



**INTERNATIONAL PLANNED PARENTHOOD FEDERATION –  
WESTERN HEMISPHERE REGION, INC.**

Financial Statements

December 31, 2015

(with summarized comparative financial information as of and  
for the year ended December 31, 2014)

(With Independent Auditors' Report Thereon)



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

## Independent Auditors' Report

The Board of Directors  
International Planned Parenthood Federation –  
Western Hemisphere Region, Inc.:

We have audited the accompanying financial statements of International Planned Parenthood Federation – Western Hemisphere Region, Inc., which comprise the statement of financial position as of December 31, 2015, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

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

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

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these 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 financial statements are free from material misstatement.

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

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

### *Opinion*

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of International Planned Parenthood Federation – Western Hemisphere Region, Inc. as of December 31, 2015, and the changes in its net assets and its cash flows for the year then ended, in accordance with U.S. generally accepted accounting principles.



***Report on Summarized Comparative Information***

We have previously audited International Planned Parenthood Federation – Western Hemisphere Region, Inc.'s 2014 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 11, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2014 is consistent, in all material respects, with the audited financial statements from which it has been derived.

**KPMG LLP**

March 15, 2016

**INTERNATIONAL PLANNED PARENTHOOD FEDERATION –  
WESTERN HEMISPHERE REGION, INC.**

Statement of Financial Position

December 31, 2015

(with comparative financial information as of December 31, 2014)

Assets	2015			2014
	Unrestricted	Temporarily restricted	Total	Total
Cash and cash equivalents	\$ 2,917,843	4,746,564	7,664,407	7,768,286
Grants and contributions receivable, net (note 5)	2,775,275	2,750,901	5,526,176	9,260,442
Loans receivable and other assets (note 8)	71,417	959,412	1,030,829	901,109
Investments (notes 3 and 7)	22,854,796	8,051,464	30,906,260	32,037,006
Interest in The IPPF WHR Fund (notes 8, 9, and 10)	—	20,114,174	20,114,174	21,624,593
Due from The IPPF WHR Fund	—	—	—	140,164
Property, plant, and equipment, net (note 4)	11,911,233	—	11,911,233	12,414,381
Total assets	<u>\$ 40,530,564</u>	<u>36,622,515</u>	<u>77,153,079</u>	<u>84,145,981</u>
<b>Liabilities and Net Assets</b>				
Liabilities:				
Accounts payable and accrued expenses	\$ 621,974	488,955	1,110,929	1,141,492
Grants payable	1,503,349	1,561,389	3,064,738	6,312,411
Deferred revenue	—	228,865	228,865	844,217
Charitable gift annuities payable	1,451,475	—	1,451,475	1,197,025
Amounts held for IPPF/London for Cape Verde and APROFAM Guatemala MA (notes 3 and 7)	15,122,368	—	15,122,368	15,797,184
Total liabilities	<u>18,699,166</u>	<u>2,279,209</u>	<u>20,978,375</u>	<u>25,292,329</u>
Net assets:				
Unrestricted:				
Board designated	2,230,212	—	2,230,212	2,080,140
Board endowment fund (note 8)	4,002,482	—	4,002,482	4,000,420
Invested in fixed assets	11,911,233	—	11,911,233	12,414,381
Reserve for charitable gift annuities	1,498,653	—	1,498,653	1,587,564
Undesignated	2,188,818	—	2,188,818	3,078,886
Temporarily restricted (note 9):				
Interest in The IPPF WHR Fund (notes 8, 9, and 10)	—	20,114,174	20,114,174	21,624,593
Endowment fund for sustainability (notes 8 and 9)	—	1,649,431	1,649,431	1,702,478
Other	—	12,579,701	12,579,701	12,365,190
Total net assets	<u>21,831,398</u>	<u>34,343,306</u>	<u>56,174,704</u>	<u>58,853,652</u>
Total liabilities and net assets	<u>\$ 40,530,564</u>	<u>36,622,515</u>	<u>77,153,079</u>	<u>84,145,981</u>

See accompanying notes to financial statements.

**INTERNATIONAL PLANNED PARENTHOOD FEDERATION –  
WESTERN HEMISPHERE REGION, INC.**

Statement of Activities

Year ended December 31, 2015

(with summarized financial information for the year ended December 31, 2014)

	<b>2015</b>			<b>2014</b>
	<b>Unrestricted</b>	<b>Temporarily restricted</b>	<b>Total</b>	<b>Total</b>
Operating activities:				
Operating support and revenue:				
Operating contributions and grants:				
IPPF/London	\$ 9,306,049	802,332	10,108,381	10,142,259
Foundations	447,512	8,204,981	8,652,493	4,916,223
Government and inter-government grants	—	1,574,790	1,574,790	1,778,363
Bequests	452,854	6,980	459,834	945,377
Support from Member Association	—	—	—	3,148,082
Private contributions	3,557,932	891,121	4,449,053	3,468,122
Total operating contributions and grants	<u>13,764,347</u>	<u>11,480,204</u>	<u>25,244,551</u>	<u>24,398,426</u>
Interest and dividends, net of management fees of \$67,847 and \$70,570 in 2015 and 2014, respectively	67,056	69,905	136,961	133,047
Net (depreciation) appreciation in fair value of investments	(68,051)	(125,572)	(193,623)	14,733
Other	124,987	—	124,987	165,282
Endowment fund investment return used in operations (notes 3 and 8)	158,644	—	158,644	147,312
Distributions from The IPPF WHR Fund (note 10)	—	1,009,489	1,009,489	854,845
Net assets released from restrictions	11,662,238	(11,662,238)	—	—
Total operating support and revenue	<u>25,709,221</u>	<u>771,788</u>	<u>26,481,009</u>	<u>25,713,645</u>
Expenses:				
Program services:				
Core programs – Member Associations (MAs)	7,394,024	—	7,394,024	7,052,577
Adolescents	1,332,225	—	1,332,225	1,067,081
HIV/AIDS/STIs	213,882	—	213,882	133,039
Access	1,675,134	—	1,675,134	1,355,432
Abortion-related activities	4,133,485	—	4,133,485	4,941,910
Advocacy	2,800,062	—	2,800,062	3,225,109
Institutional development	3,192,645	—	3,192,645	3,093,523
Accreditation and governance	367,255	—	367,255	690,038
Evaluation	364,481	—	364,481	608,744
Communications	723,874	—	723,874	593,802
Total program services	<u>22,197,067</u>	<u>—</u>	<u>22,197,067</u>	<u>22,761,255</u>
Supporting services:				
Resource development	2,762,731	—	2,762,731	2,425,579
Management and general	1,228,998	—	1,228,998	1,053,295
Total supporting services	<u>3,991,729</u>	<u>—</u>	<u>3,991,729</u>	<u>3,478,874</u>
Total expenses	<u>26,188,796</u>	<u>—</u>	<u>26,188,796</u>	<u>26,240,129</u>
(Deficiency) excess of operating revenues over expenses	(479,575)	771,788	292,213	(526,484)
Nonoperating activities:				
Change in interest in the net assets of The IPPF WHR Fund (notes 8, 9, and 10)	—	(1,510,419)	(1,510,419)	(105,053)
Change in value for charitable gift annuities	(499,414)	—	(499,414)	(212,326)
Endowment fund investment return less than spending rate (notes 3 and 8)	(351,004)	—	(351,004)	(109,382)
Loss on foreign currency translation	—	(610,324)	(610,324)	—
Decrease in net assets	<u>(1,329,993)</u>	<u>(1,348,955)</u>	<u>(2,678,948)</u>	<u>(953,245)</u>
Net assets, beginning of year	<u>23,161,391</u>	<u>35,692,261</u>	<u>58,853,652</u>	<u>59,806,897</u>
Net assets, end of year	<u>\$ 21,831,398</u>	<u>34,343,306</u>	<u>56,174,704</u>	<u>58,853,652</u>

See accompanying notes to financial statements.

**INTERNATIONAL PLANNED PARENTHOOD FEDERATION –  
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Statement of Functional Expenses

Year ended December 31, 2015  
(with summarized financial information for the year ended December 31, 2014)

	Program services										Supporting services			Total		
	Core programs – Member Associations	Adolescents	HIV/ AIDS/STIs	Access	Abortion- related activities	Advocacy	Institutional development	Accreditation and governance	Evaluation	Communications	Total	Resource development	Management and general	Total	2015	2014
Grants, primarily to MAs	\$ 7,394,024	601,843	—	1,097,331	1,346,716	72,101	1,065,588	27,591	—	—	11,605,194	17,000	—	17,000	11,622,194	12,386,578
Salaries and employee benefits	—	435,111	129,103	292,160	1,672,480	1,331,581	1,450,944	166,101	240,937	405,993	6,124,410	1,197,646	1,270,585	2,468,231	8,592,641	7,993,974
Travel and per diem	—	48,556	50,918	90,403	198,995	566,818	98,044	62,548	8,518	16,588	1,141,388	57,087	8,259	65,346	1,206,734	1,462,725
Condo fees and office expenses	—	24,866	10,105	19,442	111,773	207,920	201,897	39,361	54,187	49,310	718,861	141,012	114,597	255,609	974,470	855,714
Mailing list rental	—	—	—	—	—	—	—	—	—	—	76,871	—	—	76,871	64,829	—
Printed and audiovisual materials	—	55	—	—	16,695	5,033	—	192	21	34,984	56,980	582,123	189	582,312	639,292	555,863
Telecommunications	—	3,617	571	1,052	9,917	12,045	21,462	2,063	5,433	1,709	57,869	5,832	6,357	12,189	70,058	76,870
Postage and shipping	—	891	107	435	1,730	4,285	2,102	690	517	1,576	12,333	238,163	1,236	239,399	251,732	228,990
Professional services	—	114,844	13,099	77,882	219,078	310,985	279,084	33,097	10,557	195,492	1,254,118	292,899	477,783	770,682	2,024,800	1,885,786
Other	—	21,665	1,252	3,328	8,551	9,310	5,450	7,684	2,419	767	60,426	73,806	86,089	159,895	220,321	230,893
Depreciation	—	19,549	8,727	15,360	59,347	69,820	68,074	27,928	41,892	17,455	328,152	80,292	101,239	181,531	509,683	497,907
Overhead allocated for restricted projects	—	61,228	—	77,741	488,203	210,164	—	—	—	—	837,336	—	(837,336)	(837,336)	—	—
Total operating expenses 2015	\$ 7,394,024	1,332,225	213,882	1,675,134	4,133,485	2,800,062	3,192,645	367,255	364,481	723,874	22,197,067	2,762,731	1,228,998	3,991,729	26,188,796	—
Total operating expenses 2014	\$ 7,052,577	1,067,081	133,039	1,355,432	4,941,910	3,225,109	3,093,523	690,038	608,744	593,802	22,761,255	2,425,579	1,053,295	3,478,874	—	26,240,129
Total expenses															\$ 26,188,796	26,240,129

See accompanying notes to financial statements.

**INTERNATIONAL PLANNED PARENTHOOD FEDERATION –  
WESTERN HEMISPHERE REGION, INC.**

Statement of Cash Flows

Year ended December 31, 2015

(with comparative financial information for the year ended December 31, 2014)

	<b>2015</b>	<b>2014</b>
Cash flows from operating activities:		
Decrease in net assets	\$ (2,678,948)	(953,245)
Adjustments to reconcile decrease in net assets to net cash used in operating activities:		
Depreciation and amortization	509,683	497,907
Loss on foreign currency translation	610,324	—
Net depreciation (appreciation) in fair value of investments	404,832	(52,663)
Change in interest in the net assets of The IPPF WHR Fund	1,510,419	105,053
Changes in assets and liabilities:		
Grants and contributions receivable	3,123,942	1,345,638
Accounts payable and accrued expenses	(30,563)	28,091
Grants payable	(3,247,673)	(3,167,066)
Charitable gift annuities payable	254,450	(60,396)
Deferred revenue	(615,352)	18,776
Due from The IPPF WHR Fund	140,164	(29,906)
Net cash used in operating activities	(18,722)	(2,267,811)
Cash flows from investing activities:		
Purchases of fixed assets	(6,535)	(158,290)
Proceeds from sale of investments	841,238	10,559,379
Purchases of investments	(790,140)	(9,417,463)
Loans receivable and other assets	(129,720)	115,323
Net cash (used in) provided by investing activities	(85,157)	1,098,949
Net decrease in cash and cash equivalents	(103,879)	(1,168,862)
Cash and cash equivalents, beginning of year	7,768,286	8,937,148
Cash and cash equivalents, end of year	\$ 7,664,407	7,768,286
Supplemental disclosure of cash flow information:		
Net (depreciation) appreciation of fair value of investments of amounts held for IPPF/London for Cape Verde funds and APROFAM Guatemala funds	\$ (674,816)	204,105

See accompanying notes to financial statements.

**INTERNATIONAL PLANNED PARENTHOOD FEDERATION –  
WESTERN HEMISPHERE REGION, INC.**

Notes to Financial Statements

December 31, 2015

(with comparative financial information as of and  
for the year ended December 31, 2014)

**(1) Organizational Structure and Activities**

International Planned Parenthood Federation – Western Hemisphere Region, Inc. (IPPF/WHR), a not-for-profit corporation exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code, was established to promote sexual and reproductive health, including family planning, in the Western Hemisphere. IPPF/WHR also functions as a regional component of International Planned Parenthood Federation, headquartered in London, England (IPPF/London). IPPF/WHR supports and coordinates sexual and reproductive health, including family planning activities carried out by 37 autonomous national member associations (MAs) in the Western Hemisphere, 3 collaborative partners and a number of other nonprofit organizations; and also provides financial and technical assistance and advisory services to these organizations. Such amounts from IPPF/London represented 38% and 39% of total operating support and revenue for the years ended December 31, 2015 and 2014, respectively.

Unrestricted support received from IPPF/London is used for both program and supporting services. Other unrestricted support received by IPPF/WHR is allocated in amounts determined by the IPPF/WHR Allocations Committee of the board of directors to projects, the purpose of which is to advance the cause of sexual reproductive health, including family planning. In 2015 and 2014, IPPF/London has made grants directly to IPPF/WHR for its use in the region, and accordingly, IPPF/WHR has included such support in the accompanying statement of activities.

IPPF/WHR's principal programs consist of the following:

**(a) Core Programs – Member Associations**

Grants made to member associations for core programs, services, and other operations to achieve their overall social mission of improving sexual and reproductive health.

**(b) Adolescents**

Programs and services to ensure that all adolescents and young people are aware of their sexual and reproductive rights are empowered to make informed choices regarding their sexual and reproductive health, and are able to act on these choices.

**(c) HIV/AIDS/STIs**

Programs and services to ensure the full protection of the rights of people infected and affected by HIV/AIDS/STIs and the reduction in the global incidence of HIV/AIDS/STIs.

**(d) Access**

Programs and services to ensure that all people, particularly the poor, marginalized, and underserved, are able to exercise their rights, make free and informed choices about their sexual and reproductive health, and access sexual and reproductive health information, sexuality education, and high-quality services. This includes programs in the areas of emergency contraception, gender-based violence, quality of care, and programs for especially underserved populations, as well as efforts to improve the degree to which programs integrate sexuality, gender, and respect for all rights.



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Notes to Financial Statements

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**(e) *Abortion-Related Activities***

Activities to eliminate unsafe abortion, to ensure the universal recognition of a woman's right to choose, and to have access to safe abortion.

**(f) *Advocacy***

Efforts to generate strong public, political, and financial commitment to and support for sexual and reproductive health and rights at the national and international levels.

**(g) *Institutional Development***

Efforts to ensure that MAs achieve a maximum level of institutional capacity in order to fulfill their social mission to increase access to comprehensive sexual and reproductive health information, education, and services for all people. Costs related to developing the institutional capacity of MAs to conduct work in the areas of Adolescents, HIV/AIDS/STIs, Access, Abortion-Related Activities, and Advocacy.

**(h) *Accreditation and Governance***

Efforts designed to strengthen governance structures and processes at MAs.

**(i) *Evaluation***

Efforts designed to strengthen the capacity of MAs to conduct evaluation strategically and to disseminate the results effectively.

**(j) *Communications***

IPPF/WHR's communications team oversees all external communications for the regional office. The communications staff oversees the development of speeches, videos, publications, media outreach materials, and online content with an eye toward highlighting the work in our region and promoting the work of IPPF/WHR and its member associations to external audiences. Communications team members of the Regional Office also work closely with communications staff at MAs to strengthen the IPPF/WHR communications network. In this capacity, the Regional Office works to amplify MA communications activities by sharing information and news with the network and identifying opportunities for media coverage.

**(2) Significant Accounting Policies**

**(a) *Basis of Accounting***

The financial statements of IPPF/WHR are prepared on the accrual basis of accounting.

**INTERNATIONAL PLANNED PARENTHOOD FEDERATION –  
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Unrestricted net assets represent resources over which IPPF/WHR has full discretion with respect to use. Certain unrestricted net assets are designated by the board of directors for specified purposes. Temporarily restricted net assets represent expendable resources, which have been time or purpose restricted by the donor. Revenues are reported as increases in unrestricted net assets unless their use is limited by donor-imposed restrictions. Gains and losses on investments are reported as increases or decreases in unrestricted net assets unless their use is restricted by donors or by law. Expenses are reported as decreases in unrestricted net assets. When a donor restriction is accomplished by satisfying the restricted purpose or time restriction, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

**(b) *Operations***

IPPF/WHR excludes from operating activities realized and unrealized gains and losses on investments related to its endowment funds (note 8), change in interest in the net assets of The IPPF WHR Fund (note 10), change in value for charitable gift annuities, bequests designated by the Allocations Committee of the board of directors, and nonrecurring gains and losses. All other revenue and all expenses are included in operating activities.

**(c) *Grants and Contributions***

Grants and contributions, including unconditional promises to give, are recognized as revenue in the period received at the estimated present value of future cash flows. Amortization of the present value discount is recorded as additional contribution revenue in the appropriate net asset class. Contributions are considered to be available for unrestricted use, unless specifically restricted by the donor. Contributions received in securities or property are recorded at estimated fair value at the date of the gift. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. Bequest income is recorded when the will is declared valid and amounts can be reasonably determined.

Grants and contributions that specify a member association as the ultimate beneficiary are recognized as revenue in the period received. The related grant expense is recorded upon the signing of the sub grant agreement. Grants and contributions received on behalf of a specified nonmember organization as beneficiary are recorded as a liability to the specified beneficiary concurrent with recognition of the assets received from the donor.

IPPF/WHR enters into agreements with donors to accept and administer charitable gift annuities. Such agreements provide for payments to the donors or their beneficiaries based upon either the income earned on related investments or specified annuity amounts. Assets held under charitable gift annuities are included in investments. Contribution revenue is recognized at the date the annuity contract is established after recording liabilities for the estimated future payments expected to be made to the donors and/or other beneficiaries. The liabilities are adjusted annually for changes in the life expectancy of the beneficiary, amortization of the discount, and other changes in the estimates of future payments.

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**(d) Cash and Cash Equivalents**

IPPF/WHR generally considers all highly liquid debt instruments with an original maturity of three months or less to be cash equivalents, except those held by its investment managers as part of their investment portfolio.

**(e) Investments**

Investments are reported at fair value based on quoted market prices.

**(f) Fair Value**

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 on the measurement date. The standard establishes a fair value hierarchy, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

Level 1: Quoted prices in active markets for identical assets or liabilities.

Level 2: Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3: Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the asset or liabilities.

The following discussion describes the valuation methodologies used for financial assets measured at fair value. The techniques utilized in estimating the fair values are affected by the assumptions used, including discount rates and estimates of the amount and timing of future cash flows. Care should be exercised in deriving conclusions about IPPF/WHR's business, its value, or financial position, based on the fair value information of financial assets presented below.

Fair value estimates are made at a specific point in time, based on available market information and judgments about the financial asset, including estimates of timing, amount of expected future cash flows, and the credit standing of the issuer. In some cases, the fair value estimates cannot be substantiated by comparison to independent markets. In addition, the disclosed fair value may not be realized in the immediate settlement of the financial asset. In addition, the disclosed fair values do not reflect any premium or discount that could result from offering for sale at one time an entire holding of a particular financial asset. Potential taxes and other expenses that would be incurred in an actual sale or settlement are not reflected in amounts disclosed.

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At December 31, 2015, the carrying value of IPPF/WHR's receivables, accounts payable and accrued expenses, and grants payable approximates their fair values because of the terms and relatively short maturities of these financial instruments. The carrying amount of charitable gift annuities payable approximates fair value because these instruments are recorded at the estimated net present value of future cash flows. The estimated fair values, however, involve unobservable inputs considered to be Level 3 in the fair value hierarchy.

**(g) Fixed Assets**

Office furniture, equipment, and leasehold improvements are carried at cost. Depreciation and amortization are provided on the straight-line method over 3 to 10 years for office furniture and equipment and the lesser of the lease term or estimated useful life for leasehold improvements. During 2010, IPPF/WHR purchased a floor in a building and depreciation began upon occupancy in August 2011 and is provided on the straight-line method over 39.5 years.

**(h) Expenses**

The costs of the various programs and other activities have been classified on a functional basis in the statements of activities and functional expenses. Expenses that can be directly identified with a program or supporting service are charged accordingly. Other costs, including condo fees, telephone and postage, are allocated among the programs and supporting services benefited based upon salary expense. Depreciation expense is allocated among the programs and supporting services benefited based on number of employees within department.

Grants made are recognized as expenses and liabilities in the period in which they are formally approved and communicated to the grantee.

**(i) Use of Estimates**

The preparation of 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 and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**(j) Comparative Financial Information**

The accompanying statements of activities and functional expenses are presented with prior year summarized financial information in total, but not by net asset class or functional category. 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 IPPF/WHR's December 31, 2014 financial statements from which the summarized information was derived.

**INTERNATIONAL PLANNED PARENTHOOD FEDERATION –  
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**(k) Income Taxes**

IPPF/WHR is not subject to income taxes except to the extent it has taxable income from activities that are not related to its exempt purpose. IPPF/WHR recognizes the effect of income tax positions only if those positions are more likely than not of being sustained. No provision for income taxes was required for fiscal 2015 or 2014.

**(3) Investments**

IPPF/WHR 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 changes could materially affect the amounts reported in the statement of financial position.

The following table presents IPPF/WHR's fair value hierarchy for those assets measured at fair value as of December 31, 2015 and 2014:

	<b>2015</b>		<b>2014</b>	
	<b>Total</b>	<b>Level 1</b>	<b>Total</b>	<b>Level 1</b>
Financial assets:				
Investments:				
Mutual funds	\$ 28,198,935	28,198,935	29,280,796	29,280,796
Money market investments	700,453	700,453	634,718	634,718
Fixed income:				
U.S. Treasury bonds	429,610	429,610	268,190	268,190
Corporate bonds – domestic	403,550	403,550	510,184	510,184
International bonds	37,352	37,352	42,951	42,951
Equities:				
Domestic mutual funds	1,008,505	1,008,505	1,157,969	1,157,969
International mutual funds	127,855	127,855	142,198	142,198
Total	<u>\$ 30,906,260</u>	<u>30,906,260</u>	<u>32,037,006</u>	<u>32,037,006</u>

The mutual funds are invested in U.S. equities, international equities, and fixed income securities.

Endowment fund investment return consists entirely of net (depreciation) appreciation in fair value of investments in both 2015 and 2014 of \$(192,360) and \$37,930, respectively.

At December 31, 2015 and 2014, \$15,122,368 and \$15,797,184 of the above assets are held for IPPF/London for Cape Verde and APROFAM Guatemala MA (note 7).

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**(4) Property and Equipment**

Property and equipment consisted of the following as of December 31, 2015 and 2014:

	<b>2015</b>	<b>2014</b>
Building	\$ 12,966,075	12,966,075
Office furniture and equipment	1,268,991	1,262,456
	14,235,066	14,228,531
Less accumulated depreciation and amortization	(2,323,833)	(1,814,150)
	\$ 11,911,233	12,414,381

**(5) Grants and Contributions Receivable**

Grants and contributions receivable as of December 31, 2015 and 2014 are primarily expected to be received as follows:

	<b>2015</b>	<b>2014</b>
Amounts due to be collected:		
Less than one year	\$ 4,490,308	8,158,770
One to two years	1,035,868	1,101,672
	\$ 5,526,176	9,260,442

Grants and contributions receivable as of December 31, 2015 and 2014 include \$1,553,901 and \$1,086,735, respectively, due from IPPF/London.

**(6) Pension Plan**

IPPF/WHR has a noncontributory defined-contribution plan covering substantially all employees. Contributions are determined based on 11.37% of eligible total employee compensation. Pension expense for the years ended December 31, 2015 and 2014 was \$667,956 and \$554,682, respectively. Additionally, IPPF/WHR offers employees the option to contribute to a 403(b) plan; however, IPPF/WHR does not match any percentage of the contributions.

**(7) Amounts Held for IPPF/London for Cape Verde Funds and for APROFAM Association Pro-Bienestar de la Familia de Guatemala**

At December 31, 2015 and 2014, IPPF/WHR held \$1,217,406 and \$1,271,731, respectively, on behalf of IPPF/London. These funds, originally received by IPPF/London from the United States Agency for International Development (USAID), are to be used as a quasi-endowment fund to provide a permanent source of financial support for family planning and sexual and reproductive health programs in Cape Verde, Africa. IPPF/WHR has invested these funds on behalf of IPPF/London.

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In April 2005, APROFAM Association Pro-Bienestar de la Familia de Guatemala, member association of IPPF in the Western Hemisphere Region, designated IPPF/WHR as its agent for the purpose of investing the APROFAM sustainability funds for its mission of providing quality family planning and reproductive and child health services to lower income families in Guatemala. As agent, IPPF/WHR shall have no liability to APROFAM for any actions or failure to act under the custodian agreement. IPPF/WHR invested the APROFAM funds of \$7,593,524 in April 2005. At December 31, 2015 and 2014, these funds were valued at \$13,904,962 and \$14,525,453, respectively. No distributions were made during 2015 and 2014.

**(8) Endowment Funds**

IPPF/WHR has a temporarily restricted and a board-designated endowment fund: the Endowment Fund for Sustainability (EFS) and the IPPF/WHR Board Endowment Fund (the Fund).

The EFS is a temporarily restricted fund created in 1998 by IPPF/WHR and USAID as a source of low-interest loans and grants for income-generating and sustainability efforts of IPPF/WHR associations. Loans receivable and other assets at December 31, 2015 and 2014 include \$865,585 and \$741,542, respectively, of loans receivable from affiliated MAs. The loans bear interest at rates ranging from the London Interbank Offered Rate plus 0.354% to 7.000% and are due through 2027. This fund's net assets at December 31, 2015 and 2014 totaled \$1,649,431 and \$1,702,478, respectively.

The Fund was established by IPPF/WHR's board of directors in 1999 as a means to enhance the sustainability of the Regional Office (IPPF/WHR). In 2002, IPPF/WHR designated approximately \$18 million from a single bequest to be added to the Fund. At its meeting in June 2002, the board of directors agreed not to use this Fund for a period of two years in order to restore some of the Fund's value, which had been reduced by investment losses. In 2005, the board of directors approved an annual spending rate of 4% of the three-year rolling average for this Fund. In April 2006, IPPF/WHR's board of directors approved a transfer of \$18 million to The IPPF WHR Fund, a not-for-profit corporation exempt from income tax under Section 501(c)(3) of the Internal Revenue Code, established to promote sexual and reproductive health, including family planning in the Western Hemisphere Region (note 10). It is a temporarily restricted fund with net assets of \$20,114,174 and \$21,624,593 at December 31, 2015 and 2014, respectively.

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IPPF/WHR had the following unrestricted endowment-related activities at December 31, 2015 and 2014:

	<b>2015 Board- designated endowment funds</b>	<b>2014 Board- designated endowment funds</b>
Endowment net assets, beginning of year	\$ 4,000,420	3,572,649
Additions	353,066	537,153
Net (depreciation) appreciation	(192,360)	37,930
Amounts appropriated per spending policy	(158,644)	(147,312)
Endowment net assets, end of year	<u>\$ 4,002,482</u>	<u>4,000,420</u>

**(9) Temporarily Restricted Net Assets**

Temporarily restricted net assets at December 31, 2015 and 2014 are available subject to time and purpose restrictions as follows:

	<b>2015</b>	<b>2014</b>
Interest in The IPPF WHR Fund – time restricted	\$ 20,114,174	21,624,593
Endowment fund for sustainability	1,649,431	1,702,478
Institutional development	4,684,697	6,149,088
Abortion-related activities	4,621,842	3,654,285
Advocacy	1,477,707	1,129,587
Access	1,103,387	538,110
Adolescents	300,879	395,792
Other	391,189	498,328
	<u>\$ 34,343,306</u>	<u>35,692,261</u>

**(10) Interest in The IPPF WHR Fund**

In 2006, IPPF/WHR adopted the provisions of Accounting Standards Codification Topic 958 (ASC 958), *Not-for-Profit Entities*, ASC 958 establishes standards for transactions that are not contributions because the transfers are revocable, repayable, or reciprocal. A transfer of assets to a recipient organization is an equity transfer if (i) the resource provider specifies itself or its affiliates as the beneficiary, (ii) the resource provider and the recipient organization are financially interrelated organizations, and (iii) neither the resource provider nor its affiliate expects payment of the transferred assets, although payment of investment return on the transferred assets may be expected. In accordance with ASC 958, at December 31, 2015 and 2014, IPPF/WHR has recorded its interest of \$20,114,174 and \$21,624,593, respectively, in The IPPF WHR Fund. The decrease in its interest in the net assets of The IPPF WHR Fund of \$1,510,419 and \$105,053 was recorded in the statements of activities for the years ended December 31, 2015 and 2014, respectively.



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**(11) Subsequent Events**

IPPF/WHR evaluated events subsequent to December 31, 2015 through March 15, 2016, the date on which the financial statements were available to be issued, and has concluded that there are no subsequent events for disclosure.