

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

Consolidated Financial Statements and Supplementary Information

June 30, 2021 and 2020

(With Independent Auditors' Report Thereon)

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

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KPMG LLP  
345 Park Avenue  
New York, NY 10154-0102

## 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 Organization), which comprise the consolidated balance sheets as of June 30, 2021 and 2020, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

### *Management's Responsibility for the Consolidated 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 audits. We conducted our audits 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 auditor considers 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, 2021 and 2020, and the changes in their net assets and their cash flows for the years then ended, in accordance with U.S. generally accepted accounting principles.



*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, 2021 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 2021 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the 2021 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 2021 consolidated financial statements or to the 2021 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 2021 consolidated financial statements as a whole.

*KPMG LLP*

December 21, 2021

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

Consolidated Balance Sheets

June 30, 2021 and 2020

<b>Assets</b>	<b>2021</b>	<b>2020</b>
Cash and cash equivalents	\$ 55,031,966	63,971,580
Receivables, advances, and deposits:		
Affiliates	577,097	351,481
Other	1,144,386	855,155
Inventories, supplies, and prepaid expenses	4,130,971	5,543,539
Contributions and grants receivable, net (note 2)	57,157,612	30,978,709
Investments (note 3)	347,248,962	318,406,699
Beneficial interest in perpetual trust (note 3)	4,463,954	3,594,955
Property and equipment, net (note 4)	9,971,389	13,221,158
Total assets	\$ 479,726,337	436,923,276
<b>Liabilities and Net Assets</b>		
Liabilities:		
Accounts payable and accrued expenses	\$ 28,402,053	30,165,358
Due to related organizations (note 5)	33,630,631	39,441,479
Liability under split-interest agreements (note 3)	17,697,492	16,330,669
Amounts held on behalf of affiliates and others	4,817,408	3,272,961
Total liabilities	84,547,584	89,210,467
Commitments and contingencies (notes 6 and 7)		
Net assets (notes 9 and 10):		
Without donor restrictions	260,564,725	233,378,688
With donor restrictions	134,614,028	114,334,121
Total net assets	395,178,753	347,712,809
Total liabilities and net assets	\$ 479,726,337	436,923,276

See accompanying notes to consolidated financial statements.

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

Consolidated Statement of Activities

Year ended June 30, 2021

(with summarized comparative financial information for the  
year ended June 30, 2020)

	2021			Total 2020
	Without donor restrictions	With donor restrictions	Total	
Revenue, net gains (losses), and other support:				
Revenue and net gains (losses):				
Contributions and grants:				
Direct response	\$ 123,239,801	21,265,546	144,505,347	161,258,244
Major donors, foundations, and corporations	45,427,570	112,259,108	157,686,678	137,123,861
Bequests and other planned giving revenues	26,631,912	11,359,771	37,991,683	25,192,487
Affiliates, National Program Support (note 1(j))	—	—	—	3,807,779
Affiliates, other support	1,920,275	—	1,920,275	1,529,127
Federated fund-raising organizations	3,141,649	—	3,141,649	4,188,882
Total contributions and grants	<u>200,361,207</u>	<u>144,884,425</u>	<u>345,245,632</u>	<u>333,100,380</u>
Other revenue and net gains (losses):				
Sales of publications and commodities	93,585	—	93,585	129,644
Investment income, net	44,900,404	10,757,330	55,657,734	2,815,946
Gain (loss) on beneficial interest in perpetual trust	—	868,999	868,999	(14,407)
Change in value of split-interest agreements	1,608,571	587,485	2,196,056	739,344
Fees for services and other revenue	5,351,146	—	5,351,146	1,833,860
Total other revenue and net gains (losses)	<u>51,953,706</u>	<u>12,213,814</u>	<u>64,167,520</u>	<u>5,504,387</u>
Net assets released from restrictions due to satisfaction of program and time restrictions	<u>136,818,332</u>	<u>(136,818,332)</u>	<u>—</u>	<u>—</u>
Total revenue, net gains (losses), and other support	<u>389,133,245</u>	<u>20,279,907</u>	<u>409,413,152</u>	<u>338,604,767</u>
Expenses:				
Employee compensation and benefits	94,382,870	—	94,382,870	87,804,768
Professional fees and contract services	49,753,971	—	49,753,971	52,170,693
Awards and grants (note 5)	144,414,159	—	144,414,159	170,395,342
Conferences, meetings, and travel	1,477,225	—	1,477,225	10,167,493
Advertising and public service messages	27,294,821	—	27,294,821	23,198,441
Other	44,624,162	—	44,624,162	41,648,433
Total expenses	<u>361,947,208</u>	<u>—</u>	<u>361,947,208</u>	<u>385,385,170</u>
Change in net assets	27,186,037	20,279,907	47,465,944	(46,780,403)
Net assets at beginning of year	<u>233,378,688</u>	<u>114,334,121</u>	<u>347,712,809</u>	<u>394,493,212</u>
Net assets at end of year	<u>\$ 260,564,725</u>	<u>134,614,028</u>	<u>395,178,753</u>	<u>347,712,809</u>

See accompanying notes to consolidated financial statements.

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

Consolidated Statement of Activities

Year ended June 30, 2020

	<b>2020</b>		
	<b>Without donor restrictions</b>	<b>With donor restrictions</b>	<b>Total</b>
Revenue, net gains (losses), and other support:			
Revenue and net gains (losses):			
Contributions and grants:			
Direct response	\$ 135,278,441	25,979,803	161,258,244
Major donors, foundations, and corporations	47,443,884	89,679,977	137,123,861
Bequests and other planned giving revenues	19,954,197	5,238,290	25,192,487
Affiliates, National Program Support (note 1(j))	3,807,779	—	3,807,779
Affiliates, other support	1,529,127	—	1,529,127
Federated fund-raising organizations	4,188,882	—	4,188,882
Total contributions and grants	<u>212,202,310</u>	<u>120,898,070</u>	<u>333,100,380</u>
Other revenue and net gains (losses):			
Sales of publications and commodities	129,644	—	129,644
Investment income, net	2,267,206	548,740	2,815,946
Loss on beneficial interest in perpetual trust	—	(14,407)	(14,407)
Change in value of split-interest agreements	922,828	(183,484)	739,344
Fees for services and other revenue	1,641,457	192,403	1,833,860
Total other revenue and net gains (losses)	<u>4,961,135</u>	<u>543,252</u>	<u>5,504,387</u>
Net assets released from restrictions due to satisfaction of program and time restrictions	<u>122,933,312</u>	<u>(122,933,312)</u>	<u>—</u>
Total revenue, net gains (losses), and other support	<u>340,096,757</u>	<u>(1,491,990)</u>	<u>338,604,767</u>
Expenses:			
Employee compensation and benefits	87,804,768	—	87,804,768
Professional fees and contract services	52,170,693	—	52,170,693
Awards and grants (note 5)	170,395,342	—	170,395,342
Conferences, meetings, and travel	10,167,493	—	10,167,493
Advertising and public service messages	23,198,441	—	23,198,441
Other	41,648,433	—	41,648,433
Total expenses	<u>385,385,170</u>	<u>—</u>	<u>385,385,170</u>
Change in net assets	(45,288,413)	(1,491,990)	(46,780,403)
Net assets at beginning of year	<u>278,667,101</u>	<u>115,826,111</u>	<u>394,493,212</u>
Net assets at end of year	<u>\$ 233,378,688</u>	<u>114,334,121</u>	<u>347,712,809</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, 2021  
(with summarized comparative financial information for the  
year ended June 30, 2020)

	2021									
	Program services				Total program services	Supporting services			Total	Total 2020
	Healthcare	Education	Advocacy	Research		Management and general	Fund-raising	Total supporting services		
Salaries and payroll taxes	\$ 21,569,062	848,108	23,939,647	1,264,594	47,621,411	17,400,259	16,549,292	33,949,551	81,570,962	73,778,736
Employee health and retirement benefits	3,441,910	139,911	3,879,769	198,857	7,660,447	2,610,661	2,540,800	5,151,461	12,811,908	14,026,032
Total employee compensation and benefits	25,010,972	988,019	27,819,416	1,463,451	55,281,858	20,010,920	19,090,092	39,101,012	94,382,870	87,804,768
Professional fees and contract services	10,901,890	761,573	19,899,792	217,754	31,781,009	9,361,696	8,611,266	17,972,962	49,753,971	52,170,693
Awards and grants	104,538,545	228,739	38,410,238	1,236,637	144,414,159	—	—	—	144,414,159	170,395,342
Conferences, meetings, and travel, including special events expenses	259,446	9,691	856,232	3,448	1,128,817	330,442	17,966	348,408	1,477,225	10,167,493
Advertising and public service messages	3,149,532	204,447	11,396,576	16,735	14,767,290	—	12,527,531	12,527,531	27,294,821	23,198,441
Other:										
Commodities, supplies, and minor equipment	225,479	72,039	1,229,572	46,562	1,573,652	215,166	118,713	333,879	1,907,531	2,669,643
Telephone and telecommunications	162,029	4,958	555,097	2,774	724,858	431,153	203,691	634,844	1,359,702	1,306,622
Postage and shipping	1,866,939	30,548	2,249,910	39,574	4,186,971	48,513	5,652,008	5,700,521	9,887,492	7,868,447
Occupancy	838,244	24,999	981,472	15,002	1,859,717	2,386,427	999,103	3,385,530	5,245,247	5,301,128
Outside printing and artwork	1,101,892	17,936	976,579	23,260	2,119,667	3,709	3,257,192	3,260,901	5,380,568	4,291,351
Subscriptions and reference publications	145,300	1,637	539,116	93,178	779,231	338,759	167,704	506,463	1,285,694	1,140,980
Repairs, maintenance, and systems	1,486,783	32,993	3,131,760	37,359	4,688,895	1,444,724	4,441,511	5,886,235	10,575,130	9,345,678
Interest, bank, and lockbox fees	4,299	397	13,280	3	17,979	225,269	3,062,717	3,287,986	3,305,965	3,475,568
Amortization and depreciation	311,158	7,381	355,142	6,092	679,773	1,807,076	1,277,838	3,084,914	3,764,687	4,113,732
Miscellaneous	222,751	6,100	321,651	18,109	568,611	209,844	1,133,691	1,343,535	1,912,146	2,135,284
	<u>\$ 150,225,259</u>	<u>2,391,457</u>	<u>108,735,833</u>	<u>3,219,938</u>	<u>264,572,487</u>	<u>36,813,698</u>	<u>60,561,023</u>	<u>97,374,721</u>	<u>361,947,208</u>	<u>385,385,170</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, 2020

	2020				Total program services	Supporting services			Total
	Program services					Management and general	Fund-raising	Total supporting services	
	Healthcare	Education	Advocacy	Research					
Salaries and payroll taxes	\$ 20,499,022	1,111,342	19,008,607	940,337	41,559,308	15,664,976	16,554,452	32,219,428	73,778,736
Employee health and retirement benefits	3,918,095	214,959	3,644,192	178,036	7,955,282	2,954,601	3,116,149	6,070,750	14,026,032
Total employee compensation and benefits	24,417,117	1,326,301	22,652,799	1,118,373	49,514,590	18,619,577	19,670,601	38,290,178	87,804,768
Professional fees and contract services	13,049,708	654,823	18,701,344	152,660	32,558,535	11,122,497	8,489,661	19,612,158	52,170,693
Awards and grants	125,073,359	1,901,048	42,734,429	686,506	170,395,342	—	—	—	170,395,342
Conferences, meetings, and travel, including special events expenses	3,158,823	351,169	3,985,623	53,289	7,548,904	1,836,697	781,892	2,618,589	10,167,493
Advertising and public service messages	815,460	66,373	8,673,079	9,386	9,564,298	—	13,634,143	13,634,143	23,198,441
Other:									
Commodities, supplies, and minor equipment	758,373	83,945	1,339,275	27,329	2,208,922	273,029	187,692	460,721	2,669,643
Telephone and telecommunications	212,347	7,190	362,823	2,284	584,644	456,977	265,001	721,978	1,306,622
Postage and shipping	1,639,650	40,892	1,255,073	22,333	2,957,948	28,579	4,881,920	4,910,499	7,868,447
Occupancy	988,194	37,207	1,044,630	9,475	2,079,506	2,126,603	1,095,019	3,221,622	5,301,128
Outside printing and artwork	920,351	70,248	401,581	11,977	1,404,157	11,965	2,875,229	2,887,194	4,291,351
Subscriptions and reference publications	190,382	5,266	389,760	92,691	678,099	299,069	163,812	462,881	1,140,980
Repairs, maintenance, and systems	1,221,454	34,859	2,029,014	34,771	3,320,098	1,709,428	4,316,152	6,025,580	9,345,678
Interest, bank, and lockbox fees	21,855	520	13,319	69	35,763	42,300	3,397,505	3,439,805	3,475,568
Amortization and depreciation	446,940	14,560	476,633	4,857	942,990	1,356,731	1,814,011	3,170,742	4,113,732
Miscellaneous	268,595	9,056	214,867	8,031	500,549	388,593	1,246,142	1,634,735	2,135,284
	<u>\$ 173,182,608</u>	<u>4,603,457</u>	<u>104,274,249</u>	<u>2,234,031</u>	<u>284,294,345</u>	<u>38,272,045</u>	<u>62,818,780</u>	<u>101,090,825</u>	<u>385,385,170</u>

See accompanying notes to consolidated financial statements.

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

Consolidated Statements of Cash Flows

Years ended June 30, 2021 and 2020

	<b>2021</b>	<b>2020</b>
Cash flows from operating activities:		
Change in net assets	\$ 47,465,944	(46,780,403)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Amortization and depreciation	3,764,687	4,113,732
Loss on contributions and other receivables	1,009,634	1,000,000
Net realized and unrealized (appreciation) depreciation in fair value of investments	(52,115,608)	3,928,081
Contributions received for endowment and trust funds	(209,369)	(179,436)
Change in value of split-interest agreements	(2,196,056)	(739,344)
(Gain) loss on beneficial interest in perpetual trust	(868,999)	14,407
Changes in:		
Receivables, advances, and deposits	(514,847)	18,622
Inventories, supplies, and prepaid expenses	1,412,568	(1,544,864)
Contributions and grants receivable, net	(27,188,537)	608,990
Accounts payable and accrued expenses	(1,763,305)	(1,261,047)
Due to related organizations	(5,810,848)	6,959,009
Amounts held on behalf of affiliates and others	1,544,447	(558,469)
Net cash used in operating activities	(35,470,289)	(34,420,722)
Cash flows from investing activities:		
Purchases of investments	(319,676,706)	(148,082,699)
Proceeds from sales of investments	349,715,692	200,467,818
Purchases of property and equipment, net	(514,918)	(737,272)
Net cash provided by investing activities	29,524,068	51,647,847
Cash flows from financing activities:		
Contributions received for endowment and trust funds	209,369	179,436
Proceeds from contributions and investment return under split-interest agreements in excess of amounts recognized as contributions	1,230,757	2,064,460
Payments to beneficiaries under split-interest agreements	(2,082,959)	(1,913,553)
Proceeds from line of credit	1,000,000	—
Payments on line of credit	(1,000,000)	—
Net cash (used in) provided by financing activities	(642,833)	330,343
Change in cash, cash equivalents and restricted cash	(6,589,054)	17,557,468
Cash, cash equivalents and restricted cash at beginning of year	106,244,964	88,687,496
Cash, cash equivalents and restricted cash at end of year	\$ 99,655,910	106,244,964
Supplemental disclosure of cash flow information:		
Income taxes paid	\$ 71,874	120,131
Donated services	1,868,058	7,791,932
Interest paid	6,183	—

The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the consolidated balance sheet that sum to the total of the same such amounts shown in the statement of cash flows.

	<b>2021</b>	<b>2020</b>
Cash and cash equivalents	\$ 55,031,966	63,971,580
Cash included in investments	44,623,944	42,273,384
	\$ 99,655,910	106,244,964

See accompanying notes to consolidated financial statements.

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

Notes to Consolidated Financial Statements

June 30, 2021 and 2020

**(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 their 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 to provide leadership in:

- i. ensuring the provision of comprehensive reproductive and complementary health care services in settings which preserve and protect the essential privacy and rights of each individual;
- ii. advocating public policies which guarantee these rights and ensure access to such services;
- iii. providing educational programs which enhance understanding of individual and societal implications of human sexuality; and
- iv. promoting research and the advancement of technology in reproductive health care and encouraging the 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, Planned Parenthood Action Fund, Inc. and related entities (the Action Fund), and Planned Parenthood Global, Inc. and related entities (PP Global) (collectively, the Organization).

PPFA, which is the nation's oldest and largest voluntary family planning organization, maintains primary domestic offices in New York City, NY, Washington, DC, Miami, FL and San Francisco, CA. The Organization is also affiliated with 49 independent medical and related entities, the Planned Parenthood Affiliates (PP Affiliates), all of which are separately incorporated in their respective states and which along with PPFA collectively constitute PPFA's membership. The PP Affiliates in turn control 114 ancillary entities (including 61 Political Action Committees and 45 501(c)(4) organizations). The Organization, PP Affiliates and the ancillary organizations together comprise Planned Parenthood. The accompanying consolidated financial statements do not include the financial position or the changes in net assets and cash flows of these independent PP Affiliates or their ancillary organizations.

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.

**PLANNED PARENTHOOD FEDERATION  
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Notes to Consolidated Financial Statements

June 30, 2021 and 2020

On September 30, 2015, PP Global was incorporated to consolidate oversight and management of PPFA's international programs, maintain several international offices and to further its mission to support efforts to ensure that women, men, and young people in some of the world's most neglected areas have access to reproductive and sexual healthcare.

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

PPFA and PP Global are not-for-profit organizations exempt from federal income taxes under Section 501(c)(3) of the 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 Organization recognizes the effect of income tax positions only if those positions are more likely than not of being sustained. The Organization believes it has taken no significant uncertain tax positions.

*Summary of Significant Accounting Policies*

**(c) Principles of Consolidation**

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

**(d) Basis of Accounting**

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

**(e) Functional Allocation of Expenses**

The consolidated statement of functional expenses presents expenses classified according to the programs and supporting services for which they were incurred. The Organization allocates a portion of general and administrative costs that benefit multiple functional areas across programs and supporting services based on square footage or headcount. The various programs and supporting services of the Organization are as follows:

*Healthcare* – programs designed to improve and protect the ability to provide high-quality reproductive healthcare for all.

*Education* – programs designed to educate the public regarding reproductive health.

*Advocacy* – programs designed to empower all people to build the future they want and change cultural attitudes about reproductive health.

*Research* – programs designed to promote clinical research.

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

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

Notes to Consolidated Financial Statements

June 30, 2021 and 2020

*Fund-raising* – involves the direction of the overall fund-raising affairs of the Organization and shared fund-raising with PP Affiliates, which includes development and related areas.

**(f) 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, revenue, and expenses, as well as the disclosure of contingent assets and liabilities. Actual results may differ from those estimates.

**(g) Fair Value**

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

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 unadjusted quoted prices or published net asset value (NAV) 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.

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.

**(h) Cash and Cash Equivalents**

The Organization 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.

**(i) Investments**

Investments with readily determinable fair values are reported at fair value based upon quoted market prices or published NAV for alternative investments in funds with characteristics similar to a mutual fund. Alternative investments without readily determinable fair value consisting primarily of hedge funds are reported at estimated fair value based on, as a practical expedient, net asset values provided by investment managers. Nonpublicly held securities are reported at their fair values, as determined by independent appraisals and/or management's financial review. These values are reviewed and evaluated by management for reasonableness. The reported values may differ from the values that would have been reported had a ready market for these investments existed.

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Unless 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 net assets without donor restrictions.

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

Contributions and grants to the Organization, including unconditional promises to give, are recognized as revenue upon the receipt of the earlier of either (i) unconditional pledges or commitments or (ii) cash or other assets. Contributions receivable are 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. 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 general use unless the donor restricts the use thereof. Bequests are recorded when a will has been through probate, is declared valid and the amount to be received can be reasonably estimated and payment is probable. Contributions are conditional if the agreement includes both a barrier that must be overcome for the recipient to be entitled to the assets transferred and a right of return for the transferred assets or a right of release of the promisor's obligation to transfer assets. Conditional contributions are recognized as revenue when the barriers on which they depend are met. As of June 30, 2021, there were approximately \$8,500,000 in conditional grants received by the Organization for which the conditions had not yet been met.

Donated securities are recorded at their fair market values on the date of the gift and, except where otherwise required by the donor, are immediately sold by PPFA. Since it is PPFA's policy to sell donated securities upon receipt, the contributions are classified as operating activities in the consolidated 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 Organization receives donated services related to consulting, legal and other professional services. Donated services are reported as contributions from corporations and expenses in amounts equal to their estimated fair value on the date of receipt. Approximately \$1,900,000 and \$7,800,000 of donated services were received during the years ended June 30, 2021 and 2020, respectively.

The National Program Support Plan (NPS) is a membership program between PPFA and PP 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 net assets without donor restrictions as the membership fees become due.

In April 2020, the Board of Directors (the Board) approved a waiver of NPS dues for the second half of fiscal year 2020 as well as the NPS dues for fiscal year 2021 (July 1, 2020 to June 30, 2021). Accordingly, the accompanying consolidated statement of activities include no dues for 2021 and 6 months of NPS membership dues for 2020. In December 2020, the Board approved the waiver of dues through December 2021.

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**(k) Fees for Services**

Fees for services include revenue earned by the Action Fund for providing services to entities that are members of PPFA and their respective ancillary organizations. Fees for services revenue is recognized as services are rendered over the term of the agreement. The term of the agreements is typically less than one year.

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

The Organization's split-interest agreements with donors consist primarily of charitable remainder trusts for which the Organization serves as the trustee, charitable gift annuities, and a pooled income fund. 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 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 Organization is also the beneficiary of a perpetual trust held and administered by a third party.

**(m) Inventories**

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

**(n) 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.

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

Furniture and equipment	3–5 years
Capitalized software	3–5 years
Leasehold improvements	Over the life of the lease or the estimated useful life of the asset, whichever is shorter

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**(o) Due to Related Organizations**

The Organization's balance due to related organizations consisted primarily of amounts owed to affiliates in connection with the Organization's contribution-sharing arrangements and other grants.

**(p) Net Assets**

*(i) Without Donor Restrictions*

Net assets without donor restrictions represent those resources that are not subject to donor restrictions as well as net assets designated by the Board.

*(ii) With Donor Restrictions*

Net assets with donor restrictions represent those resources that are subject to donor-imposed stipulations that will be met either by actions of the Organization and/or by the passage of time. Net assets released from restrictions represent the satisfaction of the purpose or time restriction specified by the donor.

Also, included in this category are net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on related investments, and the net capital appreciation thereon, for general or specific purposes.

**(q) Awards and Grants**

Awards and grants expenses consist primarily of grants of one year or less awarded to affiliates and grants awarded to international partners. Unconditional grants are reported as an expense and liability in the period made. Conditional grants are defined if the agreement includes both a barrier that must be overcome for the recipient to be entitled to the assets transferred and a right of return for the transferred assets or a right of release of the promisor's obligation to transfer assets. Conditional grants are recognized as expenses when the barriers on which they depend are met. As of June 30, 2021, there were approximately \$15,000,000 in conditional grants made to the affiliates for which the barriers have not yet been met.

**(r) Risks and Uncertainties**

The Organization 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.

The spread of coronavirus (COVID-19) around the world has caused significant volatility in the U.S. and international markets. There is significant uncertainty around the breadth and duration of business disruptions related to COVID-19, as well as its impact on the U.S. and international economies. The Organization continues to manage expenses within annual available fund-raising levels except for significant Federation-wide transformation investments designated by the Board of Directors.



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**(s) New Authoritative Accounting Pronouncements**

In 2021, the Organization adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2018-08, *Not-for-Profit Entities – Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* for contributions made. The update clarifies and expands the criteria for determining whether a grant is conditional, which may delay recognition of grant expenses. The adoption did not have a significant impact on the financial statements.

The FASB issued ASU No. 2016-02, *Leases* (Topic 842) – This guidance is designed to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the statement of financial position and disclosing key information about leasing agreements. In 2020, the FASB issued ASU No. 2020-05, *Revenue from Contracts with Customers* (Topic 606) and *Leases* (Topic 842), which provided a one-year deferral of the mandatory effective dates of the new lease standard for private companies. This is now effective for the year ended June 30, 2023 for the Organization. Management is currently evaluating the impact of adoption of the new leasing standard on the Organization's financial statements.

**(2) Contributions and Grants Receivable**

At June 30, 2021 and 2020, contributions and grants receivable are scheduled to be collected as follows:

	<u>2021</u>	<u>2020</u>
Less than one year	\$ 50,485,909	28,726,525
One to five years	<u>6,946,550</u>	<u>2,419,246</u>
	57,432,459	31,145,771
Less present value discount, using a discount rate between 2.46% and 4.73%	<u>(274,847)</u>	<u>(167,062)</u>
	<u>\$ 57,157,612</u>	<u>30,978,709</u>

At June 30, 2021 and 2020, the amounts receivable from three donors represent approximately 55% and 36%, respectively, of the gross contributions and grants receivable.

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**(3) Investments and Fair Value**

The following tables present the Organization's fair value hierarchy for those assets and liabilities measured at fair value as of June 30, 2021 and 2020:

		<b>2021</b>			
		<u>Fair value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Financial assets:					
Investments:					
Money market funds	\$	4,592,633	4,592,633	—	—
Government and corporate bonds and obligations		68,613,747	—	68,613,747	—
Common and preferred stock		37,457,575	37,457,575	—	—
Mutual funds – equity		155,289,217	155,289,217	—	—
Mutual funds – fixed income		30,991,554	30,991,554	—	—
		<u>296,944,726</u>	<u>\$ 228,330,979</u>	<u>68,613,747</u>	<u>—</u>
Cash included in investments		44,623,944			
Alternative investments reported at net asset value		<u>5,680,292</u>			
Total investments	\$	<u>347,248,962</u>			
Beneficial interest in perpetual trust	\$	4,463,954	—	4,463,954	—
		<b>2020</b>			
		<u>Fair value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Financial assets:					
Investments:					
Money market funds	\$	10,226,562	10,226,562	—	—
Certificates of deposit		4,066,132	—	4,066,132	—
Government and corporate bonds and obligations		81,677,522	—	81,677,522	—
Common and preferred stock		24,947,784	24,947,784	—	—
Mutual funds – equity		123,461,922	123,461,922	—	—
Mutual funds – fixed income		26,636,879	26,636,879	—	—
		<u>271,016,801</u>	<u>\$ 185,273,147</u>	<u>85,743,654</u>	<u>—</u>

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	2020			
	Fair value	Level 1	Level 2	Level 3
Cash included in investments	\$ 42,273,384			
Alternative investments reported at net asset value	5,116,514			
Total investments	\$ 318,406,699			
Beneficial interest in perpetual trust	\$ 3,594,955	—	3,594,955	—

As of June 30, 2021, the following table summarizes the various redemption provisions of alternative investments:

Redemption period	Amount
Semi-annually (with 95 days' notice)	\$ 1,397,624
Annually – December 31 (with 90 days' notification)	2,854,640
Illiquid	1,428,028
	\$ 5,680,292

Investments include assets under split interest agreements of \$33,270,544 and \$26,162,145 in 2021 and 2020, respectively, of which \$9,008,866 and \$7,301,556, respectively, relate to charitable remainder trusts. Such split interest agreements include certain segregated investment accounts relating to charitable gift annuities, in compliance with the insurance laws of various states. The Organization maintains separate and distinct reserve funds adequate to meet the future payments of all outstanding charitable gift annuities administered by the Organization since the balance of the reserve account is greater than the liability for charitable gift annuities of \$12,118,382 and \$11,772,845 in 2021 and 2020, respectively. The liability for other split interest agreements is \$5,579,110 and \$4,557,824 as of June 30, 2021 and 2020 respectively. The Organization complies with the annuity reserve requirements of all individual states that have such requirements, including Arkansas, California, Hawaii, Maryland, New Jersey, New York, Washington, and Florida. The balance of these reserve accounts aggregated \$34,643,335 and \$25,485,585 in 2021 and 2020, respectively.

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**(4) Property and Equipment**

At June 30, 2021 and 2020, the Organization's property and equipment consisted of the following:

	<b>2021</b>	<b>2020</b>
Leasehold improvements	\$ 12,078,659	12,000,748
Capitalized software	10,749,514	10,331,457
Furniture and equipment	7,364,269	7,345,319
	30,192,442	29,677,524
Less accumulated amortization and depreciation	(20,221,053)	(16,456,366)
	\$ 9,971,389	13,221,158

**(5) Related-Party Transactions**

The Organization's balance due to related organizations consisted primarily of amounts owed to affiliates in connection with the Organization's contribution sharing arrangements and other grants.

For the years ended June 30, 2021 and 2020, \$134,950,909 and \$151,984,404 of the total awards and grants expense are related to PP Affiliates and ancillary organizations.

In July 2020, PPFA entered into an agreement with a financial institution to pledge up to \$21,000,000 of collateral on revolving lines of credit for the Affiliates, if an Affiliate enters into an agreement with the financial institution by June 30, 2021. During fiscal 2021, there were two Affiliates who entered into agreements under this arrangement for which PPFA pledged up to \$10,370,980 of collateral. There are no amounts outstanding on the lines of credit.

**(6) Commitments and Contingencies**

**(a) *Litigation and Claims***

From time to time, the Organization is involved in certain litigation and claims arising in the normal course of its activities. Management does not expect the ultimate resolution of these actions to have a material adverse effect on the consolidated financial position of the Organization.

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**(b) Leases**

As of June 30, 2021, the Organization is obligated under various noncancelable operating leases for its offices expiring 2021 through 2031. 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:	
2022	\$ 5,171,560
2023	5,266,870
2024	5,309,018
2025	5,242,582
2026	5,493,173
Thereafter	<u>18,686,111</u>
	<u>\$ 45,169,314</u>

Rent expense for 2021 and 2020 was approximately \$5,059,000 and \$5,166,000, respectively. Rent expense is being recognized on a straight-line basis over the term of the lease.

**(c) Line of Credit**

PPFA has a \$1,000,000 line of credit with maturity that has been extended to January 30, 2022, which was not drawn upon during the years ended June 30, 2021 and 2020. Borrowings under the line of credit bear interest at a variable rate based on LIBOR. As of June 30, 2021 and 2020, no balance was outstanding under this line of credit.

In addition, the Action Fund has a \$1,000,000 revolving line of credit with a bank with a maturity that has been extended through June 29, 2022, which was drawn upon in 2021. The Action Fund repaid the full amount by June 30, 2021 as well as \$6,183 in interest expense. Borrowings under the line of credit bear interest at a variable interest rate equal to the LIBOR Daily Floating Rate plus 1.65%. As of June 30, 2021 and 2020, no balance was outstanding under this line of credit.

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

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

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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.

Due to the significant uncertainty around the breadth and duration of business disruptions related to the COVID-19 pandemic, the Board of Directors approved a suspension of the employer matching and discretionary contributions to the 401(k) for the first six months of fiscal year 2021.

Retirement plan expense for 2021 and 2020 was approximately \$1,057,598 and \$2,499,000, respectively.

**(8) Allocation of Joint Costs**

Joint costs are expenses of materials and activities that combine fund-raising activities with activities that have elements of another function, such as program services.

The Organization conducts activities that include appeals for contributions. These activities primarily include direct-response campaigns. For the years ended June 30, 2021 and 2020, joint costs for these activities were allocated to functional categories as follows:

	<u>2021</u>	<u>2020</u>
Fund-raising	\$ 9,991,102	9,460,102
Program services	<u>7,365,911</u>	<u>6,621,858</u>
	<u>\$ 17,357,013</u>	<u>16,081,960</u>

**(9) Net Assets**

At June 30, 2021 and 2020, net assets without donor restrictions are designated as follows:

	<u>2021</u>	<u>2020</u>
Undesignated	\$ 46,170,078	12,822,330
Net investment in plant	9,740,035	12,931,140
Planned Parenthood Global, Inc.	2,246,948	2,920,170
Board designated:		
Endowment:		
General	110,271,616	90,621,560
Fund for the Future	2,719,677	2,234,045
Line of Credit to CHN	20,000,000	20,000,000
Paid Family Leave for Affiliates	11,106,469	3,400,000
Epic Project	2,598,815	16,402,591
Mission Investment Fund	10,612,793	13,329,261
Gift annuity funds	7,517,244	3,944,564
Restricted cash for lines of credit to affiliates	10,370,980	20,000,000
Planned Parenthood Initiatives	<u>27,210,070</u>	<u>34,773,027</u>
Total net assets without donor restrictions	<u>\$ 260,564,725</u>	<u>233,378,688</u>

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The Board has designated funds to be set aside to establish and maintain a quasi-endowment (or fund designated to function as endowment) for the purpose of securing future income for PPFA's operations. As per PPFA's policy the transfers to and from the board designated endowment are to be approved by the Board. The board designated endowment was established to provide future income for the Organization's operations, which otherwise relies heavily on annual fundraising. The board designated endowment provides strength to PPFA's balance sheet and is used for long-term programmatic and operational investments across the federation.

As part of PPFA's board designated endowment, the Board has designated funds to the Fund for the Future (the Fund) program established by the Organization in 1990 to help provide for the long-term development of the Organization's affiliates. The Fund's investment appropriations are used for development grants to affiliates. The Fund also received affiliate and general public contributions that are to be held in perpetuity.

In fiscal year 2020, the Board designated funds to establish three programs: the Line of Credit to Clinical Health Network for Transformation, Inc.(CHN) that will be used to fund CHN's start-up costs of the integrated shared services organization and working capital needs, the Paid Family Leave for Affiliates program to provide paid parental bonding leave to Planned Parenthood employees in the event of the arrival of a child by birth, surrogacy, adoption, or foster care within the first 12 months of the life event, and the Epic Project that is intended to implement an electronic health records system that facilitates a unified record across the PP Affiliates.

In fiscal year 2020, PPFA's membership established the Mission Investment Fund which is primarily resourced through annual member payments and other contributions. The Mission Investment Fund is a membership-governed fund for PPFA and affiliate investments. Use of the funds will be determined by the Accreditation and Quality Committee or a successor committee that has these duties. The Mission Investment Fund operates with the highest standards of transparency and integrity and is intended for investments that are in the strategic interest of the membership.

The gift annuity funds net assets are board designated to meet the various state insurance reserve requirements for such gifts. PPFA's Board has also designated net assets without donor restrictions to provide additional funding for future assistance to various PP Affiliates' and PPFA's initiatives.

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At June 30, 2021 and 2020, net assets with donor restrictions consisted of the following:

	<u>2021</u>	<u>2020</u>
Operating activities:		
Subject to expenditure for specified purposes:		
Healthcare	\$ 26,698,015	31,584,820
Education	1,249,851	1,797,865
Advocacy	3,382,517	10,999,516
Research	774,565	1,777,776
Program support	—	1,000
Subject to passage of time	<u>11,027,190</u>	<u>4,237,318</u>
Total net assets for operating activities	<u>43,132,138</u>	<u>50,398,295</u>
Long-term investment:		
Pooled income fund	304,166	287,677
Unitrust and annuity trust funds	3,324,655	2,773,152
Charitable gift annuities with purpose restrictions	<u>711,682</u>	<u>438,203</u>
Total net assets for long-term investments	<u>4,340,503</u>	<u>3,499,032</u>
Donor restricted endowments:		
Original gifts	48,854,000	23,651,230
Accumulated gains subject to spending policy and appropriation for the following purposes:		
Healthcare	7,163,802	4,256,626
Advocacy	355,572	196,766
Education	4,810,690	3,116,352
Fund for the Future	3,699,007	2,473,782
General purposes	<u>5,217,196</u>	<u>3,130,554</u>
Total donor restricted endowments	70,100,267	36,825,310
Beneficial interest in perpetual trust – distributions available for general purposes	4,463,954	3,594,955
Planned Parenthood Action Fund, Inc.	9,058,976	15,932,922
Planned Parenthood Global, Inc.	<u>3,518,190</u>	<u>4,083,607</u>
Total net assets with donor restrictions	<u>\$ 134,614,028</u>	<u>114,334,121</u>

**(10) Endowment Funds**

At June 30, 2021, the Organization's endowment consists of 50 individual funds established for a variety of purposes and includes both donor restricted endowment funds and funds designated by the Board 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.



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The New York Prudent Management of Institutional Funds Act (NYPMIFA) imposes guidelines on the management and investment of endowment funds. The Board has interpreted NYPMIFA as allowing the Organization to appropriate for expenditure or accumulate so much of an endowment fund as the Organization 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. As a result of this interpretation, the Organization classifies as net asset with donor restrictions (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 on the permanent endowment. Accumulation of income on the permanent endowment is appropriated for expenditure in a manner consistent with the standard of prudence prescribed by NYPMIFA.

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

The following tables present the Organization's donor restricted endowment funds and funds designated by the Board to function as endowments, excluding perpetual trusts and including contributions receivable as of June 30, 2021 and 2020, respectively, and the changes for the years ended June 30, 2021 and 2020:

	<b>Without donor restrictions</b>	<b>With donor restrictions</b>		<b>Total</b>
		<b>Historical gift value</b>	<b>Accumulated gains (losses)</b>	
2021:				
Donor-restricted endowment funds	\$ —	48,854,000	21,246,267	70,100,267
Board-designated endowment funds	<u>144,097,762</u>	<u>—</u>	<u>—</u>	<u>144,097,762</u>
Total funds	<u>\$ 144,097,762</u>	<u>48,854,000</u>	<u>21,246,267</u>	<u>214,198,029</u>

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	<b>Without donor restrictions</b>	<b>With donor restrictions</b>		<b>Total</b>
		<b>Historical gift value</b>	<b>Accumulated gains (losses)</b>	
Endowment net assets, June 30, 2020	\$ 116,255,605	23,651,230	13,174,080	153,080,915
Investment income, net	29,488,895	—	10,546,686	40,035,581
Contributions and transfers	—	25,209,369	—	25,209,369
Additional appropriation	(1,493,531)	—	—	(1,493,531)
Change in value of split-interest agreements	—	(6,599)	—	(6,599)
Appropriation of endowment assets for expenditures	<u>(153,207)</u>	<u>—</u>	<u>(2,474,499)</u>	<u>(2,627,706)</u>
Endowment net assets, June 30, 2021	\$ <u>144,097,762</u>	<u>48,854,000</u>	<u>21,246,267</u>	<u>214,198,029</u>

	<b>Without donor restrictions</b>	<b>With donor restrictions</b>		<b>Total</b>
		<b>Historical gift value</b>	<b>Accumulated gains (losses)</b>	
2020:				
Donor-restricted endowment funds	\$ —	23,651,230	13,174,080	36,825,310
Board-designated endowment funds	<u>116,255,605</u>	<u>—</u>	<u>—</u>	<u>116,255,605</u>
Total funds	\$ <u>116,255,605</u>	<u>23,651,230</u>	<u>13,174,080</u>	<u>153,080,915</u>
Endowment net assets, June 30, 2019	\$ 130,769,448	23,475,326	14,251,456	168,496,230
Investment income, net	1,992,727	—	569,001	2,561,728
Contributions and transfers	—	179,436	—	179,436
Additional appropriation	(16,402,591)	—	—	(16,402,591)
Change in value of split-interest agreements	—	(3,532)	—	(3,532)
Appropriation of endowment assets for expenditures	<u>(103,979)</u>	<u>—</u>	<u>(1,646,377)</u>	<u>(1,750,356)</u>
Endowment net assets, June 30, 2020	\$ <u>116,255,605</u>	<u>23,651,230</u>	<u>13,174,080</u>	<u>153,080,915</u>

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

Notes to Consolidated Financial Statements

June 30, 2021 and 2020

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 Organization to retain as a fund for the perpetual duration. In accordance with generally accepted accounting principles, deficiencies of this nature would be reported in net assets with donor restrictions. There were no deficiencies as of June 30, 2021 and 2020. The Organization has interpreted NYPMIFA to permit spending from a fund with those deficiencies in accordance with the prudent measures required under the law.

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, 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.

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. PPFA has implemented a spending policy of appropriating for distribution up to 7% of the donor restricted 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 \$2,627,706 and \$1,750,356 in 2021 and 2020, respectively.

In 2020, the Board approved an additional appropriation of \$16,402,591 of board designated endowment for spending related to the EPIC project (note 9). In 2021, the Board approved an additional appropriation of \$1,493,531 of board designated endowment for spending related to paid family leave for affiliates.

**(11) Liquidity and Availability of Resources**

The Organization actively manages its resources, utilizing a combination of short, medium and long-term operating investment strategies, to align its cash inflows with anticipated outflows, in accordance with policies approved by the Board. PPFA regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also aiming to maximize the investment of its available funds.

For purposes of analyzing resources available to meet general expenditures over the next 12-month period, the Organization considers all expenditures related to its ongoing mission related activities as well as the conduct of services undertaken to support those activities to be general expenditures.

As of June 30, 2021 and 2020, the following financial assets could readily be made available within one year of the consolidated balance sheet date to meet general expenditures:

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Notes to Consolidated Financial Statements

June 30, 2021 and 2020

	<b>2021</b>	<b>2020</b>
Financial assets at year-end:		
Cash and cash equivalents	\$ 55,031,966	63,971,580
Receivables, advances and deposits	1,721,483	1,206,636
Contributions and grants receivable, net	57,157,612	30,978,709
Investments	347,248,962	318,406,699
Total financial assets at year-end	461,160,023	414,563,624
Less:		
Amounts unavailable for general expenditures within one year:		
Contributions and grants receivable due beyond one year	(6,671,703)	(2,252,184)
Deposits and funds held for PP Affiliates other than split interest held for affiliates	(7,035,739)	(6,775,421)
Split interest agreements investments	(33,270,544)	(26,162,145)
Board designated and donor restricted endowment	(214,198,029)	(153,080,915)
Mission Investment Fund	(10,612,793)	(13,329,261)
Restricted cash for lines of credit to affiliates	(10,370,980)	(20,000,000)
Board designated Planned Parenthood initiatives	(27,210,070)	(34,773,027)
Add:		
Endowment spending amount available for redemption	1,801,997	2,463,411
Board designated endowment spending amount available for redemption	110,967	153,207
Approved spend on board designated initiatives	—	17,364,300
Approved spend on board designated endowment:		
Line of Credit to CHN	20,000,000	20,000,000
Paid Family Leave for Affiliates	11,106,469	3,400,000
Total financial assets available for general expenditures within one year	184,809,598	201,571,589
Other resources available:		
Line of credit	2,000,000	2,000,000
Amounts available to management with Board's approval:		
Board designated endowment, net of approved spend	112,880,326	92,702,398
Board designated Planned Parenthood initiatives	27,210,071	17,408,727
Total amount available to management with Board's approval	140,090,397	110,111,125
Total financial assets and other liquid resources available for general expenditures within one year	\$ 326,899,995	313,682,714

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

Notes to Consolidated Financial Statements

June 30, 2021 and 2020

In addition to available financial assets, the Organization manages its availability of resources by developing and adopting an annual operating budget that provides sufficient funds for general expenditures. Throughout the year regular actual-to-budget comparisons are conducted and budget is adjusted to ensure adequate availability of resources.

The Board has designated a portion of its resources to function as endowments (a quasi-endowment fund) and for Planned Parenthood's strategic initiatives. The quasi-endowment fund is invested for long-term appreciation and current income, and the board designated funds for Planned Parenthood's strategic initiatives are invested short-term, but those funds remain available and may be spent at the discretion of the Board. See note 9 for detail of these funds.

**(12) Subsequent Events**

The Organization evaluated subsequent events after the balance sheet date of June 30, 2021 through December 21, 2021, which was the date the consolidated financial statements were available to be issued, and concluded that other than the below no additional disclosures are required.

In August 2021, the Executive Committee of the Board authorized the creation of the \$10,000,000 board designated Together We Defend Fund to cover defense costs for lawsuits brought against Planned Parenthood entities and, among others, their staffs, Board members, and medical providers accused of providing or aiding or abetting in abortions in violation of Texas S.B. 8.

The Organization closed on the CHN line of credit for \$20,000,000 in October 2021. CHN has drawn \$100,000 as of the issuance of these consolidated financial statements.

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

Consolidating Schedule – Balance Sheet

June 30, 2021

<b>Assets</b>	<b>Planned Parenthood Federation of America, Inc.</b>	<b>Planned Parenthood Action Fund, Inc.</b>	<b>Planned Parenthood Global, Inc.</b>	<b>Eliminations</b>	<b>Consolidated Planned Parenthood Federation of America, Inc.</b>
Cash and cash equivalents	\$ 46,051,098	3,699,052	5,281,816	—	55,031,966
Receivables, advances, and deposits:					
Affiliates	516,088	705,635	1,463,395	(2,108,021)	577,097
Other	865,005	231,502	47,879	—	1,144,386
Inventories, supplies, and prepaid expenses	3,657,359	396,378	77,234	—	4,130,971
Contributions and grants receivable, net	50,798,146	6,359,466	—	—	57,157,612
Investments	347,248,962	—	—	—	347,248,962
Beneficial interest in perpetual trust	4,463,954	—	—	—	4,463,954
Property and equipment, net	9,740,035	13,750	217,604	—	9,971,389
Total assets	<u>\$ 463,340,647</u>	<u>11,405,783</u>	<u>7,087,928</u>	<u>(2,108,021)</u>	<u>479,726,337</u>
<b>Liabilities and Net Assets</b>					
Liabilities:					
Accounts payable and accrued expenses	\$ 25,943,548	1,135,715	1,322,790	—	28,402,053
Due to related organizations	34,527,560	1,211,092	—	(2,108,021)	33,630,631
Liability under split-interest agreements	17,697,492	—	—	—	17,697,492
Amounts held on behalf of affiliates and others	4,817,408	—	—	—	4,817,408
Total liabilities	<u>82,986,008</u>	<u>2,346,807</u>	<u>1,322,790</u>	<u>(2,108,021)</u>	<u>84,547,584</u>
Net assets:					
Without donor restrictions:					
Undesignated	46,170,078	—	2,246,948	—	48,417,026
Designated by the board of directors	202,407,664	—	—	—	202,407,664
Net investment in property and equipment	9,740,035	—	—	—	9,740,035
Total without donor restrictions	<u>258,317,777</u>	<u>—</u>	<u>2,246,948</u>	<u>—</u>	<u>260,564,725</u>
With donor restrictions:					
For operating activities	68,718,908	—	—	—	68,718,908
Planned Parenthood Action Fund, Inc.	—	9,058,976	—	—	9,058,976
Planned Parenthood Global, Inc.	—	—	3,518,190	—	3,518,190
Endowment corpus and beneficial interest in perpetual trust	53,317,954	—	—	—	53,317,954
Total with donor restrictions	<u>122,036,862</u>	<u>9,058,976</u>	<u>3,518,190</u>	<u>—</u>	<u>134,614,028</u>
Total net assets	<u>380,354,639</u>	<u>9,058,976</u>	<u>5,765,138</u>	<u>—</u>	<u>395,178,753</u>
Total liabilities and net assets	<u>\$ 463,340,647</u>	<u>11,405,783</u>	<u>7,087,928</u>	<u>(2,108,021)</u>	<u>479,726,337</u>

See accompanying independent auditors' report.

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

Consolidating Schedule – Statement of Activities – Net Assets Without Donor Restrictions

Year ended June 30, 2021

	<b>Planned Parenthood Federation of America, Inc.</b>	<b>Planned Parenthood Action Fund, Inc.</b>	<b>Planned Parenthood Global, Inc.</b>	<b>Eliminations</b>	<b>Consolidated Planned Parenthood Federation of America, Inc.</b>
Revenue, net gains (losses), and other support:					
Revenue and net gains (losses):					
Contributions and grants:					
Direct response	\$ 123,222,676	—	17,125	—	123,239,801
Major donors, foundations, and corporations	45,407,380	—	20,190	—	45,427,570
Bequests and other planned giving revenue	26,631,912	—	—	—	26,631,912
Affiliates, National Program Support	—	—	—	—	—
Affiliates, other support	1,914,200	—	5,636,401	(5,630,326)	1,920,275
Federated fund-raising organizations	3,141,649	—	—	—	3,141,649
Total contributions and grants	<u>200,317,817</u>	<u>—</u>	<u>5,673,716</u>	<u>(5,630,326)</u>	<u>200,361,207</u>
Other revenue and net gains (losses):					
Sales of publications and commodities	93,585	—	—	—	93,585
Investment income, net	44,948,018	—	—	(47,614)	44,900,404
Change in value of split-interest agreements	1,608,571	—	—	—	1,608,571
Fees for services and other revenue	16,179,331	3,116,280	714	(13,945,179)	5,351,146
Total other revenue and net gains (losses)	<u>62,829,505</u>	<u>3,116,280</u>	<u>714</u>	<u>(13,992,793)</u>	<u>51,953,706</u>
Net assets released from restrictions due to satisfaction of program and time restrictions	<u>81,866,609</u>	<u>54,386,306</u>	<u>10,869,585</u>	<u>(10,304,168)</u>	<u>136,818,332</u>
Total revenue, net gains (losses), and other support	<u>345,013,931</u>	<u>57,502,586</u>	<u>16,544,015</u>	<u>(29,927,287)</u>	<u>389,133,245</u>
Expenses:					
Employee compensation and benefits	81,201,041	13,882,519	6,196,006	(6,896,696)	94,382,870
Professional fees and contract services	38,452,392	11,000,233	3,878,648	(3,577,302)	49,753,971
Awards and grants	142,729,228	12,195,899	5,423,525	(15,934,493)	144,414,159
Conferences, meetings, and travel	1,039,320	373,187	96,229	(31,511)	1,477,225
Advertising and public service messages	17,786,844	9,507,977	—	—	27,294,821
Other	35,945,847	10,542,771	1,622,829	(3,487,285)	44,624,162
Total expenses	<u>317,154,672</u>	<u>57,502,586</u>	<u>17,217,237</u>	<u>(29,927,287)</u>	<u>361,947,208</u>
Change in net assets	27,859,259	—	(673,222)	—	27,186,037
Net assets at beginning of year	<u>230,458,518</u>	<u>—</u>	<u>2,920,170</u>	<u>—</u>	<u>233,378,688</u>
Net assets at end of year	<u>\$ 258,317,777</u>	<u>—</u>	<u>2,246,948</u>	<u>—</u>	<u>260,564,725</u>

See accompanying independent auditors' report.

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

Consolidating Schedule – Statement of Activities – Net Assets With Donor Restrictions

Year ended June 30, 2021

	<b>Planned Parenthood Federation of America, Inc.</b>	<b>Planned Parenthood Action Fund, Inc.</b>	<b>Planned Parenthood Global, Inc.</b>	<b>Eliminations</b>	<b>Consolidated Planned Parenthood Federation of America, Inc.</b>
Revenue, net gains (losses), and other support:					
Revenue and net gains (losses):					
Contributions and grants:					
Direct response	\$ 423,644	20,841,902	—	—	21,265,546
Major donors, foundations, and corporations	86,611,451	25,647,657	—	—	112,259,108
Bequests and other planned giving revenue	10,336,970	1,022,801	—	—	11,359,771
Affiliates, other support	—	—	10,304,168	(10,304,168)	—
Total contributions and grants	<u>97,372,065</u>	<u>47,512,360</u>	<u>10,304,168</u>	<u>(10,304,168)</u>	<u>144,884,425</u>
Other revenue and net gain (losses):					
Investment income, net	10,757,330	—	—	—	10,757,330
Gain on beneficial interest in perpetual trust	868,999	—	—	—	868,999
Change in value of split-interest agreements	587,485	—	—	—	587,485
Fees for services and other revenue	—	—	—	—	—
Total other revenue and net gains (losses)	<u>12,213,814</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>12,213,814</u>
Net assets released from restrictions due to satisfaction of program and time restrictions	<u>(81,866,609)</u>	<u>(54,386,306)</u>	<u>(10,869,585)</u>	<u>10,304,168</u>	<u>(136,818,332)</u>
Total revenue, net gains (losses), and other support	<u>27,719,270</u>	<u>(6,873,946)</u>	<u>(565,417)</u>	<u>—</u>	<u>20,279,907</u>
Change in net assets	27,719,270	(6,873,946)	(565,417)	—	20,279,907
Net assets at beginning of year	<u>94,317,592</u>	<u>15,932,922</u>	<u>4,083,607</u>	<u>—</u>	<u>114,334,121</u>
Net assets at end of year	<u>\$ 122,036,862</u>	<u>9,058,976</u>	<u>3,518,190</u>	<u>—</u>	<u>134,614,028</u>

See accompanying independent auditors' report.