# Planned Parenthood of Illinois and Affiliated Entities

Consolidated Financial Report
June 30, 2017

**Contents**

# Independent Auditor's Report

To the Board of Directors
Planned Parenthood of Illinois and Affiliated Entities

**Report on the Financial Statements**
We have audited the accompanying consolidated financial statements of Planned Parenthood of Illinois and Affiliated Entities (collectively, the Agency) which comprise the consolidated statements of financial position as of June 30, 2017 and 2016, 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 (collectively, financial statements).

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 financial statements.

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

**Opinion**
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Planned Parenthood of Illinois and Affiliated Entities as of June 30, 2017 and 2016, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matter**

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The consolidating information is presented for purposes of additional analysis rather than to present the financial position, results of operations and changes in net assets of the individual entities and is not a required part of the 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 financial statements. The consolidating information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements as a whole.

RSM US LLP

Chicago, Illinois
December 21, 2017

**Planned Parenthood of Illinois and Affiliated Entities**

**Consolidated Statements of Financial Position**
**June 30, 2017 and 2016**

| | 2017 | 2016 |
|---|---|---|
| **Assets** | | |
| Cash and cash equivalents | $ 3,082,321 | $ 8,205,871 |
| Pledges and trusts receivable, net | 3,944,948 | 3,567,062 |
| Accounts and other receivables, net | 6,039,700 | 3,325,278 |
| Inventory, prepaid expenses and other assets | 742,332 | 852,805 |
| Investments | 21,136,767 | 9,036,385 |
| Property and equipment, net | 15,675,106 | 14,298,621 |
| | $ 50,621,174 | $ 39,286,022 |
| **Liabilities and Net Assets** | | |
| Liabilities: | | |
| Accounts payable | $ 1,110,097 | $ 585,079 |
| Accrued liabilities | 1,385,324 | 1,497,931 |
| Deferred revenue | 2,486 | 121,843 |
| Deferred rent obligations | 121,822 | 183,424 |
| Bonds payable, net | 5,083,784 | 5,075,259 |
| Total liabilities | 7,703,513 | 7,463,536 |
| Net assets: | | |
| Undesignated | 13,116,225 | 6,387,913 |
| Designated by the Board of Directors: | | |
| Property and equipment | 10,591,322 | 9,223,362 |
| Service expansion and capital improvement | 7,499,003 | 6,873,710 |
| Emergency reserve | 1,959,022 | 1,795,672 |
| Virginia Leslie fund | 1,897,392 | 1,739,182 |
| Total unrestricted net assets | 35,062,964 | 26,019,839 |
| Temporarily restricted by donors | 7,635,189 | 5,685,593 |
| Permanently restricted by donors | 219,508 | 117,054 |
| Total net assets | 42,917,661 | 31,822,486 |
| **Total liabilities and net assets** | $ 50,621,174 | $ 39,286,022 |

See notes to consolidated financial statements.

**Planned Parenthood of Illinois and Affiliated Entities**

**Consolidated Statement of Activities**
**Year Ended June 30, 2017**

| | Unrestricted | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Undesignated | Property and Equipment | Service Expansion and Capital Improvement | Emergency Reserve | Virginia Leslie Fund | Total | Temporarily Restricted | Permanently Restricted | Total |
| Unrestricted net assets: | | | | | | | | | |
| Public support and other: | | | | | | | | | |
| Grants from government agencies | $ 4,100,694 | $ - | $ - | $ - | $ - | $ 4,100,694 | $ - | $ - | $ 4,100,694 |
| Contributions and bequests | 9,661,996 | - | - | - | - | 9,661,996 | 5,262,410 | - | 14,924,406 |
| Program service fees, net of contractual adjustments and discounts of $10,841,306 | 18,923,233 | - | - | - | - | 18,923,233 | - | - | 18,923,233 |
| Interest and dividends | 96,269 | - | 103,590 | 27,062 | 26,209 | 253,130 | - | - | 253,130 |
| Realized and unrealized gain on investments, net | 484,832 | - | 521,703 | 136,288 | 132,001 | 1,274,824 | 41,398 | - | 1,316,222 |
| Donated services and supplies | 129,583 | - | - | - | - | 129,583 | - | - | 129,583 |
| Other income | 279,366 | - | - | - | - | 279,366 | - | - | 279,366 |
| Loss on disposal of equipment | (40,826) | - | - | - | - | (40,826) | - | - | (40,826) |
| Net assets released from restrictions - used for operations | 1,697,084 | - | - | - | - | 1,697,084 | (1,799,538) | 102,454 | - |
| | 35,332,231 | - | 625,293 | 163,350 | 158,210 | 36,279,084 | 3,504,270 | 102,454 | 39,885,808 |
| Expenses: | | | | | | | | | |
| Program: | | | | | | | | | |
| Medical services | 19,001,952 | - | - | - | - | 19,001,952 | - | - | 19,001,952 |
| Management information services | 955,822 | - | - | - | - | 955,822 | - | - | 955,822 |
| Education | 189,056 | - | - | - | - | 189,056 | - | - | 189,056 |
| Public relations | 699,455 | - | - | - | - | 699,455 | - | - | 699,455 |
| Public policy | 229,386 | - | - | - | - | 229,386 | - | - | 229,386 |
| | 21,075,671 | - | - | - | - | 21,075,671 | - | - | 21,075,671 |
| Supporting services: | | | | | | | | | |
| Management and general | 6,421,527 | - | - | - | - | 6,421,527 | - | - | 6,421,527 |
| Fundraising and development | 986,279 | - | - | - | - | 986,279 | - | - | 986,279 |
| | 7,407,806 | - | - | - | - | 7,407,806 | - | - | 7,407,806 |
| Illinois Action | 83,922 | - | - | - | - | 83,922 | - | - | 83,922 |
| Illinois Action PAC | 223,234 | - | - | - | - | 223,234 | - | - | 223,234 |
| Total expenses | 28,790,633 | - | - | - | - | 28,790,633 | - | - | 28,790,633 |
| **Excess of revenue over expenses** | 6,541,598 | - | 625,293 | 163,350 | 158,210 | 7,488,451 | 3,504,270 | 102,454 | 11,095,175 |
| Other changes in unrestricted net assets: | | | | | | | | | |
| Net assets released from restrictions - used for capital improvements | 1,554,674 | - | - | - | - | 1,554,674 | (1,554,674) | - | - |
| **Increase in net assets** | 8,096,272 | - | 625,293 | 163,350 | 158,210 | 9,043,125 | 1,949,596 | 102,454 | 11,095,175 |
| Net assets: | | | | | | | | | |
| Beginning of year | 6,387,913 | 9,223,362 | 6,873,710 | 1,795,672 | 1,739,182 | 26,019,839 | 5,685,593 | 117,054 | 31,822,486 |
| Transfers in (out) | (1,367,960) | 1,367,960 | - | - | - | - | - | - | - |
| End of year | $ 13,116,225 | $ 10,591,322 | $ 7,499,003 | $ 1,959,022 | $ 1,897,392 | $ 35,062,964 | $ 7,635,189 | $ 219,508 | $ 42,917,661 |

See notes to consolidated financial statements.

**Planned Parenthood of Illinois and Affiliated Entities**

**Consolidated Statement of Activities**
**Year Ended June 30, 2016**

| | Unrestricted | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Undesignated | Property and Equipment | Service Expansion and Capital Improvement | Emergency Reserve | Virginia Leslie Fund | Total | Temporarily Restricted | Permanently Restricted | Total |
| Unrestricted net assets: | | | | | | | | | |
| Public support and other: | | | | | | | | | |
| Grants from government agencies | $ 4,439,484 | $ - | $ - | $ - | $ - | $ 4,439,484 | $ - | $ - | $ 4,439,484 |
| Contributions and bequests | 5,783,876 | - | - | - | - | 5,783,876 | 5,637,866 | - | 11,421,742 |
| Program service fees, net of contractual adjustments and discounts of $8,251,781 | 16,646,477 | - | - | - | - | 16,646,477 | - | - | 16,646,477 |
| Interest and dividends | 66,370 | - | 100,059 | 26,139 | 25,317 | 217,885 | - | - | 217,885 |
| Realized and unrealized loss on investments, net | (154,964) | - | (233,624) | (61,031) | (59,111) | (508,730) | (15,033) | - | (523,763) |
| Donated services and supplies | 143,361 | - | - | - | - | 143,361 | - | - | 143,361 |
| Other income | 320,905 | - | - | - | - | 320,905 | - | - | 320,905 |
| Gain on disposal of equipment | 351,196 | - | - | - | - | 351,196 | - | - | 351,196 |
| Net assets released from restrictions - used for operations | 1,438,958 | - | - | - | - | 1,438,958 | (1,538,958) | 100,000 | - |
| | 29,035,663 | - | (133,565) | (34,892) | (33,794) | 28,833,412 | 4,083,875 | 100,000 | 33,017,287 |
| Expenses: | | | | | | | | | |
| Program: | | | | | | | | | |
| Medical services | 19,219,988 | - | - | - | - | 19,219,988 | - | - | 19,219,988 |
| Management information services | 947,401 | - | - | - | - | 947,401 | - | - | 947,401 |
| Education | 264,938 | - | - | - | - | 264,938 | - | - | 264,938 |
| Public relations | 263,325 | - | - | - | - | 263,325 | - | - | 263,325 |
| Public policy | 350,955 | - | - | - | - | 350,955 | - | - | 350,955 |
| | 21,046,607 | - | - | - | - | 21,046,607 | - | - | 21,046,607 |
| Supporting services: | | | | | | | | | |
| Management and general | 4,221,690 | - | - | - | - | 4,221,690 | - | - | 4,221,690 |
| Fundraising and development | 966,086 | - | - | - | - | 966,086 | - | - | 966,086 |
| | 5,187,776 | - | - | - | - | 5,187,776 | - | - | 5,187,776 |
| Illinois Action | 35,272 | - | - | - | - | 35,272 | - | - | 35,272 |
| Illinois Action PAC | 78,533 | - | - | - | - | 78,533 | - | - | 78,533 |
| Total expenses | 26,348,188 | - | - | - | - | 26,348,188 | - | - | 26,348,188 |
| **Excess of revenue over (under) expenses** | 2,687,475 | - | (133,565) | (34,892) | (33,794) | 2,485,224 | 4,083,875 | 100,000 | 6,669,099 |
| Other changes in unrestricted net assets: | | | | | | | | | |
| Net assets released from restrictions - used for capital improvements | 771,906 | - | - | - | - | 771,906 | (771,906) | - | - |
| **Increase (decrease) in net assets** | 3,459,381 | - | (133,565) | (34,892) | (33,794) | 3,257,130 | 3,311,969 | 100,000 | 6,669,099 |
| Net assets: | | | | | | | | | |
| Beginning of year | 4,647,919 | 7,950,066 | 7,007,275 | 1,830,564 | 1,772,976 | 23,208,800 | 1,927,533 | 17,054 | 25,153,387 |
| Transfers (out) in | (1,719,387) | 1,273,296 | - | - | - | (446,091) | 446,091 | - | - |
| End of year | $ 6,387,913 | $ 9,223,362 | $ 6,873,710 | $ 1,795,672 | $ 1,739,182 | $ 26,019,839 | $ 5,685,593 | $ 117,054 | $ 31,822,486 |

See notes to consolidated financial statements.

**Planned Parenthood of Illinois and Affiliated Entities**

**Consolidated Statement of Functional Expenses**
**Year Ended June 30, 2017**

| | Program Services | | | | | | Supporting Services | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Medical Services | Management Information Services | Education | Public Relations | Public Policy | Total Program Services | Management and General | Fundraising and Development | Total Supporting Services | Illinois Action | Illinois Action PAC | Total |
| Salaries | $ 7,824,446 | $ 342,714 | $ 112,016 | $ 511,459 | $ 168,453 | $ 8,959,088 | $ 2,850,427 | $ 625,943 | $ 3,476,370 | $ 11,769 | $ 12,545 | $ 12,459,772 |
| Employee health and retirement benefits, payroll taxes, etc. | 1,562,604 | 68,988 | 32,350 | 75,042 | 33,351 | 1,772,335 | 926,965 | 120,711 | 1,047,676 | - | - | 2,820,011 |
| Professional fees and contract services | 1,048,927 | 87,126 | 100 | - | - | 1,136,153 | 516,344 | 16 | 516,360 | - | - | 1,652,513 |
| Medical and other supplies | 5,673,015 | 17,131 | 4,325 | 98 | 2,123 | 5,696,692 | 171,148 | 4,058 | 175,206 | 1,515 | 137 | 5,873,550 |
| Telephone and computer processing | 315,705 | 129,404 | 1,000 | 2,085 | - | 448,194 | 227,410 | 27 | 227,437 | - | - | 675,631 |
| Postage and shipping | 85,187 | (11) | 1,163 | 280 | 1,206 | 87,825 | 9,112 | 5,882 | 14,994 | 44 | - | 102,863 |
| Occupancy | 1,117,827 | 5,550 | - | - | 120 | 1,123,497 | 487,659 | - | 487,659 | 240 | - | 1,611,396 |
| Outside printing, artwork, etc. | 2,698 | - | 919 | 14,657 | 3,498 | 21,772 | 2,480 | 16,512 | 18,992 | 1,805 | - | 42,569 |
| Travel and training | 106,152 | 13,758 | 14,193 | 4,522 | 9,258 | 147,883 | 157,188 | 16,561 | 173,749 | 4,922 | 1,545 | 328,099 |
| Conferences and meetings | 17,526 | 3,460 | 1,805 | (1,500) | (300) | 20,991 | 12,115 | 4,996 | 17,111 | 1,125 | - | 39,227 |
| Subscriptions and reference publications | - | - | 391 | 51 | 508 | 950 | 2,889 | 53 | 2,942 | - | - | 3,892 |
| Licenses and membership dues | 22,748 | 50,000 | 220 | - | 2,027 | 74,995 | 218,944 | 25,289 | 244,233 | 215 | - | 319,443 |
| Advertising | 715 | - | 515 | 88,076 | 50 | 89,356 | 8,561 | 1,750 | 10,311 | - | - | 99,667 |
| General and malpractice insurance | 298,523 | - | - | - | - | 298,523 | 127,452 | - | 127,452 | 320 | - | 426,295 |
| Equipment rental and maintenance | 38,814 | - | - | - | 868 | 39,682 | 19,123 | - | 19,123 | - | - | 58,805 |
| Service charges | 34,062 | 151,114 | - | - | 4,350 | 189,526 | 429,676 | 16,139 | 445,815 | 7,248 | 335 | 642,924 |
| Ballot initiative and donor acquisition | - | - | - | - | 140 | 140 | 36 | 12,003 | 12,039 | 21,818 | 104,639 | 138,636 |
| Special events | - | - | 1,111 | - | 913 | 2,024 | 166 | 117,404 | 117,570 | 4,452 | 98,063 | 222,109 |
| Interest expense | 32,734 | 2,726 | - | - | - | 35,460 | 1,809 | - | 1,809 | - | - | 37,269 |
| Bond fees | - | - | - | - | - | - | 79,856 | - | 79,856 | - | - | 79,856 |
| Direct lobbying | - | - | - | - | 1,770 | 1,770 | - | - | - | 890 | - | 2,660 |
| Miscellaneous | 27,168 | 6,790 | 18,209 | 4,685 | 897 | 57,749 | 76,946 | 18,935 | 95,881 | 27,559 | 5,970 | 187,159 |
| **Total expenses before depreciation and amortization** | 18,208,851 | 878,750 | 188,317 | 699,455 | 229,232 | 20,204,605 | 6,326,306 | 986,279 | 7,312,585 | 83,922 | 223,234 | 27,824,346 |
| Depreciation and amortization of property, equipment, and leasehold improvements | 793,101 | 77,072 | 739 | - | 154 | 871,066 | 95,221 | - | 95,221 | - | - | 966,287 |
| **Total expenses** | $ 19,001,952 | $ 955,822 | $ 189,056 | $ 699,455 | $ 229,386 | $ 21,075,671 | $ 6,421,527 | $ 986,279 | $ 7,407,806 | $ 83,922 | $ 223,234 | $ 28,790,633 |

See notes to consolidated financial statements.

**Planned Parenthood of Illinois and Affiliated Entities**

**Consolidated Statement of Functional Expenses**
**Year Ended June 30, 2016**

| | Program Services | | | | | | Supporting Services | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Medical Services | Management Information Services | Education | Public Relations | Public Policy | Total Program Services | Management and General | Fundraising and Development | Total Supporting Services | Illinois Action | Illinois Action PAC | Total |
| Salaries | $ 8,185,056 | $ 311,779 | $ 203,323 | $ 173,797 | $ 239,987 | $ 9,113,942 | $ 1,657,466 | $ 612,105 | $ 2,269,571 | $ 24,000 | $ - | $ 11,407,513 |
| Employee health and retirement benefits, payroll taxes, etc. | 1,580,590 | 64,650 | 43,408 | 42,541 | 46,738 | 1,777,927 | 623,724 | 112,859 | 736,583 | - | - | 2,514,510 |
| Professional fees and contract services | 811,429 | 98,659 | - | - | 82 | 910,170 | 570,245 | 71 | 570,316 | 20 | - | 1,480,506 |
| Medical and other supplies | 5,151,711 | 5,326 | 387 | 983 | 9,062 | 5,167,469 | 67,546 | 3,481 | 71,027 | (3,969) | - | 5,234,527 |
| Telephone and computer processing | 453,007 | 22,250 | - | - | 2,594 | 477,851 | 69,795 | - | 69,795 | - | - | 547,646 |
| Postage and shipping | 92,870 | 41 | 22 | 57 | 674 | 93,664 | 3,663 | 2,366 | 6,029 | 49 | 520 | 100,262 |
| Occupancy | 1,208,653 | 22,133 | 14,599 | 21,898 | 21,898 | 1,289,181 | 121,411 | 40,877 | 162,288 | - | - | 1,451,469 |
| Outside printing, artwork, etc. | 9,275 | - | 57 | - | 1,081 | 10,413 | 64,738 | 14,478 | 79,216 | - | - | 89,629 |
| Travel and training | 254,983 | 11,095 | 856 | 10,961 | 12,210 | 290,105 | 53,075 | 15,052 | 68,127 | 201 | 648 | 359,081 |
| Conferences and meetings | 22,122 | 2,800 | - | (250) | 1,236 | 25,908 | 233 | 4,575 | 4,808 | - | 496 | 31,212 |
| Subscriptions and reference publications | 583 | - | - | 645 | - | 1,228 | 3,546 | 135 | 3,681 | - | - | 4,909 |
| Licenses and membership dues | 28,300 | 106,784 | - | 1,568 | 7,858 | 144,510 | 387,300 | 75 | 387,375 | - | - | 531,885 |
| Advertising | 1,677 | - | - | - | 425 | 2,102 | 41,866 | 5,632 | 47,498 | 588 | - | 50,188 |
| General and malpractice insurance | 373,615 | - | - | - | - | 373,615 | 12,173 | - | 12,173 | - | - | 385,788 |
| Equipment rental and maintenance | 59,812 | 6,294 | - | 2,474 | - | 68,580 | 31,447 | - | 31,447 | - | - | 100,027 |
| Service charges | 98,483 | 214,836 | - | 5,400 | - | 318,719 | 329,758 | 11,771 | 341,529 | 2,937 | 4,514 | 667,699 |
| Ballot initiative and donor acquisition | - | - | 78 | 2,040 | 1,327 | 3,445 | 392 | 7,894 | 8,286 | 10,000 | 21,904 | 43,635 |
| Special events | 175 | - | 17 | 82 | 1,359 | 1,633 | 5,269 | 131,254 | 136,523 | - | 50,451 | 188,607 |
| Interest expense | 4,187 | 3,785 | - | - | - | 7,972 | 1,769 | - | 1,769 | - | - | 9,741 |
| Bond fees | - | - | - | - | - | - | 85,187 | - | 85,187 | - | - | 85,187 |
| Direct lobbying | - | - | - | - | - | - | - | - | - | 626 | - | 626 |
| Miscellaneous | 51,085 | 4,064 | 14 | 809 | 3,685 | 59,657 | 34,519 | 3,444 | 37,963 | 820 | - | 98,440 |
| **Total expenses before depreciation and amortization** | 18,387,613 | 874,496 | 262,761 | 263,005 | 350,216 | 20,138,091 | 4,165,122 | 966,069 | 5,131,191 | 35,272 | 78,533 | 25,383,087 |
| Depreciation and amortization of property, equipment, and leasehold improvements | 832,375 | 72,905 | 2,177 | 320 | 739 | 908,516 | 56,568 | 17 | 56,585 | - | - | 965,101 |
| **Total expenses** | $ 19,219,988 | $ 947,401 | $ 264,938 | $ 263,325 | $ 350,955 | $ 21,046,607 | $ 4,221,690 | $ 966,086 | $ 5,187,776 | $ 35,272 | $ 78,533 | $ 26,348,188 |

See notes to consolidated financial statements.

**Planned Parenthood of Illinois and Affiliated Entities**

**Consolidated Statements of Cash Flows**
**June 30, 2017 and 2016**

| | 2017 | 2016 |
|---|---|---|
| Cash flows from operating activities: | | |
| Increase in net assets | **$ 11,095,175** | $ 6,669,099 |
| Adjustments to reconcile increase in net assets to net cash provided by operating activities: | | |
| Depreciation and amortization | **966,287** | 965,101 |
| Amortization of discount on bonds and debt issuance costs | **8,525** | 8,526 |
| Loss (gain) on sale of property and equipment | **40,826** | (351,196) |
| Contributions restricted for long-term purposes | **(647,453)** | (412,000) |
| Net realized and unrealized (gain) loss on investments | **(1,274,824)** | 508,730 |
| Net donated securities | **(1,942,232)** | (812,602) |
| Effects of changes in operating assets and liabilities: | | |
| Pledges and trust receivable | **(377,886)** | (1,759,704) |
| Accounts and other receivables | **(2,714,422)** | (441,047) |
| Inventory, prepaid expenses and other assets | **110,473** | 30,743 |
| Accounts payable | **525,018** | 5,819 |
| Accrued liabilities | **(112,607)** | (1,488,268) |
| Deferred revenue | **(119,357)** | 121,843 |
| Deferred rent obligations | **(61,602)** | 30,978 |
| **Net cash provided by operating activities** | **5,495,921** | 3,076,022 |
| Cash flows from investing activities: | | |
| Purchase of property and equipment | **(2,693,598)** | (1,765,729) |
| Proceeds from sale of investments and other | **21,825,341** | 300,584 |
| Proceeds from sale of property and equipment | **310,000** | 470,000 |
| Purchase of investments | **(30,708,667)** | (141,353) |
| **Net cash used in investing activities** | **(11,266,924)** | (1,136,498) |
| Cash flows from financing activities: | | |
| Payments on bonds payable | **-** | (600,000) |
| Cash collections on contributions restricted for long-term purposes | **647,453** | 412,000 |
| **Net cash provided by (used in) financing activities** | **647,453** | (188,000) |
| **Net (decrease) increase in cash and cash equivalents** | **(5,123,550)** | 1,751,524 |
| Cash and cash equivalents: | | |
| Beginning of year | **8,205,871** | 6,454,347 |
| End of year | **$ 3,082,321** | $ 8,205,871 |
| Supplemental disclosure of cash flow information: | | |
| Cash paid for interest | **$ 37,269** | $ 9,740 |

See notes to consolidated financial statements.

## Note 1. Nature of Activities

Planned Parenthood of Illinois (PPIL) is a nonprofit organization that was incorporated in October 1946 in Illinois and believes that everyone should have access to affordable, confidential and high quality reproductive health care. PPIL's mission is to be the leader in providing and promoting compassionate, comprehensive reproductive health care, education, and rights. PPIL's primary source of revenue is program service fees from the U.S. Department of Health and Human Services, the Illinois Department of Public Health, Health Resources and Services Administration, third-party insurance providers, the Chicago Department of Public Health and patients. Philanthropic fundraising also provides additional unrestricted and program support. PPIL's administrative office is located in Chicago, Illinois.

PPIL is the sole member of several limited liability companies (LLC) whose sole purposes are to construct or renovate health centers in Illinois. These LLCs have been included in PPIL in these consolidated financial statements.

PPIL's affiliated entities (collectively, the Agency) include Planned Parenthood Illinois Action (Illinois Action), a 501(c)(4) nonprofit organization incorporated in Illinois in January 1987, and a Political Action Committee, Planned Parenthood Illinois Action PAC (Illinois Action PAC), which was organized under the Illinois Campaign Disclosure Act in 2002. Illinois Action PAC's purpose is to protect reproductive rights and health by leading the public policy and grassroots efforts in Illinois. Illinois Action PAC was formed to accept contributions and make expenditures on behalf of or in opposition to candidates for public office as well as to make electioneering communications related to candidates for public office.

The fiscal year-end for all entities listed above is June 30.

The Agency accomplishes its mission through a wide range of services and programs, as follows:

**Medical services**: Operates nine health centers in the Chicago metropolitan area and seven in Central Illinois that provide comprehensive reproductive health care services to women, teens and men regardless of income. In fiscal year 2017 one Central Illinois health center was closed, and services will be continued at another Central Illinois health center. Services include annual wellness exams including cervical cancer screenings and evaluation and management of abnormal cervical cancer screenings; comprehensive birth control services including permanent non-surgical female and male birth control; male reproductive health services; pregnancy testing and options counseling; testing and treatment for sexually transmitted infections (STI's) including rapid HIV testing; emergency contraception; HPV and Hepatitis A/B vaccines; breast cancer screening; and surgical and medication abortion services.

**Management information services**: Provides computer and technical support to Agency health center staff including applications, hardware training, and overall network infrastructure. This includes a patient practice management system, electronic medical records and a patient portal.

**Education**: Provides medically accurate, age appropriate, sexual health education to patients, students, schools, nonprofit organizations, and community groups. The goal of the Agency's educational programs is to increase access to evidence-based, comprehensive sexual health education and to provide linkages to care.

**Public relations**: Provides the public with information and education about reproductive health care, education, and rights.

## Note 1. Nature of Activities (Continued)

**Public policy**: Leads public policy efforts in Illinois that safeguard the rights of individuals to make decisions about their reproductive health without government interference, including organizing, advocacy and legislation.

## Note 2. Summary of Significant Accounting Policies

**Basis of presentation**: The Agency's consolidated financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

The Agency follows accounting standards established by the Financial Accounting Standards Board (FASB) to ensure consistent reporting of financial condition, results of activities, and cash flows. References to generally accepted accounting principles (GAAP) in these footnotes are to the FASB Accounting Standards Codification™, sometimes referred to as the Codification or ASC.

**Classification of net assets**: Net assets and related activities of the various funds are classified as unrestricted, temporarily restricted and permanently restricted based on the existence or absence of donor-imposed restrictions.

*Unrestricted*: Net assets available for support of the Agency's operations and are not subject to donor-imposed restrictions. This category also includes the following board designated net assets:

Property and equipment: The purpose of this net asset category is to account for land, building, leasehold improvements and equipment and to make provisions for depreciation and expenses related to the replacement or substantial maintenance of existing assets and the purchase of new assets without financially jeopardizing the Agency or its programs and services. The fund represents property and equipment and bond issuance costs, less related debt obligations. Purchases of new assets in excess of certain thresholds require specific Board approval.

Service expansion and capital improvement: The purpose of this category is to provide for payment of (1) start-up costs and initial operating expenses related to substantial expansion of existing programs, and (2) substantial improvement of new or existing facilities and related equipment. Increases or decreases in net assets, primarily from net revenue over expenses and investment results, are allocated to this category in accordance with percentages determined by the Board. Specific Board approval is required to use any assets allocated to this category.

Emergency reserve: This category's purpose is to temporarily fund operations in the case of unanticipated severe interruption in cash flow or unanticipated extraordinary expenses which are necessary to continue operations. Increases or decreases in net assets, primarily from investment results, are allocated to the category in accordance with percentages determined by the Board. Specific Board approval is required to use any asset allocated to this category. Assets used must be restored in full.

Virginia Leslie fund: Amounts included in this net asset category represent contributions received and then set aside by the Board to function as an endowment. Currently increases or decreases in net assets, primarily from investment results, are allocated to the category in accordance with percentages determined by the Board. Specific Board approval is required to use any assets allocated to this category.

**Note 2. Summary of Significant Accounting Policies (Continued)**

*Temporarily restricted*: Net assets subject to donor-imposed restrictions that may or will be met, either by actions of the Agency or the passage of time. Temporarily restricted net assets are released and reclassified to either unrestricted net assets when the restrictions have been met or to permanently restricted when received, depending on any donor-imposed restrictions.

*Permanently restricted*: Net assets subject to donor-imposed restrictions requiring that the contributed assets be invested and maintained in perpetuity by the Agency. The Agency uses the income earned on the related investments for unrestricted and restricted purposes.

**Principles of consolidation**: The accompanying consolidated financial statements of the Agency include the accounts of PPIL (including the LLCs) and its controlled affiliated entities. All significant intercompany transactions and balances have been eliminated in consolidation. The consolidated financial statements do not include the accounts of Planned Parenthood Federation of America (PPFA) or other Planned Parenthood affiliates, each of which are separate legal entities, elect their own independent Board of Directors and maintain their own separate accounting records.

**Cash and cash equivalents**: The Agency considers all liquid investments, including amounts invested in money market mutual funds within the Agency's investment portfolio, with maturities of three months or less at date of acquisition to be cash and cash equivalents unless restricted for long-term purposes. The Agency maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Agency has not experienced any losses in such accounts. Management believes that the Agency is not exposed to any significant credit risk on cash.

**Pledges and trusts receivable**: Pledges receivable are unconditional promises to give and are recognized as revenue in the period that the pledge is made. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Bequests are not recorded until the related estate clears probate and an estimate of distribution amount and time frame can be reasonably determined.

Pledges receivable are stated at the present value of the expected future cash flows; discounts are amortized to contribution revenue consistent with donor restrictions. An allowance for doubtful pledges receivable is provided based upon prior years' experience and management's analysis of specific pledges made.

Trusts receivable includes the Agency's beneficial interest in charitable gift annuity funds managed by Planned Parenthood Federation of America, which has been recorded at a net fair value of $23,695 and $(20,019) at June 30, 2017 and 2016, respectively.

Trusts receivable also includes the Agency's beneficial interest in a charitable remainder unitrust managed by Comerica Bank, which was initially recorded in fiscal year 2012 at a net fair value of $323,000. The beneficial interest in the charitable remainder unitrust was $468,865 and $431,058 at June 30, 2017 and 2016, respectively, and the increase was recorded in contributions and bequests in the consolidated statements of activities. The charitable remainder unitrust will pay annual payments to recipients until September 2026 at which time the Agency will receive a portion of the remaining assets.

## Note 2. Summary of Significant Accounting Policies (Continued)

**Receivables and credit policies**: Accounts receivable are uncollateralized obligations from the Illinois Department of Healthcare and Family Services, the Illinois Department of Public Health, Health Services and Resource Administration, third-party insurance providers, the Chicago Department of Public Health and patients, for services rendered. Accounts receivable are stated at the invoice or billing amount less any applicable contractual adjustments. Revenues from third-party insurance providers and the Illinois Department of Healthcare and Family Services reflect the estimated net realizable amounts due. A significant portion of this revenue is derived from contractual agreements with Medicaid and third-party insurance providers. Payments under these agreements are based on specific amounts per case or contracted prices. Certain revenue received from Medicaid and third-party payers is subject to audit and retroactive adjustment. Any changes in estimates under these contracts are recorded in operations currently. Payments of accounts receivable are applied to the corresponding invoice or billing.

The carrying amount of accounts receivable is reduced by a valuation allowance that reflects management's best estimate of amounts that will not be collected. Management reviews individual accounts receivable balances and based on an assessment of current creditworthiness, estimates the portion, if any, of the balance that will not be collected. All accounts or portions thereof deemed to be uncollectible or to require an excessive collection cost are adjusted through the allowance for losses.

**Inventory**: Inventories of medications, contraceptives and supplies are valued at the lower of cost or market, on a first-in, first-out basis. Donated supplies are recorded at the fair market value on the date of donation.

**Investments**: The Agency invests in various marketable securities. Investments in marketable securities with readily determinable fair values and all investments in debt securities are stated at their fair value in the consolidated statements of financial position. Investment results, realized gains (losses), and changes in unrealized gains (losses) are reflected in the consolidated statements of activities. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net appreciation includes the Agency’s gains and losses on investments bought and sold as well as held during the year. Investments received as contributions are recorded at fair value at the date of receipt or at the nominal value when the market value is not readily available. Donated securities were $1,942,232 and $812,602 for years ended June 30, 2017 and 2016, respectively.

**Property and equipment**: Property and equipment are stated at cost, except for donated assets, which are recorded at fair value at the time of receipt. Additions and improvements to existing property and equipment in amounts over $1,000 during the year are capitalized, while general maintenance and repairs are charged to expense. The cost and accumulated depreciation of items sold are removed from the property and equipment account and any gain or loss upon disposition is recognized at that time. Depreciation is being provided using the straight-line method over the estimated useful lives of the assets. These lives range from 30 years for buildings and improvements and 3 to 10 years for furniture and equipment. Amortization of leasehold improvements is provided over the lesser of the term of the respective lease or the estimated useful life of the improvements, which ranges from 5 to 15 years.

**Impairment of long-lived assets**: The Agency reviews long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of carrying amount or the fair value less costs to sell. No events have occurred to cause the review of long-lived assets and therefore there were no impairment losses recorded in 2017 and 2016.

**Note 2. Summary of Significant Accounting Policies (Continued)**

**Deferred revenue**: The Agency receives a substantial portion of its operating funds from grants, accounted for as exchange transactions. These funds are deemed to be earned and reported as revenue when the Agency has incurred expenditures in accordance with the specific requirements of the grant. Amounts received but not yet earned are reported as deferred revenue.

**Deferred rent obligations**: The Agency has entered into operating leases for its administrative office and health centers, some of which contain provisions for periods in which rent payments are abated or reduced. In accordance with generally accepted accounting principles (GAAP), the Agency records monthly rent expense equal to the total of the payments due over the lease term, divided by the number of months of the lease term. The difference between rent expense recorded and the amount paid is charged to a deferred rent obligation.

**Excess of revenue over (under) expenses**: The consolidated statements of activities include excess of revenues over (under) expenses that represent the results of activities. Changes in unrestricted net assets which are excluded from excess of revenue over (under) expenses, consistent with industry practice, includes such items as assets acquired using contributions which by donor restriction were to be used for the purpose of acquiring such assets or donations of equipment.

**Revenues and other support**: Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence or nature of any donor restrictions.

Contributions are recognized when the donor makes a promise to give to the Agency that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in temporarily restricted net assets depending on the nature of the restrictions. When a restriction expires and the contribution is received, temporarily restricted net assets are reclassified either to unrestricted or permanently restricted net assets.

Revenue from government grants and contract agreements is recognized as it is earned through expenditure in accordance with the agreement.

Investment earnings available for distribution are recorded in unrestricted net assets.

**Donated services**: Contributions of donated services that create or enhance non-financial assets or that require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received. A substantial number of volunteers have donated their time to the Agency’s program services, fundraising, and advocacy activities but none of these amounts have been recorded as contributions because the services do not meet the criteria for recognition in the consolidated financial statements.

**Functional allocation of expenses**: The costs of providing program or other activities have been presented on a functional basis in the consolidated statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Operating expenses directly identified with a functional core program are charged to that program and, where these expenses affect more than one program, they are allocated on the basis of ratios estimated by management.

## Note 2. Summary of Significant Accounting Policies (Continued)

**Tax-exempt status**: PPIL is a tax-exempt organization as defined by Section 501(c)(3) of the Internal Revenue Code (IRC) and has been classified as an organization that is not a private foundation under Section 509(a)(1). Contributions to the Agency qualify for the charitable contribution deduction under Section 170(b)(1)(A). Planned Parenthood Illinois Action is a tax-exempt organization as defined by Section 501(c)(4) of the IRC and has also been classified as an organization that is not a private foundation under Section 509(a)(1). Planned Parenthood Illinois Action PAC is exempt under Section 527 of the IRC, and thus is exempt from income taxes except for taxes on its net investment income.

PPIL is the sole member of several single member LLCs that are considered disregarded entities for tax purposes and do not pay income taxes as any income or loss is included in the income tax returns of PPIL. Accordingly, no provision is made for income taxes in the consolidated financial statements.

The accounting guidance on income taxes addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded and disclosed in the consolidated financial statements. The Agency may recognize the tax benefit from an uncertain tax position only if it is more-likely-than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. Management has determined that the Agency has no material uncertain tax positions that would require disclosure or adjustment.

The Agency's federal exempt organization income tax returns for 2013, 2014 and 2015 are subject to examination by the Internal Revenue Service (IRS), generally for three years after they are filed.

**Use of estimates**: In preparing consolidated financial statements in conformity with accounting principles generally accepted in the United States of America, management makes estimates and assumptions affecting the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements, as well as the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Reclassifications**: Certain amounts previously reported have been reclassified to conform to the current year's presentation.

**Medicaid Electronic Health Records (EHR) incentive programs**: The American Recovery and Reinvestment Act of 2009 provides for the Medicaid Incentive Program beginning in federal fiscal year 2011 for eligible physicians that are meaningful users of certified EHR technology, as defined by the Federal Register. The Agency has implemented certified EHR technology that has enabled them to demonstrate their meaningful use and to qualify for the Incentive Program. The initial incentive payments received for the Medicaid EHR incentive program are estimates based upon data from the prior year's reimbursement reports. The EHR Incentive Program continues through September 30, 2017, and the incentive payments are calculated annually. EHR revenue of $216,750 and $161,500 is included in grants from government agencies revenue for the years ended June 30, 2017 and 2016, respectively. Of these amounts, $165,750 and $161,500 are recorded in accounts and other receivables and an allowance of $0 at June 30, 2017 and 2016.

## Note 2. Summary of Significant Accounting Policies (Continued)

**Regulatory environment including fraud and abuse matters**: The health care industry is subject to numerous laws and regulations of federal, state and local governments. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, government health care program participation requirements, reimbursement for patient services, and Medicaid fraud and abuse. Government activity continues with respect to investigations and allegations concerning possible violations of fraud and abuse statutes and regulations by health care providers. Violations of these laws and regulations could result in expulsion from government health care programs together with the imposition of significant fines and penalties, as well as significant repayments for patient services previously billed. Management believes that the Agency is in compliance with fraud and abuse, as well as other applicable government laws and regulations. While no regulatory inquiries have been made, compliance with such laws and regulations can be subject to future government review and interpretation, as well as regulatory actions unknown or unasserted at this time.

The U.S. Department of Health and Human Services, other federal agencies, and the Illinois Department of Human Services routinely conduct regulatory investigations and compliance audits of health care providers. The Agency is subject to these regulatory efforts. Management is currently unaware of any regulatory matters which may have a material effect on the Agency's financial position or results of activities.

**Newly adopted accounting pronouncements**: In April 2015, the FASB issued Accounting Standards Update (ASU) 2015-03, *Interest – Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs*, which requires that debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts. The recognition and measurement guidance for debt issuance costs are not affected by the amendments in this ASU. The ASU should be applied on a retrospective basis. Accordingly, the June 30, 2016, consolidated statement of financial position has been restated to reclassify $140,625 of net bond issuance costs previously reported as assets as a reduction of long term debt.

**Pending accounting pronouncements**: In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*, requiring an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The updated standard will replace most existing revenue recognition guidance in U.S. GAAP when it becomes effective and permits the use of either a full retrospective or retrospective with cumulative effect transition method. In August 2015, the FASB issued ASU 2015-14, which defers the effective date of ASU 2014-09 one year, making it effective for annual reporting periods beginning after December 15, 2017, for public business entities and not-for-profits that are conduit debt obligors for traded securities. Early adoption is not permitted. The updated standard will be effective for the Agency's June 30, 2019, consolidated financial statements. The Agency has not yet selected a transition method and is currently evaluating the effect that the standard will have on the consolidated financial statements.

## Note 2. Summary of Significant Accounting Policies (Continued)

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*, which supersedes the leasing guidance in Topic 840, *Leases*. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either financing or operating, with classification affecting the pattern of expense recognition in the statement of operations. The new standard is effective for the Agency's June 30, 2020, consolidated financial statements. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the consolidated financial statements, with certain practical expedients available. The Agency is currently evaluating the effect of the pending adoption of the new standard on the consolidated financial statements.

In August 2016, the FASB issued ASU 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. This guidance amends the requirements for financial statements and notes presented by a not-for-profit entity to: a) present on the face of the statement of financial position amounts for two classes of net assets at the end of the period, rather than for the currently required three classes; b) present on the face of the statement of activities the amount of the change in either of the two classes of net assets rather than that of the currently required three classes; c) provide enhanced disclosures in the notes to the financial statements; d) report investment return net of external and direct internal investment expenses; and e) utilize, in the absence of explicit donor stipulations, the placed-in-service approach for reporting expirations of restrictions on gifts of cash or other assets to be used to acquire or construct a long-lived asset. The ASU will be effective for the Agency's year ending June 30, 2019. Early application is permitted. Retrospective application is required for many provisions of this guidance. The Agency is currently evaluating the impact of the pending adoption of the new standard on the consolidated financial statements.

In August 2016, the FASB issued ASU 2016-15, *Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments*. ASU 2016-15 provides guidance on how certain cash receipts and cash payments should be presented and classified in the statement of cash flows with the objective of reducing existing diversity in practice with respect to these items. ASU 2016-15 will be effective for the Agency's June 30, 2020, financial statements. Early adoption is permitted. ASU 2016-15 requires a retrospective transition method. However, if it is impracticable to apply the amendments retrospectively for some of the issues, the amendments for those issues would be applied prospectively as of the earliest date practicable. The Agency is currently evaluating the impact of the adoption of this guidance on its financial statements.

In November 2016, the FASB issued ASU 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash (a consensus of the FASB Emerging Issues Task Force),* which provides guidance on the presentation of restricted cash or restricted cash equivalents in the statement of cash flows. ASU 2016-18 will be effective for the Agency's June 30, 2020, financial statements. ASU 2016-18 must be applied using a retrospective transition method with early adoption permitted. The Agency is currently evaluating the impact of the adoption of this guidance on its financial statements.

## Note 3. Pledges and Trust Receivable

Pledges and trust receivable are due as follows:

| | 2017 | 2016 |
|---|---|---|
| Receivable in less than one year | $ 1,600,938 | $ 1,276,122 |
| Receivable in one to three years | 1,912,547 | 1,919,238 |
| Receivable greater than three years | 763,117 | 855,991 |
| | 4,276,602 | 4,051,351 |
| Less discount to net present value | (111,097) | (89,337) |
| Less allowance for uncollectible | - | (150,000) |
| Less estimated future payments to unitrust recipients | (220,557) | (244,952) |
| | $ 3,944,948 | $ 3,567,062 |

Pledges and trusts that are to be received in future years are discounted to present value at .2 to 2.1 percentage rates.

At June 30, 2017, approximately $1,898,000 or 53 percent, of the gross receivables were due from four donors. At June 30, 2016, approximately $2,696,000 or 79 percent, of the gross receivables were due from four donors. $297,547 and $400,000 of the pledges receivable as of June 30, 2017 and 2016, respectively, will be reclassified to permanently restricted net assets upon receipt due to donor-imposed restrictions.

## Note 4. Accounts and Other Receivables

Accounts and other receivables are comprised of the following:

| | 2017 | 2016 |
|---|---|---|
| Illinois Department of Healthcare and Family Services - Medicaid | $ 1,878,131 | $ 1,384,897 |
| Medicaid Meaningful Use Incentive Program | 165,750 | 161,500 |
| Health Resources and Services Administration - Title X | 267,000 | 300,334 |
| Chicago Department of Public Health | 23,981 | 135,537 |
| Private insurance companies | 1,356,141 | 1,170,842 |
| Planned Parenthood Federation of America | 3,299,835 | 1,087,725 |
| Other | 182,806 | 54,868 |
| | 7,173,644 | 4,295,703 |
| Less allowance for doubtful accounts | (1,133,944) | (970,425) |
| | $ 6,039,700 | $ 3,325,278 |

**Fee adjustments and discounts**: As of June 30, 2017 and 2016, the Agency recorded contractual allowances for fee adjustments and discounts against gross revenue for receivables due from Medicaid of approximately 54 percent and 51 percent and from private insurance companies of approximately 41 percent and 40 percent, respectively.

## Note 5. Fair Value Measurements

The accounting guidance on fair value measurements provides the framework for measuring fair value under generally accepted accounting principles and applies to all financial instruments that are being measured and reported on a fair value basis. As defined in the guidance, fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In determining fair value, the Agency uses various methods including market, income and cost approaches. Based on these approaches, the Agency often utilizes certain assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and/or the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated or generally unobservable inputs. The Agency utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. Based on the observability of the inputs used on the valuation techniques, the Agency is required to provide the following information according to the fair value hierarchy. The fair value hierarchy ranks the quality and reliability of the information used to determine fair values.

Financial assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

Level 1: Valuations for assets and liabilities traded in active exchange markets, such as the New York Stock Exchange. Level 1 assets primarily include listed equities, government securities and mutual funds. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.

Level 2: Valuations for assets and liabilities traded in less active dealer or broker markets. Valuations are obtained from third-party pricing services for identical or similar assets or liabilities.

Level 3: Valuations for assets and liabilities that are derived from other valuation methodologies, including option pricing models, discounted cash flow models and similar techniques, and not based on market exchange, dealer or broker traded transactions. Level 3 valuations incorporate certain assumptions and projections in determining the fair value assigned to such assets or liabilities.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment’s level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The Agency’s assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, and considers factors specific to the investment.

For fiscal years 2017 and 2016, the application of valuation techniques applied to similar assets and liabilities has been consistent with techniques used in previous years. The valuation methodologies used for instruments at fair value are described below:

The fair value of investments in marketable securities is the market value based on quoted market prices or third-party pricing services for the same or similar instrument. Shares of mutual funds are valued at the net asset value of shares held by the Agency at year-end, which is based on quoted market prices of the underlying investments.

Beneficial interest in charitable gift annuity funds is based on the approximate fair value of the funds’ assets, as provided by the Planned Parenthood Federation of America, trustee of the funds.

### Note 5. Fair Value Measurements (Continued)

Beneficial interest in a charitable remainder unitrust was provided by the trustee. The trustee determines the fair value based on readily available pricing sources for market transactions involving identical assets for securities. The Agency determined the beneficial interest in the trust by applying its applicable percentage of 25 percent to the remaining assets in the trust and then discounting the remainder using a risk-free interest rate of approximately 2.0 percent.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The Agency's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, and considers factors specific to the investment.

The inputs or methodology used for valuing financial instruments are not necessarily an indication of the risks associated with investing in those instruments.

The Agency assesses the levels of the investments at each measurement date, and transfers between levels are recognized on the actual date of the event or change in circumstances that caused the transfer in accordance with the Agency's accounting policy regarding the recognition of transfers between levels of the fair value hierarchy. For the years ended June 30, 2017 and 2016, there were no such transfers.

The following table summarizes investments and other interests according to the fair value hierarchy as of June 30, 2017:

| | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Other Unobservable Inputs (Level 3) | Total |
|---|---|---|---|---|
| Investments: | | | | |
| Cash and cash equivalents | $ 358,234 | $ - | $ - | $ 358,234 |
| Beneficial interest in charitable gift annuity funds held by the Planned Parenthood Federation of America | - | - | 23,695 | 23,695 |
| Beneficial interest in charitable remainder unitrust | - | - | 468,865 | 468,865 |
| Fixed income funds | 8,776,338 | - | - | 8,776,338 |
| Domestic equity funds | 5,062,902 | - | - | 5,062,902 |
| International equity funds | 6,939,293 | - | - | 6,939,293 |
| | $ 21,136,767 | $ - | $ 492,560 | $ 21,629,327 |

## Note 5. Fair Value Measurements (Continued)

The following table summarizes investments and other interests according to the fair value hierarchy as of June 30, 2016:

| | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Other Unobservable Inputs (Level 3) | Total |
|---|---|---|---|---|
| Investments: | | | | |
| Beneficial interest in charitable gift annuity funds held by the Planned Parenthood Federation of America | $ - | $ - | $ (20,019) | $ (20,019) |
| Beneficial interest in charitable remainder unitrust | - | - | 431,058 | 431,058 |
| Fixed income funds | 1,887,867 | - | - | 1,887,867 |
| Domestic equity funds | 3,093,931 | - | - | 3,093,931 |
| International equity funds | 4,054,587 | - | - | 4,054,587 |
| | $ 9,036,385 | $ - | $ 411,039 | $ 9,447,424 |

The changes in Level 3 assets measured at fair value on a recurring basis are summarized as follows:

| | Beneficial Interest in Charitable Gift Annuities | | Beneficial Interest in Charitable Remainder Unitrust | |
|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 |
| Balance, beginning | $ (20,019) | $ 2,247 | $ 431,058 | $ 446,091 |
| Increase (decrease) in value of beneficial interest in charitable remainder unitrust and gift annuity fund | 43,714 | (22,266) | 37,807 | (15,033) |
| Balance, ending | $ 23,695 | $ (20,019) | $ 468,865 | $ 431,058 |

## Note 6. Investments

The Agency's investments are stated at fair value and are summarized as follows:

| | 2017 | | 2016 | |
|---|---|---|---|---|
| | Cost | Fair Value | Cost | Fair Value |
| General: | | | | |
| Cash and cash equivalents | $ 358,234 | $ 358,234 | $ - | $ - |
| Fixed income funds | 8,746,309 | 8,776,338 | 1,909,384 | 1,887,867 |
| Equity investment funds | 11,481,848 | 12,002,195 | 7,824,185 | 7,148,518 |
| | $ 20,586,391 | $ 21,136,767 | $ 9,733,569 | $ 9,036,385 |

Investment results at June 30, 2017 and 2016, consisted of:

| | 2017 | 2016 |
|---|---|---|
| Interest and dividends | $ 253,130 | $ 217,885 |
| Realized gains on investments, net | (9,504) | 50,769 |
| Unrealized gains (losses) on investments, net | 1,325,726 | (574,532) |
| | $ 1,569,352 | $ (305,878) |

Investment fees, included in service charges in the consolidated statements of functional expenses, were $67,477 and $61,289 as of June 30, 2017 and 2016, respectively.

Investment results and net unrealized and realized gains on investments are classified as unrestricted revenue, gains and other support.

## Note 7. Property and Equipment

Property and equipment consist of the following:

| | 2017 | 2016 |
|---|---|---|
| Land | $ 2,039,897 | $ 2,039,897 |
| Building and improvements | 18,058,143 | 18,883,977 |
| Furniture and equipment | 5,454,373 | 4,570,089 |
| Capital lease obligation | 84,973 | 129,083 |
| Construction in progress | 1,667,910 | - |
| | 27,305,296 | 25,623,046 |
| Accumulated depreciation | (11,630,190) | (11,324,425) |
| | $ 15,675,106 | $ 14,298,621 |

The Agency conducts business from its administrative office and 16 health care facilities, 10 of which are owned. Construction in progress at June 30, 2017, consists of the following: $131,115 for an interior remodel of a health center which was finished in July 2017; $336,913 for costs associated with relocating a health center, completed in September 2017; and $1,199,882 for construction of a health center. As of June 30, 2017, an additional $3,083,000 has been committed to complete construction. The health center is expected to open in January of 2018.

## Note 8. Line of Credit

In September 2015, PPIL renewed its $750,000 revolving line of credit note with JP Morgan Chase Bank, N.A. (JP Morgan). Outstanding borrowings under the line of credit bear interest, payable monthly, at the higher of the bank's Prime Rate plus 0.75 percent or the one-month LIBOR rate plus 2.5 percent (5.00 percent and 4.25 percent at June 30, 2017 and 2016, respectively) and are secured by a general lien on the assets of PPIL. PPIL had no borrowings on the line of credit during the fiscal years ended June 30, 2017 and 2016. The line of credit expired in June 2017 and management obtained a new line of credit with similar terms expiring in June 2018.

## Note 9. Bonds Payable

During the year ended June 30, 2007, Series 2007A tax-exempt Variable Rate Demand Revenue Bonds were issued through the Illinois Finance Authority. The aggregate principal amount of the bonds was $8,050,000. Serial and term maturity dates on the bonds are through 2037. The proceeds were used to finance the payment of costs related to the building of a new health center in Aurora, Illinois, to finance various capital costs for the Agency's facilities, to repay the Agency's revolving credit note, and to pay certain costs related to issuing the Series 2007A Bonds.

At the option of PPIL and upon compliance with certain conditions, the bonds may operate in one of several variable interest rate modes or may be converted to a fixed rate until maturity or earlier redemption. During the years ended June 30, 2017 and 2016, the bond operated in the weekly interest rate mode, under which the interest rate is adjusted weekly based on prevailing market rates for similar securities. The average weekly interest rate during June 30, 2017 and 2016, was 0.688 percent and 0.137 percent, respectively. PPIL is required to make monthly interest payments on the bonds as well as annual principal payments of $300,000 throughout the remaining term ($450,000 due in 2037). PPIL did, however, make an additional principal pre-payment of $700,000 in June 2015 and $600,000 of additional principal payments in October 2015 for a cumulative prepayment of $900,000 at June 30, 2017. Therefore, the next principal payment of $300,000 is now due by June 1, 2021.

The bonds are secured by an irrevocable letter of credit issued in favor of the trustee by the bank in the amount of $5,314,727. The bonds will be payable from the proceeds of draws under the letter of credit. PPIL is responsible for a per annum fee equal to 1.15 percent (115 basis points) of the outstanding amount of the letter of credit payable quarterly in arrears, based on the actual number of days in such period and a 360-day year. The letter of credit expires on February 1, 2018, and PPIL intends to renew the letter under similar or more favorable terms.

The letter of credit agreement related to the Illinois Finance Authority, Series 2007A Bonds, contains a restrictive covenant to maintain a certain liquidity ratio. Additional covenants include requirements and/or restrictions related to the issuance of new debt, lease expenses, disposition of property and liquidity thresholds.

### Note 9. Bonds Payable (Continued)

Scheduled annual principal maturities of the above bonds for the next five years are as follows:

| Years Ending June 30: | |
|---|---|
| 2018 | $ - |
| 2019 | - |
| 2020 | - |
| 2021 | 300,000 |
| 2022 | 300,000 |
| Thereafter | 4,650,000 |
| | 5,250,000 |
| Less bond issuance costs, net of accumulated amortization | (133,768) |
| Less unamortized bond discount | (32,448) |
| | $ 5,083,784 |

The discount on the bond and legal fees, accounting fees, and other expenses associated with the issuance of the Illinois Finance Authority, Series 2007A tax-exempt Variable Rate Demand Revenue Bonds are being amortized on the straight-line method over the term of the debt. The Agency also incurred bond issuance costs. Amortization expense charged to interest expense for the years ended June 30, 2017 and 2016, was $8,525 and $8,526, respectively.

### Note 10. Lease Obligations

The Agency is obligated under various occupancy and equipment leases in the normal course of conducting its programs and operations. The Agency has a lease agreement for its administrative office, including a health center, through December 2021, which includes 30 months of rent abatement over the term of the lease as well as two five-year renewal options. In addition, the Agency leases five other health centers in Illinois. These leases expire at various times from 2018 through 2027.

The Agency is responsible for taxes, insurance, and its pro-rata share of operating expenses and security under certain provisions of the above leases. Rent expense, including taxes, insurance, and operating expenses was $822,166 and $717,079 for the fiscal years ended June 30, 2017 and 2016, respectively.

Future minimum rental payments for non-cancelable operating leases for facilities and equipment are approximately as follows:

| Years Ending June 30: | |
|---|---|
| 2018 | $ 526,600 |
| 2019 | 417,600 |
| 2020 | 361,600 |
| 2021 | 325,300 |
| 2022 | 137,500 |
| Thereafter | 332,800 |
| | $ 2,101,400 |

Minimum lease payments exclude rentals under renewal options which, as of June 30, 2017, are not reasonably assured of being exercised.

## Note 11. Employee Benefit Plan

During fiscal 2015, the Agency participated in a 401(k) tax deferred retirement plan administered by the Principal Financial Group. All benefits-eligible employees are eligible to participate on the first day of the month following their hire date. The plan is an employee contributory plan. Employee contributions are limited based on IRS guidelines. Under this plan, the Agency can make discretionary contributions upon the approval of the Agency's Board of Directors. Also, the Agency can provide a discretionary employer matching contribution of compensation that a participant contributes to the plan. A participant must have attained the age of 19 to make voluntary contributions to the Plan through salary deferrals. A participant must have completed one year of service in which they have worked a minimum of 1,000 hours to be eligible for the employer matching discretionary contributions. In fiscal 2014 and until December 2014, the Agency made discretionary employer matching contributions in an amount equal to one percent of compensation that a participant contributed to the plan. Effective January 2015, the Agency increased the discretionary employer matching contribution to an amount equal to two percent of compensation that a participant contributes to the plan. The amounts contributed by the Agency during fiscal years 2017 and 2016 were and $92,458 and $107,124, respectively. There were no other Agency contributions to the plan for the fiscal years ended June 30, 2017 and 2016.

## Note 12. Restrictions on Net Assets

Temporarily restricted net assets are available for the following purposes or periods:

| | 2017 | 2016 |
|---|---|---|
| Patient counseling and follow-up (restricted for purpose) | $ 225,000 | $ 457,140 |
| Infrastructure improvements (restricted for time and purpose) | - | 30,000 |
| Reproductive justice (restricted for purpose) | 25,000 | 50,000 |
| Public policy and community education (restricted for time and purpose) | 160,211 | 244,210 |
| Capital campaign (restricted for time and purpose) | 6,391,067 | 4,065,988 |
| Leadership education (restricted for purpose) | - | 7,197 |
| Champaign Health Center endowment (pledge restricted for time, endowment will be permanently restricted) | 297,546 | 400,000 |
| General operations (restricted for time) | 67,500 | - |
| Beneficial interest in charitable remainder unitrust | 468,865 | 431,058 |
| | $ 7,635,189 | $ 5,685,593 |

Permanently restricted net assets of $219,508 and $117,054 as of June 30, 2017 and 2016, respectively, consist of endowment funds. The principal of such funds shall be held in perpetuity and invested or reinvested with the approval of the Board of Directors. Only the income can be spent for programs of the Agency.

The Agency is engaged in a three-year, $15 million capital campaign to purchase and renovate four new health centers in medically underserved communities and to increase the number of Illinois teens' access to reproductive health care.

## Note 13. Endowments

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

**Interpretation of Relevant Law**
The Board has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Agency classified as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation was added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified as permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Agency in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Agency considers the following factors in making a determination to appropriate or accumulate earnings on donor restricted endowment funds:

1) The duration and preservation of the fund;
2) The purpose of the Agency and the donor-restricted endowment fund;
3) General economic conditions;
4) The possible effect of inflation and deflation;
5) The expected total return from income and the appreciation of investments;
6) Other resources of the Agency; and
7) The investment policies of the Agency.

**Endowment Composition**
The Agency's endowment net assets are as follows:

| | 2017 | 2016 |
|---|---|---|
| Board-designated endowment funds | $ 1,897,392 | $ 1,739,182 |
| Donor-restricted endowment funds | 219,508 | 117,054 |
| | $ 2,116,900 | $ 1,856,236 |

| | Board Designated | Permanently Restricted |
|---|---|---|
| Balance, June 30, 2015 | $ 1,772,976 | $ 17,054 |
| Net investment results | (33,794) | - |
| Contribution | | 100,000 |
| Balance, June 30, 2016 | 1,739,182 | 117,054 |
| Net investment results | 158,210 | - |
| Contribution | - | 102,454 |
| Balance, June 30, 2017 | $ 1,897,392 | $ 219,508 |

## Note 13. Endowments (Continued)

**Funds with Deficiencies**
From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or Illinois UPMIFA requires the Agency to retain as a fund of perpetual duration. Deficiencies of this nature are reported in unrestricted net assets of which there were none as of June 30, 2017 and 2016.

**Return Objectives and Risk Parameters**
The Agency has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Agency must hold in perpetuity or for a donor-specified period(s) as well as board-designated funds. The Agency expects the returns earned on the endowment funds, over a three to five-year cycle, to exceed the rate of return of the appropriate style benchmarks. Therefore, the endowment assets are invested in a manner that is intended to earn a long-term total rate of return sufficient to produce growth of assets net of spending requirements, inflation, and investment expenses. Actual returns in any given year may vary from this amount.

**Spending Policy**
The Agency has a policy of appropriating for distribution each year only the earned interest and dividends of specific endowment funds. In establishing this policy, the Agency considered the long-term expected return on its endowment. Accordingly, the Agency expects the current spending policy to allow its endowment to attain average real total returns (net of investment management fees and after inflation) in excess of the spending rate over the long term. This is consistent with the Agency's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term, as well as to provide additional real growth through new gifts and investment return.

**Strategies Employed for Achieving Objectives**
To satisfy its long-term rate-of-return objectives, the Agency relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Agency targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints. Asset allocation is rebalanced regularly. The actual allocation at June 30, 2017 and 2016, of the investments falls within the strategy target range allocation.

## Note 14. Litigation

The Agency is involved in various litigation matters in the normal course of its operations. The Agency purchases professional and general liability insurance to cover malpractice claims.

## Note 15. Collaborative Fundraising Program

The Collaborative Fundraising Program (CFP) is a partnership between Planned Parenthood Federation of America (PPFA) in cooperation with the Agency and three other Planned Parenthood affiliates. The partnership began in July 2011, under the name Collaborative Fundraising Initiative (CFI). The CFI's initial term concluded on June 30, 2014. A new agreement with similar terms, under the name of CFP, was entered into on July 1, 2015, with an initial term of two years and an option to renew for an additional two year term. A new agreement was signed on July 1, 2017, to extend the terms of the agreement through June 30, 2019, also with a two year renewal option. The goals of the CFP are to increase the amount of funds raised to support Planned Parenthood's mission, leverage the power of a coordinated affiliate national message, eliminate redundancies in staffing and resources, and bring affiliate and PPFA expertise to bear on fundraising activities.

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

Per the agreement beginning July 1, 2015, revenue and expenses from the CFP results for its service area would be split at a rate of 70 percent to the Agency and 30 percent to PPFA for the years ending June 30, 2017 and 2016. In addition, gifts from donors with annual cumulative giving of $100,000 will be shared at a ratio of 60 percent to the Agency and 40 percent to PPFA, and cumulative giving above $100,000 will be shared at a ratio of 50 percent to the Agency and 50 percent to PPFA. The CFP net revenues of $3,299,835 and $1,087,725 were included in contributions and bequests in the consolidated statements of activities for the years ended June 30, 2017 and 2016, respectively. At June 30, 2017 and 2016, PPFA owed the Agency $3,299,835 and $1,087,725, respectively, included in accounts and other receivables.

The net CFP results for the Agency and PPFA in the Agency's service area for the year ended June 30, 2017, is summarized as follows:

| | Total | Agency | PPFA in Agency Service Area |
|---|---|---|---|
| CFP revenue | $ 9,247,701 | $ 2,192,791 | $ 7,054,910 |
| CFP expenses | 2,737,544 | 985,516 | 1,752,028 |
| Calculated Net | 6,510,157 | 1,207,275 | 5,302,882 |
| Net Share Ratio | | 70% | 30% |
| Share per partner at 70/30 on net | | 4,557,110 | 1,953,047 |
| Net CFP results, before cumulative giving | 6,510,157 | 3,349,835 | (3,349,835) |
| Cumulative giving received by Agency owed to PPFA | - | (50,000) | 50,000 |
| Net CFP results | $ 6,510,157 | $ 3,299,835 | $ (3,299,835) |

### Note 15. Collaborative Fundraising Initiative (Continued)

CFP activity for the Agency and PPFA in the Agency's service area for the year ended June 30, 2016, is summarized as follows:

| | Total | Agency | PPFA in Agency Service Area |
|---|---|---|---|
| CFP revenue | $ 4,705,136 | $ 1,732,307 | $ 2,972,829 |
| CFP expenses | 1,392,835 | 501,421 | 891,414 |
| Calculated Net | 3,312,301 | 1,230,886 | 2,081,415 |
| Net Share Ratio | | 70% | 30% |
| Share per partner at 70/30 on net | | 2,318,611 | 993,690 |
| Net CFP results | $ 3,312,301 | $ 1,087,725 | $ (1,087,725) |

### Note 16. National Program Support

PPIL had been paying monthly dues to PPFA of $24,548 per month. In December of 2016, the PPFA Board of Directors approved a proposal to provide immediate financial relief to Planned Parenthood affiliates in response to the potential loss of federal reimbursements and grants for the provision of healthcare. The full National Program Support (NPS) dues payments to PPFA from PPIL were waived from December of 2016 through November of 2017 amounting to a total of $171,836. In October of 2017, an extension of the NPS dues waiver was approved for an additional seven months through June of 2018 for an additional amount of $171,836. The Agency paid $262,480 and $444,494 in total dues for the years ended June 30, 2017 and 2016, respectively.

### Note 17. Subsequent Events

Management has evaluated subsequent events for potential recognition and/or disclosure through December 21, 2017, the date the consolidated financial statements were issued.

The Agency has historically received funding from the U.S. Department of Health and Human Services under the Title X Family Planning Services program. Grant revenues of $3,355,667 and $3,974,327 were received from this program for the years ended June 30, 2017 and 2016, respectively. Due to some uncertainty surrounding future funding under this program, on September 9, 2017 the Board of Directors approved a motion to create a $10,000,000 board designated fund to protect patient care should the Agency not have sufficient operating revenue to provide access to care.

On September 20, 2017, Governor Rauner signed House Bill 40 into law. The law goes into effect on January 1, 2018. The law will likely increase the patient visit volume for abortion services and have a financial impact on the Agency. The Agency is actively working with other organizations affected by the legislation to identify ways to minimize the exposure and/or increase reimbursement on abortion and related services claims.

# Supplemental Information

**Planned Parenthood of Illinois and Affiliated Entities**

**Consolidating Statement of Financial Position**
**June 30, 2017**

| | Planned Parenthood of Illinois and Single Member LLCs | Planned Parenthood Illinois Action | Planned Parenthood Illinois Action PAC | Eliminations | Total |
|---|---|---|---|---|---|
| **Assets** | | | | | |
| Cash and cash equivalents | $ 2,635,334 | $ 317,662 | $ 129,325 | $ - | $ 3,082,321 |
| Pledges and trusts receivable, net | 3,944,948 | - | - | - | 3,944,948 |
| Accounts and other receivables, net | 6,039,700 | - | - | - | 6,039,700 |
| Intercompany accounts | 49,126 | - | - | (49,126) | - |
| Inventory, prepaid expenses and other assets | 741,972 | 360 | - | - | 742,332 |
| Investments | 21,136,767 | - | - | - | 21,136,767 |
| Property and equipment, net | 15,675,106 | - | - | - | 15,675,106 |
| | $ 50,222,953 | $ 318,022 | $ 129,325 | $ (49,126) | $ 50,621,174 |
| **Liabilities and Net Assets** | | | | | |
| Liabilities: | | | | | |
| Accounts payable | $ 1,104,354 | $ 5,743 | $ - | $ - | $ 1,110,097 |
| Accrued liabilities | 1,385,324 | - | - | - | 1,385,324 |
| Deferred revenue | 2,486 | - | - | - | 2,486 |
| Deferred rent obligations | 121,822 | - | - | - | 121,822 |
| Bonds payable, net | 5,083,784 | - | - | - | 5,083,784 |
| Intercompany accounts | - | 36,581 | 12,545 | (49,126) | - |
| Total liabilities | 7,697,770 | 42,324 | 12,545 | (49,126) | 7,703,513 |
| Net assets: | | | | | |
| Undesignated | 12,723,747 | 275,698 | 116,780 | - | 13,116,225 |
| Designated by the Board of Directors: | | | | | |
| Property and equipment | 10,591,322 | - | - | - | 10,591,322 |
| Service expansion and capital improvement | 7,499,003 | - | - | - | 7,499,003 |
| Emergency reserve | 1,959,022 | - | - | - | 1,959,022 |
| Virginia Leslie fund | 1,897,392 | - | - | - | 1,897,392 |
| Total unrestricted net assets | 34,670,486 | 275,698 | 116,780 | - | 35,062,964 |
| Temporarily restricted by donors | 7,635,189 | - | - | - | 7,635,189 |
| Permanently restricted by donors | 219,508 | - | - | - | 219,508 |
| Total net assets | 42,525,183 | 275,698 | 116,780 | - | 42,917,661 |
| **Total liabilities and net assets** | $ 50,222,953 | $ 318,022 | $ 129,325 | $ (49,126) | $ 50,621,174 |

**Planned Parenthood of Illinois and Affiliated Entities**

**Consolidating Statement of Financial Position**
**June 30, 2016**

| | Planned Parenthood of Illinois and Single Member LLCs | Planned Parenthood Illinois Action | Planned Parenthood Illinois Action PAC | Eliminations | Total |
|---|---|---|---|---|---|
| **Assets** | | | | | |
| Cash and cash equivalents | $ 7,859,580 | $ 87,666 | $ 258,625 | $ - | $ 8,205,871 |
| Pledges and trusts receivable, net | 3,567,062 | - | - | - | 3,567,062 |
| Accounts and other receivables, net | 3,325,278 | - | - | - | 3,325,278 |
| Intercompany accounts | - | 36,000 | - | (36,000) | - |
| Inventory, prepaid expenses and other assets | 852,805 | | - | - | 852,805 |
| Investments | 9,036,385 | - | - | - | 9,036,385 |
| Property and equipment, net | 14,298,621 | - | - | - | 14,298,621 |
| | $ 38,939,731 | $ 123,666 | $ 258,625 | $ (36,000) | $ 39,286,022 |
| **Liabilities and Net Assets** | | | | | |
| Liabilities: | | | | | |
| Accounts payable | $ 582,568 | $ 2,511 | $ - | $ - | $ 585,079 |
| Accrued liabilities | 1,437,931 | 60,000 | - | - | 1,497,931 |
| Deferred revenue | 121,843 | - | - | - | 121,843 |
| Deferred rent obligations | 183,424 | - | - | - | 183,424 |
| Bonds payable, net | 5,075,259 | - | - | - | 5,075,259 |
| Intercompany accounts | 36,000 | - | - | (36,000) | - |
| Total liabilities | 7,437,025 | 62,511 | - | (36,000) | 7,463,536 |
| Net assets: | | | | | |
| Undesignated | 6,068,133 | 61,155 | 258,625 | - | 6,387,913 |
| Designated by the Board of Directors: | | | | | |
| Property and equipment | 9,223,362 | - | - | - | 9,223,362 |
| Service expansion and capital improvement | 6,873,710 | - | - | - | 6,873,710 |
| Emergency reserve | 1,795,672 | - | - | - | 1,795,672 |
| Virginia Leslie fund | 1,739,182 | - | - | - | 1,739,182 |
| Total unrestricted net assets | 25,700,059 | 61,155 | 258,625 | - | 26,019,839 |
| Temporarily restricted by donors | 5,685,593 | - | - | - | 5,685,593 |
| Permanently restricted by donors | 117,054 | - | - | - | 117,054 |
| Total net assets | 31,502,706 | 61,155 | 258,625 | - | 31,822,486 |
| **Total liabilities and net assets** | $ 38,939,731 | $ 123,666 | $ 258,625 | $ (36,000) | $ 39,286,022 |

**Planned Parenthood of Illinois and Affiliated Entities**

**Consolidating Statement of Activities**
**Year Ended June 30, 2017**

| | Planned Parenthood of Illinois and Single Member LLCs | Planned Parenthood Illinois Action | Planned Parenthood Illinois Action PAC | Total |
|---|---|---|---|---|
| Unrestricted net assets: | | | | |
| Public support and other: | | | | |
| Grants from government agencies | $ 4,100,694 | $ - | $ - | $ 4,100,694 |
| Contributions and bequests | 9,282,415 | 298,465 | 81,116 | 9,661,996 |
| Program service fees, net of contractual adjustments and discounts of $10,841,306 | 18,923,233 | - | - | 18,923,233 |
| Interest and dividends | 252,857 | - | 273 | 253,130 |
| Realized and unrealized gain on investments, net | 1,274,824 | - | - | 1,274,824 |
| Donated services and supplies | 129,583 | - | - | 129,583 |
| Other income | 279,366 | - | - | 279,366 |
| Loss on disposal of equipment | (40,826) | - | - | (40,826) |
| Net assets released from restrictions - used for operations | 1,697,084 | - | - | 1,697,084 |
| | 35,899,230 | 298,465 | 81,389 | 36,279,084 |
| Expenses: | | | | |
| Program: | | | | |
| Medical services | 19,001,952 | - | - | 19,001,952 |
| Management information services | 955,822 | - | - | 955,822 |
| Education | 189,056 | - | - | 189,056 |
| Public relations | 699,455 | - | - | 699,455 |
| Public policy | 229,386 | - | - | 229,386 |
| Supporting services: | | | | |
| Management and general | 6,421,527 | - | - | 6,421,527 |
| Fundraising and development | 986,279 | - | - | 986,279 |
| Illinois Action | - | 83,922 | - | 83,922 |
| Illinois Action PAC | - | - | 223,234 | 223,234 |
| | 28,483,477 | 83,922 | 223,234 | 28,790,633 |
| **Excess of revenue over (under) expenses** | 7,415,753 | 214,543 | (141,845) | 7,488,451 |
| Other changes in unrestricted net assets: | | | | |
| Net assets released from restrictions - used for capital improvements | 1,554,674 | - | - | 1,554,674 |
| **Increase (decrease) in unrestricted net assets** | 8,970,427 | 214,543 | (141,845) | 9,043,125 |
| Temporarily restricted net assets: | | | | |
| Contributions and bequests | 5,262,410 | - | - | 5,262,410 |
| Change in beneficial interest in trust and gift annuity | 41,398 | | | 41,398 |
| Net assets released from purpose or time restrictions | (3,354,212) | - | - | (3,354,212) |
| | 1,949,596 | - | - | 1,949,596 |
| Permanently restricted net assets: | | | | |
| Net assets released from time restrictions | 102,454 | - | - | 102,454 |
| **Increase (decrease) in net assets** | 11,022,477 | 214,543 | (141,845) | 11,095,175 |
| Net assets: | | | | |
| Beginning of year | 31,502,706 | 61,155 | 258,625 | 31,822,486 |
| End of year | $ 42,525,183 | $ 275,698 | $ 116,780 | $ 42,917,661 |

**Planned Parenthood of Illinois and Affiliated Entities**

**Consolidating Statement of Activities**
**Year Ended June 30, 2016**

| | Planned Parenthood of Illinois and Single Member LLCs | Planned Parenthood Illinois Action | Planned Parenthood Illinois Action PAC | Total |
|---|---|---|---|---|
| Unrestricted net assets: | | | | |
| Public support and other: | | | | |
| Grants from government agencies | $ 4,439,484 | $ - | $ - | $ 4,439,484 |
| Contributions and bequests | 5,603,067 | 49,966 | 130,843 | 5,783,876 |
| Program service fees, net of contractual adjustments and discounts of $8,251,781 | 16,646,477 | - | - | 16,646,477 |
| Interest and dividends | 217,527 | - | 358 | 217,885 |
| Realized and unrealized loss on investments, net | (508,730) | - | - | (508,730) |
| Donated services and supplies | 143,361 | - | - | 143,361 |
| Other income | 320,905 | - | - | 320,905 |
| Gain on disposal of equipment | 351,196 | - | - | 351,196 |
| Net assets released from restrictions - used for operations | 1,438,958 | - | - | 1,438,958 |
| | 28,652,245 | 49,966 | 131,201 | 28,833,412 |
| Expenses: | | | | |
| Program: | | | | |
| Medical services | 19,219,988 | - | - | 19,219,988 |
| Management information services | 947,401 | - | - | 947,401 |
| Education | 264,938 | - | - | 264,938 |
| Public relations | 263,325 | - | - | 263,325 |
| Public policy | 350,955 | - | - | 350,955 |
| Supporting services: | | | | |
| Management and general | 4,221,690 | - | - | 4,221,690 |
| Fundraising and development | 966,086 | - | - | 966,086 |
| Illinois Action | - | 35,272 | - | 35,272 |
| Illinois Action PAC | - | - | 78,533 | 78,533 |
| | 26,234,383 | 35,272 | 78,533 | 26,348,188 |
| **Excess of revenue over (under) expenses** | 2,417,862 | 14,694 | 52,668 | 2,485,224 |
| Other changes in unrestricted net assets: | | | | |
| Net assets released from restrictions - used for capital improvements | 771,906 | - | - | 771,906 |
| **Increase in unrestricted net assets** | 3,189,768 | 14,694 | 52,668 | 3,257,130 |
| Temporarily restricted net assets: | | | | |
| Contributions and bequests | 5,637,866 | - | - | 5,637,866 |
| Change in beneficial interest in trust and gift annuity | (15,033) | - | - | (15,033) |
| Net assets released from restrictions | (2,310,864) | - | - | (2,310,864) |
| | 3,311,969 | - | - | 3,311,969 |
| Permanently restricted net assets: | | | | |
| Net assets released from time restrictions | 100,000 | - | - | 100,000 |
| **Increase in net assets** | 6,601,737 | 14,694 | 52,668 | 6,669,099 |
| Net assets: | | | | |
| Beginning of year | 24,900,969 | 46,461 | 205,957 | 25,153,387 |
| End of year | $ 31,502,706 | $ 61,155 | $ 258,625 | $ 31,822,486 |