THE VIRGINIA LEAGUE FOR PLANNED PARENTHOOD, INCORPORATED

Financial Statements

June 30, 2015

Keiter
Your Opportunity Advisors

Certified Public
Accountants & Consultants
4401 Dominion Boulevard
Glen Allen, VA 23060

www.keitercpa.com

THE VIRGINIA LEAGUE FOR PLANNED PARENTHOOD, INCORPORATED

Table of Contents

Keiter
Your Opportunity Advisors

REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors
The Virginia League for Planned Parenthood, Incorporated
Richmond, Virginia

Report on the Financial Statements

We have audited the accompanying financial statements of The Virginia League for Planned Parenthood, Incorporated (the "League"), which comprise the statement of financial position as of June 30, 2015 and the related statements of activities, 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; 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit 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 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 opinion.

Certified Public
Accountants & Consultants
4401 Dominion Boulevard
Glen Allen, VA 23060
T:804.747.0000 F:804.747.3632

www.keitercpa.com

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Virginia League for Planned Parenthood, Incorporated as of June 30, 2015 and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States.

Other Matter

Effective January 1, 2015, Planned Parenthood of Southeastern Virginia realigned with the Virginia League for Planned Parenthood, Incorporated. See additional disclosure surrounding this realignment within Note 2 to the accompanying financial statements.

Keiter

December 2, 2015
Glen Allen, Virginia

THE VIRGINIA LEAGUE FOR PLANNED PARENTHOOD, INCORPORATED

Statement of Financial Position
June 30, 2015

Assets		
Current assets:		
Cash and cash equivalents	$	207,197
Patient accounts receivable		118,915
Pledges receivable, net		361,478
Inventory		68,887
Prepaid expenses		36,097
Due from related party		23,559
Total current assets		816,133
Pledges receivable, net, less current portion		37,024
Investments		740,370
Property and equipment, net		8,175,817
Loan costs, net		34,828
Other assets		3,216
	$	9,807,388
Liabilities and Net Assets		
Current liabilities:		
Notes payable	$	103,225
Accounts payable		217,342
Accrued expenses		5,114
Compensated absences		118,924
Total current liabilities		444,605
Non-current liabilities:		
Notes payable, less current portion		2,716,993
Total liabilities		3,161,598
Net assets:		
Unrestricted:		
Undesignated		5,315,824
Board designated - education		335,114
Board designated - other		144,214
Total unrestricted		5,795,152
Temporarily restricted		850,638
Total net assets		6,645,790
	$	9,807,388

See accompanying notes to financial statements.

THE VIRGINIA LEAGUE FOR PLANNED PARENTHOOD, INCORPORATED

Statement of Activities
Year Ended June 30, 2015

	Unrestricted			
	Undesignated	Board Designated	Temporarily Restricted	Total
Revenue, gains and other support:				
Contributions	$ 685,164	$ 21,656	$ 1,591,273	$ 2,298,093
Women's clinic income	3,175,082	-	-	3,175,082
Investment (loss) income	(2,132)	30,863	-	28,731
Other income	211,222	-	-	211,222
Total revenue, gains and other support	4,069,336	52,519	1,591,273	5,713,128
Net assets released from restriction	1,345,732	-	(1,345,732)	-
Expenses:				
Program services:				
Patient services	4,122,743	-	-	4,122,743
Public affairs	598,163	-	-	598,163
Public health education and services	336,309	-	-	336,309
Supporting services:				
Management and general	448,284	-	-	448,284
Fundraising	260,477	-	-	260,477
Total expenses	5,765,976	-	-	5,765,976
Change in net assets before realignment	(350,908)	52,519	245,541	(52,848)
Contribution from realignment (Note 2)	2,549,072	-	-	2,549,072
Change in net assets	2,198,164	52,519	245,541	2,496,224
Net assets, beginning of year	3,117,660	426,809	605,097	4,149,566
Net assets, end of year	$ 5,315,824	$ 479,328	$ 850,638	$ 6,645,790

See accompanying notes to financial statements.

THE VIRGINIA LEAGUE FOR PLANNED PARENTHOOD, INCORPORATED

Statement of Functional Expenses
Year Ended June 30, 2015

	Program Services				Supporting Services			
	Patient Services	Public Affairs	Public Health Education and Services	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total Functional Expenses
Salaries and wages	$ 1,746,447	$ 276,705	$ 205,380	$ 2,228,532	$ 196,582	$ 78,118	$ 274,700	$ 2,503,232
Medical supplies	833,299	-	-	833,299	-	-	-	833,299
Professional fees	374,077	65,657	8,542	448,276	136,778	87,642	224,420	672,696
Depreciation and amortization	206,980	7,263	7,263	221,506	14,124	7,263	21,387	242,893
Laboratory fees	87,048	-	-	87,048	-	-	-	87,048
Taxes, payroll	130,475	21,504	16,573	168,552	12,059	5,201	17,260	185,812
Interest	73,844	4,771	1,560	80,175	3,121	1,560	4,681	84,856
Printing and advertising	14,020	84,786	999	99,805	3,700	17,940	21,640	121,445
Repairs and maintenance	193,798	8,290	3,767	205,855	11,618	17,347	28,965	234,820
Employee benefits	138,087	22,533	20,069	180,689	10,326	7,983	18,309	198,998
Insurance, malpractice	78,240	-	-	78,240	-	4	4	78,244
Meetings and conferences	2,889	3,942	4,351	11,182	7,908	12,128	20,036	31,218
Payments to national organizations	10,916	38,228	728	49,872	1,456	728	2,184	52,056
Taxes and licenses	6,777	397	244	7,418	3,463	517	3,980	11,398
Advocacy	-	13,780	-	13,780	-	-	-	13,780
Supplies, office and general	19,332	971	25,348	45,651	4,601	641	5,242	50,893
Telephone	30,577	16,787	2,855	50,219	4,886	1,688	6,574	56,793
Utilities	32,725	2,747	1,373	36,845	3,039	1,373	4,412	41,257
Cleaning services and supplies	28,587	2,565	1,283	32,435	2,565	1,283	3,848	36,283
Bank fees	37,856	45	-	37,901	60	596	656	38,557
Insurance, general	23,570	1,660	1,660	26,890	3,321	1,660	4,981	31,871
Travel	22,658	14,382	16,945	53,985	16,968	645	17,613	71,598
Membership dues	17,084	10,393	616	28,093	5,696	5,634	11,330	39,423
Postage and shipping	6,099	696	202	6,997	1,570	10,186	11,756	18,753
Uncollectible accounts	5,000	-	-	5,000	-	-	-	5,000
Miscellaneous	2,358	61	16,551	18,970	4,443	340	4,783	23,753
	$ 4,122,743	$ 598,163	$ 336,309	$ 5,057,215	$ 448,284	$ 260,477	$ 708,761	$ 5,765,976

See accompanying notes to financial statements.

THE VIRGINIA LEAGUE FOR PLANNED PARENTHOOD, INCORPORATED

Statement of Cash Flows
Year Ended June 30, 2015

Cash flows from operating activities:	
Change in net assets	$ 2,496,224
Adjustments to reconcile change in net assets to net cash from operating activities:	
Contribution from realignment	(2,549,072)
Depreciation and amortization	242,893
Realized and unrealized gain on investments	(39,544)
(Increase) decrease in assets:	
Patient accounts receivable	(34,336)
Pledges receivable, net	(170,655)
Other receivables	37,730
Inventory	(6,431)
Prepaid expenses	(9,487)
Due from related party	(13,347)
Increase (decrease) in liabilities:	
Accounts payable	(54,538)
Accrued expenses	(824)
Compensated absences	68,435
Other current liabilities	(83,876)
Net cash used in operating activities	(116,828)
Cash flows from investing activities:	
Cash from realignment	152,676
Purchase of property and equipment	(13,777)
Purchase of investments	(84,537)
Proceeds from sale of investments	58,044
Net cash provided by investing activities	112,406
Cash flows from financing activities:	
Payment of debt issuance costs	(36,118)
Net payments on notes payable	(57,977)
Net cash used in financing activities	(94,095)
Net change in cash and cash equivalents	(98,517)
Cash and cash equivalents, beginning of year	305,714
Cash and cash equivalents, end of year	$ 207,197
Supplemental cash flow information:	
Cash paid during the year for interest	$ 91,225

See accompanying notes to financial statements.

1. Summary of Significant Accounting Policies:

Nature of Operations: The Virginia League for Planned Parenthood, Incorporated (the "League") is a non-profit, non-stock, tax-exempt corporation dedicated to providing a program of family planning and responsible human sexuality to the entire community through education, advocacy, and health care services. The League was incorporated in 1940 and is headquartered in Richmond, Virginia with additional offices in Virginia Beach, Virginia and Hampton Roads, Virginia.

Realignment: Effective January 1, 2015, the Virginia League for Planned Parenthood, Incorporated and Planned Parenthood of Southeastern Virginia ("PPSEV") realigned to operate as one organization, the Virginia League for Planned Parenthood, Incorporated ("the League"). This realignment was conducted to reduce costs and to more effectively deploy resources in the region (see Note 2). The financial statements and notes thereto represent the financial statements of the realigned organization.

Basis of Accounting: The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States.

Use of Estimates: The preparation of the financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions. Those estimates and assumptions affect the reported amounts of assets and liabilities and disclosures 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.

Cash and Cash Equivalents: The League considers all highly liquid debt securities that were purchased with a maturity of three months or less to be cash equivalents.

Accounts and Pledges Receivable: Patient receivables, primarily from third-party insurance providers, are based on insurance agreements. Accounts receivable are primarily the result of amounts billed to insurance companies.

Pledges receivable includes unconditional promises which are recognized at their fair values (see Note 5). Contributions that are to be collected more than one year into the future are recorded at their discounted present value (see Note 4).

1. Summary of Significant Accounting Policies, Continued:

Accounts and Pledges Receivable, Continued: Uncollectible delinquent receivables are determined on a case by case basis. Receivables past due more than one hundred twenty days are considered to be delinquent. When management has determined a delinquent receivable to be uncollectible, it will be written-off against operations at that time. There were no patient accounts receivables over one hundred twenty days old as of June 30, 2015 and management did not believe it necessary to include an allowance for doubtful accounts specific to these receivables. Due to the longer payment schedule of certain pledges receivable, management included an allowance for doubtful accounts specific to pledges of $6,700 at June 30, 2015. The allowance was determined by reserving a portion of the pledges where the current installment payment due was not received during the year.

Credit Risk: Financial instruments which potentially subject the League to concentration of credit risk consist primarily of cash and cash equivalents, accounts receivable, and pledges receivable. The League maintains its cash in four financial institutions with balances that periodically exceed federally insured limits. Risk from accounts receivable is limited due to the nature of the customers. Risk from pledges receivable is limited due to the large number of donors.

Inventory: Inventory consists of pharmacy inventory and is stated at the lower of cost or market. Cost is determined using the first-in, first-out method.

Investments: Investments with readily determinable fair values are reported at fair value (see Notes 3 and 5). Unrealized gains and losses are reported in the statement of activities. In calculating realized gains and losses, the cost of the securities sold is determined by the specific-identification method. Investments received by gift are recorded at the fair value on the date received. Investments are exposed to various risks, such as interest rate, market, and credit.

Property and Equipment: Property and equipment are stated at cost, or in the case of gifts, at fair market value as of the date of the donation. Depreciation is computed by the straight-line method over the estimated useful lives of three to 40 years. Expenditures for maintenance and repairs are expensed currently, while expenditures for major additions and betterment's costing more than $500 are capitalized. Lines of credit were used to fund building construction. Interest incurred on the lines of credit during the construction period was capitalized as part of building costs.

The League has implemented the Financial Accounting Standards Board ("FASB") guidance related to accounting for the impairment of long-lived assets, which requires the League under certain circumstances to review long-lived assets to determine if the carrying value exceeds the undiscounted cash flows expected to be derived from the asset. If the carrying value exceeds the cash flows the recorded amounts of the assets will be reduced to their fair value. No impairments were identified during fiscal year 2015.

1. Summary of Significant Accounting Policies, Continued:

Loan Costs: Loan costs are stated at cost, net of accumulated amortization of $34,828 as of June 30, 2015. Costs are amortized on a straight-line basis over the term of the related borrowings. Amortization amounted to $6,862 for 2015. Amortization expense is expected to be $5,160 annually for 2016 through 2020.

Compensated Absences: The League reports a liability for vested compensated absences for each employee. The League reports the expense in the year it is incurred rather than paid.

Net Assets Classification: The League classifies net assets in four classes – unrestricted net assets (undesignated and board designated), temporarily restricted, and permanently restricted. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Unrestricted net assets:

Undesignated net assets include funds that are not subject to donor-imposed stipulations on the League as to their use or purpose.

Board designated net assets amounts are those which the board has set aside for specified purposes (see Note 8).

Temporarily restricted net assets are subject to donor-imposed stipulations that will be met either by actions of the League and/or the passage of time.

Permanently restricted net assets include funds that are subject to donor-imposed stipulations that the League maintains permanently. There were no permanently restricted net assets at June 30, 2015.

Contributions: Contributions and support are reported as increases in the unrestricted net assets unless the use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Realized and unrealized gains and losses on long-term investments are reported as increases or decreases in unrestricted net assets unless their use is restricted by donors or law.

Expirations of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications from temporarily restricted net assets to unrestricted net assets.

Functional Allocation of Expense: The costs of providing medical, educational and other various services shown in the schedule of functional expenses have been allocated by management among the services benefiting from those costs.

1. Summary of Significant Accounting Policies, Continued:

Advertising Costs: The League expenses advertising expenses as they are incurred. Advertising expense amounted to $95,120 for the year ended June 30, 2015.

Income Taxes: The League qualifies as exempt from income taxation under Section 501(c)(3) of the Internal Revenue Code per a determination letter dated June 17, 2004.

Management has evaluated the effect of guidance surrounding uncertain income tax positions and concluded that the League has no significant financial statement exposure to uncertain income tax positions at June 30, 2015. The League's income tax returns for years since 2012 remain open for examination by tax authorities. The League is not currently under audit by any tax jurisdiction.

Subsequent Events: Management has evaluated subsequent events through December 2, 2015, the date the financial statements were available to be issued, and has determined there are no subsequent events to be reported in the accompanying financial statements.

2. Realignment:

As discussed in Note 1, effective January 1, 2015, Planned Parenthood of Southeastern Virginia realigned with the Virginia League for Planned Parenthood, Incorporated. The transaction was treated as an acquisition for accounting purposes. No consideration was exchanged in the combination. The assets of PPSEV were recorded at fair market value, which was estimated to approximate book value recorded on PPSEV's books at the date of realignment. The following is a summary of the assets acquired, liabilities assumed, and the contribution recognized as a result of the realignment:

Assets:		
Cash	$	152,676
Receivables		38,030
Inventory		32,045
Prepaid expenses		3,804
Other assets		3,216
Property and equipment, net		4,428,537
Total assets acquired		4,658,308
Liabilities:		
Accounts payable		154,035
Accrued expenses		1,322
Unexpended grant funds		83,876
Line of credit		148,045
Long-term debt		1,721,958
Total liabilities assumed		2,109,236
Excess of assets over liabilities contributed	$	2,549,072

3. Investments:

Costs and fair values as of June 30, 2015 are summarized as follows:

	Cost	Fair Value
Common stocks	$ 218,868	$ 281,043
Mutual funds	339,708	459,327
	$ 558,576	$ 740,370

Investment transactions are reported as follows for the year ended June 30, 2015:

Interest and dividends	$ 10,843
Realized gain	18,465
Unrealized loss	(577)
	$ 28,731

4. Pledges Receivable:

Pledges receivable included the following unconditional promises to give at June 30, 2015:

Pledges:	
Restricted to capital campaign	$ 45,000
Other	363,839
	408,839
Less: discount for present value (6.75% in 2015)	(3,637)
Less: allowance for uncollectible pledges	(6,700)
	$ 398,502
Amounts due in:	
Less than one year	$ 361,478
One to four years	37,024
	$ 398,502

5. Fair Value Measurements:

The FASB established a framework for fair value measurements of financial assets and financial liabilities and for fair value measurements of nonfinancial items that are recognized or disclosed at fair value in the financial statements on a recurring basis. The guidance establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy are as follows:

Level 1 — Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the League has the ability to access.

Level 2 — Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 — Inputs are unobservable inputs for the asset or liability.

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

Valuation techniques used need to maximize the use of observable inputs and minimizes the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value:

Common stocks: Valued at the closing price reported on the active market on which the individual securities are traded.

Mutual funds: Valued at the closing net asset value reported on the active market on which the individual funds are traded.

Pledges receivable: Valued at the future contribution amount, discounted to present value.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the League believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

5. Fair Value Measurements, Continued:

The following table sets forth by level, within the fair value hierarchy, the League's net assets at fair value as of June 30, 2015:

	Level 1	Level 2	Level 3	Total
Assets:				
Investments:				
Common stocks:				
Closed-end mutual funds	$ 12,838	$ -	$ -	$ 12,838
Consumer discretionary	22,736	-	-	22,736
Consumer staples	45,844	-	-	45,844
Energy	17,006	-	-	17,006
Financials	52,385	-	-	52,385
Healthcare	24,417	-	-	24,417
Industrials	32,633	-	-	32,633
Information technology	8,809	-	-	8,809
Materials	18,773	-	-	18,773
Real estate investment trusts	30,527	-	-	30,527
Telecommunications	10,060	-	-	10,060
Utilities	5,015	-	-	5,015
Mutual funds:				
Large growth	459,327	-	-	459,327
	740,370	-	-	740,370
Pledges receivable	-	-	398,502	398,502
Total assets at fair value	$ 740,370	$ -	$ 398,502	$ 1,138,872

As discussed in Note 1 and 4, the net balance of pledges receivable include an allowance for uncollectable pledges of $6,700 and a discount of $3,637 at June 30, 2015. The discount rate of 6.75% is equal to the highest rate on outstanding debt at June 30, 2015.

5. Fair Value Measurements, Continued:

The following table provides reconciliation between the beginning and ending balances of assets measured at fair value on a recurring basis in the table above that used significant unobservable inputs (Level 3):

Balance at June 30, 2014	$ 227,847
New pledges	261,478
Pledge payments received	(94,809)
Change in pledges discount	3,986
Balance at June 30, 2015	$ 398,502

6. Property and Equipment:

Property and equipment consisted of the following at June 30, 2015:

Land	$ 930,780
Building	7,852,336
Building improvements	396,893
Furniture and equipment	730,544
Computer equipment	334,006
	10,244,559
Less accumulated depreciation	(2,068,742)
	$ 8,175,817

Depreciation expense was $236,031 for 2015.

7. Notes Payable:

The League entered into an agreement with a bank for two notes payable on March 30, 2010. One note was for an original amount of $1,000,000 with monthly payments of $5,539, including interest at 4.40% and scheduled to mature on March 31, 2035. The second note was for an original amount of $550,000 that matured on March 31, 2015. This note required monthly interest only payments at the prime rate plus 0.50%, with annual principal payments of $110,000 commencing on March 31, 2011. The notes were refinanced into one note payable on March 24, 2015 for the principal amount of $989,541 with monthly payments of $5,611, including interest at 3.2%, and scheduled to mature on December 31, 2029. This note is collateralized by the Richmond health center facility. The outstanding balance was $980,688 on June 30, 2015.

7. Notes Payable, Continued:

This note is subject to an option of the noteholder to put the note on March 31, 2022, with payment and or purchase from the noteholder at a purchase price of the outstanding principal and interest upon notice of such exercise. The option to put this note shall be considered exercised on the put date unless and until the noteholder has provided notice to the borrower of its intent not to put this note.

As part of its realignment, the League assumed two notes payable at January 1, 2015. The first was an agreement originally entered into on July 15, 2010 and assumed by PPSEV on September 11, 2012. The note was for an original amount of $1,500,000 with monthly payments of $8,674, including interest at 4.82% and scheduled to mature on July 15, 2035. This note is collateralized by the Virginia Beach health center. The outstanding balance was $1,326,349 at June 30, 2015. The second note was entered into on June 9, 2008 by PPSEV for an original amount of $425,000 with monthly payments of $2,967, including interest at 6.75% and scheduled to mature on June 15, 2033. This note is collateralized by the Hampton Roads health center. The outstanding balance was $366,348 at June 30, 2015.

In addition to the notes payable, the League assumed a line of credit entered into by PPSEV on August 20, 2014 for an original amount of $150,000, scheduled to mature on January 30, 2015. The line of credit was extended on a monthly basis through July 31, 2015 and was refinanced and converted to a term loan in August 2015. The term loan was for an original amount of $148,045, with monthly payments of $2,098, including interest at 5%, and is scheduled to mature on August 19, 2022. The outstanding balance was $146,833 at June 30, 2015.

Notes payable was comprised of the following at June 30, 2015:

Total outstanding notes payable	$ 2,820,218
Less current portion	103,225
Long-term portion	$ 2,716,993

7. Notes Payable, Continued:

The principal payment requirements on existing debt for future years ending after June 30, 2015 are as follows:

Year	Amount
2016	$ 103,225
2017	109,906
2018	115,038
2019	120,427
2020	125,787
Thereafter	2,245,835
	$ 2,820,218

8. Board-Designated Funds:

The Board of Directors had designated a portion of unrestricted net assets as endowment funds to support the mission of the League. Since that amount resulted from an internal designation and is not donor-restricted, it is classified and reported as unrestricted net assets in the accompanying financial statements.

The League has an endowment policy that functions as its investment policy and spending policy. The policy states that it is the League's intention that the growth of endowment balances at least keep pace with inflation, in order to ensure that they maintain the same spending power into future years. The growth will be achieved by investing endowment funds for a total return in equities for long-term growth and to pay out any interest and dividend income for the League's operating needs.

8. Board-Designated Funds, Continued:

Composition of and changes in board-designated net assets for the year ended June 30, 2015 was as follows:

	Education	Other	Total
Balance, June 30, 2014	$ 292,900	$ 133,909	$ 426,809
Investment income:			
Interest and dividends	1,439	706	2,145
Capital gain	13,110	6,433	19,543
Unrealized gain	6,009	3,166	9,175
Contributions	21,656	-	21,656
Balance, June 30, 2015	$ 335,114	$ 144,214	$ 479,328

9. Temporarily Restricted Net Assets:

Temporarily restricted net assets roll-forward consisted of the following at June 30, 2015:

	June 30, 2014	Additions	Releases/ Transfers	June 30, 2015
Renovate the operating facility	$ 52,369	$ 226,360	$ (94,274)	$ 184,455
Assist low-income women with medical cost	68,880	419,316	(350,493)	137,703
Advocacy efforts for women's health issues	51,126	522,930	(331,597)	242,459
Support for women's health education	68,015	233,000	(280,017)	20,998
Technology improvements	77,427	-	(57,427)	20,000
Expanding women's health initiatives	125,124	146,247	(148,471)	122,900
Other	162,156	43,420	(83,453)	122,123
	$ 605,097	$ 1,591,273	$ (1,345,732)	$ 850,638

10. Commitments:

As part of its realignment, the League assumed a lease agreement for office equipment that will expire in October 2019 with monthly payments of $140. Future commitments on the lease are as follows:

Year ended June 30,	Amount
2016	$ 1,680
2017	1,680
2018	1,680
2019	1,680
2020	560

Rent expense and the cost of maintaining the building maintenance contract and other building repairs amounted to $115,150 for the year ended June 30, 2015.

During 2012, the League entered into an agreement to convert to an electronic medical records system. The agreement required an up-front payment of $110,000 and continuing monthly payments of $9,512. During 2015, the League entered into an agreement for network management. The agreement requires monthly payments of $4,500. These agreements automatically renew each year until cancelled. Expenses related to these two agreements were $117,119 for 2015 and are included in repairs and maintenance expense on the Statement of Functional Expenses.

11. Retirement Plan:

The League sponsors a Simple IRA plan whereby employees' contributions are matched up to a maximum of three percent of their salary reduction contributions. The employer's total contributions were $24,111 for the year ended June 30, 2015.

12. Guarantees:

Pursuant to its Articles of Incorporation, the League has certain obligations to indemnify its offices and directors for certain events or occurrences that happen by reason of the fact that the officer or director is, was, or has agreed to serve as an officer or director of the League. The term of the indemnification period is for the officer's or director's lifetime. The maximum liability under these obligations is limited by the Code of Virginia and the League's insurance policies serve to further limit its exposure.

13. Related Party Transactions:

The League has an affiliate that serves as a statewide advocacy organization and is responsible for legislative activity, public education, and electoral activity. The League pays dues to the affiliate and pays some expenses on behalf of the affiliate. The affiliate owed the League $23,559 as of June 30, 2015 for these expenses.

14. Management Agreement:

Effective May 15, 2014, the League entered into a management agreement whereby the League was providing management services for PPSEV. The League received $15,500 per month for the management services prior to the realignment on January 1, 2015. The management fee totaled $93,000 during 2015 and is included in other income on the Statement of Activities.