 22. Authority To Bind

The signatory for the Grantee represents that he/she has been duly authorized to execute this Grant Agreement on behalf of the Grantee and has obtained all necessary or applicable approvals to make this Grant Agreement fully binding upon the Grantee when his/her signature is affixed, and accepted by the State.

### 23. Confidentiality Of State Information

The Grantee understands and agrees that data, materials, and information disclosed to the Grantee may contain confidential and protected information. The Grantee covenants that data, material and information gathered, based upon or disclosed to the Grantee for the purpose of this Grant Agreement, will not be disclosed to or discussed with third parties without the prior written consent of the State.

The parties acknowledge that the services to be performed by Grantee for the State under this Grant Agreement may require or allow access to data, materials, and information containing Social Security numbers or other personal information maintained by the State in its computer system or other records. In addition to the covenant made above in this section and pursuant to 10 IAC 5-3-1(4), the Grantee and the State agree to comply with the provisions of IC 4-1-10 and IC 4-1-11. If any Social Security number(s) or personal information (as defined in IC 4-1-11-3) is/are disclosed by Grantee, Grantee agrees to pay the cost of the notice of disclosure of a breach of the security of the system in addition to any other claims and expenses for which it is liable under the terms of this Grant Agreement.

#### 24. Disputes

- A. Should any disputes arise with respect to this Grant Agreement, the Grantee and the State agree to act immediately to resolve such disputes. Time is of the essence in the resolution of disputes.
- B. The Grantee agrees that, the existence of a dispute notwithstanding, it will continue without delay to carry out all of its responsibilities under this Grant Agreement that are not affected by the dispute. Should the Grantee fail to continue to perform its responsibilities regarding all non-disputed work, without delay, any additional costs incurred by the State or the Grantee as a result of such failure to proceed shall be borne by the Grantee.
- C. If a party to the Grant Agreement is not satisfied with the progress toward resolving a dispute, the party must notify in writing the other party of this dissatisfaction. Upon written notice, the parties have ten (10) working days, unless the parties mutually agree to extend this period, following the notification to resolve the dispute. If the dispute is not resolved within ten (10) working days, a dissatisfied party will submit the dispute in writing according to the following procedure:
  1. The parties agree to resolve such matters through submission in writing of their dispute to the Commissioner of the Indiana Department of Administration. The Commissioner shall reduce a decision to writing and mail or otherwise furnish a copy thereof to the Grantee and the State within ten (10) working days after presentation of such dispute for action. The presentation may include a period of negotiations, clarifications, and mediation sessions and will not terminate until the Commissioner or one of the parties concludes that the presentation period is over. The Commissioner's decision shall be final and conclusive unless either party mails or otherwise furnishes to the Commissioner, within ten (10) working days after receipt of the Commissioner's decision, a written appeal. Within ten (10) working days of receipt by the Commissioner of a written request for appeal, the decision may be reconsidered. If no reconsideration is provided within ten (10) working days, the parties may mutually agree to submit the dispute to arbitration or mediation for a determination. If a party is not satisfied with the Commissioner's ultimate decision, the dissatisfied party may submit the dispute to an Indiana court of competent jurisdiction.
  2. The State may withhold payments on disputed items pending resolution of the dispute. The unintentional nonpayment by the State to the Grantee of one or more invoices not in dispute in accordance with the terms of this Grant Agreement will not be cause for Grantee to terminate this Grant Agreement, and the Grantee may bring suit to collect these amounts without following the disputes procedure contained herein.

## 25. Federal Funding Information and Compliance

- |   |  |
|---|--|
| a) C.F.D.A. Title – Preventive Health Services – Sexually Transmitted Diseases Control Grants | d) Award No. <u>5H25PS504340-17</u>  |
| b) C.F.D.A No. 93.997   | e) Award Year – 01/01/10 through 12/31/10  |
| c) Award Name - Comprehensive Sexually Transmitted Disease Prevention Systems                 | f) Federal Agency – Department of Health & Human Services, Public Health Service, Centers for Disease Control & Prevention |

In grants funded by the United States Department of Health and Human Services, the Grantee agrees to comply with the provisions of the Code of Federal Regulations (CFR) Title 45 Parts 74, 92, and 96, where applicable.

## 26. Federal Funds Disclosure

Any of the Grantee's statements, press releases, requests for proposals, bid solicitations, and other documents describing projects or programs supported in whole or in part by grant funds must state a) the percentage of the total costs of the program or project with federal financing; b) the amount of federal funds for the project or program; and c) the percentage and dollar amount of the total costs of the project or program financed by nongovernmental sources. "Nongovernmental sources" means sources other than state and local governments and federally recognized Indian tribes.

## 27. Federal Lobbying Requirements

- A. The Grantee certifies that to the best of its knowledge and belief that no federal appropriated funds have been paid or will be paid, by or on behalf of the Grantee, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any federal contract, the making of any federal grant, the making of any federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any federal contract, grant, loan or cooperative agreement.
- B. If any funds other than federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this federal Grant Agreement, contract, loan, or cooperative agreement, the Grantee shall complete and submit "Disclosure Form to Report Lobbying" in accordance with its instructions.
- C. The Grantee shall require that the language of subparagraphs a) and b) be included in the language of all subgrants and that all subgrantees shall certify and disclose accordingly.

## 28. Governing Laws

This Grant Agreement shall be construed in accordance with and governed by the laws of the State of Indiana and suit, if any, must be brought in the State of Indiana.

### **29. Indemnification**

The Grantee agrees to indemnify, defend, and hold harmless the State, its agents, officials, and employees from all claims and suits including court costs, attorney's fees, and other expenses caused by any act or omission of the Grantee and/or its subgrantees, if any, in the performance of this Grant Agreement. The State shall not provide such indemnification to the Grantee.

### **30. Independent Contractor**

Both parties hereto, in the performance of this Grant Agreement, shall act in an individual capacity and not as agents, employees, partners, joint venturers or associates of one another. The employees or agents of one party shall not be deemed or construed to be the employees or agents of the other party for any purposes whatsoever. Neither party will assume liability for any injury (including death) to any persons, or damage to any property, arising out of the acts or omissions of the agents, employees or subgrantees of the other party.

The Grantee shall be responsible for providing all necessary unemployment and workers' compensation insurance for the Grantee's employees.

### **31. Licensing Standards**

The Grantee, its employees and subgrantees shall comply with all applicable licensing standards, certification standards, accrediting standards and any other laws, rules or regulations governing services to be provided by the Grantee pursuant to this Grant Agreement. The State will not pay the Grantee for any services performed when the Grantee, its employees or subgrantees are not in compliance with such applicable standards, laws, rules or regulations. If any license, certification or accreditation expires or is revoked, or any disciplinary action is taken against an applicable license, certification or accreditation, the Grantee shall notify the State immediately and the State, at its option, may immediately terminate this Grant Agreement.

### **32. Ownership of Documents and Materials**

All documents, records, programs, data, film, tape, articles, memoranda, and other materials not developed or licensed by the Grantee prior to execution of this Grant Agreement, but specifically developed under this Grant Agreement shall be considered "work for hire" and the Grantee transfers any ownership claim to the State and all such materials will be the property of the State. Use of these materials, other than related to Grant Agreement performance by the Grantee, without the prior written consent of the State, is prohibited. During the performance of this Grant Agreement, the Grantee shall be responsible for any loss of or damage to these materials developed for or supplied by the State and used to develop or assist in the services provided while the materials are in the possession of the Grantee. Any loss or damage thereto shall be restored at the Grantee's expense. The Grantee shall provide the State full, immediate, and unrestricted access to the work product during the term of this Grant Agreement.

### **33. Penalties/Interest/Attorney's Fees**

The State will in good faith perform its required obligations hereunder and does not agree to pay any penalties, liquidated damages, interest or attorney's fees, except as permitted by Indiana law, in part, IC 5-17-5, IC 34-54-8, and IC 34-13-1.

Notwithstanding the provisions contained in IC 5-17-5, any liability resulting from the State's failure to make prompt payment shall be based solely on the amount of funding originating from the State and shall not be based on funding from federal or other sources.

#### **34. Progress Reports**

- A. The Grantee shall submit progress reports to the State upon request, unless specified otherwise in Attachment A. The progress reports shall serve the purpose of assuring the State that work is progressing in line with the schedule and that completion can be reasonably assured on the scheduled date.
- B. The failure to provide progress reports as requested by the State is considered a material breach of the Grant Agreement and shall entitle the State to impose sanctions against the Grantee. Sanctions may include, but are not limited to, suspension of all Grant Agreement payments, and/or suspension of the Grantee's participation in State contract programs until such time as all material breaches are cured to the State's satisfaction. Sanctions may also include repayment of all State funds expended for activities that are not in the scope of this project as set forth in Attachment A of this Grant Agreement.

#### **35. Remedies Not Impaired**

No delay or omission of either party in exercising any right or remedy available under this Grant Agreement shall impair any such right or remedy, or constitute a waiver of any default, or any acquiescence thereto.

#### **36. Security and Privacy of Health Information**

If any final regulation or body of regulations relating to the administrative simplification provisions of the Health Insurance Portability and Accountability Act of 1996 ("Final HIPAA Regulations"), or any amendment or judicial or administrative interpretation of the Final HIPAA Regulations, prohibits, restricts, limits or materially and adversely affects either party's rights or obligations hereunder, the parties shall negotiate, in good faith, reasonable revisions to this Grant Agreement.

The purpose of the negotiations shall be to revise the Grant Agreement so that the affected party can act in accordance with such Final HIPAA Regulations, or amendment or judicial or administrative interpretation thereof, and avoid or mitigate such prohibition, restriction, limitation or material and adverse effect.

If the parties fail to agree to such revisions within forty-five (45) days after written notice from the affected party requesting negotiations under this paragraph, this Grant Agreement shall terminate. If so terminated the Grantee shall return or destroy all protected health information received from, created or received by the Grantee on behalf of the State. The Grantee shall retain no copies of such information in any form if feasible. If not feasible, the Grantee bears the responsibility of ensuring that the protected health information is maintained in a secure and confidential manner.

### 37. Severability

The invalidity of any section, subsection, clause or provision of this Grant Agreement shall not affect the validity of the remaining sections, subsections, clauses or provisions of this Grant Agreement.

### 38. Taxes

The State is exempt from most state and local taxes and many federal taxes. The State will not be responsible for any taxes levied on the Grantee as a result of this Grant Agreement.

### 39. Waiver of Rights

No right conferred on either party under this Grant Agreement shall be deemed waived, and no breach of this Grant Agreement excused, unless such waiver is in writing and signed by the party claimed to have waived such right. Neither the State's review, approval or acceptance of, nor payment for, the services required under this Grant Agreement shall be construed to operate as a waiver of any rights under this Grant Agreement or of any cause of action arising out of the performance of this Grant Agreement, and the Grantee shall be and remain liable to the State in accordance with applicable law for all damages to the State caused by the Grantee's negligent performance of any of the services furnished under this Grant Agreement.

### 40. State Boilerplate Affirmation Clause

I swear or affirm under the penalties of perjury that I have not altered, modified or changed the State's Boilerplate contract clauses (as defined in the 2009 OAG/IDOA *Professional Services Contract Manual*) in any way except for the following clauses which are named below:

- Access to Records
- Audits and Maintenance of Records
- Order of Precedence
- Progress Reports
- Security and Privacy of Health Information

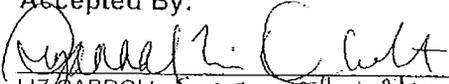
### Non-Collusion and Acceptance

The undersigned attests, subject to the penalties for perjury, that he/she is the Grantee, or that he/she is the properly authorized representative, agent, member or officer of the Grantee, that he/she has not, nor has any other member, employee, representative, agent or officer of the Grantee, directly or indirectly, to the best of the undersigned's knowledge, entered into or offered to enter into any combination, collusion or agreement to receive or pay, and that he/she has not received or paid, any sum of money or other consideration for the execution of this Grant other than that which appears upon the face of this Grant.

**THE REMAINDER OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK.**

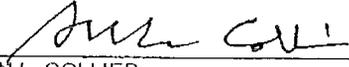
In Witness Whereof, Grantee and the State have, through their duly authorized representatives, entered into this Grant. The parties, having read and understood the foregoing terms of this Grant, do by their respective signatures dated below hereby agree to the terms thereof.

Accepted By:

  
~~LIZ CARROLL~~ ~~Suzannah Wilson Overholt~~  
VICE PRESIDENT PATIENT SERVICES - Finance & Admin.  
PLANNED PARENTHOOD OF INDIANA, INC.

DATE: 12/17/09

Certification of Funds:

  
ALLEN L. COLLIER  
DIRECTOR OF FINANCE  
DIVISION OF FINANCE  
OPERATIONAL SERVICES COMMISSION  
INDIANA STATE DEPARTMENT OF HEALTH

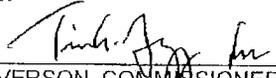
DATE: 12-31-09

Recommended and Approved By:

  
MICHAEL R. KISTLER  
CHIEF FINANCIAL OFFICER  
OPERATIONAL SERVICES COMMISSION  
INDIANA STATE DEPARTMENT OF HEALTH

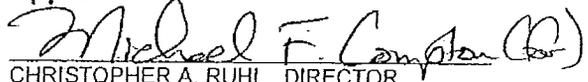
DATE: 12-30-09

Approved:

  
MARK W. EVERSON, COMMISSIONER  
DEPARTMENT OF ADMINISTRATION  
STATE OF INDIANA

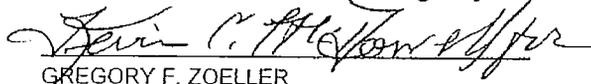
DATE: 1/5/10

Approved:

  
CHRISTOPHER A. RUHL, DIRECTOR  
OFFICE OF MANAGEMENT and BUDGET  
STATE OF INDIANA

DATE: 1/6/10

Approved as to Form and Legality:

  
GREGORY F. ZOELLER  
ATTORNEY GENERAL OF INDIANA

DATE: 8 Jan 10

Attachment A

Planned Parenthood of Indiana, Inc.

Amount Awarded

50,000.00

<b>EXPENSE</b>	<b>COST</b>
Salary	\$35,000.00
Fringe	7,935
Supplies	700
Travel	3,000
Rent/Utilities	2,600
Other	765
<b>Total Expense</b>	<b>\$50,000</b>

1. No changes or additions to these terms may be made unless the Indiana State Department of Health (hereinafter State) Sexually Transmitted Disease (hereinafter STD) Program Director is consulted and an amendment of the Grant Agreement is executed.
2. In collaboration with the State STD Program Director, the grantee will establish objectives and set goals that are commensurate with the State and federal STD cooperative agreement objectives.
3. Grantee will be required to implement Disease Intervention Specialist (hereinafter DIS) services and Partner Services (hereinafter PS) in accordance with program standards and policy guidelines established by the ISDH and applicable state and federal statutes.
4. Grantee will integrate services for Chlamydia, gonorrhea, HIV and syphilis infections at the client level.
5. Grantees offering a full-time STD clinic will restrict DIS clinic activity to interviewing clients infected with Chlamydia, gonorrhea, HIV and syphilis only.
6. Grantees offering a full-time STD clinic will have DIS interview 100% of all clinic patients diagnosed with Chlamydia, gonorrhea, HIV and syphilis.
7. Grantee will implement partner services immediately upon receipt of notification of diagnosis.
8. Grantee will provide partner services to all newly diagnosed and assigned persons testing positive for HIV and perform any other duties for HIV positive persons assigned by the ISDH Division of HIV, STD, Viral Hepatitis, including but not limited to, asking the 4

Incidence TTH questions during their interview on an HIV positive person residing in the following counties: Benton, Carroll, Clinton, Fountain, Montgomery, Tippecanoe, Warren, White (hereinafter District 4).

9. DIS funded under this agreement will return all DIS follow-up forms generated by the HIV and STD surveillance program immediately upon closing out the assigned case to the ISDH Division of HIV, STD, and Viral Hepatitis.
10. DIS funded under this contract have 90% of identified sex and needle sharing partners to HIV examined within 7 days of assignment.
11. Grantee will link persons identified as infected with HIV to medical and prevention services in District 4.
12. Grantee will provide partner services to all newly diagnosed and assigned persons testing positive for early syphilis in District 4.
13. Grantee will provide Partner Services to a minimum of 25% of all newly diagnosed Chlamydia and gonorrhea cases in their District 4, including those diagnosed in the private sector, unless otherwise negotiated with the State STD Program.
14. DIS funded under this contract will perform a minimum of 300 client interviews for Chlamydia, gonorrhea, HIV and syphilis morbidity in District 4 annually.
15. DIS funded under this contract will have 90% of identified partners to Chlamydia examined within 7 days of assignment.
16. DIS funded under this contract will have 90% of identified sex partners to gonorrhea examined within 7 days of assignment.
17. DIS funded under this contract have 90% of identified sex partners to syphilis examined within 7 days of assignment.
18. Grantee will collaborate with internal and external partners involved in all aspects of partner services, including ensuring that partner services throughout the prevention and care continuum are available for all persons infected with HIV.
19. The grantee will assure that all client interviews are correctly entered into SWIMMS no later than 15 days after the original interview.
20. Grantee will report all required information, including weekly District 4 morbidity, monthly data, quarterly performance benchmarks, and an annual evaluation to the ISDH through the SWIMSS and EvaluationWeb© system.
21. Grantee agrees to maintain client records in a secure and confidential manner. Computer systems containing client information must be protected with multiple passwords. Office

equipment that is used for storing confidential materials must be locked when not in use. Providers must adopt and adhere to written policies and procedures which specify that client information is considered confidential, privileged information. The provider must possess a written policy which limits access to client records to only designated clinic staff. Release of information to entities other than those noted herein must be preceded by the written consent of the client or legal representative, except as demanded under state statutes. These policies and procedures must include provisions for discipline should violations occur.

22. Grantee agrees to input all data upon receipt of information from the District 4 office. Quarterly performance benchmarks must be reviewed on April 15<sup>th</sup>, July 15<sup>th</sup>, October 15<sup>th</sup>, and January 15<sup>th</sup>. The annual evaluation is due to the STD Program January 15<sup>th</sup>.
23. Grantee agrees to have Internet access and meet system requirements required by the Indiana Office of Technology and Compliance when accessing SWIMMS or EvaluationWeb© system.
24. Grantee agrees to submit all HIV materials (brochures, videos, promotional, etc.) used as educational materials to the HIV Program Review Panel for approval.
25. Grantee agrees that all DIS funded under this contract will satisfactorily complete the following trainings. Even with personnel changes within the funded entity, staff will maintain the appropriate training:
  - Basic HIV, STD, Viral Hepatitis, and TB Training as Recommended by CDCs Program Collaboration and Integration Services (PICS) initiative.
  - Annual Confidentiality Review Webinar
  - Indiana State Department of Health's HIV Prevention Counseling Certification Course based on the CDC's Fundamentals of HIV Prevention Counseling and Partner Services Course
  - CDC's STD training modules course
  - CDC's Introduction to STD Interviewing (ISTDI) and Advanced STD Interviewing (ASTDI) as needed.
  - Grantee's staff functioning as first line supervisors of DIS syphilis casework need to complete CDC's Principles of STD Supervision and STD Intervention for Supervisors courses.
  - Phlebotomy training for DIS is to be provided within three (3) months of the DIS hiring date.
22. The Grantee agrees that project personnel supported under this Grant Agreement shall attend and successfully complete the training programs required for this project in a time period specified by the State STD Program.
23. The State, through the STD Program Director, reserves the right to approve any person selected for a position supported by this Grant Agreement and to discontinue financial assistance in the event that the person fails to meet the professional standards established by the State STD Program which are hereby incorporated by reference. State approval

shall not be unreasonably withheld.

24. The Grantee will assure documented annual DIS visitation to CLIA approved laboratories in District 4 that perform syphilis test analysis by July 1 of each calendar year.
25. The Grantee, if providing STD clinical and laboratory services, will comply with the CDC Program Operations Guidelines (POG) for STD Prevention, as well as CDC's STD Treatment Guidelines.



Mitchell E. Daniels, Jr.  
Governor

Gregory N. Larkin, M.D., F.A.A.F.P.  
State Health Commissioner

December 14, 2010

Liz Carroll  
Vice President Patient Services  
Planned Parenthood of Indiana, Inc.  
200 South Meridian Street  
#400  
Indianapolis, IN 46202

We are enclosing a copy of the completed agreement A70-0-112148 (STD 223-4) for our financial assistance as indicated on the enclosed documents.

You will be receiving further information from our Purchasing Department regarding details on how to submit your invoice.

If we can be of any further assistance, please contact the Contract & Audit Section of the Division of Finance at (317) 233-7398.

Sincerely,

  
Joseph Olivadoti, Supervisor  
Contract & Audit Section  
Division of Finance  
Indiana State Department of Health

Enclosure  
cc: Sharon Lankford  
ISDH Purchasing

2 North Meridian Street • Indianapolis, IN 46204  
317.233.1325 tdd 317.233.5577  
[www.statehealth.in.gov](http://www.statehealth.in.gov)

*The Indiana State Department of Health supports Indiana's economic prosperity and quality of life by promoting, protecting and providing for the health of Hoosiers in their communities.*

PH

61910-573100-4003610141610  
STD 223-4

**Amendment No. 1  
EDS Number A70-0-112148**

This is an Amendment to the existing Sexually Transmitted Diseases Grant Agreement entered into by and between the **Indiana State Department of Health** (hereinafter referred to as the "State") and **Planned Parenthood of Indiana, Inc.** (hereinafter referred to as the "Grantee") for the period from January 1, 2010 through December 31, 2010, in the amount of \$100,000.

In consideration of the mutual undertakings and covenants hereinafter set forth, the parties agree as follows:

The amount of the Grant Agreement is being increased by \$100,000 making the new total of the Grant Agreement \$200,000. The additional funds will be used to continue implementing Disease Intervention Services (DIS) and Partner Services (PS) in accordance with program standards established by the ISDH and applicable state and federal statutes. See Attachment B, attached hereto, and made a part hereof and incorporated herein by reference as a part of this Grant Agreement. The expiration date of this Grant Agreement is being extended to December 31, 2011.

The following paragraph replaces the previous Grant Agreement paragraph:

Paragraph 20A – **Additional Payment Terms** is amended to read:

The State disburses Grant funds on a cost reimbursement basis. Actual expenditures of authorized costs will be reimbursed monthly by the State upon receipt of duly executed Invoices from the Grantee. Invoices shall be due by the 20<sup>th</sup> day after the end of each month. Payments shall not exceed \$100,000 for the period of January 1, 2010 through December 31, 2010, and \$100,000 for the period of January 1, 2011 through December 31, 2011. Total remuneration under this Grant Agreement shall not exceed \$200,000.

Paragraph 20B is amended to read:

All accounts will be closed sixty (60) days after the end of each Grant Agreement period as specified in Paragraph 20A. Any invoice submitted after sixty (60) days will not be reimbursed by the State.

**Funding Summary**

61910-573100-4003610141610	01/01/10 through 12/31/10	\$100,000
61910-573100-4003610141610	01/01/11 through 12/31/11	<u>100,000</u>
Total		\$200,000

All other matters previously agreed to and set forth in the original Grant Agreement and not affected by this Amendment shall remain in full force and effect.

**Non-Collusion and Acceptance**

The undersigned attests, subject to the penalties of perjury, that he/she is the Grantee, or that he/she is the properly authorized representative, agent, member or officer of the Grantee, that he/she has not, nor has any other member, employee, representative, agent or officer of the Grantee, directly or indirectly, to the best of his/her knowledge, entered into or offered to enter into any combination, collusion or agreement to receive or pay, and that he/she has not received or paid any sum of money or other consideration for the execution of this Grant Agreement other than that which appears upon the face hereof.

**The rest of this page has been left blank intentionally.**

In Witness Whereof, the Grantee and the State of Indiana have, through duly authorized representatives, entered into this Grant Agreement Amendment. The parties having read and understanding the foregoing terms of the Grant Agreement Amendment do by their respective signatures dated below agree to the terms thereof.

Accepted By:

*[Handwritten Signature]*

~~LIZ CARROLL~~ *Suzannah Wilson Overholt*  
VICE PRESIDENT PATIENT SERVICES Finance Admin.  
PLANNED PARENTHOOD OF INDIANA, INC.

DATE: 11/18/10

Certification of Funds:

*[Handwritten Signature]*

ALLEN L. COLLIER  
DIRECTOR OF FINANCE  
DIVISION OF FINANCE  
OPERATIONAL SERVICES COMMISSION  
INDIANA STATE DEPARTMENT OF HEALTH

DATE: 11-23-10

Recommended and Approved By:

*[Handwritten Signature]*

MICHAEL R. KISTLER  
CHIEF FINANCIAL OFFICER  
OPERATIONAL SERVICES COMMISSION  
INDIANA STATE DEPARTMENT OF HEALTH

DATE: 11-23-10

Approved:

*[Handwritten Signature]*

ROBERT D. WYNKOOP  
COMMISSIONER  
DEPARTMENT OF ADMINISTRATION  
STATE OF INDIANA

DATE: 11.24.10

Approved:

*[Handwritten Signature]* for

ADAM M. HORST, DIRECTOR  
STATE BUDGET AGENCY  
STATE OF INDIANA

DATE: 11-30-2010

Approved as to Form and Legality:

*[Handwritten Signature]*

GREGORY F. ZOELLER  
ATTORNEY GENERAL OF INDIANA

DATE: 12-3-10

Grant – STD

## Attachment B

Planned Parenthood of Indiana, Inc.

For the Period January 1, 2011 to December 31, 2011

Amount Awarded

100,000.00

<b>EXPENSE</b>	<b>COST</b>
Salary	\$65,000.00
Fringe	14,736
Supplies	1,400
Travel	9,000
Rent/Utilities	6,864
Other	3,000
<b>Total Expense</b>	<b>\$100,000</b>

1. No changes or additions to these terms may be made unless the Indiana State Department of Health (hereinafter State) Sexually Transmitted Disease (hereinafter STD) Program Director is consulted and an amendment of the Grant Agreement is executed.
2. In collaboration with the State STD Prevention Program, the grantee will establish and submit written objectives and set goals that are commensurate with the State and federal STD cooperative agreement objectives. The written objectives and goals will be submitted to the assigned STD Prevention Specialist by January 15, 2011 in the logic model format.
3. The grantee will be required to implement Disease Intervention Specialist (hereinafter DIS) services and Partner Services (hereinafter PS) in accordance with program standards and policy guidelines established by the ISDH and applicable state and federal statutes.
4. The grantee will integrate disease intervention services for Chlamydia, gonorrhea, HIV and syphilis infections at the client level.
5. As a the grantee operating a full-time (5day/week STD services) STD Clinic the grantee will restrict DIS clinic activity to interviewing clients infected with Chlamydia, gonorrhea, HIV and syphilis only.
6. As a grantee operating a full-time STD clinic the grantee will have DIS interview 100% of all clinic patients diagnosed with Chlamydia, gonorrhea, HIV and syphilis.

7. DIS operating under this contract will verify treatment status of 100% of all chlamydia, gonorrhea, and syphilis diagnosis reported in their assigned district within 30 days of receipt of report.
8. DIS operating under this contract will enter all non-electronically reported cases diagnosed with chlamydia, gonorrhea, and syphilis within 5 working days of receipt of report.
9. The grantee will implement partner services immediately upon receipt of notification of diagnosis.
10. The grantee will provide partner services to all newly diagnosed and assigned persons testing positive for HIV and perform any other duties for HIV positive persons assigned by the ISDH Division of HIV, STD, Viral Hepatitis, on an HIV positive person residing in the following counties: Blackford, Decatur, Deleware, Fayette, Franklin, Grant, Henry, Howard, Madison, Randolph, Rush, Tipton, Union, Wayne (hereinafter District 6).
11. DIS funded under this agreement will return all DIS follow-up forms generated by the HIV and STD surveillance program within 30 days of the SWIMSS initiation date.
12. DIS funded under this contract will have 90% of locatable sex and needle sharing partners to HIV examined within 7 days of assignment.
13. The grantee will link (by actively helping index patients with newly diagnosed or newly reported HIV infection to access medical care either directly or by linking them to HIV care coordination.) 100 % of locatable identified persons as infected with HIV to medical and prevention services in District 6.
14. The grantee will provide partner services to all newly diagnosed and assigned persons testing positive for early syphilis in District 6.
15. DIS funded under this contract will have 90% of locatable partners to Chlamydia examined within 7 days of assignment.
16. DIS funded under this contract will have 90% of locatable sex partners to gonorrhea examined within 7 days of assignment.
17. DIS funded under this contract have 90% of locatable sex partners to syphilis examined within 7 days of assignment.
18. The grantee will collaborate with internal and external partners involved in all aspects of partner services, including ensuring that partner services throughout the prevention and care continuum are available for all persons infected with HIV.

19. The grantee will assure that all client interviews are correctly entered into SWIMSS no later than 72 hours after the original interview.
20. The grantee will report on the established goals and objectives by the 15<sup>th</sup> day of the month following the end of the quarter to their assigned STD Prevention Specialist using a narrative format.
21. The grantee agrees to maintain client records in a secure and confidential manner. Computer systems containing client information must be protected with multiple passwords. Office equipment that is used for storing confidential materials must be locked when not in use. Providers must adopt and adhere to written policies and procedures which specify that client information is considered confidential, privileged information. The provider must possess a written policy which limits access to client records to only designated clinic staff. Release of information to entities other than those noted herein must be preceded by the written consent of the client or legal representative, except as demanded under state statutes. These policies and procedures must include provisions for discipline should violations occur.
22. The grantee agrees to have Internet access and meet system requirements required by the Indiana Office of Technology and Compliance when accessing SWIMSS or EvaluationWeb© system.
23. The grantee agrees to provide the assigned STD Prevention Specialist a copy of their internet partner notification services policy by January 15, 2011.
24. The grantee agrees to submit all HIV materials (brochures, videos, promotional, etc.) used as educational materials to the HIV Program Review Panel for approval.
25. The grantee agrees that all DIS funded under this contract will satisfactorily complete the following trainings. Even with personnel changes within the funded entity, staff will maintain the appropriate training:
  - Basic HIV, STD, Viral Hepatitis, and TB Training as Recommended by CDC's Program Collaboration and Integration Services (PICS) initiative.
  - Annual Confidentiality Review Webinar
  - Indiana State Department of Health's HIV Prevention Counseling Certification Course based on the CDC's Fundamentals of HIV Prevention Counseling and Partner Services Course
  - CDC's STD training modules course (CDC's Employee Development Guide)
  - CDC's Introduction to STD Interviewing (ISTDI) and Advanced STD Interviewing (ASTDI) as needed.
  - The grantee's staff functioning as first line supervisors of DIS syphilis casework need to complete CDC's Principles of STD Supervision and STD Intervention for Supervisors courses.
  - Phlebotomy training for DIS is to be provided within three (3) months of the DIS hiring date.

22. The grantee agrees that project personnel supported under this Grant Agreement shall attend and successfully complete the training programs required for this project in a time period specified by the State STD Program.
23. The State, through the STD Prevention Program, reserves the right to approve any person selected for a position supported by this Grant Agreement and to discontinue financial assistance in the event that the person fails to meet the professional standards established by the State STD Program which are hereby incorporated by reference. State approval shall not be unreasonably withheld.
24. The grantee will assure documented annual DIS visitation to CLIA approved laboratories in District 6 that perform syphilis test analysis by July 1 of each calendar year.
25. The grantee, if providing STD clinical and laboratory services, will comply with the CDC Program Operations Guidelines (POG) for STD Prevention, as well as CDC's STD Treatment Guidelines.

KH/LH  
SH

**GRANT AGREEMENT  
EDS # A70-0-112148**

61910-573100-4003610141610  
STD 223-4

This Grant Agreement, entered into by and between the **Indiana State Department of Health** (the "State") and **Planned Parenthood of Indiana, Inc.** (the "Grantee"), is executed pursuant to the terms and conditions set forth herein. In consideration of those mutual undertakings and covenants, the parties agree as follows:

**1. Purpose of this Grant Agreement**

The purpose of this Grant Agreement is to enable the State to award a grant from the State of Indiana's Federally Funded Sexually Transmitted Diseases Fund of up to \$100,000 to the Grantee for eligible costs of the project (the "Project") or services as described in Attachment A of this Grant Agreement, which is attached hereto and incorporated herein. The funds shall be used exclusively in accordance with the provisions contained in this Grant Agreement.

**2. Term**

This Grant Agreement shall commence on January 1, 2010, (the Commencement Date) and shall remain in effect through December 31, 2010, (the Expiration Date). In no event shall payments be made for work done or services performed before the Commencement Date or after the Expiration Date.

**3. Design and Implementation of Project**

The Grantee shall be solely responsible for the proper design and implementation of the Project as described in the grant application and in Attachment A. The Grantee agrees to complete the Project in accordance with the plans and specifications contained in its application which is on file with the State and is incorporated by reference. Modification of the Project shall require prior written approval of the State.

**4. Monitoring Reviews by the State**

The State may conduct an on-site monitoring review of the Project. The monitoring review may document any of the following:

- A. Whether Project activities are consistent with those set forth in Attachment A, the grant applications, and the terms and conditions of the Grant Agreement.
- B. A complete, detailed analysis of actual state, local and/or private funds expended to date on the Project and conformity with the amounts for each budget line item as set forth in Attachment A.
- C. A detailed listing of all Project costs by project budget line item which are accrued yet unpaid, if any.

A written evaluation as to the Grantee's timely progress in project management, financial management and control systems, procurement systems and methods, and performance relative to timely submission of project reports.

#### **5. Payment of Grant Funds by the State**

The payment of this Grant by the State to the Grantee shall be made in accordance with the following schedule and conditions:

- A. This Grant Agreement must be fully executed.
- B. All items required by Attachment A must be submitted to and approved by the State.
- C. Any other grant conditions as specified in Attachment A must be met to the State's satisfaction.
- D. The State may require evidence furnished by the Grantee that substantial progress has been made toward completion of the Project prior to making the first payment under this Grant. All payments are subject to the State's determination that the Grantee's performance to date conforms to the Project as approved, notwithstanding any other provision of this Grant Agreement.
- E. If advance payment of a portion of the grant funds is permitted by statute, and the State agrees to provide such advance payment, it shall be made only upon submission of a proper claim setting out the intended purposes of those funds. After such funds have been expended, Grantee shall provide State with a reconciliation of those expenditures.
- F. If this Grant Agreement is terminated by either party prior to the Expiration Date set forth in Paragraph 2 of this Grant Agreement, the State may promptly conduct an on-site monitoring of the Project and complete a Project monitoring report.
- G. Failure to complete the Project and expend State, local and/or private funds in accordance with this Grant Agreement may be considered a material breach, and shall entitle the State to impose sanctions against the Grantee including, but not limited to, suspension of all grant payments, and/or suspension of the Grantee's participation in State grant programs until such time as all material breaches are cured to the State's satisfaction. Sanctions may also include repayment of all State funds expended that are not in the scope of this Project or the Budget.
- H. All payments shall be made in arrears in conformance with State fiscal policies and procedures and, as required by IC 4-13-2-14.8, by electronic funds transfer to the financial institution designated by the Grantee in writing unless a specific waiver has been obtained from the Auditor of State. No payments will be made in advance of receipt of the goods or services that are the subject of this Grant except as permitted by IC 4-13-2-20 or by the statute authorizing this Grant.

## 6. Audits and Maintenance of Records

- A. Following the termination of this Grant Agreement, the Grantee shall secure an audit of grant funds. An independent public accountant or certified public accountant (Auditor) or the State Board of Accounts shall conduct this audit in accordance with Generally Accepted Government Auditing Standards ("GAGAS") and any other applicable audit guidelines or any standards specified by the State or the federal government. These standards include Indiana Code 5-11-1 and the Indiana State Board of Accounts publication "Guidelines for the Examination of the Entities Receiving Financial Assistance from Governmental Sources." The federal Office of Management and Budget (OMB) Circular A-133 (Audits of Institutions of Higher Education and Other Non-Profit Organizations) may also apply. The Grantee must submit the audit either thirty (30) days after receipt of the Auditor's report(s) or nine (9) months after the close of the audit period, whichever is earlier, unless the ISDH Audit Section provides a written waiver. The Grantee agrees to provide a readable copy, or original of all audits secured by the Grantee to meet this provision. The Grantee must provide a copy of its Audit Report to the Indiana State Department of Health, 2 North Meridian Street, Audit Section 2C99, Indianapolis, Indiana 46204. Grantee agrees to provide the Indiana State Board of Accounts an original of all financial and compliance audits and the original Grantee's "Entity Annual Report" (Form E-1). Should the Grantee be an agency of the State of Indiana or a local or quasi-governmental agency, the requirement to submit the Grantee's "Entity Annual Report" (Form E-1) to the State Board of Accounts is waived.
- A. The Grantee's audit shall be an audit of the actual entity or the distinct portion thereof that performs the functions of the Grant Agreement, and not of a parent, member, or subsidiary corporation of the Grantee, unless the Indiana State Board of Accounts or State requests an expanded audit. The audit shall include a statement from the Auditor that the Auditor has reviewed this Grant Agreement and that the Grantee is not out of compliance with the financial aspects of this Grant Agreement.
- B. The State and the Indiana State Board of Accounts reserve the right to approve any auditor who conducts the audit. If the State requests, the Grantee shall require its sub-grantees to secure audits in accordance with subparagraph A, and to timely file all reports required by the Indiana State Board of Accounts.
- C. Grantee shall maintain books, records, documents, including but not limited to statistical reports, program reports, payroll records, banking records, accounting records, and purchase orders that are sufficient to document Grantee's program and financial activities under this grant and Grantee's claims for reimbursement as required by law, and any other evidence which, according to generally accepted accounting procedures, identifies costs attributable to the services specified on Attachment A of this Grant Agreement and any other documents required under the terms of this Grant Agreement. The Grantee shall comply with the cost principles set forth in OMB Circular A-122. The Grantee shall maintain a written cost allocation plan identifying procedures for attributing costs to each component code and service.

The State may require more restrictive fiscal accountability, beginning upon written notice, if the State determines the Grantee is financially unstable, has a history of poor accountability, or has a management system that does not meet the standards required by the State of Indiana or the United States Government.

- D. The Grantee must use internal controls that assure: 1) the reliability of financial information and records; 2) effectiveness and efficiency of operations; 3) proper execution of management's objectives; and 4) compliance with laws and regulations. Sufficient internal controls include but are not limited to segregation of duties and safeguarding controls over cash, other assets, and information processing.
- E. Upon written demand by the State, the Grantee will repay the State all money paid during any period of time when an audit showed inadequate fiscal documentation.
- F. If the State finds an audit exception, it may set off the amount against current or future allowable invoices, demand a cash payback, withhold payment of current invoices, or avail itself of any combination of the above remedies.

#### **7. Project Budget and Budget Modification**

The approved Project Budget is set forth as Attachment A of this Grant Agreement. The Grantee shall not spend more than the amount for each line item, as described in the Budget, without the prior written consent of a duly authorized representative of the State, nor shall the Project costs funded by this Grant Agreement and those funded by the local and/or private share be amended without the prior written consent of the State.

#### **8. Statutory Authority of Grantee**

The Grantee expressly represents and warrants to the State that it is statutorily eligible to receive these monies and it expressly agrees to repay all monies paid to it under this Grant, should a legal determination of its ineligibility be made by any court of competent jurisdiction.

#### **9. Use of Grant Funds by Grantee**

The funds received by the Grantee pursuant to this Grant Agreement shall be used only to implement DIS and PS services in accordance with program standards established by the ISDH and applicable state and federal statutes as described fully in Attachment A and for no other purpose.

#### **10. Compliance with Laws**

- A. The Grantee shall comply with all applicable federal, state and local laws, rules, regulations and ordinances, and all provisions required thereby to be included herein are hereby incorporated by reference. The enactment or modification of any applicable state or federal statute or the promulgation of rules or regulations thereunder after execution of this Grant shall be reviewed by the State and the Grantee to determine whether the provisions of this Grant require formal modification.

- B. The Grantee and its agents shall abide by all ethical requirements that apply to persons who have a business relationship with the State as set forth in IC 4-2-6, *et seq.*, IC 4-2-7, *et seq.*, the regulations promulgated thereunder, and Executive Order 04-08, dated April 27, 2004. If the Grantee is not familiar with these ethical requirements, the Grantee should refer any questions to the Indiana State Ethics Commission, or visit the Indiana State Ethics Commission website at <http://www.in.gov/ig/>. If the Grantee or its agents violate any applicable ethical standards, the State may, in its sole discretion, terminate this Grant immediately upon notice to the Grantee. In addition, the Grantee may be subject to penalties under IC 4-2-6, 4-2-7, 35-44-1-3, and under any other applicable laws.
- C. The Grantee certifies by entering into this Grant that neither it nor its principal(s) is presently in arrears in payment of taxes, permit fees or other statutory, regulatory or judicially required payments to the State. The Grantee agrees that any payments currently due to the State may be withheld from payments due to the Grantee. Additionally, further work or payments may be withheld, delayed, or denied and/or this Grant suspended until the Grantee is current in its payments and has submitted proof of such payment to the State.
- D. The Grantee warrants that it has no current, pending or outstanding criminal, civil, or enforcement actions initiated by the State, and agrees that it will immediately notify the State of any such actions. During the term of such actions, the Grantee agrees that the State may delay, withhold, or deny work under any supplement, amendment, change order or other contractual device issued pursuant to this Grant.
- E. If a valid dispute exists as to the Grantee's liability or guilt in any action initiated by the State or its agencies, and the State decides to delay, withhold, or deny work to the Grantee, the Grantee may request that it be allowed to continue, or receive work, without delay. The Grantee must submit, in writing, a request for review to the Indiana Department of Administration (IDOA) following the procedures for disputes outlined herein. A determination by IDOA shall be binding on the parties. Any payments that the State may delay, withhold, deny, or apply under this section shall not be subject to penalty or interest, except as permitted by IC 5-17-5.
- F. The Grantee warrants that the Grantee and its subgrantees, if any, shall obtain and maintain all required permits, licenses, registrations, and approvals, and shall comply with all health, safety, and environmental statutes, rules, or regulations in the performance of work activities for the State. Failure to do so may be deemed a material breach of this Grant and grounds for immediate termination and denial of further work with the State.
- G. The Grantee affirms that, if it is an entity described in IC Title 23, it is properly registered and owes no outstanding reports to the Indiana Secretary of State.
- H. As required by IC 5-22-3-7:
- (1) The Grantee and any principals of the Grantee certify that:
    - (A) the Grantee, except for de minimis and nonsystematic violations, has not violated the terms of:
      - (i) IC 24-4.7 [Telephone Solicitation Of Consumers];
      - (ii) IC 24-5-12 [Telephone Solicitations]; or
      - (iii) IC 24-5-14 [Regulation of Automatic Dialing Machines];in the previous three hundred sixty-five (365) days, even if IC 24-4.7 is preempted by federal law; and

- (B) the Grantee will not violate the terms of IC 24-4.7 for the duration of the Grant, even if IC 24-4.7 is preempted by federal law.
- (2) The Grantee and any principals of the Grantee certify that an affiliate or principal of the Grantee and any agent acting on behalf of the Grantee or on behalf of an affiliate or principal of the Grantee
  - (A) except for de minimis and nonsystematic violations, has not violated the terms of IC 24-4.7 in the previous three hundred sixty-five (365) days, even if IC 24-4.7 is preempted by federal law; and
  - (B) will not violate the terms of IC 24-4.7 for the duration of the Grant, even if IC 24-4.7 is preempted by federal law.

#### 11. Drug-Free Workplace Certification

The Grantee hereby covenants and agrees to make a good faith effort to provide and maintain a drug-free workplace. Grantee will give written notice to the State within ten (10) days after receiving actual notice that the Grantee, or an employee of the Grantee in the State of Indiana has been convicted of a criminal drug violation occurring in the workplace. False certification or violation of the certification may result in sanctions including, but not limited to, suspension of grant payments, termination of the Grant and/or debarment of grant opportunities with the State of Indiana for up to three (3) years.

In addition to the provisions of the above paragraphs, if the total Grant amount set forth in this Grant Agreement is in excess of \$25,000.00, Grantee hereby further agrees that this Grant Agreement is expressly subject to the terms, conditions and representations of the following Certification:

This certification is required by Executive Order No. 90-5, April 12, 1990, issued by the Governor of Indiana. Pursuant to its delegated authority, the Indiana Department of Administration is requiring the inclusion of this certification in all grants with and grants from the State of Indiana in excess of \$25,000.00. No award of a grant shall be made, and no grant, purchase order or agreement, the total amount of which exceeds \$25,000.00, shall be valid, unless and until this certification has been fully executed by the Grantee and made a part of the Grant Agreement as part of the Grant documents.

The Grantee certifies and agrees that it will provide a drug-free workplace by:

- A. Publishing and providing to all of its employees a statement notifying them employees that the unlawful manufacture, distribution, dispensing, possession or use of a controlled substance is prohibited in the Grantee's workplace and specifying the actions that will be taken against employees for violations of such prohibition; and
- B. Establishing a drug-free awareness program to inform its employees of (1) the dangers of drug abuse in the workplace; (2) the Grantee's policy of maintaining a drug-free workplace; (3) any available drug counseling, rehabilitation, and employee assistance programs; and (4) the penalties that may be imposed upon an employee for drug abuse violations occurring in the workplace; and
- C. Notifying all employees in the statement required by subparagraph (A) above that as a condition of continued employment the employee will (1) abide by the terms of the statement; and (2) notify the Grantee of any criminal drug statute conviction for a violation occurring in the workplace no later than five (5) days after such conviction; and

- D. Notifying in writing the State within ten (10) days after receiving notice from an employee under subdivision (C)(2) above, or otherwise receiving actual notice of such conviction; and
- E. Within thirty (30) days after receiving notice under subdivision (C)(2) above of a conviction, imposing the following sanctions or remedial measures on any employee who is convicted of drug abuse violations occurring in the workplace: (1) take appropriate personnel action against the employee, up to and including termination; or (2) require such employee to satisfactorily participate in a drug abuse assistance or rehabilitation program approved for such purposes by a Federal, State or local health, law enforcement, or other appropriate agency; and
- F. Making a good faith effort to maintain a drug-free workplace through the implementation of subparagraphs (A) through (E) above.

## **12. Funding Cancellation**

When the Director of the State Budget Agency (SBA) makes a written determination that funds are not appropriated or otherwise available to support continuation of performance of this Grant Agreement, it shall be canceled. A determination by the Director of the SBA that funds are not appropriated or otherwise available to support continuation of performance shall be final and conclusive.

## **13. Information Technology Accessibility Standards**

Any information technology related products or services purchased, used or maintained through this Grant must be compatible with the principles and goals contained in the Electronic and Information Technology Accessibility Standards adopted by the Architectural and Transportation Barriers Compliance Board under Section 508 of the federal Rehabilitation Act of 1973 (29 U.S.C. 794d), as amended. The federal Electronic and Information Technology Accessibility Standards can be found at: <http://www.access-board.gov/508.htm>.

## **14. Nondiscrimination**

Pursuant to the Indiana Civil Rights Law, specifically including IC 22-9-1-10, and in keeping with the purposes of the federal Civil Rights Act of 1964, the Age Discrimination in Employment Act, and the Americans with Disabilities Act, the Grantee covenants that it shall not discriminate against any employee or applicant for employment relating to this Grant with respect to the hire, tenure, terms, conditions or privileges of employment or any matter directly or indirectly related to employment, because of the employee or applicant's: race, color, national origin, religion, sex, age, disability, ancestry, status as a veteran, or any other characteristic protected by federal, state, or local law ("Protected Characteristics"). Furthermore, Grantee certifies compliance with applicable federal laws, regulations, and executive orders prohibiting discrimination based on the Protected Characteristics in the provision of services.

The Grantee understands that the State is a recipient of federal funds, and therefore, where applicable, Grantee and any subgrantees agree to comply with requisite affirmative action requirements, including reporting, pursuant to 41 CFR Chapter 60, as amended, and Section 202 of Executive Order 11246.

**15. Notice to Parties**

Whenever any notice, statement or other communication is required under this Grant, it shall be sent to the following addresses, unless otherwise specifically advised.

A. Notices to the State shall be sent to:

Indiana State Department of Health  
ATTN: Contract and Audit Section  
2 North Meridian Street, Section 2-C  
Indianapolis, IN 46204

B. Notices to the Grantee shall be sent to:

Planned Parenthood of Indiana, Inc.  
ATTN: Liz Carroll  
Vice President Patient Services  
200 South Meridian Street  
#400  
Indianapolis, IN 46202

C. As required by IC 4-13-2-14.8, payments to the Grantee shall be made via electronic funds transfer in accordance with instructions filed by the Grantee with the Indiana Auditor of State.

**16. Order of Precedence**

Any inconsistency or ambiguity in this Grant Agreement shall be resolved by giving precedence in the following order: (A) Grant Agreement, (B) Attachment(s) prepared by the State, and (C) Grantee's Grant Application. All attachments, and all documents referred to in this paragraph are hereby incorporated fully by reference.

**17. Renewal**

This Grant Agreement may be renewed under the same terms and conditions subject to the approval of the Commissioner of the Department of Administration and the State Budget Director in compliance with IC 5-22-17-4. The term of the renewed Grant Agreement may not be longer than the term of the original Grant Agreement.

**18. Termination for Convenience**

This Grant Agreement may be terminated, in whole or in part, by the State whenever, for any reason, the State determines that such termination is in the best interest of the State. Termination shall be effected by delivery to the Grantee of a Termination Notice, specifying the extent to which such termination becomes effective. The Grantee shall be compensated for completion of the Project properly done prior to the effective date of termination. The State will not be liable for work on the Project performed after the effective date of termination. In no case shall total payment made to the Grantee exceed the original grant.

### **19. Access To Records**

The Grantee and its subgrantees shall maintain all books, documents, papers, accounting records, and other evidence (Records) pertaining to all costs incurred under this Grant Agreement for inspection by the State or its authorized representatives. Copies of the Records shall be furnished at no cost to the State if requested. The Grantee and its subgrantees shall make all Records available at their respective offices at all reasonable times during the Grant Agreement period and for three (3) years from the date of final payment under the Grant Agreement or longer if an audit has been completed and all audit exceptions have not been cleared by the State.

### **20. Additional Payment Terms**

- A. The State disburses grant funds on a cost reimbursement basis. Actual expenditures of authorized costs will be reimbursed monthly by the State upon receipt of duly executed invoices from the Grantee. Invoices are due by the 20th day after the end of each month.
- B. All accounts will be closed sixty (60) days after the Expiration Date of this Grant Agreement. Any invoice submitted after sixty (60) days will not be reimbursed by the State.
- C. No expenses for travel will be reimbursed unless specifically permitted under the scope of services or consideration provisions. Expenditures made by the Grantee for travel will be reimbursed at the current rate paid by the State and in accordance with the State Travel Policies and Procedures as specified in the current Financial Management Circular. Out-of-state travel requests must be reviewed by the State for availability of funds and for appropriateness per Circular guidelines.

### **21. Amendments**

No alteration or variation of the terms of this Grant Agreement shall be valid unless made in writing and signed by the parties hereto. No oral understanding or agreement not incorporated herein shall be binding on any of the parties hereto. Any alterations or amendments, except a change between budget categories which requires the prior written consent of a duly authorized representative of the State, shall be subject to the contract approval procedure of the State.

### **22. Authority To Bind**

The signatory for the Grantee represents that he/she has been duly authorized to execute this Grant Agreement on behalf of the Grantee and has obtained all necessary or applicable approvals to make this Grant Agreement fully binding upon the Grantee when his/her signature is affixed, and accepted by the State.

### **23. Confidentiality Of State Information**

The Grantee understands and agrees that data, materials, and information disclosed to the Grantee may contain confidential and protected information. The Grantee covenants that data, material and information gathered, based upon or disclosed to the Grantee for the purpose of this Grant Agreement, will not be disclosed to or discussed with third parties without the prior written consent of the State.

The parties acknowledge that the services to be performed by Grantee for the State under this Grant Agreement may require or allow access to data, materials, and information containing Social Security numbers or other personal information maintained by the State in its computer system or other records. In addition to the covenant made above in this section and pursuant to 10 IAC 5-3-1(4), the Grantee and the State agree to comply with the provisions of IC 4-1-10 and IC 4-1-11. If any Social Security number(s) or personal information (as defined in IC 4-1-11-3) is/are disclosed by Grantee, Grantee agrees to pay the cost of the notice of disclosure of a breach of the security of the system in addition to any other claims and expenses for which it is liable under the terms of this Grant Agreement.

#### 24. Disputes

- A. Should any disputes arise with respect to this Grant Agreement, the Grantee and the State agree to act immediately to resolve such disputes. Time is of the essence in the resolution of disputes.
- B. The Grantee agrees that, the existence of a dispute notwithstanding, it will continue without delay to carry out all of its responsibilities under this Grant Agreement that are not affected by the dispute. Should the Grantee fail to continue to perform its responsibilities regarding all non-disputed work, without delay, any additional costs incurred by the State or the Grantee as a result of such failure to proceed shall be borne by the Grantee.
- C. If a party to the Grant Agreement is not satisfied with the progress toward resolving a dispute, the party must notify in writing the other party of this dissatisfaction. Upon written notice, the parties have ten (10) working days, unless the parties mutually agree to extend this period, following the notification to resolve the dispute. If the dispute is not resolved within ten (10) working days, a dissatisfied party will submit the dispute in writing according to the following procedure:
  1. The parties agree to resolve such matters through submission in writing of their dispute to the Commissioner of the Indiana Department of Administration. The Commissioner shall reduce a decision to writing and mail or otherwise furnish a copy thereof to the Grantee and the State within ten (10) working days after presentation of such dispute for action. The presentation may include a period of negotiations, clarifications, and mediation sessions and will not terminate until the Commissioner or one of the parties concludes that the presentation period is over. The Commissioner's decision shall be final and conclusive unless either party mails or otherwise furnishes to the Commissioner, within ten (10) working days after receipt of the Commissioner's decision, a written appeal. Within ten (10) working days of receipt by the Commissioner of a written request for appeal, the decision may be reconsidered. If no reconsideration is provided within ten (10) working days, the parties may mutually agree to submit the dispute to arbitration or mediation for a determination. If a party is not satisfied with the Commissioner's ultimate decision, the dissatisfied party may submit the dispute to an Indiana court of competent jurisdiction.
  2. The State may withhold payments on disputed items pending resolution of the dispute. The unintentional nonpayment by the State to the Grantee of one or more invoices not in dispute in accordance with the terms of this Grant Agreement will not be cause for Grantee to terminate this Grant Agreement, and the Grantee may bring suit to collect these amounts without following the disputes procedure contained herein.

**25. Federal Funding Information and Compliance**

- |   |  |
|---|--|
| a) C.F.D.A. Title – Preventive Health Services – Sexually Transmitted Diseases Control Grants | d) Award No. <u>5H25PS504340-17</u>  |
| b) C.F.D.A No. 93.997   | e) Award Year – 01/01/10 through 12/31/10  |
| c) Award Name - Comprehensive Sexually Transmitted Disease Prevention Systems                 | f) Federal Agency – Department of Health & Human Services, Public Health Service, Centers for Disease Control & Prevention |

In grants funded by the United States Department of Health and Human Services, the Grantee agrees to comply with the provisions of the Code of Federal Regulations (CFR) Title 45 Parts 74, 92, and 96, where applicable.

**26. Federal Funds Disclosure**

Any of the Grantee's statements, press releases, requests for proposals, bid solicitations, and other documents describing projects or programs supported in whole or in part by grant funds must state a) the percentage of the total costs of the program or project with federal financing; b) the amount of federal funds for the project or program; and c) the percentage and dollar amount of the total costs of the project or program financed by nongovernmental sources. "Nongovernmental sources" means sources other than state and local governments and federally recognized Indian tribes.

**27. Federal Lobbying Requirements**

- A. The Grantee certifies that to the best of its knowledge and belief that no federal appropriated funds have been paid or will be paid, by or on behalf of the Grantee, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any federal contract, the making of any federal grant, the making of any federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any federal contract, grant, loan or cooperative agreement.
- B. If any funds other than federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this federal Grant Agreement, contract, loan, or cooperative agreement, the Grantee shall complete and submit "Disclosure Form to Report Lobbying" in accordance with its instructions.
- C. The Grantee shall require that the language of subparagraphs a) and b) be included in the language of all subgrants and that all subgrantees shall certify and disclose accordingly.

**28. Governing Laws**

This Grant Agreement shall be construed in accordance with and governed by the laws of the State of Indiana and suit, if any, must be brought in the State of Indiana.

### **29. Indemnification**

The Grantee agrees to indemnify, defend, and hold harmless the State, its agents, officials, and employees from all claims and suits including court costs, attorney's fees, and other expenses caused by any act or omission of the Grantee and/or its subgrantees, if any, in the performance of this Grant Agreement. The State shall not provide such indemnification to the Grantee.

### **30. Independent Contractor**

Both parties hereto, in the performance of this Grant Agreement, shall act in an individual capacity and not as agents, employees, partners, joint venturers or associates of one another. The employees or agents of one party shall not be deemed or construed to be the employees or agents of the other party for any purposes whatsoever. Neither party will assume liability for any injury (including death) to any persons, or damage to any property, arising out of the acts or omissions of the agents, employees or subgrantees of the other party.

The Grantee shall be responsible for providing all necessary unemployment and workers' compensation insurance for the Grantee's employees.

### **31. Licensing Standards**

The Grantee, its employees and subgrantees shall comply with all applicable licensing standards, certification standards, accrediting standards and any other laws, rules or regulations governing services to be provided by the Grantee pursuant to this Grant Agreement. The State will not pay the Grantee for any services performed when the Grantee, its employees or subgrantees are not in compliance with such applicable standards, laws, rules or regulations. If any license, certification or accreditation expires or is revoked, or any disciplinary action is taken against an applicable license, certification or accreditation, the Grantee shall notify the State immediately and the State, at its option, may immediately terminate this Grant Agreement.

### **32. Ownership of Documents and Materials**

All documents, records, programs, data, film, tape, articles, memoranda, and other materials not developed or licensed by the Grantee prior to execution of this Grant Agreement, but specifically developed under this Grant Agreement shall be considered "work for hire" and the Grantee transfers any ownership claim to the State and all such materials will be the property of the State. Use of these materials, other than related to Grant Agreement performance by the Grantee, without the prior written consent of the State, is prohibited. During the performance of this Grant Agreement, the Grantee shall be responsible for any loss of or damage to these materials developed for or supplied by the State and used to develop or assist in the services provided while the materials are in the possession of the Grantee. Any loss or damage thereto shall be restored at the Grantee's expense. The Grantee shall provide the State full, immediate, and unrestricted access to the work product during the term of this Grant Agreement.

### **33. Penalties/Interest/Attorney's Fees**

The State will in good faith perform its required obligations hereunder and does not agree to pay any penalties, liquidated damages, interest or attorney's fees, except as permitted by Indiana law, in part, IC 5-17-5, IC 34-54-8, and IC 34-13-1.

Notwithstanding the provisions contained in IC 5-17-5, any liability resulting from the State's failure to make prompt payment shall be based solely on the amount of funding originating from the State and shall not be based on funding from federal or other sources.

#### **34. Progress Reports**

- A. The Grantee shall submit progress reports to the State upon request, unless specified otherwise in Attachment A. The progress reports shall serve the purpose of assuring the State that work is progressing in line with the schedule and that completion can be reasonably assured on the scheduled date.
- B. The failure to provide progress reports as requested by the State is considered a material breach of the Grant Agreement and shall entitle the State to impose sanctions against the Grantee. Sanctions may include, but are not limited to, suspension of all Grant Agreement payments, and/or suspension of the Grantee's participation in State contract programs until such time as all material breaches are cured to the State's satisfaction. Sanctions may also include repayment of all State funds expended for activities that are not in the scope of this project as set forth in Attachment A of this Grant Agreement.

#### **35. Remedies Not Impaired**

No delay or omission of either party in exercising any right or remedy available under this Grant Agreement shall impair any such right or remedy, or constitute a waiver of any default, or any acquiescence thereto.

#### **36. Security and Privacy of Health Information**

If any final regulation or body of regulations relating to the administrative simplification provisions of the Health Insurance Portability and Accountability Act of 1996 ("Final HIPAA Regulations"), or any amendment or judicial or administrative interpretation of the Final HIPAA Regulations, prohibits, restricts, limits or materially and adversely affects either party's rights or obligations hereunder, the parties shall negotiate, in good faith, reasonable revisions to this Grant Agreement.

The purpose of the negotiations shall be to revise the Grant Agreement so that the affected party can act in accordance with such Final HIPAA Regulations, or amendment or judicial or administrative interpretation thereof, and avoid or mitigate such prohibition, restriction, limitation or material and adverse effect.

If the parties fail to agree to such revisions within forty-five (45) days after written notice from the affected party requesting negotiations under this paragraph, this Grant Agreement shall terminate. If so terminated the Grantee shall return or destroy all protected health information received from, created or received by the Grantee on behalf of the State. The Grantee shall retain no copies of such information in any form if feasible. If not feasible, the Grantee bears the responsibility of ensuring that the protected health information is maintained in a secure and confidential manner.

**37. Severability**

The invalidity of any section, subsection, clause or provision of this Grant Agreement shall not affect the validity of the remaining sections, subsections, clauses or provisions of this Grant Agreement.

**38. Taxes**

The State is exempt from most state and local taxes and many federal taxes. The State will not be responsible for any taxes levied on the Grantee as a result of this Grant Agreement.

**39. Waiver of Rights**

No right conferred on either party under this Grant Agreement shall be deemed waived, and no breach of this Grant Agreement excused, unless such waiver is in writing and signed by the party claimed to have waived such right. Neither the State's review, approval or acceptance of, nor payment for, the services required under this Grant Agreement shall be construed to operate as a waiver of any rights under this Grant Agreement or of any cause of action arising out of the performance of this Grant Agreement, and the Grantee shall be and remain liable to the State in accordance with applicable law for all damages to the State caused by the Grantee's negligent performance of any of the services furnished under this Grant Agreement.

**40. State Boilerplate Affirmation Clause**

I swear or affirm under the penalties of perjury that I have not altered, modified or changed the State's Boilerplate contract clauses (as defined in the 2009 OAG/IDOA *Professional Services Contract Manual*) in any way except for the following clauses which are named below:

Access to Records  
Audits and Maintenance of Records  
Order of Precedence  
Progress Reports  
Security and Privacy of Health Information

**Non-Collusion and Acceptance**

The undersigned attests, subject to the penalties for perjury, that he/she is the Grantee, or that he/she is the properly authorized representative, agent, member or officer of the Grantee, that he/she has not, nor has any other member, employee, representative, agent or officer of the Grantee, directly or indirectly, to the best of the undersigned's knowledge, entered into or offered to enter into any combination, collusion or agreement to receive or pay, and that he/she has not received or paid, any sum of money or other consideration for the execution of this Grant other than that which appears upon the face of this Grant.

**THE REMAINDER OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK.**

In Witness Whereof, Grantee and the State have, through their duly authorized representatives, entered into this Grant. The parties, having read and understood the foregoing terms of this Grant, do by their respective signatures dated below hereby agree to the terms thereof.

Accepted By:

*Suzannah Wilson Overholt*  
~~LIZ CARROLL~~ *Suzannah Wilson Overholt*  
VICE PRESIDENT PATIENT SERVICES Finance & Admin.  
PLANNED PARENTHOOD OF INDIANA, INC.

DATE: 12/17/09

Certification of Funds:

*Allen L. Collier*  
ALLEN L. COLLIER  
DIRECTOR OF FINANCE  
DIVISION OF FINANCE  
OPERATIONAL SERVICES COMMISSION  
INDIANA STATE DEPARTMENT OF HEALTH

DATE: 12/22/09

Recommended and Approved By:

*Michael R. Kistler*  
MICHAEL R. KISTLER  
CHIEF FINANCIAL OFFICER  
OPERATIONAL SERVICES COMMISSION  
INDIANA STATE DEPARTMENT OF HEALTH

DATE: 12-22-09

Approved:

*Mark W. Everson* *for*  
MARK W. EVERSON, COMMISSIONER  
DEPARTMENT OF ADMINISTRATION  
STATE OF INDIANA

DATE: 1.6.10

Approved:

*Christopher A. Ruhl* *(for)*  
CHRISTOPHER A. RUHL, DIRECTOR  
OFFICE OF MANAGEMENT and BUDGET  
STATE OF INDIANA

DATE: 1/8/10

Approved as to Form and Legality:

*Gregory F. Zoeller* *for*  
GREGORY F. ZOELLER  
ATTORNEY GENERAL OF INDIANA

DATE: 11 Jan 10

Attachment A

Planned Parenthood of Indiana, Inc.

Amount Awarded

100,000.00

<b>EXPENSE</b>	<b>COST</b>
Salary	\$65,000.00
Fringe	14,736
Supplies	1,400
Travel	9,000
Rent/Utilities	6,864
Other	3,000
<b>Total Expense</b>	<b>\$100,000</b>

1. No changes or additions to these terms may be made unless the Indiana State Department of Health (hereinafter State) Sexually Transmitted Disease (hereinafter STD) Program Director is consulted and an amendment of the Grant Agreement is executed.
2. In collaboration with the State STD Program Director, the grantee will establish objectives and set goals that are commensurate with the State and federal STD cooperative agreement objectives.
3. Grantee will be required to implement Disease Intervention Specialist (hereinafter DIS) services and Partner Services (hereinafter PS) in accordance with program standards and policy guidelines established by the ISDH and applicable state and federal statutes.
4. Grantee will integrate services for Chlamydia, gonorrhea, HIV and syphilis infections at the client level.
5. Grantees offering a full-time STD clinic will restrict DIS clinic activity to interviewing clients infected with Chlamydia, gonorrhea, HIV and syphilis only.
6. Grantees offering a full-time STD clinic will have DIS interview 100% of all clinic patients diagnosed with Chlamydia, gonorrhea, HIV and syphilis.
7. Grantee will implement partner services immediately upon receipt of notification of diagnosis.
8. Grantee will provide partner services to all newly diagnosed and assigned persons testing positive for HIV and perform any other duties for HIV positive persons assigned by the ISDH Division of HIV, STD, Viral Hepatitis, including but not limited to, asking the 4

Incidence TTH questions during their interview on an HIV positive person residing in the following counties: Blackford, Decatur, Deleware, Fayette, Franklin, Grant, Henry, Howard, Madison, Randolph, Rush, Tipton, Union, Wayne (hereinafter District 6).

9. DIS funded under this agreement will return all DIS follow-up forms generated by the HIV and STD surveillance program immediately upon closing out the assigned case to the ISDH Division of HIV, STD, and Viral Hepatitis.
10. DIS funded under this contract have 90% of identified sex and needle sharing partners to HIV examined within 7 days of assignment.
11. Grantee will link persons identified as infected with HIV to medical and prevention services in District 6.
12. Grantee will provide partner services to all newly diagnosed and assigned persons testing positive for early syphilis in District 6.
13. Grantee will provide Partner Services to a minimum of 25% of all newly diagnosed Chlamydia and gonorrhea cases in their District6, including those diagnosed in the private sector, unless otherwise negotiated with the State STD Program.
14. DIS funded under this contract will perform a minimum of 300 client interviews for Chlamydia, gonorrhea, HIV and syphilis morbidity in District 6 annually.
15. DIS funded under this contract will have 90% of identified partners to Chlamydia examined within 7 days of assignment.
16. DIS funded under this contract will have 90% of identified sex partners to gonorrhea examined within 7 days of assignment.
17. DIS funded under this contract have 90% of identified sex partners to syphilis examined within 7 days of assignment.
18. Grantee will collaborate with internal and external partners involved in all aspects of partner services, including ensuring that partner services throughout the prevention and care continuum are available for all persons infected with HIV.
19. The grantee will assure that all client interviews are correctly entered into SWIMMS no later than 15 days after the original interview.
20. Grantee will report all required information, including weekly District 6 morbidity, monthly data, quarterly performance benchmarks, and an annual evaluation to the ISDH through the SWIMSS and EvaluationWeb© system.
21. Grantee agrees to maintain client records in a secure and confidential manner. Computer systems containing client information must be protected with multiple passwords. Office

equipment that is used for storing confidential materials must be locked when not in use. Providers must adopt and adhere to written policies and procedures which specify that client information is considered confidential, privileged information. The provider must possess a written policy which limits access to client records to only designated clinic staff. Release of information to entities other than those noted herein must be preceded by the written consent of the client or legal representative, except as demanded under state statutes. These policies and procedures must include provisions for discipline should violations occur.

22. Grantee agrees to input all data upon receipt of information from the District 6 office. Quarterly performance benchmarks must be reviewed on April 15<sup>th</sup>, July 15<sup>th</sup>, October 15<sup>th</sup>, and January 15<sup>th</sup>. The annual evaluation is due to the STD Program January 15<sup>th</sup>.
23. Grantee agrees to have Internet access and meet system requirements required by the Indiana Office of Technology and Compliance when accessing SWIMMS or EvaluationWeb© system.
24. Grantee agrees to submit all HIV materials (brochures, videos, promotional, etc.) used as educational materials to the HIV Program Review Panel for approval.
25. Grantee agrees that all DIS funded under this contract will satisfactorily complete the following trainings. Even with personnel changes within the funded entity, staff will maintain the appropriate training:
  - Basic HIV, STD, Viral Hepatitis, and TB Training as Recommended by CDCs Program Collaboration and Integration Services (PICS) initiative.
  - Annual Confidentiality Review Webinar
  - Indiana State Department of Health's HIV Prevention Counseling Certification Course based on the CDC's Fundamentals of HIV Prevention Counseling and Partner Services Course
  - CDC's STD training modules course
  - CDC's Introduction to STD Interviewing (ISTDI) and Advanced STD Interviewing (ASTDI) as needed.
  - Grantee's staff functioning as first line supervisors of DIS syphilis casework need to complete CDC's Principles of STD Supervision and STD Intervention for Supervisors courses.
  - Phlebotomy training for DIS is to be provided within three (3) months of the DIS hiring date.
22. The Grantee agrees that project personnel supported under this Grant Agreement shall attend and successfully complete the training programs required for this project in a time period specified by the State STD Program.
23. The State, through the STD Program Director, reserves the right to approve any person selected for a position supported by this Grant Agreement and to discontinue financial assistance in the event that the person fails to meet the professional standards established by the State STD Program which are hereby incorporated by reference. State approval

shall not be unreasonably withheld.

24. The Grantee will assure documented annual DIS visitation to CLIA approved laboratories in District 6 that perform syphilis test analysis by July 1 of each calendar year.
25. The Grantee, if providing STD clinical and laboratory services, will comply with the CDC Program Operations Guidelines (POG) for STD Prevention, as well as CDC's STD Treatment Guidelines.

**DECLARATION OF MICHAEL A. GARGANO**

I, Michael A. Gargano, affirm under penalties of perjury the following:

1. I am the duly appointed Secretary of the Indiana Family and Social Services Administration ("FSSA"), which encompasses, amongst other divisions, the Office of Medicaid Planning and Policy ("OMPP").

2. To my knowledge, there will be twenty-one (21) counties affected by the passage of House Bill 1210. In these counties, there are approximately eight hundred (800) Medicaid provider locations which are still eligible to provide Medicaid clients with health and family planning services.

3. The following chart lists the approximately eight hundred (800) Medicaid provider locations in each of the counties. These provider locations historically have billed medical codes associated with family planning services. The provider location specialty is one typically associated with providing family planning services (e.g., clinics, primary care physician, obstetrics/gynecology). The list depicts provider locations rather than individual providers, and encompasses both locations with multiple providers (e.g., group physician practice) as well as physicians who may practice at more than one location.

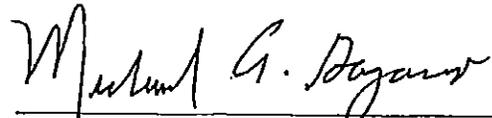
<u>County</u>	<u>Medicaid Provider Locations</u>
ALLEN	63
BARTHOLOMEW	10
DELAWARE	23
ELKHART	37
FLOYD	7
HENDRICKS	25
JACKSON	5
JEFFERSON	6
KOSCIUSKO	29
LAKE	118
LAPORTE	17
LAWRENCE	14

TRO  
EX. 2

MARION	192
MONROE	21
PORTER	22
ST. JOSEPH	71
SCOTT	11
TIPPECANOE	26
VANDEBURGH	38
VIGO	54
WAYNE	11
<hr/>	
Total	800

4. FSSA and OMPP have prepared for the implementation of House Bill 1210 by posting notices on indianamedicaid.com notifying providers and directing Medicaid recipients to call their health plans or call center with any questions or information regarding other providers that may provide family planning services. Medicaid recipients that call their health plans or the call center will be informed that the new legislation does not affect the services that are covered by Medicaid, but may affect where services can be received. Each of the providers that are no longer eligible to offer Medicaid services will be notified by mail of their termination.

Dated this 10<sup>th</sup> day of May, 2011.

  
\_\_\_\_\_  
Michael A. Gargano

IN THE  
UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF INDIANA  
INDIANAPOLIS, INDIANA

PLANNED PARENTHOOD OF INDIANA,	)	
INC., <i>et al.</i> ,	)	
	)	
Plaintiffs,	)	
	)	
v.	)	No. 1:11-cv-0630-TWP-TAB
	)	
COMMISSIONER OF THE INDIANA STATE	)	
DEPARTMENT OF HEALTH, <i>et al.</i> ,	)	
	)	
Defendants.	)	

**DECLARATION OF MARTIN J. BIRR, CPA, CMA, CIA**

I, Martin J. Birr, affirm under penalties of perjury the following:

1. I am an adult resident of the State of Indiana.
2. My *curriculum vitae* is attached as Exhibit A.

3. I have been the Trustee Lecturer in Accounting at the Kelley School of Business at Indiana University since 2004. From 2002 to 2004, I was the Senior Lecturer in Accounting for the Kelley School of Business at Indiana University. From 1988 to 2002, I was a Lecturer in Accounting for the Kelley School of Business at Indiana University. I teach classes on Advanced, Intermediate, and Beginning Financial, Cost, Governmental and Not-For-Profit Accounting.

4. I have been nominated as one of Indiana CPA Society's Outstanding Accounting Educators for the years of 1998 through 2001 as well as 2008 through 2010. I served on the Ethics Committee of the Indiana CPA society from 1998 through 2005, holding the position of Vice-Chairman from 2000 through 2002, and Chairman from 2002 through 2003.

5. I teach continuing education for the Indiana CPA Society and the American Institute of Certified Professional Accountants on governmental and not-for-profit accounting.

6. Prior to teaching at Indiana University, I worked as a Staff Accountant at Shipley, Mendez & Co., was the Controller for the National Institute for Health Enhancement, and was the Staff Auditor for the Midwest Commerce Banking Company.

7. Through my work as a lecturer and professional accountant, I am knowledgeable and familiar with audited general purpose financial statements as well as generally accepted accounting principles ("GAAP").

8. I am a Certified Professional Accountant, as well as a Certified Management Accountant and Certified Internal Auditor.

9. I have been asked to render my opinion as to whether it is possible that Planned Parenthood of Indiana's ("PPI") Medicaid and federal grant revenue subsidizes its abortion services.

10. A Medicaid subsidy for any service(s) function as an offset for required revenue for an entire organization when commingled with an organization's other funds.

11. Management, absent restrictions on revenue, has the ability to allocate and assign revenue as it deems appropriate.

12. I have read the audited general purpose financial statements submitted by PPI to the Indiana Family and Social Services Administration for the fiscal years 2009 and 2010. *See* Exhibits B and C.

13. The general purpose financial statements do not state that there are any restrictions on the use of Medicaid revenue, nor do they indicate that such funds are maintained in an account separate from other operational funds or revenues in excess of expenses to other activities.

14. From these general purpose financial statements, it is not possible to determine how PPI's federal grant and Medicaid revenue is allocated among the various services provided by PPI.

15. The general purpose financial statements do not provide information as to how Medicaid services revenue is generated.

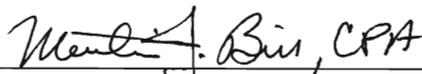
16. The general purpose financial statements do not provide information about specific costs of the services provided by PPI, nor the methods of allocation of the costs of services and administration.

17. Further, the general purpose financial statements do not provide a breakout of patient services, and thus there is no way to attribute costs to particular services provided by PPI, such as Medicaid services, or other services including abortion-related services.

18. The independent auditors report on compliance dated December 22, 2010 stated there are no material weaknesses in internal control over compliance and the schedule of findings and questioned costs related to Federal Awards indicated no questioned costs. The report did not provide separate or discrete information on testing or costs of Medicaid services.

19. From the information available in these general purpose financial statements, it is reasonable to infer that PPI commingles Medicaid revenues with other operational revenues, and that such amounts are used jointly to pay costs of the entire PPI operation, directly or indirectly including such items as overhead, human resources, facilities, and supplies, among many other costs. Based upon the limited information in the general purpose financial statements one could conclude that Medicaid revenues in effect subsidize PPI's abortion services indirectly.

Dated this 25<sup>th</sup> day of May, 2011

  
Martin J. Birr, CPA

# EXHIBIT A

**MARTIN J. BIRR**

7648 Windridge Way  
Brownsburg, Indiana 46112  
Email: mbirr@iupui.edu

**EDUCATION:**

INDIANA UNIVERSITY  
GRADUATE SCHOOL OF BUSINESS, Bloomington, Indiana  
**Masters of Business Administration - May 1987**  
**Majors in Corporate Finance and Management**  
MANCHESTER COLLEGE, North Manchester, Indiana  
**Bachelor of Science - May 1982**  
**Major in Accounting-Public**  
**PROFESSIONAL LICENSES**  
STATE OF INDIANA  
**Passed CPA Examination - May 1982**  
**CPA License #8801482 - January 1988**  
INSTITUTE OF MANAGEMENT ACCOUNTANTS  
**Passed CMA Examination - May 1991**  
**CMA License #10671 - December 1991**  
INSTITUTE OF INTERNAL AUDITORS  
**Passed CIA Examination - May 1992**  
**CIA License #019023 - May 1992**

**EXPERIENCE:**

**KELLEY SCHOOL OF BUSINESS, INDIANA UNIVERSITY**  
**Trustee Lecturer in Accounting** - 2004 - present  
**Senior Lecturer in Accounting** - 2002 - 2004  
**Lecturer in Accounting** - Indianapolis Campus - 1988 – 2002  
Provide undergraduate and graduate instruction in Advanced, Intermediate, and Beginning Financial, Cost, Governmental and Not-For-Profit Accounting. Responsibilities include design and implementation of in-class lectures, exams, personal instruction, career and academic counseling as well as related administrative duties. Began with the university on a part-time basis, assumed full-time responsibilities in January 1989.  
**Associate Instructor** - Bloomington Campus - 1985 - 1987  
Provided instruction in various levels of accounting including Intermediate Financial Accounting.  
**SELF EMPLOYMENT**  
**Certified Public Accountant** - Indianapolis, Indiana - 1/88 - present  
Perform consulting services dealing with tax, accounting, inventory, cash management services, business valuations and continuing professional education seminars.  
**SHIPLEY, MENDEZ & CO., P.C.**  
**Staff Accountant** - Indianapolis, Indiana - 1/90 - 11/94  
Performed compilation, review, and audit accounting services, as well as corporate and personal tax services to small businesses. Additional duties include review of staff workpapers, reports, tax research issues and business valuations.

**MARTIN J. BIRR**

Page 2

**COOPERS & LYBRAND**

**Associate Tax Accountant** - Indianapolis, Indiana - 1/89 - 7/89

Prepare corporate and personal tax returns on a part-time basis. Working approximately 35-40 hours per week during tax season.

**NATIONAL INSTITUTE FOR HEALTH ENHANCEMENT**

**Controller** - Indianapolis, Indiana - 7/87 - 1/88

For a private company providing health services including Applicant Screening, and Wellness programs for City of Indianapolis personnel, responsible for providing timely and accurate financial and managerial information to owners, creditors, and management. Managerial responsibilities include Cash Flow, Asset, Product, and Tax Analysis. Supervised one staff member.

**MIDWEST COMMERCE BANKING COMPANY**

**Staff Auditor** - Elkhart, Indiana - 11/82 - 8/85

Audited the various activities of the bank and reported audit findings to the designated level of management. Areas of specialty included Commercial Loan, Consumer Loan, Mortgage Loan, Leasing Corporation, and the Travel Division. Responsible in these areas during audits for the development of the Audit Program, Audit Field Work, Flow Charting of Systems, Management Reporting, and supervision of up to six individuals. Position also entailed heavy involvement with Controllers, Investments, and Holding Company audits.

**AWARDS & ACTIVITIES:**

American Institute of Certified Public Accountants

Indiana CPA Society;

Promotion of Accounting Education Committee 1993 - 1998

Accounting Essay Subcommittee

Outstanding Accounting Educator Subcommittee

Ethics Committee - 1998 - 2005

Chairman - 2002 - 2003

Vice-Chairman - 2000 - 2002

Nominations

Indiana CPA Society's Outstanding Accounting Educator -  
1998, 1999, 2000, 2001, 2008, 2009, 2010.

Continuing Professional Education Discussion Leader 2004 - present

Brownsburg Community School Corporation

Long Range Planning Task Force - 2005 - 2006

Near Term Planning Task Force - 2006

Institute of Management Accountants

Manchester College Alumni Association

Indiana Collegiate Officials Association

Missouri Valley Football Conference Officials Association

Who's Who in Finance and Industry

Indiana Business Magazine

Named one of Indiana's Super CPA's-2009

# EXHIBIT B

**PLANNED PARENTHOOD OF INDIANA, INC.**

**CONSOLIDATED FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITORS' REPORT**

**June 30, 2010 and 2009**

## PLANNED PARENTHOOD OF INDIANA, INC.

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*Independent Auditors' Report*

Board of Directors  
Planned Parenthood of Indiana, Inc.

We have audited the accompanying consolidated statements of financial position of Planned Parenthood of Indiana, Inc. (an Indiana not-for-profit organization) as of June 30, 2010 and 2009, and the related consolidated statements of activities, functional expenses and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Agency's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of Planned Parenthood of Indiana, Inc. at June 30, 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2010, on our consideration of Planned Parenthood of Indiana, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. 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 considered in assessing the results of our audits.

Our audits were conducted for the purpose of forming an opinion on the basic consolidated financial statements of Planned Parenthood of Indiana, Inc. taken as a whole. The consolidating information on pages 20 and 21 is presented for purposes of additional analysis of the basic consolidated financial statements rather than to present the financial position and changes in net assets of the individual organizations. The accompanying schedule of expenditures of federal awards on page 24 is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic consolidated financial statements. The consolidating information and schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic consolidated financial statements taken as a whole.

*Katz, Sappan & Miller, LLP*

Indianapolis, Indiana  
December 22, 2010

**PLANNED PARENTHOOD OF INDIANA, INC.****CONSOLIDATED STATEMENTS OF FINANCIAL POSITION****June 30, 2010 and 2009****ASSETS**

	<b>2010</b>	<b>2009</b>
<b>CURRENT ASSETS</b>		
Cash and equivalents	\$ 4,364,911	\$ 3,092,490
Investments	1,561,652	1,954,687
Accounts receivable, net of allowance for uncollectible accounts of \$44,000 in 2010 and \$169,300 in 2009	243,213	286,155
Contributions receivable, net of allowance for uncollectible amounts of \$46,000 in 2010 and \$35,400 in 2009	157,580	268,047
Grant reimbursements receivable	512,739	575,621
Inventory	700,826	810,653
Prepaid insurance and other assets	208,765	171,341
<b>Total Current Assets</b>	<u>7,749,686</u>	<u>7,158,994</u>
<b>OTHER ASSETS</b>		
Long-term contributions receivable, net of allowance for uncollectible amounts of \$206,300 in 2010 and \$99,000 in 2009	216,431	360,128
Contribution receivable from charitable remainder trusts	200,796	262,148
Investments-Board designated and restricted	2,802,147	1,737,281
Notes receivable from related party	500,000	250,000
Beneficial interest in assets held by Planned Parenthood Federation of America, Inc.	72,102	183,895
Property and equipment, net	4,339,169	4,857,939
<b>Total Other Assets</b>	<u>8,130,645</u>	<u>7,651,391</u>
<b>TOTAL ASSETS</b>	<u>\$15,880,331</u>	<u>\$14,810,385</u>

**LIABILITIES AND NET ASSETS**

<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 590,670	\$ 668,135
Accrued payroll and expenses	444,964	618,358
Note payable-current portion		625
Self-insurance liability	101,771	70,176
<b>Total Current Liabilities</b>	<u>1,137,405</u>	<u>1,357,294</u>
<b>OTHER LIABILITIES</b>		
Remainder interest in life estate liability		63,489
<b>Total Other Liabilities</b>		<u>63,489</u>
<b>Total Liabilities</b>	<u>1,137,405</u>	<u>1,420,783</u>
<b>NET ASSETS</b>		
Unrestricted	11,148,255	9,085,744
Temporarily restricted	2,186,321	2,834,181
Permanently restricted	1,408,350	1,469,677
<b>Total Net Assets</b>	<u>14,742,926</u>	<u>13,389,602</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$15,880,331</u>	<u>\$14,810,385</u>

*See accompanying notes.*

**PLANNED PARENTHOOD OF INDIANA, INC.****CONSOLIDATED STATEMENTS OF ACTIVITIES**  
**Years Ended June 30, 2010 and 2009**

	<b>2010</b>			<b>Total</b>
	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Permanently Restricted</b>	
<b>REVENUE, GAINS AND OTHER SUPPORT</b>				
Contributions	\$ 2,394,377	\$ 248,640	\$ (61,327)	\$ 2,581,690
United Way contributions	91,583			91,583
Government grants, including Title XX fees	1,972,317			1,972,317
Patient fees and donations	9,632,051			9,632,051
Medicaid fees	1,393,777			1,393,777
Net investment income (loss)	412,411	270,894		683,305
Rental income	45,016			45,016
In-kind contributions	449,166			449,166
Other	(7,946)			(7,946)
Total	<u>16,382,752</u>	<u>519,534</u>	<u>(61,327)</u>	<u>16,840,959</u>
Net assets released from restrictions	1,167,394	(1,167,394)		
Total Revenue, Gains and Other Support	<u>17,550,146</u>	<u>(647,860)</u>	<u>(61,327)</u>	<u>16,840,959</u>
<b>EXPENSES</b>				
Program services	12,907,931			12,907,931
Management and general	2,022,894			2,022,894
Fundraising	556,810			556,810
Total Expenses	<u>15,487,635</u>	<u>-</u>	<u>-</u>	<u>15,487,635</u>
<b>INCREASE (DECREASE) IN NET ASSETS</b>	2,062,511	(647,860)	(61,327)	1,353,324
<b>NET ASSETS</b>				
Beginning of Year	<u>9,085,744</u>	<u>2,834,181</u>	<u>1,469,677</u>	<u>13,389,602</u>
End of Year	<u>\$ 11,148,255</u>	<u>\$ 2,186,321</u>	<u>\$ 1,408,350</u>	<u>\$ 14,742,926</u>

*See accompanying notes.*

<b>2009</b>			
<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Permanently Restricted</b>	<b>Total</b>
\$ 1,516,250	\$ 437,951	\$ (120,540)	\$ 1,833,661
96,916			96,916
3,027,395			3,027,395
9,370,433			9,370,433
1,239,938			1,239,938
(424,490)	(309,101)		(733,591)
48,575			48,575
286,580			286,580
74,381			74,381
<u>15,235,978</u>	<u>128,850</u>	<u>(120,540)</u>	<u>15,244,288</u>
483,675	(483,675)		
<u>15,719,653</u>	<u>(354,825)</u>	<u>(120,540)</u>	<u>15,244,288</u>
14,220,764			14,220,764
1,857,517			1,857,517
484,171			484,171
<u>16,562,452</u>	<u>-</u>	<u>-</u>	<u>16,562,452</u>
(842,799)	(354,825)	(120,540)	(1,318,164)
<u>9,928,543</u>	<u>3,189,006</u>	<u>1,590,217</u>	<u>14,707,766</u>
<u>\$ 9,085,744</u>	<u>\$ 2,834,181</u>	<u>\$ 1,469,677</u>	<u>\$ 13,389,602</u>

**PLANNED PARENTHOOD OF INDIANA, INC.****CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES**  
**Years Ended June 30, 2010 and 2009**

	<b>Program Services</b>					
	<b>Patient Services</b>		<b>Education and Training</b>		<b>Public Policy</b>	
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
Salaries and wages	\$ 4,432,645	\$ 5,198,702	\$ 266,458	\$ 344,567	\$ 174,563	\$ 256,058
Employee benefits	944,900	1,095,836	56,799	74,875	39,066	56,574
Total	5,377,545	6,294,538	323,257	419,442	213,629	312,632
Occupancy	1,550,277	1,666,142	80,063	80,844	26,757	25,423
Professional fees and contracted services	72,651	93,822	12,453	14,820	22,199	16,003
Travel, conferences and meetings	68,417	165,941	8,492	18,270	7,215	11,070
Medical expenses	4,623,729	4,584,638				
Other	498,544	493,483	6,876	9,633	15,827	14,063
Dues payment to Planned Parenthood Federation of America, Inc.						
<b>TOTAL EXPENSES</b>	<b>\$ 12,191,163</b>	<b>\$ 13,298,564</b>	<b>\$ 431,141</b>	<b>\$ 543,009</b>	<b>\$ 285,627</b>	<b>\$ 379,191</b>

*See accompanying notes.*

<b>Management and General</b>				<b>Fundraising</b>		<b>Total</b>	
<b>Marketing</b>		<b>Other</b>		<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
\$ 128,038	\$ 127,000	\$ 631,935	\$ 507,572	\$ 197,201	\$ 248,280	\$ 5,830,840	\$ 6,682,179
27,338	26,292	136,925	111,656	41,353	51,314	1,246,381	1,416,547
155,376	153,292	768,860	619,228	238,554	299,594	7,077,221	8,098,726
18,570	18,815	374,457	394,234	54,580	53,440	2,104,704	2,238,898
1,541	88,527	143,407	101,276	50,870	14,280	303,121	328,728
773	259	9,804	18,616	7,004	10,291	101,705	224,447
287,349	212,701	61,015	63,371	205,802	106,566	4,623,729	4,584,638
		201,742	187,198			1,075,413	899,817
						201,742	187,198
<u>\$ 463,609</u>	<u>\$ 473,594</u>	<u>\$ 1,559,285</u>	<u>\$ 1,383,923</u>	<u>\$ 556,810</u>	<u>\$ 484,171</u>	<u>\$ 15,487,635</u>	<u>\$ 16,562,452</u>

**PLANNED PARENTHOOD OF INDIANA, INC.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**Years Ended June 30, 2010 and 2009**

	<b>2010</b>	<b>2009</b>
<b>OPERATING ACTIVITIES</b>		
Increase (decrease) in net assets	\$ 1,353,324	\$ (1,318,164)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:		
Depreciation and amortization	408,329	417,069
Loss on disposals of property and equipment	36,398	
Net realized and unrealized (gains) losses on investments	(528,268)	905,154
(Increase) decrease in certain assets:		
Accounts receivable	42,942	91,037
Contributions receivable	254,164	499,055
Grant reimbursements receivable	62,882	134,090
Inventory	109,827	37,401
Prepaid insurance and other assets	(37,424)	27,273
Beneficial interest in assets held by Planned Parenthood Federation of America, Inc.	111,793	(80,211)
Contribution receivable from charitable remainder trusts	61,352	121,040
Increase (decrease) in certain liabilities:		
Accounts payable	(77,465)	182,448
Accrued payroll and expenses	(173,394)	82,884
Self-insurance liability	31,595	36,691
Net Cash Provided by Operating Activities	<u>1,656,055</u>	<u>1,135,767</u>
<b>INVESTING ACTIVITIES</b>		
Increase in note receivable from related party	(250,000)	
Proceeds from sale of remainder estate	220,000	
Proceeds from sale of property and equipment	3,500	
Purchases of property and equipment	(212,946)	(252,417)
Purchases of investments	(2,239,999)	(1,050,813)
Sales and maturities of investments	2,096,436	1,498,158
Net Cash Provided (Used) by Investing Activities	<u>(383,009)</u>	<u>194,928</u>
<b>FINANCING ACTIVITIES</b>		
Payment of long-term debt	(625)	(5,876)
Net Cash (Used) by Financing Activities	<u>(625)</u>	<u>(5,876)</u>
<b>NET INCREASE IN CASH AND EQUIVALENTS</b>	1,272,421	1,324,819
<b>CASH AND EQUIVALENTS</b>		
Beginning of Year	<u>3,092,490</u>	<u>1,767,671</u>
End of Year	<u><u>\$4,364,911</u></u>	<u><u>\$ 3,092,490</u></u>
<b>SUPPLEMENTAL DISCLOSURES</b>		
Cash paid for interest		\$ 389

*See accompanying notes.*

**PLANNED PARENTHOOD OF INDIANA, INC.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**General:** The consolidated financial statements include the accounts of Planned Parenthood of Indiana, Inc. (Agency) and Planned Parenthood Advocates of Indiana, Inc. (Advocates), collectively referred to as the Agencies.

The Agency was established in 1932 and incorporated as a not-for-profit organization in December 1933, under the laws of the State of Indiana. The Agency is organized to promote and provide education, counseling and medical assistance in the area of reproductive health. The Agency operates various health centers in Indiana. Funding of the Agency's programs and activities comes from both private and public resources.

Advocates was incorporated as a not-for-profit organization under the laws of the State of Indiana in November 1995, and commenced operations in January 1996. The primary activities of Advocates are to encourage and protect individual choice regarding reproductive health care, advocate related public policies, and to foster and preserve a social and political climate favorable to the exercise of reproductive choice. Advocates formed a political action committee in July 2004.

**Basis of Accounting:** The Agencies prepare their financial statements using the accrual basis of accounting. Accrual accounting requires the recognition of revenues when they are earned and measurable in the accounting period when services are provided, and the recognition of expenses in the period in which they occur.

**Principles of Consolidation:** The Agencies coordinate their efforts in furtherance of the Agencies' goals through a related directorate and management. All material inter-organizational accounts and transactions have been eliminated from the consolidated financial statements.

**Estimates:** Management uses estimates and assumptions in preparing financial statements in conformity with accounting principles generally accepted in the United States. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities and the reported revenues and expenses. Actual results could vary from the estimates that were used.

**Income Taxes:** The Agency is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Also, Advocates is exempt from federal income taxes under Section 501(c)(4) of the Internal Revenue Code. Therefore, no provision or liability for income taxes has been included in the consolidated financial statements. In addition, the Agency has not been determined to be a private foundation with the meaning of Section 509(a) of the Internal Revenue Code. There was no unrelated business income for the years ended June 30, 2010 and 2009.

The Agencies file U.S. federal and state of Indiana information returns. The Agencies are no longer subject to U.S. federal and state tax examinations by tax authorities for years before 2007.

**Cash and Equivalents:** At times, balances in bank accounts may exceed federally insured limits. The Agencies have not experienced any losses from their bank accounts. For purposes of the consolidated statement of cash flows, the Agencies consider all highly liquid financial instruments, if any, purchased with an original maturity of three months or less to be cash equivalents.

**Inventory** consists of contraceptives and therapeutics and is stated at the lower of cost or market. Cost is determined on the first-in, first-out method. Inventory is expensed when dispensed to a patient.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Investment Valuation and Income Recognition:** Investments are stated at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note 2 for discussion of fair value measurements.

Interest income is recorded on the accrual basis, and dividends are recorded on the ex-dividend date. Purchases and sales of investments are recorded on the trade date. Gains and losses on the sale of investments are determined using the specific-identification method. Unrealized gains and losses of investments are included in the consolidated statements of activities.

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 and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in risks in the near term could materially affect the amounts reported in the consolidated financial statements.

**Accounts Receivable and Credit Policies:** Accounts receivable represent amounts billed or billable to insurers, the Medicaid program or patients for medical services provided, net of an allowance for uncollectible amounts.

The Agency establishes an allowance for uncollectible accounts receivable based on historical collection experience, economic conditions and management's evaluation of the collectability of outstanding balances. Management periodically reviews the status of delinquent accounts and writes off uncollectible accounts after reasonable collection efforts have been exhausted, including the use of a third party collection agency.

**Grant Reimbursements Receivable:** The Agency receives its grant support through periodic claims filed with the respective funding sources, not to exceed a limit specified in the funding agreement. Since the consolidated financial statements are prepared on the accrual basis, all earned portions of the grants not yet received as of June 30, 2010 and 2009, have been recorded as receivables.

**Property and Equipment** with a cost basis of \$1,000 or more are capitalized at cost, except for donated items, which are recorded at fair market value at the date of donation.

Depreciation is computed using the straight-line method over the assets' estimated useful lives as follows:

Furnishings and equipment	3-20 years
Buildings	39 years
Building improvements	3-39 years
Leasehold improvements	3-39 years

If program services as defined in the Agency's grant application are discontinued, disposition of fixed assets acquired with Federal or State funding is subject to guidelines as set forth by the Department of Health and Human Services.

**Beneficial Interest in Assets Held by Planned Parenthood Federation of America, Inc.:** Assets held by the Agency's national affiliate consist of annuities and other planned giving items for which the Agency is the beneficiary upon the death of the donor. These assets are recorded net of the liability for the future value of payments to donors. See Note 2.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Net Asset Classification:** The consolidated financial statements report the changes in each net asset class, based upon donor or grant restrictions, as applicable. Net assets are classified as unrestricted, temporarily restricted, and permanently restricted.

- **Unrestricted Net Assets** include general and board designated assets and liabilities of the Agencies. The unrestricted net assets of the Agencies may be used at the discretion of management to support the Agencies' purposes and operations.
- **Temporarily Restricted Net Assets** include assets of the Agency related to gifts with explicit donor-imposed restrictions that have not been met as to specified purpose, or to later periods of time or after specified dates.
- **Permanently Restricted Net Assets** include assets of the Agency for which the donor has stipulated that the contribution be maintained in perpetuity. Donor-imposed restrictions limiting the use of the assets or their economic benefit neither expire with the passage of time nor can be removed by satisfying a specific purpose.

**Functional Expenses:** Expenses are allocated directly or indirectly to various program and supporting services in the consolidated statement of functional expenses. Expenses that can be identified with a specific program or supporting service are allocated directly according to their natural classification. All remaining indirect costs are allocated using both statistical and non-statistical allocation methodologies.

**Patient Fees and Donations and Medicaid:** The Agency has agreements with third-party payers that provide for payments to the Agency in amounts different from its established rates. Payment arrangements include prospectively determined rates per reimbursed costs and discounted charges. Patient fees are reported at the estimated net realizable amounts from patients, third party payers, and others for services rendered.

**Support and Revenue:** The Agencies report gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidated statement of activities as net assets released from restrictions. If a restriction is fulfilled in the same time period in which the contribution is received, the Agencies report the support as unrestricted.

**Donated Property and Equipment:** The Agencies report gifts of land, buildings, and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations regarding how long those long-lived assets must be maintained, the Agencies report expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

**Government Grants:** Support funded by grants is recognized as the Agency performs the contracted services under grant agreements. Grant revenue is recognized as earned as the eligible expenses are incurred. Grant expenditures are subject to audit and acceptance by the granting agency and, as a result of such audit, adjustments could be required. There have been no such adjustments for the years ended June 30, 2010 and 2009.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***In-Kind Contributions:*** In addition to receiving cash contributions, the Agency receives in-kind contributions from various donors. It is the policy of the Agency to record the estimated fair value of certain in-kind contributions as revenue and as expense for programs or activities benefited. For the years ended June 30, 2010 and 2009, in-kind activity amounted to \$358,549 and \$286,580, respectively, related to expenses for laboratory fees, test kits, contraceptives, and auction items.

***Advertising Costs*** are expensed as incurred. Advertising expenses amounted to \$271,843 and \$185,352 for the years ended June 30, 2010 and 2009, respectively.

***Reclassifications:*** Certain amounts in the June 30, 2009 consolidated financial statements have been reclassified to conform to the June 30, 2010 presentation.

***Subsequent Events:*** The Agencies have evaluated the consolidated financial statements for subsequent events through December 22, 2010, the date the consolidated financial statements were available to be issued.

**NOTE 2 - FAIR VALUE MEASUREMENTS**

The Agency has categorized its assets and liabilities that are measured at fair value, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. If the inputs used to measure the assets and liabilities fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the assets and liabilities. Assets and liabilities are categorized based on the inputs to the valuation techniques as follows:

***Level 1*** – Assets or liabilities whose values are based on unadjusted quoted prices available in active markets for identical assets or liabilities.

***Level 2*** – Assets or liabilities whose values are based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the asset or liability.

***Level 3*** – Assets or liabilities whose values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. These inputs reflect management's own assumptions about the assumptions a market participant would use in pricing the asset or liability.

**NOTE 2 - FAIR VALUE MEASUREMENTS (CONTINUED)**

At June 30, 2010 and 2009, the fair value of the Agency's assets that are measured at fair value on a recurring basis were categorized as follows:

	<b>Level 1</b>	<b>Level 3</b>	<b>Total</b>
<b>2010:</b>			
Assets:			
Money market funds	\$ 850,009		\$ 850,009
Mutual funds	3,536,772		3,536,772
Fixed income government obligations	190,311		190,311
Fixed income corporate bonds	405,830		405,830
Equities	230,886		230,886
Contribution receivable from charitable remainder trusts		\$200,796	200,796
Beneficial interest in assets held by Planned Parenthood Federation of America, Inc. (PPFA)	<u>                    </u>	<u>72,102</u>	<u>72,102</u>
Total	<u>\$5,213,808</u>	<u>\$272,898</u>	<u>\$5,486,706</u>
<b>2009:</b>			
Assets:			
Money market funds	\$ 439,580		\$ 439,580
Mutual funds	354,074		354,074
Fixed income mutual funds	684,258		684,258
Fixed income government obligations	101,143		101,143
Fixed income corporate bonds	265,527		265,527
Equities	2,286,966		2,286,966
Contribution receivable from charitable remainder trusts		\$262,148	262,148
Beneficial interest in assets held by Planned Parenthood Federation of America, Inc. (PPFA)	<u>                    </u>	<u>183,895</u>	<u>183,895</u>
Total	<u>\$4,131,548</u>	<u>\$446,043</u>	<u>\$4,577,591</u>

The fair value of the mutual funds, fixed income mutual funds, fixed income government obligations, fixed income corporate bonds, equities, and money market funds were based on unadjusted market prices. The fair value of the contributions receivable from charitable remainder trusts represents the present value of the estimated future distributions expected to be received by the Agency at the end of the trusts' terms based on the reported fair market value of the underlying assets within each trust, estimated growth or decline within each trust over its term, the portion of each trust's remainder designated to the Agency, and a discount rate determined by the U.S. Treasury's long-term return rate. The fair value of the beneficial interest in assets held by PPFA was based on information provided by PPFA on the overall fair market value of the fund. There have been no changes in the methodologies used at June 30, 2010 and 2009.

**NOTE 2 - FAIR VALUE MEASUREMENTS (CONTINUED)**

Following is a summary of the changes in Level 3 assets that are measured at fair value on a recurring basis for the years ended June 30, 2010 and 2009:

	<b>Contribution Receivable from Charitable Remainder Trust</b>	<b>Beneficial Interest in Assets Held by PPFA</b>	<b>Total</b>
Balance at June 30, 2008	\$ 383,188	\$ 103,684	\$ 486,872
Additional gifts		127,452	127,452
Change in value	<u>(121,040)</u>	<u>(47,241)</u>	<u>(168,281)</u>
Balance at June 30, 2009	262,148	183,895	446,043
Distributed gifts		(127,452)	(127,452)
Change in value	<u>(61,352)</u>	<u>15,659</u>	<u>(45,693)</u>
Balance at June 30, 2010	<u>\$ 200,796</u>	<u>\$ 72,102</u>	<u>\$ 272,898</u>

**NOTE 3 - INVESTMENTS**

Investments at June 30, 2010 and 2009, are as follows:

	<b>2010</b>	<b>2009</b>
Mutual funds	\$3,536,772	\$ 354,074
Fixed income mutual funds		684,258
Fixed income government obligations	190,311	101,143
Fixed income corporate bonds	405,830	265,527
Equities	<u>230,886</u>	<u>2,286,966</u>
Total Investments	<u>\$4,363,799</u>	<u>\$3,691,968</u>

The following summarizes the investment return for the years ended June 30, 2010 and 2009.

	<b>2010</b>	<b>2009</b>
Dividends and interest	\$166,603	\$ 204,288
Net realized gains (losses) on investments	115,056	(444,324)
Net unrealized gains (losses) on investments	<u>413,212</u>	<u>(460,830)</u>
	694,871	(700,866)
Less: Administrative investment expense	<u>11,566</u>	<u>32,725</u>
Total Net Investment Income (Loss)	<u>\$683,305</u>	<u>\$(733,591)</u>

**NOTE 4 - ENDOWMENT**

The Agency's endowment consists of two individual funds, a general endowment fund for women's health and education and one for abortion patient grants. Its endowment includes both donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments. As required by accounting principles generally accepted in the United States (GAAP), net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions. During 2010, the Agency consolidated five of its individual funds into one permanently restricted endowment fund. In 2009, the Agency's endowment consisted of seven individual funds.

***Interpretation of Relevant Law***

The Board of Directors of the Agency has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Agency classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument 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 Agency in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Agency considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

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

**NOTE 4 - ENDOWMENT (CONTINUED)**

The endowment net asset composition by type of fund as of June 30, 2010 and 2009, was as follows:

	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Permanently Restricted</b>	<b>Total</b>
<b>2010</b>				
Donor-restricted endowment funds		\$ 342,859	\$1,207,554	\$1,550,413
Board-designated fund	<u>\$1,251,734</u>	<u>                    </u>	<u>                    </u>	<u>1,251,734</u>
	<u>\$1,251,734</u>	<u>\$ 342,859</u>	<u>\$1,207,554</u>	<u>\$2,802,147</u>
<b>2009</b>				
Donor-restricted endowment funds		\$ 182,836	\$1,207,529	\$1,390,365
Board-designated fund	<u>\$ 346,916</u>	<u>                    </u>	<u>                    </u>	<u>346,916</u>
	<u>\$ 346,916</u>	<u>\$ 182,836</u>	<u>\$1,207,529</u>	<u>\$1,737,281</u>

Activity in the endowment by net asset class for the years ended June 30, 2010 and 2009, is summarized as follows:

	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Permanently Restricted</b>	<b>Total</b>
Endowment at June 30, 2008	<u>\$ 434,110</u>	<u>\$ 444,696</u>	<u>\$1,207,029</u>	<u>\$2,085,835</u>
Investment return:				
Interest and dividends	13,340	58,216		71,556
Net depreciation (realized and unrealized)	(96,435)	(307,092)		(403,527)
Fees	<u>(4,099)</u>	<u>(12,984)</u>		<u>(17,083)</u>
Total investment return	(87,194)	(261,860)		(349,054)
New gifts	<u>                    </u>	<u>                    </u>	<u>500</u>	<u>500</u>
Endowment at June 30, 2009	<u>346,916</u>	<u>182,836</u>	<u>1,207,529</u>	<u>1,737,281</u>
Investment return:				
Interest and dividends	14,480	22,500		36,980
Net appreciation (realized and unrealized)	62,414	239,053		301,467
Fees	<u>(3,164)</u>	<u>(6,314)</u>		<u>(9,478)</u>
Total investment return	73,730	255,239		328,969
Appropriation of endowment assets for expenditure	(243,548)	(95,216)		(338,764)
Transfers to create board-designated endowments	1,074,636			1,074,636
New gifts	<u>                    </u>	<u>                    </u>	<u>25</u>	<u>25</u>
Endowment at June 30, 2010	<u>\$1,251,734</u>	<u>\$ 342,859</u>	<u>\$1,207,554</u>	<u>\$2,802,147</u>

#### **NOTE 4 ENDOWMENT (CONTINUED)**

##### ***Funds with Deficiencies***

From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the level that the donor or UPMIFA requires the Agency to retain as a fund of perpetual duration. In accordance with GAAP, deficiencies of this nature are reported in unrestricted net assets. At June 30, 2010 and 2009, the Agency had no deficiencies of this nature.

##### ***Return Objectives and Risk Parameters***

The Agency has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the organization must hold in perpetuity as well as board-designated funds. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of a balanced index, while assuming a moderate level of investment risk. The Agency expects its endowment funds, over time, to provide average rates of return over the inflation rate, as measured by the Consumer Price Index, based on investment type. In total, management plans to achieve a minimum long-term rate of return which exceeds the inflation rate by 5% per year. Actual returns in any given year may vary from this amount.

##### ***Strategies Employed for Achieving Objectives***

To satisfy its long-term rate-of-return objectives, the Agency relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Agency targets a diversified asset allocation of 45% equities, 40% fixed income, 5% asset allocation and 10% to real assets, with acceptable ranges for each in order to achieve its long-term return objectives within prudent risk constraints.

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

The Agency has a policy of appropriating for distribution each year 5 percent of its endowment fund's average fair value over the prior 12 quarters through the fiscal year-end preceding the fiscal year in which the distribution is planned. In establishing this policy, the Agency considered the long-term expected return on its endowment. Accordingly, over the long term, the Agency expects the current spending policy to allow its endowment to grow over time. This is consistent with the Agency's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

**NOTE 5 - SPLIT-INTEREST AGREEMENTS**

During 2005, a donor named the Agency as the beneficiary of the remainder interest of certain depreciable property. Under the terms of the split-interest agreement, the donor could continue to use the property over the trust's term, which was the donor's lifetime. At the end of the trust's term, the property was available for the Agency's use. The portion of the agreement attributable to the present value of the future benefits to be received by the Agency was recorded as a temporarily restricted contribution in the period the agreement was established. During 2010, the donor passed away and the trust was terminated. The related property was received by the agency and sold. The related property was reported on the Agency's statement of financial position at \$316,066 at June 30, 2009, which was the fair market value on the date of the agreement. On an annual basis, the Agency revalued the liability related to the donor's remaining use of the property based on actuarial assumptions. The estimated present value of the donor's remaining use of the property was \$63,489 at June 30, 2009, which was calculated using a discount rate of 4.8% and applicable mortality tables.

The Agency has also been informed that it has been named as a remainder beneficiary of two charitable remainder unitrusts. The trusts provide for the payment of distributions to a designated beneficiary over the trusts' term, which is the designated beneficiary's lifetime. At the end of the trusts' term, a portion of the remaining assets are available to the Agency to be added to the General Endowment Fund. The portion of the agreement attributable to the present value of the future benefits to be received by the Agency was recorded in the statement of activities as permanently restricted contributions in the year the remainder beneficiary designations became irrevocable. On an annual basis, the Agency revalues this asset based on actuarial assumptions. The present value of future benefits expected to be received by the Agency was estimated to be \$200,796 and \$262,148 at June 30, 2010 and 2009, respectively, which is reported as contributions receivable from charitable remainder trusts on the consolidated statement of financial position. This estimate was calculated using applicable mortality tables and a discount rate of 6.2% and 4.18% at June 30, 2010 and 2009, respectively. The revaluation of the asset resulted in an adjustment to permanently restricted contributions of \$(61,352) and \$(121,040) during the years ended June 30, 2010 and 2009, respectively.

**NOTE 6 - PROPERTY AND EQUIPMENT**

Property and equipment at June 30, 2010 and 2009, are as follows:

	<b>2010</b>	<b>2009</b>
Building and improvements	\$ 1,378,410	\$ 1,694,476
Furnishings and equipment	1,576,511	1,515,626
Leasehold improvements	4,122,525	4,106,195
Land	<u>305,946</u>	<u>305,946</u>
	7,383,392	7,622,243
Less: Accumulated depreciation	<u>(3,044,223)</u>	<u>(2,764,304)</u>
	<u>\$ 4,339,169</u>	<u>\$ 4,857,939</u>

**NOTE 7 - LEASES**

The Agency leases administrative offices, clinic facilities and equipment under long-term noncancellable operating lease arrangements. These leases expire at various dates through 2019. Rental expense for all leases was \$1,059,805 and \$1,109,560 for the years ended June 30, 2010 and 2009, respectively.

At June 30, 2010, the future minimum rental payments required by all long-term noncancellable operating leases are as follows:

<b>Payable In Year Ending June 30</b>	<b>Rental Payments</b>
2011	\$ 792,809
2012	662,845
2013	560,994
2014	487,927
2015	329,462
Thereafter	<u>360,830</u>
	<u>\$3,194,867</u>

**NOTE 8 - TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets were available for the following purposes or periods at June 30, 2010 and 2009:

	<b>2010</b>	<b>2009</b>
Endowment fund assets:		
Women's health and education (General Endowment Fund)	\$ 336,700	
Unrestricted programs (Sanger Fund)		\$ 80,652
Women's Health Fund (Gulden Women's Health Fund)		39,095
Women's Health Fund (Kay Asher Fund)		2,053
Women's Health Fund (Barbara Maves Fund)		28,230
Alleviation of Huntington's Disease (Peebles Trust Fund)		28,818
Patient grants (Abortion Fund)	6,159	3,988
Use restriction:		
Capital purchases	1,530,287	1,854,228
CAPS Justice Fund	57,855	109,210
Women's Health Fund	183,218	187,946
Time restriction:		
Property related to split-interest agreement		316,066
Beneficial interest in assets held by PPFA	<u>72,102</u>	<u>183,895</u>
	<u>\$2,186,321</u>	<u>\$2,834,181</u>

**NOTE 9 - PERMANENTLY RESTRICTED NET ASSETS**

Permanently restricted net assets at June 30, 2010 and 2009, were restricted to:

	<b>2010</b>	<b>2009</b>
Investment in perpetuity, the income of which is expendable to support:		
Women’s health and education (General Endowment Fund)	\$1,197,554	
Unrestricted programs (Sanger Fund)		\$ 946,235
Women’s Health Fund (Gulden Women’s Health Fund)		139,183
Women’s Health Fund (Kay Asher Fund)		6,122
Women’s Health Fund (Barbara Maves Fund)		80,444
Alleviation of Huntington’s Disease (Peebles Trust Fund)		25,045
Patient grants (Abortion Fund)	10,000	10,000
Contribution receivable from charitable remainder trust for the Sanger Endowment Fund	<u>200,796</u>	<u>262,148</u>
	<u>\$1,408,350</u>	<u>\$1,469,677</u>

**NOTE 10 - NET ASSETS RELEASED FROM RESTRICTIONS**

Net assets were released from donor restrictions during the years ended June 30, 2010 and 2009, by incurring expenses satisfying the restricted purposes, time restrictions or by occurrence of other events specified by donors, as follows:

	<b>2010</b>	<b>2009</b>
Capital purchases	\$ 331,507	\$252,406
CAPS Justice Fund	109,210	85,878
Women’s Health Fund	187,942	145,391
Women’s health and education (General Endowment Fund)	95,216	
Payment received related to beneficial interest		
In assets held by PPFA	127,452	
Termination of trust allowing donor’s Use of property	<u>316,067</u>	<u>          </u>
	<u>\$1,167,394</u>	<u>\$483,675</u>

**NOTE 11 - EMPLOYEE BENEFITS**

The Agency sponsors a defined contribution plan which allows for both participant and employer contributions. Contributions to the Plan are made for all eligible employees age 21 or older with at least two years of service. Agency contributions consist of a matching contribution of 100% of participant contributions, up to 3% of eligible employee compensation. The Agency’s contributions to the Plan totaled \$73,163 for fiscal year 2010 and \$80,674 for fiscal year 2009.

**NOTE 12 - EMPLOYEE INSURANCE OBLIGATION**

The Agency self-insures its employee group medical plan. Claim expenses are recorded as incurred. Insurance policies in force at June 30, 2010 limit the Agency's maximum plan cost to approximately \$1,192,429 per plan year. The Agency's portion of the predetermined funding provision is charged to expense each month. A reinsurance policy is in place to limit the Agency's maximum claim liability to \$50,000 per covered individual, unless a specific stop-loss deductible is noted in the policy for an individual. Unpaid claims incurred prior to June 30 and filed within three months of year-end were accrued at June 30. The self-insurance liability was \$101,771 and \$70,176 at June 30, 2010 and 2009, respectively.

**NOTE 13 - CONCENTRATIONS OF FUNDING**

Federal funding provided 12% and 20% of revenue for the Agency for the years ended June 30, 2010 and 2009, respectively. The Agency currently receives funding from six federal grant programs. Funding from each source was as follows for the years ended June 30, 2010 and 2009:

	<b>2010</b>	<b>2009</b>
Title V	\$ 333,075	\$ 481,207
Title X	891,796	794,915
Title X – HIV Integration Grant	66,389	85,933
Title XX	439,305	1,613,358
TANF	149,560	
HIV Prevention Activities	16,054	29,123
STD Fund	<u>76,138</u>	<u>22,859</u>
	<u>\$1,972,317</u>	<u>\$3,027,395</u>

**NOTE 14 - CONTRIBUTIONS RECEIVABLE**

Contributions receivable at June 30, 2010 and 2009, were as follows:

	<b>2010</b>	<b>2009</b>
Receivable in less than one year	\$ 203,580	\$ 318,450
Receivable in one to five years	244,574	329,844
Receivable in six to ten years	<u>280,000</u>	<u>265,000</u>
Total Contributions Receivable	728,154	913,294
Less: Discounts to net present value	(101,843)	(149,737)
Less: Allowance for uncollectible contributions	<u>(252,300)</u>	<u>(135,382)</u>
	<u>\$ 374,011</u>	<u>\$ 628,175</u>

Contributions receivable in more than one year are discounted at 6%.

**NOTE 15 - ASSETS HELD IN COMMUNITY FOUNDATIONS**

The Agency has been named a beneficiary of various funds administered by the Central Indiana Community Foundation which are not included in the Agencies' consolidated financial statements. At June 30, 2010 and 2009, these funds approximated \$232,000 and \$150,000, respectively.

**NOTE 16 - RELATED PARTY TRANSACTIONS**

Members of the Board of Directors and staff of the Agencies regularly make contributions to the Agencies. Individual amounts contributed by or receivable from Board members at times during the year were material to the consolidated financial statements taken as a whole.

The Agency has provided funds to an organization affiliated with Planned Parenthood Federation of America, Inc. through notes receivable. At June 30, 2010, there were two notes receivable totaling \$500,000 and at June 30, 2009, there was one note receivable totaling \$250,000. Each of these notes bear interest at 7% annually, one maturing on July 28, 2012 and the other maturing on June 13, 2013. The Agency recognized \$38,021 and \$13,952 of interest income related to the notes receivable during the years ended June 30, 2010 and 2009, respectively.

**NOTE 17 - MALPRACTICE CLAIMS**

Medical Malpractice Insurance coverage is provided by National Union Fire Insurance Co. through Marsh USA, Inc. Marsh and National Union are publicly held corporations admitted to write such insurance in the State of Indiana. The Agency pays a premium to Affiliate Risk Management Services, Inc., which then forwards payment to Marsh for its professional liability coverage. The Agency is not covered by State of Indiana Patient's Compensation Fund. Insurance is provided on an occurrence basis. Insurance is provided on an occurrence basis, with a maximum of \$1,000,000 per claim and \$3,000,000 in aggregate.

Certain malpractice claims are pending against the Agency. The claims are in various stages of processing, and some may ultimately be brought to trial. The Agency intends to vigorously defend its position in these cases. The ultimate outcome of such litigation cannot presently be determined. However, in management's opinion, the likelihood of material adverse outcomes is remote. Accordingly, adjustments, if any, that might result from the resolution of these matters have not been reflected in the consolidated financial statements

**PLANNED PARENTHOOD OF INDIANA, INC.****CONSOLIDATING SCHEDULE-STATEMENT OF FINANCIAL POSITION INFORMATION  
June 30, 2010**

	<b>Planned Parenthood of Indiana, Inc.</b>	<b>Planned Parenthood Advocates of Indiana, Inc.</b>	<b>Eliminations</b>	<b>Consolidated</b>
<b>CURRENT ASSETS</b>				
Cash and equivalents	\$ 4,275,934	\$ 88,977		\$ 4,364,911
Investments	1,561,652			1,561,652
Accounts receivable, net	255,525		\$ (12,312)	243,213
Contributions receivable, net	157,580			157,580
Grant reimbursements receivable	512,739			512,739
Inventory	700,826			700,826
Prepaid insurance and other assets	208,765			208,765
Total Current Assets	<u>7,673,021</u>	<u>88,977</u>	<u>(12,312)</u>	<u>7,749,686</u>
<b>OTHER ASSETS</b>				
Long-term contributions receivable, net	216,431			216,431
Contribution receivable from charitable remainder trusts	200,796			200,796
Investments-Board designated and restricted	2,802,147			2,802,147
Notes receivable from related party	500,000			500,000
Beneficial interest in assets held by Planned Parenthood Federation of America, Inc.	72,102			72,102
Property and equipment, net	<u>4,339,169</u>			<u>4,339,169</u>
Total Other Assets	<u>8,130,645</u>			<u>8,130,645</u>
<b>TOTAL ASSETS</b>	<u>\$ 15,803,666</u>	<u>\$ 88,977</u>	<u>\$ (12,312)</u>	<u>\$ 15,880,331</u>
<b>CURRENT LIABILITIES</b>				
Accounts payable	\$ 590,670	\$ 12,312	\$ (12,312)	\$ 590,670
Accrued payroll and expenses	444,964			444,964
Self-insurance liability	101,771			101,771
Total Current Liabilities	<u>1,137,405</u>	<u>12,312</u>	<u>(12,312)</u>	<u>1,137,405</u>
Total Liabilities	<u>1,137,405</u>	<u>12,312</u>	<u>(12,312)</u>	<u>1,137,405</u>
<b>NET ASSETS</b>				
Unrestricted	11,071,590	76,665		11,148,255
Temporarily restricted	2,186,321			2,186,321
Permanently restricted	1,408,350			1,408,350
Total Net Assets	<u>14,666,261</u>	<u>76,665</u>		<u>14,742,926</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 15,803,666</u>	<u>\$ 88,977</u>	<u>\$ (12,312)</u>	<u>\$ 15,880,331</u>

**PLANNED PARENTHOOD OF INDIANA, INC.****CONSOLIDATING SCHEDULE-STATEMENT OF ACTIVITIES INFORMATION  
Year Ended June 30, 2010**

	<b>Planned Parenthood of Indiana, Inc.</b>	<b>Planned Parenthood Advocates of Indiana, Inc.</b>	<b>Eliminations</b>	<b>Consolidated</b>
<b>REVENUE, GAINS AND OTHER SUPPORT</b>				
Contributions	\$ 2,546,123	\$ 147,531	\$ (111,964)	\$ 2,581,690
United Way contributions	91,583			91,583
Government grants, including Title XX fees	1,972,317			1,972,317
Patient fees and donations	9,632,051			9,632,051
Medicaid fees	1,393,777			1,393,777
Net investment income (loss)	683,229	76		683,305
Rental income	45,016			45,016
In-kind contributions	449,166			449,166
Other	(7,946)			(7,946)
Total Revenue, Gains and Other Support	<u>16,805,316</u>	<u>147,607</u>	<u>(111,964)</u>	<u>16,840,959</u>
<b>EXPENSES</b>				
Program Services:				
Patient services	12,191,163			12,191,163
Education and training	431,141			431,141
Public policy	263,866	133,725	(111,964)	285,627
Total Program Services	<u>12,886,170</u>	<u>133,725</u>	<u>(111,964)</u>	<u>12,907,931</u>
Management and general-marketing	463,609			463,609
Management and general-other	1,357,543			1,357,543
Payments to affiliates	201,742			201,742
	<u>2,022,894</u>			<u>2,022,894</u>
Fundraising	<u>556,810</u>			<u>556,810</u>
Total Expenses	<u>15,465,874</u>	<u>133,725</u>	<u>(111,964)</u>	<u>15,487,635</u>
<b>INCREASE IN NET ASSETS</b>	1,339,442	13,882		1,353,324
<b>NET ASSETS</b>				
Beginning of Year	<u>13,326,819</u>	<u>62,783</u>		<u>13,389,602</u>
End of Year	<u>\$ 14,666,261</u>	<u>\$ 76,665</u>	<u>\$</u>	<u>\$ 14,742,926</u>

*Independent Auditors' Report on Internal Control over  
Financial Reporting and on Compliance and Other Matters  
Based on the Audit of Financial Statements Performed  
in Accordance with Government Auditing Standards*

*Year Ended June 30, 2010*

Board of Directors  
Planned Parenthood of Indiana, Inc.

We have audited the consolidated financial statements of Planned Parenthood of Indiana, Inc. (a not-for-profit organization) as of and for the year ended June 30, 2010, and have issued our report thereon dated December 22, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States 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 of Indiana, Inc.'s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of Planned Parenthood of Indiana, Inc.'s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Planned Parenthood of Indiana, Inc.'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 a 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 designated 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 of Indiana, Inc.'s consolidated 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*.

We noted certain matters that we reported to management of Planned Parenthood of Indiana, Inc. in a separate letter dated December 22, 2010.

This report is intended solely for the information and use of management, the Board of Directors, others within the entity, 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.

*Katz, Appaw & Miller, LLP*

Indianapolis, Indiana  
December 22, 2010

**PLANNED PARENTHOOD OF INDIANA, INC.**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
 Year Ended June 30, 2010

	<b>Federal CFDA Number</b>	<b>Pass-Through Grantor's Number</b>	<b>Expenditures</b>
<b>U.S. Department of Health and Human Service</b>			
Social Services Block Grant			
Passed through Indiana Family Health Council		Not identific	\$ 46,175
Passed through Indiana Family and Social Services Administrator			
Division of Family Resources:			
Total Social Services Block Grant	93.667*	A93-9-49-09-1P-0389	<u>393,130</u> <u>439,305</u>
Passed through Indiana State Department of Health			
HIV Prevention Activities - Health Department Base	93.940	A70-8-112084	16,054
Preventative Health Services-Sexually Transmitted Disease			
Control Grants	93.977	A70-0-112148	76,138
Passed through Indiana Family Health Council			
Maternal and Child Health Services Block Grant to the State:			
Family Planning - Services:	93.994	Not identific	333,075
Temporary Assistance for Needy Families:	93.217*	Not identific	958,185
	93.558	Not identific	<u>149,560</u>
<b>TOTAL FEDERAL AWARDS</b>			<u><u>\$ 1,972,317</u></u>

\* Denotes major program selected for testing

**PLANNED PARENTHOOD OF INDIANA, INC.**

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**NOTE 1 - BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Planned Parenthood of Indiana, Inc. and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic consolidated financial statements

# KATZ, SAPPER & MILLER

Katz, Sapper & Miller, LLP  
Certified Public Accountants

*Independent Auditors' Report on Compliance With  
Requirements That Could Have a Direct and  
Material Effect on Each Major Program and  
on Internal Control Over Compliance  
in Accordance with OMB Circular A-133*

800 East 96th Street  
Suite 500  
Indianapolis, IN 46240

Tel 317.580.2000  
Fax 317.580.2117

*Year Ended June 30, 2010*

Board of Directors  
Planned Parenthood of Indiana, Inc.

## Compliance

We have audited the compliance of Planned Parenthood of Indiana, Inc. with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Planned Parenthood of Indiana, Inc.'s major federal programs for the year ended June 30, 2010. Planned Parenthood of Indiana, Inc.'s major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Planned Parenthood of Indiana, Inc.'s management. Our responsibility is to express an opinion on Planned Parenthood of Indiana, Inc.'s compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Planned Parenthood of Indiana, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Planned Parenthood of Indiana, Inc.'s compliance with those requirements.

In our opinion, Planned Parenthood of Indiana, Inc. complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010.

### Internal Control over Compliance

Management of Planned Parenthood of Indiana, Inc. is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Planned Parenthood of Indiana, Inc.'s internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Planned Parenthood of Indiana, Inc.'s internal control over compliance.

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

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

This report is intended solely for the information and use of management, the Board of Directors, others within the entity, 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.

*Katz, Appow & Miller, LLP*

Indianapolis, Indiana  
December 22, 2010

**PLANNED PARENTHOOD OF INDIANA, INC.**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**Year Ended June 30, 2010**

**SECTION I – Summary of Auditors’ Results**

*Financial Statements*

Type of auditor’s report issued [*unqualified, qualified, adverse, or disclaimer*]: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? \_\_\_\_\_ yes  no
- Significant deficiency(ies) identified that are not considered to be material weaknesses? \_\_\_\_\_ yes  none reported
- Noncompliance material to financial statements noted? \_\_\_\_\_ yes  no

*Federal Awards*

Internal control over major programs:

- Material weakness(es) identified? \_\_\_\_\_ yes  no
- Significant deficiency(ies) identified that are not considered to be material weaknesses? \_\_\_\_\_ yes  none reported

Type of auditor’s report issued on compliance for major programs [*unqualified, qualified, adverse, or disclaimer*]: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133? \_\_\_\_\_ yes  no

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
93.667	Social Services Block Grant
93.217	Family Planning-Services

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee? \_\_\_\_\_ yes  no

**PLANNED PARENTHOOD OF INDIANA, INC.**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
Year Ended June 30, 2010**

**SECTION II – Financial Statement Findings**

None

**SECTION III – Federal Award Findings and Questioned Costs**

None

**SECTION IV – Summary Schedule of Prior Audit Findings**

**Item 09 - 01**

**Patient Eligibility - CFDA 93.667**

*Criteria:* Eligible families or individuals must have gross family income not exceeding one hundred percent (100%) of the federal poverty level currently in effect, individuals must be of reproductive capability, and TANF funds may be used to fund family planning services for single women only and SSBG funds may be used for married women as well as single women.

*Statement of Condition:* The Agency billed Title XX (CFDA 93.667) for services performed for a male patient. The Agency also billed Title XX (CFDA 93.667) for services performed for a patient that did not receive services.

*Status:* The Agency currently conducts annual on-site reviews at each health center. During these reviews, patient charts are reviewed to verify posting of charges, coding of fees, and updating of demographic information. Approximately 600 patient charts are reviewed each year. The Agency has expanded the on-site reviews to verify demographic information was entered into the system correctly.

**Item 09-02**

**Level of Effort - CFDA 93.994**

*Criteria:* The Agency shall provide services to a minimum of 19,443 annualized unduplicated patients during the term of the agreement.

*Statement of Condition:* The Agency provided services to fewer than the required threshold of 19,443 annualized unduplicated patients.

*Status:* The granting organization has reduced the requirement as outlined in the grant agreement. The Agency monitors and regularly reports to the oversight agency the amount of unduplicated patients seen at each health center.

# EXHIBIT C

**PLANNED PARENTHOOD OF INDIANA, INC.**

**CONSOLIDATED FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITORS' REPORT**

**June 30, 2009 and 2008**

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**KATZ, SAPPER & MILLER**  
Certified Public Accountants

APPELLANTS' APP. 104

## PLANNED PARENTHOOD OF INDIANA, INC.

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# KATZ, SAPPER & MILLER

Katz, Sapper & Miller, LLP  
Certified Public Accountants

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## *Independent Auditors' Report*

Board of Directors  
Planned Parenthood of Indiana, Inc.

We have audited the accompanying statements of consolidated financial position of Planned Parenthood of Indiana, Inc. (an Indiana not-for-profit organization) as of June 30, 2009 and 2008, and the related consolidated statements of activities, functional expenses and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Agency's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of Planned Parenthood of Indiana, Inc. at June 30, 2009 and 2008, 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 12, 2010, on our consideration of Planned Parenthood of Indiana, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. 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 considered in assessing the results of our audits.

Our audits were conducted for the purpose of forming an opinion on the basic consolidated financial statements of Planned Parenthood of Indiana, Inc. taken as a whole. The consolidating information on pages 20 and 21 is presented for purposes of additional analysis of the basic consolidated financial statements rather than to present the financial position and changes in net assets of the individual organizations. The accompanying schedule of expenditures of federal awards on page 24 is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic consolidated financial statements. The consolidating information and schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic consolidated financial statements taken as a whole.

*Katz, Anger & Miller, LLP*

Indianapolis, Indiana  
January 12, 2010

**PLANNED PARENTHOOD OF INDIANA, INC.****CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

June 30, 2009 and 2008

**ASSETS**

	2009	2008
<b>CURRENT ASSETS</b>		
Cash and equivalents	\$ 3,092,490	\$ 1,767,671
Investment securities	3,691,968	5,044,467
Accounts receivable, net of allowance for uncollectible accounts of \$169,300 in 2009 and \$222,200 in 2008	718,652	809,689
Contributions receivable, net of allowance for uncollectible amounts of \$36,400 in 2009 and \$16,500 in 2008	268,047	684,949
Grant reimbursements receivable	143,124	277,214
Inventory	810,653	848,054
Prepaid insurance and other assets	171,341	198,614
<b>Total Current Assets</b>	<u>8,896,275</u>	<u>9,630,658</u>
<b>OTHER ASSETS</b>		
Long-term contributions receivable, net of allowance for uncollectible amounts of \$99,000 in 2009 and \$117,000 in 2008	360,128	442,281
Contribution receivable from charitable remainder trusts	262,148	383,188
Note receivable from related party	250,000	250,000
Beneficial interest in assets held by Planned Parenthood Federation of America, Inc.	183,895	103,684
Property and equipment, net	4,857,939	5,022,591
<b>Total Other Assets</b>	<u>5,914,110</u>	<u>6,201,744</u>
<b>TOTAL ASSETS</b>	<u>\$14,810,385</u>	<u>\$15,832,402</u>
	<b>LIABILITIES AND NET ASSETS</b>	
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 668,135	\$ 485,687
Accrued payroll and expenses	618,358	535,474
Note payable-current portion	625	6,501
Self-insurance liability	70,176	33,485
<b>Total Current Liabilities</b>	<u>1,357,294</u>	<u>1,061,147</u>
<b>OTHER LIABILITIES</b>		
Remainder interest in life estate liability	63,489	63,489
<b>Total Other Liabilities</b>	<u>63,489</u>	<u>63,489</u>
<b>Total Liabilities</b>	<u>1,420,783</u>	<u>1,124,636</u>
<b>NET ASSETS</b>		
Unrestricted	9,085,744	9,928,543
Temporarily restricted	2,834,181	3,189,006
Permanently restricted	1,469,677	1,590,217
<b>Total Net Assets</b>	<u>13,389,602</u>	<u>14,707,766</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$14,810,385</u>	<u>\$15,832,402</u>

*See accompanying notes.*

## PLANNED PARENTHOOD OF INDIANA, INC.

## CONSOLIDATED STATEMENTS OF ACTIVITIES

Years Ended June 30, 2009 and 2008

	2009			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
<b>REVENUE, GAINS AND OTHER SUPPORT</b>				
Contributions	\$ 1,516,250	\$ 437,951	\$ (120,540)	\$ 1,833,661
United Way contributions	96,916			96,916
Government grants, including Title XX fees	3,027,395			3,027,395
Patient fees and donations	9,370,433			9,370,433
Medicaid fees	1,239,938			1,239,938
Net investment loss	(424,490)	(309,101)		(733,591)
Rental income	48,575			48,575
In-kind contributions	286,580			286,580
Other	74,381			74,381
Total	15,235,978	128,850	(120,540)	15,244,288
Net assets released from restrictions	483,675	(483,675)		
Total Revenue, Gains and Other Support	15,719,653	(354,825)	(120,540)	15,244,288
<b>EXPENSES</b>				
Program services	14,220,764			14,220,764
Management and general	1,857,517			1,857,517
Fundraising	484,171			484,171
Total Expenses	16,562,452	-	-	16,562,452
<b>INCREASE (DECREASE) IN NET ASSETS</b>	(842,799)	(354,825)	(120,540)	(1,318,164)
<b>NET ASSETS</b>				
Beginning of Year	9,928,543	3,189,006	1,590,217	14,707,766
End of Year	\$ 9,085,744	\$ 2,834,181	\$ 1,469,677	\$ 13,389,602

*See accompanying notes.*

2008			
Unrestricted	Temporarily Restricted	Permanently Restricted	Total
\$ 1,486,471	\$ 2,324,560	\$ 125,237	\$ 3,936,268
99,697			99,697
2,897,162			2,897,162
10,527,646			10,527,646
1,110,264			1,110,264
(162,398)	(309,496)		(471,894)
29,199			29,199
355,508			355,508
37,695			37,695
<u>16,381,244</u>	<u>2,015,064</u>	<u>125,237</u>	<u>18,521,545</u>
<u>16,381,244</u>	<u>2,015,064</u>	<u>125,237</u>	<u>18,521,545</u>
14,366,238			14,366,238
1,908,775			1,908,775
673,584			673,584
<u>16,948,597</u>	<u>-</u>	<u>-</u>	<u>16,948,597</u>
(567,353)	2,015,064	125,237	1,572,948
<u>10,495,896</u>	<u>1,173,942</u>	<u>1,464,980</u>	<u>13,134,818</u>
<u>\$ 9,928,543</u>	<u>\$ 3,189,006</u>	<u>\$ 1,590,217</u>	<u>\$ 14,707,766</u>

**PLANNED PARENTHOOD OF INDIANA, INC.**  
**CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES**  
**Years Ended June 30, 2009 and 2008**

	Patient Services		Program Services		Public Policy	
	2009	2008	Education and Training 2009	2008	2009	2008
Salaries and wages	\$ 5,198,702	\$ 5,359,457	\$ 344,567	\$ 413,611	\$ 256,058	\$ 159,131
Employee benefits	1,095,836	1,179,280	74,875	91,876	56,574	32,928
Total	6,294,538	6,538,737	419,442	505,487	312,632	192,059
Occupancy	1,666,142	1,635,220	80,844	84,768	25,423	21,054
Professional fees and contracted services	93,822	57,402	14,820	22,943	16,003	14,914
Travel, conferences and meetings	165,941	106,237	18,270	31,210	11,070	7,519
Medical expenses	4,584,638	4,510,571				
Other	493,483	573,062	9,633	36,953	14,063	28,102
Dues payment to Planned Parenthood Federation of America, Inc.						
<b>TOTAL EXPENSES</b>	<b>\$ 13,298,564</b>	<b>\$ 13,421,229</b>	<b>\$ 543,009</b>	<b>\$ 681,361</b>	<b>\$ 379,191</b>	<b>\$ 263,648</b>

*See accompanying notes.*

Management and General				Fundraising		Total	
Marketing		Other		2009	2008	2009	2008
2009	2008	2009	2008	2009	2008	2009	2008
\$ 127,000	\$ 91,986	\$ 507,572	\$ 641,702	\$ 248,280	\$ 257,020	\$ 6,682,179	\$ 6,922,907
26,292	18,198	111,656	63,474	51,314	58,544	1,416,547	1,444,300
<u>153,292</u>	<u>110,184</u>	<u>619,228</u>	<u>705,176</u>	<u>299,594</u>	<u>315,564</u>	<u>8,098,726</u>	<u>8,367,207</u>
18,815	16,534	394,234	459,988	53,440	59,556	2,238,898	2,277,120
88,527	27,370	101,276	83,716	14,280	68,575	328,728	274,920
259	2,820	18,616	14,746	10,291	20,072	224,447	182,604
212,701	251,934	63,371	57,902	106,566	209,817	4,584,638	4,510,571
		187,198	178,405			899,817	1,157,770
		<u>187,198</u>	<u>178,405</u>			<u>187,198</u>	<u>178,405</u>
<u>\$ 473,594</u>	<u>\$ 408,842</u>	<u>\$ 1,383,923</u>	<u>\$ 1,499,933</u>	<u>\$ 484,171</u>	<u>\$ 673,584</u>	<u>\$ 16,562,452</u>	<u>\$ 16,948,597</u>

**PLANNED PARENTHOOD OF INDIANA, INC.**

**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
Years Ended June 30, 2009 and 2008

	2009	2008
<b>OPERATING ACTIVITIES</b>		
Increase (decrease) in net assets	\$ (1,318,164)	\$ 1,572,948
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:		
Depreciation and amortization	417,069	434,177
Net realized and unrealized losses on investments	905,154	590,352
(Increase) decrease in certain assets:		
Accounts receivable	91,037	77,177
Contributions receivable	499,055	39,430
Grant reimbursements receivable	134,090	(47,594)
Inventory	37,401	(1,140)
Prepaid insurance and other assets	27,273	(23,808)
Beneficial interest in assets held by Planned Parenthood Federation of America, Inc.	(80,211)	40,319
Contribution receivable from charitable remainder trusts	121,040	(116,225)
Increase (decrease) in certain liabilities:		
Accounts payable	182,448	24,247
Accrued payroll and expenses	82,884	95,739
Self-insurance liability	36,691	(71,237)
Remainder interest in life estate liability		(26,297)
Net Cash Provided by Operating Activities	<u>1,135,767</u>	<u>2,588,088</u>
<b>INVESTING ACTIVITIES</b>		
Note receivable from related party		(250,000)
Purchases of property and equipment	(252,417)	(105,900)
Purchases of investments	(1,050,813)	(3,705,402)
Sales and maturities of investments	1,498,158	1,624,981
Net Cash Provided (Used) by Investing Activities	<u>194,928</u>	<u>(2,436,321)</u>
<b>FINANCING ACTIVITIES</b>		
Payment of long-term debt	(5,876)	(721,706)
Net Cash (Used) by Financing Activities	<u>(5,876)</u>	<u>(721,706)</u>
<b>NET INCREASE (DECREASE) IN CASH AND EQUIVALENTS</b>	1,324,819	(569,939)
<b>CASH AND EQUIVALENTS</b>		
Beginning of Year	<u>1,767,671</u>	<u>2,337,610</u>
End of Year	<u>\$ 3,092,490</u>	<u>\$ 1,767,671</u>
<b>SUPPLEMENTAL DISCLOSURES</b>		
Cash paid for interest	\$ 389	\$ 56,415

*See accompanying notes.*

**PLANNED PARENTHOOD OF INDIANA, INC.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**General:** The consolidated financial statements include the accounts of Planned Parenthood of Indiana, Inc. (Agency) and Planned Parenthood Advocates of Indiana, Inc. (Advocates), collectively referred to as the Agencies.

The Agency was established in 1932 and incorporated as a not-for-profit organization in December 1933, under the laws of the State of Indiana. The Agency is organized to promote and provide education, counseling and medical assistance in the area of reproductive health. The Agency operates various health centers in Indiana. Funding of the Agency's programs and activities comes from both private and public resources.

Advocates was incorporated as a not-for-profit organization under the laws of the State of Indiana in November 1995, and commenced operations in January 1996. The primary activities of Advocates are to encourage and protect individual choice regarding reproductive health care, advocate related public policies, and to foster and preserve a social and political climate favorable to the exercise of reproductive choice. Advocates formed a political action committee in July 2004.

**Basis of Accounting:** The Agencies prepare their financial statements using the accrual basis of accounting. Accrual accounting requires the recognition of revenues when they are earned and measurable in the accounting period when services are provided, and the recognition of expenses in the period in which they occur.

**Principles of Consolidation:** The Agencies coordinate their efforts in furtherance of the Agencies' goals through a related directorate and management. All material inter-organizational accounts and transactions have been eliminated from the consolidated financial statements.

**Estimates:** Management uses estimates and assumptions in preparing financial statements in conformity with accounting principles generally accepted in the United States. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities and the reported revenues and expenses. Actual results could vary from the estimates that were used.

**Income Taxes:** The Agency is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Agency is not considered to be a private foundation. Advocates is exempt from federal income taxes under Section 501(c)(4) of the Internal Revenue Code. The political action committee of Advocates was formed under Section 527 of the Internal Revenue Code.

**Cash and Equivalents:** At times, balances in bank accounts may exceed federally insured limits. The Agencies have not experienced any losses from its bank accounts. For purposes of the consolidated statement of cash flows, the Agencies consider all highly liquid financial instruments, if any, purchased with an original maturity of three months or less to be cash equivalents.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

*Inventory* consists of contraceptives and therapeutics and is stated at the lower of cost or market. Cost is determined on the first-in, first-out method. Inventory is expensed when dispensed to a patient.

*Investment Valuation and Income Recognition:* Investments are stated at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note 2 for discussion of fair value measurements.

Investment income is recorded on the accrual basis. Purchases and sales of investments are recorded on the trade date. Gains and losses on the sale of investments are determined using the specific-identification method. Unrealized gains and losses of investments are included in the consolidated statements of activities.

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 and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in risks in the near term could materially affect the amounts reported in the consolidated financial statements.

*Accounts Receivable and Credit Policies:* Accounts receivable represent amounts billed or billable to insurers, the Medicaid program or patients for medical services provided, net of an allowance for uncollectible amounts.

The Agency establishes an allowance for uncollectible accounts receivable based on historical collection experience, economic conditions and management's evaluation of the collectability of outstanding balances. Management periodically reviews the status of delinquent accounts and writes off uncollectible accounts after reasonable collection efforts have been exhausted.

*Grant Reimbursements Receivable:* The Agency receives its grant support through periodic claims filed with the respective funding sources, not to exceed a limit specified in the funding agreement. Since the consolidated financial statements are prepared on the accrual basis, all earned portions of the grants not yet received as of June 30, 2009 and 2008, have been recorded as receivables.

*Property and Equipment* with a cost basis of \$1,000 or more are capitalized at cost, except for donated items, which are recorded at fair market value at the date of donation.

Depreciation is computed using the straight-line method over the assets' estimated useful lives as follows:

Furnishings and equipment	3-20 years
Buildings	39 years
Building improvements	3-39 years
Leasehold improvements	3-39 years

If program services as defined in the Agency's grant application are discontinued, disposition of fixed assets acquired with Federal or State funding is subject to guidelines as set forth by the Department of Health and Human Services.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Beneficial Interest in Assets Held by Planned Parenthood Federation of America, Inc.:** Assets held by the Agency's national affiliate consist of annuities and other planned giving items for which the Agency is the beneficiary upon the death of the donor. These assets are recorded net of the liability for the future value of payments to donors. A contribution valuation adjustment of \$(47,241) and \$(40,319) was recorded during fiscal years 2009 and 2008, respectively, in relation to these items.

**Net Asset Classification:** The consolidated financial statements report the changes in each net asset class, based upon donor or grant restrictions, as applicable. Net assets are to be classified as unrestricted, temporarily restricted, and permanently restricted.

- **Unrestricted Net Assets** include general and board designated assets and liabilities of the Agencies. The unrestricted net assets of the Agencies may be used at the discretion of management to support the Agencies' purposes and operations.
- **Temporarily Restricted Net Assets** include assets of the Agency related to gifts with explicit donor-imposed restrictions that have not been met as to specified purpose, or to later periods of time or after specified dates.
- **Permanently Restricted Net Assets** include assets of the Agency for which the donor has stipulated that the contribution be maintained in perpetuity. Donor-imposed restrictions limiting the use of the assets or their economic benefit neither expire with the passage of time nor can be removed by satisfying a specific purpose.

**Functional Expenses:** Expenses are allocated directly or indirectly to various program and supporting services in the consolidated statement of functional expenses. Expenses that can be identified with a specific program or supporting service are allocated directly according to their natural classification. All remaining indirect costs are allocated using both statistical and non-statistical allocation methodologies.

**Patient Fees and Donations and Medicaid:** The Agency has agreements with third-party payers that provide for payments to the Agency in amounts different from its established rates. Payment arrangements include prospectively determined rates per reimbursed costs and discounted charges. Patient fees are reported at the estimated net realizable amounts from patients, third party payers, and others for services rendered.

**Support and Revenue:** The Agencies report gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. If a restriction is fulfilled in the same time period in which the contribution is received, the Agencies report the support as unrestricted.

**Donated Property and Equipment:** The Agencies report gifts of land, buildings, and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations regarding how long those long-lived assets must be maintained, the Agencies report expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Government Grants:** Support funded by grants is recognized as the Agency performs the contracted services under grant agreements. Grant revenue is recognized as earned as the eligible expenses are incurred. Grant expenditures are subject to audit and acceptance by the granting agency and, as a result of such audit, adjustments could be required. There have been no such adjustments for the years ended June 30, 2009 and 2008.

**In-Kind Contributions:** In addition to receiving cash contributions, the Agency receives in-kind contributions from various donors. It is the policy of the Agency to record the estimated fair value of certain in-kind contributions as revenue and as expense for programs or activities benefited. For the years ended June 30, 2009 and 2008, in-kind activity amounted to \$286,580 and \$355,508, respectively, related to expenses for laboratory fees, test kits and contraceptives.

**Advertising Costs** are expensed as incurred. Advertising expenses amounted to \$185,352 and \$230,346 for the years ended June 30, 2009 and 2008, respectively.

**Reclassifications:** Certain amounts in the 2008 consolidated financial statements have been reclassified to conform to the 2009 presentation.

**Subsequent Events:** The Agencies have evaluated the consolidated financial statements for subsequent events through January 12, 2010, the date the consolidated financial statements were available to be issued.

**NOTE 2 - FAIR VALUE MEASUREMENTS**

In accordance with Statement of Financial Accounting Standards (SFAS) No. 157, *Fair Value Measurements*, the Agency has categorized its financial instruments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. If the inputs used to measure the financial instruments fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument. Financial assets and liabilities are categorized based on the inputs to the valuation techniques as follows:

**Level 1** – Financial assets or liabilities whose values are based on unadjusted quoted prices available in active markets for identical assets or liabilities.

**Level 2** – Financial assets or liabilities whose values are based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the asset or liability.

**Level 3** – Financial assets or liabilities whose values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. These inputs reflect management's own assumptions about the assumptions a market participant would use in pricing the asset or liability.

**NOTE 2 - FAIR VALUE MEASUREMENTS (CONTINUED)**

At June 30, 2009, the fair value of the Agency's financial instruments measured on a recurring basis was as follows:

	Fair Value Measurements		
	Level 1	Level 3	Total
Assets:			
Money market funds	\$ 439,580		\$ 439,580
Investment securities	3,691,968		3,691,968
Contribution receivable from charitable remainder trust		\$262,148	262,148
Beneficial interest in assets held by Planned Parenthood Federation of America, Inc. (PPFA)		<u>183,895</u>	<u>183,895</u>
Total	<u>\$4,131,548</u>	<u>\$446,043</u>	<u>\$4,577,591</u>

The fair value of the investment securities and money market funds were based on unadjusted market prices. The fair value of the contributions receivable from charitable remainder trust was based on present value techniques. The fair value of the beneficial interest in assets held by PPFA was based on information provided by PPFA on the overall fair market value of the fund. There have been no changes in the methodologies used at June 30, 2009 and 2008.

Following is a summary of the changes in fair values of Level 3 financial assets and liabilities for the year ended June 30, 2009:

	Contribution Receivable from Charitable Remainder Trust	Beneficial Interest in Assets Held by PPFA	Total
Balance at June 30, 2008	\$ 383,188	\$103,684	\$ 486,872
Additional gifts		127,452	127,452
Change in value	<u>(121,040)</u>	<u>(47,241)</u>	<u>(168,281)</u>
Balance at June 30, 2009	<u>\$ 262,148</u>	<u>\$183,895</u>	<u>\$ 446,043</u>

**NOTE 3 - INVESTMENTS**

Investment securities at June 30, 2009 and 2008, are as follows:

	2009	2008
Money market funds	<u>\$ 439,580</u>	<u>\$ 266,695</u>
Mutual funds	354,074	366,224
Fixed income mutual funds	684,258	1,071,508
Fixed income government obligations	101,143	266,410
Fixed income corporate bonds	265,527	227,651
Equities	<u>2,286,966</u>	<u>3,112,674</u>
	<u>3,691,968</u>	<u>5,044,467</u>
	<u>\$4,131,548</u>	<u>\$5,311,162</u>

**NOTE 3 – INVESTMENTS (CONTINUED)**

The following schedules summarize the investment return and its classification in the statement of activities for the years ended June 30, 2009 and 2008.

	2009	2008
Dividends and interest	\$ 204,288	\$ 143,521
Net realized gains (losses) on investments	(444,324)	28,751
Net unrealized (losses) on investments	<u>(460,830)</u>	<u>(619,103)</u>
	(700,866)	(446,831)
Less: Administrative investment expense	<u>32,725</u>	<u>25,063</u>
Total Net Investment Loss	<u>\$(733,591)</u>	<u>\$(471,894)</u>

**NOTE 4 - ENDOWMENT**

The Agency's endowment consists of seven individual funds established for a variety of purposes. Its endowment includes both donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments. As required by accounting principles generally accepted in the United States (GAAP), net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

*Interpretation of Relevant Law*

The Board of Directors of the Agency has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Agency classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument 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 Agency in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Agency considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

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

**NOTE 4 - ENDOWMENT (CONTINUED)**

The endowment net asset composition by type of fund as of June 30, 2009 and 2008, was as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>2009</b>				
Donor-restricted endowment funds		\$ 182,836	\$1,207,529	\$1,390,365
Board-designated fund	<u>\$ 346,916</u>	<u>                    </u>	<u>                    </u>	<u>346,916</u>
	<u>\$ 346,916</u>	<u>\$ 182,836</u>	<u>\$1,207,529</u>	<u>\$1,737,281</u>
<b>2008</b>				
Donor-restricted endowment funds		\$ 444,696	\$1,207,029	\$1,651,725
Board-designated fund	<u>\$ 434,110</u>	<u>                    </u>	<u>                    </u>	<u>434,110</u>
	<u>\$ 434,110</u>	<u>\$ 444,696</u>	<u>\$1,207,029</u>	<u>\$2,085,835</u>

Activity in the endowment by net asset class for the years ended June 30, 2009 and 2008, is summarized as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment at June 30, 2007	<u>\$ 665,272</u>	<u>\$ 713,873</u>	<u>\$1,198,017</u>	<u>\$2,577,162</u>
Investment return:				
Interest and dividends	15,329	61,008		76,337
Net depreciation (realized and unrealized)	(113,899)	(314,255)		(428,154)
Fees	<u>(6,592)</u>	<u>(15,930)</u>		<u>(22,522)</u>
Total investment return	<u>(105,162)</u>	<u>(269,177)</u>		<u>(374,339)</u>
New gifts			9,012	9,012
Appropriation of endowment assets for expenditure	<u>(126,000)</u>	<u>                    </u>	<u>                    </u>	<u>(126,000)</u>
Endowment at June 30, 2008	<u>434,110</u>	<u>444,696</u>	<u>1,207,029</u>	<u>2,085,835</u>
Investment return:				
Interest and dividends	13,340	58,216		71,556
Net depreciation (realized and unrealized)	(96,435)	(307,092)		(403,527)
Fees	<u>(4,099)</u>	<u>(12,984)</u>		<u>(17,083)</u>
Total investment return	<u>(87,194)</u>	<u>(261,860)</u>		<u>(349,054)</u>
New gifts	<u>                    </u>	<u>                    </u>	<u>500</u>	<u>500</u>
Endowment at June 30, 2009	<u>\$ 346,916</u>	<u>\$ 182,836</u>	<u>\$1,207,529</u>	<u>\$1,737,281</u>

**NOTE 4 ENDOWMENT (CONTINUED)***Funds with Deficiencies*

From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the level that the donor or UPMIFA requires the Agency to retain as a fund of perpetual duration. In accordance with GAAP, deficiencies of this nature are reported in unrestricted net assets. At June 30, 2009 and 2008, the Agency had no deficiencies of this nature.

*Return Objectives and Risk Parameters*

The Agency has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the organization must hold in perpetuity as well as board-designated funds. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of a balanced index, while assuming a moderate level of investment risk. The balance index is comprised of the S&P 500 index, the Lehman Intermediate Government/Credit Index, and 3-month Treasury bill rate, weighted by the average allocation in stocks, taxable bonds, and cash equivalents. The Agency expects its endowment funds, over time, to provide average rates of return over the inflation rate, as measured by the Consumer Price Index, based on investment type. For equity investments, management plans to achieve a minimum long-term rate of return which exceeds the inflation rate by 6% per year, and for fixed income investments, management plans to achieve a minimum long-term rate of return which exceeds the inflation rate by 2% per year. In total, management plans to achieve a minimum long-term rate of return which exceeds the inflation rate by 4% per year. Actual returns in any given year may vary from this amount.

*Strategies Employed for Achieving Objectives*

To satisfy its long-term rate-of-return objectives, the Agency relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Agency targets a diversified asset allocation of 60% equities and 40% fixed income, with acceptable ranges for equities, fixed income, and cash equivalents to achieve its long-term return objectives within prudent risk constraints.

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

The Agency has a policy of appropriating for distribution each year 5 percent of its endowment fund's average fair value over the prior 12 quarters through the fiscal year-end preceding the fiscal year in which the distribution is planned. In establishing this policy, the Agency considered the long-term expected return on its endowment. Accordingly, over the long term, the Agency expects the current spending policy to allow its endowment to grow over time. This is consistent with the Agency's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return. Due to general economic conditions, the Board of Directors did not approve distributions from the endowment funds during the years ended June 30, 2009 and 2008.

**NOTE 5 - SPLIT-INTEREST AGREEMENTS**

During 2005, a donor named the Agency as the beneficiary of the remainder interest of certain depreciable property. Under the terms of the split-interest agreement, the donor may continue to use the property over the trust's term, which is the donor's lifetime. At the end of the trust's term, the property is available for the Agency's use. The portion of the agreement attributable to the present value of the future benefits to be received by the Agency was recorded as a temporarily restricted contribution in the period the agreement was established. The related property is reported on the Agency's statement of financial position at \$316,066 at June 30, 2009 and 2008, which was the fair market value on the date of the agreement. On an annual basis, the Agency revalues the liability related to the donor's remaining use of the property based on actuarial assumptions. The estimated present value of the donor's remaining use of the property was \$63,489 at June 30, 2009 and 2008, which was calculated using a discount rate of 4.8% and applicable mortality tables. The revaluation of the liability resulted in an increase of \$26,297 in unrestricted contributions during the year ended June 30, 2008.

The Agency has also been informed that it has been named as a remainder beneficiary of two charitable remainder unitrusts. The trusts provide for the payment of distributions to a designated beneficiary over the trusts' term, which is the designated beneficiary's lifetime. At the end of the trusts' term, a portion of the remaining assets are available to the Agency to be added to the Sanger Endowment Fund. The portion of the agreement attributable to the present value of the future benefits to be received by the Agency was recorded in the statement of activities as permanently restricted contributions in the year the remainder beneficiary designations became irrevocable. On an annual basis, the Agency revalues this asset based on actuarial assumptions. The present value of future benefits expected to be received by the Agency was estimated to be \$262,148 and \$383,188 at June 30, 2009 and 2008, respectively, which is reported as contributions receivable from charitable remainder trusts on the statement of financial position. This estimate was calculated using applicable mortality tables and a discount rate of 4.18% and 4.58% at June 30, 2009 and 2008, respectively. The revaluation of the asset resulted in an adjustment to permanently restricted contributions of \$(121,040) and \$116,225 during the years ended June 30, 2009 and 2008, respectively.

**NOTE 6 - PROPERTY AND EQUIPMENT**

Property and equipment at June 30, 2009 and 2008, are as follows:

	2009	2008
Building and improvements	\$ 1,694,476	\$ 1,694,476
Furnishings and equipment	1,515,626	2,763,504
Leasehold improvements	4,106,195	4,619,944
Land	<u>305,946</u>	<u>305,946</u>
	7,622,243	9,383,870
Less: Accumulated depreciation	<u>(2,764,304)</u>	<u>(4,361,279)</u>
	<u>\$ 4,857,939</u>	<u>\$ 5,022,591</u>

Building and improvements include property related to a split-interest agreement of \$316,066 at June 30, 2009 and 2008.

**NOTE 7 - LEASES**

The Agency leases administrative offices, clinic facilities and equipment under noncancellable operating lease arrangements. These leases expire at various dates through 2019. Rental expense for all leases was \$1,109,560 and \$1,105,061, for the years ended June 30, 2009 and 2008, respectively.

The future minimum rental payments required by all noncancellable operating leases are as follows:

Payable In Year Ending June 30	Rental Payments
2010	\$ 707,312
2011	580,609
2012	398,643
2013	300,921
2014	245,312
Thereafter	<u>407,799</u>
	<u>\$2,640,596</u>

**NOTE 8 - TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets were available for the following purposes or periods at June 30, 2009 and 2008:

	2009	2008
Endowment fund assets:		
Unrestricted programs (Sanger Fund)	\$ 80,652	\$ 329,817
Women's Health Fund (Gulden Women's Health Fund)	39,095	45,173
Women's Health Fund (Kay Asher Fund)	2,053	2,358
Women's Health Fund (Barbara Maves Fund)	28,230	32,020
Alleviation of Huntington's Disease (Peebles Trust Fund)	28,818	30,820
Patient grants (Abortion Fund)	3,988	4,508
Use restriction:		
Capital purchases	1,854,228	2,093,291
CAPS Justice Fund	109,210	85,878
Women's Health Fund	187,946	145,391
Time restriction:		
Property related to split-interest agreement	316,066	316,066
Beneficial interest in assets held by PPFA	<u>183,895</u>	<u>103,684</u>
	<u>\$2,834,181</u>	<u>\$3,189,006</u>

**NOTE 9 - PERMANENTLY RESTRICTED NET ASSETS**

Permanently restricted net assets at June 30, 2009 and 2008, were restricted to:

	2009	2008
Investment in perpetuity, the income of which is expendable to support:		
Unrestricted programs (Sanger Fund)	\$ 946,235	\$ 946,235
Women's Health Fund (Gulden Women's Health Fund)	139,683	139,183
Women's Health Fund (Kay Asher Fund)	6,122	6,122
Women's Health Fund (Barbara Maves Fund)	80,444	80,444
Alleviation of Huntington's Disease (Peebles Trust Fund)	25,045	25,045
Patient grants (Abortion Fund)	10,000	10,000
Contribution receivable from charitable remainder trust for the Sanger Endowment Fund	<u>262,148</u>	<u>383,188</u>
	<u>\$1,469,677</u>	<u>\$1,590,217</u>

**NOTE 10 - NET ASSETS RELEASED FROM RESTRICTIONS**

Net assets were released from donor restrictions during the year ended June 30, 2009, by incurring expenses satisfying the restricted purposes, time restrictions or by occurrence of other events specified by donors, as follows:

	2009
Capital purchases	\$252,406
CAPS Justice Fund	85,878
Women's Health Fund	<u>145,391</u>
	<u>\$483,675</u>

There were no net assets released from restrictions during the year ended June 30, 2008.

**NOTE 11 - EMPLOYEE BENEFITS**

The Agency sponsors a defined contribution plan which allows for both participant and employer contributions. Contributions to the Plan are made for all eligible employees age 21 or older with at least two years of service. Agency contributions consist of a matching contribution of 100% of participant contributions, up to 3% of eligible employee compensation. The Agency's contributions to the Plan totaled \$80,674 for fiscal year 2009 and \$95,773 for fiscal year 2008.

**NOTE 12 - EMPLOYEE INSURANCE OBLIGATION**

The Agency self-insures its employee group medical plan. Claim expenses are recorded as incurred. Insurance policies in force at June 30, 2009 limit the Agency's maximum plan cost to approximately \$1,031,291 per plan year. The Agency's portion of the predetermined funding provision is charged to expense each month. A reinsurance policy is in place to limit the Agency's maximum claim liability to \$50,000 per covered individual, unless a specific stop-loss deductible is noted in the policy for an individual. Unpaid claims incurred prior to June 30 and filed within three months of year-end were accrued at June 30. The self-insurance liability was \$70,176 and \$33,485 at June 30, 2009 and 2008, respectively.

**NOTE 13 - CONCENTRATIONS OF FUNDING**

Federal funding provided 20% and 16% of revenue for the Agency for the years ended June 30, 2009 and 2008, respectively. The Agency currently receives funding from five federal grants programs. Funding from each source was as follows for the years ended June 30, 2009 and 2008:

	2009	2008
Title V	\$ 481,207	\$ 437,423
Title X	794,915	811,606
Title X – HIV Integration Grant	85,933	84,800
Title XX	1,613,358	1,505,698
HIV Prevention Activities	29,123	36,678
STD Fund	<u>22,859</u>	<u>20,957</u>
	<u>\$3,027,395</u>	<u>\$2,897,162</u>

**NOTE 14 - CONTRIBUTIONS RECEIVABLE**

Contributions receivable at June 30, 2009 and 2008, were as follows:

	2009	2008
Receivable in less than one year	\$ 318,450	\$ 761,054
Receivable in one to five years	329,844	641,810
Receivable in six to ten years	<u>265,000</u>	<u>10,000</u>
Total Contributions Receivable	913,294	1,412,864
Less: Discounts to net present value	(149,737)	(152,053)
Less: Allowance for uncollectible contributions	<u>(135,382)</u>	<u>(133,581)</u>
	<u>\$ 628,175</u>	<u>\$1,127,230</u>

Contributions receivable in more than one year are discounted at 6%.

**NOTE 15 - ASSETS HELD IN COMMUNITY FOUNDATIONS**

The Agency has been named a beneficiary of various funds administered by the Central Indiana Community Foundation which are not included in the Agencies' consolidated financial statements. At June 30, 2009 and 2008, these funds approximated \$150,000 and \$107,000, respectively.

**NOTE 16 - RELATED PARTY TRANSACTIONS**

Members of the Board of Directors and staff of the Agencies regularly make contributions to the Agencies. Individual amounts contributed by or receivable from Board members at times during the year were material to the consolidated financial statements taken as a whole.

At June 30, 2009 and 2008, the Agency had a note receivable from an organization affiliated with Planned Parenthood Federation of America, Inc. with a balance of \$250,000. This note bears interest at 7% annually and matures on June 13, 2013. The Agency recognized \$13,952 of interest income related to the note receivable during the year ended June 30, 2009.

**NOTE 17 - MALPRACTICE CLAIMS**

Medical Malpractice Insurance coverage is provided by National Union Fire Insurance Co. through Marsh USA, Inc. Marsh and National Union are publicly held corporations admitted to write such insurance in the State of Indiana. The Agency pays a premium to Affiliate Risk Management Services, Inc., which then forwards payment to Marsh for its professional liability coverage. Marsh and National Union consider the limitations imposed by the Indiana Medical Malpractice Act as amended (Act). The Act limits the amount of individual claims to \$1,250,000. The Agency is not covered by State of Indiana Patient's Compensation Fund. Insurance is provided on an occurrence basis.

Certain malpractice claims are pending against the Agency. The claims are in various stages of processing, and some may ultimately be brought to trial. The Agency intends to vigorously defend its position in these cases. The ultimate outcome of such litigation cannot presently be determined. However, in management's opinion, the likelihood of material adverse outcomes is remote. Accordingly, adjustments, if any, that might result from the resolution of these matters have not been reflected in the consolidated financial statements.

**NOTE 18 - SUBSEQUENT EVENT**

Due to a loss of \$1.4 million in annual governmental funding, the Agency announced the closure of six health centers. These closures will occur over the period from October 31, 2009 through February 28, 2010.

**PLANNED PARENTHOOD OF INDIANA, INC.**

**CONSOLIDATING SCHEDULE-STATEMENT OF FINANCIAL POSITION INFORMATION**  
**June 30, 2009**

	Planned Parenthood of Indiana, Inc.	Planned Parenthood Advocates of Indiana, Inc.	Eliminations	Consolidated
<b>CURRENT ASSETS</b>				
Cash and equivalents	\$ 3,034,124	\$ 58,366		\$ 3,092,490
Investment securities	3,691,968			3,691,968
Accounts receivable, net	704,799	13,853		718,652
Contributions receivable, net	268,047			268,047
Grant reimbursements receivable	143,124			143,124
Inventory	810,653			810,653
Prepaid insurance and other assets	171,341			171,341
Total Current Assets	<u>8,824,056</u>	<u>72,219</u>		<u>8,896,275</u>
<b>OTHER ASSETS</b>				
Long-term contributions receivable, net	360,128			360,128
Contribution receivable from charitable remaindr trusts	262,148			262,148
Note receivable from related party	250,000			250,000
Beneficial interest in assets held by Planned Parenthood Federation of America, Inc.	183,895			183,895
Property and equipment, net	4,857,939			4,857,939
Total Other Assets	<u>5,914,110</u>			<u>5,914,110</u>
<b>TOTAL ASSETS</b>	<u>\$ 14,738,166</u>	<u>\$ 72,219</u>	<u>\$</u>	<u>\$ 14,810,385</u>
<b>CURRENT LIABILITIES</b>				
Accounts payable	\$ 658,699	\$ 9,436		\$ 668,135
Accrued payroll and expenses	618,358			618,358
Note payable-current portion	625			625
Self-insurance liability	70,176			70,176
Total Current Liabilities	<u>1,347,858</u>	<u>9,436</u>		<u>1,357,294</u>
<b>OTHER LIABILITIES</b>				
Remaindr interest in life estate liability	63,489			63,489
Total Liabilities	<u>1,411,347</u>	<u>9,436</u>		<u>1,420,783</u>
<b>NET ASSETS</b>				
Unrestricted	9,022,961	62,783		9,085,744
Temporarily restricted	2,834,181			2,834,181
Permanently restricted	1,469,677			1,469,677
Total Net Assets	<u>13,326,819</u>	<u>62,783</u>		<u>13,389,602</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 14,738,166</u>	<u>\$ 72,219</u>	<u>\$</u>	<u>\$ 14,810,385</u>

**PLANNED PARENTHOOD OF INDIANA, INC.**

**CONSOLIDATING SCHEDULE-STATEMENT OF ACTIVITIES INFORMATION**  
Year Ended June 30, 2009

	Planned Parenthood of Indiana, Inc.	Planned Parenthood Advocates of Indiana, Inc.	Elimination	Consolidated
<b>REVENUE, GAINS AND OTHER SUPPORT</b>				
Contributions	\$ 1,816,550	\$ 117,111	\$ (100,000)	\$ 1,833,661
United Way contributions	96,916			96,916
Government grants, including Title XX fees	3,027,395			3,027,395
Patient fees and donations	9,370,433			9,370,433
Medicaid fees	1,239,938			1,239,938
Net investment gain (loss)	(733,724)	133		(733,591)
Rental income	48,575			48,575
In-kind contributions	286,580			286,580
Other	74,381			74,381
Total Revenue, Gains and Other Support	<u>15,227,044</u>	<u>117,244</u>	<u>(100,000)</u>	<u>15,244,288</u>
<b>EXPENSES</b>				
Program Services:				
Patient services	13,298,564			13,298,564
Education and training	543,009			543,009
Public policy	331,053	148,138	(100,000)	379,191
Total Program Services	<u>14,172,626</u>	<u>148,138</u>	<u>(100,000)</u>	<u>14,220,764</u>
Management and general-marketing	473,594			473,594
Management and general-other	1,196,725			1,196,725
Payments to affiliates	187,198			187,198
	<u>1,857,517</u>			<u>1,857,517</u>
Fundraising	484,171			484,171
Total Expenses	<u>16,514,314</u>	<u>148,138</u>	<u>(100,000)</u>	<u>16,562,452</u>
<b>DECREASE IN NET ASSETS</b>	<b>(1,287,270)</b>	<b>(30,894)</b>		<b>(1,318,164)</b>
<b>NET ASSETS</b>				
Beginning of Year	<u>14,614,089</u>	<u>93,677</u>		<u>14,707,766</u>
End of Year	<u>\$ 13,326,819</u>	<u>\$ 62,783</u>	<u>\$</u>	<u>\$ 13,389,602</u>

# KATZ, SAPPER & MILLER

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*Independent Auditors' 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*

*Year Ended June 30, 2009*

Board of Directors  
Planned Parenthood of Indiana, Inc.

We have audited the consolidated financial statements of Planned Parenthood of Indiana, Inc. (a not-for-profit organization) as of and for the year ended June 30, 2009, and have issued our report thereon dated January 12, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States 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 of Indiana, Inc.'s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of Planned Parenthood of Indiana, Inc.'s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Planned Parenthood of Indiana, Inc.'s internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record process, or report financial data reliably in accordance with generally accepted accounting principles such that there is a more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be 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 of Indiana, Inc.'s consolidated 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 certain instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as Item 09-01 and Item 09-02.

We noted certain matters that we reported to management of Planned Parenthood of Indiana, Inc. in a separate letter dated January 12, 2010.

Planned Parenthood of Indiana, Inc.'s response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit Planned Parenthood of Indiana, Inc.'s response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, the Board of Directors, others within the entity, 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.

*Katz, Sargent & Miller, LLP*

Indianapolis, Indiana  
January 12, 2010

**PLANNED PARENTHOOD OF INDIANA, INC.**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**Year Ended June 30, 2009**

	<b>Federal CFDA Number</b>	<b>Expenditures</b>
<b>U.S. Department of Health and Human Service</b>		
Passed through Indiana State Department of Health		
HIV Prevention Activities	93.940	\$ 29,123
Preventative Health Services-Sexually Transmitted Disease Control Grant	93.977	22,859
Passed through Indiana Family Health Council		
Maternal and Child Health Services Block Grant	93.994*	481,207
Family Planning Services and HIV Integration Grant	93.217	880,848
Passed through Indiana Family and Social Services Administration		
Division of Family and Children		
Family Planning-Social Services Block Grant and TANI	93.667*	<u>1,613,358</u>
<b>TOTAL FEDERAL AWARDS</b>		<u><u>\$ 3,027,395</u></u>

\* Denotes major program selected for testing

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*Independent Auditors' Report on Compliance with Requirements Applicable  
to Each Major Program and on Internal Control over  
Compliance in Accordance with OMB Circular A-133*

*Year Ended June 30, 2009*

Board of Directors  
Planned Parenthood of Indiana, Inc.

## Compliance

We have audited the compliance of Planned Parenthood of Indiana, Inc. with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2009. Planned Parenthood of Indiana, Inc.'s major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Planned Parenthood of Indiana, Inc.'s management. Our responsibility is to express an opinion on Planned Parenthood of Indiana, Inc.'s compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Planned Parenthood of Indiana, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Planned Parenthood of Indiana, Inc.'s compliance with those requirements.

In our opinion, Planned Parenthood of Indiana, Inc. complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as Items 09-01 and 09-02.

Internal Control over Compliance

The management of Planned Parenthood of Indiana, Inc. is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Planned Parenthood of Indiana, Inc.'s internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Planned Parenthood of Indiana, Inc.'s internal control over compliance.

A control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph and would not necessarily identify all deficiencies in the entity's internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Planned Parenthood of Indiana, Inc.'s response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit Planned Parenthood of Indiana, Inc.'s response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, the Board of Directors, others within the entity, 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.

*Katz, Agnew & Miller, LLP*

Indianapolis, Indiana  
January 12, 2010

**PLANNED PARENTHOOD OF INDIANA, INC.**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**Year Ended June 30, 2009**

**SECTION I**

**Summary of Auditors' Results**

Type of report issued on the financial statements:	Unqualified
Significant deficiencies in internal control over financial reporting:	No
Material weakness in internal control over financial reporting:	No
Material noncompliance:	No
Significant deficiencies in internal control over compliance for major programs:	No
Material weakness in internal control over compliance for major programs:	No
Type of report issued on compliance for major programs:	Unqualified
Any audit findings which are required to be reported under Section 510(a) of OMB Circular A-133:	Yes

The programs identified and tested as major are as follows:

Indiana Family and Social Services Administration – CFDA 93.667

*Temporary Assistance for Needy Families and Social Services Block Grant*

Indiana Family Health Council – CFDA 93.994

*Maternal and Child Health Services Block Grant*

The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.

Planned Parenthood of Indiana, Inc. was determined to not qualify as a low risk auditee.

**PLANNED PARENTHOOD OF INDIANA, INC.**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
Year Ended June 30, 2009**

**SECTION II - FINDINGS RELATED TO THE FINANCIAL STATEMENTS, WHICH ARE  
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS.**

None

**SECTION III - FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS INCLUDING  
AUDIT FINDINGS AS DEFINED IN OMB CIRCULAR A-133**

**Item 09 - 01**

**Patient Eligibility - CFDA 93.667**

*Criteria:* Eligible families or individuals must have gross family income not exceeding one hundred percent (100%) of the federal poverty level currently in effect, individuals must be of reproductive capability, and TANF funds may be used to fund family planning services for single women only and SSBG funds may be used for married women as well as single women.

*Statement of Condition:* The Agency billed Title XX (CFDA 93.667) for services performed for a male patient. The Agency also billed Title XX (CFDA 93.667) for services performed for a patient that did not receive services.

*Cause and Effect:* We selected a sample of 40 patients that received services billed to Title XX and noted one individual who received services as a male. We also noted one individual with services which were billed to Title XX who did not receive services.

*Recommendations:* We recommend the Agency increase training on patient eligibility and expand on-site file reviews to verify that individuals being charged to the grant have appropriate eligibility documentation.

*Management Response:*

The agency is audited annually by Indiana Family Health Council, Inc. (IFHC) with intensive on-site reviews. Management has ongoing communication with IFHC to ensure compliance and transparency regarding performance. In addition, intensive review of all operations, including 218 patient records, was conducted by the Planned Parenthood Federation of America, Inc. (PPFA) in June of 2009 in conjunction with the Agency's accreditation. Great importance is placed internally on quality patient care substantiated by accurate records, all provided in compliance with all local, state, and federal regulatory environments.

In addition, the Agency currently conducts annual on-site reviews at each health center. During these reviews, patient charts are reviewed to verify posting of charges, coding of fees, and updating of demographic information. Approximately 600 patient charts are reviewed each year. The Agency will expand the on-site reviews to verify demographic information was entered into the system correctly.

**PLANNED PARENTHOOD OF INDIANA, INC.**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
Year Ended June 30, 2009**

**SECTION III - FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS INCLUDING  
AUDIT FINDINGS AS DEFINED IN OMB CIRCULAR A-133 (CONTINUED)**

**Item 09-02**

**Level of Effort - CFDA 93.994**

*Criteria:* The Agency shall provide services to a minimum of 19,443 annualized unduplicated patients during the term of the agreement.

*Statement of Condition:* The Agency provided services to fewer than the required threshold of 19,433 annualized unduplicated patients.

*Cause and Effect:* The Agency did not provide services to a minimum of 19,443 annualized unduplicated patients, thus the Agency has not fulfilled this requirement.

*Recommendations:* We recommend the Agency monitor the number of unduplicated patients during the term for each grant under the agreement and direct attention to increasing the number of patients served.

*Management Response:*

An amendment to the existing agreement with Indiana Family Health Council, Inc. (IFHC) was entered into in October 2008 when IFHC took over the administration of the Title V funding from the Indiana State Department of Health. IFHC estimated the total number of unduplicated patients who would be seen in the Agency's health centers that received funding from the Title V and X programs. The estimated patient number includes patients regardless of source of payment for services received.

The IFHC began the process of merging the Title X and V funding streams through this amendment although the funding streams are based on two different grant years. During the Title V grant year from October 1, 2008 to September 30, 2009, the Agency saw a total of 18,209 patients. Under the terms of the agreement, it is within the sole discretion of IFHC as to whether it will seek return of funds because patient numbers were less than the estimate. The Agency has not received any notification that IFHC plans to seek a return of funds.

The Agency plans to continue monitoring the number of unduplicated patients at each health center on a monthly basis. The information is reported to IFHC on a quarterly basis. IFHC also receives reports from an independent entity that compiles information on each patient visit that we submit to that entity.

**SECTION IV - SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

**Item 08 – 01: Material Adjusting Journal Entries were Recorded During the Year End Audit**

During 2009, documented procedures were put in place to reduce the likelihood of errors in the financial statements at the Agency. There were no material adjusting journal entries recorded during the current year audit.

**Item 08 – 02: Financial accounting records and direct cost allocation methods are not being maintained in compliance with grant agreements**

The Agency performed a detailed cost study during the year with the assistance of Planned Parenthood Federation of America, Inc. As required, the cost study determined costs attributable to each service code and service component provided under the agreement.

**Item 08 – 03: Patient Eligibility**

The Agency increased training of individuals responsible for maintaining eligibility requirements. Also, the Agency has implemented a process to review a sample of patient files by someone who was not involved in providing the service to the patient. Instances of noncompliance with patient eligibility requirement were identified during the current year audit.



*"People  
helping people  
help  
themselves"*

MITCHELL E. DANIELS, JR., GOVERNOR  
STATE OF INDIANA

**Office of Medicaid Policy and Planning**  
MS 07, 402 W. WASHINGTON STREET, ROOM W382  
INDIANAPOLIS, IN 46204-2739

May 13, 2011

Verlon Johnson  
Associate Regional Administrator  
Division of Medicaid and Children's Health  
CMS Region V  
233 North Michigan Avenue, Suite 600  
Chicago, Illinois 60601  
ATTN: Carolyn Brown, Medicaid Program Tech.

RE: Indiana SPA TN 11-011; Provider Qualifications of Participation

Dear Ms. Johnson:

The Office of Medicaid Policy and Planning is submitting a Medicaid State Plan Amendment via Transmittal Number #11-011. The following documents are being submitted through the established CMS Region V e-mail account with a hard copy of the same following via U.S. Mail:

- Cover letter including responses to coverage questions
- The transmittal HCFA 179 form
- One copy of the proposed State Plan pages

This State Plan amendment seeks to make changes to Indiana's State Plan in order to conform to Indiana State Law. The attached page adds a new qualification that must be met in order for a provider to participate in the Medicaid Program.

The State has prepared the following responses to the questions CMS has requested be included with SPA submissions.

1. Number of people affected by enhanced coverage, benefits or retained enrollment.  
**OMPP Response:** None.
2. Number of potential new eligible people.  
**OMPP Response:** None.
3. Does this plan provide eligibility simplification?  
**OMPP response:** No.
4. Will provider payments increase?  
**OMPP Response:** No.

[www.IN.gov/fssa](http://www.IN.gov/fssa)  
Equal Opportunity/Affirmative Action Employer



5. Does this plan provide delivery system innovation?

**OMPP Response:** No.

6. Has your office received any expression of interest in this amendment from the Governor's office, Congressional offices, or other outside parties?

**OMPP Response:** No.

We look forward to your favorable response; please direct questions about this amendment to Jennifer Jenvey at (317)234-4634 or to Joy Heim at (317)234-4753.

Sincerely,



Patricia Casanova  
Director of Medicaid

enclosures

**TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL**

**FOR: HEALTH CARE FINANCING ADMINISTRATION**

TO: REGIONAL ADMINISTRATOR  
HEALTH CARE FINANCING ADMINISTRATION  
DEPARTMENT OF HEALTH AND HUMAN SERVICES

1. TRANSMITTAL NUMBER: 11-011	2. STATE Indiana
3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)	
4. PROPOSED EFFECTIVE DATE May 10, 2011	

5. TYPE OF PLAN MATERIAL (Check One):

- NEW STATE PLAN       AMENDMENT TO BE CONSIDERED AS NEW PLAN       AMENDMENT

COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment)

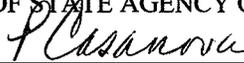
6. FEDERAL STATUTE/REGULATION CITATION: 42 CFR 431.107	7. FEDERAL BUDGET IMPACT: a. FFY                    \$ 0 b. FFY                    \$ 0
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:  Section 4, Page 45.1	9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable):  Section 4, Page 45.1

10. SUBJECT OF AMENDMENT:  
This amendment seeks to revise the provider qualifications for participation.

11. GOVERNOR'S REVIEW (Check One):

GOVERNOR'S OFFICE REPORTED NO COMMENT       OTHER, AS SPECIFIED:  
 COMMENTS OF GOVERNOR'S OFFICE ENCLOSED  
 NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL

**Indiana's Medicaid State Plan does not require the Governor's review. See Section 7.4 of the State Plan**

12. SIGNATURE OF STATE AGENCY OFFICIAL: 	16. RETURN TO: Patricia Casanova Director of Medicaid Indiana Office of Medicaid Policy and Planning 402 West Washington Street, Room W382 Indianapolis, IN 46204 ATTN: Jennifer Jenvey, State Plan Coordinator
13. TYPED NAME: Patricia Casanova	
14. TITLE: Director of Medicaid	
15. DATE SUBMITTED:	

**FOR REGIONAL OFFICE USE ONLY**

17. DATE RECEIVED:	18. DATE APPROVED:
PLAN APPROVED – ONE COPY ATTACHED	
19. EFFECTIVE DATE OF APPROVED MATERIAL:	20. SIGNATURE OF REGIONAL OFFICIAL:
21. TYPED NAME:	22. TITLE:

23. REMARKS:

45.1

Revision: HCFA-PM-91-4 (BPD)  
AUGUST 1991

OMB No.: 0938-

State/Territory Indiana

42 CFR Part 483 1919 of the Act (b) For providers of NF services, requirements of 42 CFR Part 483, Subpart B, and section 1919 of the Act are also met.

42 CFR Part 483, Subpart D (c) For provider of ICF/MR services, the requirements of participation in 42 CFR Part 483, Subpart D are also met.

1902 of the Act (d) For each provider that is eligible under the plan to furnish ambulatory prenatal care to pregnant women during a presumptive eligibility period, all the requirements of section 1920(b)(2) and (c) are met.

Not applicable. Ambulatory prenatal care is not provided to pregnant women during a presumptive eligibility period.

42 CFR 431.107 (e) No contract or grant can be entered into with providers that perform abortions or maintain or operate facilities where abortions are performed, except for hospitals licensed under Indiana Code 16-21-2 or ambulatory surgical centers licensed under Indiana Code 16-21-2.

TN No. 11-011  
Supersedes  
TN No. 05-015

Approval Date \_\_\_\_\_

Effective Date May 10, 2011



## DEPARTMENT OF HEALTH &amp; HUMAN SERVICES

Centers for Medicare &amp; Medicaid Services

*Administrator*

Washington, DC 20201

JUN 01 2011

Patricia Casanova, Director  
Office of Medicaid Policy and Planning  
MS 07, 402 W. Washington Street, Room W382  
Indianapolis, IN 46204-2739

Dear Ms. Casanova:

I am responding to your request to approve the State of Indiana's Medicaid State plan amendment (SPA) 11-011, received by the Centers for Medicare & Medicaid Services (CMS) on May 15, 2011. In this amendment, Indiana proposes to prohibit the State Medicaid agency from entering into a contract or grant with providers that perform abortions or maintain or operate facilities where abortions are performed, except for hospitals or ambulatory surgical centers. For the reason set forth below, I am unable to approve SPA 11-011 as submitted, because it does not comply with the requirements of section 1902(a)(23) of the Social Security Act (the Act).

Section 1902(a)(23)(A) of the Act provides that beneficiaries may obtain covered services from any qualified provider that undertakes to provide such services. This SPA would eliminate the ability of Medicaid beneficiaries to receive services from specific providers for reasons not related to their qualifications to provide such services. As you know, federal Medicaid funding of abortion services is not permitted under federal law except in extraordinary circumstances (such as in cases of rape or incest). At the same time, Medicaid programs may not exclude qualified health care providers from providing services that are funded under the program because of a provider's scope of practice. Such a restriction would have a particular effect on beneficiaries' ability to access family planning providers, who are subject to additional protections under section 1902(a)(23)(B) of the Act. These protections also apply in managed care delivery systems. Therefore, we cannot determine that the proposed amendment complies with section 1902(a)(23) of the Act.

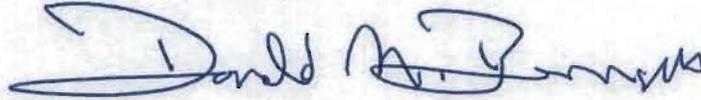
For this reason, and after consulting with the Secretary as required by Federal regulations at 42 CFR 430.15(c), I am unable to approve this SPA. If you are dissatisfied with this determination, you may petition for reconsideration within 60 days of receipt of this letter in accordance with the procedures set forth at 42 CFR 430.18. Your request for reconsideration may be sent to Ms. Cynthia Hentz, Centers for Medicare & Medicaid Services, Center for Medicaid, CHIP and Survey & Certification, 7500 Security Boulevard, Mail Stop S2-01-01, Baltimore, MD 21244-1850.

We assume this decision is not unexpected. As the Indiana Legislative Services Agency indicated in its April 19, 2011 fiscal impact statement, "While States are permitted to waive a recipient's freedom of choice of a provider to implement managed care, restricting freedom of choice with respect to providers of family planning services is prohibited."

Page 2 – Donald M. Berwick, M.D.

If you have any questions or wish to discuss this determination further, please contact Ms. Verlon Johnson, Associate Regional Administrator, Division of Medicaid and Children's Health Operations, Centers for Medicare & Medicaid Services, 233 N. Michigan Avenue, Suite 600, Chicago, Illinois, 60601.

Sincerely,

A handwritten signature in blue ink that reads "Donald M. Berwick". The signature is stylized with a large, sweeping initial "D" and a cursive "M. Berwick".

Donald M. Berwick, M.D.  
Administrator

DEPARTMENT OF HEALTH AND HUMAN SERVICES  
Centers for Medicare & Medicaid Services  
7500 Security Boulevard, Mail Stop S2-26-12  
Baltimore, MD 21244-1850

**Center for Medicaid, CHIP and Survey & Certification**

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**CMCS Informational Bulletin**

**DATE:** June 1, 2011

**FROM:** Cindy Mann, JD  
Director  
Center for Medicaid, CHIP and Survey & Certification (CMCS)

**SUBJECT:** Update on Medicaid/CHIP

This Informational Bulletin covers three topics of interest to States:

- Federal requirements relating to choice of providers,
- The release of Exchange/Medicaid IT Guidance 2.0 regarding the development of information technology in support of Exchanges, Medicaid and Children's Health Insurance Programs for coverage under the Affordable Care Act, and
- New support available to States relating to the CHIPRA quality measures.

**Medicaid Requirement of Freedom of Choice**

We have received some inquiries as to whether States may exclude certain providers from participating in Medicaid based on their scope of practice, as well as a proposed state plan amendment presenting the same question, and we thought a review of longstanding federal law would be helpful to States.

States have authority to exclude providers from participating in Medicaid under certain circumstances, and indeed in some situations federal law requires exclusion. States are required, for example, to exclude providers that commit fraud or certain criminal acts. States are not, however, permitted to exclude providers from the program solely on the basis of the range of medical services they provide. Under federal law Medicaid beneficiaries may obtain medical services "from any institution, agency, community pharmacy, or person, qualified to perform the service or services required . . . who undertakes to provide him such services." (Section 1902(a)(23) of Title XIX of the Social Security Act (the Act)) This provision is often referred to as the "any willing provider" or "free choice of provider" provision.

Federal Medicaid funding of abortion services is not permitted under federal law except in extraordinary circumstances (in cases of rape, incest, or when the life of the woman would be in danger). At the same time, Medicaid programs may not exclude qualified health care providers—whether an individual provider, a physician group, an outpatient clinic, or a hospital—from providing services under the program because they separately provide abortion

Page 2 – Informational Bulletin

services (not funded by federal Medicaid dollars, consistent with the federal prohibition) as part of their scope of practice.

If you have any questions about this provision of the law, please contact Dr. Gerald Zelinger at [gerald.zelinger@cms.hhs.gov](mailto:gerald.zelinger@cms.hhs.gov).

### **Exchange/Medicaid IT Guidance 2.0**

On May 31, 2011, CMS released Exchange/Medicaid IT Guidance 2.0, which expands on the prior version of IT Guidance issued in November 2010 guiding development of information technology in support of Exchanges, Medicaid and Children's Health Insurance Programs for coverage under the Affordable Care Act.

This IT Guidance contains additional discussion and details on systems requirements and funding that will assist States in moving forward on their information systems design and development. In particular, it expands the discussion of the business context, particularly for eligibility and enrollment into state health coverage programs; explains further the need and method for cost allocation among the programs; and describes the data services hub supporting State systems. IT Guidance 2.0 also contains additional details on upcoming guidance that States will receive for systems architecture and technical specifications.

IT Guidance 2.0 is available at:

<http://www.cms.gov/Medicaid-Information-Technology-MIT/Downloads/exchangemedicaiditguidance.pdf>.

### **CHIPRA Quality Measures Technical Assistance and Analytic Support**

We are pleased to announce the launch of the “*CHIPRA Technical Assistance and Analytic Support Program*” with an award of a contract to Mathematica Policy Research, LLC. This contract will enable CMCS to provide support to States in implementing the Children's Health Insurance Program Reauthorization Act (CHIPRA) quality measurement and improvement initiatives for children enrolled in Medicaid and CHIP (see <http://www.cms.gov/smdl/downloads/SHO11001.pdf>).

Mathematica – teamed with the National Committee for Quality Assurance (NCQA), the Center for Health Care Strategies (CHCS) and the National Initiative for Child Health Quality (NICHQ) – will support States’ child health care quality measurement, reporting, and improvement efforts. The team brings broad and long-standing expertise in Medicaid and CHIP policy and research, child health, quality measurement and improvement, and data analysis. The Mathematica team, led by Margo Rosenbach, PhD, will partner with CMS and States to (1) provide information and support to States in their effort to uniformly collect, calculate, and report the core measures; (2) ensure that program managers and health care providers use the data collected to inform decisions about policies, programs, and practices to improve quality of care; and (3) share emerging best practices and lessons learned. We are confident that the

Page 3 – Informational Bulletin

expertise of Mathematica and its partner organizations will advance States' efforts to use measurement tools to improve care for children in the Medicaid and CHIP programs.

The resources of the Mathematica contract will be available to all States. They will focus the next several months gathering information to better understand State capacity to collect and report data on quality measures. CMS will convene a Quality Conference in August (more details to follow) to help States build capacity, improve completeness and accuracy of collection and reporting on the core measures, and learn about quality improvement strategies. If you have specific questions about the CHIPRA Technical Assistance and Analytic Support program, please contact [CHIPRAQualityTA@cms.hhs.gov](mailto:CHIPRAQualityTA@cms.hhs.gov) .

I hope you will find this information helpful. Thank you for your continued commitment to Medicaid and CHIP.



"People  
helping people  
help  
themselves"

MITCHELL E. DANIELS, JR., GOVERNOR  
STATE OF INDIANA

*Office of Medicaid Policy and Planning*  
MS 07, 402 W. WASHINGTON STREET, ROOM W382  
INDIANAPOLIS, IN 46204-2739

June 23, 2011

Ms. Cynthia Hentz  
Centers for Medicare and Medicaid Services  
Center for Medicaid, CHIP and Survey & Certification  
7500 Security Boulevard, MS S2-01-01  
Baltimore, MD 21244-1850

Dear Ms. Hentz:

Pursuant to 42 CFR 430.18, the Indiana Office of Medicaid Policy and Planning respectfully requests formal reconsideration of the June 1, 2011, decision of Administrator Berwick disapproving Indiana State Plan Amendment 11-011. Please direct all questions regarding this matter, and all hearing and other notices, to Indiana Solicitor General Thomas M. Fisher, who is serving as counsel to OMPP. He can be reached at [tom.fisher@atg.in.gov](mailto:tom.fisher@atg.in.gov) or 317-232-6255. His address is Office of the Attorney General, 302 West Washington Street, Indiana Government Center South, Fifth Floor, Indianapolis, IN 46204.

Sincerely,

Patricia Casanova  
Medicaid Director

Cc: Verlon Johnson, Associate Regional Administrator, CMS, Region V



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**TITLE 405 OFFICE OF THE SECRETARY OF FAMILY AND SOCIAL SERVICES**

**Notice of Intent to Adopt a Rule**

LSA Document #11-333

Under [IC 4-22-2-23](#), the Office of the Secretary of Family and Social Services intends to adopt a rule concerning the following:

**OVERVIEW:** Adds [405 IAC 1-22](#) to clarify that (1) any "entity that performs abortions or maintains or operates a location where abortions are performed" under [IC 5-22-17-5.5\(b\)](#) does not include a separate affiliate of such entity, if the entity does not benefit, even indirectly, from government contracts or grants awarded to the separate affiliate; and (2) a licensed physician performing an abortion in a hospital licensed under [IC 16-21-2](#) or in an ambulatory surgical center licensed under [IC 16-21-2](#) falls within the exemption set forth in [IC 5-22-17-5.5\(a\)](#). Comments and questions may be addressed to the Small Business Regulatory Coordinator for this rule. Statutory authority: [IC 5-22-3-3](#); [IC 12-8-6-5](#); [IC 12-15-1-10](#); [IC 12-15-21-2](#); [IC 12-15-21-3](#).

For purposes of [IC 4-22-2-28.1](#), the Small Business Regulatory Coordinator for this rule is:

Barbara Nardi  
Indiana Family and Social Services Administration  
Indiana Government Center South  
402 W. Washington St., Room W451, Room OGC - Legal  
Indianapolis, IN 46204  
(317) 232-1282  
barbara.nardi@fssa.in.gov

For purposes of [IC 4-22-2-28.1](#), the Small Business Ombudsman designated by [IC 5-28-17-5](#) is:

Ryan Asberry  
Indiana Economic Development Corporation  
One North Capitol, Suite 700  
Indianapolis, IN 46204  
(317) 232-8962  
smallbizombudsman@iedc.in.gov

Resources available to regulated entities through the small business ombudsman include the ombudsman's duties stated in [IC 5-28-17-5](#), specifically [IC 5-28-17-5\(9\)](#), investigating and attempting to resolve any matter regarding compliance by a small business with a law, rule, or policy administered by a state agency, either as a party to a proceeding or as a mediator.

*Posted: 06/15/2011 by Legislative Services Agency*

An [html](#) version of this document.

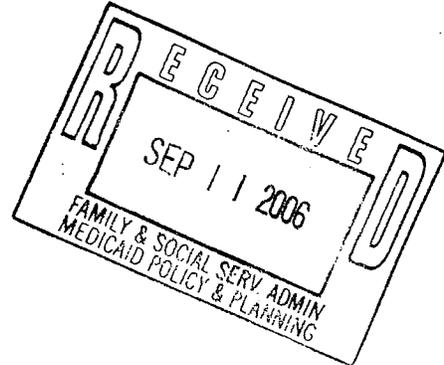
CC: PN, Budget M<sup>c</sup>Laughlin Long 1

Department of Health & Human Services  
Centers for Medicare & Medicaid Services  
233 North Michigan Avenue, Suite 600  
Chicago, Illinois 60601-5519



Refer to:

SEP 01 2006



Jeanne LaBrecque, Health Policy Director  
Office of Medicaid and Policy Planning  
Indiana Family and Social Services Administration  
402 W. Washington Street, Rm. W382  
Indianapolis, Indiana 46204-2739

Attention: Tracy Brunner  
State Plan Coordinator

Dear Ms. LaBrecque:

Enclosed for your records is an approved copy of the following State Plan Amendment (SPA).

Transmittal #05-015 - Emergency Medicaid provider enrollment rule limiting NF beds where there is an overage--Effective December 15, 2005

If you have questions, please have a member of your staff contact Lisa Kanarish at (312) 886-4369 or by e-mail at [lisa.kanarish@cms.hhs.gov](mailto:lisa.kanarish@cms.hhs.gov).

Sincerely,

Ruth A. Hughes  
Acting Associate Regional Administrator  
Division of Medicaid & Children's Health

Enclosure

DEPARTMENT OF HEALTH AND HUMAN SERVICES  
HEALTH CARE FINANCING ADMINISTRATION

FORM APPROVED  
OMB NO. 0938-0193

<b>TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL</b>  <b>FOR: HEALTH CARE FINANCING ADMINISTRATION</b>		1. TRANSMITTAL NUMBER:  05-015	2. STATE  Indiana
		3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)	
TO: REGIONAL ADMINISTRATOR HEALTH CARE FINANCING ADMINISTRATION DEPARTMENT OF HEALTH AND HUMAN SERVICES		4. PROPOSED EFFECTIVE DATE  December 15, 2005	
5. TYPE OF PLAN MATERIAL (Check One):  <input type="checkbox"/> NEW STATE PLAN <input type="checkbox"/> AMENDMENT TO BE CONSIDERED AS NEW PLAN <input checked="" type="checkbox"/> AMENDMENT COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment)			
6. FEDERAL STATUTE/REGULATION CITATION: 42 CFR 442 Subpart B		7. FEDERAL BUDGET IMPACT: a. FFY 2006 (\$ 3.37 million) b. FFY 2007 (\$ 6.2 million)	
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:  Text Page 45 and 45.1		9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable):  Text Page 45, State Plan Section 4.13	
10. SUBJECT OF AMENDMENT: Emergency Medicaid provider enrollment rule limiting NF beds where there is an overage			
11. GOVERNOR'S REVIEW (Check One): <input type="checkbox"/> GOVERNOR'S OFFICE REPORTED NO COMMENT <input type="checkbox"/> OTHER, AS SPECIFIED: <input type="checkbox"/> COMMENTS OF GOVERNOR'S OFFICE ENCLOSED <input type="checkbox"/> NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL			

12. SIGNATURE OF STATE AGENCY OFFICIAL: 	16. RETURN TO: Jeanne M. LaBrecque Director of Health Policy and Medicaid Office of Medicaid Policy and Planning 402 West Washington Street, Room W382 Indianapolis, IN 46204 ATTN: Bridget McLaughlin, State Plan Coordinator
13. TYPED NAME: Jeanne M. LaBrecque	
14. TITLE: Director of Health Policy and Medicaid	
15. DATE SUBMITTED: June 6, 2006	

<b>FOR REGIONAL OFFICE USE ONLY</b>	
17. DATE RECEIVED: 6/13/06	18. DATE APPROVED: September 1, 2006
PLAN APPROVED - ONE COPY ATTACHED	
19. EFFECTIVE DATE OF APPROVED MATERIAL: 12/15/05	20. SIGNATURE OF REGIONAL OFFICIAL: 
21. TYPED NAME: Ruth A. Hughes	22. TITLE: Acting Associate Regional Administrator

23. REMARKS:

**RECEIVED**  
JUN 13 2006  
DMCH - IL/IN/OH

Revision: HCFA-PM-91-4 (BPD)  
AUGUST 1991

OMB No.: 0938-

State/Territory Indiana

Citation 4.13 Required Provider Agreement

With respect to agreements between the Medicaid agency and each provider furnishing services under the plan:

42 CFR 431.107

(a) For all providers, the requirements of 42 CFR 431.107 and 42 CFR Part 442, Subparts A and B (if applicable) are met.

In accordance with 42 CFR 442, Subpart B, the agency may refuse to execute an agreement with a certified nursing facility for additional beds when:

- (1) An existing nursing facility undergoes a change in ownership that results in an increase in the number of Medicaid certified beds eligible for reimbursement.
- (2) The overall occupancy rate for all facilities in the geographic region is less than 95%.

In accordance with 42 CFR 442, Subpart B, the agency may not refuse to execute an agreement with a certified nursing facility when:

- (3) The nursing facility closes a building and replaces it with a new building with no more Medicaid certified beds than were contained in the previous building.
- (4) The nursing facility is owned by the State of Indiana.
- (5) The nursing facility is under development on December 15, 2005 to add, construct or convert certified beds. In determining whether the facility is under development on December 15, 2005, the office shall consider
  - (A) whether:
    - (i) architectural plans have been completed;
    - (ii) funding has been received;
    - (iii) zoning requirements have been met;
    - (iv) construction plans for the project have been approved by the state department of health and department of fire and building safety; and
  - (B) any other evidence that the office determines is an indication that the nursing facility is under development.
- (6) The nursing facility is part of a continuing care retirement community that is required to file a disclosure statement under IC 23-2-4.

TN No. 05-015  
Supersedes  
TN No. 91-018

Approval Date SEP 01 2006

Effective Date December 15, 2005  
HCFA ID: 7982E

45.1

Revision: HCFA-PM-91-4 (BPD)  
AUGUST 1991

OMB No.: 0938-

State/Territory Indiana

- 42 CFR Part 483  
1919 of the Act (b) For providers of NF services, requirements of 42 CFR Part 483, Subpart B, and section 1919 of the Act are also met.
  - 42 CFR Part 483,  
Subpart D (c) For provider of ICF/MR services, the requirements of participation in 42 CFR Part 483, Subpart D are also met.
  - 1902 of the Act (d) For each provider that is eligible under the plan to furnish ambulatory prenatal care to pregnant women during a presumptive eligibility period, all the requirements of section 1920(b)(2) and (c) are met.
- Not applicable. Ambulatory prenatal care is not provided to pregnant women during a presumptive eligibility period.

TN No. 05-015  
Supersedes  
TN No. 91-018

Approval Date SEP 01 2006

Effective Date December 15, 2005

HCFA ID: 7982E

## CERTIFICATE OF SERVICE

I hereby certify that on August 1, 2011, I electronically filed the foregoing with the Clerk of the Court for the United States Court of Appeals for the Seventh Circuit by using the CM/ECF system.

Participants in the case who are registered CM/ECF users will be served by the CM/ECF system.

I further certify that some of the participants in the case are not CM/ECF users. I have mailed the foregoing document by First-Class Mail, postage prepaid, for delivery within three calendar days to the following non-CM/ECF participants:

Roger K. Evans  
PLANNED PARENTHOOD  
FEDERATION OF AMERICA  
Legal Action for Reproductive Rights  
434 W. 33rd Street  
New York, NY 10001

Talcott Camp  
AMERICAN CIVIL LIBERTIES UNION  
125 Broad Street  
New York, NY 10004

s/ Thomas M. Fisher

Thomas M. Fisher  
Solicitor General

Office of the Indiana Attorney General  
Indiana Government Center South, Fifth Floor  
302 W. Washington Street  
Indianapolis, IN 46204-2770  
Telephone: (317) 232-6255  
Facsimile: (317) 232-7979  
Tom.Fisher@atg.in.gov