

PLANNED PARENTHOOD AFFILIATES OF MICHIGAN, INC.

FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

AND

INDEPENDENT AUDITORS' REPORT

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Layton & Richardson, P.C.

Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

Board of Directors
Planned Parenthood Affiliates
of Michigan, Inc.
Lansing, Michigan

Report on the Financial Statements

We have audited the accompanying financial statements of **Planned Parenthood Affiliates of Michigan, Inc.** which comprise the statements of financial position as of December 31, 2014 and 2013, and the related statements of activities and changes in net assets, cash flows, and functional expenses for the years 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 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 audits to obtain reasonable assurance about whether the financial statements are free of 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.

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Planned Parenthood Affiliates of Michigan, Inc. as of December 31, 2014 and 2013, and the changes in its net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

A handwritten signature in cursive script that reads "Layton & Richardson, P.C.".

Certified Public Accountants

East Lansing, Michigan
August 10, 2015

PLANNED PARENTHOOD AFFILIATES OF MICHIGAN, INC.

STATEMENTS OF FINANCIAL POSITION

ASSETS

	DECEMBER 31,	
	2014	2013
CURRENT ASSETS		
Cash and cash equivalents	\$ 197,350	\$ 369,192
Accounts receivable		713
Accounts receivable - Advocates	306,767	134,441
Prepaid expenses	<u>1,114</u>	<u>1,114</u>
TOTAL CURRENT ASSETS	<u>505,231</u>	<u>505,460</u>
PROPERTY AND EQUIPMENT		
Office furniture and equipment	54,216	46,852
Less: accumulated depreciation	<u>(45,392)</u>	<u>(41,052)</u>
NET PROPERTY AND EQUIPMENT	<u>8,824</u>	<u>5,800</u>
TOTAL ASSETS	<u>\$ 514,055</u>	<u>\$ 511,260</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable	\$ 7,037	\$ 16,217
Payable to PPMSM	317,831	239,975
Funds held on behalf of others	51,954	48,767
Deferred grant revenue	<u> </u>	<u>111,084</u>
TOTAL CURRENT LIABILITIES	<u>376,822</u>	<u>416,043</u>
NET ASSETS		
Unrestricted	<u>137,233</u>	<u>95,217</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 514,055</u>	<u>\$ 511,260</u>

See accompanying notes to financial statements.

PLANNED PARENTHOOD AFFILIATES OF MICHIGAN, INC.
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

	FOR THE YEARS ENDED	
	DECEMBER 31,	
	2014	2013
REVENUES		
Dues	\$ 12,164	\$ 13,495
Contributions	17,104	22,262
Grants	406,349	482,416
Interest and dividends	42	47
TOTAL REVENUES	<u>435,659</u>	<u>518,220</u>
EXPENSES		
Program Expense		
Education and information	327,336	346,566
Lobbying	3,294	6,297
Total Program Expense	330,630	352,863
Fundraising	10,411	19,900
Management and General Expense	52,602	78,587
TOTAL EXPENSES	<u>393,643</u>	<u>451,350</u>
CHANGE IN NET ASSETS	42,016	66,870
NET ASSETS, JANUARY 1	<u>95,217</u>	<u>28,347</u>
NET ASSETS, DECEMBER 31	<u>\$ 137,233</u>	<u>\$ 95,217</u>

See accompanying notes to financial statements.

PLANNED PARENTHOOD AFFILIATES OF MICHIGAN, INC.

STATEMENTS OF CASH FLOWS

	FOR THE YEARS ENDED DECEMBER 31,	
	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 42,016	\$ 66,870
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation and amortization	4,340	3,268
(Increase) decrease in assets		
Accounts receivable	713	(11)
Accounts receivable - Advocates	(172,326)	(22,486)
Prepaid expenses		(630)
Increase (decrease) in liabilities		
Accounts payable	(9,180)	3,860
Other payables	77,856	100,873
Payable to local affiliates	3,187	18,596
Deferred revenue	(111,084)	(65,916)
	<u> </u>	<u> </u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>(164,478)</u>	<u>104,424</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	<u>(7,364)</u>	<u>(3,839)</u>
NET INCREASE (DECREASE) IN CASH	(171,842)	100,585
CASH, JANUARY 1	<u>369,192</u>	<u>268,607</u>
CASH, DECEMBER 31	<u><u>\$ 197,350</u></u>	<u><u>\$ 369,192</u></u>
Supplemental disclosure of cash flow information		
Cash paid during the year for		
Interest	\$	\$
Unrelated business income tax		

See accompanying notes to financial statements.

PLANNED PARENTHOOD AFFILIATES OF MICHIGAN, INC.

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2014

	PROGRAM SERVICES					
	EDUCATION AND INFORMATION	LOBBYING	TOTAL	FUNDRAISING	MANAGEMENT AND GENERAL	TOTAL EXPENSES
Reimbursement for salaries and wages	\$ 105,323	\$ 3,032	\$ 108,355	\$ 9,582	\$ 3,360	\$ 121,297
Reimbursement for other compensation and benefits	9,114	262	9,376	829	291	10,496
Professional services	416		416		8,800	9,216
Advocacy	1,634		1,634			1,634
Convio	3,000		3,000			3,000
Advertising	537		537			537
Insurance					90	90
Office supplies	3,271		3,271		3,180	6,451
Telephone	56,385		56,385		2,647	59,032
Postage	22,052		22,052		1,411	23,463
Dues and subscriptions	375		375		594	969
Printing	25,668		25,668		2,572	28,240
Rent					5,749	5,749
Meetings and conferences	9,406		9,406		5,336	14,742
Travel	90,155		90,155		12,808	102,963
Finance charges					1,424	1,424
Depreciation					4,340	4,340
TOTAL EXPENSES	\$ <u>327,336</u>	\$ <u>3,294</u>	\$ <u>330,630</u>	\$ <u>10,411</u>	\$ <u>52,602</u>	\$ <u>393,643</u>

See accompanying notes to financial statements.

PLANNED PARENTHOOD AFFILIATES OF MICHIGAN, INC.

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2013

	PROGRAM SERVICES					
	EDUCATION AND INFORMATION	LOBBYING	TOTAL	FUNDRAISING	MANAGEMENT AND GENERAL	TOTAL EXPENSES
Reimbursement for salaries and wages	\$ 189,194	\$ 5,447	\$ 194,641	17,213	\$ 6,036	\$ 217,890
Reimbursement for other compensation and benefits	29,536	850	30,386	2,687	942	34,015
Professional services					16,125	16,125
Advocacy	10,025		10,025			10,025
Convio	1,837		1,837			1,837
Detroit canvas	56,471		56,471			56,471
Insurance					477	477
Office supplies	5,076		5,076		1,692	6,768
Telephone					13,312	13,312
Postage					7,600	7,600
Miscellaneous					942	942
Dues and subscriptions					6,330	6,330
Printing					4,084	4,084
Rent					15,040	15,040
Education and training					701	701
Meetings and conferences	36,158		36,158			36,158
Travel	18,269		18,269			18,269
Finance charges					2,038	2,038
Depreciation					3,268	3,268
TOTAL EXPENSES	\$ 346,566	\$ 6,297	\$ 352,863	19,900	\$ 78,587	\$ 451,350

See accompanying notes to financial statements.

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PLANNED PARENTHOOD AFFILIATES OF MICHIGAN, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2014 AND 2013

NOTE 1: **BACKGROUND AND SIGNIFICANT ACCOUNTING POLICIES**

Background

Planned Parenthood Affiliates of Michigan, Inc. is organized to provide information and education to the public and to local affiliates of Planned Parenthood Federation of America, Inc., regarding reproductive health care services including legislation related to reproductive health care.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in conformity with U.S. generally accepted accounting principles.

Basis of Presentation

The Organization reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

- Unrestricted net assets represent the resources available for use in carrying on the operations of the Organization. The unrestricted portion is under the discretionary control of the Board of Directors, and it is against this fund that all expenditures for current operations are charged.
- Temporarily restricted net assets represent contributions and other income that has been received, but is temporarily restricted for future activities.
- Permanently restricted net assets represent donor and Board stipulated instruments that are to be maintained, with only the income from the instruments expended.

Contributions

The Organization records contributions received as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence or nature of any donor restrictions in accordance with U.S. GAAP relative to contributions received and contributions made.

Restricted and Unrestricted Revenue

Grants and contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support, depending on the existence and/or nature of any donor restrictions. Donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, the related support is reported in the statement of activities as net assets released from restrictions. Contributions of assets other than cash are recorded at their estimated fair value.

PLANNED PARENTHOOD AFFILIATES OF MICHIGAN, INC.

NOTES TO FINANCIAL STATEMENTS - Continued

DECEMBER 31, 2014 AND 2013

NOTE 1: **BACKGROUND AND SIGNIFICANT ACCOUNTING POLICIES** - Continued

Financial Instruments and Concentrations of Risk

The Organization is subject to credit risk through accounts and grants receivable and short-term cash investments. Credit risk with respect to grants receivable is concentrated within Planned Parenthood Federation of America, Inc. The Organization invests excess cash in low risk liquid instruments. Cash in banks may exceed federally insured limits at certain times during the year.

The carrying amounts of cash and cash equivalents, accounts payable, and amounts included in accruals meet the definition of financial instruments approximate fair value.

Investments

The Organization reports investments in mutual funds with readily determinable fair values at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investments held by the Organization are Level 1 investments in the fair value measurement hierarchy.

Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Pledges and Accounts Receivable

Pledges and accounts receivable arise from donor pledges to make future contributions and member dues, and are recorded at net realizable value. The Organization considers accounts to be fully collectible; accordingly, no allowance for doubtful accounts is required. If amounts become uncollectible, they will be charged to operations when that determination is made. The Organization does not require collateral for accounts receivable. GAAP generally call for member dues to be recognized as revenue when payments are received, rather than when the dues are earned. Member dues paid to Planned Parenthood Affiliates of Michigan, Inc. are more reflective of exchange transactions in that the primary function of the Organization is to render legislative representation services on behalf of its members in exchange for membership dues. Additionally, in accordance with Planned Parenthood Federation of America guidelines, local Planned Parenthood member organizations do not have the option to elect out of membership in Planned Parenthood Affiliates of Michigan, Inc. Accordingly, the Organization recognizes dues as earned, which can result in dues receivable.

PLANNED PARENTHOOD AFFILIATES OF MICHIGAN, INC.

NOTES TO FINANCIAL STATEMENTS - Continued

DECEMBER 31, 2014 AND 2013

NOTE 1: **BACKGROUND AND SIGNIFICANT ACCOUNTING POLICIES** - Continued

Property and Equipment

Depreciation of property and equipment is provided over the estimated useful lives of the respective assets using the straight-line method. Donated equipment is recorded at fair market value at the date of the donation. Purchased equipment is recorded at cost.

The Organization's policy is to capitalize expenditures for furniture, fixtures, equipment, and leasehold improvements. Repair and maintenance costs are expensed as incurred.

Donated Assets and Services

Donations of equipment and specialized services are recorded as support at their estimated fair value at the date of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Numerous volunteers have donated significant amounts of time to the Organization in connection with various events and programs. No amounts have been recognized in the accompanying statement of activities because the criteria for recognition of such volunteer efforts have not been satisfied.

Use of Estimates

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

Advertising

Advertising costs are expensed as incurred and totaled \$537 and \$0 for the years ended December 31, 2014 and 2013, respectively.

Income Tax Status

The Organization has been classified as an other than private foundation and is tax-exempt under Section 501(c)(3) of the Internal Revenue Code. The Code requires that tax-exempt organizations must comply with federal tax law to maintain tax-exempt status and avoid penalties. The Organization is subject to a tax on income from any unrelated business (The Organization has no unrelated business income) as defined by Section 509(a)(1) of the Code.

PLANNED PARENTHOOD AFFILIATES OF MICHIGAN, INC.

NOTES TO FINANCIAL STATEMENTS - Continued

DECEMBER 31, 2014 AND 2013

NOTE 1: **BACKGROUND AND SIGNIFICANT ACCOUNTING POLICIES** - Concluded

Income Tax Status - Concluded

Professional standards prescribe a more-likely-than-not recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken. The Organization has analyzed tax positions taken for filing with the Internal Revenue Service. The Organization believes that income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse affect on the Organization's financial condition, results of operations or cash flows. Accordingly, the Organization has not recorded any reserves, or related accruals for interest and penalties for uncertain income tax positions at December 31, 2014 and 2013.

The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Organization believes it is no longer subject to income tax examinations for years prior to December 31, 2011.

The Organization's policy is to classify income tax related interest and penalties as interest expense and other expenses, respectively.

Functional Expenses

The costs of the Organization's programs and supporting services have been reported on a functional basis. This required the allocation of certain of the costs among the various programs and supporting services based on estimates made by management.

Date of Management's Review

Subsequent events have been evaluated through August 10, 2015, which is the date the financial statements were available to be issued.

NOTE 2: **CASH AND CASH EQUIVALENTS**

Deposits of cash and cash equivalents with financial institutions are detailed as follows as of December 31, 2014:

	BOOK BALANCE	BANK BALANCE	FDIC INSURED
DECEMBER 31, 2014			
Checking	\$ <u>197,350</u>	\$ <u>254,654</u>	\$ <u>250,000</u>

PLANNED PARENTHOOD AFFILIATES OF MICHIGAN, INC.

NOTES TO FINANCIAL STATEMENTS - Continued

DECEMBER 31, 2014 AND 2013

NOTE 2: CASH AND CASH EQUIVALENTS - Concluded

Deposits of cash and cash equivalents with financial institutions are detailed as follows as of December 31, 2013:

	BOOK BALANCE	BANK BALANCE	FDIC INSURED
DECEMBER 31, 2013			
Checking	\$ 211,626	\$ 217,389	\$ 217,389
Fidelity cash reserves	<u>157,566</u>	<u>157,568</u>	<u> </u>
	<u>\$ 369,192</u>	<u>\$ 374,957</u>	<u>\$ 217,389</u>

Effective January 1, 2013, the FDIC unlimited insurance coverage for non-interest bearing transaction accounts expired. Deposits held in non-interest bearing accounts are now combined with interest-bearing accounts and the total is insured up to \$250,000 per customer.

NOTE 3: PROPERTY AND EQUIPMENT

Major classes of property and equipment are as follows as of December 31:

	USEFUL LIFE	2014	2013
Furniture and office equipment	7-10 years	\$ 12,594	\$ 12,594
Computer equipment	3-5 years	<u>41,622</u>	<u>34,258</u>
		54,216	46,852
Less: accumulated depreciation		<u>(45,392)</u>	<u>(41,052)</u>
Net property and equipment		<u>\$ 8,824</u>	<u>\$ 5,800</u>

Depreciation expense for the years ended December 31, 2014 and 2013 was \$4,340 and \$3,268, respectively.

NOTE 4: FUNDS HELD ON BEHALF OF OTHERS

Community Health Charities

Planned Parenthood Affiliates of Michigan, Inc. receives contributions from Community Health Charities (CHC) on behalf of local affiliates in Michigan. This money is remitted to the local affiliates when the entire annual distribution is received from CHC net of 3% management fee and only the management fee is considered revenue of the Organization. As of December 31, 2014 and 2013, the Organization had received \$51,954 and \$35,201 to be remitted to the local affiliates during 2014 and 2013, respectively.

PLANNED PARENTHOOD AFFILIATES OF MICHIGAN, INC.

NOTES TO FINANCIAL STATEMENTS - Continued

DECEMBER 31, 2014 AND 2013

NOTE 4: **FUNDS HELD ON BEHALF OF OTHERS** - Concluded

State Public Affairs Network

During 2011, the Executive Director of Planned Parenthood Affiliates of Michigan, Inc. became the Treasurer of State Public Affairs Network (SPAN) and in that capacity is responsible for handling the financial activity of SPAN. Accordingly, during 2011 the Organization received the balance of monies belonging to SPAN and began collecting and disbursing amounts for SPAN. (Subsequently, these responsibilities have been assumed by Planned Parenthood Affiliates of California) As of December 31, 2014 and 2013, amounts held by the Organization on behalf of SPAN are \$0 and \$13,566 respectively.

NOTE 5: **RELATED PARTY TRANSACTIONS**

The Organization is related to Planned Parenthood Advocates of Michigan, Inc. (an Internal Revenue Code Section 501(c)(4) corporation) as Board Members and Corporate Officers serve both organizations. The two Organizations have an agreement to share certain administrative and facility costs paid by Planned Parenthood Affiliates of Michigan, Inc. As part of this agreement, Planned Parenthood Advocates of Michigan, Inc. paid the Organization \$188,022 and \$8,316 for the years ended December 31, 2014 and 2013, respectively, for reimbursements of salaries, education, rent, supplies and travel expenses. As of December 31, 2014 and 2013, Planned Parenthood Advocates of Michigan, Inc. owed the Organization \$306,767 and \$134,441 respectively, for shared expenses.

The Organization has a service agreement with Planned Parenthood Mid and South Michigan (PPMSM), under which PPMSM provides management, accounting, administrative and other services to the Organization. The Organization reimburses PPMSM for employment costs in addition to other services performed under the service agreement. Reimbursement of expenses due by the Organization to PPMSM are, in part, offset by member dues owing from PPMSM to the Organization. During the years ended December 31, 2014 and 2013, the Organization paid \$350,270 and \$200,000, respectively, in expense reimbursements to PPMSM. As of December 31, 2014 and 2013, the Organization owed \$317,831 and \$239,975 to PPMSM, respectively.

NOTE 6: **OPERATING LEASES**

Planned Parenthood Affiliates of Michigan, Inc. entered into an operating lease for administrative space at 115 W. Allegan, Lansing, Michigan on January 15, 2004. The lease was for five years, expired February 12, 2009, and included normal utilities, maintenance and repairs. In 2009, the lease was extended through December 31, 2012. The minimum rental increased by 3% during year two and three and increased 5% per year thereafter. Effective November 6, 2014, the lease was extended for a six month period ending March 31, 2015.

PLANNED PARENTHOOD AFFILIATES OF MICHIGAN, INC.

NOTES TO FINANCIAL STATEMENTS - Concluded

DECEMBER 31, 2014 AND 2013

NOTE 6: **OPERATING LEASES** - Concluded

Future minimum rental payments under this lease at December 31, 2014, are as follows:

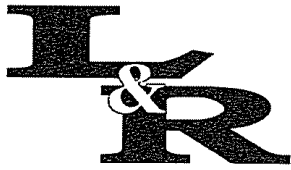
YEAR ENDING	AMOUNT
December 31, 2015	\$ <u>3,342</u>

Rent expense was as follows as of December 31:

	2014	2013
Total rent expense	\$ 22,996	\$ 22,996
Less: reimbursements received from Planned Parenthood Advocates of Michigan, Inc.	(<u>17,247</u>)	(<u>7,956</u>)
Rent expense	\$ <u>5,749</u>	\$ <u>15,040</u>

NOTE 7: **COMMITMENTS AND CONTINGENCIES**

Planned Parenthood Affiliates of Michigan, Inc. receives a substantial amount of its support from public and private foundations, corporate and individual donors. A significant reduction in the level of this support, if this were to occur, may have an effect on the Organization's ability to continue its programs and activities.



Layton & Richardson, P.C.

Certified Public Accountants

August 10, 2015

To the Board of Directors
Planned Parenthood Affiliates
of Michigan, Inc.
Lansing, Michigan

We have audited the financial statements of Planned Parenthood Affiliates of Michigan, Inc. for the year ended December 31, 2014, and have issued our report thereon dated August 10, 2015. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated November 5, 2014. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Planned Parenthood Affiliates of Michigan, Inc. are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended December 31, 2014. We noted no transactions entered into by the Organization during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

Management's estimate of deferred grant revenue is based on management's assessment of portions of the related grants that have not yet been earned over the period of the grant subsequent to the Organization's fiscal year end. We have evaluated the key factors and assumptions used to develop deferred revenue in determining that it is reasonable in relation to the financial statements as a whole.

Management's estimate of the allocation of functional expenses is based, in part, on relative time spent by staff on program and supporting services. We evaluated the key factors and assumptions used to develop the allocation of functional expenses in determining that it is reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

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Difficulties Encountered in Performing the Audit

We encountered no difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated August 10, 2015.

Management Consultations with Other Independent Accountants

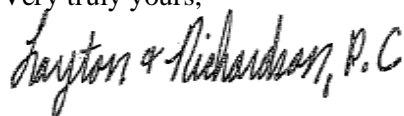
In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Organization's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Organization's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of Board of Directors and management of Planned Parenthood Affiliates of Michigan, Inc. and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,



Certified Public Accountants