



**PLANNED PARENTHOOD FEDERATION  
OF AMERICA, INC. AND RELATED ENTITIES**

Consolidated Financial Statements and Supplementary Information

June 30, 2013

(With Independent Auditors' Report Thereon)

**PLANNED PARENTHOOD FEDERATION  
OF AMERICA, INC. AND RELATED ENTITIES**

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KPMG LLP  
345 Park Avenue  
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## Independent Auditors' Report

The Membership and the Board of Directors  
Planned Parenthood Federation of America, Inc.:

We have audited the accompanying consolidated financial statements of Planned Parenthood Federation of America, Inc. and related entities (the Federation), which comprise the consolidated balance sheet as of June 30, 2013, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

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

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

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Opinion*

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Planned Parenthood Federation of America, Inc. and related entities as of June 30, 2013, and the changes in its net assets and its cash flows for the year then ended, in accordance with U.S. generally accepted accounting principles.



***Report on Summarized Comparative Information***

We have previously audited the Federation's 2012 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated November 13, 2012. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2012 is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

***Other Matter***

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating schedules as of and for the year ended June 30, 2013, are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

**KPMG LLP**

December 4, 2013

**PLANNED PARENTHOOD FEDERATION  
OF AMERICA, INC. AND RELATED ENTITIES**

Consolidated Balance Sheet

June 30, 2013

(with summarized comparative financial information as of June 30, 2012)

<b>Assets</b>	<b>2013</b>	<b>2012</b>
Cash and cash equivalents	\$ 22,433,399	31,934,681
Receivables, advances, and deposits:		
Affiliates	2,251,947	2,038,478
Other	689,538	615,577
Inventories, supplies, and prepaid expenses	2,372,101	1,838,348
Contributions and grants receivable, net (note 3)	76,381,151	93,457,962
Investments (notes 2 and 5)	164,023,748	126,036,663
Beneficial interest in perpetual trust (note 2)	3,406,021	3,260,651
Property and equipment, net (note 4)	54,055,809	54,639,317
Total assets	\$ 325,613,714	313,821,677
<b>Liabilities and Net Assets</b>		
Liabilities:		
Accounts payable and accrued expenses (notes 2 and 5)	\$ 16,422,066	16,352,059
Deferred revenue	2,189,276	961,614
Due to related organizations	3,771,795	3,414,529
Liability under split-interest agreements	12,562,915	12,561,863
Amounts held on behalf of affiliates and others	3,949,167	3,439,155
Long-term debt (note 5)	35,570,000	37,595,000
Total liabilities	74,465,219	74,324,220
Commitments and contingency (notes 6 and 7)		
Net assets (notes 9 and 10):		
Unrestricted	111,532,993	92,530,044
Temporarily restricted	115,163,696	125,311,470
Permanently restricted	24,451,806	21,655,943
Total net assets	251,148,495	239,497,457
Total liabilities and net assets	\$ 325,613,714	313,821,677

See accompanying notes to consolidated financial statements.

**PLANNED PARENTHOOD FEDERATION  
OF AMERICA, INC. AND RELATED ENTITIES**

Consolidated Statement of Activities

Year ended June 30, 2013

(with summarized comparative financial information for the year ended June 30, 2012)

	2013			Total 2012
	Unrestricted	Temporarily restricted	Permanently restricted	
Revenue, net gains, and other support:				
Revenue and net gains:				
Contributions and grants:				
Direct response	\$ 43,055,966	6,580,464	—	49,636,430
Major donors, foundations, and corporations	15,494,641	62,358,195	—	77,852,836
Bequests and other planned giving revenue	14,672,507	331,448	2,654,334	17,658,289
Affiliates, National Program Support	12,210,630	—	—	12,210,630
Affiliates, other support	3,728,932	—	—	3,728,932
Special events, net of expenses of \$345,116 in 2013 and \$38,894 in 2012	122,867	43,377	—	166,244
Federated fund-raising organizations	1,008,755	272,802	—	1,281,557
Total contributions and grants	<u>90,294,298</u>	<u>69,586,286</u>	<u>2,654,334</u>	<u>162,534,918</u>
Other revenue and net gains (losses):				
Sales of publications and commodities	1,607,410	—	—	1,607,410
Interest and dividends, net of fees of \$222,712 in 2013 and \$170,030 in 2012	714,539	482,899	—	1,197,438
Net realized and unrealized appreciation (depreciation) in fair value of investments	1,639,852	2,826,161	—	4,466,013
Gain (loss) on beneficial interest in perpetual trust	—	—	145,370	145,370
Change in value of split-interest agreements	762,348	176,875	(3,841)	935,382
Fees for services to affiliates and other revenue	7,356,221	51,888	—	7,408,109
Total other revenue and net gains	<u>12,080,370</u>	<u>3,537,823</u>	<u>141,529</u>	<u>15,759,722</u>
Net assets released from restrictions due to satisfaction of program and time restrictions	83,092,200	(83,092,200)	—	—
Total revenue, net gains, and other support	<u>185,466,868</u>	<u>(9,968,091)</u>	<u>2,795,863</u>	<u>178,294,640</u>
Expenses:				
Employee compensation	50,031,640	—	—	50,031,640
Professional fees and contract services	28,833,963	—	—	28,833,963
Awards and grants	44,624,357	—	—	44,624,357
Conferences, meetings, and travel	8,109,591	—	—	8,109,591
Advertising and public service messages	9,290,932	—	—	9,290,932
Other	25,719,223	—	—	25,719,223
Total expenses	<u>166,609,706</u>	<u>—</u>	<u>—</u>	<u>166,609,706</u>
Change in net assets from operating activities	<u>18,857,162</u>	<u>(9,968,091)</u>	<u>2,795,863</u>	<u>11,684,934</u>
Other changes:				
Loss on contributions and other receivables	(38,639)	(179,683)	—	(218,322)
Unrealized gain on interest-rate swap agreements (note 5)	184,426	—	—	184,426
Total other changes	<u>145,787</u>	<u>(179,683)</u>	<u>—</u>	<u>(33,896)</u>
Change in net assets	19,002,949	(10,147,774)	2,795,863	11,651,038
Net assets at beginning of year	92,530,044	125,311,470	21,655,943	239,497,457
Net assets at end of year	<u>\$ 111,532,993</u>	<u>115,163,696</u>	<u>24,451,806</u>	<u>239,497,457</u>

See accompanying notes to consolidated financial statements.

**PLANNED PARENTHOOD FEDERATION  
OF AMERICA, INC. AND RELATED ENTITIES**

Consolidated Statement of Functional Expenses

Year ended June 30, 2013

(with summarized comparative financial information for the year ended June 30, 2012)

	2013										
	Program services (note 8)					Supporting services (note 8)					Total 2012
	Engage communities	Increase access	Build advocacy capacity	Renew leadership	Refresh our brand	Total program services	Management and general	Fund-raising	Total supporting services	Total	
Salaries and payroll taxes	\$ 3,926,085	16,681,325	7,107,546	463,817	272,903	28,451,676	6,809,035	8,043,476	14,852,511	43,304,187	
Employee health and retirement benefits	688,806	2,513,523	1,191,333	59,828	48,596	4,502,086	1,041,437	1,183,930	2,225,367	6,727,453	5,271,993
Total employee compensation	4,614,891	19,194,848	8,298,879	523,645	321,499	32,953,762	7,850,472	9,227,406	17,077,878	50,031,640	41,188,511
Professional fees and contract services, including investment management fees	3,011,945	10,702,494	4,783,928	95,751	1,113,950	19,708,068	2,643,708	6,704,899	9,348,607	29,056,675	28,865,992
Awards and grants	8,934,205	32,400,438	2,911,685	160,029	218,000	44,624,357	—	—	—	44,624,357	38,397,538
Conferences, meetings, and travel, including special events expenses	592,636	3,778,154	2,152,120	296,554	42,515	6,861,979	579,371	1,013,357	1,592,728	8,454,707	7,144,896
Advertising and public service messages	31,551	94,720	7,854,328	76,075	1,148,261	9,204,935	77,638	8,359	85,997	9,290,932	2,064,164
Other:											
Shipments of commodities and supplies	1,195,423	556,541	140,920	11,901	6,296	1,911,081	355,159	126,592	481,751	2,392,832	2,165,778
Telephone and telecommunications	310,580	635,122	1,808,987	127,768	8,109	2,890,566	555,495	115,776	671,271	3,561,837	1,470,432
Postage and shipping	310,876	1,080,960	1,082,849	27,861	55,236	2,557,782	38,527	2,804,993	2,843,520	5,401,302	4,298,092
Occupancy	266,765	936,715	181,765	33,494	17,101	1,435,840	408,659	458,600	867,259	2,303,099	3,616,653
Outside printing and artwork	229,222	753,898	1,585,363	82,406	247,816	2,898,705	84,060	1,475,788	1,559,848	4,458,553	2,791,135
Subscriptions and reference publications	13,097	31,606	38,048	486	190	83,427	13,546	41,007	54,553	137,980	335,384
Repairs and maintenance	65,248	791,990	48,492	8,575	14,972	929,277	697,207	289,814	987,021	1,916,298	1,258,038
Staff development and training	25,734	40,821	5,064	7,123	133	78,875	9,628	26,343	35,971	114,846	102,138
Interest, bank, and lockbox fees	281,518	892,353	190,716	35,534	18,143	1,418,264	633,221	503,142	1,136,363	2,554,627	2,299,959
Amortization and depreciation	194,655	768,564	142,729	26,593	13,578	1,146,119	319,701	728,251	1,047,952	2,194,071	1,958,531
Miscellaneous	69,433	168,074	32,002	23,520	7,082	300,111	244,560	139,107	383,667	683,778	1,055,061
	20,147,779	72,827,298	31,257,875	1,537,315	3,232,881	129,003,148	14,510,952	23,663,434	38,174,386	167,177,534	139,012,302
Investment management fees *	—	—	—	—	—	—	(222,712)	—	(222,712)	(222,712)	(170,030)
Special events expense **	—	—	—	—	—	—	—	(345,116)	(345,116)	(345,116)	(38,894)
	\$ 20,147,779	72,827,298	31,257,875	1,537,315	3,232,881	129,003,148	14,288,240	23,318,318	37,606,558	166,609,706	138,803,378

\* Investment management fees are netted with interest and dividends in the accompanying statement of activities.

\*\* Special events expense is netted with special events revenue in the accompanying statement of activities.

See accompanying notes to consolidated financial statements.

**PLANNED PARENTHOOD FEDERATION  
OF AMERICA, INC. AND RELATED ENTITIES**

Consolidated Statement of Cash Flows

Year ended June 30, 2013

(with summarized comparative financial information for the year ended June 30, 2012)

	<b>2013</b>	<b>2012</b>
Cash flows from operating activities:		
Change in net assets	\$ 11,651,038	33,121,358
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Amortization and depreciation	2,194,071	1,958,531
Net realized and unrealized (appreciation) depreciation in fair value of investments	(4,466,013)	835,166
Unrealized gain on interest-rate swap agreements	(184,426)	(153,980)
Contributions for endowment and trust funds	(2,654,334)	(550,382)
Change in value of split-interest agreements	(935,382)	(573,814)
(Gain) loss on beneficial interest in perpetual trust	(145,370)	130,138
Changes in:		
Receivables, advances, and deposits	(287,430)	501,050
Inventories, supplies, and prepaid expenses	(533,753)	129,523
Contributions and grants receivable, net	17,076,811	6,536,613
Accounts payable and accrued expenses	254,433	5,838,519
Deferred revenue	1,227,662	213,629
Due to related organizations	357,266	(684,047)
Amounts held on behalf of affiliates and others	510,012	(107,415)
Net cash provided by operating activities	24,064,585	47,194,889
Cash flows from investing activities:		
Purchases of investments	(63,563,738)	(60,841,328)
Proceeds from sales of investments	31,958,937	50,351,202
Purchases of property and equipment	(1,610,563)	(43,188,223)
Net cash used in investing activities	(33,215,364)	(53,678,349)
Cash flows from financing activities:		
Repayment of bonds	(2,025,000)	(1,485,000)
Proceeds from new bond	—	30,000,000
Contributions for endowment and trust funds	2,654,334	550,382
Change in contributions receivable for permanently restricted net assets	—	427,612
Proceeds from contributions and investment return under split-interest agreements in excess of amounts recognized as contributions	761,353	822,839
Payments to beneficiaries under split-interest agreements	(1,741,190)	(1,700,398)
Net cash (used in) provided by financing activities	(350,503)	28,615,435
Change in cash and cash equivalents	(9,501,282)	22,131,975
Cash and cash equivalents at beginning of year	31,934,681	9,802,706
Cash and cash equivalents at end of year	\$ 22,433,399	31,934,681
Supplemental disclosures of cash flow information:		
Interest paid	\$ 1,229,961	806,381
Income taxes paid	2,872	9,078

See accompanying notes to consolidated financial statements.

**PLANNED PARENTHOOD FEDERATION  
OF AMERICA, INC. AND RELATED ENTITIES**

Notes to Consolidated Financial Statements

June 30, 2013

(with comparative financial information as of and  
for the year ended June 30, 2012)

**(1) Organization and Summary of Significant Accounting Policies**

**Organization**

**(a) *Planned Parenthood Mission Statement – A Reason for Being***

Planned Parenthood Federation of America, Inc. (PPFA) believes in the fundamental right of each individual, throughout the world, to manage his or her fertility, regardless of the individual's income, marital status, race, ethnicity, sexual orientation, age, national origin, or residence. PPFA believes that respect and value for diversity in all aspects of its organization are essential to its well-being. PPFA believes that reproductive self-determination must be voluntary and preserve the individual's right to privacy. PPFA further believes that such self-determination will contribute to an enhancement of the quality of life, strong family relationships, and population stability.

Based on these beliefs, and reflecting the diverse communities within which PPFA operates, the mission of PPFA and its affiliates is:

- i. To provide comprehensive reproductive and complementary healthcare services in settings, which preserve and protect the essential privacy and rights of each individual;
- ii. To advocate public policies, which guarantee these rights and ensure access to such services;
- iii. To provide educational programs that enhance understanding of individual, and societal implications of human sexuality; and
- iv. To promote research and advancement of technology in reproductive healthcare and to encourage understanding of their inherent bioethical, behavioral, and social implications.

**(b) *Organizational Structure***

The accompanying consolidated financial statements include the financial position, changes in net assets, and cash flows of PPFA, The Planned Parenthood Foundation (the Foundation), Planned Parenthood Action Fund, Inc. (the Action Fund), and Voxent (together, the Federation).

PPFA, which is the nation's oldest and largest voluntary family planning organization, maintains primary domestic offices in New York City and Washington, DC and three international offices that monitor PPFA's international programs. The Federation is also affiliated with 73 independent medical and related entities, and 99 ancillary entities (including 4 Political Action Committees and 55-501(c)(4) organizations), all of which are separately incorporated in their respective states and which collectively constitute PPFA's membership. Accordingly, the accompanying consolidated financial statements do not include the financial position or the changes in net assets and cash flows of these independent affiliated organizations.

**PLANNED PARENTHOOD FEDERATION  
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Notes to Consolidated Financial Statements

June 30, 2013

(with comparative financial information as of and  
for the year ended June 30, 2012)

The Foundation was incorporated in 1994 for the purpose of raising funds and making grants to the Federation and its affiliates. In September 2013, the board of trustees and the membership of the Foundation unanimously voted to voluntarily dissolve the Foundation. The Attorney General and the New York Supreme Court approved a petition to transfer all the Foundation's net assets to PPFA. Accordingly, all net assets have been transferred to PPFA as of September 30, 2013.

The Action Fund was incorporated in 1989 to encourage and protect informed individual choice regarding reproductive healthcare, to advocate public policies, which guarantee the right, as well as full and nondiscriminatory access, to such care, and to foster and preserve a social and political climate favorable to the exercise of reproductive choice.

Voxent was incorporated as of May 28, 2010 to provide technology support services to certain PPFA affiliates.

The individual entities, excluding Voxent, have interrelated directors/trustees and share common facilities and personnel. Various expenses including occupancy costs and salaries have been allocated among PPFA, the Foundation, and the Action Fund, based upon services rendered by common personnel and usage of common facilities.

PPFA, the Foundation, and Voxent are not-for-profit organizations exempt from federal income taxes under Section 501(c)(3) of the U.S. Internal Revenue Code (the Code) and from state and local taxes under comparable laws. The Action Fund is exempt from federal income taxes under Section 501(c)(4) of the Code and from state and local taxes under comparable laws. The Federation recognizes the effect of income tax positions only if those positions are more likely than not of being sustained.

**Summary of Significant Accounting Policies**

**(a) Principles of Consolidation**

All significant intercompany accounts and transactions have been eliminated in consolidation.

**(b) Basis of Accounting**

The accompanying consolidated financial statements of the Federation have been prepared using the accrual basis of accounting and conform to U.S. generally accepted accounting principles as applicable to not-for-profit organizations.

**(c) Functional Allocation of Expenses**

Expenses are classified according to the programs and supporting services for which they were incurred and are reported on a functional basis in the accompanying consolidated statement of functional expenses. The various programs and supporting services of the Federation are as follows:

*Engage communities* – programs designed to engage broad and diverse communities to reduce health disparities and improve sexual health for the next generation.

**PLANNED PARENTHOOD FEDERATION  
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Notes to Consolidated Financial Statements

June 30, 2013

(with comparative financial information as of and  
for the year ended June 30, 2012)

*Increase access* – programs designed to improve access to reproductive health services and information by leveraging technology, enhancing existing capacity, and securing the role of women’s health centers in the evolving healthcare system.

*Build advocacy capacity* – programs designed to build the organizational capacity and expertise necessary to be effective in protecting and expanding access to the full range of reproductive health services.

*Renew leadership* – programs designed to recruit and develop young, diverse leaders dedicated to providing sexual healthcare and education.

*Refresh our brand* – programs designed to raise visibility so that diverse communities and individuals are aware of and understand the full range of health services offered.

*Management and general* – involves the direction of the overall affairs of the Federation, which includes accounting, legal, administration, and related areas.

*Fund-raising* – involves the direction of the overall fund-raising affairs of the Federation, which includes development and related areas.

**(d) Use of Estimates**

The preparation of the consolidated financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, and expenses, and the disclosure of contingent assets and liabilities. The significant estimates made in the preparation of these consolidated financial statements include the fair value of alternative investments, the allowance of uncollectible accounts, the allocation of expenses, and the liability under split-interest agreements. Actual results may differ from those estimates.

**(e) Fair Value**

Assets and liabilities, which are reported at fair value on a recurring basis by PPFA include investments, beneficial interest in perpetual trust, and interest rate swap.

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date. The three levels of the fair value hierarchy are as follows:

Level 1 – Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that a reporting entity has the ability to access at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

**PLANNED PARENTHOOD FEDERATION  
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(with comparative financial information as of and  
for the year ended June 30, 2012)

Level 3 – Inputs are unobservable inputs for the asset or liability.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

The Federation follows the provisions of Accounting Standards Codification (ASC) 820, *Fair Value Measurement*, for alternative investments that do not have readily determinable fair values, including hedge funds, limited partnerships, and other funds. This guidance allows, as a practical expedient, for the estimation of the fair value of investments in investment companies for which the investment does not have a readily determinable fair value, using net asset value per share or its equivalent, as reported by the investment managers.

Alternative investments classified in Levels 2 and 3 consist of shares or units in investment funds as opposed to direct interests in the funds' underlying holdings, which may be marketable. Because the net asset value reported by each fund is used as a practical expedient to estimate fair value of the Federation's interest therein, its classification in Level 2 or Level 3 is based on the Federation's ability to redeem its interest at or near June 30. If the interest can be redeemed in the near term within 90 days, the investment is classified as Level 2. The classification of investments in the fair value hierarchy is not necessarily an indication of the risks, liquidity, or degree of difficulty in estimating the fair value of each investment's underlying assets and liabilities.

At June 30, 2013 and 2012, the carrying values of PPFA's cash equivalents, receivables, advances and deposits, and accounts payable and accrued expenses approximate their fair values because of their relatively short maturities. The fair value of cash equivalents would be considered Level 1 in the fair value hierarchy. The fair value of receivables, advances and deposits, and accounts payable and accrued expenses involve unobservable inputs and would be considered Level 3 in the fair value hierarchy.

**(f) *Cash and Cash Equivalents***

The Federation considers all highly liquid investments with original maturities of three months or less when purchased to be cash equivalents, except for those amounts held by investment managers for long-term investment purposes.

**(g) *Investments***

Investments in equity securities with readily determinable fair values and all investments in debt securities are reported at their fair values based upon quoted market prices. Alternative investments consisting primarily of hedge funds are reported at net asset value, as determined by the related investment manager or adviser and reviewed by management for reasonableness. Nonpublicly held securities are reported at their fair values, as determined by independent appraisals and/or management's financial review.

**PLANNED PARENTHOOD FEDERATION  
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Notes to Consolidated Financial Statements

June 30, 2013

(with comparative financial information as of and  
for the year ended June 30, 2012)

Unless temporarily or permanently restricted by a donor's explicit stipulation or by law, realized and unrealized gains and losses on investments, as well as dividends, interest, and other investment income are recorded as changes in unrestricted net assets.

**(h) Contributions, Grants, Bequests, and National Program Support**

Contributions and grants to the Federation, including unconditional promises to give, are recognized as revenue at fair value, upon the receipt of the earlier of either (i) unconditional pledges or commitments or (ii) cash or other assets. Fair value is estimated giving consideration to anticipated future cash receipts (after allowance is made for uncollectible contributions) and discounting such amounts at a risk-adjusted rate commensurate with the duration of the donor's payment plan. These inputs to the fair value estimate are considered Level 3 in the fair value hierarchy. In subsequent periods, the discount rate is unchanged and the allowance for uncollectible contributions is reassessed and adjusted if necessary. Amortization of the discounts is recorded as additional contribution revenue.

Contributions and grants are considered available for unrestricted use unless the donor restricts the use thereof, either on a temporary or permanent basis. Bequests are recorded when a will has been through probate and is declared valid and the amount to be received can be reasonably estimated and payment is probable. Conditional contributions are recognized as revenue when the conditions on which they depend are substantially met.

Donated securities are recorded at their fair market values on the dates of the gifts and, except where otherwise required by the donor, are immediately sold by the PPFA. Since it is PPFA's policy to sell donated securities upon receipt, the contributions are classified as operating activities in the statement of cash flows unless the donor restricts the use of the contributed resources to long-term purposes, in which case those cash receipts are classified as cash flows from financing activities.

The National Program Support Plan (NPS) is a membership program between PPFA and Planned Parenthood Affiliates. NPS requires affiliates to pay quarterly membership dues to PPFA for the support and national visibility PPFA provides as well as the right to use the PPFA brand. The revenue is recognized as an increase to unrestricted net assets as the membership fees become due.

**(i) Split-Interest Agreements and Perpetual Trust**

The Federation's split-interest agreements with donors consist primarily of charitable gift annuities, a pooled income fund, and charitable remainder trusts for which the Federation serves as the trustee. Assets are invested and payments are made to donors and/or other beneficiaries, in accordance with the respective agreements.

Contribution revenue for charitable gift annuities and charitable remainder trusts is recognized at the date each agreement is established, net of the liability recorded for the present value of the estimated future payments to be made to the respective donor and/or other beneficiaries. Contribution revenue for pooled income funds is recognized upon the establishment of the agreement, at the fair value of

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the estimated future receipts discounted for the estimated time period necessary to complete the agreement.

The present value of payments to beneficiaries of charitable gift annuities and charitable remainder trusts, and the estimated future receipts from pooled income funds are calculated using discount rates at the date of the gift. Changes in the value of split-interest agreements resulting from changes in actuarial assumptions and accretions of the discount are reported as increases or decreases in the respective net asset class and corresponding liabilities.

The carrying amount of the charitable gift annuities, pooled income fund, and charitable remainder trusts obligations approximates fair value because these instruments are recorded at the estimated net present value of future cash flows. The estimated fair value, however, involves unobservable inputs considered to be Level 3 in the fair value hierarchy.

The Federation is also the beneficiary of a perpetual trust held and administered by a third party.

**(j) Inventories**

Inventories, which consist primarily of publications and contraceptive devices, are valued at the lower of cost or market value, using the first-in, first-out method of valuation.

**(k) Property and Equipment**

Property and equipment are stated at their cost at the dates of acquisition or at their fair values at the dates of donation. Building improvements are capitalized, whereas the costs of repairs and maintenance are expensed as incurred.

Depreciation is provided using the straight-line method over the estimated useful lives of the assets, as follows:

Building	40 years
Furniture and equipment	3 – 5 years
Building improvement	20 years

**(l) Due to Related Organizations**

The Federation's balance due to related organizations consisted primarily of amounts owed to affiliates in connection with the Federation's contribution-sharing arrangement (rebates).

**(m) Net Assets and Changes Therein**

**Unrestricted**

Unrestricted net assets represent those resources that are not subject to donor restrictions.

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**Temporarily Restricted**

Temporarily restricted net assets represent those resources that are subject to donor-imposed stipulations that will be met either by actions of the Federation and/or by the passage of time. Net assets released from restrictions represent the satisfaction of the restricted purposes specified by the donor or by the occurrence of other events.

**Permanently Restricted**

Permanently restricted net assets represent those resources that are subject to donor-imposed stipulations that they be maintained permanently by the Federation. Generally, the donors of these assets permit the Federation to use all or part of the income earned on related investments, and the net capital appreciation thereon, for general or specific purposes.

**(n) *Risks and Uncertainties***

The Federation invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such change could materially affect the amounts reported in the consolidated balance sheet.

**(o) *Reclassifications***

Certain reclassifications have been made to the 2012 consolidated financial statements to conform to the 2013 presentation.

**(p) *Prior Year Summarized Financial Information***

The financial statements include certain prior year summarized comparative information in total but not by net asset class or function in the accompanying statements of activities and functional expenses. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Federation's consolidated financial statements as of and for the year ended June 30, 2012, from which the summarized information was derived.

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**(2) Fair Value**

The following tables present the Federation's fair value hierarchy for those assets and liabilities measured at fair value as of June 30, 2013 and 2012:

	<b>2013</b>			
	<u>Fair value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Financial assets:				
Investments:				
Money market funds	\$ 53,288,046	53,288,046	—	—
Certificates of deposit	40,241,110	—	40,241,110	—
Government bonds and obligations	1,847,550	—	1,847,550	—
Common and preferred stock	4,975,109	4,975,109	—	—
Mutual funds – equity	43,847,785	43,847,785	—	—
Mutual funds – fixed income	15,078,834	15,078,834	—	—
Alternative investments	4,496,707	—	2,457,120	2,039,587
Nonpublicly held companies	248,607	—	—	248,607
Total investments	<u>164,023,748</u>	<u>117,189,774</u>	<u>44,545,780</u>	<u>2,288,194</u>
Beneficial interest in perpetual trust	3,406,021	—	—	3,406,021
	<u>\$ 167,429,769</u>	<u>117,189,774</u>	<u>44,545,780</u>	<u>5,694,215</u>
Financial liabilities:				
Interest-rate swap	\$ 96,513	—	96,513	—

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	<b>2012</b>			
	<u>Fair value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Financial assets:				
Investments:				
Money market funds	\$ 38,329,515	38,329,515	—	—
Certificates of deposit	40,227,349	—	40,227,349	—
Government bonds and obligations	2,018,104	—	2,018,104	—
Common and preferred stock	4,399,986	4,399,986	—	—
Mutual funds – equity	28,626,915	28,626,915	—	—
Mutual funds – fixed income	8,909,064	8,909,064	—	—
Alternative investments	3,309,550	—	1,417,279	1,892,271
Nonpublicly held companies	216,180	—	—	216,180
Total investments	126,036,663	80,265,480	43,662,732	2,108,451
Beneficial interest in perpetual trust	3,260,651	—	—	3,260,651
	<u>\$ 129,297,314</u>	<u>80,265,480</u>	<u>43,662,732</u>	<u>5,369,102</u>
Financial liabilities:				
Interest-rate swap	\$ 280,939	—	280,939	—

The following table presents a reconciliation for all Level 3 assets measured at fair value as of June 30, 2013 and 2012:

	<u>Investments</u>		<u>Beneficial interest in perpetual trust</u>	<u>Total</u>
	<u>Alternative investments</u>	<u>Nonpublicly held</u>		
2013:				
Balance at June 30, 2012	\$ 1,892,271	216,180	3,260,651	5,369,102
Purchases	—	—	828,689	828,689
Sales	—	—	(480,280)	(480,280)
Realized and unrealized gains	147,316	32,427	(203,039)	(23,296)
Balance at June 30, 2013	<u>\$ 2,039,587</u>	<u>248,607</u>	<u>3,406,021</u>	<u>5,694,215</u>

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	<b>Investments</b>		<b>Beneficial interest in perpetual trust</b>	<b>Total</b>
	<b>Alternative investments</b>	<b>Nonpublicly held</b>		
2012:				
Balance at June 30, 2011	\$ 1,874,580	691,489	3,390,789	5,956,858
Purchases	7,500	—	1,279,621	1,287,121
Sales	—	(460,897)	(1,477,566)	(1,938,463)
Realized and unrealized gains	10,191	(14,412)	67,807	63,586
Balance at June 30, 2012	<u>\$ 1,892,271</u>	<u>216,180</u>	<u>3,260,651</u>	<u>5,369,102</u>

As of June 30, 2013, the following table summarizes the various redemption provisions of alternative investments:

<b>Redemption period</b>	<b>Amount</b>
Monthly – 15 days notice	\$ 2,457,120
Annually – December 31 (with 90 day notification)	1,741,599
At termination of fund in 2015	297,988
	<u>\$ 4,496,707</u>

Investments include split-interest gifts of \$23,063,576 and \$20,851,561 in 2013 and 2012, respectively, of which \$2,343,478 and \$2,429,269, respectively, relate to charitable remainder trusts. Such split-interest gifts include certain segregated investment accounts relating to charitable gift annuities, in compliance with the insurance laws of various states. The Federation maintains separate and distinct reserve funds adequate to meet the future payments of all outstanding charitable gift annuities administered by the Federation. The Federation complies with the annuity reserve requirements of all individual states that have such requirements, including Arkansas, California, Hawaii, Maryland, New Jersey, New York, Washington, Florida, and Wisconsin. The balance of these reserve accounts aggregated \$18,554,247 and \$15,852,623 in 2013 and 2012, respectively.

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**(3) Contributions and Grants Receivable**

At June 30, 2013 and 2012, contributions and grants receivable are scheduled to be collected as follows:

	<u>2013</u>	<u>2012</u>
Less than one year	\$ 40,300,781	37,253,679
One to five years	<u>38,173,968</u>	<u>60,436,649</u>
	78,474,749	97,690,328
Less present value discount, using a discount rate between 2.17% and 4.17%	<u>(2,093,598)</u>	<u>(4,232,366)</u>
	<u>\$ 76,381,151</u>	<u>93,457,962</u>

At June 30, 2013 and 2012, approximately 77% and 70% of the outstanding net receivable was a pledge from one donor, respectively.

**(4) Property and Equipment**

At June 30, 2013 and 2012, the Federation's property and equipment consisted of the following:

	<u>2013</u>	<u>2012</u>
Land	\$ 29,700,000	29,700,000
Building	12,072,491	12,072,491
Building improvements	15,038,080	14,207,850
Furniture and equipment	<u>12,180,266</u>	<u>11,399,933</u>
	68,990,837	67,380,274
Less accumulated amortization and depreciation	<u>(14,935,028)</u>	<u>(12,740,957)</u>
	<u>\$ 54,055,809</u>	<u>54,639,317</u>

Pursuant to the option in the lease agreement for the Federation's New York office facility, on December 20, 2011, the Federation purchased a condominium unit consisting of the space under lease for approximately \$34,800,000. In addition, costs incurred directly related to the acquisition of approximately \$6,970,000 were capitalized.

**(5) Long-term Debt**

Included in the Federation's long-term debt balance in the accompanying balance sheet at June 30, 2013 and 2012 are Public Finance Authority (PFA) Revenue bonds purchased by Bank of America. The proceeds from these bonds were utilized for the purchase of the Federation's New York office space. The total loan amount is \$30,000,000 for 30 years bearing interest at an initial fixed rate of 3.52% per annum

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through December 20, 2021, at which time, either a new fixed rate and term will be agreed to with Bank of America or such bonds will be required to be repurchased by the Federation at par. Total interest paid in fiscal year 2013 and 2012 amounted to \$1,007,649 and \$561,921, respectively. The Federation has required principal payments on this loan of \$1,000,000 annually through the term of the loan.

Also included in the Federation's long-term debt balance in the accompanying consolidated balance sheet at June 30, 2013 and 2012 are New York City Industrial Development Agency Civil Facility Variable Rate Revenue Bonds (NYCIDA), Series 2002, maturing on July 1, 2018. Interest on the bonds is calculated using a weekly interest rate as determined by the remarketing agent. In no event will the interest rate exceed the lesser of (i) the highest interest rate, which may be borne by the bonds under New York law or (ii) 10.00% per annum (the maximum rate). On July 1, 2003, the Federation entered into a 10-year interest-rate swap agreement with the Bank of America, N.A. (the Bank) effective February 2, 2004 and expiring on February 1, 2014. In exchange for fixed interest payments made by the Federation of 2.90%, the Federation receives payments from the floating rate payor in an amount equal to 67.00% of LIBOR. The Federation retains the residual interest rate risk, consisting of any differences between these LIBOR-based floating rates and the actual weekly bond floating rates. The average interest rate for the years ended June 30, 2013 and 2012 was 3.04% and 2.70%, respectively. Interest expense for 2013 and 2012 was \$215,244 and \$243,978, respectively. The fair value of the interest-rate swap agreement at June 30, 2013 and 2012 was \$(96,513) and \$(280,939), respectively, and is included with accounts payable and accrued expenses in the accompanying consolidated balance sheet. The bonds are collateralized by a letter of credit, with the Bank, that expires July 1, 2015, unless it is extended as provided under the terms of the indenture. At June 30, 2013 and 2012, restricted assets of \$157,685 and \$155,237, respectively, held by The Bank of New York, the trustee, are invested in money market funds and are included with investments in the accompanying consolidated balance sheet.

The fair value of PPFA's long-term debt approximates carrying value, which is based on observable interest rates that fall within Level 2 of the fair value hierarchy.

Bond principal payments are summarized as follows for both bonds:

	<u>PFA</u>	<u>NYCIDA</u>	<u>Total</u>
Year ending June 30:			
2014	\$ 1,000,000	1,065,000	2,065,000
2015	1,000,000	1,110,000	2,110,000
2016	1,000,000	1,155,000	2,155,000
2017	1,000,000	1,200,000	2,200,000
2018	1,000,000	1,245,000	2,245,000
Thereafter	23,500,000	1,295,000	24,795,000
	<u>\$ 28,500,000</u>	<u>7,070,000</u>	<u>35,570,000</u>

The bond agreement requires the Federation to meet certain financial covenants. At June 30, 2013 and 2012, the Federation was in compliance with these covenants.

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**(6) Commitments and Contingency**

The Federation is obligated under various noncancelable operating leases for its regional offices expiring 2014 through 2022. Minimum future lease payments under the lease agreements for each of the remaining years and in the aggregate are as follows:

	<u>Lease commitments</u>
Year ending June 30:	
2014	\$ 1,215,099
2015	1,240,544
2016	1,239,688
2017	1,244,470
2018	1,272,752
Thereafter	<u>121,886</u>
	<u>\$ 6,334,439</u>

Rent expense for 2013 and 2012 was approximately \$1,164,150 and \$2,928,000, respectively.

The Federation has entered into a promissory note agreement with the Bank for a \$1,000,000 line of credit expiring in January 2014. Borrowings under the promissory note bear a variable interest rate based on LIBOR. As of June 30, 2013 and 2012, no balance was outstanding under the line of credit.

The Action Fund has a \$500,000 revolving line of credit with a bank with a maturity that has been extended through June 30, 2014. Borrowings under the line of credit bear a variable interest rate based on LIBOR. At June 30, 2013 and at June 30, 2012, no balances were outstanding under the line of credit.

**(7) Employee Retirement Plan and Deferred Compensation Plan**

The Federation has a 401(k) defined-contribution retirement plan. Eligible employees are immediately eligible to make voluntary pretax contributions to the plan through a salary reduction agreement. Eligible employees of the Federation who have performed one year of service and are aged 19 or older are also eligible to receive employer contributions in their plan accounts. The Federation makes a matching contribution to the plan equal to 50% of each participant's voluntary contribution, up to a maximum of 3% of the participant's salary. In addition, the Federation makes a discretionary employer contribution to the plan equal to 3% of each participant's salary, which does not require the participant to contribute.

All participant voluntary contributions and investment earnings are fully vested at all times. Employer contributions and investment earnings are fully vested once the participant has completed two years of service.

Retirement plan expense for 2013 and 2012 was approximately \$1,148,000 and \$1,046,000, respectively.

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**(8) Allocation of Joint Costs**

The Federation conducts activities that include appeals for contributions. These activities primarily include direct-response campaigns. For the years ended June 30, 2013 and 2012, joint costs were allocated to functional categories as follows:

	<b>2013</b>	<b>2012</b>
Fund-raising	\$ 8,560,291	9,631,924
Program services	6,719,954	7,573,513
	\$ 15,280,245	17,205,437

**(9) Net Assets**

At June 30, 2013 and 2012, unrestricted net assets are designated as follows:

	<b>2013</b>	<b>2012</b>
Undesignated	\$ 30,243,194	48,689,551
Net investment in property and equipment	18,643,494	17,199,554
Board-designated:		
Endowment:		
General	57,278,491	22,400,000
Fund for the future	1,842,265	1,672,097
Gift annuity funds	3,525,549	2,568,842
	\$ 111,532,993	92,530,044

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At June 30, 2013 and 2012, temporarily restricted net assets consisted of the following:

	<b>2013</b>	<b>2012</b>
Operating activities:		
Engage communities	\$ 27,345,605	28,829,675
Increase access	14,256,866	16,297,982
Build advocacy capacity	926,728	781,089
Renew leadership	165,747	175,458
Time restrictions	55,393,374	68,659,570
Total	98,088,320	114,743,774
	<b>2013</b>	<b>2012</b>
Long-term investment:		
Pooled income fund	\$ 359,120	326,774
Unitrust and annuity trust funds	1,157,942	1,108,646
Fund for the future	1,485,932	1,057,646
Charitable gift annuities with purpose restrictions	436,450	320,180
Accumulated gains on permanently restricted net assets	5,343,691	3,398,991
	8,783,135	6,212,237
Planned Parenthood Action Fund, Inc.	8,292,241	4,355,459
	\$ 115,163,696	125,311,470

For the years ended June 30, 2013 and 2012, the income from permanently restricted net assets was available for the following:

	<b>2013</b>	<b>2012</b>
Permanently restricted:		
Operating activities:		
Increase access	\$ 12,401,679	9,962,713
Fund for the future	3,156,580	3,156,580
General purposes	3,624,795	3,413,268
Beneficial interest in perpetual trust – for general purposes	3,406,021	3,260,651
The Planned Parenthood Foundation – endowment fund for general purposes	1,862,731	1,862,731
	\$ 24,451,806	21,655,943

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The Fund for the Future (the Fund) is a program established by the Federation in 1990 to help provide for the long-term development of the Federation's affiliates. The Fund receives board-designated resources, as well as affiliate and general-public contributions. The Fund's investment returns are used for development grants to affiliates.

**(10) Endowment Funds**

The Federation's endowment consists of 33 individual funds established for a variety of purposes and includes both donor-restricted endowment funds and funds designated by the board of directors to function as endowments. Net assets associated with the endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The New York Prudent Management of Institutional Funds Act (NYPMIFA) imposes guidelines on the management and investment of endowment funds. The board of directors has interpreted NYPMIFA as allowing the Federation to appropriate for expenditure or accumulate so much of an endowment fund as the Federation determines is prudent for the uses, benefits, purposes, and duration for which the endowment fund is established, subject to the intent of the donor as expressed in the gift instrument. Unless stated otherwise in the gift instrument, the assets in an endowment fund shall be donor-restricted assets until appropriated for expenditure by the board of directors. As a result of this interpretation, the Federation continues to classify as permanently restricted net asset (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 of income to the permanent endowment made in accordance with the direction of the applicable donor gift instruments. Accounting guidance associated with the enactment of NYPMIFA as set forth in Accounting Standards Codification Topic 958-205-45, *Classification of Donor-Restricted Endowment Funds Subject to UPMIFA*, requires the portion of a donor-restricted endowment fund that is not classified as permanently restricted to be classified as temporarily restricted net assets until appropriated for expenditure in a manner consistent with the standard of prudence prescribed by NYPMIFA.

In accordance with NYPMIFA, the Federation 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 Federation 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 Federation
- The investment policies of the Federation

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The following tables present the Federation's donor-restricted endowment funds and funds designated by the board of directors to function as endowments, excluding perpetual trusts and including contributions receivable as of June 30, 2013 and 2012, respectively, and the changes for the years ended June 30, 2013 and 2012:

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
2013:				
Donor-restricted endowment funds	\$ —	6,234,964	21,045,785	27,280,749
Board-designated endowment funds	<u>59,120,756</u>	<u>—</u>	<u>—</u>	<u>59,120,756</u>
Total funds	<u>\$ 59,120,756</u>	<u>6,234,964</u>	<u>21,045,785</u>	<u>86,401,505</u>
	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 24,072,097	4,456,637	18,395,292	46,924,026
Investment return:				
Interest and dividends, net of fees	199,594	452,532	—	652,126
Net realized and unrealized appreciation in fair value of investments	1,025,296	2,816,207	—	3,841,503
Contributions and transfers	33,900,000	(516,739)	2,654,334	36,037,595
Change in value of split-interest agreements	—	—	(3,841)	(3,841)
Appropriation of endowment assets for expenditures	<u>(76,231)</u>	<u>(973,673)</u>	<u>—</u>	<u>(1,049,904)</u>
Endowment net assets, end of year	<u>\$ 59,120,756</u>	<u>6,234,964</u>	<u>21,045,785</u>	<u>86,401,505</u>

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	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
2012:				
Donor-restricted endowment funds	\$ —	4,456,637	18,395,292	22,851,929
Board-designated endowment funds	<u>24,072,097</u>	<u>—</u>	<u>—</u>	<u>24,072,097</u>
Total funds	<u>\$ 24,072,097</u>	<u>4,456,637</u>	<u>18,395,292</u>	<u>46,924,026</u>
Endowment net assets, beginning of year	\$ 12,699,922	5,230,578	17,851,097	35,781,597
Investment return:				
Interest and dividends, net of fees	13,777	184,110	—	197,887
Net realized and unrealized depreciation in fair value of investments	(39,851)	(456,912)	—	(496,763)
Contributions and transfers	22,400,000	—	550,382	22,950,382
Withdrawals on board-designated and other	(10,928,701)	453,429	—	(10,475,272)
Change in value of split-interest agreements	—	—	(6,187)	(6,187)
Appropriation of endowment assets for expenditures	<u>(73,050)</u>	<u>(954,568)</u>	<u>—</u>	<u>(1,027,618)</u>
Endowment net assets, end of year	<u>\$ 24,072,097</u>	<u>4,456,637</u>	<u>18,395,292</u>	<u>46,924,026</u>

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 law requires the Federation to retain as a fund for the perpetual duration. In accordance with generally accepted accounting principles, deficiencies of this nature would be reported in temporarily restricted net assets to the extent there are accumulated gains available to absorb such loss, or otherwise unrestricted net assets. There were no deficiencies as of June 30, 2013 and 2012.

PPFA 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 protect the original value of the gift. Under this policy, as approved by the board of directors, the endowment assets are invested in a manner that is intended to meet or exceed the market index utilizing prudent levels of risk. PPFA expects the endowment fund to generate a long-term average rate of return of 5% above the rate of inflation, plus the costs of managing the investments. Actual returns in any given year may vary from this amount.

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PPFA has a policy of appropriating a percentage of the endowment market value for spending, unless otherwise explicitly stipulated by the donor. The endowment's spending policy governs the rate at which funds are released for grant making. The Federation has implemented a spending policy of appropriating for distribution up to 5% of the endowment funds' average fair value of the preceding 12 quarters through the calendar year preceding the fiscal year in which the distribution is planned. The amount appropriated for spending was \$1,049,904 and \$1,027,618 in 2013 and 2012, respectively.

**(11) Subsequent Events**

The Federation evaluated subsequent events after the balance sheet date of June 30, 2013 through December 4, 2013, which was the date the financial statements were available to be issued, and concluded that no additional disclosures are required.

**PLANNED PARENTHOOD FEDERATION  
OF AMERICA, INC. AND RELATED ENTITIES**

Consolidating Balance Sheet

June 30, 2013

<b>Assets</b>	<b>Planned Parenthood Federation of America, Inc.</b>	<b>Voxent</b>	<b>Planned Parenthood Action Fund, Inc.</b>	<b>The Planned Parenthood Foundation</b>	<b>Eliminations</b>	<b>Planned Parenthood Federation of America, Inc. (consolidated)</b>
Cash and cash equivalents	\$ 13,330,753	4,972,388	3,488,426	641,832	—	22,433,399
Receivables, advances, and deposits:						
Affiliates	2,150,720	101,405	346,292	—	(346,470)	2,251,947
Other	689,538	—	—	—	—	689,538
Inventories, supplies, and prepaid expenses	2,108,512	15,348	248,241	—	—	2,372,101
Contributions and grants receivable, net	70,113,681	—	6,267,470	—	—	76,381,151
Investments	161,811,672	—	—	2,212,076	—	164,023,748
Beneficial interest in perpetual trust	3,406,021	—	—	—	—	3,406,021
Property and equipment, net	53,818,507	237,302	—	—	—	54,055,809
<b>Total assets</b>	<b>\$ 307,429,404</b>	<b>5,326,443</b>	<b>10,350,429</b>	<b>2,853,908</b>	<b>(346,470)</b>	<b>325,613,714</b>
<b>Liabilities and Net Assets</b>						
Liabilities:						
Accounts payable and accrued expenses	\$ 14,722,152	726,704	958,834	14,376	—	16,422,066
Deferred revenue	1,284,746	179,530	725,000	—	—	2,189,276
Due to related organizations	4,118,087	—	—	178	(346,470)	3,771,795
Liability under split-interest agreements	12,562,915	—	—	—	—	12,562,915
Amounts held on behalf of affiliates and others	3,949,167	—	—	—	—	3,949,167
Long-term debt	35,570,000	—	—	—	—	35,570,000
<b>Total liabilities</b>	<b>72,207,067</b>	<b>906,234</b>	<b>1,683,834</b>	<b>14,554</b>	<b>(346,470)</b>	<b>74,465,219</b>
Net assets:						
Unrestricted:						
Undesignated	24,121,873	4,182,907	—	879,298	1,059,116	30,243,194
Designated by the board of directors	62,646,305	—	—	—	—	62,646,305
Net investment in property and equipment	18,406,192	237,302	—	—	—	18,643,494
	<b>105,174,370</b>	<b>4,420,209</b>	<b>—</b>	<b>879,298</b>	<b>1,059,116</b>	<b>111,532,993</b>
Temporarily restricted:						
For operating activities	98,675,757	—	—	97,325	(684,762)	98,088,320
For long-term investment	8,783,135	—	—	—	—	8,783,135
Planned Parenthood Action Fund, Inc.	—	—	8,666,595	—	(374,354)	8,292,241
	<b>107,458,892</b>	<b>—</b>	<b>8,666,595</b>	<b>97,325</b>	<b>(1,059,116)</b>	<b>115,163,696</b>
Permanently restricted	22,589,075	—	—	1,862,731	—	24,451,806
<b>Total net assets</b>	<b>235,222,337</b>	<b>4,420,209</b>	<b>8,666,595</b>	<b>2,839,354</b>	<b>—</b>	<b>251,148,495</b>
<b>Total liabilities and net assets</b>	<b>\$ 307,429,404</b>	<b>5,326,443</b>	<b>10,350,429</b>	<b>2,853,908</b>	<b>(346,470)</b>	<b>325,613,714</b>

See accompanying independent auditors' report.

**PLANNED PARENTHOOD FEDERATION  
OF AMERICA, INC. AND RELATED ENTITIES**

Consolidating Statement of Activities – Unrestricted Net Assets

Year ended June 30, 2013

	<b>Planned Parenthood Federation of America, Inc.</b>	<b>Voxent</b>	<b>Planned Parenthood Action Fund, Inc.</b>	<b>The Planned Parenthood Foundation</b>	<b>Eliminations</b>	<b>Planned Parenthood Federation of America, Inc. (consolidated)</b>
Revenue, net gains, and other support:						
Revenue and net gains:						
Contributions and grants:						
Direct response	\$ 43,055,966	—	—	—	—	43,055,966
Major donors, foundations, and corporations	15,494,641	—	—	—	—	15,494,641
Bequests and other planned giving revenue	14,672,507	—	—	—	—	14,672,507
Affiliates, National Program Support	12,210,630	—	—	—	—	12,210,630
Affiliates, other support	3,728,932	—	—	—	—	3,728,932
Special events, net	122,867	—	—	—	—	122,867
Federated fund-raising organizations	455,977	—	—	552,778	—	1,008,755
Total contributions and grants	<u>89,741,520</u>	<u>—</u>	<u>—</u>	<u>552,778</u>	<u>—</u>	<u>90,294,298</u>
Other revenue and net gains (losses):						
Sales of publications and commodities	1,607,410	—	—	—	—	1,607,410
Interest and dividends, net of fees	710,082	—	—	4,457	—	714,539
Net realized and unrealized appreciation in fair value of investments	1,614,160	—	—	25,692	—	1,639,852
Change in value of split-interest agreements	762,348	—	—	—	—	762,348
Fees for services to affiliates and other revenue	3,909,348	4,997,212	—	—	(1,550,339)	7,356,221
Total other revenue and net gains (losses)	<u>8,603,348</u>	<u>4,997,212</u>	<u>—</u>	<u>30,149</u>	<u>(1,550,339)</u>	<u>12,080,370</u>
Net assets released from restrictions due to satisfaction of program and time restrictions	57,116,689	—	29,097,931	71,906	(3,194,326)	83,092,200
Total revenue, net gains, and other support	<u>155,461,557</u>	<u>4,997,212</u>	<u>29,097,931</u>	<u>654,833</u>	<u>(4,744,665)</u>	<u>185,466,868</u>
Expenses:						
Employee compensation	40,609,797	2,931,698	6,478,145	12,000	—	50,031,640
Professional fees and contract services	23,702,090	251,665	4,873,412	26,745	(19,949)	28,833,963
Awards and grants	45,839,133	—	3,301,614	—	(4,516,390)	44,624,357
Conferences, meetings, and travel	6,259,738	245,196	1,604,657	—	—	8,109,591
Advertising and public service messages	1,550,974	34,918	7,705,040	—	—	9,290,932
Other	20,778,078	800,191	5,135,063	19,891	(1,014,000)	25,719,223
Total expenses	<u>138,739,810</u>	<u>4,263,668</u>	<u>29,097,931</u>	<u>58,636</u>	<u>(5,550,339)</u>	<u>166,609,706</u>
Change in net assets from operating activities	<u>16,721,747</u>	<u>733,544</u>	<u>—</u>	<u>596,197</u>	<u>805,674</u>	<u>18,857,162</u>
Other changes:						
Loss on contributions and other receivables	(38,639)	—	—	—	—	(38,639)
Unrealized gain on interest-rate swap agreements	184,426	—	—	—	—	184,426
Total other changes	<u>145,787</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>145,787</u>
Change in net assets	16,867,534	733,544	—	596,197	805,674	19,002,949
Net assets at beginning of year	88,306,836	3,686,665	—	283,101	253,442	92,530,044
Net assets at end of year	\$ <u>105,174,370</u>	<u>4,420,209</u>	<u>—</u>	<u>879,298</u>	<u>1,059,116</u>	<u>111,532,993</u>

See accompanying independent auditors' report.

**PLANNED PARENTHOOD FEDERATION  
OF AMERICA, INC. AND RELATED ENTITIES**

Consolidating Statement of Activities – Temporarily Restricted Net Assets

Year ended June 30, 2013

	<b>Planned Parenthood Federation of America, Inc.</b>	<b>Planned Parenthood Action Fund, Inc.</b>	<b>The Planned Parenthood Foundation</b>	<b>Eliminations</b>	<b>Planned Parenthood Federation of America, Inc. (consolidated)</b>
Revenue, net gains, and other support:					
Revenue and net gains:					
Contributions and grants:					
Direct response	\$ 253,369	6,327,095	—	—	6,580,464
Major donors, foundations, and corporations	39,291,869	23,066,326	—	—	62,358,195
Special events, net	—	43,377	—	—	43,377
Bequests and other planned giving revenue	311,067	20,381	—	—	331,448
Affiliates, other support	—	4,000,000	—	(4,000,000)	—
Federated fund-raising organizations	272,802	—	—	—	272,802
Total contributions and grants	<u>40,129,107</u>	<u>33,457,179</u>	<u>—</u>	<u>(4,000,000)</u>	<u>69,586,286</u>
Other revenue and net gains:					
Interest and dividends	449,461	—	33,438	—	482,899
Net realized and unrealized appreciation in fair value of investments	2,707,806	—	118,355	—	2,826,161
Change in value of split-interest agreements	176,875	—	—	—	176,875
Fees for services to affiliates and other revenue	—	51,888	—	—	51,888
Total other revenue and net gains	<u>3,334,142</u>	<u>51,888</u>	<u>151,793</u>	<u>—</u>	<u>3,537,823</u>
Net assets released from restrictions due to satisfaction of program and time restrictions	<u>(57,116,689)</u>	<u>(29,097,931)</u>	<u>(71,906)</u>	<u>3,194,326</u>	<u>(83,092,200)</u>
Total revenue, net (losses) gains, and other support	<u>(13,653,440)</u>	<u>4,411,136</u>	<u>79,887</u>	<u>(805,674)</u>	<u>(9,968,091)</u>
Change in net assets from operating activities	<u>(13,653,440)</u>	<u>4,411,136</u>	<u>79,887</u>	<u>(805,674)</u>	<u>(9,968,091)</u>
Other changes:					
Loss on contributions and other receivables	<u>(79,683)</u>	<u>(100,000)</u>	<u>—</u>	<u>—</u>	<u>(179,683)</u>
Total other changes	<u>(79,683)</u>	<u>(100,000)</u>	<u>—</u>	<u>—</u>	<u>(179,683)</u>
Change in net assets	<u>(13,733,123)</u>	<u>4,311,136</u>	<u>79,887</u>	<u>(805,674)</u>	<u>(10,147,774)</u>
Net assets at beginning of year	<u>121,192,015</u>	<u>4,355,459</u>	<u>17,438</u>	<u>(253,442)</u>	<u>125,311,470</u>
Net assets at end of year	<u>\$ 107,458,892</u>	<u>8,666,595</u>	<u>97,325</u>	<u>(1,059,116)</u>	<u>115,163,696</u>

See accompanying independent auditors' report.

**PLANNED PARENTHOOD FEDERATION  
OF AMERICA, INC. AND RELATED ENTITIES**

Consolidating Statement of Activities – Permanently Restricted Net Assets

Year ended June 30, 2013

	<b><u>Planned Parenthood Federation of America, Inc.</u></b>	<b><u>The Planned Parenthood Foundation</u></b>	<b><u>Planned Parenthood Federation of America, Inc. (consolidated)</u></b>
Revenue, net gains, and other support:			
Revenue and net gains:			
Contributions and grants:			
Bequests and other planned giving revenue	\$ 2,654,334	—	2,654,334
Total contributions and grants	<u>2,654,334</u>	<u>—</u>	<u>2,654,334</u>
Other revenue and net gains:			
Gain on beneficial interest in perpetual trust	145,370	—	145,370
Change in value of split-interest agreements	<u>(3,841)</u>	<u>—</u>	<u>(3,841)</u>
Total other revenue and net losses	<u>141,529</u>	<u>—</u>	<u>141,529</u>
Change in net assets	2,795,863	—	2,795,863
Net assets at beginning of year	<u>19,793,212</u>	<u>1,862,731</u>	<u>21,655,943</u>
Net assets at end of year	<u>\$ 22,589,075</u>	<u>1,862,731</u>	<u>24,451,806</u>

See accompanying independent auditors' report.