



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

Consolidated Financial Statements and Supplementary Information

June 30, 2019

(With summarized comparative financial information for 2018)

(With Independent Auditors' Report Thereon)

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

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

Independent Auditors' Report

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

We have audited the accompanying consolidated financial statements of Planned Parenthood Federation of America, Inc. and related entities (the Organization), which comprise the consolidated balance sheet as of June 30, 2019, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Planned Parenthood Federation of America, Inc. and related entities as of June 30, 2019, and the changes in their net assets and their cash flows for the year then ended, in accordance with U.S. generally accepted accounting principles.

Emphasis of Matter

As discussed in note 1(s) to the consolidated financial statements, in 2019 the Organization adopted Accounting Standards Update 2016-14, Not-for-Profit Entities (Topic 958): *Presentation of Financial Statements of Not-for-Profit Entities* (ASU 2016-14). Our opinion is not modified with respect to this matter.



Report on Summarized Comparative Information

We have previously audited the Organization's 2018 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated December 13, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018 is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived before adjustments described in note 1(s) that were applied to adopt ASU 2016-14 retrospectively in the 2018 financial statements. In our opinion, such adjustments were appropriately applied.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating schedules as of and for the year ended June 30, 2019 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 5, 2019

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

Consolidated Balance Sheet

June 30, 2019

(with comparative financial information as of
June 30, 2018)

Assets	2019	2018
Cash and cash equivalents	\$ 57,674,832	119,237,069
Receivables, advances, and deposits:		
Affiliates	465,498	104,258
Other	759,760	858,441
Inventories, supplies, and prepaid expenses	3,998,675	4,419,866
Contributions and grants receivable, net (note 3)	32,587,699	64,413,532
Investments (note 2)	361,816,277	283,912,485
Beneficial interest in perpetual trust (note 2)	3,609,362	3,595,302
Property and equipment, net (note 4)	16,597,618	19,359,256
Total assets	\$ 477,509,721	495,900,209
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	\$ 31,426,405	32,222,916
Deferred revenue (note 3)	—	1,021,391
Due to related organizations (note 5)	32,482,470	22,527,193
Liability under split-interest agreements	15,276,204	15,022,478
Amounts held on behalf of affiliates and others	3,831,430	3,824,016
Total liabilities	83,016,509	74,617,994
Commitments and contingencies (notes 6 and 7)		
Net assets (notes 9 and 10):		
Without donor restrictions	278,667,101	274,479,940
With donor restrictions	115,826,111	146,802,275
Total net assets	394,493,212	421,282,215
Total liabilities and net assets	\$ 477,509,721	495,900,209

See accompanying notes to consolidated financial statements.

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

Consolidated Statement of Activities

Year ended June 30, 2019
(with summarized comparative financial information for the
year ended June 30, 2018)

	2019			Total 2018
	Without donor restrictions	With donor restrictions	Total	
Revenue, net gains (losses), and other support:				
Revenue and net gains:				
Contributions and grants:				
Direct response	\$ 136,357,217	24,459,254	160,816,471	151,326,683
Major donors, foundations, and corporations	55,347,782	75,585,117	130,932,899	106,012,317
Bequests and other planned giving revenues	16,002,932	3,732,655	19,735,587	38,516,794
Affiliates, National Program Support (note 1(j))	—	—	—	—
Affiliates, other support	1,914,200	—	1,914,200	1,913,283
Special events, net of expenses	—	—	—	160,950
Federated fund-raising organizations	4,146,129	—	4,146,129	4,988,151
Total contributions and grants	<u>213,768,260</u>	<u>103,777,026</u>	<u>317,545,286</u>	<u>302,918,178</u>
Other revenue and net gains (losses):				
Sales of publications and commodities	180,122	—	180,122	224,618
Investment income, net	12,628,890	2,240,295	14,869,185	11,214,174
Gain on beneficial interest in perpetual trust	—	13,535	13,535	100,006
Change in value of split-interest agreements	679,475	(176,960)	502,515	2,319,113
Fees for services and other revenue	6,981,810	—	6,981,810	3,340,162
Total other revenue and net gains (losses)	<u>20,470,297</u>	<u>2,076,870</u>	<u>22,547,167</u>	<u>17,198,073</u>
Net assets released from restrictions due to satisfaction of program and time restrictions	136,830,060	(136,830,060)	—	—
Total revenue, net gains (losses), and other support	<u>371,068,617</u>	<u>(30,976,164)</u>	<u>340,092,453</u>	<u>320,116,251</u>
Expenses:				
Employee compensation and benefits	87,708,690	—	87,708,690	80,362,178
Professional fees and contract services	65,641,688	—	65,641,688	53,310,152
Awards and grants	126,618,397	—	126,618,397	95,333,250
Conferences, meetings, and travel	16,335,331	—	16,335,331	15,549,792
Advertising and public service messages	27,102,816	—	27,102,816	13,506,752
Other	43,474,534	—	43,474,534	38,095,432
Total expenses	<u>366,881,456</u>	<u>—</u>	<u>366,881,456</u>	<u>296,157,556</u>
Change in net assets	4,187,161	(30,976,164)	(26,789,003)	23,958,695
Net assets at beginning of year	274,479,940	146,802,275	421,282,215	397,323,520
Net assets at end of year	<u>\$ 278,667,101</u>	<u>115,826,111</u>	<u>394,493,212</u>	<u>421,282,215</u>

See accompanying notes to consolidated financial statements.

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

Consolidated Statement of Functional Expenses

Year ended June 30, 2019

(with summarized comparative financial information for the
year ended June 30, 2018)

	2019					2018				
	Program services				Total program services	Supporting services			Total	Total 2018
	Healthcare	Education	Advocacy	Research		Management and general	Fund-raising	Total supporting services		
Salaries and payroll taxes	\$ 15,180,436	1,083,298	24,046,765	1,154,873	41,465,372	15,733,650	14,559,041	30,292,691	71,758,063	66,766,738
Employee health and retirement benefits	3,428,375	245,706	5,185,136	259,707	9,118,924	3,517,630	3,314,073	6,831,703	15,950,627	13,595,440
Total employee compensation	18,608,811	1,329,004	29,231,901	1,414,580	50,584,296	19,251,280	17,873,114	37,124,394	87,708,690	80,362,178
Professional fees and contract services	13,075,567	1,022,164	31,497,577	384,104	45,979,412	11,305,898	8,356,378	19,662,276	65,641,688	53,310,152
Awards and grants	65,946,595	1,246,201	58,304,740	1,120,861	126,618,397	—	—	—	126,618,397	95,333,250
Conferences, meetings, and travel, including special events expenses	4,079,220	291,689	7,327,916	139,126	11,837,951	3,053,640	1,443,740	4,497,380	16,335,331	15,552,727
Advertising and public service messages	936,754	83,125	13,346,349	31,560	14,397,788	28,389	12,676,639	12,705,028	27,102,816	13,506,752
Other:										
Commodities, supplies, and minor equipment	377,850	106,074	1,825,401	25,605	2,334,930	439,344	206,161	645,505	2,980,435	2,580,878
Telephone and telecommunications	150,056	8,694	366,948	6,869	532,567	388,314	191,564	579,878	1,112,445	1,266,562
Postage and shipping	1,150,754	45,496	1,847,550	40,251	3,084,051	57,206	4,701,760	4,758,966	7,843,017	7,673,991
Occupancy	853,704	51,737	1,287,951	38,373	2,231,765	2,436,761	1,030,358	3,467,119	5,698,884	5,096,481
Outside printing and artwork	655,896	41,623	997,651	21,434	1,716,604	30,205	2,442,430	2,472,635	4,189,239	3,915,532
Subscriptions and reference publications	269,683	12,544	769,694	84,407	1,136,328	194,665	166,118	360,783	1,497,111	1,297,258
Repairs, maintenance, and systems	1,252,985	64,931	1,862,390	61,076	3,241,382	3,813,952	3,979,923	7,793,875	11,035,257	8,078,725
Interest, bank, and lockbox fees	16,110	668	32,260	183	49,221	49,797	3,710,220	3,760,017	3,809,238	3,587,323
Amortization and depreciation	281,858	17,616	449,936	17,616	767,026	1,563,851	1,751,980	3,315,831	4,082,857	3,259,844
Miscellaneous	212,587	21,526	294,100	21,182	549,395	340,639	336,017	676,656	1,226,051	1,338,838
	107,868,430	4,343,092	149,442,364	3,407,227	265,061,113	42,953,941	58,866,402	101,820,343	366,881,456	296,160,491
Special events*	—	—	—	—	—	—	—	—	—	(2,935)
	\$ 107,868,430	4,343,092	149,442,364	3,407,227	265,061,113	42,953,941	58,866,402	101,820,343	366,881,456	296,157,556

* Special events expenses are netted with special events revenue in the accompanying consolidated statement 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, 2018

	2018								
	Program services				Total program services	Supporting services			Total
	Healthcare	Education	Advocacy	Research		Management and general	Fund-raising	Total supporting services	
Salaries and payroll taxes	\$ 16,802,117	1,678,261	20,278,421	1,123,597	39,882,396	13,167,032	13,717,310	26,884,342	66,766,738
Employee health and retirement benefits	3,504,570	339,523	4,075,585	225,609	8,145,287	2,714,542	2,735,611	5,450,153	13,595,440
Total employee compensation	20,306,687	2,017,784	24,354,006	1,349,206	48,027,683	15,881,574	16,452,921	32,334,495	80,362,178
Professional fees and contract services	13,218,065	1,311,314	21,634,818	603,000	36,767,197	6,279,809	10,263,146	16,542,955	53,310,152
Awards and grants	46,537,322	2,280,794	45,394,370	1,120,764	95,333,250	—	—	—	95,333,250
Conferences, meetings, and travel, including special events expenses	4,315,494	910,074	7,242,624	92,147	12,560,339	1,883,173	1,109,215	2,992,388	15,552,727
Advertising and public service messages	433,783	54,535	7,731,938	17,251	8,237,507	—	5,269,245	5,269,245	13,506,752
Other:									
Commodities, supplies, and minor equipment	807,151	145,976	1,328,636	23,728	2,305,491	76,347	199,040	275,387	2,580,878
Telephone and telecommunications	267,342	23,216	483,519	18,655	792,732	231,591	242,239	473,830	1,266,562
Postage and shipping	1,084,845	93,085	1,741,658	48,746	2,968,334	26,601	4,679,056	4,705,657	7,673,991
Occupancy	1,337,383	119,631	1,236,464	92,562	2,786,040	1,195,293	1,115,148	2,310,441	5,096,481
Outside printing and artwork	601,878	240,102	951,711	22,637	1,816,328	14,619	2,084,585	2,099,204	3,915,532
Subscriptions and reference publications	282,336	22,040	578,261	84,414	967,051	196,204	134,003	330,207	1,297,258
Repairs, maintenance, and systems	1,009,624	83,672	1,417,565	56,323	2,567,184	1,590,869	3,920,672	5,511,541	8,078,725
Interest, bank, and lockbox fees	22,837	1,410	45,634	6	69,887	144,536	3,372,900	3,517,436	3,587,323
Amortization and depreciation	801,430	76,786	722,083	64,022	1,664,321	821,157	774,366	1,595,523	3,259,844
Miscellaneous	480,517	44,769	406,778	9,404	941,468	207,575	189,795	397,370	1,338,838
	91,506,694	7,425,188	115,270,065	3,602,865	217,804,812	28,549,348	49,806,331	78,355,679	296,160,491
Special events*	—	—	—	—	—	—	(2,935)	(2,935)	(2,935)
	<u>\$ 91,506,694</u>	<u>7,425,188</u>	<u>115,270,065</u>	<u>3,602,865</u>	<u>217,804,812</u>	<u>28,549,348</u>	<u>49,803,396</u>	<u>78,352,744</u>	<u>296,157,556</u>

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

See accompanying notes to consolidated financial statements.

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

Consolidated Statement of Cash Flows

Year ended June 30, 2019
(with comparative financial information for the
year ended June 30, 2018)

	2019	2018
Cash flows from operating activities:		
Change in net assets	\$ (26,789,003)	23,958,695
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Amortization and depreciation	4,082,857	3,259,844
Loss on contributions and other receivables	50,122	1,163,266
Net realized and unrealized appreciation in fair value of investments	(6,611,465)	(7,120,324)
Contributions for endowment and trust funds	(773,870)	(15,000)
Change in value of split-interest agreements	(502,515)	(2,319,113)
Gain on beneficial interest in perpetual trust	(13,535)	(100,006)
Loss on disposal of fixed assets	11,636	16,693
Changes in:		
Receivables, advances, and deposits	(262,559)	15,554
Inventories, supplies, and prepaid expenses	421,191	(1,350,214)
Contributions and grants receivable	31,775,711	16,604,881
Accounts payable and accrued expenses	(796,511)	1,018,143
Deferred revenue	(1,021,391)	(407,863)
Due to related organizations	9,955,277	(16,840,991)
Amounts held on behalf of affiliates and others	7,414	(124,811)
Net cash provided by operating activities	9,533,359	17,758,754
Cash flows from investing activities:		
Purchases of investments	(259,382,707)	(125,829,118)
Proceeds from sales of investments	189,605,833	121,200,597
Purchases of property and equipment	(1,332,855)	(4,586,710)
Net cash used in investing activities	(71,109,729)	(9,215,231)
Cash flows from financing activities:		
Contributions for endowment and trust funds	773,870	15,000
Proceeds from contributions and investment return under split-interest agreements in excess of amounts recognized as contributions	1,102,076	1,341,382
Payments to beneficiaries under split-interest agreements	(1,861,813)	(1,394,793)
Net cash provided by (used in) financing activities	14,133	(38,411)
Change in cash and cash equivalents	(61,562,237)	8,505,112
Cash and cash equivalents at beginning of year	119,237,069	110,731,957
Cash and cash equivalents at end of year	\$ 57,674,832	119,237,069
Supplemental disclosure of cash flows information:		
Income taxes paid	\$ 258,574	50,868

See accompanying notes to consolidated financial statements.

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

Notes to Consolidated Financial Statements

June 30, 2019

(with summarized comparative financial information as of
and for the year ended June 30, 2018)

(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 as of and for the year ended June 30, 2019 include the financial position, changes in net assets, and cash flows of PPFA, Planned Parenthood Action Fund, Inc. and related entities (the Action Fund), and Planned Parenthood Global, Inc. and related entities (PP Global) (collectively, the Organization).

PPFA, which is the nation's oldest and largest voluntary family planning organization, maintains primary domestic offices in New York City and Washington, DC and San Francisco, CA. The Organization is also affiliated with 53 independent medical and related entities, the Planned Parenthood Affiliates (PP Affiliates), all of which are separately incorporated in their respective states and which along with PPFA directors collectively constitute PPFA's membership. The PP Affiliates in turn control 113 ancillary entities (including 59 Political Action Committees and 50 501(c)(4) organizations). The Organization, PP Affiliates and the ancillary organizations together comprise Planned Parenthood. The accompanying consolidated financial statements do not include the financial position or the changes in net assets and cash flows of these independent PP Affiliates or their ancillary organizations.

**PLANNED PARENTHOOD FEDERATION
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Notes to Consolidated Financial Statements

June 30, 2019

(with summarized comparative financial information as of
and for the year ended June 30, 2018)

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.

On September 30, 2015, PP Global was incorporated to consolidate oversight and management of PPFA's international programs, maintain several international offices and to further its mission to support efforts to ensure that women, men, and young people in some of the world's most neglected areas have access to reproductive and sexual healthcare. PP Global operations commenced in July 2016.

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

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

Summary of Significant Accounting Policies

(c) Principles of Consolidation

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

(d) Basis of Accounting

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

(e) Functional Allocation of Expenses

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

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

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

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

Notes to Consolidated Financial Statements

June 30, 2019

(with summarized comparative financial information as of
and for the year ended June 30, 2018)

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

Research – programs designed to promote clinical research.

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

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

(f) Use of Estimates

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

(g) Fair Value

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

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

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

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

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

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

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

Notes to Consolidated Financial Statements

June 30, 2019

(with summarized comparative financial information as of
and for the year ended June 30, 2018)

(h) Cash and Cash Equivalents

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

(i) Investments

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

Unless restricted by a donor's explicit stipulation or by law, realized and unrealized gains and losses on investments, as well as dividends, interest, and other investment income are recorded as changes in net assets without donor restrictions.

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

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

Contributions and grants are considered available for general use unless the donor restricts the use thereof. Bequests are recorded when a will has been through probate, is declared valid and the amount to be received can be reasonably estimated and payment is probable. 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 PPFA. Since it is PPFA's policy to sell donated securities upon receipt, the contributions are classified as operating activities in the consolidated statement of cash flows unless the donor restricts the use of the contributed resources to long-term purposes, in which case those cash receipts are classified as cash flows from financing activities.

The Organization receives donated services related to consulting, legal and other professional services. Donated services are reported as contributions from corporations and expenses in amounts

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equal to their estimated fair value on the date of receipt. Approximately \$9,150,000 and \$2,300,000 of donated services were received during the years ended June 30, 2019 and 2018, respectively.

The National Program Support Plan (NPS) is a membership program between PPFA and PP Affiliates. NPS requires affiliates to pay quarterly membership dues to PPFA for the support and national visibility PPFA provides as well as the right to use the PPFA brand. The revenue is recognized as an increase to net assets without donor restrictions as the membership fees become due.

In December 2016, PPFA's Board of Directors (the Board) approved a one-year (December 1, 2016 to November 30, 2017) waiver of NPS dues for all PP Affiliates. In October 2017, the Board approved a seven-month (December 1, 2017 to June 30, 2018) waiver of NPS dues for all PP Affiliates. In February 2018, the Board approved a one-year (July 1, 2018 to June 30, 2019) extension of waiver of NPS dues for all PP Affiliates.

Accordingly, the accompanying consolidated statement of activities do not include NPS membership dues for 2019 and 2018.

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

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

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

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

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

(l) *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.

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(m) Property and Equipment

Property and equipment are stated at their cost at the dates of acquisition or at their fair values at the dates of donation.

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

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

(n) Due to Related Organizations

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

(o) Net Assets

(i) Without Donor Restrictions

Net assets without donor restrictions represent those resources that are not subject to donor restrictions.

(ii) With Donor Restrictions

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

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

(p) Awards and Grants

Awards and grants expenses consist primarily of grants of one year or less awarded to affiliates and grants awarded to international partners. Grants are reported as an expense and liability in the period made, or if conditional, when the Organization deems that the terms and conditions of the grant agreements have been substantially met.

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(q) Risks and Uncertainties

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

(r) Presentation of Certain Prior Year Information

The consolidated financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's consolidated financial statements for the year ended June 30, 2018 from which the summarized comparative information was derived.

(s) New Authoritative Accounting Pronouncement

In 2019, the Organization adopted Financial Accounting Standards Board's Accounting Standards Update (ASU) No. 2016-14, Not-for-Profit Entities (Topic 958): *Presentation of Financial Statements of Not-for-Profit Entities*. This guidance reduces the number of net assets from three to two: net assets without donor restrictions, previously reported as unrestricted net assets, and net assets with donor restrictions, previously reported as temporarily restricted net assets of \$120,505,235 and permanently restricted net assets of \$26,297,040 in 2018. Additionally, it enhances disclosures for board designated amounts, composition of net assets without donor restrictions, liquidity and availability of resources, and functional expenses allocation. There are other provisions of this guidance that were evaluated and did not have an effect on the Organization's financial statements presentation. The Organization applied the changes retrospectively.

The FASB issued ASU No. 2018-08, Not-for-Profit Entities (Topic 958): *Clarifying the Scope of the Accounting Guidance for Contributions Received and Contributions Made* – This ASU is intended to clarify and improve the scope and accounting guidance for contributions received and contributions made. The Organization plans to adopt ASU No. 2018-08 for the year ending June 30, 2020.

FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers*, which introduced a five-step model and related application guidance, which replaces most existing revenue recognition guidance in U.S. generally accepted accounting principles. The core principle of this standard is that an entity shall recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those good or services. The Organization plans to adopt ASU No. 2014-09 for the year ending June 30, 2020.

The FASB issued ASU No. 2016-02, *Leases* (Topic 842) – This guidance is designed to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the statement of financial position and disclosing key information about leasing agreements. The Organization plans to adopt ASU No. 2016-02 for the year ending June 30, 2021.

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Management is currently evaluating the impact of adoption of the new accounting pronouncements to the Organization's financial statements.

(2) Investments and Fair Value

The following tables present the Organization's fair value hierarchy for those assets and liabilities measured at fair value as of June 30, 2019 and 2018:

	2019			
	<u>Fair value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Financial assets:				
Investments:				
Money market funds	\$ 45,943,794	45,943,794	—	—
Certificates of deposit	9,252,880	—	9,252,880	—
Government and corporate bonds and obligations	107,825,900	—	107,825,900	—
Common and preferred stock	27,171,513	27,171,513	—	—
Mutual funds – equity	130,238,060	130,238,060	—	—
Mutual funds – fixed income	24,458,171	24,458,171	—	—
Structured Notes	7,780,457	—	7,780,457	—
	<u>352,670,775</u>	<u>\$ 227,811,538</u>	<u>124,859,237</u>	<u>—</u>
Alternative investments reported at net asset value	<u>9,145,502</u>			
Total investments	<u>\$ 361,816,277</u>			
Beneficial interest in perpetual trust	\$ 3,609,362	—	3,609,362	—

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	2018			
	Fair value	Level 1	Level 2	Level 3
Financial assets:				
Investments:				
Money market funds	\$ 48,809,142	48,809,142	—	—
Certificates of deposit	10,339,323	—	10,339,323	—
Government and corporate bonds and obligations	66,148,427	—	66,148,427	—
Common and preferred stock	17,065,351	17,065,351	—	—
Mutual funds – equity	105,898,642	105,898,642	—	—
Mutual funds – fixed income	25,591,296	25,591,296	—	—
Nonpublicly held companies	821,484	—	—	821,484
	274,673,665	\$ 197,364,431	76,487,750	821,484
Alternative investments reported at net asset value	9,238,820			
Total investments	\$ 283,912,485			
Beneficial interest in perpetual trust	\$ 3,595,302	—	3,595,302	—

The following table presents a reconciliation for all Level 3 assets measured at fair value as of June 30, 2019 and 2018:

	Nonpublicly held companies
Balance at June 30, 2017	\$ 644,937
Realized and unrealized gains	176,547
Balance at June 30, 2018	821,484
Realized and unrealized gains	3,603
Sale of investment	(825,087)
Balance at June 30, 2019	\$ —

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As of June 30, 2019, the following table summarizes the various redemption provisions of alternative investments:

Redemption period	Amount
Monthly – 15 days' notice	\$ 4,445,134
Quarterly (with 135 days' notification)	1,086,959
Semi-annually (with 95 days' notice)	1,144,640
Annually – December 31 (with 90 days' notification)	2,290,504
Illiquid	178,265
	\$ 9,145,502

Investments include assets under split interest agreements of \$34,042,957 and \$32,948,085 in 2019 and 2018, respectively, of which \$7,551,233 and \$7,620,607, 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 \$24,477,224 and \$22,977,378 in 2019 and 2018, respectively.

(3) Contributions and Grants Receivable

At June 30, 2019 and 2018, contributions and grants receivable are scheduled to be collected as follows:

	2019	2018
Less than one year	\$ 22,376,481	39,838,495
One to five years	10,678,038	25,854,440
	33,054,519	65,692,935
Less present value discount, using a discount rate between 2.71% and 4.73%	(466,820)	(1,279,403)
	\$ 32,587,699	64,413,532

At June 30, 2019 and 2018, the amounts receivable from two donors represent approximately 18% and 14%, respectively, of the gross contributions and grants receivable.

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As of June 30, 2018, deferred revenue includes contributions received from donors of \$1,021,391 related to conditional gifts whereby the conditions have not yet been met. There was no deferred revenue as of June 30, 2019.

(4) Property and Equipment

At June 30, 2019 and 2018, the Organization's property and equipment consisted of the following:

	2019	2018
Leasehold improvements	\$ 11,936,205	11,784,762
Furniture and equipment	17,004,047	15,858,281
	28,940,252	27,643,043
Less accumulated amortization and depreciation	(12,342,634)	(8,283,787)
	\$ 16,597,618	19,359,256

(5) Related-Party Transactions

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

For the years ended June 30, 2019 and 2018, \$111,123,109 and \$66,171,849 of total awards and grants expense related to PP Affiliates and ancillary organizations.

(6) Commitments and Contingencies

(a) *Litigation and Claims*

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

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(b) Leases

As of June 30, 2019, the Organization is obligated under various noncancelable operating leases for its offices expiring 2019 through 2031. Minimum future lease payments under the lease agreements for each of the remaining years and in the aggregate are as follows:

		<u>Lease commitments</u>
Year ending June 30:		
2020	\$	4,743,030
2021		4,763,450
2022		5,167,170
2023		5,174,076
2024		5,269,574
Thereafter		<u>34,731,808</u>
	\$	<u>59,849,108</u>

Rent expense for 2019 and 2018 was approximately \$5,629,000 and \$5,053,000, respectively. Rent expense is being recognized on a straight line basis over the term of the lease.

(c) Line of Credit

PPFA has a \$1,000,000 line of credit with maturity that has been extended to January 30, 2020, which was not drawn upon during the years ended June 30, 2019 and 2018. Borrowings under the line of credit bear interest at a variable rate based on LIBOR. As of June 30, 2019 and 2018, no balance was outstanding under this line of credit.

In addition, the Action Fund has a \$1,000,000 revolving line of credit with a bank with a maturity that has been extended through June 29, 2020, which was not drawn upon during the years ended June 30, 2019 and 2018. Borrowings under the line of credit bear interest at a variable interest rate equal to the LIBOR Daily Floating Rate plus 1.35%. As of June 30, 2019 and 2018, no balance was outstanding under this line of credit.

(7) Employee Retirement Plan and Deferred Compensation Plan

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

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

Retirement plan expense for 2019 and 2018 was approximately \$2,465,000 and \$2,402,000, respectively.

(8) Allocation of Joint Costs

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

The Organization conducts activities that include appeals for contributions. These activities primarily include direct-response campaigns. For the years ended June 30, 2019 and 2018, joint costs for these activities were allocated to functional categories as follows:

	2019	2018
Fund-raising	\$ 10,046,617	11,274,262
Program services	7,489,163	7,896,011
	\$ 17,535,780	19,170,273

(9) Net Assets

At June 30, 2019 and 2018, net assets without donor restrictions are designated as follows:

	2019	2018
Undesignated	\$ 63,922,730	34,388,014
Net investment in plant	16,525,771	19,228,965
Planned Parenthood Global, Inc.	1,285,610	2,233,332
Board designated:		
Endowment:		
General	128,465,351	123,897,552
Fund for the Future	2,304,097	2,259,107
Gift annuity funds	4,806,344	4,739,787
Planned Parenthood initiatives	61,357,198	87,733,183
Total net assets without donor restrictions	\$ 278,667,101	274,479,940

The Board has designated funds to be set aside to establish and maintain a quasi-endowment (or fund designated to function as endowment) for the purpose of securing future income for PPFA's operations. As per PPFA's policy the transfers to and from the board designated endowment are to be approved by the Board. The board designated endowment was established as means of diversifying PPFA's revenue base

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and to give PPFA balance sheet strength to support tax-exempt bond financing and provide key strategic long-term programmatic and operational investments. The funds are set aside to maintain an operating reserve.

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

The gift annuity funds net assets are board designated to meet the various state insurance reserve requirements for such gifts. PPFA's Board has also designated net assets without donor restrictions to provide additional funding for future assistance to various PP Affiliates' and PPFA's initiatives (also, see note 2).

At June 30, 2019 and 2018, net assets with donor restrictions consisted of the following:

	<u>2019</u>	<u>2018</u>
Operating activities:		
Subject to expenditure for specified purposes:		
Healthcare	\$ 32,896,620	44,637,972
Education	2,114,366	2,059,979
Advocacy	9,599,697	9,742,069
Research	3,291,637	4,350,139
Program support	301,233	1,080,495
Subject to passage of time	<u>7,744,499</u>	<u>16,074,158</u>
Total net assets for operating activities	<u>55,948,052</u>	<u>77,944,812</u>
Long-term investment:		
Pooled income fund	406,697	412,583
Unitrust and annuity trust funds	2,737,019	2,772,787
Charitable gift annuities with purpose restrictions	<u>495,031</u>	<u>520,928</u>
Total net assets for long-term investments	<u>3,638,747</u>	<u>3,706,298</u>

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	2019	2018
Donor restricted endowments:		
Original gifts	\$ 23,475,326	22,701,738
Accumulated gains subject to spending policy and appropriation for the following purposes:		
Healthcare	4,629,448	4,273,905
Advocacy	219,390	203,832
Education	3,360,760	3,203,790
Fund for the Future	2,650,513	2,536,965
General Purposes	3,391,345	3,166,976
Total	37,726,782	36,087,206
Beneficial interest in perpetual trust – distributions available for general purposes	3,609,362	3,595,302
Planned Parenthood Action Fund, Inc.	10,822,260	22,872,096
Planned Parenthood Global, Inc.	4,080,908	2,596,561
	\$ 115,826,111	146,802,275

(10) Endowment Funds

The Organization's endowment consists of 44 individual funds established for a variety of purposes and includes both donor restricted endowment funds and funds designated by the Board to function as endowments. Net assets associated with the endowment funds are classified and reported based on the existence or absence of donor imposed restrictions.

The New York Prudent Management of Institutional Funds Act (NYPMIFA) imposes guidelines on the management and investment of endowment funds. The Board has interpreted NYPMIFA as allowing the Organization to appropriate for expenditure or accumulate so much of an endowment fund as the Organization determines is prudent for the uses, benefits, purposes, and duration for which the endowment fund is established, subject to the intent of the donor as expressed in the gift instrument. Unless stated otherwise in the gift instrument, the assets in an endowment fund shall be donor restricted assets until appropriated for expenditure by the Board. As a result of this interpretation, the Organization classifies as net asset with donor restrictions (a) the original value of gifts donated to the permanent endowment; (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations of income on the permanent endowment. Accumulation of income on the permanent endowment is appropriated for expenditure in a manner consistent with the standard of prudence prescribed by NYPMIFA.

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

- The duration and preservation of the fund

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

The following tables present the Organization's donor restricted endowment funds and funds designated by the Board to function as endowments, excluding perpetual trusts and including contributions receivable as of June 30, 2019 and 2018, respectively, and the changes for the years ended June 30, 2019 and 2018:

	Without donor restrictions	With donor restrictions		Total
		Historical gift value	Accumulated gains (losses)	
2019:				
Donor-restricted endowment funds	\$ —	23,475,326	14,251,456	37,726,782
Board-designated endowment funds	130,769,448	—	—	130,769,448
Total funds	\$ <u>130,769,448</u>	<u>23,475,326</u>	<u>14,251,456</u>	<u>168,496,230</u>
Endowment net assets, June 30, 2018	\$ 126,156,659	22,701,738	13,385,468	162,243,865
Investment income, net	8,713,600	—	2,451,397	11,164,997
Contributions and transfers	—	773,870	—	773,870
Additional appropriation	(4,000,000)	—	—	(4,000,000)
Change in value of split-interest agreements	—	(282)	—	(282)
Appropriation of endowment assets for expenditures	(100,811)	—	(1,585,409)	(1,686,220)
Endowment net assets, June 30, 2019	\$ <u>130,769,448</u>	<u>23,475,326</u>	<u>14,251,456</u>	<u>168,496,230</u>

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	<u>Without donor restrictions</u>	<u>With donor restrictions</u>		
		<u>Historical gift value</u>	<u>Accumulated gains (losses)</u>	<u>Total</u>
2018:				
Donor-restricted endowment funds	\$ —	22,701,738	13,385,468	36,087,206
Board-designated endowment funds	<u>126,156,659</u>	<u>—</u>	<u>—</u>	<u>126,156,659</u>
Total funds	<u>\$ 126,156,659</u>	<u>22,701,738</u>	<u>13,385,468</u>	<u>162,243,865</u>
Endowment net assets, June 30, 2017	\$ 119,857,837	22,686,571	11,105,710	153,650,118
Investment income, net	6,398,512	—	3,818,095	10,216,607
Contributions and transfers	—	15,000	—	15,000
Change in value of split-interest agreements	—	167	—	167
Appropriation of endowment assets for expenditures	<u>(99,690)</u>	<u>—</u>	<u>(1,538,337)</u>	<u>(1,638,027)</u>
Endowment net assets, June 30, 2018	<u>\$ 126,156,659</u>	<u>22,701,738</u>	<u>13,385,468</u>	<u>162,243,865</u>

From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the level that the donor or law requires the Organization to retain as a fund for the perpetual duration. In accordance with generally accepted accounting principles, deficiencies of this nature would be reported in net assets with donor restrictions. There were no deficiencies as of June 30, 2019 and 2018. The Organization has interpreted NYPMIFA to permit spending from a fund with those deficiencies in accordance with the prudent measures required under the law.

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

PPFA has a policy of appropriating a percentage of the endowment market value for spending, unless otherwise explicitly stipulated by the donor. The endowment's spending policy governs the rate at which funds are released for grant making. PPFA has implemented a spending policy of appropriating for distribution up to 5% of the endowment funds' average fair value of the preceding 12 quarters through the

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calendar year preceding the fiscal year in which the distribution is planned. The amount appropriated for spending was \$1,686,220 and \$1,638,027 in 2019 and 2018, respectively.

In 2019, the Board approved an additional appropriation of \$4,000,000 of board designated endowment for spending in conjunction with their strategic initiatives.

(11) Liquidity and Availability of Resources

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

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

As of June 30, 2019 and 2018, the following financial assets could readily be made available within one year of the consolidated balance sheet date to meet general expenditures:

	2019	2018
Financial assets at year-end:		
Cash and cash equivalents	\$ 57,674,832	119,237,069
Receivables, advances and deposits	1,225,258	962,699
Contributions and grants receivable, net	32,587,699	64,413,532
Investments	361,816,277	283,912,485
Total financial assets at year-end	453,304,066	468,525,785
Less:		
Amounts unavailable for general expenditures within one year:		
Contributions and grants receivable due beyond one year	(10,211,218)	(24,575,037)
Board designated and donor restricted endowment	(168,496,230)	(162,243,865)
Board designated Planned Parenthood initiatives	(61,357,198)	(87,733,183)
Deposits and funds held for PP Affiliates other than split interest held for affiliates	(3,662,600)	(2,889,177)
Split interest agreements investments	(34,042,957)	(32,948,085)
Add:		
Endowment spending amount available for redemption	1,750,356	1,686,220
Approved spend on Board designated initiatives	34,653,357	33,754,999
Total financial assets available for general expenditures within one year	211,937,576	193,577,657

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

Notes to Consolidated Financial Statements

June 30, 2019

(with summarized comparative financial information as of
and for the year ended June 30, 2018)

	2019	2018
Other resources available:		
Line of credit	\$ 2,000,000	2,000,000
Amounts available to management with Board's approval:		
Board designated endowment, net	122,248,159	123,796,744
Board designated Planned Parenthood initiatives	26,703,841	53,978,184
Total amount available to management with Board's approval	148,952,000	177,774,928
Total financial assets and other liquid resources available for general expenditures within one year	\$ 362,889,576	373,352,585

In addition to available financial assets, the Organization manages its availability of resources by developing and adopting an annual operating budget that provides sufficient funds for general expenditures. Throughout the year regular actual-to-budget comparisons are conducted and budget is adjusted to ensure adequate availability of resources. Refer to the consolidated statement of cash flows, which identifies the sources and uses of the Organization's cash and shows positive cash generated by operations for fiscal years 2019 and 2018.

The Board has designated a portion of its resources to function as endowments (a quasi-endowment fund) and for Planned Parenthood's strategic initiatives. The quasi-endowment fund is invested for long-term appreciation and current income, and the board designated funds for Planned Parenthood's strategic initiatives are invested short-term, but those funds remain available and may be spent at the discretion of the Board. See note 8 for detail of those funds.

(12) Subsequent Events

The Organization evaluated subsequent events after the balance sheet date of June 30, 2019 through December 5, 2019, 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 Schedule – Balance Sheet

June 30, 2019

Assets	Planned Parenthood Federation of America, Inc.	Planned Parenthood Action Fund, Inc.	Planned Parenthood Global, Inc.	Eliminations	Consolidated Planned Parenthood Federation of America, Inc.
Cash and cash equivalents	\$ 43,316,913	12,612,500	1,745,419	—	57,674,832
Receivables, advances, and deposits:					
Affiliates	465,230	4,792	4,074,666	(4,079,190)	465,498
Other	420,685	318,942	20,133	—	759,760
Inventories, supplies, and prepaid expenses	3,149,818	701,076	147,781	—	3,998,675
Contributions and grants receivable, net	31,128,783	1,458,916	—	—	32,587,699
Investments	361,816,277	—	—	—	361,816,277
Beneficial interest in perpetual trust	3,609,362	—	—	—	3,609,362
Property and equipment, net	16,525,771	3,041	68,806	—	16,597,618
Total assets	<u>\$ 460,432,839</u>	<u>15,099,267</u>	<u>6,056,805</u>	<u>(4,079,190)</u>	<u>477,509,721</u>
Liabilities and Net Assets					
Liabilities:					
Accounts payable and accrued expenses	\$ 28,845,860	1,890,258	690,287	—	31,426,405
Due to related organizations	34,174,911	2,386,749	—	(4,079,190)	32,482,470
Liability under split-interest agreements	15,276,204	—	—	—	15,276,204
Amounts held on behalf of affiliates and others	3,831,430	—	—	—	3,831,430
Total liabilities	<u>82,128,405</u>	<u>4,277,007</u>	<u>690,287</u>	<u>(4,079,190)</u>	<u>83,016,509</u>
Net assets:					
Without donor restrictions:					
Undesignated	63,922,730	—	1,285,610	—	65,208,340
Designated by the board of directors	196,932,990	—	—	—	196,932,990
Net investment in property and equipment	16,525,771	—	—	—	16,525,771
Total without donor restrictions	<u>277,381,491</u>	<u>—</u>	<u>1,285,610</u>	<u>—</u>	<u>278,667,101</u>
With donor restrictions:					
For operating activities	73,838,255	—	—	—	73,838,255
Planned Parenthood Action Fund, Inc.	—	10,822,260	—	—	10,822,260
Planned Parenthood Global, Inc.	—	—	4,080,908	—	4,080,908
Endowment corpus and beneficial interest in perpetual trust	27,084,688	—	—	—	27,084,688
Total with donor restrictions	<u>100,922,943</u>	<u>10,822,260</u>	<u>4,080,908</u>	<u>—</u>	<u>115,826,111</u>
Total net assets	<u>378,304,434</u>	<u>10,822,260</u>	<u>5,366,518</u>	<u>—</u>	<u>394,493,212</u>
Total liabilities and net assets	<u>\$ 460,432,839</u>	<u>15,099,267</u>	<u>6,056,805</u>	<u>(4,079,190)</u>	<u>477,509,721</u>

See accompanying independent auditors' report.

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

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

Year ended June 30, 2019

	Planned Parenthood Federation of America, Inc.	Planned Parenthood Action Fund, Inc.	Planned Parenthood Global, Inc.	Eliminations	Consolidated Planned Parenthood Federation of America, Inc.
Revenue, net gains, and other support:					
Revenue and net gains:					
Contributions and grants:					
Direct response	\$ 136,335,692	—	21,525	—	136,357,217
Major donors, foundations, and corporations	55,325,358	—	22,424	—	55,347,782
Bequests and other planned giving revenue	16,002,932	—	—	—	16,002,932
Affiliates, other support	1,914,200	—	8,526,234	(8,526,234)	1,914,200
Federated fund-raising organizations	4,145,777	—	352	—	4,146,129
Total contributions and grants	<u>213,723,959</u>	<u>—</u>	<u>8,570,535</u>	<u>(8,526,234)</u>	<u>213,768,260</u>
Other revenue and net gains:					
Sales of publications and commodities	180,122	—	—	—	180,122
Investment income, net	12,628,890	—	—	—	12,628,890
Change in value of split-interest agreements	679,475	—	—	—	679,475
Fees for services and other revenue	17,700,616	5,911,710	20,638	(16,651,154)	6,981,810
Total other revenue and net gains	<u>31,189,103</u>	<u>5,911,710</u>	<u>20,638</u>	<u>(16,651,154)</u>	<u>20,470,297</u>
Net assets released from restrictions due to satisfaction of program and time restrictions	<u>81,364,971</u>	<u>56,949,436</u>	<u>21,338,859</u>	<u>(22,823,206)</u>	<u>136,830,060</u>
Total revenue, net gains, and other support	<u>326,278,033</u>	<u>62,861,146</u>	<u>29,930,032</u>	<u>(48,000,594)</u>	<u>371,068,617</u>
Expenses:					
Employee compensation and benefits	71,172,301	15,244,235	9,439,907	(8,147,753)	87,708,690
Professional fees and contract services	54,229,910	9,090,224	4,905,373	(2,583,819)	65,641,688
Awards and grants	130,967,357	15,610,098	11,389,012	(31,348,070)	126,618,397
Conferences, meetings, and travel	10,753,294	4,069,526	1,978,519	(466,008)	16,335,331
Advertising and public service messages	17,377,974	9,716,787	55,743	(47,688)	27,102,816
Other	36,642,314	9,130,276	3,109,200	(5,407,256)	43,474,534
Total expenses	<u>321,143,150</u>	<u>62,861,146</u>	<u>30,877,754</u>	<u>(48,000,594)</u>	<u>366,881,456</u>
Change in net assets	5,134,883	—	(947,722)	—	4,187,161
Net assets at beginning of year	<u>272,246,608</u>	<u>—</u>	<u>2,233,332</u>	<u>—</u>	<u>274,479,940</u>
Net assets at end of year	<u>\$ 277,381,491</u>	<u>—</u>	<u>1,285,610</u>	<u>—</u>	<u>278,667,101</u>

See accompanying independent auditors' report.

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

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

Year ended June 30, 2019

	Planned Parenthood Federation of America, Inc.	Planned Parenthood Action Fund, Inc.	Planned Parenthood Global, Inc.	Eliminations	Consolidated Planned Parenthood Federation of America, Inc.
Revenue, net gains, and other support:					
Revenue and net gains:					
Contributions and grants:					
Direct response	\$ 515,983	23,943,271	—	—	24,459,254
Major donors, foundations, and corporations	54,748,392	20,836,725	—	—	75,585,117
Bequests and other planned giving revenue	3,613,051	119,604	—	—	3,732,655
Affiliates, other support	—	—	22,823,206	(22,823,206)	—
Total contributions and grants	<u>58,877,426</u>	<u>44,899,600</u>	<u>22,823,206</u>	<u>(22,823,206)</u>	<u>103,777,026</u>
Other revenue and net gain (losses):					
Investment income, net	2,240,295	—	—	—	2,240,295
Gain on beneficial interest in perpetual trust	13,535	—	—	—	13,535
Change in value of split-interest agreements	(176,960)	—	—	—	(176,960)
Fees for services and other revenue	—	—	—	—	—
Total other revenue and net gains (losses)	<u>2,076,870</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>2,076,870</u>
Net assets released from restrictions due to satisfaction of program and time restrictions	<u>(81,364,971)</u>	<u>(56,949,436)</u>	<u>(21,338,859)</u>	<u>22,823,206</u>	<u>(136,830,060)</u>
Total revenue, net gains (losses), and other support	<u>(20,410,675)</u>	<u>(12,049,836)</u>	<u>1,484,347</u>	<u>—</u>	<u>(30,976,164)</u>
Change in net assets	<u>(20,410,675)</u>	<u>(12,049,836)</u>	<u>1,484,347</u>	<u>—</u>	<u>(30,976,164)</u>
Net assets at beginning of year	121,333,618	22,872,096	2,596,561	—	146,802,275
Net assets at end of year	<u>\$ 100,922,943</u>	<u>10,822,260</u>	<u>4,080,908</u>	<u>—</u>	<u>115,826,111</u>

See accompanying independent auditors' report.