PLANNED PARENTHOOD FEDERATION OF AMERICA, INC. AND RELATED ENTITIES

Consolidated Financial Statements and Supplementary Information

June 30, 2015 and 2014

(With Independent Auditors' Report Thereon)

PLANNED PARENTHOOD FEDERATION
OF AMERICA, INC. AND RELATED ENTITIES

Table of Contents

	Page(s)
Independent Auditors' Report	1–2
Consolidated Financial Statements:	
Consolidated Balance Sheets as of June 30, 2015 and 2014	3
Consolidated Statements of Activities for the years ended June 30, 2015 and 2014	4–5
Consolidated Statements of Functional Expenses for the years ended June 30, 2015 and 2014	6–7
Consolidated Statements of Cash Flows for the years ended June 30, 2015 and 2014	8
Notes to Consolidated Financial Statements	9–27
Supplementary Information	
Consolidating Balance Sheet as of June 30, 2015	28
Consolidating Statement of Activities – Unrestricted Net Assets for the year ended June 30, 2015	29
Consolidating Statement of Activities – Temporarily Restricted Net Assets for the year ended June 30, 2015	30
Consolidating Statement of Activities – Permanently Restricted Net Assets for the year ended June 30, 2015	31

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

Independent Auditors' Report

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

We have audited the accompanying consolidated financial statements of Planned Parenthood Federation of America, Inc. and related entities, which comprise the consolidated balance sheets as of June 30, 2015 and 2014, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Planned Parenthood Federation of America, Inc. and related entities as of June 30, 2015 and 2014, and the changes in their net assets and their cash flows for the years then ended, in accordance with U.S. generally accepted accounting principles.

Other Matter

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating schedules as of and for the year ended June 30, 2015, are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

KPMG LLP

December 8, 2015

PLANNED PARENTHOOD FEDERATION
OF AMERICA, INC. AND RELATED ENTITIES

Consolidated Balance Sheets

June 30, 2015 and 2014

Assets		**2015**	**2014**
Cash and cash equivalents	$	50,216,987	48,809,978
Receivables, advances, and deposits:			
Affiliates		2,826,188	1,973,780
Other		421,929	697,525
Inventories, supplies, and prepaid expenses		1,846,819	2,029,173
Contributions and grants receivable, net (note 3)		62,962,596	52,517,733
Investments (notes 2 and 5)		206,777,405	202,489,564
Beneficial interest in perpetual trust (note 2)		3,671,302	3,736,537
Property and equipment, net (note 4)		54,371,001	55,000,261
Total assets	$	383,094,227	367,254,551
Liabilities and Net Assets			
Liabilities:			
Accounts payable and accrued expenses	$	28,450,558	19,488,730
Deferred revenue		1,663,530	2,827,650
Due to related organizations		19,786,740	6,279,947
Liability under split-interest agreements		13,390,322	13,778,683
Amounts held on behalf of affiliates and others		4,032,508	4,351,312
Long-term debt (note 5)		31,395,000	33,505,000
Total liabilities		98,718,658	80,231,322
Commitments and contingencies (notes 6 and 7)			
Net assets (notes 9 and 10):			
Unrestricted		142,909,039	146,718,404
Temporarily restricted		115,658,642	115,293,753
Permanently restricted		25,807,888	25,011,072
Total net assets		284,375,569	287,023,229
Total liabilities and net assets	$	383,094,227	367,254,551

See accompanying notes to consolidated financial statements.

PLANNED PARENTHOOD FEDERATION
OF AMERICA, INC. AND RELATED ENTITIES

Consolidated Statement of Activities

Year ended June 30, 2015
(with comparative totals for the year ended June 30, 2014)

	2015				
	Unrestricted	**Temporarily restricted**	**Permanently restricted**	**Total**	**Total 2014**
Revenue, net gains, and other support:					
Revenue and net gains:					
Contributions and grants:					
Direct response	$ 41,080,467	6,442,025	—	47,522,492	48,567,131
Major donors, foundations, and corporations	18,328,938	120,114,294	11,000	138,454,232	108,434,114
Bequests and other planned giving revenues	11,982,558	758,501	830,861	13,571,920	11,082,432
Affiliates, National Program Support	12,588,065	—	—	12,588,065	12,463,532
Affiliates, other support	4,359,232	—	—	4,359,232	4,374,237
Special events, net of expenses of $352,359 in 2015 and $337,209 in 2014	96,809	68,941	—	165,750	240,881
Federated fund-raising organizations	1,481,754	—	—	1,481,754	1,015,750
Total contributions and grants	89,917,823	127,383,761	841,861	218,143,445	186,178,077
Other revenue and net gains (losses):					
Sales of publications and commodities	1,385,056	—	—	1,385,056	1,594,277
Interest and dividends, net of fees of $515,196 in 2015 and $396,652 in 2014	2,337,031	348,093	—	2,685,124	1,597,373
Net realized and unrealized (depreciation) appreciation in fair value of investments	(1,668,982)	532,654	—	(1,136,328)	11,334,544
(Loss) gain on beneficial interest in perpetual trust	—	—	(65,235)	(65,235)	330,516
Change in value of split-interest agreements	2,275,082	(321,864)	20,190	1,973,408	1,722,260
Fees for services and other revenue	6,127,556	3,527,242	—	9,654,798	6,591,374
Total other revenue and net gains (losses)	10,455,743	4,086,125	(45,045)	14,496,823	23,170,344
Net assets released from restrictions due to satisfaction of program and time restrictions	131,002,270	(131,002,270)	—	—	—
Total revenue, net gains, and other support	231,375,836	467,616	796,816	232,640,268	209,348,421
Expenses (note 8):					
Program services:					
Engage communities	16,738,559	—	—	16,738,559	14,517,302
Increase access	130,838,833	—	—	130,838,833	93,497,126
Build advocacy capacity	33,143,088	—	—	33,143,088	18,749,311
Renew leadership	4,066,141	—	—	4,066,141	4,115,887
Refresh our brand	4,569,136	—	—	4,569,136	1,969,251
Total program services	189,355,757	—	—	189,355,757	132,848,877
Supporting services:					
Management and general	19,414,027	—	—	19,414,027	16,150,492
Fund-raising	26,253,296	—	—	26,253,296	24,435,037
Total supporting services	45,667,323	—	—	45,667,323	40,585,529
Total expenses	235,023,080	—	—	235,023,080	173,434,406
Change in net assets from operating activities	(3,647,244)	467,616	796,816	(2,382,812)	35,914,015
Other changes:					
Loss on contributions and other receivables	(162,121)	(102,727)	—	(264,848)	(135,795)
Unrealized gain on interest-rate swap agreements	—	—	—	—	96,514
Total other changes	(162,121)	(102,727)	—	(264,848)	(39,281)
Change in net assets	(3,809,365)	364,889	796,816	(2,647,660)	35,874,734
Net assets at beginning of year	146,718,404	115,293,753	25,011,072	287,023,229	251,148,495
Net assets at end of year	$ 142,909,039	115,658,642	25,807,888	284,375,569	287,023,229

See accompanying notes to consolidated financial statements.

PLANNED PARENTHOOD FEDERATION
OF AMERICA, INC. AND RELATED ENTITIES

Consolidated Statement of Activities

Year ended June 30, 2014

	2014			
	Unrestricted	**Temporarily restricted**	**Permanently restricted**	**Total**
Revenue, net gains, and other support:				
Revenue and net gains:				
Contributions and grants:				
Direct response	$ 42,189,872	6,377,259	—	48,567,131
Major donors, foundations, and corporations	21,445,360	86,983,754	5,000	108,434,114
Bequests and other planned giving revenue	10,110,017	745,874	226,541	11,082,432
Affiliates, National Program Support	12,463,532	—	—	12,463,532
Affiliates, other support	4,374,237	—	—	4,374,237
Special events, net of expenses of $337,209	191,726	49,155	—	240,881
Federated fund-raising organizations	984,681	31,069	—	1,015,750
Total contributions and grants	91,759,425	94,187,111	231,541	186,178,077
Other revenue and net gains:				
Sales of publications and commodities	1,594,277	—	—	1,594,277
Interest and dividends, net of fees of $396,652	1,152,314	445,059	—	1,597,373
Net realized and unrealized appreciation in fair value of investments	6,411,382	4,923,162	—	11,334,544
Gain on beneficial interest in perpetual trust	—	—	330,516	330,516
Change in value of split-interest agreements	1,496,744	228,307	(2,791)	1,722,260
Fees for services and other revenue	6,565,783	25,591	—	6,591,374
Total other revenue and net gains	17,220,500	5,622,119	327,725	23,170,344
Net assets released from restrictions due to satisfaction of program and time restrictions	99,565,255	(99,565,255)	—	—
Total revenue, net gains, and other support	208,545,180	243,975	559,266	209,348,421
Expenses (note 8):				
Program services:				
Engage communities	14,517,302	—	—	14,517,302
Increase access	93,497,126	—	—	93,497,126
Build advocacy capacity	18,749,311	—	—	18,749,311
Renew leadership	4,115,887	—	—	4,115,887
Refresh our brand	1,969,251	—	—	1,969,251
Total program services	132,848,877	—	—	132,848,877
Supporting services:				
Management and general	16,150,492	—	—	16,150,492
Fund-raising	24,435,037	—	—	24,435,037
Total supporting services	40,585,529	—	—	40,585,529
Total expenses	173,434,406	—	—	173,434,406
Change in net assets from operating activities	35,110,774	243,975	559,266	35,914,015
Other changes:				
Loss on contributions and other receivables	(21,877)	(113,918)	—	(135,795)
Unrealized gain on interest-rate swap agreements	96,514	—	—	96,514
Total other changes	74,637	(113,918)	—	(39,281)
Change in net assets	35,185,411	130,057	559,266	35,874,734
Net assets at beginning of year	111,532,993	115,163,696	24,451,806	251,148,495
Net assets at end of year	$ 146,718,404	115,293,753	25,011,072	287,023,229

See accompanying notes to consolidated financial statements.

PLANNED PARENTHOOD FEDERATION
OF AMERICA, INC. AND RELATED ENTITIES

Consolidated Statement of Functional Expenses

Year ended June 30, 2015
(with comparative totals for the year ended June 30, 2014)

	2015										
	Program services (note 8)						Supporting services (note 8)				
	Engage communities	Increase access	Build advocacy capacity	Renew leadership	Refresh our brand	Total program services	Management and general	Fund-raising	Total supporting services	Total	Total 2014
Salaries and payroll taxes	$ 4,078,660	22,658,909	10,722,829	1,720,855	894,590	40,075,843	8,962,770	9,945,291	18,908,061	58,983,904	54,053,081
Employee health and retirement benefits	628,255	4,149,317	1,345,466	243,872	133,632	6,500,542	1,416,678	1,830,449	3,247,127	9,747,669	8,357,723
Total employee compensation	4,706,915	26,808,226	12,068,295	1,964,727	1,028,222	46,576,385	10,379,448	11,775,740	22,155,188	68,731,573	62,410,804
Professional fees and contract services, including investment management fees	4,914,225	17,119,231	2,845,751	365,299	2,431,397	27,675,903	4,862,479	6,732,846	11,595,325	39,271,228	34,115,506
Awards and grants	3,290,736	73,759,603	10,306,820	538,001	591,733	88,486,893	—	—	—	88,486,893	39,943,434
Conferences, meetings, and travel, including special events expenses	1,041,356	5,083,421	2,189,749	247,476	257,509	8,819,511	1,037,222	979,629	2,016,851	10,836,362	9,424,381
Advertising and public service messages	210,212	241,406	2,560,975	23,963	301	3,036,857	685	12,695	13,380	3,050,237	3,089,187
Other:											
Commodities, supplies, and minor equipment	1,110,906	530,629	200,034	25,153	10,260	1,876,982	559,292	165,032	724,324	2,601,306	2,559,934
Telephone and telecommunications	385,411	1,145,310	720,508	512,109	65,302	2,828,640	239,579	950,463	1,190,042	4,018,682	3,439,148
Postage and shipping	231,986	1,132,747	549,429	39,133	39,944	1,993,239	41,625	3,049,972	3,091,597	5,084,836	5,270,100
Occupancy	114,516	892,858	225,530	54,316	28,742	1,315,962	275,676	301,353	577,029	1,892,991	2,357,040
Outside printing and artwork	368,725	797,544	808,167	26,076	24,085	2,024,597	71,788	1,577,871	1,649,659	3,674,256	3,895,324
Subscriptions and reference publications	10,751	51,448	182,675	17,782	9,533	272,189	28,336	36,558	64,894	337,083	387,826
Repairs and maintenance	28,796	1,122,660	26,584	38,893	7,208	1,224,141	754,063	243,309	997,372	2,221,513	1,937,045
Staff development and training	5,906	144,829	48,294	79,925	5,754	284,708	19,548	30,215	49,763	334,471	155,092
Interest, bank, and lockbox fees	109,224	621,843	104,306	50,452	26,711	912,536	1,033,684	293,655	1,327,339	2,239,875	2,453,147
Amortization and depreciation	147,326	929,622	146,972	75,593	40,035	1,339,548	386,900	423,635	810,535	2,150,083	2,040,446
Miscellaneous	61,568	457,456	158,999	7,243	2,400	687,666	238,898	32,682	271,580	959,246	689,853
	16,738,559	130,838,833	33,143,088	4,066,141	4,569,136	189,355,757	19,929,223	26,605,655	46,534,878	235,890,635	174,168,267
Investment management fees *	—	—	—	—	—	—	(515,196)	—	(515,196)	(515,196)	(396,652)
Special events expenses **	—	—	—	—	—	—	—	(352,359)	(352,359)	(352,359)	(337,209)
	$ 16,738,559	130,838,833	33,143,088	4,066,141	4,569,136	189,355,757	19,414,027	26,253,296	45,667,323	235,023,080	173,434,406

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

** Special events expenses are netted with special events revenue in the accompanying statements of activities.

See accompanying notes to consolidated financial statements.

PLANNED PARENTHOOD FEDERATION
OF AMERICA, INC. AND RELATED ENTITIES

Consolidated Statement of Functional Expenses

Year ended June 30, 2014

	2014									
	Program services (note 8)						**Supporting services (note 8)**			
	Engage communities	**Increase access**	**Build advocacy capacity**	**Renew leadership**	**Refresh our brand**	**Total program services**	**Management and general**	**Fund-raising**	**Total supporting services**	**Total**
Salaries and payroll taxes	$ 4,575,963	26,174,202	5,204,554	1,587,120	280,190	37,822,029	7,404,587	8,826,465	16,231,052	54,053,081
Employee health and retirement benefits	731,819	3,824,123	897,510	227,549	49,401	5,730,402	1,047,567	1,579,754	2,627,321	8,357,723
Total employee compensation	5,307,782	29,998,325	6,102,064	1,814,669	329,591	43,552,431	8,452,154	10,406,219	18,858,373	62,410,804
Professional fees and contract services, including investment management fees	3,582,298	15,813,605	2,806,329	459,058	1,168,400	23,829,690	3,903,165	6,382,651	10,285,816	34,115,506
Awards and grants	1,962,604	32,826,277	4,451,248	482,389	220,916	39,943,434	—	—	—	39,943,434
Conferences, meetings, and travel, including special events expenses	662,265	5,030,502	1,633,505	479,989	133,073	7,939,334	659,198	825,849	1,485,047	9,424,381
Advertising and public service messages	282,581	880,368	1,832,087	61,087	1,340	3,057,463	1,534	30,190	31,724	3,089,187
Other:										
Commodities, supplies and minor equipment	1,240,248	857,838	49,111	26,424	6,751	2,180,372	237,494	142,068	379,562	2,559,934
Telephone and telecommunications	314,332	1,322,598	289,542	359,118	26,410	2,312,000	307,226	819,922	1,127,148	3,439,148
Postage and shipping	225,540	1,335,790	504,930	56,797	25,534	2,148,591	35,668	3,085,841	3,121,509	5,270,100
Occupancy	163,557	1,250,614	128,677	72,605	13,586	1,629,039	332,923	395,078	728,001	2,357,040
Outside printing and artwork	413,968	1,171,231	448,711	45,481	17,392	2,096,783	67,504	1,731,037	1,798,541	3,895,324
Subscriptions and reference publications	7,976	46,770	287,479	7,669	810	350,704	14,363	22,759	37,122	387,826
Repairs and maintenance	17,868	869,529	8,900	80,532	1,571	978,400	749,542	209,103	958,645	1,937,045
Staff development and training	6,943	67,282	7,133	28,244	595	110,197	7,455	37,440	44,895	155,092
Interest, bank, and lockbox fees	190,339	1,086,236	97,327	75,522	14,031	1,463,455	570,111	419,581	989,692	2,453,147
Amortization and depreciation	90,519	651,745	52,054	40,459	7,516	842,293	977,973	220,180	1,198,153	2,040,446
Miscellaneous	48,482	288,416	50,214	25,844	1,735	414,691	230,834	44,328	275,162	689,853
	14,517,302	93,497,126	18,749,311	4,115,887	1,969,251	132,848,877	16,547,144	24,772,246	41,319,390	174,168,267
Investment management fees *	—	—	—	—	—	—	(396,652)	—	(396,652)	(396,652)
Special events expenses **	—	—	—	—	—	—	—	(337,209)	(337,209)	(337,209)
	$ 14,517,302	93,497,126	18,749,311	4,115,887	1,969,251	132,848,877	16,150,492	24,435,037	40,585,529	173,434,406

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

** Special events expenses are netted with special events revenue in the accompanying statements of activities.

See accompanying notes to consolidated financial statements.

PLANNED PARENTHOOD FEDERATION
OF AMERICA, INC. AND RELATED ENTITIES

Consolidated Statements of Cash Flows

Years ended June 30, 2015 and 2014

		2015	2014
Cash flows from operating activities:			
Change in net assets	$	(2,647,660)	35,874,734
Adjustments to reconcile change in net assets to net cash provided by operating activities:			
Amortization and depreciation		2,150,083	2,040,446
Net realized and unrealized depreciation (appreciation) in fair value of investments		1,136,328	(11,334,544)
Realized gain on interest-rate swap agreements		—	(96,514)
Contributions for endowment and trust funds		(841,861)	(231,541)
Change in value of split-interest agreements		(1,973,408)	(1,722,260)
Loss (gain) on beneficial interest in perpetual trust		65,235	(330,516)
Changes in:			
Receivables, advances, and deposits		(576,812)	270,180
Inventories, supplies, and prepaid expenses		182,354	342,928
Contributions and grants receivable, net		(10,444,863)	23,863,418
Accounts payable and accrued expenses		8,961,828	4,041,334
Deferred revenue		(1,164,120)	638,374
Due to related organizations		13,506,793	1,533,482
Amounts held on behalf of affiliates and others		(318,804)	402,145
Net cash provided by operating activities		8,035,093	55,291,666
Cash flows from investing activities:			
Purchases of investments		(32,421,770)	(44,440,286)
Proceeds from sales of investments		29,259,654	20,081,898
Purchases of property and equipment		(1,520,823)	(2,984,898)
Net cash used in investing activities		(4,682,939)	(27,343,286)
Cash flows from financing activities:			
Repayment of bonds		(2,110,000)	(2,065,000)
Contributions for endowment and trust funds		841,861	231,541
Proceeds from contributions and investment return under split-interest agreements in excess of amounts recognized as contributions		1,106,515	1,976,820
Payments to beneficiaries under split-interest agreements		(1,783,521)	(1,715,162)
Net cash used in financing activities		(1,945,145)	(1,571,801)
Change in cash and cash equivalents		1,407,009	26,376,579
Cash and cash equivalents at beginning of year		48,809,978	22,433,399
Cash and cash equivalents at end of year	$	50,216,987	48,809,978
Supplemental disclosures of cash flows information:			
Interest paid	$	974,035	1,118,114
Income taxes paid		10,200	2,547

See accompanying notes to consolidated financial statements.

(1) Organization and Summary of Significant Accounting Policies

Organization

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

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

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

i. To provide comprehensive reproductive and complementary healthcare services in settings, which preserve and protect the essential privacy and rights of each individual;

ii. To advocate public policies, which guarantee these rights and ensure access to such services;

iii. To provide educational programs that enhance understanding of individual, and societal implications of human sexuality; and

iv. To promote research and advancement of technology in reproductive healthcare and to encourage understanding of their inherent bioethical, behavioral, and social implications.

(b) Organizational Structure

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

PPFA, which is the nation's oldest and largest voluntary family planning organization, maintains primary domestic offices in New York City and Washington, DC and three international offices that monitor PPFA's international programs. The Organization is also affiliated with 61 independent medical and related entities, and 104 ancillary entities (including 55 Political Action Committees and 55-501(c)(4) organizations), all of which are separately incorporated in their respective states and which collectively constitute PPFA's membership. Accordingly, the accompanying consolidated financial statements do not include the financial position or the changes in net assets and cash flows of these independent affiliated organizations.

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

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

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

PPFA and Voxent are not-for-profit organizations exempt from federal income taxes under Section 501(c)(3) of the Code and from state and local taxes under comparable laws. The Action Fund is exempt from federal income taxes under Section 501(c)(4) of the Code and from state and local taxes under comparable laws. The Organization recognizes the effect of income tax positions only if those positions are more likely than not of being sustained. The Organization believes it has taken no significant uncertain tax positions.

Summary of Significant Accounting Policies

(a) Principles of Consolidation

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

(b) Basis of Accounting

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

(c) Functional Allocation of Expenses

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

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

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

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

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

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

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

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

(d) Use of Estimates

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

(e) Fair Value

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

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

> Level 1 – Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that a reporting entity has the ability to access at the measurement date.
>
> Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
>
> Level 3 – Inputs are unobservable inputs for the asset or liability.

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

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

(Continued)

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

At June 30, 2015 and 2014, the carrying values of PPFA's cash equivalents, receivables, advances and deposits, and accounts payable and accrued expenses approximate their fair values because of their relatively short maturities. The fair value of cash equivalents would be considered Level 1 in the fair value hierarchy. The fair value of receivables, advances and deposits, and accounts payable and accrued expenses involve unobservable inputs and would be considered Level 3 in the fair value hierarchy.

(f) Cash and Cash Equivalents

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

(g) Investments

Investments with readily determinable fair values are reported at fair value based upon quoted market prices. Alternative investments consisting primarily of hedge funds are reported at estimated fair value based on, as a practical expedient, net asset values provided by investment managers. Nonpublicly held securities are reported at their fair values, as determined by independent appraisals and/or management's financial review. These values are reviewed and evaluated by management for reasonableness. The reported values may differ from the values that would have been reported had a ready market for these investments existed.

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

(Continued)

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

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

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

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

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

(i) Split-Interest Agreements and Perpetual Trust

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

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

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

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

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

(j) Inventories

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

(k) Property and Equipment

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

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

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

(l) Due to Related Organizations

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

(m) Net Assets and Changes Therein

Unrestricted

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

Temporarily Restricted

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

Permanently Restricted

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

(n) Risks and Uncertainties

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

(o) Reclassifications

Certain reclassifications have been made to the 2014 consolidated financial statements to conform to the 2015 presentation.

(Continued)

(2) Fair Value

The following tables present the Organization's fair value hierarchy for those assets and liabilities measured at fair value as of June 30, 2015 and 2014:

	2015			
	Fair value	**Level 1**	**Level 2**	**Level 3**
Financial assets:				
Investments:				
Money market funds	$ 37,308,121	37,308,121	—	—
Certificates of deposit	15,204,438	—	15,204,438	—
Government bonds and obligations	22,743,830	—	22,743,830	—
Common and preferred stock	24,397,830	24,397,830	—	—
Mutual funds – equity	71,346,249	71,346,249	—	—
Mutual funds – fixed income	25,409,181	25,409,181	—	—
Alternative investments	9,964,220	—	7,448,802	2,515,418
Nonpublicly held companies	403,536	—	—	403,536
Total investments	206,777,405	158,461,381	45,397,070	2,918,954
Beneficial interest in perpetual trust	3,671,302	—	—	3,671,302
	$ 210,448,707	158,461,381	45,397,070	6,590,256

	2014			
	Fair value	**Level 1**	**Level 2**	**Level 3**
Financial assets:				
Investments:				
Money market funds	$ 31,606,377	31,606,377	—	—
Certificates of deposit	44,959,218	—	44,959,218	—
Government bonds and obligations	1,493,067	—	1,493,067	—
Common and preferred stock	15,805,233	15,805,233	—	—
Mutual funds – equity	72,184,095	72,184,095	—	—
Mutual funds – fixed income	27,267,525	27,267,525	—	—
Alternative investments	8,784,925	—	6,417,724	2,367,201
Nonpublicly held companies	389,124	—	—	389,124
Total investments	202,489,564	146,863,230	52,870,009	2,756,325
Beneficial interest in perpetual trust	3,736,537	—	—	3,736,537
	$ 206,226,101	146,863,230	52,870,009	6,492,862

The following table presents a reconciliation for all Level 3 assets measured at fair value as of June 30, 2015 and 2014:

	Investments			
	Alternative investments	**Nonpublicly held**	**Beneficial interest in perpetual trust**	**Total**
2015:				
Balance at June 30, 2014	$ 2,367,201	389,124	3,736,537	6,492,862
Realized and unrealized gains	148,217	14,412	(65,235)	97,394
Balance at June 30, 2015	$ 2,515,418	403,536	3,671,302	6,590,256

(Continued)

		Investments		Beneficial interest in perpetual trust	Total
		Alternative investments	**Nonpublicly held**		
2014:					
Balance at June 30, 2013	$	2,039,587	248,607	3,406,021	5,694,215
Realized and unrealized gains		327,614	140,517	330,516	798,647
Balance at June 30, 2014	$	2,367,201	389,124	3,736,537	6,492,862

As of June 30, 2015, the following table summarizes the various redemption provisions of alternative investments:

Redemption period		Amount
Monthly – 15 days notice	$	6,105,976
Quarterly (with 30 days notification)		1,342,826
Annually – December 31 (with 90 day notification)		2,235,418
At termination of fund in 2015		280,000
	$	9,964,220

Investments include assets under split-interest agreements of $25,336,133 and $27,744,167 in 2015 and 2014, respectively, of which $3,917,839 and $4,140,061, respectively, relate to charitable remainder trusts. Such split-interest agreements include certain segregated investment accounts relating to charitable gift annuities, in compliance with the insurance laws of various states. The Organization maintains separate and distinct reserve funds adequate to meet the future payments of all outstanding charitable gift annuities administered by the Organization. The Organization complies with the annuity reserve requirements of all individual states that have such requirements, including Arkansas, California, Hawaii, Maryland, New Jersey, New York, Washington, and Florida. The balance of these reserve accounts aggregated $19,408,683 and $21,219,855 in 2015 and 2014, respectively.

(3) Contributions and Grants Receivable

At June 30, 2015 and 2014, contributions and grants receivable are scheduled to be collected as follows:

		2015	2014
Less than one year	$	28,400,080	40,362,958
One to five years		36,774,389	12,851,899
		65,174,469	53,214,857
Less present value discount, using a discount rate between 2.72% and 4.17%		(2,211,873)	(697,124)
	$	62,962,596	52,517,733

At June 30, 2015 and 2014, approximately, 76% and 42% of the outstanding contributions and grants receivable were pledges from two donors and one donor, respectively.

(4) Property and Equipment

At June 30, 2015 and 2014, the Organization's property and equipment consisted of the following:

		2015	2014
Land	$	29,700,000	29,700,000
Building		12,072,491	12,072,491
Building and leasehold improvements		17,800,900	17,241,255
Furniture and equipment		13,923,167	12,961,989
		73,496,558	71,975,735
Less accumulated amortization and depreciation		(19,125,557)	(16,975,474)
	$	54,371,001	55,000,261

On July 1, 2015, the Organization sold its ownership of a condominium unit that was being used as the Organization's New York office facility for $69,600,000, realizing a gain of approximately $19,000,000.

(5) Long-term Debt

Included in the Organization's long-term debt balance in the accompanying balance sheets at June 30, 2015 and 2014 are Public Finance Authority (PFA) Revenue bonds issued in 2012 purchased by Bank of America. Outstanding balance of $26,500,000 and $27,500,000, respectively. The proceeds from these bonds were utilized for the purchase of the Organization's New York office space. The total loan amount is $30,000,000 for 30 years bearing interest at an initial fixed rate of 3.52% per annum through December 20, 2021, at which time, either a new fixed rate and term will be agreed to with Bank of America or such bonds will be required to be repurchased by the Organization at par. Total interest expense for the year ended June 30, 2015 and 2014 amounted to $963,434 and $1,000,804, respectively. The Organization has required principal payments on this loan of $1,000,000 annually through the term of the loan.

(Continued)

Also included in the Organization's long-term debt balance in the accompanying consolidated balance sheets at June 30, 2015 and 2014 is New York City Industrial Development Agency Civil Facility Variable Rate Revenue Bonds (NYCIDA), Series 2002, maturing on July 1, 2018, in the amount of $4,895,000 and $6,005,000, respectively. Interest on the bonds is calculated using a weekly interest rate as determined by the remarketing agent. In no event will the interest rate exceed the lesser of (i) the highest interest rate, which may be borne by the bonds under New York law or (ii) 10.00% per annum (the maximum rate).

On July 1, 2003, the Organization entered into a 10-year interest-rate swap agreement with the Bank of America, N.A. (the Bank) effective February 2, 2004, which expired on February 1, 2014. In exchange for fixed interest payments made by the Organization of 2.90%, the Organization received payments from the floating rate payor in an amount equal to 67.00% of LIBOR. The average interest rate for the years ended June 30, 2015 and 2014 was 0.14% and 3.02%, respectively. Interest expense for 2015 and 2014 was $6,492 and $108,104, respectively.

The NYCIDA bonds are collateralized by a letter of credit with the Bank that expires July 1, 2015, unless it is extended as provided under the terms of the indenture. At June 30, 2015 and 2014, restricted assets of $1,312,308 and $157,306, respectively, held by the trustee, are invested in money market funds and are included with investments in the accompanying consolidated balance sheets.

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

Bond principal payments are summarized as follows for both bonds:

	PFA	NYCIDA	Total
Year ending June 30:			
2016	$ 1,000,000	1,155,000	2,155,000
2017	1,000,000	1,200,000	2,200,000
2018	1,000,000	1,245,000	2,245,000
2019	1,000,000	1,295,000	2,295,000
2020	1,000,000	—	1,000,000
Thereafter	21,500,000	—	21,500,000
	$ 26,500,000	4,895,000	31,395,000

The bond agreements require the Organization to meet certain financial covenants. At June 30, 2015 and 2014, the Organization was in compliance with these financial covenants.

As a result of the sale of its ownership of a condominium unit in fiscal year 2016 (note 4), the Organization retired the PFA and NYCIDA bonds on July 1, 2015 and September 1, 2015, respectively.

(6) Commitments and Contingencies

(a) Litigation and Claims

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

(b) Leases

As of June 30, 2015, the Organization is obligated under various noncancelable operating leases for its regional offices expiring 2015 through 2028. Minimum future lease payments under the lease agreements for each of the remaining years and in the aggregate are as follows:

		Lease commitments
Year ending June 30:		
2016	$	1,193,218
2017		1,163,406
2018		1,109,228
2019		1,093,592
2020		1,106,184
Thereafter		10,083,565
	$	15,749,193

Rent expense for 2015 and 2014 was approximately $817,000 and $1,271,000, respectively. The Organization signed a lease agreement in fiscal year 2015 for a New York office facility that will commence in fiscal year 2016.

(c) Line of Credit

PPFA has a $1,000,000 line of credit with a bank expiring in January 2016, which was not drawn upon during the years ended June 30, 2015 and 2014. Borrowings under the line of credit bear interest at a variable rate based on LIBOR. As of June 30, 2015 and 2014, no balance was outstanding under this line of credit.

The Action Fund has a $500,000 revolving line of credit with a bank with a maturity that has been extended through June 30, 2016, which was not drawn upon during the years ended June 30, 2015 and 2014. Borrowings under the line of credit bear interest at a variable rate based on LIBOR. At June 30, 2015 and 2014, no balances were outstanding under this line of credit.

(7) Employee Retirement Plan and Deferred Compensation Plan

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

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

Retirement plan expense for 2015 and 2014 was approximately $1,830,000 and $1,652,000, respectively.

(8) Allocation of Joint Costs

The Organization conducts activities that include appeals for contributions. These activities primarily include direct-response campaigns. For the years ended June 30, 2015 and 2014, joint costs were allocated to functional categories as follows:

	2015	2014
Fund-raising	$ 8,067,528	8,296,086
Program services	5,279,356	5,590,148
	$ 13,346,884	13,886,234

(9) Net Assets

At June 30, 2015 and 2014, unrestricted net assets are designated as follows:

	2015	2014
Undesignated	$ 32,435,948	55,097,833
Net investment in property and equipment	24,288,309	21,652,567
Board designated:		
Endowment:		
General	80,038,502	63,303,715
Fund for the future	2,091,610	2,119,291
Gift annuity funds	4,054,670	4,544,998
	$ 142,909,039	146,718,404

At June 30, 2015 and 2014, temporarily restricted net assets consisted of the following:

		2015	2014
Operating activities:			
Engage communities	$	30,002,871	5,412,468
Increase access		52,910,914	57,706,562
Build advocacy capacity		9,101,914	6,032,265
Renew leadership		18,000	142,051
Time restrictions		4,304,040	28,828,470
Total		96,337,739	98,121,816
Long-term investment:			
Pooled income fund		424,588	409,806
Unitrust and annuity trust funds		1,268,106	1,625,303
Fund for the future		2,113,734	2,183,670
Charitable gift annuities with purpose restrictions		521,926	509,999
Accumulated gains on permanently restricted net assets		8,326,693	8,424,819
		12,655,047	13,153,597
Planned Parenthood Action Fund, Inc.		6,665,856	4,018,340
	$	115,658,642	115,293,753

For the years ended June 30, 2015 and 2014, the income from permanently restricted net assets was available for the following:

		2015	2014
Permanently restricted:			
Increase access	$	13,137,449	12,436,678
Fund for the future		3,162,580	3,156,580
General purposes		5,836,557	5,681,277
Beneficial interest in perpetual trust – for general purposes		3,671,302	3,736,537
	$	25,807,888	25,011,072

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

(10) Endowment Funds

The Organization's endowment consists of 37 individual funds established for a variety of purposes and includes both donor-restricted endowment funds and funds designated by the board of directors to function as endowments. Net assets associated with the endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The New York Prudent Management of Institutional Funds Act (NYPMIFA) imposes guidelines on the management and investment of endowment funds. The board of directors has interpreted NYPMIFA as allowing the Organization to appropriate for expenditure or accumulate so much of an endowment fund as the Organization determines is prudent for the uses, benefits, purposes, and duration for which the endowment fund is established, subject to the intent of the donor as expressed in the gift instrument. Unless stated otherwise in the gift instrument, the assets in an endowment fund shall be donor-restricted assets until appropriated for expenditure by the board of directors. As a result of this interpretation, the Organization continues to classify as permanently restricted net asset (a) the original value of gifts donated to the permanent endowment; (b) the original value of subsequent gifts to the permanent endowment; and (c) accumulations of income to the permanent endowment made in accordance with the direction of the applicable donor gift instruments. Accounting guidance associated with the enactment of NYPMIFA requires the portion of a donor-restricted endowment fund that is not classified as permanently restricted to be classified as temporarily restricted net assets until appropriated for expenditure in a manner consistent with the standard of prudence prescribed by NYPMIFA.

In accordance with NYPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

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

The following tables present the Organization's donor-restricted endowment funds and funds designated by the board of directors to function as endowments, excluding perpetual trusts and including contributions receivable as of June 30, 2015 and 2014, respectively, and the changes for the years ended June 30, 2015 and 2014:

		Unrestricted	Temporarily restricted	Permanently restricted	Total
2015:					
Donor-restricted endowment funds	$	—	10,440,427	22,136,586	32,577,013
Board-designated endowment funds		82,130,112	—	—	82,130,112
Total funds	$	82,130,112	10,440,427	22,136,586	114,707,125
Endowment net assets, beginning of year	$	65,423,006	10,608,489	21,274,535	97,306,030
Investment return:					
Interest and dividends, net of fees		1,618,904	311,303	—	1,930,207
Net realized and unrealized appreciation in fair value of investments		175,472	631,175	—	806,647
Contributions and transfers		15,000,000	—	841,861	15,841,861
Change in value of split-interest agreements		—	—	20,190	20,190
Appropriation of endowment assets for expenditures		(87,270)	(1,110,540)	—	(1,197,810)
Endowment net assets, end of year	$	82,130,112	10,440,427	22,136,586	114,707,125

		Unrestricted	Temporarily restricted	Permanently restricted	Total
2014:					
Donor-restricted endowment funds	$	—	10,608,489	21,274,535	31,883,024
Board-designated endowment funds		65,423,006	—	—	65,423,006
Total funds	$	65,423,006	10,608,489	21,274,535	97,306,030
Endowment net assets, beginning of year	$	59,120,756	6,234,964	21,045,785	86,401,505
Investment return:					
Interest and dividends, net of fees		818,608	434,927	—	1,253,535
Net realized and unrealized appreciation in fair value of investments		5,565,822	4,927,232	—	10,493,054
Contributions and transfers		—	—	231,541	231,541
Change in value of split-interest agreements		—	—	(2,791)	(2,791)
Appropriation of endowment assets for expenditures		(82,180)	(988,634)	—	(1,070,814)
Endowment net assets, end of year	$	65,423,006	10,608,489	21,274,535	97,306,030

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or law requires the Organization to retain as a fund for the perpetual duration. In accordance with generally accepted accounting principles, deficiencies of this nature would be reported in temporarily restricted net assets to the extent there are accumulated gains available to absorb such loss, or otherwise unrestricted net assets. There were no deficiencies as of June 30, 2015 and 2014.

PPFA has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to protect the original value of the gift. Under this policy, as approved by the board of directors, the endowment assets are invested in a manner that is intended to meet or exceed the market index utilizing prudent levels of risk. PPFA expects the endowment fund to generate a long-term average rate of return of 5% above the rate of inflation, plus the costs of managing the investments. Actual returns in any given year may vary from this amount.

PPFA has a policy of appropriating a percentage of the endowment market value for spending, unless otherwise explicitly stipulated by the donor. The endowment's spending policy governs the rate at which funds are released for grant making. The Organization has implemented a spending policy of appropriating for distribution up to 5% of the endowment funds' average fair value of the preceding 12 quarters through the calendar year preceding the fiscal year in which the distribution is planned. The amount appropriated for spending was $1,197,810 and $1,070,814 in 2015 and 2014, respectively.

(11) Subsequent Events

The Organization evaluated subsequent events after the balance sheet date of June 30, 2015 through December 8, 2015, which was the date the consolidated financial statements were available to be issued, and concluded that no additional disclosures are required.

PLANNED PARENTHOOD FEDERATION
OF AMERICA, INC. AND RELATED ENTITIES

Consolidating Balance Sheet

June 30, 2015

Assets		Planned Parenthood Federation of America, Inc.	Voxent	Planned Parenthood Action Fund, Inc.	Eliminations	Planned Parenthood Federation of America, Inc. (consolidated)
Cash and cash equivalents	$	40,601,803	198,606	9,416,578	—	50,216,987
Receivables, advances, and deposits:						
Affiliates		2,545,918	280,270	1,222,221	(1,222,221)	2,826,188
Other		351,802	—	70,127	—	421,929
Inventories, supplies, and prepaid expenses		1,695,068	20,492	131,259	—	1,846,819
Contributions and grants receivable, net		62,410,660	—	551,936	—	62,962,596
Investments		203,984,057	2,793,348	—	—	206,777,405
Beneficial interest in perpetual trust		3,671,302	—	—	—	3,671,302
Property and equipment, net		54,175,849	195,152	—	—	54,371,001
	$	369,436,459	3,487,868	11,392,121	(1,222,221)	383,094,227
Liabilities and Net Assets						
Liabilities:						
Accounts payable and accrued expenses	$	26,220,733	865,444	1,364,381	—	28,450,558
Deferred revenue		126,194	14,457	1,522,879	—	1,663,530
Due to related organizations		20,649,475	—	359,486	(1,222,221)	19,786,740
Liability under split-interest agreements		13,390,322	—	—	—	13,390,322
Amounts held on behalf of affiliates and others		4,032,508	—	—	—	4,032,508
Bonds payable		31,395,000	—	—	—	31,395,000
Total liabilities		95,814,232	879,901	3,246,746	(1,222,221)	98,718,658
Net assets:						
Unrestricted:						
Undesignated		28,543,614	2,412,815	—	1,479,519	32,435,948
Designated by the board of directors		86,184,782	—	—	—	86,184,782
Net investment in property and equipment		24,093,157	195,152	—	—	24,288,309
		138,821,553	2,607,967	—	1,479,519	142,909,039
Temporarily restricted:						
For operating activities		108,992,786	—	—	—	108,992,786
Planned Parenthood Action Fund, Inc.		—	—	8,145,375	(1,479,519)	6,665,856
		108,992,786	—	8,145,375	(1,479,519)	115,658,642
Permanently restricted		25,807,888	—	—	—	25,807,888
Total net assets		273,622,227	2,607,967	8,145,375	—	284,375,569
	$	369,436,459	3,487,868	11,392,121	(1,222,221)	383,094,227

See accompanying independent auditors' report.

PLANNED PARENTHOOD FEDERATION
OF AMERICA, INC. AND RELATED ENTITIES

Consolidating Statement of Activities – Unrestricted Net Assets

Year ended June 30, 2015

	Planned Parenthood Federation of America, Inc.	Voxent	Planned Parenthood Action Fund, Inc.	Eliminations	Planned Parenthood Federation of America, Inc. (consolidated)
Revenue, net gains, and other support:					
Revenue and net gains:					
Contributions and grants:					
Direct response	$ 41,080,467	—	—	—	41,080,467
Major donors, foundations, and corporations	18,328,938	—	—	—	18,328,938
Bequests and other planned giving revenue	11,982,558	—	—	—	11,982,558
Affiliates, National Program Support	12,588,065	—	—	—	12,588,065
Affiliates, other support	4,359,232	—	—	—	4,359,232
Special events	96,809	—	—	—	96,809
Federated fund-raising organizations	1,481,754	—	—	—	1,481,754
Total contributions and grants	89,917,823	—	—	—	89,917,823
Other revenue and net gains (losses):					
Sales of publications and commodities	1,385,056	—	—	—	1,385,056
Interest and dividends, net of fees	2,289,928	47,103	—	—	2,337,031
Net realized and unrealized (depreciation) appreciation in fair value of investments	(1,722,573)	53,591	—	—	(1,668,982)
Change in value of split-interest agreements	2,275,082	—	—	—	2,275,082
Fees for services and other revenue	2,818,095	4,787,120	—	(1,477,659)	6,127,556
Total other revenue and net gains (losses)	7,045,588	4,887,814	—	(1,477,659)	10,455,743
Net assets released from restrictions due to satisfaction of program and time restrictions	99,931,451	—	34,954,722	(3,883,903)	131,002,270
Total revenue, net gains (losses), and other support	196,894,862	4,887,814	34,954,722	(5,361,562)	231,375,836
Expenses:					
Engage communities	14,224,565	—	2,938,015	(424,021)	16,738,559
Increase access	125,874,638	5,838,548	2,802,302	(3,676,655)	130,838,833
Build advocacy capacity	9,906,065	—	24,920,843	(1,683,820)	33,143,088
Renew leadership	4,007,809	—	60,037	(1,705)	4,066,141
Refresh our brand	4,569,136	—	—	—	4,569,136
Total program services	158,582,213	5,838,548	30,721,197	(5,786,201)	189,355,757
Supporting services:					
Management and general	18,473,951	—	972,585	(32,509)	19,414,027
Fund-raising	23,142,734	—	3,260,940	(150,378)	26,253,296
Total supporting services	41,616,685	—	4,233,525	(182,887)	45,667,323
Total expenses	200,198,898	5,838,548	34,954,722	(5,969,088)	235,023,080
Change in net assets from operating activities	(3,304,036)	(950,734)	—	607,526	(3,647,244)
Other changes:					
Loss on contributions and other receivables	(162,121)	—	—	—	(162,121)
Total other changes	(162,121)	—	—	—	(162,121)
Change in net assets	(3,466,157)	(950,734)	—	607,526	(3,809,365)
Net assets at beginning of year	142,287,710	3,558,701	—	871,993	146,718,404
Net assets at end of year	$ 138,821,553	2,607,967	—	1,479,519	142,909,039

See accompanying independent auditors' report.

PLANNED PARENTHOOD FEDERATION
OF AMERICA, INC. AND RELATED ENTITIES

Consolidating Statement of Activities – Temporarily Restricted Net Assets

Year ended June 30, 2015

	Planned Parenthood Federation of America, Inc.	Planned Parenthood Action Fund, Inc.	Eliminations	Planned Parenthood Federation of America, Inc. (consolidated)
Revenue, net gains, and other support:				
Revenue and net gains:				
Contributions and grants:				
Direct response	$ 234,644	6,207,381	—	6,442,025
Major donors, foundations, and corporations	96,214,358	23,899,936	—	120,114,294
Special events	—	68,941	—	68,941
Bequests and other planned giving revenue	640,939	117,562	—	758,501
Affiliates, other support	—	3,000,000	(3,000,000)	—
Federated fund-raising organizations	—	—	—	—
Total contributions and grants	97,089,941	33,293,820	(3,000,000)	127,383,761
Other revenue and net gains (losses):				
Interest and dividends, net of fees	348,093	—	—	348,093
Net realized and unrealized appreciation in fair value of investments	532,654	—	—	532,654
Change in value of split-interest agreements	(321,864)	—	—	(321,864)
Fees for services and other revenue	—	5,018,671	(1,491,429)	3,527,242
Total other revenue and net gains (losses)	558,883	5,018,671	(1,491,429)	4,086,125
Net assets released from restrictions due to satisfaction of program and time restrictions	(99,931,451)	(34,954,722)	3,883,903	(131,002,270)
Total revenue, net gains (losses), and other support	(2,282,627)	3,357,769	(607,526)	467,616
Change in net assets from operating activities	(2,282,627)	3,357,769	(607,526)	467,616
Other changes:				
Loss on contributions and other receivables	—	(102,727)	—	(102,727)
Total other changes	—	(102,727)	—	(102,727)
Change in net assets	(2,282,627)	3,255,042	(607,526)	364,889
Net assets at beginning of year	111,275,413	4,890,333	(871,993)	115,293,753
Net assets at end of year	$ 108,992,786	8,145,375	(1,479,519)	115,658,642

See accompanying independent auditors' report.

PLANNED PARENTHOOD FEDERATION
OF AMERICA, INC. AND RELATED ENTITIES

Consolidating Statement of Activities – Permanently Restricted Net Assets

Year ended June 30, 2015

		Planned Parenthood Federation of America, Inc.	Planned Parenthood Federation of America, Inc. (consolidated)
Revenue, net gains, and other support:			
Revenue and net gains:			
Contributions and grants:			
Major donors, foundations, and corporations	$	11,000	11,000
Bequests and other planned giving revenue		830,861	830,861
Total contributions and grants		841,861	841,861
Other revenue and net losses:			
Loss on beneficial interest in perpetual trust		(65,235)	(65,235)
Change in value of split-interest agreements		20,190	20,190
Total other revenue and net losses		(45,045)	(45,045)
Change in net assets		796,816	796,816
Net assets at beginning of year		25,011,072	25,011,072
Net assets at end of year	$	25,807,888	25,807,888

See accompanying independent auditors’ report.