PLANNED PARENTHOOD
OF METROPOLITAN WASHINGTON, D.C., INC.

COMBINED FINANCIAL STATEMENTS AND
REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

SEPTEMBER 30, 2019

PLANNED PARENTHOOD
OF METROPOLITAN WASHINGTON, D.C., INC.

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Planned Parenthood of Metropolitan Washington, D.C., Inc. and Affiliate
Washington, D.C.

We have audited the accompanying combined financial statements of Planned Parenthood of Metropolitan Washington, D.C., Inc. and affiliate ("PPMW"), which comprise the combined statement of financial position as of September 30, 2019, and the related combined statements of activities and change in net assets, 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 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 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 auditor's 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 PPMW as of September 30, 2019, and the change in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Board of Directors
Planned Parenthood of Metropolitan Washington, D.C., Inc. and Affiliate
Washington, D.C.

REPORT ON SUMMARIZED COMPARATIVE INFORMATION

We have previously audited PPMW's 2018 consolidated financial statements, and our report dated March 29, 2019, expressed an unmodified audit opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2018 is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Tait, Weller & Baker LLP

Philadelphia, Pennsylvania
April 2, 2020

PLANNED PARENTHOOD OF METROPOLITAN WASHINGTON, D.C., INC.

COMBINED STATEMENTS OF FINANCIAL POSITION

September 30, 2019 and 2018

ASSETS	2019	2018
Cash and cash equivalents	$ 1,292,094	$ 1,987,887
Contributions receivable, net	928,735	955,696
Grants receivable	73,589	82,395
Patient receivables, net	286,213	211,035
Other receivables	176,523	71,106
Prepaid expenses and other current assets	140,687	193,416
Investments	4,537,017	6,104,490
Inventory	179,815	212,450
Property and equipment, net of accumulated depreciation	21,913,074	20,421,519
Total assets	$ 29,527,747	$ 30,239,994

LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accruals	$ 1,342,265	$ 774,164
Deferred revenue	1,200	8,047
Note payable	301,047	757,595
Total liabilities	1,644,512	1,539,806
COMMITMENTS		
NET ASSETS		
Without donor restrictions	26,334,575	27,036,153
With donor restrictions	1,548,660	1,664,035
Total net assets	27,883,235	28,700,188
Total liabilities and net assets	$ 29,527,747	$ 30,239,994

PLANNED PARENTHOOD OF METROPOLITAN WASHINGTON, D.C., INC.

COMBINED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

Year Ended September 30, 2019 With Summarized Financial Information for 2018

	Without Donor Restrictions	With Donor Restrictions	2019 Total	2018
REVENUES, GAINS AND OTHER SUPPORT				
Contributions	$ 6,574,263	$ 433,210	$ 7,007,473	$ 8,218,424
Grants and contracts revenue	1,213,700	-	1,213,700	584,993
Interest and dividend income	60,614	15,394	76,008	52,395
Contributed services	322,119	-	322,119	410,395
Patient service fees, net of charge adjustments	5,697,547	-	5,697,547	5,331,858
Other revenue	91,977	-	91,977	113,619
	13,960,220	448,604	14,408,824	14,711,684
Net assets released from restrictions	572,481	(572,481)	-	-
TOTAL REVENUES, GAINS AND OTHER SUPPORT	14,532,701	(123,877)	14,408,824	14,711,684
EXPENSES				
Program Services				
Patient Services	9,990,145	-	9,990,145	8,171,707
External Affairs	900,442	-	900,442	1,060,876
Community Education	774,112	-	774,112	391,627
PPADMV	203,565	-	203,565	221,035
Total Program Services	11,868,264	-	11,868,264	9,845,245
Supporting Services				
Management and General	1,460,422	-	1,460,422	1,344,795
Fundraising	1,982,345	-	1,982,345	1,648,603
Total Supporting Services	3,442,767	-	3,442,767	2,993,398
TOTAL EXPENSES	15,311,031	-	15,311,031	12,838,643
CHANGE IN NET ASSETS FROM OPERATIONS	(778,330)	(123,877)	(902,207)	1,873,041
OTHER CHANGES				
Net appreciation on investments	76,752	8,502	85,254	102,533
CHANGE IN NET ASSETS	(701,578)	(115,375)	(816,953)	1,975,574
NET ASSETS AT BEGINNING OF YEAR	27,036,153	1,664,035	28,700,188	26,724,469
NET ASSETS AT END OF YEAR	$ 26,334,575	$ 1,548,660	$ 27,883,235	$ 28,700,043

See notes to financial statements.

PLANNED PARENTHOOD OF METROPOLITAN WASHINGTON, D.C., INC.

COMBINED STATEMENT OF FUNCTIONAL EXPENSES

Year Ended September 30, 2019 With Summarized Financial Information for 2018

	Program Services				Supporting Services			
	Patient Services	**External Affairs**	**Community Education**	**PPADMV**	**Management General**	**Fundraising**	**2019 Total**	**2018**
Salaries & Fringe Benefits	4,252,561	379,764	448,451	124,748	2,288,984	822,912	8,317,420	6,957,777
Medical and Direct Program Supplies	1,362,274	25,327	1,887	-	1,260	1,666	1,392,414	1,071,171
Contract Physicians	238,535	-	-	-	-	-	238,535	287,452
Professional Fees	1,201,801	115,021	16,207	14,805	260,881	494,903	2,103,618	1,903,087
Occupancy	276,108	20,561	14,953	500	65,539	13,460	391,121	276,817
Interest Expense	-	-	-	-	24,066	-	24,066	40,789
Supplies	65,129	34,346	10,726	1,432	74,066	28,076	213,775	192,773
Telephone	174,419	23,650	15,826	-	57,786	12,685	284,366	237,005
Postage & Shipping	2,164	63	76	489	10,658	2,949	16,399	40,577
Maintenance & Repairs	92,440	14,277	10,252	-	40,721	6,528	164,218	152,624
Equipment Rental	18,267	10,603	5,976	-	26,135	5,438	66,419	53,125
Conferences, Conventions & Meetings	90,898	19,590	45,391	24,605	125,423	248,025	553,932	438,116
Advertising and Publications	240,839	28,518	5,923	16,930	4,786	69,166	366,162	213,967
Insurance & Dues	178,749	45,360	811	715	96,612	42,983	365,230	269,718
Depreciation	300,480	78,325	55,505	-	178,131	37,629	650,070	598,464
Miscellaneous	-	2,095	-	10,038	151,153	-	163,286	105,181
Total expenses before allocations	8,494,664	797,500	631,984	194,262	3,406,201	1,786,420	15,311,031	12,838,643
Allocation of management and general	1,495,481	102,942	142,128	9,303	(1,945,779)	195,925	-	-
Total expenses	$ 9,990,145	$ 900,442	$ 774,112	$ 203,565	$ 1,460,422	$ 1,982,345	$ 15,311,031	$ 12,838,643

PLANNED PARENTHOOD OF METROPOLITAN WASHINGTON, D.C., INC.

COMBINED STATEMENTS OF CASH FLOWS

Years Ended September 30, 2019 and 2018

	2019	2018
Cash flows from operating activities		
Change in net assets	(816,953)	$ 1,975,719
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	650,070	598,464
Net appreciation on investments	(85,254)	(102,533)
Change in reserve in contributions	33,945	(153,581)
Change in reserve in patient receivables	155,147	(437,786)
(Increase) decrease in:		
Contributions receivable	(6,984)	414,104
Grants receivable	8,806	8,459
Patient Receivables	(230,325)	475,144
Other receivables	(105,417)	(71,106)
Prepaid expenses and other current assets	52,729	(91,895)
Inventory	32,635	(94,695)
Increase (decrease) in:		
Accounts payable and accruals	568,101	105,524
Deferred revenue	(6,847)	(13,703)
Net cash provided by operating activities	249,653	2,612,115
Cash flows from investing activities		
Decrease in money market funds	763,544	130,966
Purchase of property and equipment	(2,141,625)	(256,931)
Net proceeds (purchases) of investments	889,183	(2,875,259)
Net cash used in investing activities	(488,898)	(3,001,224)
Cash flows from financing activities		
Net change in line of credit	-	(5,250)
Repayment of loan payable	(456,548)	(242,405)
Net cash used in financing activities	(456,548)	(247,655)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(695,793)	(636,764)
Cash and cash equivalents, beginning of the year	1,987,887	2,624,651
Cash and cash equivalents, end of the year	$ 1,292,094	$ 1,987,887
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Interest paid during the year	$ 25,873	$ 41,331

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION

ORGANIZATION

Planned Parenthood of Metropolitan Washington, D.C., Inc. *("PPMW")* is a non-profit organization committed to providing high-quality, affordable reproductive health care; promoting educational programs that empower all individuals to make informed and responsible reproductive choices. PPMW establishes, maintains, and operates health centers within the Washington, D.C. metropolitan area which provide and furnish reproductive health care and education.

Planned Parenthood Advocates for DC, Maryland and NoVa (*"PPADMV"*) is a separate, 501(c)(4) corporation. Four of the board members are now appointed by PPMW and three are appointed by Planned Parenthood of Maryland, Inc. (*"PPM"*). The purpose of PPADMV is to protect and expand access to reproductive health care and build local power to influence and promote accountability among state and local policy makers.

BASIS OF PRESENTATION

The accompanying financial statements are presented on the accrual basis of accounting, and in accordance with Financial Accounting Standards Board (FASB) ASC 958, *Not-for-Profit Entities*.

The combined financial statements include the accounts of PPMW and its affiliate, PPADMV. All significant intercompany balances and transactions have been eliminated.

USE OF 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 the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

CASH AND CASH EQUIVALENTS

PPMW considers all cash, money market funds and other highly liquid investments with initial maturities of three months or less to be cash equivalents.

Bank deposit accounts are insured by the Federal Deposit Insurance Corporation (*"FDIC"*) up to a limit of $250,000. At times during the year, PPMW maintains cash balances in excess of the FDIC insurance limits. Management believes the risk in these situations to be minimal.

INVESTMENTS

Investments are recorded at their readily determinable fair value. Realized and unrealized gains and losses are included in net appreciation (depreciation) on investments in the Statement of Activities and Change in Net Assets. Donated securities are recorded at their fair value on the donation date. Gain or loss on securities sales is computed using the first-in, first-out (FIFO) method, or where possible, the specific identification method.

ACCOUNTS, GRANTS AND PLEDGES RECEIVABLE

Accounts, grants and pledges receivable approximate fair value. The allowance for doubtful accounts is determined based upon an annual review of account balances, including the age of the balance and the historical experience with the customer.

Accounts receivable are recorded at their net realizable value, which approximates fair value. Grants and pledges receivable that are expected to be collected in future years are recorded at fair value, measured as the present value of their future cash flows. The discounts on these amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in grants and contribution revenue.

THIRD-PARTY PATIENT RECEIVABLES

Third-party patient receivables are related to billed patient services fees. Patient services fees receivable are reported at the estimated net realizable value from patients and third-party payers for services rendered. An allowance for doubtful accounts (a percentage of the receivables balance) is determined based on past collection experience.

Revenue under third-party payer agreements is subject to audit and retroactive adjustments. Revenues for estimated third-party payer settlements are recorded in the period in which the related services are rendered.

Differences between the estimated amounts accrued and the interim and final settlements are reported in revenues in the year of settlement. Due to the variability in the timing of settlement of these receivables, PPMW does not have a formal policy for considering the receivables past due.

INVENTORY

Inventory consists of medical supplies, contraceptives, and medications held for sale at each of PPMW's clinics. Inventory is recorded at cost using the first-in, first-out (FIFO) method.

PROPERTY AND EQUIPMENT

Property and equipment are stated at cost or estimated fair value at the time of donation. Acquisitions of property and equipment in excess of $1,000 are capitalized. The cost of maintenance and repairs is recorded as expenses are incurred.

Property and equipment are depreciated on a straight-line basis over the estimated useful lives of the related assets. The classes of assets and their estimated useful lives are as follows:

Building and Improvements	10-40 Years
Furniture and Equipment	3-10 Years
Leasehold Improvements	Original Lease Term

During 2013, PPMW began a capital campaign for the purchase of the new building. PPMW moved into the building in 2017. The building and building costs are recorded at cost and are depreciated over the estimated useful lives on individual additions. All unspent portions from the capital campaign are included in net assets with donor restrictions at fiscal year end.

Management reviews asset carrying amounts whenever events or circumstances indicate that such carrying amounts may not be recoverable. When considered impaired, the carrying amount of the assets is reduced, by a charge to Statement of Activities and Change in Net Assets, to its current fair value.

DEFERRED REVENUE

Revenue for the CAPS Justice Fund is distributed by Planned Parenthood Federation of America (PPFA). The funding is to provide abortion services for lower income women and is recognized on a monthly basis based on services performed.

NET ASSETS

Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. All contributions are considered available for unrestricted use, unless specifically restricted by the donor. Accordingly, net assets of PPMW and changes therein are classified and reported as follows:

Net assets without donor restrictions – include the revenues and expenses associated with the principal mission of PPMW and are segregated as follows:

Undesignated: These may be used by management for any purpose without restriction.

Board Designated: This is a reserve created by the board consisting of bequests that were received without donor restrictions. Revenues and expenses associated with any related transactions are considered undesignated.

Net assets with donor restrictions – include gifts for which restrictions have not been met. Net assets with donor restrictions are limited by donors for a specific purpose or specified period. Also includes gifts and contributions which require, by donor restriction, that the corpus be invested in perpetuity and only the income be made available for program operations in accordance with donor restrictions.

CONTRIBUTIONS AND GRANTS

Contributions received are recorded as with or without donor restrictions support, depending on the existence and nature of any donor restrictions. Donor-restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Activities as net assets released from restrictions.

PPMW receives funding under grants and contracts from the U.S. government for direct and indirect program costs. This funding is subject to contractual restrictions, which must be met through incurring qualifying expenses for particular programs. Accordingly, such grants are considered exchange transactions and are recorded as unrestricted income to the extent that related expenses are incurred in compliance with the criteria stipulated in the grant agreements.

CONTRIBUTED SERVICES

Contributed services consist of pro-bono legal services. Contributed services are recorded at their fair value as of the date of the gift.

INCOME TAXES

PPMW is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made in the accompanying financial statements. PPMW is not a private foundation.

For the year ended September 30, 2019, PPMW has documented its consideration of FASB ASC 740-10, Income Taxes, that provides guidance for reporting uncertainty in income taxes and has determined that no material uncertain tax positions qualify for either recognition or disclosure in the financial statements. PPMW's federal information returns are generally subject to examination by the Internal Revenue Service for three years, including the fiscal years ended September 30, 2016, 2017 and 2018, as well as the return to be filed for the fiscal year ended September 30, 2019.

FUNCTIONAL ALLOCATION OF EXPENSES

Expenses, not specifically identified by type, are allocated between program, management and general and fundraising expenses using the following methods. Expenses associated with facilities, including occupancy, are allocated based upon the square footage used by the program, management, and administrative personnel. Human resource and information technology related expenses are allocated to departments based on departmental headcount. All other expenses are allocated based upon estimates made by PPMW's management. Functional expenses fluctuate annually based on the priorities of PPMW.

RECLASSIFICATION

Certain amounts in the prior year's financial statements have been reclassified to conform to the current year's presentation. These reclassifications had no effect on the previously reported changes in net assets.

RISKS AND UNCERTAINTIES

PPMW invests in various investment securities. Investment securities are exposed to various risks such as interest rates, 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 financial statements.

FAIR VALUE MEASUREMENT

PPMW adopted the provisions of FASB ASC 820, Fair Value Measurement. FASB ASC 820 defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs (assumptions that market participants would use in pricing assets and liabilities, including assumptions about risk) used to measure fair value, and enhances disclosure requirements for fair value measurements. PPMW accounts for a significant portion of its financial instruments at fair value or considers fair value in their measurement.

PRIOR YEAR INFORMATION

The 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 financial statements of PPMW, as of, and for the year ended, September 30, 2018, from which the summarized information was derived.

NEW ACCOUNTING PRONOUNCEMENT ADOPTED

On August 18, 2016, the FASB issued Accounting Standards Update ASU 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements for Not-for-Profit Entities.* The update addressed the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment returns. The main provisions of this guidance include the presentation of two classes of net assets versus the previously required three. This guidance also enhances disclosures for board designated amounts, under water endowment funds, composition of net assets without donor restrictions, liquidity, and expenses by both their natural and functional classification. This ASU was adopted by PPMW for the year ended September 30, 2019 and did not have a material effect on the statement of financial position or results of operations.

A summary of the net asset reclassifications driven by the adoption of ASU 2016-14 as of June 30, 2018 is as follows:

	ASU 2016-14 Classifications		
Net Asset Classifications	**Without Donor Restrictions**	**With Donor Restrictions**	**Total Net Assets**
Unrestricted	$27,036,153	$ -	$27,036,153
Temporarily Restricted	-	789,603	789,603
Permanently Restricted	-	874,432	874,432
Net assets as reclassified	$27,036,153	$1,664,035	$28,700,188

NEW ACCOUNTING PRONOUNCEMENTS NOT YET ADOPTED

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers* (Topic 606) (ASU 2014-09). The ASU establishes a comprehensive revenue recognition standard for virtually all industries under generally accepted accounting principles in the United States (U.S. GAAP) including those that previously followed industry-specific guidance. The guidance states that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The FASB issued ASU 2015-14 in August 2015 that deferred the effective date of ASU 2014-09 by a year thus the effective date is fiscal years beginning after December 15, 2018. Early adoption is permitted and should be applied retrospectively in the year the ASU is first applied. PPMW plans to adopt the new ASU at the required implementation date.

In June 2018, the FASB issued ASU 2018-08, Not-for-Profit Entities (Topic 958): *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made.* The amendments in this update will assist entities in evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal transactions) and determining whether a transaction is conditional. ASU 2018-08 is effective for fiscal years beginning after December 15, 2018. The ASU should be applied using a modified prospective basis. PPMW plans to adopt the new ASU at the required implementation date.

In 2016, the FASB issued ASU 2016-02, *Leases* (Topic 842). The ASU changes the accounting treatment for operating leases by recognizing a lease asset and lease liability at the present value of the lease payments in the statement of financial position and disclosing key information about leasing arrangements. The ASU is effective for private entities for fiscal years beginning after December 15, 2020. Early adoption is permitted. The ASU should be applied at the beginning of the earliest period presented using a modified retrospective approach. PPMW plans to adopt the new ASU at the required implementation date.

(2) INVESTMENTS

Investments at fair value consisted of the following at September 30, 2019 and 2018:

	2019	2018
Money market funds	$ 40,319	$ 803,863
Exchange traded funds	3,133,152	2,867,388
Fixed income bond funds	321,607	446,658
U.S. Treasury bills	1,041,070	1,985,649
Mortgage pools	869	932
TOTAL INVESTMENTS	$ 4,537,017	$ 6,104,490

Included in investment income for the years ended September 30, 2019 and 2018 are the following:

	2019	2018
Interest and dividends	$ 76,008	$ 52,395
Net appreciation on investments	85,254	102,533
TOTAL INVESTMENT INCOME	$ 161,262	$ 154,928

Investment income is net of $26,692 and $16,226 of investment management fees for the years ended September 30, 2019 and 2018, respectively.

(3) FAIR VALUE MEASUREMENT

In accordance with FASB ASC 820, Fair Value Measurement, PPMW has categorized its financial instruments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3).

If the inputs used to measure the financial instruments fall within different levels of hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument. Investments recorded in the Statement of Financial Position are categorized based on the inputs to valuation techniques as follows:

Level 1. These are investments where values are based on unadjusted quoted prices for identical assets in an active market PPMW has the ability to access.

Level 2. These are investments where values are based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, or model-based valuation techniques that utilize inputs that are observable either directly or indirectly for substantially the full-term of the investments.

Level 3. These are investments where inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Following is a description of the valuation methodology used for investments measured at fair value. There have been no changes in the methodologies used at September 30, 2019 and 2018.

- Exchange traded funds - The fair value is equal to the reported net asset value of the fund, which is the price at which additional shares can be obtained.

- Fixed income bond funds - The fair value is equal to the reported net asset value of the fund, which is the price at which additional shares can be obtained.

- Mortgage pools - Fair value is based upon current yields available on comparable securities of issuers with similar ratings, the security's terms and conditions, and interest rate and credit risk.

The table below summarizes, by level within the fair value hierarchy, PPMW's investments as of September 30, 2019 and 2018:

	2019			
	Level 1	Level 2	Level 3	Total
Asset Class:				
Money market funds	$ 40,319	$ -	$ -	$ 40,319
Exchange traded funds	3,133,152	-	-	3,133.152
Fixed income bond funds	321,607	-	-	321,607
U.S. Treasury bills	-	1,041,070	-	1,041,070
Mortgage pools	-	869	-	869
TOTAL INVESTMENTS	$3,495,078	$1,041,939	$ -	$4,537,017

	2018			
	Level 1	Level 2	Level 3	Total
Asset Class:				
Money market funds	$ 803,863	$ -	$ -	$ 803,863
Exchange traded funds	2,867,388	-	-	2,867,388
Fixed income bond funds	446,658	-	-	446,658
U.S. Treasury bills	-	1,985,649	-	1,985,649
Mortgage pools	-	932	-	932
TOTAL INVESTMENTS	$4,117,909	$1,986,581	$ -	$6,104,490

There were no transfers between Levels 1 and 2 during the year ended September 30, 2019 and 2018.

(4) PLEDGES RECEIVABLE

The proceeds of all pledges collected by PPMW for the capital campaign shall either be used to prepay its note payable (Note 7) or shall be deposited in a cash collateral account with the bank to be used to pay remaining project costs. The balance of the pledges for the capital campaign was $317,565 and $530,699 as of September 30, 2019 and 2018, respectively. Pledges due in more than one year have been recorded at the net present value of the estimated cash flows, using a discount rate of 1.78% and 2.86% as of September 30, 2019 and 2018, respectively.

Pledges received but not collected as of September 30, 2019 and 2018 are due as follows:

	2019	2018
Less than one year	$ 777,129	$ 750,012
One to five years	192,857	220,700
Total	969,986	970,712
Less: Allowance to discount balance to present value	(7,306)	(15,016)
Less: Allowance for doubtful accounts	(33,945)	-
NET PLEDGES RECEIVABLE	$ 928,735	$ 955,696

(5) PROPERTY AND EQUIPMENT

Property and equipment as of September 30, 2019 and 2018 are comprised of the following:

	2019	2018
Land	$ 5,510,226	$ 5,510,226
Building and improvements	15,738,926	14,844,821
Furniture and equipment	1,055,998	865,839
Computer equipment	907,473	699,688
Leasehold improvements	1,200,545	309,580
Construction in progress	-	41,388
	24,413,168	22,271,542
Less: Accumulated depreciation	(2,500,094)	(1,850,023)
	$ 21,913,074	$ 20,421,519

(6) LINES OF CREDIT

PPMW has a line of credit for $500,000 with Atlantic Union Bank & Trust. Interest is due at a rate of Federal prime (5% and 5.25% at September 30, 2019 and 2018, respectively). As of September 30, 2019 and 2018, there were no outstanding balance on the line of credit. The expiration date of the line of credit is March 30, 2020. There was no interest expense incurred on this line of credit during the years ended September 30, 2019 and 2018.

PPMW has a promissory note for a revolving $500,000 loan with Capital Bank N.A. The loan has a variable interest rate with a current index rate of 5%. PPMW has renewed the loan and extended the maturity date until April 14, 2020. There was no outstanding balance on the line at September 30, 2019 and 2018. No interest was incurred on the line of credit for 2019. Total interest incurred on the line of credit for the year ended September 30, 2018 was $105.

(7) NOTE PAYABLE

In August 2013, PPMW entered into an $8,000,000 Deed of Trust note payable to a financial institution with a construction loan rider in order to purchase and renovate property for its new administrative headquarters. The note is collateralized by the land, improvements and other real and personal property owned by PPMW. The loan has been amended over the years for interest rate, term and payment requirements.

In March 2017, when the loan had been paid down to $1,500,000, the term of the loan was amended. The interest rate was changed from the Wall Street Journal prime rate, plus 0.25% to the Gateway Bank Preferred Prime Rate. The loan maturity date was changed to March 26, 2018. PPMW was required to pay the accrued loan interest monthly.

In July 2018, when the principal balance was $849,250, the loan was amended. The interest rate became fixed at 4.75%, and the maturity date was extended to June 30, 2022. Principal payments of no less than $212,500 are required to be made by the end of each year ended June 30 through the maturity date. The outstanding principal of the note payable was $301,047 and $757,595 as of September 30, 2019 and 2018, respectively. The remaining principal payments due in 2020 and 2021 were $212,500, and $88,547, respectively.

For the year ended September 30, 2019 and 2018, the note accrued interest of $24,066 and $40,683, respectively.

The loan agreements contain various covenants, which among other things, place restrictions on PPMW's ability to incur additional indebtedness and require PPMW to maintain certain financial ratios.

(8) NET ASSETS

NET ASSETS WITHOUT DONOR RESTRICTIONS

Net assets without donor restrictions are as follows as of June 30:

	2019	2018
Undesignated	$23,895,861	$24,668,182
Board designated	2,438,714	2,367,971
	$26,334,575	$27,036,153

NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following at September 30, 2019 and 2018:

	2019	2018
Time and purpose restricted:		
4th Street Campaign	$ 317,565	$ 630,699
Expansion	80,663	-
Education programs	58,200	-
PrEP	35,000	-
Accumulated unrealized gains on endowments	182,800	158,904
	674,228	789,603
Perpetual in nature:		
Endowments	874,432	874,432
Total net assets with donor restrictions	$1,548,660	$ 1,664,035

For the year ended September 30, 2019, net assets were released from donor restrictions by incurring expenses, or through the passage of time, which satisfied the restricted purposes specified by the donors, as follows:

	2019
4th Street Campaign	$ 301,981
Expansion	20,000
Education programs	102,500
PrEP	85,000
Long Acting Reversible Contraception (LARCs)	50,000
Other Clinic Use	13,000
TOTAL NET ASSETS RELEASED FROM RESTRICTIONS	$ 572,481

(9) ENDOWMENT

PPMW's endowment consists of donor-restricted endowment funds. As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. The Board of Directors has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, PPMW classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

In accordance with UPMIFA, the organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund;
- The purpose of the organization and the donor-restricted endowment fund;
- General economic conditions and the possible effect of inflation and deflation;
- The expected total return from income and the appreciation of investments; and
- Investment policies of the organization.

Endowment net asset composition by type of fund as of September 30, 2019 and 2018:

	2019		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-Restricted Endowment Funds	$ -	$1,057,232	$1,057,232

	2018		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-Restricted Endowment Funds	$ -	$1,033,336	$1,033,336

Permanently restricted net assets are restricted endowments in which the principal is invested in-perpetuity and the income is expendable to support general operations.

Changes in endowment net assets for the year ended September 30, 2019 and 2018 are as follows:

	2019		
	Without Donor Restrictions	**With Donor Restrictions**	**Total**
Endowment net assets, beginning of year	$ -	$ 1,033,336	$ 1,033,336
Investment return:			
Investment income	-	15,394	15,394
Net appreciation (realized and unrealized)	-	8,502	8,502
Total investment return	-	23,896	23,896
ENDOWMENT NET ASSETS, END OF YEAR	$ -	$ 1,057,232	$ 1,057,232

	2018		
	Without Donor Restrictions	**With Donor Restrictions**	**Total**
Endowment net assets, beginning of year	$ -	$ 994,644	$ 994,644
Investment return:			
Investment income	-	12,401	12,401
Net appreciation (realized and unrealized)	-	26,291	26,291
Total investment return	-	38,692	38,692
ENDOWMENT NET ASSETS, END OF YEAR	$ -	$ 1,033,336	$ 1,033,336

FUNDS WITH DEFICIENCIES

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the organization to retain as fund of perpetual duration. In accordance with GAAP, there were no deficiencies of this nature as of September 30, 2019 and 2018.

RETURN OBJECTIVES AND RISK PARAMETERS

PPMW has adopted investment and spending polices for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the organization must hold in-perpetuity.

Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to protect the principal identified to meet short-term cash flow needs; to protect the purchasing power of capital identified to meet intermediate-term needs; to achieve appreciation in the value of investments with long-term time horizon that is sufficient to offset cumulative impact of inflation on purchasing power over time; to avoid investments and strategies that would compromise PPMW's tax exempt status; and to avoid material investments that are inconsistent with PPMW's mission.

STRATEGIES EMPLOYED FOR ACHIEVING OBJECTIVES

PPMW'S investment strategy is to emphasize net total return; that is, the aggregate return from capital appreciation (both realized and unrealized), dividends, and interest, after investment expenses. PPMW is prepared to accept the risk of short-term volatility in exchange for an increased likelihood of earning a net total return over a 10-year time horizon that fulfills the primary goals for the invested assets, i.e., a net total return of more than 4.5% after inflation and investment expenses.

Consistent with PPMW's perspective, objectives, and time horizon, publicly traded equities, including common stocks, mutual funds, and exchange traded funds investing primarily in common stocks traded on United States exchanges or NASDAQ, should represent 60 to 70% of the portfolio absent a specific vote by the Finance Committee.

Fixed income holdings, bank deposits insured by the FDIC, money market funds, and investment grade publicly traded bonds and preferred stocks (including mutual funds and exchange traded funds investing primarily in investment grade fixed income assets), should represent 30% of the portfolio absent a specific vote by the Finance Committee. Cash, bank deposits that can be accessed without penalty, and money market funds should comprise at least 5% of the portfolio absent a specific vote by the Finance Committee.

SPENDING POLICY AND HOW THE INVESTMENT OBJECTIVES RELATE TO SPENDING POLICY

PPMW has adopted a "total return" approach to the definition of investment income. PPMW's primary goals relating to the invested assets are for the assets to provide at least 3.5% of the average invested assets (calculated based on quarterly invested assets for the prior 3 years) to PPMW's operating budget. In establishing this policy, PPMW considered the long-term expected return on its endowment. Accordingly, PPMW is prepared to accept the risk of short-term volatility in exchange for an increased likelihood of earning a net total return over a 10-year time horizon that fulfills the primary goals for the Invested Assets, i.e., a total return of more than 4.5% after inflation and investment expenses. This is consistent with PPMW's objective to maintain the purchasing power of the endowment assets held in-perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

(10) LEASE COMMITMENT

PPMW leases certain building spaces for clinical services in the Washington, D.C. metropolitan area, which expire at various times through March 2026. In addition, PPMW leases various office equipment under leases which expire through January 2025.

Minimum future rental commitments for these leases at September 30, 2019 and 2018 are as follows:

Year Ending September 30,	
2020	$ 142,800
2021	96,500
2022	66,600
2023	44,300
2024	45,300
Thereafter	64,500
	$ 460,000

Rent expense, which is included in occupancy and related expenses in the Statement of Functional Expenses, was $160,742 and $130,483 for the years ended September 30, 2019 and 2018, respectively.

(11) CONTRIBUTED SERVICES

PPMW received contributions of legal services which are recorded as support (revenue) and expense. The expense was charged to the programs and activities to which the services relate based on the fair value of those services. During the years ended September 30, 2019 and 2018, total donated services were $322,119 and $410,395, respectively.

(12) PENSION PLAN

PPMW participates in a defined contribution plan sponsored by Planned Parenthood Federation of America, Inc. Employees become eligible to participate on the first of the month, coincident with or following the date on which the employee attains age 19 and completes one year of service with PPMW. PPMW matches 50% of the employee's contribution up to 6% of the employee's salary. Total employer contributions to the plan totaled $195,555 and $185,234 for the years ended September 30, 2019 and 2018, respectively.

(13) AFFILIATED ORGANIZATIONS

Annually, PPMW receives from PPFA a percentage of donations made to the Federation from individuals residing in regions serviced by the organization. For the years ended September 30, 2019 and 2018, the organization received contributions of $2,278,857 and $2,289,217, respectively. In addition, PPMW received $91,000 and $111,000 for the years ending September 30, 2019 and 2018, respectively, for the Consortium of Abortion Providers (CAPS) funding which is administered by PPFA. PPMW also received $543,344 and $562,704 in various grants from PPFA during the years ended September 30, 2019 and 2018, respectively.

Dues paid to PPFA were $17,082 for 2019. PPOL dues were $36,000 for the years ended September 2019 and 2018. The amount due to PPFA from PPMW was $24,198 and $9,000 at September 30, 2019 and 2018, respectively.

PPMW is reimbursed by PPM for services performed and certain costs incurred on their behalf. At September 30, 2019 and 2018, $139,575 and $71,106, respectively, was due from PPM. PPM was reimbursed for costs incurred on behalf of PPMW for services they provided to PPADMV. PPM contributed $60,000 to PPADMV in 2019. PPADMV owed $5,451 and $13,381 to PPM at September 30, 2019 and 2018, respectively.

PPMW pays dues to Planned Parenthood Advocates of Virginia. Due expense was $36,667 and $47,166 for the years ended September 30, 2019 and 2018, respectively. At September 30, 2019 and 2018, $6,667 was due to Planned Parenthood Advocates of Virginia.

PPMW is a member of BetterHealth. A Planned Parenthood Partnership ***("BetterHealth")***, a Pennsylvania nonprofit corporation. BetterHealth is a service organization whose mission is to leverage purchase power for Planned Parenthood affiliate members for strategic business initiatives. The President/CEO of PPMW is a director of BetterHealth. In addition, PPMW uses the services of BetterHealth's information technology consulting group. The total amount paid to BetterHealth was $317,907 and $139,326 in 2019 and 2018, respectively. At September 30, 2019, $37,463 was due to BetterHealth. No amount was due at September 30, 2018.

(14) FINANCIAL ASSETS AND LIQUIDITY RESOURCES

The following table reflects PPMW's financial assets as of September 30, 2019, reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date because of contractual and/or donor restrictions.

Financial Assets	2019
Cash and cash equivalents	$ 1,291,694
Contributions receivable, current portion	777,129
Grants receivable	73,589
Accounts receivable, net	286,213
Other receivables	176,523
Investments	4,537,017
Total financial assets	7,142,165
Donor-restricted endowment funds	(1,057,232)
Board designated reserves	(2,438,714)
Financial assets available to meet general expenditures within one year	$ 3,646,219

PPMW strives to maintain liquid financial assets to be available as its general expenditures, liabilities and other obligations become due. PPMW has $2,438,714 of board designated funds which could be made available, if necessary, with Board approval. In addition, PPMW maintains two lines of credit with banks totaling $1,000,000 which can be drawn upon if needed.

(15) SUBSEQUENT EVENTS

Subsequent events after the combined statement of financial position date through the date the financial statements were available for issuance, April 2, 2020, have been evaluated in the preparation of the financial statements. In early 2020, an outbreak of novel strain of coronavirus (COVID-19) emerged globally. As a result, there have been mandates from federal, state and local authorities resulting in an overall decline in economic activity. The ultimate impact of COVID-19 on PPMW's operations is not reasonably estimable at this time. There were no other events or transactions that occurred during the period that materially impacted the amounts and disclosures in PPMW's financial statements.

SUPPLEMENTAL INFORMATION

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS ON SUPPLEMENTAL INFORMATION

Board of Directors
Planned Parenthood of Metropolitan Washington, D.C., Inc. and Affiliate
Washington, D.C.

We have audited the combined financial statements of Planned Parenthood of Metropolitan Washington, D.C., Inc, and affiliate as of and for the year ended September 30, 2019 and have issued our report thereon dated April 2, 2020, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the 2019 combined financial statements as a whole. The combining statements of financial position and combining statements of activities and changes in net assets is presented for the purpose of additional analysis and is not a required part of the 2019 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 combined financial statements. The information has been subjected to the auditing procedures applied in the audit of the 2019 financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements as a whole.

Tait, Weller & Baker LLP

Philadelphia, Pennsylvania
April 2, 2020

PLANNED PARENTHOOD OF METROPOLITAN WASHINGTON, D.C., INC.

COMBINING STATEMENT OF FINANCIAL POSITION

September 30, 2019

ASSETS	Planned Parenthood	PPADMV	Elimination	Total
Cash and cash equivalents	$ 722,642	569,452	$ -	$ 1,292,094
Contributions receivable, net	867,659	61,076	-	928,735
Grants receivable	73,589			73,589
Patient receivables, net	286,213	-	-	286,213
Other receivables	225,806	-	(49,283)	176,523
Prepaid expenses and other current assets	140,687	-	-	140,687
Investments	4,537,017	-	-	4,537,017
Inventory	179,815	-	-	179,815
Property and equipment, net of accumulated depreciation	21,913,074	-	-	21,913,074
Total assets	$ 28,946,502	$ 630,528	$ (49,283)	$ 29,527,747
LIABILITIES AND NET ASSETS				
LIABILITIES				
Accounts payable and accruals	1,332,392	$ 59,156	$ (49,283)	$ 1,342,265
Deferred revenue	1,200	-	-	1,200
Note payable	301,047	-	-	301,047
Total liabilities	1,634,639	59,156	(49,283)	1,644,512
COMMITMENTS				
NET ASSETS				
Without donor restrictions	25,763,203	571,372	-	26,334,575
With donor restrictions	1,548,660	-	-	1,548,660
Total net assets	27,311,863	571,372	-	27,883,235
Total liabilities and net assets	$ 28,946,502	$ 630,528	$ (49,283)	$ 29,527,747

PLANNED PARENTHOOD OF METROPOLITAN WASHINGTON, D.C., INC.

COMBINING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

For the Year Ended September 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Planned Parenthood Total	PPADMV	Eliminating Entries	Total
REVENUES, GAINS AND OTHER SUPPORT						
Contributions	$ 6,336,677	$ 433,210	6,769,887	$ 237,586	$ -	$ 7,007,473
Grants and contracts revenue	1,111,075	-	1,111,075	182,625	(80,000)	1,213,700
Interest and dividend income	60,614	15,394	76,008	-	-	76,008
Contributed services	322,119	-	322,119	-	-	322,119
Patient service fees, net of charge adjustments	5,697,547	-	5,697,547	-	-	5,697,547
Other revenue	230,967	-	230,967	-	(138,990)	91,977
	13,758,999	448,604	14,207,603	420,211	(218,990)	14,408,824
Net assets released from restrictions	572,481	(572,481)	-	-	-	-
TOTAL REVENUES, GAINS AND OTHER SUPPORT	14,331,480	(123,877)	14,207,603	420,211	(218,990)	14,408,824
EXPENSES						
Program Services						
Patient Services	9,990,145	-	9,990,145	-	-	9,990,145
External Affairs	980,442	-	980,442	-	(80,000)	900,442
Community Education	774,112	-	774,112	-	-	774,112
PPADMV	148,292	-	148,292	194,263	(138,990)	203,565
Total Program Services	11,892,991	-	11,892,991	194,263	(218,990)	11,868,264
Supporting Services						
Management and General	1,460,422	-	1,460,422	-	-	1,460,422
Fundraising	1,982,345	-	1,982,345	-	-	1,982,345
Total Supporting Services	3,442,767	-	3,442,767	-	-	3,442,767
TOTAL EXPENSES	15,335,758	-	15,335,758	194,263	(218,990)	15,311,031
CHANGE IN NET ASSETS FROM OPERATIONS	(1,004,278)	(123,877)	(1,128,155)	225,948	-	(902,207)
OTHER CHANGES						
Net appreciation on investments	76,752	8,502	85,254	-	-	85,254
CHANGE IN NET ASSETS	(927,526)	(115,375)	(1,042,901)	225,948	-	(816,953)
NET ASSETS AT BEGINNING OF YEAR	26,690,729	1,664,035	28,354,764	345,424	-	28,700,188
NET ASSETS AT END OF YEAR	$ 25,763,203	$ 1,548,660	$ 27,311,863	$ 571,372	$ -	$ 27,883,235