

**Planned Parenthood League
of
Massachusetts, Inc. and Subsidiary**

Consolidated Financial Statements
and
Independent Auditors' Report

June 30, 2015

Planned Parenthood League of Massachusetts, Inc.
Table of Contents

	Page
Independent Auditors' Report	1
Consolidated Statement of Financial Position	3
Consolidated Statement of Activities	4
Consolidated Statement of Functional Expenses	5
Consolidated Statement of Cash Flows	6
Notes to Consolidated Financial Statements	7
Supplemental Information	22



Daniel Dennis & Company LLP

Certified Public Accountants

Independent Auditors' Report

To the Board of Directors of
Planned Parenthood League of Massachusetts, Inc. and Subsidiary

We have audited the accompanying consolidated financial statements of Planned Parenthood League of Massachusetts, Inc. and Subsidiary (the Organization) (a nonprofit organization), which comprise the consolidated statement of financial position as of June 30, 2015, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Planned Parenthood League of Massachusetts, Inc. and Subsidiary as of June 30, 2015, and the changes their consolidated net assets and their consolidated cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Organization's 2014 consolidated financial statements, and our report dated December 2, 2014, expressed an unmodified opinion on those audited consolidated financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2014, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The *Consolidating Schedule of Financial Position and Consolidating Schedule of Activities* on pages 22 and 23 are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Daniel Dennis & Company LLP

November 17, 2015

Planned Parenthood League of Massachusetts, Inc. and Subsidiary
Consolidated Statement of Financial Position
June 30, 2015 with Comparative Totals as of June 30, 2014

Assets:	<i>2015</i>	<i>2014</i>
<i>Current Assets:</i>		
Cash	\$ 3,560,496	\$ 5,103,145
Investments	9,601,658	6,907,072
Funds held in trust	29,843	91,647
Accounts receivable, net	976,064	1,182,723
Contributions and pledges receivable, net	160,143	190,765
Inventory	696,399	745,662
Prepaid expenses	<u>42,515</u>	<u>107,738</u>
Total current assets	<u>15,067,118</u>	<u>14,328,752</u>
<i>Noncurrent Assets:</i>		
Split interest agreements	23,221	24,663
Real-estate reserve	-	114,318
Contributions and pledges receivable, net	189,715	33,254
Permanently restricted investment	737,730	710,434
Due from related party	42,625	25,314
Note receivable	6,761,240	6,761,240
Land, building and equipment less accumulated depreciation of \$10,162,647 and \$9,504,550, respectively	11,828,726	12,320,614
Financing fees, net	<u>383,429</u>	<u>402,810</u>
Total noncurrent assets	<u>19,966,686</u>	<u>20,392,647</u>
Total assets	<u>\$ 35,033,804</u>	<u>\$ 34,721,399</u>
Liabilities and Net Assets:		
<i>Current Liabilities:</i>		
Accounts payable	\$ 545,142	\$ 628,153
Accrued expenses	919,283	607,087
Funds held in trust	29,843	91,647
Deferred revenue	148,445	-
Notes payable, current portion	<u>90,532</u>	<u>87,430</u>
Total current liabilities	<u>1,733,245</u>	<u>1,414,317</u>
<i>Noncurrent Liabilities:</i>		
Notes payable	<u>11,196,636</u>	<u>11,285,798</u>
Total liabilities	<u>12,929,881</u>	<u>12,700,115</u>
<i>Net Assets:</i>		
Unrestricted:		
Plant	7,302,798	7,822,944
Board designated	604,176	604,176
Undesignated	<u>11,901,641</u>	<u>11,452,359</u>
Total unrestricted	19,808,615	19,879,479
Temporarily restricted	1,434,519	1,303,201
Permanently restricted	<u>860,789</u>	<u>838,604</u>
Total net assets	<u>22,103,923</u>	<u>22,021,284</u>
Total liabilities and net assets	<u>\$ 35,033,804</u>	<u>\$ 34,721,399</u>

See accompanying notes to consolidated financial statements.

Planned Parenthood League of Massachusetts, Inc. and Subsidiary
Consolidated Statement of Activities
For the Year Ended June 30, 2015
with Comparative Totals for the Year Ended June 30, 2014

	<i>Unrestricted</i>	<i>Temporarily Restricted</i>	<i>Permanently Restricted</i>	<i>2015 Total</i>	<i>2014 Total</i>
<i>Support and Revenue:</i>					
Patient Service revenue (net of contractual allowances and discounts):					
Greater Boston Medical Services	\$ 7,380,734	\$ -	\$ -	\$ 7,380,734	\$ 7,434,616
Central Massachusetts Medical Services	2,750,368	-	-	2,750,368	2,620,558
Western Massachusetts Medical Services	2,213,941	-	-	2,213,941	2,078,964
Somerville Medical Services	390,488	-	-	390,488	430,775
Laboratory Services	1,528,097	-	-	1,528,097	1,342,601
	<u>14,263,628</u>	<u>-</u>	<u>-</u>	<u>14,263,628</u>	<u>13,907,514</u>
Provision for bad debts	(128,745)	-	-	(128,745)	(230,238)
Net patient service revenue less provision for bad debts	14,134,883	-	-	14,134,883	13,677,276
Contract revenue	1,280,482	-	-	1,280,482	1,384,786
Other program service revenue	97,446	-	-	97,446	98,564
Contributions	3,174,451	1,110,966	-	4,285,417	4,114,246
Research grants	35,640	-	-	35,640	-
Contributed goods and services	64,945	-	-	64,945	90,488
Interest and dividends	213,211	-	11,836	225,047	187,690
Realized/unrealized gain on investments	53,273	-	11,517	64,790	859,415
Other income	116,817	-	-	116,817	55,201
Net assets released from restrictions	<u>980,816</u>	<u>(979,648)</u>	<u>(1,168)</u>	<u>-</u>	<u>-</u>
Total support and revenue	<u>20,151,964</u>	<u>131,318</u>	<u>22,185</u>	<u>20,305,467</u>	<u>20,467,666</u>
<i>Expenses:</i>					
Program services:					
Medical services	13,362,439	-	-	13,362,439	12,942,289
Research center	352,858	-	-	352,858	404,990
Public affairs	525,361	-	-	525,361	418,385
Education	1,210,314	-	-	1,210,314	884,654
External relations	335,962	-	-	335,962	451,792
	<u>15,786,934</u>	<u>-</u>	<u>-</u>	<u>15,786,934</u>	<u>15,102,110</u>
Total program services	15,786,934	-	-	15,786,934	15,102,110
Supporting services:					
Management and general	3,033,235	-	-	3,033,235	2,319,469
Fundraising	1,402,659	-	-	1,402,659	1,083,345
	<u>4,435,894</u>	<u>-</u>	<u>-</u>	<u>4,435,894</u>	<u>3,402,814</u>
Total supporting services	4,435,894	-	-	4,435,894	3,402,814
Total expenses	<u>20,222,828</u>	<u>-</u>	<u>-</u>	<u>20,222,828</u>	<u>18,504,924</u>
Change in net assets	<u>(70,864)</u>	<u>131,318</u>	<u>22,185</u>	<u>82,639</u>	<u>1,962,742</u>
Net assets, beginning of year	<u>19,879,479</u>	<u>1,303,201</u>	<u>838,604</u>	<u>22,021,284</u>	<u>20,058,542</u>
Net assets, end of year	<u>\$ 19,808,615</u>	<u>\$ 1,434,519</u>	<u>\$ 860,789</u>	<u>\$ 22,103,923</u>	<u>\$ 22,021,284</u>

See accompanying notes to consolidated financial statements.

Planned Parenthood League of Massachusetts, Inc. and Subsidiary
Consolidated Statement of Functional Expenses
For the Year Ended June 30, 2015 with Comparative Totals for the Year Ended June 30, 2014

	Medical Services	Research Center	Public Affairs	Education	External Relations	Total Program Expense	Fundraising Expense	General and Administration	2015 Total	2014 Total
Salary	\$ 5,269,722	\$ 178,685	\$ 306,623	\$ 676,685	\$ 71,235	\$ 6,502,950	\$ 632,110	\$ 1,388,421	\$ 8,523,481	\$ 7,803,545
Fringe	567,409	19,240	33,015	72,861	7,670	700,195	68,061	149,496	917,752	888,634
Payroll taxes	445,116	15,093	25,899	57,157	6,017	549,282	53,392	117,275	719,949	706,570
Contracted services and professional fees	1,418,999	104,455	49,439	194,134	30,522	1,797,549	366,263	679,358	2,843,170	2,321,869
Office supplies	71,546	1,096	1,972	4,534	1,287	80,435	36,226	29,039	145,700	128,871
Program supplies	3,119,253	2,016	10,308	25,329	1,768	3,158,674	2,305	8,991	3,169,970	2,923,818
Equipment rental and maintenance	27,832	201	550	2,076	342	31,001	1,421	2,565	34,987	64,531
Occupancy	404,457	3,150	7,397	10,640	5,541	431,185	13,493	33,417	478,095	455,207
Telephone	143,341	8,442	43,808	17,842	6,359	179,329	15,449	38,673	233,451	230,222
Depreciation and amortization	701,729	7,230	43,808	64,476	1,494	818,737	39,746	91,378	949,861	934,492
Conferences and meetings	12,467	371	5,686	1,786	781	21,091	37,598	36,967	95,656	46,541
Dues and fees	18,303	465	10,245	14,794	46,813	192,699	7,879	222,141	422,719	161,032
Travel	120,382	8,355	2,502	33,698	1,051	63,907	4,348	20,005	88,260	82,442
Insurance	284,468	1,135	1,783	4,823	2,241	294,450	4,431	12,221	311,102	311,199
Interest and fees	177,886	105	10	2,212	8	180,221	10,495	119,538	310,254	317,817
Advertising	-	-	3,654	-	139,015	142,669	-	-	142,669	191,755
Printing	6,803	484	39	1,233	145	8,704	84,956	3,463	97,123	95,404
Loss on disposals	3,712	77	362	647	15	4,813	408	925	6,146	25,015
National assessment	141,626	3,487	5,476	14,816	6,883	172,288	13,610	37,540	223,438	235,715
Repairs and maintenance	427,214	3,870	8,151	10,571	6,775	456,581	10,420	40,686	507,687	578,917
Miscellaneous	174	-	-	-	-	174	48	1,136	1,358	1,330
Total	\$ 13,362,439	\$ 352,858	\$ 525,361	\$ 1,210,314	\$ 335,962	\$ 15,786,934	\$ 1,402,659	\$ 3,033,235	\$ 20,222,828	\$ 18,504,924

See accompanying notes to consolidated financial statements.

Planned Parenthood League of Massachusetts, Inc. and Subsidiary
Consolidated Statement of Cash Flows
For the Year Ended June 30, 2015
With Comparative Totals for the Year Ended June 30, 2014

	2015	2014
Cash Flows From Operating Activities		
Changes in net assets	\$ 82,639	\$ 1,962,742
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	930,480	915,111
Amortization	19,381	19,381
Change in allowance for uncollectible pledges	-	(4,103)
Change in discounts of pledges	6,412	(6,855)
Bad debt	128,745	230,238
Loss on disposals	6,146	25,015
Net unrealized and realized gain on investment	(64,790)	(859,415)
Change in operating assets and liabilities:		
Accounts receivable	264,776	(391,434)
Unconditional promises to give	(132,251)	91,096
Prepays	65,223	75,752
Inventory	49,263	(148,572)
Other assets	115,760	(6,046)
Deferred revenue	148,445	-
Accounts payable and accrued expenses	<u>(179,262)</u>	<u>95,610</u>
Net cash provided by operating activities	<u>1,440,967</u>	<u>1,998,520</u>
Cash Flows From Investing Activities		
Purchase of investments	(3,554,445)	(1,975,349)
Proceeds from sale of investments	1,055,530	1,067,799
Purchase of fixed assets	<u>(398,641)</u>	<u>(439,182)</u>
Net cash used in investing activities	<u>(2,897,556)</u>	<u>(1,346,732)</u>
Cash Flows From Financing Activities		
Payments on notes payable	<u>(86,060)</u>	<u>(83,018)</u>
Net cash used in financing activities	<u>(86,060)</u>	<u>(83,018)</u>
Net change in cash	(1,542,649)	568,770
Cash at beginning of year	<u>5,103,145</u>	<u>4,534,375</u>
Cash at end of year	<u>\$ 3,560,496</u>	<u>\$ 5,103,145</u>
<i>Supplementary Disclosure of Cash Flow Information</i>		
Cash paid for interest	<u>\$ 226,532</u>	<u>\$ 229,575</u>

See accompanying notes to consolidated financial statements.

5
/
2
5
/
2
0
1
6

Planned Parenthood League of Massachusetts, Inc. and Subsidiary

Notes to the Consolidated Financial Statements

June 30, 2015 with Comparative Totals as of June 30, 2014

1. The Organization

Planned Parenthood League of Massachusetts, Inc. and its wholly owned subsidiary 470 Pleasant Street Holdings Company, Inc. (hereinafter the "Organization") is a not-for-profit organization whose mission is to protect and promote sexual and reproductive health and freedom of choice by providing clinical services, education and advocacy. The Organization operates out of seven locations in Massachusetts, with its most significant location in Boston, Massachusetts. The Organization was established in January 1979 as a Massachusetts not-for-profit corporation while predecessor organizations date back to 1928.

The Organization's operations are funded largely by contributions from the general public, government contracts and revenues for services.

The Organization operates the following programs:

Medical Services – Provides medical reproductive health services and offers counseling, medical advice and referrals for health care.

Research Center – Conducts independent as well as collaborative clinical research on unintended pregnancy, family planning and abortion care methods.

Public Affairs – Provides information regarding family planning services and related legislative and judicial deliberations and actions.

Education – Provides organization-based sex education curriculum, parent education programs and professional training.

External Relations – Engages supporters and the general public through publications, volunteer opportunities and events.

2. Summary of Significant Accounting Policies

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of Planned Parenthood League of Massachusetts, Inc. and its wholly owned subsidiary, 470 Pleasant Street Holdings Company, Inc. All material inter-company transactions have been eliminated in these consolidated financial statements.

470 Pleasant Street Holdings Company, Inc. was formed as a not-for-profit organization under the laws of the Commonwealth of Massachusetts on December 28, 2009.

Cash and Cash Equivalents

For the purposes of the consolidated statement of financial position and the consolidated statement of cash flows, the Organization considers all short-term investments with an original maturity of three months or less to be cash equivalents. There were no cash equivalents as of June 30, 2015 and 2014.

Planned Parenthood League of Massachusetts, Inc. and Subsidiary
Notes to the Consolidated Financial Statements
June 30, 2015 with Comparative Totals as of June 30, 2014

2. *Summary of Significant Accounting Policies - continued*

Net Asset Classification

Accounting standards require classification of an entity's net assets, revenues, expenses, gains and losses into three classes of net assets as follows:

Unrestricted Net Assets - consist of assets, public support and program revenues, which are available and used for operations and programs. Contributions are considered available for unrestricted use unless specifically restricted by the donor. Operating net assets represent funds available for current operations other than plant and equipment.

Temporarily Restricted Net Assets - include the Organization's funds with donor-imposed restrictions relevant to time or purpose. These resources are released upon meeting the purpose restrictions or the passage of time and are then reflected as "net assets released from restrictions." Resources of this nature originate from gifts, grants, bequests and investment income earned on restricted funds.

Permanently Restricted Net Assets - include resources with a permanent donor-imposed restriction, which stipulates that the assets are to be maintained permanently, but permits the Organization to expend part or all of the income derived from the donated assets. In certain cases, donors have stipulated that accumulated unspent gains are considered permanently restricted. Accordingly, such amounts have been reflected as permanently restricted net assets.

Fair Value Measurements

Investments are reported using a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are as follows:

- Level 1 - Inputs are quoted prices (unadjusted) in active markets for identical investments that the Organization has the ability to access at the measurement date.
- Level 2 - Inputs are measurements other than quoted prices in active markets that are observable for the investments, either directly or indirectly.
- Level 3 - Inputs are unobservable and which require significant judgement or estimation.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

Investments

The Organization carries investments in marketable securities at fair value in the *Consolidated Statement of Financial Position*. Realized and unrealized gains and losses are reflected in the *Consolidated Statement of Activities*. Investment income and gains and losses are recorded as increases or decreases in unrestricted net assets unless a donor or law temporarily or permanently restricts their use.

G
O
5
/
2
5
/
2
0
1
6

Planned Parenthood League of Massachusetts, Inc. and Subsidiary
Notes to the Consolidated Financial Statements
June 30, 2015 with Comparative Totals as of June 30, 2014

2. *Summary of Significant Accounting Policies - continued*

Accounts Receivable

Accounts receivables are presented net of the allowance for doubtful accounts. The Organization's periodic evaluation of the adequacy of the allowance is based on its past experience. Accounts receivable are charged off when all efforts to collect the account have been exhausted and the amounts have been sent to collection agencies. Any recovery is recorded when received.

Inventories

Inventories purchased for use in program and supporting services are carried at the lower of cost or market. Cost is determined using the first-in, first-out method.

Land, Buildings and Equipment

Land, buildings and equipment are recorded at cost or at fair market value at the date of donation. The Organization capitalizes all fixed assets costing greater than \$2,000. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets. Estimated useful lives are 40 years for buildings, 20 years or the remaining life of the lease for building improvements and 3 to 10 years for furniture and equipment.

Long lived assets, such as buildings are reviewed on an ongoing basis for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Recoverability is measured by a comparison of the carrying amount of the asset to the future net undiscounted cash flow expected to be generated by the asset including any estimated proceeds from the eventual disposition of the asset. If the asset is considered to be impaired, the impairment to be recognized is measured at the amount by which the carrying amount of the asset exceeds its fair value. As of June 30, 2015, management has determined that there has been no impairment of its long lived assets.

Finance Fees

The financing fees are costs related to the refinancing of the Worcester, Massachusetts building debt. The costs are amortized on a straight line basis over the remaining terms of the related loans.

Revenue and Expenses

The Organization prepares its consolidated financial statements on the accrual basis of accounting. Accordingly, revenue is recorded when earned and expenses are recorded when goods are received or services rendered.

Deferred Revenue

Revenue is recognized when earned. Funds received that are not earned as of year-end are recorded under liabilities in the *Consolidated Statement of Financial Position* as deferred revenue.

Planned Parenthood League of Massachusetts, Inc. and Subsidiary
Notes to the Consolidated Financial Statements
June 30, 2015 with Comparative Totals as of June 30, 2014

2. *Summary of Significant Accounting Policies - continued*

Medical Services Revenue

The Organization recognizes medical services revenue at its standard charges with a reduction for contractual allowances for those patients with third party payer coverage. For uninsured patients, the Organization recognizes revenue on the basis of its standard rates for services provided with a reduction for a self-pay discount. On the basis of historical experience a significant portion of the Organization's uninsured patients will be unable or unwilling to pay for the services provided. Therefore, the Organization records a significant allowance for doubtful accounts related to uninsured patients in the period the services are provided. Medical service revenue, net of contractual allowances and discounts, but before the allowance for doubtful account, recognized in fiscal years 2015 and 2014 is as follows:

<i>2015</i>	<i>Third Party Payors</i>	<i>Self Pay</i>	<i>Total</i>
Medical Service Revenue, net of contractual allowances	<u>\$ 12,294,570</u>	<u>\$ 1,969,058</u>	<u>\$ 14,263,628</u>
 <i>2014</i>	 <i>Third Party Payors</i>	 <i>Self Pay</i>	 <i>Total</i>
Medical Service Revenue, net of contractual allowances	<u>\$ 11,637,776</u>	<u>\$ 2,269,738</u>	<u>\$ 13,907,514</u>

Contributions

The Organization distinguishes between contributions received for each net asset category in accordance with donor imposed restrictions. Contributions may include gifts of cash, collection items or promises to give. Such contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increase those net asset classes.

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows.

Donated Services and Materials

The Organization records various types of in-kind support including contributed facilities, professional services, advertising and materials. Contributed professional services are recognized if the services received (a) create or enhance long-lived assets, or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not donated. Such donations are recorded as contributions in the financial statements. Donated materials are recorded at the fair value at the date of the gift. For the fiscal years ended June 30, 2015 and 2014, the value of donated services and materials recognized was \$64,945 and \$90,488, respectively.

G
O
5
/
2
5
/
2
0
1
6

Planned Parenthood League of Massachusetts, Inc. and Subsidiary
Notes to the Consolidated Financial Statements
June 30, 2015 with Comparative Totals as of June 30, 2014

2. *Summary of Significant Accounting Policies - continued*

Donated Services and Materials – continued

Additionally, the Organization receives a significant amount of skilled contributed services, which does not meet the two recognition criteria described above. Accordingly, the value of these contributed services is not reflected in the accompanying financial statements. For the years ended June 30, 2015 and 2014 the Organization received \$36,297 and \$31,728, respectively in non-professional volunteer services.

Income Tax Status

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Organization is also exempt from Massachusetts income taxes. Unrelated business income, of which there was none for the fiscal years ended June 30, 2015 and 2014, would be subject to Federal and state income taxes. Consequently, the accompanying financial statements do not reflect any provision for income taxes.

As of June 30, 2015, the Organization has evaluated the tax positions taken in its previously filed returns and those expected to be taken in its 2015 returns, and believes they are *more-likely-than-not* of being sustained if examined by Federal or state tax authorities. The Organization's 2011 through 2014 tax years remain subject to examination by Federal and state tax authorities.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Functional Expenses

The costs of providing the Organization's programs and other activities have been summarized on a functional basis in the *Consolidated Statement of Functional Expenses*. Direct expenses are charged to programs and supporting services. Expenses related to more than one function are charged to programs and the supporting services benefitted.

Summarized Comparative Information

The consolidated financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's consolidated financial statements for the year ended June 30, 2014, from which the summarized information was derived.

Planned Parenthood League of Massachusetts, Inc. and Subsidiary
Notes to the Consolidated Financial Statements
June 30, 2015 with Comparative Totals as of June 30, 2014

3. Significant Concentrations

Credit Risk

Cash at the financial institutions with which the Organization maintains its accounts are insured by the Federal Deposit Insurance Corporation (FDIC). At times these accounts exceed the FDIC insurance limit. The Organization has not experienced any losses in such accounts and does not believe it is exposed to any significant credit risk on cash.

4. Investments

As of June 30, 2015, the Organization's investment accounts are maintained at one financial institution. The investments are subject to market fluctuations and due to the level of risk associated with investments, it is at least reasonably possible that changes in the value of investments will occur in the near term and that such changes could materially affect the consolidated financial statements.

At June 30, 2015 and 2014, investments are measured at fair value on a recurring basis and consisted of the following:

<i>Description</i>	<i>Level 1</i>	
	<i>2015</i>	<i>2014</i>
<i>Mutual funds:</i>		
Large Blend Funds	\$ 1,274,768	\$ 1,185,561
Mid Blend Funds	1,441,124	937,206
Large Cap Funds	648,244	508,860
Large Growth Funds	2,543,371	1,974,285
Foreign Large Blend	779,257	582,761
Fixed Income	916,119	517,929
Emerging Markets	315,901	250,425
Bank Loan	774,397	576,906
Bond Funds	1,646,207	1,083,573
Total	<u>\$ 10,339,388</u>	<u>\$ 7,617,506</u>

The following schedule summarizes the investment returns for the year ended June 30, 2015 and 2014:

<i>June 30, 2015</i>	<i>Permanently</i>		<i>Total</i>
	<i>Unrestricted</i>	<i>Restricted</i>	
Interest and dividends	\$ 145,599	\$ 11,836	\$ 157,435
Realized/Unrealized gains on investments	<u>53,273</u>	<u>11,517</u>	<u>64,790</u>
Total	<u>\$ 198,872</u>	<u>\$ 23,353</u>	<u>\$ 222,225</u>

G
O
5
/
2
5
/
2
0
1
6

Planned Parenthood League of Massachusetts, Inc. and Subsidiary
 Notes to the Consolidated Financial Statements
 June 30, 2015 with Comparative Totals as of June 30, 2014

4. Investments – continued

<i>June 30, 2014</i>	<i>Unrestricted</i>	<i>Permanently Restricted</i>	<i>Total</i>
Interest and dividends	\$ 107,476	\$ 12,602	\$ 120,078
Realized/Unrealized losses on investments	<u>850,290</u>	<u>9,125</u>	<u>859,415</u>
Total	<u>\$ 957,766</u>	<u>\$ 21,727</u>	<u>\$ 979,493</u>

5. Accounts Receivable

Accounts receivable consisted of the following at June 30:

	<i>2015</i>	<i>2014</i>
Medical services	\$ 759,485	\$ 804,308
Contracts	211,081	329,494
Other	<u>73,304</u>	<u>174,844</u>
Total accounts receivable	1,043,870	1,308,646
Less: Allowance for doubtful accounts	<u>(67,806)</u>	<u>(125,923)</u>
Net accounts receivable	<u>\$ 976,064</u>	<u>\$ 1,182,723</u>

At June 30 2015 and 2014 approximately 23% and 16%, respectively of accounts receivable were due from two customers.

6. Note Receivable

During fiscal year 2011, the Organization entered into a note agreement with PPLM Investment Fund, LLC (the Fund), an unrelated entity, in the amount of \$6,761,240. The proceeds were used by the Fund to finance their capital contribution to MassDevelopment New Markets CDE #4, LLC, who in turn loaned the funds to the 470 Pleasant Street Holdings, Inc., a related entity. The loan matures on July 8, 2045 and bears interest at one percent, per annum, with quarterly interest payments to be received for the first eight years, thereafter payments of principal and interest shall be received quarterly. As of June 30, 2015 and 2014 the amount receivable was \$6,761,240 and for both years ending June 30, 2015 and 2014 interest income was \$67,612.

Planned Parenthood League of Massachusetts, Inc. and Subsidiary
Notes to the Consolidated Financial Statements
June 30, 2015 with Comparative Totals as of June 30, 2014

7. Contributions and Pledges Receivable

As of June 30, 2015 and 2014 unconditional promises to give are expected to be realized as follows:

	2015	2014
In one year or less	\$ 168,979	\$ 194,266
Between one and five years	205,000	47,462
<i>Less:</i>		
Allowance for uncollectible pledges	(11,897)	(11,897)
Discount	<u>(12,224)</u>	<u>(5,812)</u>
Total	<u>\$ 349,858</u>	<u>\$ 224,019</u>

The contributions are discounted at 1.68% for amounts pledged in fiscal years 2015 and 2014, 1.21% for amounts pledged in fiscal year 2013, 0.71% for amounts pledged in fiscal year 2012, 1.58% for amounts pledged in fiscal year 2011, 1.76% for amounts pledged in fiscal year 2010 and 4.9% for all amounts pledged prior to fiscal year 2010.

8. Property and Equipment

Property and equipment consisted of the following at June 30:

<i>Description</i>	2015	2014
Land	\$ 1,595,669	\$ 1,595,669
Buildings and improvements	14,214,832	14,212,831
Leasehold improvements	1,799,715	1,799,714
Equipment	<u>4,381,157</u>	<u>4,216,950</u>
Total	21,991,373	21,825,164
Less: accumulated depreciation	<u>(10,162,647)</u>	<u>(9,504,550)</u>
Net	<u>\$ 11,828,726</u>	<u>\$ 12,320,614</u>

Depreciation expense was \$930,480 and \$915,111 for the years ended June 30, 2015 and 2014, respectively.

9. Financing Fees

Financing fees are as follows:

<i>Description</i>	2015	2014
Financing fees	\$ 465,154	\$ 465,154
Less: accumulated amortization	<u>(81,725)</u>	<u>(62,344)</u>
Net	<u>\$ 383,429</u>	<u>\$ 402,810</u>

Amortization expense was \$19,381 for the years ended June 30, 2015 and 2014, and is expected to be \$19,381 annually for next five years.

G
O

5
/
2
5
/
2
0
1
6

Planned Parenthood League of Massachusetts, Inc. and Subsidiary
 Notes to the Consolidated Financial Statements
 June 30, 2015 with Comparative Totals as of June 30, 2014

10. Inventory

Inventories are comprised of the following as of June 30:

	<i>2015</i>	<i>2014</i>
Supplies	<u>\$ 696,399</u>	<u>\$ 745,662</u>

11. Notes Payable

During fiscal year 2011, the Organization refinanced its note payable with Massachusetts Development Finance Agency (MDFA). The original note proceeds were used to fund the renovation and expansion of the facility located in Worcester, Massachusetts. The Organization used New Market Tax Credits to refinance the original note payable which resulted in that debt being reduced from \$6,050,000 to \$4,400,000 and, in accordance with the terms of the refinance, executed three additional loans with MDFA totaling \$8,712,000.

As of June 30, 2015 the outstanding loans are as follows:

\$4,400,000 loan payable maturing July 1, 2017 and bearing interest at 3.5% per annum. The loan is secured by the Boston facility. As of June 30, 2015 and 2014 the outstanding balance was \$2,575,168 and \$2,661,228, respectively. Interest expense for the years ended June 30, 2015 and 2014 was \$93,326 and \$96,369, respectively.

\$8,712,000 loans payable maturing July 8, 2050 and each bearing interest at a rate of 1.53% per annum. The loans require interest only payments for the first eight years with principal and interest payments thereafter. The loans are secured by the Worcester facility. As of June 30, 2015 and 2014 the outstanding balance of the loans was \$8,712,000. Interest expense for both years ended June 30, 2015 and 2014 was \$133,206.

Aggregate maturities of the long-term debt for the next five years and thereafter are as follows:

<i>Fiscal Year</i>	<i>Amount</i>
2016	\$ 90,532
2017	93,742
2018	2,390,894
2019	48,506
2020	213,535
Thereafter	<u>8,449,959</u>
Total	<u>\$ 11,287,168</u>

Planned Parenthood League of Massachusetts, Inc. and Subsidiary
Notes to the Consolidated Financial Statements
June 30, 2015 with Comparative Totals as of June 30, 2014

12. Commitments

Operating Leases

The Organization leases office space in Springfield, Massachusetts under a non-cancelable operating lease agreement expiring in November 2019. Under the terms of the operating lease, the Organization pays for certain pass through costs associated with the operation of the building.

The Organization leases office space in Somerville, Massachusetts under a non-cancelable operating lease agreement expiring in January 2016. The lease also contains a five-year option to extend. The differences between current rental costs and future costs are not considered significant by management and, therefore, have not been recorded on a straight-line basis over the lease term.

The Organization leases office space in Milford, Massachusetts under a non-cancelable operating lease agreement expiring in May 2020.

The Organization leases office space in Marlboro, Massachusetts under a non-cancelable operating lease agreement expiring in May 2020.

The Organization leases office space in Fitchburg, Massachusetts under a non-cancelable operating lease agreement expiring in June 2020.

For the years ended June 30, 2015 and 2014, rent expense was \$228,302 and \$221,712, respectively.

The minimum payments due over the remaining terms of the leases are as follows:

<i>Fiscal Year</i>	<i>Amount</i>
2016	\$ 207,615
2017	192,189
2018	194,120
2019	196,115
2020	<u>123,580</u>
Total	<u>\$ 913,619</u>

13. Tax Deferred Savings

The Organization offers a tax-deferred savings plan, which qualifies as a voluntary contribution savings plan under Internal Revenue Code Section 403(b). The plan is administered by a financial institution. Employees may provide tax-deferred contributions to fully vested individual retirement accounts up to the Internal Revenue Code limit. The plan covers all employees, over age twenty-one that have completed one year of employment and achieved a minimum number of hours of service.

The Board of Directors has the option at their discretion to match up to 3% of the contributions made by the participants. Pension expense for the years ended June 30, 2015 and 2014 was \$101,315 and \$89,359, respectively.

Planned Parenthood League of Massachusetts, Inc. and Subsidiary
Notes to the Consolidated Financial Statements
June 30, 2015 with Comparative Totals as of June 30, 2014

14. Related Party Transactions

Planned Parenthood Advocacy Fund (“PPAF”) was incorporated on January 6, 1984 as a social welfare organization whose purpose includes studying aspects of family planning, promoting public interest in comprehensive reproductive health services and conducting lobbying efforts related to issues of reproductive health. PPAF and the Organization have overlapping members of their boards of directors, however the Organization does not have control over PPAF. The Organization purchases services on behalf of PPAF and is reimbursed. In addition, the Organization provides PPAF with certain support services. As of June 30, 2015 and 2014, the Organization had an amount receivable from PPAF of \$42,625, and \$25,314, respectively.

The Organization is a member of the Planned Parenthood Federation of America (“PPFA”), which requires payment of annual dues to the national organization for certain support services. For the years ended June 30, 2015 and 2014, dues expense was \$223,438 and \$235,713.

During fiscal year 2015, two members of the Organization’s board of directors were employed by the Organization. The total paid to the board members during the year ended June 30, 2015 was \$73,259.

15. Endowment

On July 2, 2009, the Uniform Prudent Management of Institutional Funds Act (UPMIFA) was signed into law in Massachusetts and was effective for endowments held as of June 30, 2009. UPMIFA requires the historical dollar amount of a donor-restricted endowment fund to be preserved. In the absence of donor restrictions, the net appreciation on a donor-restricted endowment fund is spendable under UPMIFA. However, one the Organization’s donors provided the following restriction on the net appreciation; a portion of interest and dividends earned on the permanently restricted net assets, not to exceed 5% annually, may be used to support the operations of the Organization.

The income on the Board designated endowment may be used for operations at the Board of Director’s discretion.

Planned Parenthood League of Massachusetts, Inc. and Subsidiary

Notes to the Consolidated Financial Statements

June 30, 2015 with Comparative Totals as of June 30, 2014

15. Endowment – continued

The endowment activity for 2015 and 2014 is as follows:

	<i>2015</i>		
	<i>Donor Restricted Endowment</i>	<i>Board-Designated Endowment</i>	<i>Total</i>
Endowment net assets - beginning of year	\$ 838,604	\$ 604,176	\$ 1,442,780
Investment return:			
Investment income	11,836	-	11,836
Net appreciation (realized and unrealized)	<u>11,517</u>	<u>-</u>	<u>11,517</u>
Total investment return	<u>23,353</u>	<u>-</u>	<u>23,353</u>
Appropriation of endowment assets for expenses	<u>(1,168)</u>	<u>-</u>	<u>(1,168)</u>
Endowment net assets - end of year	<u>\$ 860,789</u>	<u>\$ 604,176</u>	<u>\$ 1,464,965</u>
	<i>2014</i>		
	<i>Donor Restricted Endowment</i>	<i>Board-Designated Endowment</i>	<i>Total</i>
Endowment net assets - beginning of year	\$ 818,011	\$ 604,176	\$ 1,422,187
Investment return:			
Investment income	12,602	-	12,602
Net appreciation (realized and unrealized)	<u>9,125</u>	<u>-</u>	<u>9,125</u>
Total investment return	<u>21,727</u>	<u>-</u>	<u>21,727</u>
Appropriation of endowment assets for expenses	<u>(1,134)</u>	<u>-</u>	<u>(1,134)</u>
Endowment net assets - end of year	<u>\$ 838,604</u>	<u>\$ 604,176</u>	<u>\$ 1,442,780</u>

At June 30, 2015, the fair value of invested assets assigned to individual donor restricted endowment net asset balances required to be maintained in perpetuity had a \$123,059 deficiency.

A
G
O

5
/
2
5
/
2
0
1
6

Planned Parenthood League of Massachusetts, Inc. and Subsidiary
Notes to the Consolidated Financial Statements
 June 30, 2015 with Comparative Totals as of June 30, 2014

16. Net Assets

This account represents the cumulative excess of revenue, gains and other support over expenses. Net assets consist of three components, unrestricted, temporarily restricted and permanently restricted. Unrestricted funds are not restricted as to use. Restricted funds are funds that are subject to donor imposed restrictions.

Temporarily Restricted

At June 30, 2015 and 2014, temporarily restricted net assets were restricted for the following:

<i>Description</i>	<i>2015</i>	<i>2014</i>
Program/purpose restriction	\$ 1,134,519	\$ 1,283,739
Time restriction	<u>300,000</u>	<u>19,462</u>
Total	<u>\$ 1,434,519</u>	<u>\$ 1,303,201</u>

Permanently Restricted

The Organization has received public gifts with specific donor stipulations requiring that the principal be held inviolate and that only a portion of the income therefrom be used for operations. These resources are, by act of Congress, under the control of the Board of Directors who are required to maintain and invest the funds. The balance of permanently restricted net assets was \$860,789 and \$838,604 at June 30, 2015 and 2014, respectively.

Unrestricted – Board Designated

The Board of Directors has designated a portion of the unrestricted net assets for future capital needs and operations at their discretion. The balance on the board designated net assets was \$604,176 at June 30, 2015 and 2014.

17. Real-Estate Reserve

Part of the terms of the secured financing described in Note 11, required the Organization to establish a real-estate reserve in the original amount of \$113,871. Per the terms of the secured financing, after August 1, 2010 if the Organization determines that the funds held in the reserve will not be required to fund the Organization’s working capital needs, the Organization is permitted to withdraw all funds and close the account. During fiscal year 2015, the Organization withdrew the funds from the reserve. As of June 30, 2015 and 2014 the balance of the reserve was \$0 and \$114,318, respectively.

Planned Parenthood League of Massachusetts, Inc. and Subsidiary

Notes to the Consolidated Financial Statements

June 30, 2015 with Comparative Totals as of June 30, 2014

18. Insurance Captive

Planned Parenthood League of Massachusetts Inc. is a participant in Affiliated Risk Management Services, Inc. ("ARMS") which is a self-insurance fund for the PPFA family of affiliates. ARMS provides comprehensive, stable, and affordable insurance, risk management, and quality management services to Planned Parenthood entities so they can better advance their mission. The program offers a wide range of insurance coverages formulated to meet the needs of those participating Planned Parenthood entities. An entity must participate in all coverages provided by the program and cannot opt for selective coverages.

The Organization purchases its professional liability insurance, excess professional liability insurance, general liability, non-owned and hired automobile liability, umbrella liability, directors and officers insurance, employment practices liability, media special perils policy, and group travel accident insurance from ARMS through PPFA.

19. Contingencies

Grant Funding

The Organization's various grants and contracts are subject to audit by appropriate governmental agencies. Acceptance of final costs incurred under these grants and contracts resides with these grantor agencies. As of the date of these financial statements, the materiality of adjustments to final costs, if any, cannot be determined although management does not anticipate any. Therefore, no adjustment has been made to the consolidated financial statements.

20. Line of Credit

During fiscal year 2011, the Organization entered into a \$1,000,000 line of credit with a financial institution with an interest rate of 5% expiring February 28, 2016. As of June 30, 2015 and 2014 there was no outstanding balance on the line.

21. Subsequent Events

The Organization has performed an evaluation of subsequent events through November 17, 2015, which is the date the Organization's consolidated financial statements were available to be issued. No material subsequent events have occurred since June 30, 2015 that requires recognition or disclosure in these consolidated financial statements.

SUPPLEMENTAL INFORMATION

Planned Parenthood League of Massachusetts, Inc. and Subsidiary
Consolidating Schedule of Financial Position
June 30, 2015

Assets:	<i>Planned Parenthood</i>	<i>470 Pleasant Street</i>	<i>Eliminations</i>	<i>Consolidated</i>
<i>Current Assets:</i>				
Cash	\$ 3,560,496	\$ -	\$ -	\$ 3,560,496
Investments	9,601,658	-	-	9,601,658
Funds held in trust	29,843	-	-	29,843
Accounts receivable, net	976,064	-	-	976,064
Contributions and pledges receivable, net	160,143	-	-	160,143
Inventory	696,399	-	-	696,399
Prepaid expenses	<u>42,515</u>	<u>63,224</u>	<u>(63,224)</u>	<u>42,515</u>
Total current assets	<u>15,067,118</u>	<u>63,224</u>	<u>(63,224)</u>	<u>15,067,118</u>
<i>Noncurrent Assets:</i>				
Split interest agreements	23,221	-	-	23,221
Contributions and pledges receivable, net	189,715	-	-	189,715
Permanently restricted investment	737,730	-	-	737,730
Due from related party	42,625	275,891	(275,891)	42,625
Note receivable	6,761,240	-	-	6,761,240
Land, building and equipment less accumulated depreciation	5,203,219	6,827,045	(201,538)	11,828,726
Financing and lease acquisition fees	<u>-</u>	<u>383,429</u>	<u>-</u>	<u>383,429</u>
Total noncurrent assets	<u>12,957,750</u>	<u>7,486,365</u>	<u>(477,429)</u>	<u>19,966,686</u>
Total assets	<u>\$ 28,024,868</u>	<u>\$ 7,549,589</u>	<u>\$ (540,653)</u>	<u>\$ 35,033,804</u>
Liabilities and Net Assets:				
<i>Current Liabilities:</i>				
Accounts payable	\$ 545,142	\$ -	\$ -	\$ 545,142
Accrued expenses	919,283	-	-	919,283
Funds held in trust	29,843	-	-	29,843
Deferred revenue	180,588	-	(32,143)	148,445
Notes payable, current portion	<u>90,532</u>	<u>-</u>	<u>-</u>	<u>90,532</u>
Total current liabilities	<u>1,765,388</u>	<u>-</u>	<u>(32,143)</u>	<u>1,733,245</u>
<i>Noncurrent Liabilities:</i>				
Deferred revenue	31,081	-	(31,081)	-
Due to related party	275,891	-	(275,891)	-
Notes payable	<u>2,484,636</u>	<u>8,712,000</u>	<u>-</u>	<u>11,196,636</u>
Total noncurrent liabilities	<u>2,791,608</u>	<u>8,712,000</u>	<u>(306,972)</u>	<u>11,196,636</u>
Total liabilities	<u>4,556,996</u>	<u>8,712,000</u>	<u>(339,115)</u>	<u>12,929,881</u>
<i>Net Assets:</i>				
Total unrestricted	21,172,564	(1,162,411)	(201,538)	19,808,615
Temporarily restricted	1,434,519	-	-	1,434,519
Permanently restricted	<u>860,789</u>	<u>-</u>	<u>-</u>	<u>860,789</u>
Total net assets	<u>23,467,872</u>	<u>(1,162,411)</u>	<u>(201,538)</u>	<u>22,103,923</u>
Total liabilities and net assets	<u>\$ 28,024,868</u>	<u>\$ 7,549,589</u>	<u>\$ (540,653)</u>	<u>\$ 35,033,804</u>

G
O
5
/
2
5
/
2
0
1
6

Planned Parenthood League of Massachusetts, Inc. and Subsidiary
Consolidating Schedule of Activities
For the Year Ended June 30, 2015

	<i>Planned Parenthood</i>	<i>470 Pleasant Street</i>	<i>Eliminations</i>	<i>Consolidated</i>
<i>Support and Revenue:</i>				
Patient Service revenue (net of contractual allowances and discounts):				
Greater Boston Medical Services	\$ 7,380,734	\$ -	\$ -	\$ 7,380,734
Central Massachusetts Medical Services	2,750,368	-	-	2,750,368
Western Massachusetts Medical Services	2,213,941	-	-	2,213,941
Somerville Medical Services	390,488	-	-	390,488
Laboratory Services	1,528,097	-	-	1,528,097
	<u>14,263,628</u>	<u>-</u>	<u>-</u>	<u>14,263,628</u>
Provision for bad debts	(128,745)	-	-	(128,745)
Net patient service revenue less provision for bad debts	14,134,883	-	-	14,134,883
Contract revenue	1,280,482	-	-	1,280,482
Other program service revenue	97,446	-	-	97,446
Contributions	4,285,417	-	-	4,285,417
Research grants	35,640	-	-	35,640
Contributed goods and services	64,945	-	-	64,945
Interest and dividends	225,030	17	-	225,047
Realized/unrealized gain on investments	64,790	-	-	64,790
Administrative fee	32,143	-	(32,143)	-
Rental income	-	150,000	(150,000)	-
Other income	116,817	-	-	116,817
	<u>20,337,593</u>	<u>150,017</u>	<u>(182,143)</u>	<u>20,305,467</u>
Total support and revenue				
<i>Expenses:</i>				
Program services:				
Medical services	13,110,746	407,371	(155,678)	13,362,439
Research center	352,858	-	-	352,858
Public affairs	525,361	-	-	525,361
Education	1,210,314	-	-	1,210,314
External relations	335,962	-	-	335,962
	<u>15,535,241</u>	<u>407,371</u>	<u>(155,678)</u>	<u>15,786,934</u>
Total program services				
Supporting services:				
Management and general	3,033,235	32,143	(32,143)	3,033,235
Fundraising	1,402,659	-	-	1,402,659
	<u>4,435,894</u>	<u>32,143</u>	<u>(32,143)</u>	<u>4,435,894</u>
Total supporting services				
Total expenses	<u>19,971,135</u>	<u>439,514</u>	<u>(187,821)</u>	<u>20,222,828</u>
Change in net assets	<u>\$ 366,458</u>	<u>\$ (289,497)</u>	<u>\$ 5,678</u>	<u>\$ 82,639</u>