



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

Financial Statements

December 31, 2011

(With Independent Auditors' Report Thereon)



KPMG LLP
345 Park Avenue
New York, NY 10154

Independent Auditors' Report

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

We have audited the accompanying statement of financial position of International Planned Parenthood Federation – Western Hemisphere Region, Inc. (IPPF/WHR) as of December 31, 2011, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of IPPF/WHR's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from IPPF/WHR's 2010 financial statements, and in our report dated March 31, 2011, we expressed an unqualified opinion on those financial statements.

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 of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of IPPF/WHR's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, 2011, and the changes in its net assets and its cash flows for the year then ended, in conformity with U.S. generally accepted accounting principles.

KPMG LLP

March 12, 2012

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

Statement of Financial Position

December 31, 2011

(with comparative financial information as of December 31, 2010)

Assets	2011			2010
	Unrestricted	Temporarily restricted	Total	Total
Cash and cash equivalents	\$ 3,099,501	1,693,408	4,792,909	8,033,498
Grants and contributions receivable, net (note 5)	1,335,974	4,495,984	5,831,958	2,995,581
Loans receivable and other assets (note 8)	129,070	1,129,125	1,258,195	1,572,899
Investments (notes 3 and 7)	19,387,175	1,013,242	20,400,417	21,829,782
Interest in The IPPF WHR Fund (notes 8, 10 and 11)	—	18,895,902	18,895,902	19,325,095
Due from The IPPF WHR Fund	—	78,717	78,717	64,180
Property, plant, and equipment, net (note 4)	13,419,761	—	13,419,761	9,347,525
Total assets	<u>\$ 37,371,481</u>	<u>27,306,378</u>	<u>64,677,859</u>	<u>63,168,560</u>
Liabilities and Net Assets				
Liabilities:				
Accounts payable and accrued expenses	\$ 652,743	272,601	925,344	1,397,115
Grants payable	277,748	2,910,759	3,188,507	1,393,725
Deferred revenue	—	18,767	18,767	130,670
Charitable gift annuities payable	1,328,302	—	1,328,302	795,267
Deferred rent	—	—	—	90,845
Amounts held for IPPF/London for Cape Verde and APROFAM Guatemala MA (note 7)	12,893,617	—	12,893,617	13,002,288
Total liabilities	<u>15,152,410</u>	<u>3,202,127</u>	<u>18,354,537</u>	<u>16,809,910</u>
Net assets:				
Unrestricted:				
Board designated	2,476,641	—	2,476,641	2,742,365
Board endowment fund (note 8)	3,196,904	—	3,196,904	8,898,054
Invested in fixed assets	13,419,761	—	13,419,761	9,347,525
Reserve for charitable gift annuities	1,744,302	—	1,744,302	1,133,857
Undesignated	1,381,463	—	1,381,463	1,190,183
Temporarily restricted (note 10):				
Interest in The IPPF WHR Fund (notes 8, 10 and 11)	—	18,895,902	18,895,902	19,325,095
Endowment fund for sustainability (note 5, 8 and 10)	—	1,781,511	1,781,511	2,009,778
Other	—	3,426,838	3,426,838	1,711,793
Total net assets	<u>22,219,071</u>	<u>24,104,251</u>	<u>46,323,322</u>	<u>46,358,650</u>
Total liabilities and net assets	<u>\$ 37,371,481</u>	<u>27,306,378</u>	<u>64,677,859</u>	<u>63,168,560</u>

See accompanying notes to financial statements.

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

Statement of Activities

Year ended December 31, 2011

(with summarized financial information for the year ended December 31, 2010)

	2011			2010
	Unrestricted	Temporarily restricted	Total	Total
Operating activities:				
Operating support and revenue:				
Operating contributions and grants:				
IPPF/London	\$ 8,314,114	702,297	9,016,411	10,563,134
Foundations	642,000	10,498,403	11,140,403	4,654,618
Multinational grants	—	2,231,174	2,231,174	2,342,461
Bequests	1,266,218	249,150	1,515,368	855,595
Private contributions	3,049,129	192,338	3,241,467	2,904,314
Total operating contributions and grants	13,271,461	13,873,362	27,144,823	21,320,122
Interest and dividends, net of management fees of \$22,237 and \$37,232 in 2011 and 2010, respectively	27,308	49,018	76,326	109,963
Net (depreciation) appreciation in fair value of investments	(161,844)	47,534	(114,310)	253,781
Other	12,240	—	12,240	10,958
Endowment fund investment return used in operations (notest 3 and 8)	290,743	—	290,743	359,461
Distributions from The IPPF WHR Fund (note 11)	—	748,755	748,755	732,592
Net assets released from restrictions	13,231,891	(13,231,891)	—	—
Total operating support and revenue	26,671,799	1,486,778	28,158,577	22,786,877
Expenses:				
Program services:				
Core programs – Member Associations (MAs)	6,227,895	—	6,227,895	7,606,710
Adolescents	1,415,951	—	1,415,951	1,237,226
HIV/AIDS/STIs	365,183	—	365,183	310,989
Access	1,207,875	—	1,207,875	3,255,784
Abortion-related activities	8,067,261	—	8,067,261	2,148,538
Advocacy	3,364,830	—	3,364,830	3,728,525
Institutional development	3,228,995	—	3,228,995	2,768,214
Accreditation and governance	731,955	—	731,955	740,377
Evaluation	297,202	—	297,202	272,161
Total program services	24,907,147	—	24,907,147	22,068,524
Supporting services:				
Resource development	1,734,492	—	1,734,492	1,694,462
Management and general	1,366,358	—	1,366,358	1,561,029
Total supporting services	3,100,850	—	3,100,850	3,255,491
Total expenses	28,007,997	—	28,007,997	25,324,015
(Deficiency) excess of operating revenues over expenses	(1,336,198)	1,486,778	150,580	(2,537,138)
Nonoperating activities:				
Change in interest in the net assets of The IPPF WHR Fund (notes 8 and 11)	—	(429,193)	(429,193)	641,021
Change in value for charitable gift annuities	352,677	—	352,677	(67,842)
Endowment fund investment return (less than) in excess of spending rate (notes 3 and 7)	(109,392)	—	(109,392)	137,417
(Decrease) increase in net assets	(1,092,913)	1,057,585	(35,328)	(1,826,542)
Net assets, beginning of year	23,311,984	23,046,666	46,358,650	48,185,192
Net assets, end of year	\$ 22,219,071	24,104,251	46,323,322	46,358,650

See accompanying notes to financial statements.

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

Statement of Functional Expenses

Year ended December 31, 2011

(with summarized financial information for the year ended December 31, 2010)

	Program services									Supporting services			Total		
	Core programs – Member Associations	Adolescents	HIV/AIDS/STIs	Access	Abortion-related activities	Advocacy	Institutional development	Accreditation and governance	Evaluation	Total	Resource development	Management and general	Total	2011	2010
Grants, primarily to MAs	\$ 6,227,895	693,006	—	755,705	6,306,304	1,326,506	1,432,525	49,189	—	16,791,130	50,000	—	50,000	16,841,130	14,496,314
Salaries and employee benefits	—	490,084	263,935	368,564	919,015	1,107,077	1,347,175	330,153	150,943	4,976,946	655,738	1,224,814	1,880,552	6,857,498	6,445,850
Travel and per diem	—	53,140	50,925	28,424	171,571	224,746	224,746	181,888	4,342	770,105	56,486	6,456	62,942	833,047	996,098
Rent and office expenses	—	80,587	22,113	19,660	109,112	121,461	154,149	98,177	97,417	702,676	111,384	203,553	314,937	1,017,613	705,617
Mailing list rental	—	—	—	—	—	—	—	—	—	—	54,723	—	54,723	54,723	83,862
Printed and audiovisual materials	—	782	—	391	5,416	91,679	64	2,630	321	101,283	388,633	897	389,530	490,813	555,643
Telecommunications	—	4,074	2,832	2,028	9,898	16,684	17,101	4,316	8,219	65,152	8,656	9,554	18,210	83,362	84,066
Postage and shipping	—	1,022	533	8,600	13,906	19,052	3,889	5,448	1,060	53,510	185,812	2,284	188,096	241,606	252,729
Professional services	—	46,519	17,228	1	171,915	238,424	177,059	27,017	3,834	681,997	111,917	324,737	436,654	1,118,651	1,169,092
Fellowships and awards	—	530	—	1,145	249	11,758	3,329	1,274	1,214	19,499	9,136	16,371	25,507	45,006	63,185
Other	—	(1,722)	803	15,244	(11,455)	(5,342)	684	4,608	326	3,146	74,752	48,879	123,631	126,777	340,583
Depreciation	—	12,492	6,814	5,678	22,712	36,340	31,797	27,255	29,526	172,614	27,255	63,595	90,850	263,464	130,976
Overhead allocated for restricted projects	—	35,437	—	2,435	348,618	176,445	6,154	—	—	569,089	—	(534,782)	(534,782)	34,307	—
Total 2011	\$ 6,227,895	1,415,951	365,183	1,207,875	8,067,261	3,364,830	3,228,995	731,955	297,202	24,907,147	1,734,492	1,366,358	3,100,850	28,007,997	—
Total 2010	\$ 7,606,710	1,237,226	310,989	3,255,784	2,148,538	3,728,525	2,768,214	740,377	272,161	22,068,524	1,694,462	1,561,029	3,255,491	25,324,015	25,324,015

See accompanying notes to financial statements.

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

Statement of Cash Flows

Year ended December 31, 2011

(with comparative financial information for the year ended December 31, 2010)

	2011	2010
Cash flows from operating activities:		
Decrease in net assets	\$ (35,328)	(1,826,542)
Adjustments to reconcile decrease in net assets to net cash (used in) provided by operating activities:		
Depreciation and amortization	263,464	130,976
Net appreciation in fair value of investments	(68,292)	(750,659)
Change in interest in the net assets of The IPPF WHR Fund	429,193	(641,021)
Changes in assets and liabilities:		
Grants and contributions receivable	(2,836,377)	7,215,186
Accounts payable and accrued expenses	(471,771)	(1,536,372)
Grants payable	1,794,782	(2,083,846)
Charitable gift annuities payable	533,035	(9,305)
Deferred rent	(90,845)	(136,269)
Deferred revenue	(111,903)	(22,160)
Due from The IPPF WHR Fund	(14,537)	(28,953)
Amounts held for IPPF/London for Cape Verde funds and APROFAM Guatemala funds	(108,671)	893,764
Net cash (used in) provided by operating activities	(717,250)	1,204,799
Cash flows from investing activities:		
Purchases of fixed assets	(4,335,700)	(9,243,925)
Proceeds from sale of investments	8,265,755	10,599,850
Purchases of investments	(6,768,098)	(2,567,492)
Loans receivable and other assets	314,704	495,339
Net cash used in investing activities	(2,523,339)	(716,228)
Net (decrease) increase in cash and cash equivalents	(3,240,589)	488,571
Cash and cash equivalents, beginning of year	8,033,498	7,544,927
Cash and cash equivalents, end of year	\$ 4,792,909	8,033,498

See accompanying notes to financial statements.

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

Notes to Financial Statements

December 31, 2011

(with comparative financial information as of and
for the year ended December 31, 2010)

(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 33% and 50% of total operating support and revenue for the years ended December 31, 2011 and 2010, 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 2011 and 2010, 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.

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

Notes to Financial Statements

December 31, 2011

(with comparative financial information as of and
for the year ended December 31, 2010)

- *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.

(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 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

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

Notes to Financial Statements

December 31, 2011

(with comparative financial information as of and
for the year ended December 31, 2010)

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.

(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

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

Notes to Financial Statements

December 31, 2011

(with comparative financial information as of and
for the year ended December 31, 2010)

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.

(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.

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

Notes to Financial Statements

December 31, 2011

(with comparative financial information as of and
for the year ended December 31, 2010)

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, 2010 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 2011 or 2010.

(l) 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 statements of financial position.

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

Notes to Financial Statements

December 31, 2011
(with comparative financial information as of and
for the year ended December 31, 2010)

The following table presents IPPF/WHR's fair value hierarchy for those assets measured at fair value as of December 31, 2011 and 2010:

	2011		2010	
	<u>Fair value</u>	<u>Level 1</u>	<u>Fair value</u>	<u>Level 1</u>
Financial assets:				
Investments:				
Mutual fund	\$ 17,469,641	17,469,641	20,162,898	20,162,898
Short-term investments	739,869	739,869	237,564	237,564
Fixed income:				
U.S. Treasury bonds	303,074	303,074	121,245	121,245
Corporate bonds – domestic	500,783	500,783	439,375	439,375
International bonds	26,858	26,858	—	—
Equities:				
Domestic mutual funds	1,262,456	1,262,456	732,854	732,854
International mutual funds	97,736	97,736	135,846	135,846
Total	<u>\$ 20,400,417</u>	<u>20,400,417</u>	<u>21,829,782</u>	<u>21,829,782</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 2011 and 2010 of \$181,351 and \$496,878, respectively.

At December 31, 2011 and 2010, \$12,893,617 and \$13,002,288 of the above assets are held for IPPF/London for Cape Verde and APROFAM Guatemala MA (see note 7).

(4) Property and Equipment

Property and equipment consisted of the following as of December 30, 2011 and 2010:

	<u>2011</u>	<u>2010</u>
Building	\$ 12,872,239	9,065,847
Construction in progress	—	147,126
Office furniture and equipment	948,803	636,507
Leasehold improvements	—	1,237,399
	<u>13,821,042</u>	<u>11,086,879</u>
Less accumulated depreciation and amortization	<u>(401,281)</u>	<u>(1,739,354)</u>
	<u>\$ 13,419,761</u>	<u>9,347,525</u>

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

Notes to Financial Statements

December 31, 2011

(with comparative financial information as of and
for the year ended December 31, 2010)

(5) Grants and Contributions Receivable

Grants and contributions receivable as of December 31, 2011 and 2010 are primarily expected to be received as follows:

	2011	2010
Amounts due to be collected:		
Less than one year	\$ 5,831,958	2,995,581

Grants and contributions receivable as of December 31, 2011 and 2010 include \$33,878 and \$690,679, respectively, due from IPPF/London.

(6) Pension Plan

IPPF/WHR has a noncontributory defined contribution plan covering substantially all employees. Contributions are determined based on 11.37% of eligible total employee compensation. Pension expense for the years ended December 31, 2011 and 2010 was \$497,606 and \$494,267, respectively. Additionally, IPPF/WHR offers employees the option to contribute to a 403(b) plan; however IPPF/WHR does not match any percentage of the contributions.

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

At December 31, 2011 and 2010, IPPF/WHR held \$1,010,607 and \$1,314,546, 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, 2011 and 2010, these funds were valued at \$11,883,010 and \$11,687,742, respectively. No distributions were made during 2011 and 2010.

(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.

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

Notes to Financial Statements

December 31, 2011

(with comparative financial information as of and
for the year ended December 31, 2010)

Loans receivable and other assets at December 31, 2011 and 2010 include \$1,125,780 and \$1,380,595, 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, 2011 and 2010 totaled \$1,781,511 and \$2,009,778, respectively.

The Fund was established by the IPPF/WHR board of directors in 1999 as a means to enhance the sustainability of the Regional Office. It is an unrestricted fund with net assets of \$18,895,902 and \$19,325,095 at December 31, 2011 and 2010, 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, the IPPF/WHR 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 11).

IPPF/WHR had the following endowment-related activities at December 31, 2011 and 2010:

	2011 Board- designated endowment funds	2010 Board- designated endowment funds
	<u> </u>	<u> </u>
Endowment net assets, beginning of year	\$ 8,898,054	17,610,390
Addition	—	—
Net appreciation	181,351	500,637
Amounts appropriated per spending policy	(290,743)	(359,461)
Amounts appropriated for capital expenditure	<u>(5,591,758)</u>	<u>(8,853,512)</u>
Endowment net assets, end of year	<u>\$ 3,196,904</u>	<u>8,898,054</u>

(9) Commitments

IPPF/WHR occupied office facilities in New York City under one lease agreement, which expired August 31, 2011. Rental expense for 2011 and 2010, including IPPF/WHR's pro rata share of increases in property taxes, maintenance, and other operating costs, was \$306,808 and \$549,620, respectively.

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

Notes to Financial Statements

December 31, 2011

(with comparative financial information as of and
for the year ended December 31, 2010)

(10) Temporarily Restricted Net Assets

Temporarily restricted net assets at December 31, 2011 and 2010 are available subject to time and purpose restrictions as follows:

	<u>2011</u>	<u>2010</u>
Interest in The IPPF WHR Fund – time restricted	\$ 18,895,902	19,325,095
Endowment fund for sustainability	1,781,511	2,009,778
Abortion services	1,924,917	349,482
Advocacy	696,888	535,819
Access	226,827	588,709
Adolescents	44,463	125,639
Other	533,743	112,144
	<u>\$ 24,104,251</u>	<u>23,046,666</u>

(11) Interest in The IPPF WHR Fund

In 2006, IPPF/WHR adopted the provisions of Accounting Standards Codification Topic 958 (ASC 958), *Transfers of Assets to a Not-for-Profit Organization or Charitable Trust That Raises or Holds Contributions for Others*. 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, 2011 and 2010, IPPF/WHR has recorded its interest of \$18,895,902 and \$19,325,095, respectively, in The IPPF WHR Fund. The (decrease) increase in its interest in the net assets of The IPPF WHR Fund of \$(429,193) and \$641,021 was recorded in the statements of activities for the years ended December 31, 2011 and 2010, respectively.

(12) Subsequent Events

IPPF/WHR evaluated events subsequent from December 31, 2011 through March 12, 2012 the date on which the financial statements were available to be issued.