



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

Financial Statements

December 31, 2012

(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, 2012, 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, 2012, 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 2011 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 12, 2012. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2011 is consistent, in all material respects, with the audited financial statements from which it has been derived.

KPMG LLP

New York, New York
March 13, 2013

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

Statement of Financial Position

December 31, 2012

(with comparative financial information as of December 31, 2011)

Assets	2012			2011
	Unrestricted	Temporarily restricted	Total	Total
Cash and cash equivalents	\$ 4,518,532	2,927,186	7,445,718	4,792,909
Grants and contributions receivable, net (note 5)	1,550,278	2,454,850	4,005,128	5,831,958
Loans receivable and other assets (note 8)	45,338	850,477	895,815	1,258,195
Investments (notes 3 and 7)	20,731,061	13,955,320	34,686,381	20,400,417
Interest in The IPPF WHR Fund (notes 8, 9, and 10)	—	20,072,885	20,072,885	18,895,902
Due from The IPPF WHR Fund	—	93,001	93,001	78,717
Property, plant, and equipment, net (note 4)	13,142,685	—	13,142,685	13,419,761
Total assets	\$ 39,987,894	40,353,719	80,341,613	64,677,859
Liabilities and Net Assets				
Liabilities:				
Accounts payable and accrued expenses	\$ 617,663	3,287,208	3,904,871	925,344
Grants payable	544,186	3,443,766	3,987,952	3,188,507
Deferred revenue	—	468,193	468,193	18,767
Charitable gift annuities payable	1,289,996	—	1,289,996	1,328,302
Amounts held for IPPF/London for Cape Verde and APROFAM Guatemala MA (notes 3 and 7)	13,855,342	—	13,855,342	12,893,617
Total liabilities	16,307,187	7,199,167	23,506,354	18,354,537
Net assets:				
Unrestricted:				
Board designated	3,151,910	—	3,151,910	2,476,641
Board endowment fund (note 8)	3,315,397	—	3,315,397	3,196,904
Invested in fixed assets	13,142,685	—	13,142,685	13,419,761
Reserve for charitable gift annuities	1,709,862	—	1,709,862	1,744,302
Undesignated	2,360,853	—	2,360,853	1,381,463
Temporarily restricted (note 10):				
Interest in The IPPF WHR Fund (notes 8, 9, and 10)	—	20,072,885	20,072,885	18,895,902
Endowment fund for sustainability (note 5, 8, and 9)	—	1,782,559	1,782,559	1,781,511
Other	—	11,299,108	11,299,108	3,426,838
Total net assets	23,680,707	33,154,552	56,835,259	46,323,322
Total liabilities and net assets	\$ 39,987,894	40,353,719	80,341,613	64,677,859

See accompanying notes to financial statements.

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

Statement of Activities

Year ended December 31, 2012

(with summarized financial information for the year ended December 31, 2011)

	2012			2011
	Unrestricted	Temporarily restricted	Total	Total
Operating activities:				
Operating support and revenue:				
Operating contributions and grants:				
IPPF/London	\$ 8,231,307	619,372	8,850,679	9,016,411
Foundations	670,800	5,042,062	5,712,862	11,140,403
Government and inter-government grants	—	1,856,845	1,856,845	2,231,174
Bequests	2,089,182	15,115,881	17,205,063	1,515,368
Private contributions	2,855,131	129,852	2,984,983	3,241,467
Total operating contributions and grants	13,846,420	22,764,012	36,610,432	27,144,823
Interest and dividends, net of management fees of \$89,620 and \$22,237 in 2012 and 2011, respectively	33,566	8,645	42,211	76,326
Net appreciation (depreciation) in fair value of investments	174,941	287,992	462,933	(114,310)
Other	45,765	—	45,765	12,240
Endowment fund investment return used in operations (notes 3 and 8)	213,072	—	213,072	290,743
Distributions from The IPPF WHR Fund (note 10)	—	784,957	784,957	748,755
Net assets released from restrictions	15,972,288	(15,972,288)	—	—
Total operating support and revenue	30,286,052	7,873,318	38,159,370	28,158,577
Expenses:				
Program services:				
Core programs – Member Associations (MAs)	6,403,999	—	6,403,999	6,227,895
Adolescents	1,195,482	—	1,195,482	1,415,951
HIV/AIDS/STIs	223,279	—	223,279	365,183
Access	1,218,451	—	1,218,451	1,207,875
Abortion-related activities	3,244,472	—	3,244,472	8,067,261
Advocacy	3,228,129	—	3,228,129	2,836,753
Institutional development	8,598,574	—	8,598,574	3,228,995
Accreditation and governance	676,213	—	676,213	731,955
Evaluation	301,400	—	301,400	297,202
Communications	610,670	—	610,670	528,077
Total program services	25,700,669	—	25,700,669	24,907,147
Supporting services:				
Resource development	1,860,927	—	1,860,927	1,734,492
Management and general	993,715	—	993,715	1,366,358
Total supporting services	2,854,642	—	2,854,642	3,100,850
Total expenses	28,555,311	—	28,555,311	28,007,997
Excess of operating revenues over expenses	1,730,741	7,873,318	9,604,059	150,580
Nonoperating activities:				
Change in interest in the net assets of The IPPF WHR Fund (notes 8 and 10)	—	1,176,983	1,176,983	(429,193)
Change in value for charitable gift annuities	(124,919)	—	(124,919)	352,677
Endowment fund investment return (less than) in excess of spending rate (notes 3 and 7)	118,493	—	118,493	(109,392)
Other	(262,679)	—	(262,679)	—
Increase (decrease) in net assets	1,461,636	9,050,301	10,511,937	(35,328)
Net assets, beginning of year	22,219,071	24,104,251	46,323,322	46,358,650
Net assets, end of year	\$ 23,680,707	33,154,552	56,835,259	46,323,322

See accompanying notes to financial statements.

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

Statement of Functional Expenses
Year ended December 31, 2012
(with summarized financial information for the year ended December 31, 2011)

	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	2012	2011
Grants, primarily to MAs	\$ 6,403,999	525,076	—	1,016,899	1,214,208	1,405,904	6,740,162	38,257	—	1,750	17,346,255	—	—	—	17,346,255	16,841,130
Salaries and employee benefits	—	445,613	161,659	61,874	1,002,306	856,565	1,486,785	327,906	169,771	386,750	4,899,229	713,362	1,242,415	1,955,777	6,855,006	6,857,498
Travel and per diem	—	78,572	33,491	20,469	238,410	305,014	48,339	161,094	9,650	8,973	904,012	40,160	7,421	47,581	951,593	833,047
Rent and office expenses	—	25,250	9,772	10,306	58,443	89,878	97,518	51,986	55,759	35,817	434,729	77,823	104,610	182,433	617,162	1,017,613
Mailing list rental	—	—	—	—	—	—	—	—	—	—	—	63,962	—	63,962	63,962	54,723
Printed and audiovisual materials	—	541	—	—	—	35,843	390	24	606	29,413	66,817	416,945	1,228	418,173	484,990	490,813
Telecommunications	—	4,515	2,612	881	11,961	13,345	15,631	3,024	6,482	2,385	60,836	9,004	8,014	17,018	77,854	83,362
Postage and shipping	—	2,790	115	215	1,225	5,340	1,402	1,369	646	7,284	20,386	310,922	1,246	312,168	332,554	241,606
Professional services	—	54,417	5,431	1,974	227,901	259,432	159,581	46,134	6,467	108,755	870,092	90,802	195,323	286,125	1,156,217	1,118,651
Fellowships and awards	—	108	100	804	4,750	3,569	2,710	—	1,717	105	13,863	10,537	24,742	35,279	49,142	45,006
Other	—	2,139	1,123	14,559	(12,061)	5,636	1,181	10,519	42	718	23,856	69,323	41,520	110,843	134,699	126,777
Depreciation	—	21,541	8,976	9,549	35,900	54,425	44,875	35,900	50,260	28,720	290,146	58,087	96,951	155,018	445,164	263,464
Overhead allocated for restricted projects	—	34,920	—	80,921	461,429	193,178	—	—	—	—	770,448	—	(729,735)	(729,735)	40,713	34,307
Total operating expenses 2012	\$ 6,403,999	1,195,482	223,279	1,218,451	3,244,472	3,228,129	8,598,574	676,213	301,400	610,670	25,700,669	1,860,927	993,715	2,854,642	28,555,311	28,555,311
Total operating expenses 2011	\$ 6,227,895	1,415,951	365,183	1,207,875	8,067,261	2,836,753	3,228,995	731,955	297,202	528,077	24,907,147	1,734,492	1,366,358	3,100,850	262,679	28,007,997
Other	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Total expenses														\$ 28,817,990	28,007,997	

See accompanying notes to financial statements.

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

Statement of Cash Flows

Year ended December 31, 2012

(with comparative financial information for the year ended December 31, 2011)

	2012	2011
Cash flows from operating activities:		
Increase (decrease) in net assets	\$ 10,511,937	(35,328)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	445,164	263,464
Net appreciation in fair value of investments	(794,711)	(68,292)
Change in interest in the net assets of The IPPF WHR Fund	(1,176,983)	429,193
Changes in assets and liabilities:		
Grants and contributions receivable	1,826,830	(2,836,377)
Accounts payable and accrued expenses	2,979,527	(471,771)
Grants payable	799,445	1,794,782
Charitable gift annuities payable	(38,306)	533,035
Deferred rent	—	(90,845)
Deferred revenue	449,426	(111,903)
Due from The IPPF WHR Fund	(14,284)	(14,537)
Amounts held for IPPF/London for Cape Verde funds and APROFAM Guatemala funds	961,725	(108,671)
Net cash provided by (used in) operating activities	15,949,770	(717,250)
Cash flows from investing activities:		
Purchases of fixed assets	(168,088)	(4,335,700)
Proceeds from sale of investments	4,962,268	8,265,755
Purchases of investments	(18,453,521)	(6,768,098)
Loans receivable and other assets	362,380	314,704
Net cash used in investing activities	(13,296,961)	(2,523,339)
Net increase (decrease) in cash and cash equivalents	2,652,809	(3,240,589)
Cash and cash equivalents, beginning of year	4,792,909	8,033,498
Cash and cash equivalents, end of year	\$ 7,445,718	4,792,909

See accompanying notes to financial statements.

**INTERNATIONAL PLANNED PARENTHOOD FEDERATION –
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Notes to Financial Statements

December 31, 2012

(with comparative financial information as of and
for the year ended December 31, 2011)

(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 40 autonomous national member associations (MAs) in the Western Hemisphere and a number of other nonprofit organizations; and also provides financial and technical assistance and advisory services to these organizations. Such amounts represented 24% and 33% of total operating support and revenue for the years ended December 31, 2012 and 2011, 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 2012 and 2011, 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:

- *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.

- *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.

- *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.

- *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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(with comparative financial information as of and
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- *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.

- *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.

- *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, and Advocacy.

- *Accreditation and Governance*

Efforts designed to strengthen governance structures and processes at MAs.

- *Evaluation*

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

- *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.

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

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Notes to Financial Statements

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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 11), 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 subgrant 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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(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 rent, 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, 2011 financial statements from which the summarized information was derived.

(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 2012 or 2011.

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Notes to Financial Statements

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(with comparative financial information as of and
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(1) Reclassifications

Certain prior year amounts have been reclassified to conform to the current year presentation.

(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, 2012 and 2011:

	2012		2011	
	Fair value	Level 1	Fair value	Level 1
Financial assets:				
Investments:				
Mutual fund	\$ 31,333,101	31,333,101	17,469,641	17,469,641
Short-term investments	875,887	875,887	739,869	739,869
Fixed income:				
U.S. Treasury bonds	297,921	297,921	303,074	303,074
Corporate bonds – domestic	640,222	640,222	500,783	500,783
International bonds	52,957	52,957	26,858	26,858
Equities:				
Domestic mutual funds	1,370,507	1,370,507	1,262,456	1,262,456
International mutual funds	115,786	115,786	97,736	97,736
Total	<u>\$ 34,686,381</u>	<u>34,686,381</u>	<u>20,400,417</u>	<u>20,400,417</u>

The mutual fund is invested in U.S. equities, international equities, and fixed income securities.

Endowment fund investment return consists entirely of net appreciation in fair value of investments in both 2012 and 2011 of \$331,565 and \$181,351, respectively.

At December 31, 2012 and 2011, \$13,855,342 and \$12,893,617 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, 2012 and 2011:

	2012	2011
Building	\$ 12,966,075	12,872,239
Office furniture and equipment	1,023,055	948,803
	13,989,130	13,821,042
Less accumulated depreciation and amortization	(846,445)	(401,281)
	\$ 13,142,685	13,419,761

(5) Grants and Contributions Receivable

Grants and contributions receivable as of December 31, 2012 and 2011 are primarily expected to be received as follows:

	2012	2011
Amounts due to be collected:		
Less than one year	\$ 3,680,647	5,831,958
One to two years	324,481	—
	\$ 4,005,128	5,831,958

Grants and contributions receivable as of December 31, 2012 and 2011 include \$139,162 and \$33,878, respectively, due from IPPF/London. One donor represents approximately 41% of contributions and grants revenue for the year ended December 31, 2012.

(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, 2012 and 2011 was \$529,392 and \$497,606, 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.

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

At December 31, 2012 and 2011, IPPF/WHR held \$1,115,406 and \$1,010,607, 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.

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, 2012 and 2011, these funds were valued at \$12,739,936 and \$11,883,010, respectively. No distributions were made during 2012 and 2011.

(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 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, 2012 and 2011 include \$849,000 and \$1,125,780, 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, 2012 and 2011 totaled \$1,782,559 and \$1,781,511, 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). It is a temporarily restricted fund with net assets of \$20,072,885 and \$18,895,902 at December 31, 2012 and 2011, respectively. 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. Investments valued at \$18 million were transferred in April 2006 to The IPPF WHR Fund (note 10).

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IPPF/WHR had the following endowment-related activities at December 31, 2012 and 2011:

	2012 Board- designated endowment funds	2011 Board- designated endowment funds
	<u> </u>	<u> </u>
Endowment net assets, beginning of year	\$ 3,196,904	8,898,054
Net appreciation	331,565	181,351
Amounts appropriated per spending policy	(213,072)	(290,743)
Amounts appropriated for capital expenditure	<u> —</u>	<u>(5,591,758)</u>
Endowment net assets, end of year	<u>\$ 3,315,397</u>	<u>3,196,904</u>

(9) Temporarily Restricted Net Assets

Temporarily restricted net assets at December 31, 2012 and 2011 are available subject to time and purpose restrictions as follows:

	2012	2011
	<u> </u>	<u> </u>
Interest in The IPPF WHR Fund – time restricted	\$ 20,072,885	18,895,902
Endowment fund for sustainability	1,782,559	1,781,511
Institutional development	8,556,573	—
Abortion services	—	1,924,917
Advocacy	1,986,229	696,888
Access	375,619	226,827
Adolescents	213,844	44,463
Other	<u>166,843</u>	<u>533,743</u>
	<u>\$ 33,154,552</u>	<u>24,104,251</u>

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(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, 2012 and 2011, IPPF/WHR has recorded its interest of \$20,072,885 and \$18,895,902, respectively, in The IPPF WHR Fund. The increase (decrease) in its interest in the net assets of The IPPF WHR Fund of \$1,176,983 and \$(429,193) was recorded in the statements of activities for the years ended December 31, 2012 and 2011, respectively.

(11) Subsequent Events

IPPF/WHR evaluated events subsequent from December 31, 2012 through March 13, 2013, the date on which the financial statements were available to be issued.