PLAN INTERNATIONAL USA, INC.

FINANCIAL STATEMENTS

JUNE 30, 2017 and 2016

Report of Independent Auditors

To the Board of Directors of
Plan International USA, Inc.

We have audited the accompanying financial statements of Plan International USA, Inc. ("Plan"), which comprise the statements of financial position as of June 30, 2017 and 2016, and the related statement of functional expenses for the year ended June 30, 2017 and the statements of activities and of cash flows for the years ended June 30, 2017 and 2016.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on the financial statements based on our audits. We conducted our audits 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 our 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, we consider internal control relevant to the Plan'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 Plan'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 Plan International USA, Inc. as of June 30, 2017 and 2016, its functional expenses for the year ended June 30, 2017, and the changes in its net assets and its cash flows for the years ended June 30, 2017 and 2016 in accordance with accounting principles generally accepted in the United States of America.

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Other Matter

We previously audited the statement of financial position as of June 30, 2016, the related statements of activities, functional expenses and cash flows for the year then ended (not presented herein), and in our report dated December 22, 2016, we expressed an unmodified opinion on those financial statements. In our opinion, the information set forth in the accompanying summarized financial information as of June 30, 2016, and for the year then ended is consistent, in all material respects, with the audited financial statements from which it has been derived.

PricewaterhouseCoopers LLP

McLean, Virginia
November 10, 2017

PLAN INTERNATIONAL USA, INC.
Statements of Financial Position
June 30, 2017 and 2016

	2017	2016
Assets		
Cash and cash equivalents	$ 8,271,989	$ 6,235,374
Grants receivable	9,780,196	7,546,111
Prepaid expenses and other assets	2,096,660	952,181
Bequests and pledges receivable	6,258,837	338,758
Investments	15,545,541	17,049,451
Contributions receivable from charitable trusts	532,742	529,038
Beneficial interest in perpetual trusts	446,157	429,127
Land, building and equipment, net	1,754,599	2,137,323
Total assets	$ 44,686,721	$ 35,217,363
Liabilities and Net Assets		
Liabilities:		
Accounts payable and other liabilities	$ 1,954,324	$ 1,733,865
Due to Plan International, Inc.	6,470,307	4,977,266
Obligation under split-interest agreements	325,351	341,915
Total liabilities	8,749,982	7,053,046
Net Assets:		
Unrestricted		
Land, building and equipment	1,754,599	2,137,323
Board-designated quasi endowments and similar funds	9,135,844	3,023,633
Total Unrestricted	10,890,443	5,160,956
Temporarily restricted	15,376,752	13,418,727
Permanently restricted	9,669,544	9,584,634
Total net assets	35,936,739	28,164,317
Total liabilities and net assets	$ 44,686,721	$ 35,217,363

The accompanying notes are an integral
part of these financial statements.

PLAN INTERNATIONAL USA, INC.
Statements of Activities
For the Years Ended June 30, 2017 and 2016

	2017 Unrestricted	2017 Temporarily Restricted	2017 Permanently Restricted	2017 Total	2016 Unrestricted	2016 Temporarily Restricted	2016 Permanently Restricted	2016 Total
Public support and revenue:								
Sponsorship contributions	$ 18,058,221	$ 1,201,385	$ -	$ 19,259,606	$ 17,884,651	$ 1,270,574	$ -	$ 19,155,225
Private and federal grants and contracts	32,556,253	3,016,257	-	35,572,510	25,165,109	3,961,905	-	29,127,014
Contributions for community projects	1,522,329	4,095,010	-	5,617,339	2,260,127	3,295,144	-	5,555,271
Gifts-in-kind	5,749,510	1,186,710	-	6,936,220	13,359,513	-	-	13,359,513
Children's fund	1,778,586	-	-	1,778,586	1,439,259	-	-	1,439,259
Contributions from estates, trusts and annuities	6,713,025	40,000	-	6,753,025	1,477,840	-	-	1,477,840
Contributions to permanently restricted endowments	-	-	67,880	67,880	-	-	110,907	110,907
Net assets released from restrictions	8,654,206	(8,654,206)	-	-	10,693,773	(10,693,773)	-	-
Total public support and revenue	75,032,130	885,156	67,880	75,985,166	72,280,272	(2,166,150)	110,907	70,225,029
Investment income	56,730	874,554	-	931,284	66,877	190,838	-	257,715
Total operating revenue	75,088,860	1,759,710	67,880	76,916,450	72,347,149	(1,975,312)	110,907	70,482,744
Expenses:								
Program expenses:								
Program and technical support	46,358,306	-	-	46,358,306	42,470,556	-	-	42,470,556
Building relationships	968,839	-	-	968,839	1,065,570	-	-	1,065,570
Development education & advocacy programs	6,895,809	-	-	6,895,809	14,447,886	-	-	14,447,886
Total program expenses	54,222,954	-	-	54,222,954	57,984,012	-	-	57,984,012
Operating expenses:								
Fundraising	4,943,301	-	-	4,943,301	4,254,444	-	-	4,254,444
Management and general	10,245,181	-	-	10,245,181	9,694,253	-	-	9,694,253
Total operating expenses	15,188,482	-	-	15,188,482	13,948,697	-	-	13,948,697
Total expenses	69,411,436	-	-	69,411,436	71,932,709	-	-	71,932,709
Total operating results	5,677,424	1,759,710	67,880	7,505,014	414,440	(1,975,312)	110,907	(1,449,965)
Nonoperating results:								
Change in unrealized appreciation/(depreciation)	109,163	169,676	-	278,839	(16,124)	(44,252)	-	(60,376)
Other non-operating results	(57,100)	28,639	17,030	(11,431)	(52,544)	(18,910)	(33,837)	(105,291)
Total nonoperating results	52,063	198,315	17,030	267,408	(68,668)	(63,162)	(33,837)	(165,667)
Total change in net assets	5,729,487	1,958,025	84,910	7,772,422	345,772	(2,038,474)	77,070	(1,615,632)
Net assets at beginning of year	5,160,956	13,418,727	9,584,634	28,164,317	4,815,184	15,457,201	9,507,564	29,779,949
Net assets at end of year	$ 10,890,443	$ 15,376,752	$ 9,669,544	$ 35,936,739	$ 5,160,956	$ 13,418,727	$ 9,584,634	$ 28,164,317

The accompanying notes are an integral
part of these financial statements.

PLAN INTERNATIONAL USA, INC.
Statement of Functional Expenses

For the Year Ended June 30, 2017
With Summarized Financial Information for the Year Ended June 30, 2016

	Program Expenses				Operating Expenses			Total Expenses	
Natural Expense Classifications	Program and Technical Support	Building Relationships	Development Education & Advocacy	Total Program Expenses	Fundraising	Management and General	Total Operating Expenses	2017	2016
Program support to Plan International, Inc.	$ 36,379,035	$ -	$ -	$ 36,379,035	$ -	$ -	$ -	$ 36,379,035	$ 34,335,781
Gifts-in-kind	92,710	-	5,656,800	5,749,510	-	-	-	5,749,510	13,359,513
Salary and Salary Related	5,327,335	573,391	728,444	6,629,170	993,095	6,721,484	7,714,579	14,343,749	12,515,178
Marketing and Media	-	15,599	-	15,599	2,965,947	-	2,965,947	2,981,546	2,671,691
Supplies, Postage, and Printing	76,547	308,101	159,937	544,585	465,301	277,843	743,144	1,287,729	1,045,487
Professional & Consulting Fees	2,567,906	6,950	218,435	2,793,291	182,240	723,941	906,181	3,699,472	3,062,133
Occupancy, Repairs, Maintenance, and Service	462,795	46,255	58,713	567,763	85,948	1,178,268	1,264,216	1,831,979	1,665,214
Travel	1,174,890	2,409	36,987	1,214,286	163,309	338,522	501,831	1,716,117	1,883,138
Other	128,017	-	16,013	144,030	59,538	816,380	875,918	1,019,948	992,331
Depreciation of Equipment & Building	149,071	16,134	20,480	185,685	27,923	188,743	216,666	402,351	402,243
Total Expenses	$ 46,358,306	$ 968,839	$ 6,895,809	$ 54,222,954	$ 4,943,301	$ 10,245,181	$ 15,188,482	$ 69,411,436	$ 71,932,709
Total 2016	$ 42,470,556	$ 1,065,570	$ 14,447,886	$ 57,984,012	$ 4,254,444	$ 9,694,253	$ 13,948,697		

The accompanying notes are an integral
part of these financial statements.

PLAN INTERNATIONAL USA, INC.
Statements of Cash Flows
For the Years Ended June 30, 2017 and 2016

		2017		2016
Cash flows from operating activities:				
Change in net assets	$	7,772,422	$	(1,615,632)
Adjustments to reconcile change in net assets to net cash used in operating activities:				
Depreciation		402,351		402,243
Receipt of contributed securities		(411,974)		(578,632)
Receipt of permanently restricted funds		(67,880)		(110,907)
Net (gain) loss on sales of investments		(732,417)		3,462
Net impairment loss on investments		107,990		198,700
(Increase) decrease in unrealized appreciation on investments		(278,839)		60,376
(Increase) decrease in:				
Grants receivable		(2,234,085)		(2,777,872)
Prepaid expenses and other assets		(1,144,479)		(64,081)
Bequests and pledges receivable		(5,920,079)		3,159,377
Contributions receivable from charitable remainder trusts		(3,704)		45,124
Beneficial interest in perpetual trusts		(17,030)		33,837
Increase (decrease) in:				
Accounts payable and other liabilities		220,459		(1,770,975)
Due to Plan International, Inc.		1,493,041		2,238,155
Obligation under split-interest agreements		(16,564)		1,539
Net cash used in operating activities		(830,788)		(775,286)
Cash flows from investing activities:				
Purchases of investments		(6,322,116)		(6,466,339)
Proceeds from sales of investments		9,141,267		6,657,257
Purchases of fixed assets		(19,628)		(181,098)
Net cash provided by investing activities		2,799,523		9,820
Cash flows from financing activities:				
Receipt of permanently restricted funds		67,880		110,907
Net cash provided by financing activities		67,880		110,907
Net increase (decrease) in cash and cash equivalents		2,036,615		(654,559)
Cash and cash equivalents, beginning of year		6,235,374		6,889,933
Cash and cash equivalents, end of year	$	8,271,989	$	6,235,374
Supplemental cash flow information:				
Noncash contributions	$	411,974	$	578,632

The accompanying notes are an integral
part of these financial statements.

NOTE 1 - DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES:

Organization and purpose:

Plan International USA, Inc. ("Plan") is an independent, non-profit organization incorporated in the State of New York. It was founded in 1937 as Foster Parents' Plan for Spanish Children, Inc. for the purpose of seeking sponsors and other contributors to provide material aid and services to sponsored children, their families, and communities; assist sponsors in developing meaningful relationships with their sponsored children and families; and conduct educational programs in the United States about the needs of the poor in developing countries. Plan is the United States member organization of Plan International, Inc. ("PII"). Other member organizations of PII are located in Australia, Belgium, Canada, Colombia, Denmark, Finland, France, Germany, Hong Kong, India, Ireland, Japan, Italy, the Republic of Korea, the Netherlands, Norway, Spain, Sweden, Switzerland and the United Kingdom. Plan and the other member organizations participate with PII in the planning, design and decisions about the implementation of overseas programs that are currently administered in fifty-three countries. Plan remits to PII the excess of its revenues received over current year operating expenses adjusted for the impact of various donor and Board designations.

Basis of presentation:

The accompanying financial statements have been prepared on the accrual basis of accounting. All program and operating expenses are recognized as incurred.

Revenue recognition:

Contributions received by Plan are recorded as unrestricted, temporarily restricted or permanently restricted public support, depending on the existence and/or nature of any donor-imposed restrictions. All donor-restricted support is recorded as an increase to either temporarily restricted or permanently restricted net assets based on the nature of the restriction.

Unrestricted net assets are those which are free of donor-imposed restrictions, but may be designated for specific purposes by action of the Board of Directors.

Temporarily restricted net assets arise from contributions and other inflows of assets whose use is limited by purpose-specific program restrictions and/or time restrictions imposed by the donor. When a temporary restriction expires through the accomplishment of the specific purpose and/or the expiration of the time restrictions, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions. Temporarily restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted revenues.

Permanently restricted net assets result from contributions in which the donor requires that the principal of the contribution be maintained in perpetuity. Such net assets primarily include permanent endowment funds and perpetual trusts.

In accordance with the guidance provided in the New York Prudent Management of Institutional Funds Act (NYPMIFA), Plan preserves the historical dollar value of donor-restricted (true) endowment funds, absent explicit donor direction to the contrary. As a result, Plan classifies as permanently restricted net assets the original gift value of true endowments, plus any subsequent gifts and accumulations made in accordance with the directions of the applicable gift instruments. The portion of the true endowment fund that is not classified as permanently restricted net assets is classified as temporarily restricted net assets in accordance with accounting standards.

Grant revenue recognition:

Plan receives grants from the United States Government and various other grantors for direct and indirect program costs associated with specific programs and projects. The grants received from the United States Government are subject to certain restrictions which are met by incurring qualifying expenses for the particular program or project that is funded by the grant. Revenue from such grants is recognized when the funds have been expended on activities stipulated in the grant agreement. For unconditional grants, revenue is recognized as temporarily restricted contribution revenue at the time the grant is received or pledged, and the funds are released from restriction when the qualifying expenses have been incurred.

Pledges:

Unconditional promises to give are recorded as temporarily restricted or permanently restricted public support at the time the donor's commitment is received. Unconditional promises to give that are expected to be fulfilled within one year are recorded at their estimated fair value, less an appropriate reserve, if required. Multiyear unconditional promises to give are recognized at the estimated present value of the future cash flows, net of any necessary reserve. Conditional promises to give are not included as public support until such time as the conditions are substantially met. Plan had pledges receivable of $0 and $33,718 as of June 30, 2017 and 2016, respectively.

Cash and cash equivalents:

For purposes of the statements of financial position and the statements of cash flows, cash and cash equivalents are defined as cash on deposit, cash in overnight repurchase agreements, and interest-bearing money market accounts that are not restricted for endowment. The carrying amount approximates fair value due to the short-term nature of these instruments.

Contributed securities:

For the purpose of measuring the value of donations and the cost basis of contributed securities, the securities are stated at fair value on the date the gift was received.

Investments:

Plan reports all investments in mutual funds with readily determinable fair values and all investments in debt securities at fair value in the statements of financial position. Additionally, realized gains/losses and changes in unrealized appreciation/depreciation and investment income are recorded in the statements of activities as changes in unrestricted net assets, unless their use is restricted by explicit donor-imposed stipulations or law, in which case they are reported in the appropriate restricted class of net assets. Investments as of June 30, 2017 and 2016, respectively, are stated at fair value based on quoted prices in the active market.

Fair Value of Financial Instruments:
The fair value of Plan's financial instruments approximates the carrying amount reported in the statements of financial position for cash and cash equivalents, receivables, bequests and pledges receivable, investments, split-interest agreements and payables.

Federal income taxes:

A favorable determination letter has been obtained from the Internal Revenue Service exempting the organization from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for taxes on the change in net assets has been recorded.

Land, building and equipment:

Land, building and equipment are stated at cost less accumulated depreciation (Note 6).

Depreciation is provided under the straight-line method over the estimated useful lives of the assets as follows:

Building and building improvements	5-50 years
Computer software	3-10 years
Equipment	3-5 years

When capital assets are disposed of, the asset and the associated accumulated depreciation are eliminated and any resulting gain or loss is reflected in the statements of activities.

Software costs are accounted for in accordance with guidance for internal-use software, which requires that certain costs related to developing or obtaining internal-use software should be capitalized. Additionally, costs incurred to develop and maintain the organization's website are accounted for in accordance with guidance for accounting for web site development costs.

Use of estimates:

The preparation of the accompanying financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses for the period. Actual results could differ from those estimates.

Building Relationships and Development Education and Advocacy:

Two integral components of the Plan mission are Building Relationships and Development Education and Advocacy. In connection with the child sponsorship program, Plan provides a link between individuals in the United States and the children and families in Plan's program countries which facilitates two-way communications between sponsors and their sponsored children. Through correspondence and the exchange of small non-monetary gifts, meaningful relationships can be developed and the understanding between different cultures can be enhanced. Additionally, sponsors are able to build enhanced relationships and understanding through the periodic receipt of newsletters; updated family profiles for their sponsored families; and field program reports relating to some of the programs which have been implemented in specific communities to help improve lives.

Within the United States, Development Education and Advocacy programs strive to enhance the public's understanding of the causes and conditions of poverty in developing countries and the role that PII can have in the development process. Additionally, Plan facilitates engagement through group meetings, development of school curriculum and through advocacy which reinforces the communications around poverty and community development in the developing world. Further, Plan's domestic youth programs include educational outreach, organized retreats and other special events and activities for youth participation which are designed to help young people in the United States develop a better understanding of the challenges faced by youth in the developing world.

Gifts-in-Kind:

Gifts-in-Kind are reported as contributions at their estimated fair value on the date of receipt. During the fiscal years ended June 30, 2017 and 2016, respectively, Plan was a recipient of pro bono multi-platform media placement and professional services totaling $5,656,800 and $13,359,513 respectively, reported on the statement of activities. Corresponding expenses of $5,656,800 and $13,359,513 were reported on the statement of functional expenses. During the fiscal year ended June 30, 2017, Plan also recorded Gifts-in-Kind for donated medical supplies totaling $1,279,420 of which $92,710 was received and distributed by Plan and recorded on the statement of functional expenses. The remaining $1,186,710 was not received by the fiscal year end and was recorded in prepaid expenses and other assets on the statement of financial position.

Reclassifications:

Certain prior period financial statement amounts have been reclassified to conform to current period presentation.

Recent Accounting Pronouncements:

In May 2014, the FASB issued ASU 2014-09, Revenue from Contracts with Customers. The standard is effective for fiscal years beginning after December 15, 2017. Plan will continue to monitor and evaluate the impact this will have on the financial statements beginning in fiscal year 2019.

In February 2016, the FASB issued Accounting Standards Update (ASU) 2016-02, Leases (Topic 842) to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the lessees' balance sheet and disclosing key information about leasing arrangements for leases classified as operating leases under the previous GAAP. Under this update, lessees should recognize in the balance sheet as a liability to make lease payments and a right-of-use asset representing its right-to-use the underlying asset for the lease term. This new guidance is effective for fiscal years beginning after December 15, 2018 and interim periods within those fiscal years, with early adoption permitted. Plan is evaluating the impact this will have on the financial statements beginning in fiscal year 2020.

In August 2016, the FASB issued ASU 2016-14, Presentation of Financial Statements for Not-for-Profit Entities. The new guidance requires improved presentation and disclosures to help not-for-profits provide more relevant information about their resources to donors, grantor, creditors and other users. The standard is effective for fiscal years beginning after December 15, 2017. Plan will continue to monitor and evaluate the impact this will have on the financial statements beginning in fiscal year 2019.

NOTE 2 - GRANTS RECEIVABLE:

During the fiscal years ended June 30, 2017 and 2016, respectively, Plan incurred $31,514,661 and $19,302,767 of reimbursable Federal grant expenses relating to awards from the United States Agency for International Development ("USAID"), the United States Department of State, or as a sub recipient from other organizations that received Federal funds. For the same periods, Plan recorded additional grant revenue of $4,057,849 and $9,824,247 respectively, from other funders. Unreimbursed, but eligible expenses of $9,780,196 and $7,546,111 at June 30, 2017 and 2016, respectively, are recorded as grants receivable in the accompanying statements of financial position.

NOTE 3 - INVESTMENTS:

Investments are composed of the following as of:

	June 30, 2017		June 30, 2016	
	Cost	Fair Value	Cost	Fair Value
Money Market Funds	$ 157,179	$ 157,179	$ 180,531	$ 180,531
Mutual Funds	14,320,536	15,362,473	16,045,365	16,811,174
Government sponsored securities	24,406	24,406	54,318	51,423
Stocks/other	1,467	1,483	6,123	6,323
Totals	$14,503,588	$15,545,541	$ 16,286,337	$17,049,451

Investment income, net of investment management fees of approximately $30,073 and $58,774 for the fiscal years ended June 30, 2017 and 2016, respectively, is included in total public support and revenue on the accompanying statements of activities and is composed of the following for the years ended:

	June 30, 2017	June 30, 2016
Interest and dividends	$ 306,857	$ 459,877
Net (loss)/gain on sales of investments	732,417	(3,462)
Net impairment loss on investments	(107,990)	(198,700)
Total investment income	$ 931,284	$ 257,715

NOTE 4 - SPLIT-INTEREST AGREEMENTS:

Plan is a party to various types of split-interest agreements. Charitable gift annuities ("CGAs") are arrangements whereby a donor contributes assets in exchange for a promise from Plan to pay the donor a fixed amount for a specified period of time. Assets received are recognized at fair value, and an annuity payment liability is recognized at the present value of the future cash flows expected to be paid. Unrestricted contribution revenue is recognized as the difference between these two amounts. To calculate the present value of the CGAs, the 1994 Group Annuity Mortality Tables and the actual rates in each annuity agreement were used. The value of CGAs of $609,095 and $616,436 at June 30, 2017 and 2016, respectively, is included in investments on the accompanying statements of financial position. The related liabilities of $319,426 and $335,515 at June 30, 2017 and 2016, respectively, are included in obligation under split-interest agreements on the accompanying statements of financial position.

Pooled income funds ("PIFs") are arrangements whereby several donors' life income gifts are invested and pooled together, and each donor is assigned a relative number of units in the fund. Contribution revenue has been recorded at the fair value of the assets to be received, discounted at 6.00% over the estimated life expectancy of the donor. The difference between the fair value of the assets received and the revenue recognized is recorded as deferred revenue, representing the amount of discount for future interest. Until the donor's death, the donor is paid the actual income earned on the donor's units of the fund. Upon the donor's death, the value of the assigned units reverts to Plan. The value of PIFs of $29,681 and $29,907 at June 30, 2017 and 2016, respectively, is included in investments on the accompanying statements of financial position. The related liabilities of $5,925 and $6,401 at June 30, 2017 and 2016, respectively, are included in obligation under split-interest agreements on the accompanying statements of financial position.

A beneficial interest in a perpetual trust is an arrangement in which a donor establishes and funds a perpetual trust for the benefit of one or more non-profit beneficiaries. The assets are administered and managed by an independent third party. Under the terms of these arrangements, Plan has the irrevocable right to receive the investment income earned on the trust assets in perpetuity. The value of these perpetual trusts of $446,157 and $429,127 at June 30, 2017 and 2016, respectively, is included in beneficial interest in perpetual trusts on the accompanying statements of financial position.

Additionally, there are various trusts that have several different varieties and terms. With regard to these trusts under which Plan is a beneficiary, the assets are administered and managed by an independent third party. The value of such trusts of $532,742 and $529,038 at June 30, 2017 and 2016, respectively, is included in contributions receivable from charitable trusts on the accompanying statements of financial position.

During the fiscal years ended June 30, 2017 and 2016, respectively, Plan recorded contribution revenue related to split interest agreements of $13,158 and $15,344.

NOTE 5 - FAIR VALUE MEASUREMENTS:

Plan establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest level of priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under this standard are as follows:

Level 1 - Quoted prices in active markets for identical assets or liabilities.

Level 2 - Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 - Unobservable inputs that are supported by little or no market activity and that are financial instruments whose values are determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant judgment or estimation.

Inputs are used in applying the various valuation techniques and broadly refer to the assumptions that market participants use to make valuation decisions, including assumptions about risk. Inputs may include price information, volatility statistics, specific and broad credit data, liquidity statistics, and other factors. A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement; however, the determination of what constitutes "observable" requires significant judgment by Plan.

Plan considers observable data to be that market data which is readily available; regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market. The categorization of a financial instrument within the hierarchy is based upon the pricing transparency of the instrument and does not necessarily correspond to Plan's perceived risk of that instrument. Plan uses prices and inputs that are current as of the measurement date.

The availability of observable inputs can vary from product to product and is affected by many factors, including for example, the type of product, whether the product is new and not yet established in the marketplace, the liquidity of markets and other characteristics particular to the transaction. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment.

Accordingly, the degree of judgment exercised by Plan in determining fair value is greatest for instruments categorized in Level 3.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes the level in the fair value hierarchy within which the fair value measurement falls in its entirety is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

In determining an instrument's placement within the hierarchy, Plan separates the investment portfolio into the following categories: mutual funds, government sponsored securities, stocks, split-interest agreements and cash equivalents.

Mutual funds: Mutual funds include investments in common stock. Plan's actively traded mutual funds are listed on a national exchange. Therefore, they are valued at the last price quoted by the exchange and are categorized as Level 1.

Government sponsored securities: Government sponsored securities include investments in various U.S. Treasury instruments (such as mortgage-backed securities and asset-backed securities, and bank debt). Government sponsored securities are based upon market price quotations and are categorized as Level 1.

Cash equivalents: Cash equivalents principally include shares owned in money market funds and are categorized as Level 1.

Stocks: The fair values of publicly traded fixed income and equity securities are based on quoted market prices and are generally categorized as Level 1. Investments that are listed on an exchange are valued, in general, at the last reported sale price (or, if there is no sales price, at the last reported bid price, or, in the absence of reported bid prices, at the mean between the last reported bid and asked prices thereof).

Split-interest agreements: Investments for split-interest agreements primarily consist of Charitable Gift Annuities, Irrevocable Charitable Remainder Unitrusts (CRUTs), Pooled Income Funds, Charitable Lead Trust, and Perpetual Trusts. Investments are fair valued using the present value of future commitments. These amounts include equities and fixed income investments. Associated liabilities are recorded, and fair valued, each reporting period. The liabilities are fair valued using a discounted cash approach, which is consistent with the exit value Plan would pay to relieve its liability at year-end.

The following table presents the financial instruments carried on the statement of financial position as of June 30, 2017:

	Assets and Liabilities at Fair Value as of June 30, 2017			
	Level 1	Level 2	Level 3	Total
	Quoted Prices	Other Significant Observable Inputs	Significant Unobservable Inputs	
Cash equivalents				
Money Market Funds	$ 1,931,348	$ -	$ -	$ 1,931,348
Total Cash Equivalents	$ 1,931,348	$ -	$ -	$ 1,931,348
Investments				
Money Market Funds	$ 157,179	$ -	$ -	$ 157,179
Mutual Funds	14,748,103	-	-	14,748,103
Stocks/other	1,483	-	-	1,483
Total Investments	$ 14,906,765	$ -	$ -	$ 14,906,765
Organizational interest in trusts				
Contributions receivable from charitable remainder trusts	$ 380,971	$ -	$ -	$ 380,971
Contributions receivable from charitable lead trusts	151,771	-	-	151,771
Beneficial interest in perpetual trusts	-	-	446,157	446,157
	$ 532,742	$ -	$ 446,157	$ 978,899
Assets of charitable gift annuities and pooled income fund				
Mutual Funds	$ 614,370	$ -	$ -	$ 614,370
Money Market Funds	24,406	-	-	24,406
Total Assets of CGA and PIF	$ 638,776	$ -	$ -	$ 638,776
Liabilities of charitable gift annuities and pooled income fund				
CGA and PIF	$ -	$ -	$ 325,351	$ 325,351
Total Liabilities of CGA and PIF	$ -	$ -	$ 325,351	$ 325,351

The following table presents the financial instruments carried on the statement of financial position as of June 30, 2016:

	Assets and Liabilities at Fair Value as of June 30, 2016			
	Level 1	Level 2	Level 3	Total
	Quoted Prices	Other Significant Observable Inputs	Significant Unobservable Inputs	
Cash equivalents				
Money Market Funds	$ 64,823	$ -	$ -	$ 64,823
Total Cash Equivalents	$ 64,823	$ -	$ -	$ 64,823
Investments				
Money Market Funds	$ 180,531	$ -	$ -	$ 180,531
Mutual Funds	16,216,254	-	-	16,216,254
Stocks/other	6,323	-	-	6,323
Total Investments	$ 16,403,108	$ -	$ -	$ 16,403,108
Organizational interest in trusts				
Contributions receivable from charitable remainder trusts	$ 351,972	$ -	$ -	$ 351,972
Contributions receivable from charitable lead trusts	177,066	-	-	177,066
Beneficial interest in perpetual trusts	-	-	429,127	429,127
	$ 529,038	$ -	$ 429,127	$ 958,165
Assets of charitable gift annuities and pooled income fund				
Mutual Funds	$ 594,920	$ -	$ -	$ 594,920
Government sponsored securities	35,164	-	-	35,164
Money Market Funds	16,259	-	-	16,259
Total Assets of CGA and PIF	$ 646,343	$ -	$ -	$ 646,343
Liabilities of charitable gift annuities and pooled income fund				
CGA and PIF	$ -	$ -	$ 341,915	$ 341,915
Total Liabilities of CGA and PIF	$ -	$ -	$ 341,915	$ 341,915

The following table includes a roll forward of the amounts for the twelve months ended June 30, 2017 for financial instruments classified within Level 3:

Level 3 Assets and Liabilities at Fair Value

	Split Interest Agreements	
	Perpetual Trusts Assets	CGAs/PIFs Liabilities
Balance as of June 30, 2016	$ 429,127	$ 341,915
Additions	-	11,842
Disbursements	(20,848)	(46,059)
Fees	(7,250)	-
Dividends and interest	9,089	-
Net appreciation	36,039	-
Change in actuarial calculation	-	17,653
Balance as of June 30, 2017	$ 446,157	$ 325,351

The following table includes a roll forward of the amounts for the twelve months ended June 30, 2016 for financial instruments classified within Level 3:

Level 3 Assets and Liabilities at Fair Value

	Split Interest Agreements	
	Perpetual Trusts Assets	CGAs/PIFs Liabilities
Balance as of June 30, 2015	$ 462,964	$ 340,376
Purchases	112,365	14,656
Sales	(134,124)	(45,743)
Fees	(7,221)	-
Dividends and interest	10,706	-
Net depreciation	(15,563)	-
Change in actuarial calculation	-	32,626
Balance as of June 30, 2016	$ 429,127	$ 341,915

NOTE 6 - LAND, BUILDING AND EQUIPMENT:

Land, building and equipment is composed of the following:

	June 30, 2017	June 30, 2016
Land	$ 184,588	$ 184,588
Building and building improvements	3,195,163	3,200,502
Computer software	1,555,134	1,542,134
Equipment	1,068,753	1,126,401
Subtotal	6,003,638	6,053,625
Less: accumulated depreciation	(4,249,039)	(3,916,302)
Total	$ 1,754,599	$ 2,137,323

NOTE 7 – OBLIGATIONS UNDER LEASES:

Plan has entered into various lease agreements for certain office space. Rent expense under such agreements was $1,403,820 and $1,340,372 for the years ended June 30, 2017 and 2016, respectively. At June 30, 2017, the future minimum rental commitments under such lease agreements are as follows:

Year Ending June 30,	
2018	$ 992,146
2019	888,520
2020	910,757
2021	232,364
Total Minimum Payments	$ 3,023,787

NOTE 8 – LINE OF CREDIT:

On July 31, 2012, Plan entered into a revolving line of credit agreement that provides for maximum borrowings of $2,000,000 to be used for working capital. On November 20, 2015, Plan amended the agreement to increase the maximum borrowing amount to $4,000,000. Under the terms of the agreement, the interest on the outstanding balance is the LIBOR daily floating rate plus 2.5%. The principal balance can be prepaid in full or in part at any time without incurring a prepayment fee or premium, and is payable in full on the expiration date. The facility is secured by all personal property owned by Plan and contains certain restrictive covenants, including annual maintenance of a debt service coverage ratio of at least 1.0 to 1.0 to the extent Plan has any outstanding debt balance at fiscal year-end.

In conjunction with the aforementioned leases, Plan was required to provide a standby letter of credit in the amount of $500,000. As a result, Plan's existing line of credit provides for maximum borrowings of $3,500,000.

NOTE 9 - TEMPORARILY RESTRICTED NET ASSETS:

Temporarily restricted net assets are restricted for the following:

	June 30, 2017	June 30, 2016
Time restricted for sponsorship	$ 1,331,986	$ 1,270,574
Purpose restricted for grants & community projects	11,029,096	9,479,676
Unappropriated Endowment Income	2,611,959	2,293,405
Contributions receivable from charitable remainder trusts	380,971	351,972
Pooled income fund agreements	22,740	23,100
	$ 15,376,752	$ 13,418,727

Net assets were released for the following purposes:

	June 30, 2017	June 30, 2016
Designated project funds disbursed on specified project or purpose	$ 6,748,807	$ 8,725,838
Release of sponsorship funds previously paid in advance	1,179,973	1,315,795
Appropriation of endowment fund earnings	725,426	652,140
	$ 8,654,206	$ 10,693,773

NOTE 10 - PERMANENTLY RESTRICTED NET ASSETS:

Permanently restricted net assets are composed of the following:

	June 30, 2017	June 30, 2016
Endowment funds	$ 9,223,387	$ 9,155,507
Perpetual trusts	446,157	429,127
	$ 9,669,544	$ 9,584,634

These amounts represent the investment of contributed principal that has been restricted by the donor in perpetuity as well as the beneficial interest that Plan has in certain third-party perpetual trusts. Unless there are specific donor stipulations or Board of Directors designations, the related investment income is used to support program and operating expenses.

NOTE 11 - ENDOWMENTS:

Plan's endowment consists of approximately 258 individual funds established primarily for unrestricted purposes. The endowment includes both donor restricted endowment funds and funds designated by the Board of Directors to function as endowments. As required by Generally Accepted Accounting Principles ("GAAP") in the United States, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Plan’s management has interpreted the State of New York's enacted version of the Uniform Prudent Management of Institutional Funds Act ("UPMIFA") as requiring the preservation of the historic dollar value of donor-restricted endowment funds (absent explicit donor stipulations to the contrary). The term historic dollar value is defined as the aggregate fair value in dollars of (i) an endowment fund at the time it became an endowment, (ii) each subsequent donation to the fund at the time it is made, and (iii) each accumulation made pursuant to a direction in the applicable gift instrument at the time the accumulation is added to the fund. As a result of this interpretation, Plan classifies as permanently restricted net assets (a) the original value of gifts donated to permanently restricted net assets, (b) the original value of subsequent gifts to the permanent endowment, and (c) appreciation (depreciation), gains (losses) and income earned on the fund when the donor states that such increases or decreases are to be treated as changes in permanently restricted net assets. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets or unrestricted net assets in accordance with the terms of the donor’s restriction. There were $2,611,959 and $2,293,405 of temporarily restricted net assets related to Plan's endowment funds at June 30, 2017 and 2016, respectively.

Management further understands that expenditures from a donor-restricted fund are limited to the uses and purposes for which the endowment fund is established and the use of net appreciation, realized gains (with respect to all assets) and unrealized gains (with respect only to readily marketable assets) is limited to the extent that the fair value of a donor-restricted fund exceeds the historic dollar value of the fund (unless the applicable gift instrument indicates that net appreciation shall not be expended), and to the extent that such expenditure is prudent, considering the long and short term needs of Plan in carrying out its purposes, its present and anticipated financial requirements, expected total return on its investments, price level trends and general economic conditions.

Plan's Board of Directors established a spending rate of up to 7% of the endowment fund’s fair value, except for donor-restricted endowments where spending is based on donor stipulations. This spending policy is consistent with Plan's objectives to maintain the purchasing power of the assets through long-term returns which provide for future growth of the endowment while also generating current income to support mission critical programs or operating expenses.

Plan, in compliance with NYPMIFA, notified available donors who had established endowments prior to June 30, 2011 of the new law, and offered these donors the option of requiring Plan to maintain historical dollar value for their endowment funds. For those donors who requested this option, Plan has designed procedures to ensure that the historical dollar value is maintained by not expending the payout on any fund whose fair value is less than its historical dollar value (i.e., "underwater").

The activities relating to endowment net assets are displayed in the following table:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Net assets as of June 30, 2016	$ 1,732,351	$ 2,293,405	$ 9,155,507	$ 13,181,263
Investment return:				
Investment income	27,954	874,304	-	902,258
Net change in unrealized appreciation	92,420	169,676	-	262,096
Total investment income	120,374	1,043,980	-	1,164,354
Contributions	-	-	58,982	58,982
Appropriation of endowment assets for expenditures	(123,778)	(725,426)	-	(849,204)
Net assets as of June 30, 2017	$ 1,728,947	$ 2,611,959	$ 9,214,489	$ 13,555,395

Donor-restricted endowment funds that can be used to support operations are invested in income-generating investment vehicles or, to the extent that historic dollar value is sustained, in investment vehicles that may generate appreciation while ensuring the preservation of capital. Funds that are restricted for a specific use by the donor or by law, or those that are board-designated, are invested in investment vehicles that afford opportunities for appreciation. In general, the endowment funds are invested for growth in funds that all have net asset values that are available daily and which meet certain quality criteria.

Plan's endowments consisted of the following net asset composition by type of fund as of June 30, 2017 and 2016, respectively:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals as of June 30, 2017
Donor-restricted endowment funds	$ -	$ 2,611,959	$ 9,214,489	$ 11,826,448
Board designated endowment funds	1,728,947	-	-	1,728,947
Total endowment funds	$ 1,728,947	$ 2,611,959	$ 9,214,489	$ 13,555,395

	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals as of June 30, 2016
Donor-restricted endowment funds	$ -	$ 2,293,405	$ 9,155,507	$ 11,448,912
Board designated endowment funds	1,732,351	-	-	1,732,351
Total endowment funds	$ 1,732,351	$ 2,293,405	$ 9,155,507	$ 13,181,263

NOTE 12 - RELATED PARTY TRANSACTIONS:

For each fiscal year, Plan transmits to PII the net of total revenue recorded for the year plus amounts of revenue received in prior years that were temporarily restricted by the donors, but have become unrestricted in the current year minus the sum of (a) total operating expenses for the year, (b) amounts of revenue for the year that have been permanently restricted by donors, (c) amounts of revenue for the year that have been temporarily restricted by donors and remain restricted at year-end and (d) amounts otherwise designated by the Board of Directors. These net amounts for the years ended June 30, 2017 and 2016 were $36,379,035 and $34,335,781 respectively, and are included in program and technical support expense on the accompanying statements of activities. These amounts, when combined with the amounts sent to PII by the other National Organizations, are the resources that are used by PII to fund the programmatic and other operating costs of its field operations and international headquarters. Due to certain timing differences, the amount of cash actually transmitted through the end of each fiscal year is not equal to the net amount discussed above, but prior to the year-end Plan provides PII with an unconditional promise to adjust the remittances to reflect the net amount discussed above. The accompanying statements of financial position include a liability of $6,470,307 and $4,977,266 at June 30, 2017 and 2016, respectively, in relation to this unconditional promise.

In certain instances, grant providers require that their funds must be paid directly to the PII field office(s) where the related program(s) will be implemented rather than being paid through a National Organization. In those cases where a National Organization works directly with the relevant field office(s) and the grantor to (a) help with technical program design in the grant application process, (b) provide technical specialists to train field staff and assist with the implementation of the program, (c) provide specialized technical expertise and (d) assist with the management and reporting over the life of the grant, the revenue and program expenses associated with the grant are allocated by PII to that National Organization. For the years ended June 30, 2017 and 2016, Plan recorded grant revenue of $1,334,211 and $6,862,057 respectively, in the accompanying statements of activities relating to these types of grants.

NOTE 13 - RETIREMENT PLAN:

Plan offers a contributory, defined contribution retirement plan ("the plan") for the benefit of all qualified employees. In order to be qualified, an employee must have completed one year of service, must have worked at least 1,000 hours per year and be at least 21 years of age. Plan makes contributions at designated percentages of earnings in accordance with the plan provisions. Employer contributions totaled $753,639 and $669,239 for the years ended June 30, 2017 and 2016, respectively.

NOTE 14 – COMMITMENTS & CONTINGENCIES:

Amounts received and expended by Plan under various federal programs are subject to audit by governmental agencies. In the opinion of Plan's management, audit adjustments, if any, will not have a significant effect on the financial position, changes in net assets, or cash flows of Plan.

Plan is a party to various litigation arising out of the normal conduct of its operations. In the opinion of Plan's management, the ultimate resolution of these matters will not have a materially adverse effect on Plan's financial position, changes in net assets or cash flows.

NOTE 15 – SUBSEQUENT EVENTS:

Plan has evaluated subsequent events through November 10, 2017, the date the report was available to be issued.