

**International Planned  
Parenthood Federation  
Western Hemisphere Region, Inc.**

**Financial Statements  
Year Ended December 31, 2020**

**International Planned Parenthood Federation  
Western Hemisphere Region, Inc.**

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Financial Statements  
Year Ended December 31, 2020

**International Planned Parenthood Federation  
Western Hemisphere Region, Inc.**

**Contents**

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<b>Independent Auditor's Report</b>	3-4
<b>Financial Statements</b>	
Statement of Financial Position as of December 31, 2020	5
Statement of Activities for the Year Ended December 31, 2020	6
Statement of Functional Expenses for the Year Ended December 31, 2020	7
Statement of Cash Flows for the Year Ended December 31, 2020	8
Notes to Financial Statements	9-26



## Independent Auditor's Report

The Board of Directors  
International Planned Parenthood Federation  
Western Hemisphere Region, Inc.  
New York, New York

### *Opinion*

We have audited the accompanying financial statements of International Planned Parenthood Federation Western Hemisphere Region, Inc. (IPPFWHR), which comprise the statement of financial position as of December 31, 2020, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of IPPFWHR as of December 31, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### *Basis for Opinion*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of IPPFWHR and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Responsibilities of Management for the Financial Statements*

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about IPPFWHR's ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.



### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 IPPFWHR's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about IPPFWHR's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings and certain internal control-related matters that we identified during the audit.

### **Report on Summarized Comparative Information**

We have previously audited IPPFWHR's 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated April 9, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019 is consistent, in all material respects, with the audited financial statements from which it has been derived.

*BDO USA, LLP*

April 15, 2021

**International Planned Parenthood Federation  
Western Hemisphere Region, Inc.**

**Statement of Financial Position  
(with comparative totals for 2019)**

	<i>December 31,</i>			
	2020			2019
	Without Donor Restrictions	With Donor Restrictions	Total	Total
<b>Assets</b>				
Cash and cash equivalents (Note 2)	\$ 21,801,256	\$ 11,263,004	\$ 33,064,260	\$ 20,598,231
Board-designated cash - Reserve for Packard PRI (Notes 2 and 10)	600,000	-	600,000	-
Grants and contributions receivable (Note 5)	1,405,753	5,571,406	6,977,159	10,624,636
Loans receivable and other assets (Notes 2 and 10)	165,264	585,919	751,183	418,902
Investments (Notes 4 and 9)	15,048,032	3,943,741	18,991,773	18,640,177
Investments held for IPPF London for Cape Verde and APROFAM Guatemala partner (Notes 4 and 9)	21,111,741	-	21,111,741	19,162,605
Interest in the IPPF-WHR Fund (Notes 10, 11 and 13)	-	23,143,334	23,143,334	21,591,984
Property, plant and equipment, net (Note 6)	10,156,540	-	10,156,540	10,454,250
<b>Total Assets</b>	<b>\$ 70,288,586</b>	<b>\$ 44,507,404</b>	<b>\$ 114,795,990</b>	<b>\$ 101,490,785</b>
<b>Liabilities and Net Assets</b>				
<b>Liabilities</b>				
Accounts payable and accrued expenses	\$ 1,486,260	\$ 588,089	\$ 2,074,349	\$ 2,106,766
Grants payable (Note 7)	1,063,753	3,030,607	4,094,360	5,159,862
Refundable advances	-	649,138	649,138	728,285
Charitable gift annuities payable	1,166,712	-	1,166,712	1,187,673
Amounts held for IPPF London for Cape Verde and APROFAM Guatemala partner (Notes 4 and 9)	21,111,741	-	21,111,741	19,162,605
<b>Total Liabilities</b>	<b>24,828,466</b>	<b>4,267,834</b>	<b>29,096,300</b>	<b>28,345,191</b>
<b>Net Assets</b>				
Without donor restrictions:				
Board-designated	5,481,682	-	5,481,682	4,186,823
Board endowment fund (Note 10)	10,565,911	-	10,565,911	9,983,600
Invested in fixed assets	10,156,540	-	10,156,540	10,454,250
Reserve for charitable gift annuities	1,175,785	-	1,175,785	1,217,902
Undesignated	18,080,202	-	18,080,202	5,514,302
With donor restrictions:				
Interest in the IPPF-WHR Fund (Notes 10, 11 and 13)	-	23,143,334	23,143,334	21,591,984
Endowment Fund for Sustainability (Notes 10 and 11)	-	2,040,689	2,040,689	1,901,494
Other	-	15,055,547	15,055,547	18,295,239
<b>Total Net Assets</b>	<b>45,460,120</b>	<b>40,239,570</b>	<b>85,699,690</b>	<b>73,145,594</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 70,288,586</b>	<b>\$ 44,507,404</b>	<b>\$ 114,795,990</b>	<b>\$ 101,490,785</b>

*See accompanying notes to financial statements.*

# International Planned Parenthood Federation Western Hemisphere Region, Inc.

## Statement of Activities (with comparative totals for 2019)

	<i>Year ended December 31,</i>			
	2020			2019
	Without Donor Restrictions	With Donor Restrictions	Total	Total
<b>Operating Support and Revenue</b>				
Operating contributions and grants:				
IPPF London	\$ 5,038,597	\$ 336,278	\$ 5,374,875	\$ 9,571,722
Foundations	778,537	5,700,197	6,478,734	17,192,568
Government and inter-government grants	-	1,727,201	1,727,201	863,948
Support from partners	-	32,321	32,321	39,059
Bequests	12,065,575	-	12,065,575	943,889
Private contributions	7,778,882	2,335,292	10,114,174	8,401,434
<b>Total Operating Contributions and Grants</b>	<b>25,661,591</b>	<b>10,131,289</b>	<b>35,792,880</b>	<b>37,012,620</b>
Endowment fund investment return used in operations (Notes 4 and 10)	382,680	-	382,680	351,453
Distributions from the IPPF-WHR Fund (Notes 10 and 13)	-	865,101	865,101	878,758
Net assets released from restrictions (Note 12)	14,052,555	(14,052,555)	-	-
<b>Total Operating Support and Revenue</b>	<b>40,096,826</b>	<b>(3,056,165)</b>	<b>37,040,661</b>	<b>38,242,831</b>
<b>Expenses</b>				
Program services:				
Advocacy	3,087,619	-	3,087,619	3,558,177
Engage leaders	440,730	-	440,730	550,467
Comprehensive sexuality education	2,545,003	-	2,545,003	2,073,429
Media and public opinion	1,342,959	-	1,342,959	1,330,340
Deliver services directly	6,249,484	-	6,249,484	13,127,745
Enable services	1,099,141	-	1,099,141	2,177,358
Institutional development	6,746,069	-	6,746,069	6,551,434
Volunteers and supporters	1,023,028	-	1,023,028	1,368,411
<b>Total Program Services</b>	<b>22,534,033</b>	<b>-</b>	<b>22,534,033</b>	<b>30,737,361</b>
Supporting services:				
Resource development	3,751,825	-	3,751,825	3,228,669
Management and general	761,720	-	761,720	1,085,915
<b>Total Supporting Services</b>	<b>4,513,545</b>	<b>-</b>	<b>4,513,545</b>	<b>4,314,584</b>
<b>Total Expenses</b>	<b>27,047,578</b>	<b>-</b>	<b>27,047,578</b>	<b>35,051,945</b>
<b>Change in Net Assets Before Non-Operating Activities</b>	<b>13,049,248</b>	<b>(3,056,165)</b>	<b>9,993,083</b>	<b>3,190,886</b>
<b>Non-Operating Activities</b>				
Related to investments return:				
Change in interest in the net assets of the IPPF-WHR Fund (Notes 10, 11 and 13)	-	1,551,350	1,551,350	2,016,228
Endowment fund investment return in excess of spending rate (Notes 4 and 10)	582,312	-	582,312	1,043,472
Investment return, net	202,997	237,522	440,519	730,569
Change in value for charitable gift annuities	(140,695)	-	(140,695)	(110,316)
<b>Total Related to Investments Return</b>	<b>644,614</b>	<b>1,788,872</b>	<b>2,433,486</b>	<b>3,679,953</b>
Rental income	409,141	330	409,471	480,817
Gain (loss) on foreign currency translation	240	(282,184)	(281,944)	-
<b>Total Non-Operating Activities</b>	<b>1,053,995</b>	<b>1,507,018</b>	<b>2,561,013</b>	<b>4,160,770</b>
<b>Change in Net Assets</b>	<b>14,103,243</b>	<b>(1,549,147)</b>	<b>12,554,096</b>	<b>7,351,656</b>
<b>Net Assets, beginning of year</b>	<b>31,356,877</b>	<b>41,788,717</b>	<b>73,145,594</b>	<b>65,793,938</b>
<b>Net Assets, end of year</b>	<b>\$ 45,460,120</b>	<b>\$ 40,239,570</b>	<b>\$ 85,699,690</b>	<b>\$ 73,145,594</b>

*See accompanying notes to financial statements.*

**International Planned Parenthood Federation  
Western Hemisphere Region, Inc.**

**Statement of Functional Expenses  
(with comparative totals for 2019)**

*Year ended December 31,*

	Program Services								Supporting Services			Total		
	Advocacy	Engage Leaders	Comprehensive Sexuality Education	Media and Public Opinion	Deliver Services Directly	Enable Services	Institutional Development	Volunteers and Supporters	Total	Resource Development	Management and General	Total	2020	2019
Grants, primarily to partners	\$ 1,443,477	\$ 199,596	\$ 2,045,381	\$ 649,637	\$ 3,905,402	\$ 758,521	\$ 3,256,863	\$ 349,798	\$ 12,608,675	\$ -	\$ -	\$ -	\$ 12,608,675	\$ 19,214,505
Salaries and employee benefits	767,071	140,689	181,891	300,398	866,416	111,902	1,522,620	368,978	4,259,965	1,222,382	1,315,079	2,537,461	6,797,426	9,159,566
Travel and per diem	36,629	15,436	3,602	8,218	20,693	2,358	22,423	7,437	116,796	11,073	5,203	16,276	133,072	1,349,972
Condo fees and office expenses	189,253	13,735	13,649	57,352	95,936	10,098	248,751	41,694	670,468	304,508	109,777	414,285	1,084,753	916,088
Mailing list rental	-	-	-	-	-	-	-	-	-	115,427	-	115,427	115,427	105,445
Printed and audiovisual materials	4,094	684	37	23,094	37	24	2,172	10,215	40,357	659,361	5,343	664,704	705,061	727,467
Telecommunications	6,182	703	643	1,828	4,157	466	8,647	1,469	24,095	7,935	5,040	12,975	37,070	33,073
Postage and shipping	1,767	1,241	112	4,603	917	73	3,019	1,024	12,756	303,376	920	304,296	317,052	286,620
Professional services	309,519	42,626	108,164	188,843	663,518	108,991	1,402,823	219,573	3,044,057	929,935	647,346	1,577,281	4,621,338	2,597,720
Fellowship and awards	4,750	2,806	2,880	2,124	3,777	1,940	2,452	1,077	21,806	38,732	9,050	47,782	69,588	76,235
Other	1,552	1,185	31	-	960	22	1,456	-	5,206	54,309	75,424	129,733	134,939	181,493
Depreciation and amortization	42,721	8,665	9,370	23,577	47,658	5,844	77,280	21,763	236,878	104,787	81,512	186,299	423,177	403,761
Overhead allocated for restricted projects	280,604	13,364	179,243	83,285	640,013	98,902	197,563	-	1,492,974	-	(1,492,974)	(1,492,974)	-	-
<b>Total Operating Expenses 2020</b>	<b>\$ 3,087,619</b>	<b>\$ 440,730</b>	<b>\$ 2,545,003</b>	<b>\$ 1,342,959</b>	<b>\$ 6,249,484</b>	<b>\$ 1,099,141</b>	<b>\$ 6,746,069</b>	<b>\$ 1,023,028</b>	<b>\$ 22,534,033</b>	<b>\$ 3,751,825</b>	<b>\$ 761,720</b>	<b>\$ 4,513,545</b>	<b>\$ 27,047,578</b>	
<b>Total Operating Expenses 2019</b>	<b>\$ 3,558,177</b>	<b>\$ 550,467</b>	<b>\$ 2,073,429</b>	<b>\$ 1,330,340</b>	<b>\$ 13,127,745</b>	<b>\$ 2,177,358</b>	<b>\$ 6,551,434</b>	<b>\$ 1,368,411</b>	<b>\$ 30,737,361</b>	<b>\$ 3,228,669</b>	<b>\$ 1,085,915</b>	<b>\$ 4,314,584</b>		<b>\$ 35,051,945</b>

*See accompanying notes to financial statements.*



**International Planned Parenthood Federation  
Western Hemisphere Region, Inc.**

**Statement of Cash Flows  
(with comparative totals for 2019)**

	<i>Year ended December 31,</i>	
	<u>2020</u>	<u>2019</u>
<b>Cash Flows from Operating Activities</b>		
Increase in net assets	\$ 12,554,096	\$ 7,351,656
Adjustments to reconcile increase (decrease) in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	423,177	403,761
Donated stocks	(2,657,837)	(259,062)
Loss on foreign currency translation	281,944	-
Net appreciation in fair value of investments	(1,287,518)	(1,942,492)
Change in interest in the net assets of the IPPF-WHR Fund	(1,551,350)	(2,016,228)
Changes in assets and liabilities:		
Grants and contributions receivable	3,647,477	(4,482,428)
Other assets	57,612	21,654
Accounts payable and accrued expenses	(32,417)	37,787
Grants payable	(1,065,502)	2,092,965
Charitable gift annuities payable	(20,961)	36,458
Refundable advances	(79,147)	(118,760)
<b>Net Cash Provided by Operating Activities</b>	<u>10,269,574</u>	<u>1,125,311</u>
<b>Cash Flows from Investing Activities</b>		
Purchases of fixed assets	(125,467)	(157,625)
Proceeds from sale of investments	24,545,767	17,598,128
Purchases of investments	(20,952,008)	(15,525,588)
Disbursements of new loans receivable	(944,922)	(70,000)
Collection of loans receivable	555,029	371,470
<b>Net Cash Provided by Investing Activities</b>	<u>3,078,399</u>	<u>2,216,385</u>
<b>Net Increase in Cash and Cash Equivalents and Restricted Cash</b>	13,347,973	3,341,696
<b>Cash and Cash Equivalents and Restricted Cash, beginning of year</b>	20,598,231	17,256,535
<b>Effects of Currency Translation on Cash and Cash Equivalents</b>	<u>(281,944)</u>	<u>-</u>
<b>Cash and Cash Equivalents and Restricted Cash, end of year</b>	<u>\$ 33,664,260</u>	<u>\$ 20,598,231</u>
<b>Supplemental Disclosure of Cash Flow Information</b>		
Net appreciation in fair value of investments of amounts held for IPPF London for Cape Verde funds and APROFAM Guatemala funds	<u>\$ 1,949,136</u>	<u>\$ 2,635,991</u>

*See accompanying notes to financial statements.*

# International Planned Parenthood Federation Western Hemisphere Region, Inc.

## Notes to Financial Statements

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### 1. Organizational Structure and Activities

International Planned Parenthood Federation Western Hemisphere Region, Inc. (IPPFWHR), a not-for-profit corporation exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC), was established in 1954 to promote sexual and reproductive health, including family planning, in the Western Hemisphere. IPPFWHR is no longer a membership organization. It is now a charitable corporation that was approved by New York State in early 2021. The organization continues its work with partners that are independent non-governmental national organizations in North and Latin America and the Caribbean that work in the sexual and reproductive health and rights field. The Board of Directors has nine members and is comprised of seven independent directors, as well as up to two Directors that shall be from the Board of Directors or Member Assemblies of Partner Organizations.

IPPFWHR is an independent legal entity that functioned as a regional partner of International Planned Parenthood Federation, headquartered in London, England (IPPF London) until August 31, 2020. In 2020, IPPFWHR's Board of Directors approved a resolution whereby the IPPFWHR Regional Council unanimously voted to separate from IPPF London. After which, IPPFWHR reinvented its business and funding models, as well as funding and organizational structure. The organization transformed into an intersectional feminist ecosystem to ensure that women and girls are at the center of IPPFWHR's work. IPPFWHR's feminist stance is about inclusion and diversity and is echoed throughout the new horizontal model of cooperation with its partners. IPPFWHR and its ecosystem are committed to dismantling the patriarchal and colonial power structures in the region that affect people's rights and needs. IPPFWHR's transformation means that it is more closely tuned in to the actual needs and rights and priorities of women and girls in the region and has better insight into who its partners serve.

At the end of 2020, IPPFWHR's ecosystem included 24 partners that work in 21 countries. In 2021, IPPFWHR's network expanded and includes seven additional partners. The ecosystem includes Federación Internacional de la Planeación Familiar - Mexico, A.C. (Mexico), a Mexican entity formed in 2017. IPPFWHR paid Mexico consulting expenses related to carrying out Mexico's mission. IPPFWHR also provides financial and technical assistance and advisory services to these organizations. The IPPF-WHR Fund (the Fund), a not-for-profit corporation, was formed exclusively for charitable purposes (see Notes 10, 11 and 13).

Amounts from IPPF London represent 15% and 25% of total operating support and revenue for the years ended December 31, 2020 and 2019, respectively. Amounts received from IPPF London are used for both program and support services. In 2020 and 2019, IPPF London has made grants directly to IPPFWHR for its use in the region and, accordingly, IPPFWHR has included such support in the accompanying statement of activities.

In 2018, IPPFWHR became a founding member and 20% equity partner in a newly formed for-profit entity in Panama, IPPFWHR Innova, S.A. (Innova), with a payment of \$200,000. The entity was established with IPPFWHR partner organizations to provide access to family planning and reproductive health products.

IPPF Canada (IPPF Canada) is a leading advocate and grant maker for sexual and reproductive health and rights for all. IPPF Canada was incorporated on March 19, 2018 under the Canada Not-for-Profit Corporations Act as a corporation without share capital. IPPFWHR is the sole member of IPPF Canada; as such, IPPF Canada's financial information will be consolidated into IPPFWHR's financial statements. IPPF Canada is classified as a charitable organization as defined in paragraph 149.1(1)

# International Planned Parenthood Federation Western Hemisphere Region, Inc.

## Notes to Financial Statements

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of the Income Tax Act (Canada) (the Tax Act) and, therefore, is exempt from income tax providing that it complies with the donation and certain other requirements as specified by the Tax Act.

IPPFWHR does not have controlling financial interest in any of the above-mentioned entities except for IPPF Canada. The accompanying financial statements include the accounts of IPPFWHR and IPPF Canada. The activity for IPPF Canada was immaterial to the accompanying financial statements. All intercompany balances and transactions have been eliminated in consolidation.

IPPFWHR has its own strategic framework that is approved by the IPPFWHR Board of Directors. IPPFWHR's activities also responded and contributed to the Global Strategic Framework of IPPF London until August 31, 2020. Due to the separation from IPPF London, IPPFWHR Regional Council approved a governance and business and funding models reform package, as presented by the task forces formed by the IPPFWHR Chairwoman of the Board and amended by the regional Bylaws.

IPPFWHR's strategy responds to social, political and demographic global trends. These include the expectations and potential of the largest ever generation of young people; ongoing, significant social and economic inequalities, including discrimination against girls and women; and opposition that threatens gains in human rights. It is also guided by evaluations and analyses of IPPFWHR's work—strengths, weaknesses, capacities, resources and networks.

The resource allocation will respond to the priority objectives of the IPPFWHR implementation plan.

*Advocacy* is priority objective one: galvanize commitment and secure legislative, policy and regulatory improvements. Although many governments have made public statements in support of sexual and reproductive health and rights, and gender equality, many of them have failed to realize their commitments through supportive legislation, policy and funding. IPPFWHR will further invest in political advocacy at all levels, including supporting partners with capacity building, funding and monitoring. IPPFWHR will target key institutions, support and foster interested parliamentarians, engage with community and faith networks and influence local regional and international processes.

*Engage Leaders* is priority objective two: engage women and youth leaders as advocates for change. The denial of sexual and reproductive health and rights affects women and young people disproportionately, so it is important they have the opportunity to be at the forefront of efforts to secure policy and practice change from governments. IPPFWHR will strengthen its links with youth and women's organizations and provide pathways for women and young leaders—particularly girls. These programs will be designed in-country and will aim to engage socially excluded individuals, who may not typically be involved. Programs will promote male involvement in sexual and reproductive health and rights, and address issues related to masculinity, gender and sexuality. IPPFWHR will further provide resources to its youth networks to ensure greater coordination and collaboration.

*Comprehensive Sexuality Education* is priority objective three: enable young people to access comprehensive sexuality education and realize their sexual rights. Data show that demand for sexual and reproductive health services and information among young people—the largest generation of young people ever—is already outstripping supply. IPPFWHR knows that young people who are able to exercise their sexual rights, including by accessing services, have the potential to be agents of change by challenging prejudices and social norms, contributing to public health and development. IPPFWHR will transition from a youth-friendly to a youth-centered organization by prioritizing and scaling-up comprehensive sexuality education, which seeks to equip young people with skills,

# International Planned Parenthood Federation Western Hemisphere Region, Inc.

## Notes to Financial Statements

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knowledge and values to determine and enjoy their sexuality and protect their health; and focusing on interventions for the most marginalized youth, in and out of school.

*Media and Public Opinion* is priority objective four: engage champions, opinion-formers and the media to promote health, choice and rights. The impetus for major change in favor of sexual and reproductive health and rights often stems from changes in public attitudes and opinions. Mechanisms such as public campaigns are instrumental for raising awareness, promoting understanding and mobilizing public support. IPPFWHR will implement public campaigns to raise awareness of sexual and reproductive health and rights issues and generate support, with integrated communications strategies and the involvement of public-facing champions, opinion formers and media outlets. IPPFWHR will develop adaptable content, featuring personal testimonies, and deliver it through a variety of formats, including traditional and social media. This work will be embedded as a core part of what IPPFWHR does.

*Deliver Services Directly* is priority objective five: deliver rights-based services, including safe and legal abortion and HIV services. Millions of women, men and young people around the world still lack access to high-quality, rights-based sexual and reproductive health services, including safe and legal abortion and HIV services. Poor quality of care contributes to low utilization of services, which exacerbates poor health and mortality related to sex, reproduction, HIV and reproductive cancers. People in humanitarian settings also face serious barriers to services. IPPFWHR will ensure that all its service outlets provide high-quality services: they must not only provide a minimum, integrated package, but must also be client-centered, rights-based, youth-friendly and gender-sensitive.

*Enable Services* is priority objective six: enable services through public and private health providers. With an increasing number of health providers offering sexual and reproductive health services, IPPFWHR partners have a distinct role in providing technical assistance. IPPFWHR can ensure that services are responsive to the local community, are client-centered and provide rights-based, supportive care to all. IPPFWHR will develop new formal partnerships with public and private providers. IPPFWHR will deliver pre- and in-service training for medical personnel and integrated sexual and reproductive health services in partner facilities and strengthen supply chain management and quality of care.

*Institutional Development* is priority objective seven: enhance operational effectiveness and double national and global income. IPPFWHR is committed and has an ethical obligation to make the most of its resources and to be flexible and responsive to changing political and economic contexts. To maximize the number of people IPPFWHR can serve, it needs to increase its operational effectiveness. IPPFWHR must remain relevant, responsible and efficient in how it seeks funding, translates it into development outcomes and sustains services to meet demand. IPPFWHR is evolving its operations and financial structures to incorporate diverse business models that are fit for purpose in each of the specific contexts IPPFWHR works. IPPFWHR will ensure ongoing funding for its services by supporting partners to develop social enterprises; recruiting and retaining staff and volunteers that bring business planning, market analysis, communications and performance-management skills; and strengthening financial and performance management at all levels.

*Volunteers and Supporters* is priority objective eight: grow IPPFWHR's volunteer and activist supporter base. IPPFWHR's work is demanded and delivered by communities—this groundswell of grassroots support gives legitimacy and is the foundation of IPPFWHR's political advocacy. Opposition groups, a vocal minority in many places, threaten the gains that the sexual and reproductive health and rights movement has achieved, and there is now a need to grow and lead the volunteer and activist supporter base for sexual and reproductive health and rights at local levels to present a clear, alternative voice to groups that do not support sexual and reproductive rights.

# International Planned Parenthood Federation Western Hemisphere Region, Inc.

## Notes to Financial Statements

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### 2. Summary of Significant Accounting Policies

#### *Basis of Accounting*

The financial statements of IPPFWHR are prepared on the accrual basis of accounting.

IPPFWHR's net assets and its support, revenue and expenses are based on the existence or absence of donor-imposed restrictions. The amounts are classified in either of the two classes of net assets defined below and displayed in the statement of financial position, and the amounts of change in each of those classes of net assets are displayed in the statement of activities.

*Without Donor Restrictions* - This class consists of net assets that are not subject to donor-imposed stipulations and are, therefore, available for the general operations of IPPFWHR. Certain net assets without donor restrictions are designated by the Board of Directors for specified purposes. Revenues are reported as increases in net assets without donor restrictions, unless their use is limited by donor-imposed restrictions. Gains and losses on investments are reported as increases or decreases in net assets without donor restrictions, unless their use is restricted by donors or by law. Expenses are reported as decreases in net assets without donor restrictions.

*With Donor Restrictions* - This class consists of net assets with donor restrictions whose use is limited by donor-imposed, time and/or purpose restrictions. IPPFWHR reports gifts of cash and other assets as revenue with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires—that is, when a stipulated time restriction ends, or purpose restriction is accomplished—the net assets are reclassified as net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

#### *Operations*

IPPFWHR excludes from operating activities endowment fund investment return in excess of spending rate (Notes 4 and 10), change in interest in the net assets of the Fund (Notes 10, 11 and 13), change in value for charitable gift annuities, rental income, gain or loss on foreign currency translation and investment return, net. All other revenue and all expenses are included in operating activities.

#### *Revenue Recognition*

Grants and contributions, including unconditional promises to give, are recognized as revenue in the period received. Contributions are considered to be available without donor restrictions, 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 the amounts can be reasonably determined. Pledges receivable are recognized at the time the pledge is received.

IPPFWHR provides an allowance for doubtful accounts for receivables that are specifically identified by management as to their uncertainty in regard to collectability. Management has deemed all receivable amounts fully collectible, and has not established an allowance.

IPPFWHR 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

**International Planned Parenthood Federation  
Western Hemisphere Region, Inc.**

**Notes to Financial Statements**

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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.

Donated goods and services are recognized at their fair values at the dates of donation. Contributions of services are also recognized at fair value when they are received, if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased if not donated. Donated goods and services are recorded as both income and expense when they are received.

***Cash and Cash Equivalents***

IPPFWHR 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. IPPFWHR maintains its cash and cash equivalents with high-credit, quality financial institutions, which, at times, may exceed federally insured limits. IPPFWHR has not experienced any losses on such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

Cash, cash equivalents and restricted cash consist of the following:

	<i>December 31,</i>	
	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 33,064,260	\$ 20,598,231
Restricted cash	<u>600,000</u>	<u>-</u>
<b>Total</b>	<b><u>\$ 33,664,260</u></b>	<b><u>\$ 20,598,231</u></b>

***Board-Designated Cash - Reserve for Packard PRI***

IPPFWHR is required to fund a reserve account in the amount of \$600,000 as part of its program-related investment (PRI) agreement with The David and Lucile Packard Foundation effective December 16, 2020. This reserve fund is held by IPPFWHR and shall be maintained by IPPFWHR at all times until the obligations have been satisfied in full, to support repayment of the PRI.

***Investments***

Investments are reported at fair value based upon quoted market prices, except for the estimated fair value of the alternative investment, which is based on the net asset value (NAV) or equivalent, as a practical expedient, provided by the fund manager. The value is reviewed and evaluated by management and agrees with the valuation method and assumptions used in determining NAV or equivalent of this investment. The reported value may differ significantly from the value that would have been used had a ready market value for this investment existed. Investment return, net is reported in the statement of activities and consists of interest and dividend income, realized and unrealized gains and losses, less external and direct internal investment expenses.

# International Planned Parenthood Federation Western Hemisphere Region, Inc.

## Notes to Financial Statements

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### *Program-Related Investments*

IPPFWHR acquired an equity interest in Innova that qualifies as PRI, in accordance with Section 4944 of the IRC. The organization is permitted to make investments that are related to its programs. This investment is in the form of equity and is anticipated to have a less-than-market return. In 2018, IPPFWHR became a founding member and 20% equity partner in Innova, a newly formed for-profit entity in Panama, with a payment of \$200,000. The entity was established with IPPFWHR partner organizations to provide access to family planning and reproductive health products. These investments are recorded at cost net of appropriate reserves for collectability. Outstanding PRIs totaled \$268,707 and \$257,792 as of December 31, 2020 and 2019, respectively. IPPFWHR also entered into loan agreements that qualify as program-related investments (see Note 10).

### *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* - This level consists of quoted prices in active markets for identical assets or liabilities.

*Level 2* - This level consists of 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* - This level consists of unobservable inputs that are supported by little or no market activity and that are significant to the fair value of assets 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 IPPFWHR'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 judgements 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.

# International Planned Parenthood Federation Western Hemisphere Region, Inc.

## Notes to Financial Statements

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### ***Property, Plant and Equipment, Net***

Office furniture, equipment and leasehold improvements are carried at cost. Depreciation and amortization are provided on the straight-line method over three to ten years for office furniture and equipment and the lesser of the lease term or estimated useful life for leasehold improvements. IPPFWHR's purchase of a floor in a building is depreciated on the straight-line method over 39.5 years. IPPFWHR capitalizes items of property and equipment that have a cost of \$5,000 or more and useful life of three years or more.

### ***Impairment of Fixed Assets***

IPPFWHR follows the provisions of Accounting Standards Codification (ASC) 360-10-35, *Accounting for the Impairment or Disposal of Long-Lived Assets*, which requires IPPFWHR to review long-lived assets, including property and equipment and intangible assets, for impairment whenever events or changes in business circumstances indicate that the carrying amount of an asset may not be fully recoverable. An impairment loss would be recognized when the estimated future cash flows from the use of the asset are less than the carrying amount of that asset. For the years ended December 31, 2020 and 2019, there have been no such losses.

### ***Functional Allocations of 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 depreciation expense, condo fees, telephone and postage, are allocated among the programs and supporting services benefited based upon salary expense. Overhead is allocated to programs and projects based on the approved budgets.

### ***Grants Expenses***

Grants made are recognized as expenses and liabilities in the period in which they are formally approved and communicated to the grantee, provided the grant is not subject to significant future conditions.

### ***Use of Estimates***

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) 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.

### ***Comparative Financial Information***

The accompanying statements of financial position, 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. GAAP. Accordingly, such information should be read in conjunction with IPPFWHR's December 31, 2019 financial statements from which the summarized information was derived.



# International Planned Parenthood Federation Western Hemisphere Region, Inc.

## Notes to Financial Statements

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### *Income Taxes*

IPPFWHR is not subject to income taxes, except to the extent it has taxable income from activities that are not related to its exempt purpose. IPPFWHR recognizes the effect of income tax positions only if those positions are more likely than not of being sustained.

### *Recently Adopted Accounting Pronouncements*

*Accounting Standards Update (ASU) 2018-13, Fair Value Measurement: Disclosure Framework - Changes to Disclosure Requirements for Fair Value Measurement*

This ASU was issued as part of the Financial Accounting Standards Board (FASB) disclosure framework project to improve the effectiveness of disclosures about fair value measurements required under ASC 820. The ASU amends the disclosure requirements for recurring and nonrecurring fair value measurements by removing, modifying and adding certain disclosures. This ASU is effective for fiscal years beginning after December 15, 2019. IPPFWHR adopted this ASU in 2020 and there was no significant impact on the financial statements upon adoption.

### *Accounting Pronouncements Issued but Not Yet Adopted*

*Accounting for Leases (Topic 842)*

On February 25, 2016, the FASB issued ASU 2016-02, *Leases*, which will require lessees to recognize a lease liability, which is a lessee's obligation to make lease payments arising from a lease, measured on a discounted basis, and a right-of-use asset, which is an asset that represents the lessee's right to use or control the use of a specified asset for the lease term. The FASB also issued ASU 2020-05, which deferred the effective date for IPPFWHR until annual periods beginning after December 15, 2021. Management is currently evaluating the impact of the pending adoption of ASU 2016-02.

### *Reclassifications*

Certain prior-year amounts were reclassified to conform to the current financial statement presentation.

**International Planned Parenthood Federation  
Western Hemisphere Region, Inc.**

**Notes to Financial Statements**

**3. Liquidity and Availability of Resources**

The following table reflects IPPFWHR's financial assets reduced by amounts not available for general expenditure within one year. Financial assets are considered unavailable when illiquid or not convertible to cash within one year, assets held for others or because the governing board has set aside the funds for a specific contingency reserve or a long-term investment as board-designated endowments. These board designations could be drawn upon if the Board approves that action.

	<i>December 31,</i>	
	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 33,064,260	\$ 20,598,231
Investments	18,635,667	18,318,533
Grants and contributions receivable, net	4,155,619	5,332,616
Loans receivable	<u>478,610</u>	<u>88,717</u>
<b>Total Financial Assets Available Within One Year</b>	<b>56,334,156</b>	<b>44,338,097</b>
Less:		
Amounts unavailable for general expenditures within one year, due to donor-imposed restrictions:		
Endowment	2,040,689	1,901,494
Subject to expenditure for specific purpose	<u>15,055,547</u>	<u>18,295,239</u>
<b>Total Amounts Unavailable for General Expenditures Within One Year</b>	<b><u>17,096,236</u></b>	<b><u>20,196,733</u></b>
Amounts unavailable to management without Board's approval:		
Board-designated	5,481,682	4,186,823
Board-designated endowment fund	10,565,911	9,983,600
Reserve for charitable gift annuities	<u>1,175,785</u>	<u>1,217,902</u>
<b>Total Amounts Unavailable to Management Without Board's Approval</b>	<b><u>17,223,378</u></b>	<b><u>15,388,325</u></b>
<b>Total Financial Assets Available to Management for General Expenditures Within One Year</b>	<b><u>\$ 22,014,542</u></b>	<b><u>\$ 8,753,039</u></b>

As part of IPPFWHR's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations become due.

IPPFWHR's governing board has designated a portion of its unrestricted resources for endowment and other purposes. Those amounts are identified as board-designated in the table above. These funds are invested for long-term appreciation and current income but remain available and may be spent at the discretion of the Board.

IPPFWHR considers seven months of current-year operating budget to be an adequate and prudent liquidity level.

**International Planned Parenthood Federation  
Western Hemisphere Region, Inc.**

**Notes to Financial Statements**

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**4. Investments**

IPPFWHR 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.

A description of the valuation techniques applied to IPPFWHR's major categories of assets measured at fair value are as follows:

***Money Market Funds (Short-Term Investments)***

Money market deposit accounts are valued at cost plus interest, which approximates fair value.

***Equities***

These investments are priced using nationally recognized pricing services based on observable market data and are classified as Level 1.

***Mutual Funds***

Mutual funds are valued at the last reported NAV of shares held by IPPFWHR at year-end and are classified as Level 1.

***Fixed Income, Government Securities and International Bonds***

Fixed income and government bonds are valued at the last reported market value by the holding institution and are classified as Level 1.

IPPFWHR had no financial assets and liabilities that were measured at fair value on a non-recurring basis during the years ended December 31, 2020 and 2019. In addition, there were no transfers between levels during the years ended December 31, 2020 and 2019.

# International Planned Parenthood Federation Western Hemisphere Region, Inc.

## Notes to Financial Statements

The following table shows, by level within the fair value hierarchy, IPPFWHR's financial assets that are accounted for at fair value on a recurring basis as of December 31, 2020 and 2019. The financial assets are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. IPPFWHR's assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the placement within the fair value hierarchy levels.

	<i>December 31,</i>			
	2020		2019	
	Fair value	Level 1	Fair value	Level 1
Financial assets:				
Investments:				
Mutual funds	\$ 12,343,552	\$ 12,343,552	\$ 9,457,225	\$ 9,457,225
Short-term investments	4,723,643	4,723,643	1,497,963	1,497,963
Fixed income:				
U.S. Treasury bonds	7,648,750	7,648,750	4,707,060	4,707,060
Corporate bonds - domestic	4,781,927	4,781,927	6,821,810	6,821,810
International bonds	39,276	39,276	42,060	42,060
Equities:				
Domestic mutual funds	-	-	11,580,021	11,580,021
International mutual funds	8,092,941	8,092,941	2,712,292	2,712,292
	<u>37,630,089</u>	<u>37,630,089</u>	<u>36,818,431</u>	<u>36,818,431</u>
Investments reported at net asset value or equivalent*	2,473,425	-	984,351	-
	<u>\$ 40,103,514</u>	<u>\$ 37,630,089</u>	<u>\$ 37,802,782</u>	<u>\$ 36,818,431</u>

\* Certain investments that are measured at fair value using the NAV per share (or its equivalent) practical expedient have not been categorized in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statement of financial position.

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

Endowment fund investment return consists of net appreciation in fair value of investments in 2020 and 2019 of \$859,599 and \$1,185,656, respectively, and interest and dividends net of internal and external investment expenses amounting to \$105,392 and \$209,269 in 2020 and 2019, respectively.

The following tables provide a summary of the class, fair value redemption frequency and redemption notice period for those assets whose fair value is estimated using the NAV per share or its equivalent for which the fair value is not readily determinable:

Investment Type	<i>December 31, 2020</i>			
	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Funds valued at NAV or equivalent	\$ 2,204,718	\$ 371,701	*	*
Other investments	<u>268,707</u>	<u>-</u>	<u>**</u>	<u>**</u>
Investment Type	<i>December 31, 2019</i>			
	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Funds valued at NAV or equivalent	\$ 726,559	\$ 107,155	*	*
Other investments	<u>257,792</u>	<u>-</u>	<u>**</u>	<u>**</u>

\* Redemption is based on manager discretion; thus, redemption notice period is not applicable.

\*\* There are no restrictions on the redemption of these investments.

**International Planned Parenthood Federation  
Western Hemisphere Region, Inc.**

**Notes to Financial Statements**

At December 31, 2020 and 2019, \$21,111,741 and \$19,162,605, respectively, of the above assets are held for IPPF London for Cape Verde and APROFAM Guatemala partner (Note 9).

**5. Grants and Contributions Receivable**

Grants and contributions receivable, net, are primarily expected to be received as follows:

	<i>December 31,</i>	
	2020	2019
Amounts to be collected:		
Less than one year	\$ 4,901,026	\$ 5,824,691
One to five years	2,076,133	4,799,945
	\$ 6,977,159	\$ 10,624,636

Grants and contributions receivable as of December 31, 2020 and 2019 include \$256,570 and \$408,205 respectively, due from IPPF London.

One donor represents approximately 28% and 56% of grants and contributions receivable at December 31, 2020 and 2019, respectively. Two donors represent approximately 10% and 19% of operating contributions and grants revenue for the years ended December 31, 2020 and 2019, respectively.

**6. Property, Plant and Equipment, Net**

Property, plant and equipment, net, consist of the following:

	<i>December 31,</i>	
	2020	2019
Building	\$ 12,966,075	\$ 12,966,075
Office furniture and equipment	1,606,204	1,480,737
Tenant improvement	26,116	26,116
	14,598,395	14,472,928
Less: accumulated depreciation and amortization	(4,441,855)	(4,018,678)
	\$ 10,156,540	\$ 10,454,250

Total rental income under operating leases amounted to \$398,424 and \$469,549 for the years ended December 31, 2020 and 2019, respectively. Future minimum rental receipts under these leases are \$159,752 in 2021, \$53,251 in 2022 and \$0 in 2023.

Depreciation expense amounted to \$423,177 and \$403,761 for the years ended December 31, 2020 and 2019, respectively.

**International Planned Parenthood Federation  
Western Hemisphere Region, Inc.**

**Notes to Financial Statements**

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**7. Grants Payable**

Grants approved by IPPFWHR are payable to grantees and are subject to satisfaction of certain conditions by the grantees before payment is made. Any noncompliance with the grant requirements will result in the return of funds by the grantees. Grants payable that are funded by a donor are presented as grants payable with donor restrictions on the statement of financial position.

Future grant payments are expected to be as follows:

	<i>December 31,</i>	
	<u>2020</u>	<u>2019</u>
Less than one year	\$ 3,421,611	\$ 4,270,562
One to two years	<u>672,749</u>	<u>889,300</u>
	<u>\$ 4,094,360</u>	<u>\$ 5,159,862</u>

**8. Employee Benefit Plan**

IPPFWHR has a noncontributory defined-contribution plan covering substantially all employees. Contributions are determined based on 11.37% of eligible total employees' compensation. Expense for the years ended December 31, 2020 and 2019 was \$460,317 and \$566,891, respectively. Additionally, IPPFWHR offers employees the option to contribute to a 403(b) plan; however, IPPFWHR does not match any percentage of contributions.

**9. Amounts Held for IPPF London for Cape Verde Funds and for APROFAM Association Pro-Bienestar de la Familia de Guatemala**

At December 31, 2020 and 2019, IPPFWHR held \$1,665,401 and \$1,539,387, respectively, on behalf of IPPF London for Cape Verde Funds. These funds, originally received by IPPF London from the United States Agency for International Development (USAID) for Cape Verde Funds, 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. IPPFWHR has invested these funds on behalf of IPPF London for Cape Verde Funds. The funds totaled \$1,011,069 at December 31, 2000 when received and had increased \$654,332 since being managed by IPPFWHR.

In April 2005, APROFAM Association Pro-Bienestar de la Familia de Guatemala (APROFAM), a partner organization, designated IPPFWHR 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, IPPFWHR shall have no liability to APROFAM for any actions or failure to act under the custodian agreement. IPPFWHR invested the APROFAM funds of \$7,593,524 in April 2005. At December 31, 2020 and 2019, these funds were valued at \$19,446,340 and \$17,623,218, respectively. No distributions were made during 2020 and 2019.

**International Planned Parenthood Federation  
Western Hemisphere Region, Inc.**

**Notes to Financial Statements**

**10. Endowment Funds**

IPPFWHR has donor-restricted endowment funds and a board-designated endowment fund.

***The Endowment Fund for Sustainability (EFS)***

The EFS is a donor-restricted fund created in 1998 by IPPFWHR and USAID as a source of low-interest loans and grants for income-generating and sustainability efforts of IPPFWHR partners. Loans receivable and other assets at December 31, 2020 and 2019 include \$478,610 and \$88,717, respectively, of outstanding EFS loans. The loans bear interest at rates ranging from the London Interbank Offered Rate plus 0.38% to 6.5% and are due through 2021. This fund's net assets at December 31, 2020 and 2019 totaled \$2,040,689 and \$1,901,494, respectively.

The following represents the reconciliation of changes in net assets of the EFS during the year:

	<i>December 31,</i>	
	2020	2019
<b>Endowment Fund for Sustainability (EFS)</b>		
<b>Endowment Net Assets</b> , beginning of year	\$ 1,901,494	\$ 1,681,499
Contributions	13,700	11,790
Investments return, net	159,203	217,089
Distribution from endowment	(33,708)	(8,884)
<b>Endowment Net Assets</b> , end of year	<b>\$ 2,040,689</b>	<b>\$ 1,901,494</b>

In 2020, the Packard Foundation Mission Investing Team approved a six-year program-related investment of up to \$1.5 million to IPPFWHR in the form of a loan guaranteed by \$600,000 to support the growth and strengthening of social enterprise models that amplify impact on women, girls and vulnerable groups. The IPPFWHR Board of Directors approved to consolidate the EFS loan program and the Packard loan program to create a merged financing vehicle more tailored to the needs of IPPFWHR partner organizations and their ventures to support substantiality and maximize impact on women, girls and vulnerable groups. These loans qualify as PRI.

PRI loans through the new program are based on a review of borrowers' credit risks, including consideration of the financial strength of borrowers, the nature of the investments, payment history and current economic conditions. There were no PRI loans issued under the new loan program in 2020. As such, there were no loans past due, as of December 31, 2020 and 2019.

The following represents the changes in loans receivable:

	<i>December 31,</i>	
	2020	2019
<b>Loans Receivable</b>		
<b>Loans receivable</b> , beginning of year	\$ 88,717	\$ 390,187
New loans issued	944,922	70,000
Repayments of existing loans	(555,029)	(371,470)
<b>Loans Receivable</b> , end of year	<b>\$ 478,610</b>	<b>\$ 88,717</b>

**International Planned Parenthood Federation  
Western Hemisphere Region, Inc.**

**Notes to Financial Statements**

***IPPFWHR Board Endowment Fund (the Board Endowment)***

IPPFWHR had the following without donor restriction endowment-related activities during the year:

	<i>December 31,</i>	
	2020	2019
<b>Board-Designated Endowment Funds</b>		
<b>Endowment Net Assets</b> , beginning of year	\$ 9,983,600	\$ 8,939,127
Contributions	-	1,000
Investments return, net	964,991	1,394,926
Amounts appropriated per spending policy	(382,680)	(351,453)
<b>Endowment Net Assets</b> , end of year	\$ 10,565,911	\$ 9,983,600

***Interpretation of Relevant Law***

The Board of Directors has determined that the New York Prudent Management of Institutional Funds Act (NY-PMIFA), an enacted version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA), applies to IPPFWHR's endowment funds. UPMIFA provides guidance and authority to charitable organizations concerning the management and investment of funds held by those organizations, and UPMIFA imposes additional protections for charities and also protects the interests of donors who want to see their contributions used wisely.

***Investment Policy Statement***

The fundamental objectives for investments are to ensure safety and preservation of principal, meet liquidity needs, apply diversification and risk limits appropriate to the investment pools and achieve optimal net investment returns subject to the risk tolerance, investment pools and policy constraints. The asset pools in which the endowment funds are invested require current income, which is the minimum needed for expenses and prudent liquidity, growth of income for planning and execution of distributions and capital growth for long-term growth and sustainability.

***Spending Policy Statement***

In making expenditures from endowment funds, the Board of Directors complies first with any restrictions or requirements in the gift instrument as to purpose and amount. Except as otherwise provided by the gift instrument, in making expenditures from the endowment funds, the Board of Directors takes into account all relevant considerations, including, but not limited to, the long- and short-term needs of IPPFWHR in carrying out its purposes, its present and anticipated financial requirements, expected total return on its investments, price-level trends and general economic conditions. Currently, the Board of Directors expects cash distributions to equal 4% of assets annually, based on a three-year rolling average of prior-year values.

***Underwater Endowment Funds***

IPPFWHR considers a fund to be underwater if the fair value of the fund is less than the sum of (a) the original value of initial and subsequent gift amounts donated to the fund and (b) any accumulations to the fund that are required to be maintained in perpetuity, in accordance with the direction of the applicable donor gift instrument. IPPFWHR complies with the NYPMIFA, an enacted version of



**International Planned Parenthood Federation  
Western Hemisphere Region, Inc.**

**Notes to Financial Statements**

UPMIFA, and has interpreted UPMIFA to permit spending from underwater funds, in accordance with the prudent measures required under the law. IPPFWHR has no underwater endowment funds at December 31, 2020 and 2019.

**11. Net Assets with Donor Restrictions**

Net assets with donor restrictions are available subject to purpose restrictions, as follows:

	<i>December 31,</i>	
	2020	2019
Subject to spending policy and appropriation:		
Interest in the IPPF-WHR Fund	\$ 23,143,334	\$ 21,591,984
Subject to expenditure for specified purpose:		
Endowment Fund for Sustainability	2,040,689	1,901,494
Programs - Zika-related	755,695	3,072,039
Programs in Mexico for adolescents	2,044,884	2,130,944
Other	12,254,968	13,092,256
	17,096,236	20,196,733
	\$ 40,239,570	\$ 41,788,717

**12. Net Assets Released from Restrictions**

Net assets with donor restrictions were released from restrictions by either incurring expenses or satisfying the restricted purpose, as follows:

	<i>December 31,</i>	
	2020	2019
Endowment Fund for Sustainability	\$ 33,708	\$ 8,884
Advocacy	1,260,361	1,730,218
Research and investigation	108,828	94,592
Cervical cancer	100,000	3,021
Strengthening the feminist ecosystem	461,001	61,763
Abortion, sexual and reproductive health services and family planning	5,149,823	11,532,653
Programs for adolescents	1,479,106	577,288
Programs in Mexico for adolescents	165,046	737,969
Humanitarian work	464,778	444,794
Programs - Zika-related	2,316,345	2,429,864
Other	1,662,824	957,126
IPPF-WHR Fund, net of investment management fees	850,735	863,101
	\$ 14,052,555	\$ 19,441,273

# International Planned Parenthood Federation Western Hemisphere Region, Inc.

## Notes to Financial Statements

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### 13. Interest in The IPPF-WHR Fund

In April 2006, IPPFWHR's Board of Directors approved a transfer of \$18 million from the IPPFWHR Board Endowment to the Fund, a not-for-profit corporation exempt from income tax under Section 501(c)(3) of the IRC, established to promote sexual and reproductive health, including family planning in the Western Hemisphere Region. IPPFWHR follows the provisions of 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 specified 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 the investment return on the transferred assets may be expected. In accordance with ASC 958, at December 31, 2020 and 2019, IPPFWHR has recorded its interest of \$23,143,334 and \$21,591,984, respectively, in the Fund. The change in its interest in the net assets of the Fund of \$1,551,350 and \$2,016,228 was recorded in the statement of activities for the years ended December 31, 2020 and 2019, respectively.

### 14. Risks and Uncertainties

On January 30, 2020, the World Health Organization (WHO) announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the COVID-19 pandemic) and the risks to the international community as the virus spreads globally beyond its point of origin.

The full impact of the COVID-19 pandemic continues to evolve as of the date of this report. As such, it is uncertain as to the full impact that the pandemic could have on IPPFWHR's financial condition, liquidity and future results of operations. However, due to IPPFWHR's ongoing efforts to continue the operational efficiencies it has developed over the last few years, IPPFWHR was able to move to a fully remote working model effective March 13, 2020, and has the ability to continue to execute on its business model remotely.

IPPFWHR's operations are heavily dependent on private and public donations from individuals, foundations, corporations and investment returns. Additionally, access to grants and contracts from international governments may decrease or may not be available depending on appropriations. The COVID-19 pandemic has also had a negative impact on the worldwide economy and as such, may impact future funding. Several of IPPFWHR's donors have offered flexibility around the use of the funds they have been provided. The COVID-19 pandemic may have a continued material adverse impact on economic and market conditions, triggering a period of global economic slowdown. This situation may depress donations from individuals, foundations, corporations and international governments and reduce investment returns during fiscal year 2021. As such, this may hinder IPPFWHR's ability to advance its mission and its financial condition and liquidity may be negatively impacted for fiscal year 2021. IPPFWHR has incurred, and it is expected to incur for the foreseeable future, incremental and other COVID-19 pandemic-related expenses.

Management is actively assessing the global situation and will continue to assess and address the potential impact on its financial condition, liquidity, operations, suppliers, industry and workforce as more information becomes available. Given the daily evolution of the COVID-19 pandemic and the global responses to curb its spread, IPPFWHR is not able to estimate the effects of the COVID-19 pandemic on its results of operations, financial condition or liquidity for fiscal year 2021.

# International Planned Parenthood Federation Western Hemisphere Region, Inc.

## Notes to Financial Statements

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Although IPPFWHR cannot estimate the length or gravity of the impact of the COVID-19 pandemic at this time, it may have an adverse effect on IPPFWHR's results of future operations, financial position and liquidity in fiscal year 2021.

On March 27, 2020, the Coronavirus Aid, Relief and Economic Security Act (the CARES Act) was enacted. The CARES Act contains measures designed to bring some economic and fiscal relief to companies, small businesses and individuals facing financial difficulties due to the COVID-19 pandemic. IPPFWHR management applied for and received a PPP loan but subsequently returned this loan.

On December 27, 2020, President Trump signed the Consolidated Appropriations Act, 2021 (the Act), which includes \$900 billion in stimulus relief as a result of the COVID-19 pandemic. IPPFWHR has not applied for and does not expect to apply for any of the Act funding or benefits.

### **15. Commitments**

IPPFWHR separated from IPPF London effective August 31, 2020. Therefore, IPPF London executed agreements with each partner agreeing to pay the third remittance of the 2020 core grant. IPPF London has paid approximately 50% to the partners in the first quarter of 2021.

### **16. Subsequent Events**

On March 10, 2021, President Biden signed the \$1.9 trillion American Rescue Plan Act into law. IPPFWHR has not applied for and does not expect to apply for any of the American Rescue Plan Act funding or benefits.

IPPFWHR has evaluated its December 31, 2020 financial statements for subsequent events through April 15, 2021, the date the financial statements were available to be issued. Other than the matters noted in Note 14 and above, IPPFWHR is not aware of any other subsequent events that would require recognition or disclosure in the financial statements.