THE NEW YORK SOCIETY FOR THE PREVENTION OF CRUELTY TO CHILDREN

Financial Statements

December 31, 2016

THE NEW YORK SOCIETY FOR THE
PREVENTION OF CRUELTY TO CHILDREN

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ROGOFF & COMPANY PC
CERTIFIED PUBLIC ACCOUNTANTS

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Independent Auditors' Report

The Board of Directors
The New York Society for the
Prevention of Cruelty to Children

We have audited the accompanying financial statements of The New York Society for the Prevention of Cruelty to Children (the "Society", a nonprofit organization), which comprise the statement of financial position as of December 31, 2016, and the related statements of revenues, expenses and other changes in unrestricted net assets, of changes in net assets, of cash flows, and of functional expenses for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management of the Society 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.

Auditors' 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 audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The New York Society for the Prevention of Cruelty to Children at December 31, 2016 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 of America.

Report on Summarized Comparative Information

We have previously audited the Society's 2015 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 7, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2015, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Rogoff & Company, P.C.

New York, New York
June 26, 2017

THE NEW YORK SOCIETY FOR THE
PREVENTION OF CRUELTY TO CHILDREN

STATEMENT OF FINANCIAL POSITION

December 31, 2016
(with comparative figures as of December 31, 2015)

	2016	2015
ASSETS		
Cash and cash equivalents	$ 1,200,509	$ 1,316,008
Accrued investment income	5,528	5,547
Unconditional promises to give:		
Unrestricted	35,000	1,000
Restricted	30,000	55,000
Government contracts receivable	20,173	41,067
Other receivable	89,490	61,106
Prepaid expenses	47,534	54,542
Beneficial interest in charitable trusts	2,203,888	2,252,116
Investments, at fair value	19,290,618	19,351,877
Furniture and equipment, net of accumulated depreciation of $184,789 in 2016; $173,333 in 2015	34,416	37,881
Leasehold improvements, net of accumulated amortization of $436,886 in 2016; $434,775 in 2015	3,416	1,732
Historical archives	251,706	251,706
Total assets	$ 23,212,278	$ 23,429,582
LIABILITIES and NET ASSETS		
Accounts payable and accrued expenses	$ 253,864	$ 118,787
Deferred revenue	5,000	1,800
Accrued pension benefits	2,002,329	1,521,065
Total liabilities	2,261,193	1,641,652
Net assets		
Unrestricted	17,233,549	17,997,166
Temporarily restricted	30,000	55,000
Permanently restricted:		
Endowment	1,483,648	1,483,648
Beneficial interest in charitable trusts	2,203,888	2,252,116
Total net assets	20,951,085	21,787,930
Total liabilities and net assets	$ 23,212,278	$ 23,429,582

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

THE NEW YORK SOCIETY FOR THE
PREVENTION OF CRUELTY TO CHILDREN

STATEMENT OF REVENUES, EXPENSES AND OTHER CHANGES IN UNRESTRICTED NET ASSETS

Year Ended December 31, 2016
(with comparative figures for the year ended December 31, 2015)

	2016	2015
Operating revenue		
Investment return - operating portion	$ 1,052,808	$ 1,030,872
Charitable trust income		
Summerfield Foundation	16,242	23,273
Paine Foundation	60,166	82,998
Contributions	442,284	319,861
Government contracts	118,427	132,358
Special events	996,078	975,064
Professional education fees	364,811	223,623
Other income	725	1,404
Unrestricted revenue	3,051,541	2,789,453
Net assets released from restrictions	334,300	300,000
Total operating revenue	3,385,841	3,089,453
Operating expenses		
Supervised Visitation	746,046	682,719
Trauma Recovery	773,584	693,443
Training Institute/Advocacy	537,873	574,478
Research and Evaluation	378,154	345,266
Archives	112,382	107,062
	2,548,039	2,402,968
General administration	392,514	353,883
Fund raising		
Special events	293,575	284,391
Other	463,725	401,394
Total operating expenses	3,697,853	3,442,636
Excess of operating expenses over operating revenue	(312,012)	(353,183)
Other changes		
Investment return - non-operating portion	(148,164)	(1,966,156)
Adjustment to accrued pension benefits, excluding net periodic pension cost of $178,823 in 2016; $213,930 in 2015	(303,441)	(28,979)
Decrease in unrestricted net assets	$ (763,617)	$ (2,348,318)

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

THE NEW YORK SOCIETY FOR THE
PREVENTION OF CRUELTY TO CHILDREN

STATEMENT OF CHANGES IN NET ASSETS

Year Ended December 31, 2016
(with comparative figures for the year ended December 31, 2015)

	2016	2015
Unrestricted net assets		
Operating revenue	$ 3,051,541	$ 2,789,453
Net assets released from restrictions	334,300	300,000
Operating expenses	(3,697,853)	(3,442,636)
Other changes	(451,605)	(1,995,135)
Decrease in unrestricted net assets	(763,617)	(2,348,318)
Temporarily restricted net assets		
Contributions	309,300	275,000
Net assets released from restrictions	(334,300)	(300,000)
Decrease in temporarily restricted net assets	(25,000)	(25,000)
Permanently restricted net assets		
Change in value of beneficial interest in charitable trusts	(48,228)	(200,278)
Total decrease in net assets	(836,845)	(2,573,596)
Net assets - beginning of year	21,787,930	24,361,526
Net assets - end of year	$ 20,951,085	$ 21,787,930

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

THE NEW YORK SOCIETY FOR THE
PREVENTION OF CRUELTY TO CHILDREN

STATEMENT OF CASH FLOWS

Year Ended December 31, 2016
(with comparative figures for the year ended December 31, 2015)

	2016	2015
Operating activities:		
Decrease in net assets	$ (836,845)	$ (2,573,596)
Adjustments to reconcile decrease in net assets to net cash used in operating activities:		
Adjustment to accrued pension benefits	303,441	28,979
Depreciation and amortization	13,567	16,535
Change in value of beneficial interest in charitable trusts	48,228	200,278
Increase (decrease) in fair value of investments	(719,270)	1,298,054
Decrease (increase) decrease in:		
Accrued investment income	19	528
Unconditional promises to give:		
Unrestricted	(34,000)	2,000
Restricted	25,000	(5,000)
Government contracts receivable	20,894	38,610
Other receivable	(28,384)	(30,106)
Prepaid expenses	7,008	875
Increase (decrease) increase in:		
Accounts payable and accrued expenses	135,077	10,842
Deferred revenue	3,200	(3,550)
Accrued pension benefits	177,823	212,930
Net cash used in operating activities	(884,243)	(802,621)
Investing activities:		
Proceeds from sale of investments	7,588,529	10,975,732
Purchase of investments	(6,807,999)	(10,219,912)
Purchase of fixed assets	(11,786)	(21,078)
Net cash provided by investing activities	768,744	734,742
Net decrease in cash	(115,499)	(67,879)
Cash and cash equivalents, beginning of year	1,316,008	1,383,887
Cash and cash equivalents, end of year	$ 1,200,509	$ 1,316,008

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

THE NEW YORK SOCIETY FOR THE
PREVENTION OF CRUELTY TO CHILDREN

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended December 31, 2016

	Supervised Visitation	Trauma Recovery	Training Institute/ Advocacy	Research and Evaluation	Archives	Total Programs
Salaries	$ 396,206	$ 417,451	$ 292,788	$ 212,438	$ 61,181	$ 1,380,064
Social Security taxes	28,265	28,973	21,759	15,190	4,216	98,403
Employee benefits	59,431	62,183	39,271	27,916	9,619	198,420
Pension	57,103	59,917	36,639	28,713	8,357	190,729
Professional services	31,364	32,993	20,538	15,522	4,475	104,892
Insurance	6,778	7,109	4,421	3,347	990	22,645
Casework	4,984	2,106	1,448	-	-	8,538
Office and telephone	9,296	8,304	6,874	3,514	1,047	29,035
Publications	2,146	2,368	5,937	1,051	314	11,816
Repairs and maintenance	12,031	12,411	11,718	5,420	1,591	43,171
Rent	105,248	110,412	68,625	51,932	15,403	351,620
Other	28,762	26,524	26,093	11,778	4,794	97,951
Depreciation and amortization of property and equipment	4,432	2,833	1,762	1,333	395	10,755
	$ 746,046	$ 773,584	$ 537,873	$ 378,154	$ 112,382	$ 2,548,039

(continued)

THE NEW YORK SOCIETY FOR THE
PREVENTION OF CRUELTY TO CHILDREN

STATEMENT OF FUNCTIONAL EXPENSES – (concluded)

Year Ended December 31, 2016
(with comparative total figures for the year ended December 31, 2015)

	Total Programs	General Administration	Fund Raising	2016 Total	2015 Total
Salaries	$ 1,380,064	$ 172,515	$ 245,123	$ 1,797,702	$ 1,632,536
Social Security taxes	98,403	12,348	17,585	128,336	115,528
Employee benefits	198,420	21,004	36,812	256,236	208,522
Pension	190,729	27,228	35,070	253,027	266,288
Professional services	104,892	53,928	26,904	185,724	132,001
Insurance	22,645	2,840	4,220	29,705	33,992
Casework	8,538	-	-	8,538	14,787
Office and telephone	29,035	6,501	4,487	40,023	36,607
Publications	11,816	903	1,316	14,035	19,991
Repairs and maintenance	43,171	4,965	6,881	55,017	53,804
Rent	351,620	44,090	66,495	462,205	456,934
Special events	-	-	293,575	293,575	284,391
Other	97,951	45,059	17,153	160,163	170,720
Depreciation and amortization of property and equipment	10,755	1,133	1,679	13,567	16,535
	$ 2,548,039	$ 392,514	$ 757,300	$ 3,697,853	$ 3,442,636

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

Note 1. Nature of Operations

The New York Society for the Prevention of Cruelty to Children ("NYSPCC" or the "Society") protects children at risk of abuse and neglect by providing direct services to children and their families. As the world's first child protection agency, the Society's mission is to respond to the complex needs of abused and neglected children, and those involved in their care, by providing best practice counseling, legal and educational services. Through research, communications and training initiatives, the Society works to expand these programs to prevent abuse and help more children heal. The Society's programs are composed of the following:

Supervised Visitation
The Supervised Visitation Program provides court-ordered and foster care-agency referred therapeutic supervised visitation services to families who need the guidance of a skilled clinician due to issues of child abuse or neglect, domestic violence, substance abuse and mental illness. The NYSPCC provides supervised visitation in a safe and supportive setting enabling non-custodial parents, as well as parents whose children are in foster care due to abuse or neglect, to visit with their children. Enhanced services are also provided specifically to fathers to target the unique issues they face as they work towards restoring their relationship with their children.

Trauma Recovery
The Trauma Recovery Program focuses on the mental health care needs of the New York City's most vulnerable children by providing counseling to children who have endured the trauma of child abuse or neglect. They are referred by the NYC Administration for Children's Services (ACS) child protective, preventive and foster care systems and the NYSPCC's supervised visitation program. The NYSPCC, through its Child Empowerment Program also provides group counseling and sexual abuse prevention workshops to children and adolescents in the NYC public school system, along with foster care and community-based agencies. Through its Crisis Debriefing Program, the NYSPCC provides services to ACS and other child welfare agencies to help staff during times of stress, grief and loss.

Research and Evaluation
The Research & Evaluation Department is dedicated to building the evidence base for effective approaches to preventing and treating child abuse and neglect. Research is focused on the integration and examination of evidence-based treatment methods into real-world settings, including within schools, community, and government agencies. The NYSPCC also conducts ongoing evaluations of all programs to ensure consistency, program quality, and client satisfaction. Program-specific evaluation plans are designed using a multi-dimensional, mixed-methods approach. Evaluation data are examined at regular intervals to allow for continuous monitoring of services and client progress. Findings are used to inform best practice for the Society's programs within the agency, as well as across the broader child welfare field.

Note 1. Nature of Operations – continued

Training Institute/Advocacy
The NYSPCC's Training Institute provides training to child-welfare professionals on its best-practice program models, such as therapeutic supervised visitation, trauma recovery and managing secondary traumatic stress. It also provides training to professionals in their legal obligation to identify and report child abuse and neglect in both live lecture and on-line formats. The Training Institute provides sexual abuse prevention to children in school-based and community settings for grades K through 12, and to parents in sexual abuse prevention and numerous other topics relating to child safety. The Training Institute provides New York State Education Department-approved Continuing Education for Social Workers.

The NYSPCC engages in advocacy efforts to improve legal, governmental and social systems so that children will be better protected from abuse and neglect. This includes actively support legislative changes, working with other child welfare organizations on shared advocacy goals, and submitting or signing amicus curiae briefs in litigation regarding the safety and well-being of children.

Archives
The NYSPCC holds the archives documenting the early history of the child protective movement in the United States. The NYSPCC responds to requests from individuals who are attempting to trace their family history and also assists authors, students and filmmakers with historical information for documentaries, books, articles and dissertations.

Note 2. Summary of Significant Accounting Policies

Basis of Presentation
The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. The statements of financial position and of activities focuses on the organization as a whole and report total assets, liabilities, net assets and changes in net assets in accordance with the FASB ASC 958-205, *Financial Statements of Not-for-Profit Organizations*. Accordingly, net assets of the Society and changes therein are classified and reported as follows:

Unrestricted net assets – Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets – These net assets arise from contributions that are subject to donor-imposed stipulations as to usage. When a restriction has been met, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Note 2. Summary of Significant Accounting Policies - continued

Basis of Presentation – continued

Permanently restricted net assets – Net assets subject to donor-imposed stipulations that they be maintained permanently by the Society. The earnings from permanently restricted net assets are to be used for temporarily restricted and unrestricted purposes.

Allowance for Doubtful Accounts

There is no allowance for doubtful accounts based on the assessment of the current status of individual accounts. Management believes that all outstanding balances are collectible and an allowance for doubtful accounts is not required.

Restricted and Unrestricted Contributions

Contributions are recognized when the donor makes a promise to give to the Society that is, in substance, unconditional. Donor-restricted contributions are reported as increase in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Promises to Give

Unconditional promises to give are recognized as contributions in the period such promises are made. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional. Contributions are considered to be unrestricted unless specifically restricted by the donor.

Contracts

Revenue from contracts is recognized as contract costs are incurred. Contract costs incurred in advance of payment give rise to contracts receivable. Contract payments received in advance of costs incurred give rise to deferred contract revenue.

Investments

Investments in marketable equity and debt securities are stated at fair values. Investment income, and unrealized gains and losses, are reported as increases or decreases in unrestricted or temporarily restricted net assets, as appropriate.

Property and Equipment

All acquisitions of equipment and furniture in excess of $1,000 are capitalized. Equipment, furniture and leasehold improvements are stated at cost or fair value at date of gift, net of accumulated depreciation. Management reviews furniture and equipment for impairment. Furniture and equipment are written off to operations when considered impaired.

Note 2. Summary of Significant Accounting Policies – continued

Cash and Cash Equivalents
For the purposes of the statement of cash flows, cash and cash equivalents consist of cash held in checking and money market accounts, excluding amounts included in investments.

Income Taxes
The Society is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, and is not a private foundation under the code. Similar tax-exempt status applies at the state and local levels.

The Society recognizes the effects of income tax positions only if those positions are more likely than not of being sustained. The Society evaluated its tax positions and determined that it has no uncertain tax positions.

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

Functional Allocation of Expenses
The expenses of providing the various programs and supporting services have been summarized on a functional basis. Accordingly, certain expenses have been allocated among the programs and supporting services benefited.

Contributed Services
A substantial number of volunteers have donated significant amounts of time and services in the Society's program operations and in its fundraising campaigns. However, such contributed services do not meet the criteria for recognition of contributed services in accordance with generally accepted accounting principles and, accordingly, are not reflected in the accompanying financial statements.

Comparative Financial Information
The financial statements include certain 2015 comparative information that may not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Society's financial statements for the year ended December 31, 2015, from which the comparative information was derived.

Note 2. Summary of Significant Accounting Policies – continued

Reclassifications
Certain reclassifications have been made to the 2015 balances to conform to the 2016 presentation. These reclassifications had no effect on the change in net assets in 2015 or total net assets as of December 31, 2015.

Note 3. Property and Equipment

Historical archives are not depreciated. Depreciation is provided using the straight-line method over the estimated useful lives of other assets. The components of property and equipment are as follows:

		Estimated Useful Lives
Furniture and equipment	$ 219,205	5
Leasehold improvements	440,302	5-10
	659,507	
Accumulated depreciation	(621,675)	
	$ 37,832	

Depreciation expense for the year ended December 31, 2016, was $13,567.

Note 4. Beneficial Interest in Charitable Trusts

The Society has been named as income beneficiary of two charitable trusts or portions thereof. The Society's beneficial interest in future distributions from these trusts has been recorded in the statement of financial position at $2,203,889 as of December 31, 2016. These interests are valued as follows:

Method	Value
Based on fair value of trust assets	$ 1,730,262
Based on present value of projected income	473,627
	$ 2,203,889

Distributions from and changes in valuation of the beneficial interest in trusts are included in the statement of changes in net assets.

Note 5. Financial Instruments

Financial instruments that potentially subject the Society to concentrations of credit risk consist principally of cash, cash equivalents and investments. The Society maintains its cash and cash equivalents in various bank deposit accounts that may exceed federally insured limits at times. To minimize risk, the Society's cash accounts are placed in high-credit quality financial institutions, while the Society's investment portfolio is diversified with several investment managers in a variety of asset classes. The Society regularly evaluates its depository arrangements and investments, including performance thereof.

Note 6. Investments

The Society invests in corporate stocks, mutual funds, fixed income securities, and alternative investments (partnerships and private placement funds). Fair values for investments are determined by reference to quoted market prices and other relevant information.

The composition of investments at December 31, 2016 and 2015 was as follows:

	2016		2015	
	Cost	Fair Value	Cost	Fair Value
Cash and money market funds	$ 488,917	$ 488,917	$ 2,815,408	$ 2,815,408
Equities				
Corporate stocks	4,219,305	4,952,282	4,281,458	4,813,538
Mutual funds	2,621,690	2,992,418	2,548,539	2,869,773
Fixed income				
Mutual funds	4,928,986	4,687,443	4,206,545	3,862,483
Municipal bonds	170,000	170,081		
Alternative investments	5,286,402	5,999,477	4,744,937	4,990,675
	$ 17,715,300	$ 19,290,618	$ 18,596,887	$ 19,351,877

Note 6. Investments – continued

Financial Accounting Standards Board Statement ASC 820 establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The levels of the fair value hierarchy applicable to the Society's investments are described below:

Level 1
Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Society has the ability to access.

Level 2
Inputs to the valuation methodology are net asset values (NAV) of investments in partnerships and private placement funds that compute NAV in accordance with U.S. generally accepted accounting principles for investment companies.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3
Inputs to the valuation methodology reflect the Society's own assumptions about the factors that market participants would use in pricing an asset, based on the best information available in the circumstances

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 minimize the use of unobservable inputs.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Society 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.

Note 6. Investments – continued

Corporate stocks and municipal bonds are valued at the closing prices reported on the active market on which they are traded.

Money market, mutual funds, and alternative investments are valued at the net asset value (NAV) of shares held at year end.

The following table sets forth by level, within the fair value hierarchy, the Society's assets at fair value as of December 31, 2016:

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash and money market funds	$ 488,917	$ 488,917	$ -	$ -
Equities				
Corporate stocks	4,952,282	4,952,282	-	-
Mutual funds	2,992,418	2,992,418	-	-
Fixed income				
Mutual funds	4,687,443	4,687,443	-	-
Municipal bonds	170,081	170,081	-	-
Alternative investments	5,999,477	-	5,999,477	-
	$ 19,290,618	$ 13,291,141	$ 5,999,477	$ -

Note 7. Portfolio Return

The Society utilizes only a portion of its total investment return for support of current operations. The remainder is retained to support operations of future years and to offset potential market declines. A 5% spending rate (based on average market value on September 30 of previous three years) was authorized for the benefit of current operations in 2016 and in 2015.

Note 7. Portfolio Return – continued

The following schedule summarizes the investment return and its classification in the statement of revenue, expenses and other changes in unrestricted net assets.

	2016	2015
Dividends and interest	$ 322,313	$ 497,715
Unrealized gain (loss)	719,270	(1,298,054)
Investment custodian and advisory fees	(136,939)	(134,945)
Net investment return	$ 904,644	$ (935,284)
Investment return - operating portion	$ 1,052,808	$ 1,030,872
Investment return - non-operating portion	(148,164)	(1,966,156)
Total investment return	$ 904,644	$ (935,284)

Note 8. Endowment

The Board of Directors of the Society has interpreted the New York Prudent Management of Institutional Funds Act (“NYPMIFA”) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Society classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted nets assets until those amounts are appropriated for expenditure by the Society in a manner consistent with the standard of prudence prescribed by NYPMIFA.

Note 8. Endowment – continued

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

(a) The duration and preservation of the fund;
(b) The purposes of the donor-restricted endowment fund;
(c) General economic conditions;
(d) The possible effect of inflation and deflation;
(e) The expected total return of income and the appreciation of investments;
(f) Other resources of the Society; and
(g) The investment policies of the Society.

Endowment net assets consist of the following at December 31, 2016:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	$ -	$ -	$ 1,483,648	$ 1,483,648

No changes occurred in endowment net assets for the year ended December 31, 2016.

Endowment funds are invested in accordance with the Society's investment policy. Under this policy, endowment assets are invested in a manner that intended to produce a real return of at least 5% per year over inflation as measured by Consumer Price index and to preserve the principal value of assets as measured in real, inflation adjusted terms.

Beneficial interest in charitable trusts are presented as part of permanently restricted net assets because such amounts are not available for expenditure. The trusts are managed by third-party trustees.

Note 9. Pension Plans

Defined-benefit Plan

The Society has a noncontributory defined benefit pension plan covering its eligible employees. The plan provides for monthly benefits upon retirement based on compensation and length of service prior to retirement, including certain early retirement benefits. The plan is frozen to new participants; however the Society continues to fund benefits already earned.

Note 9. Pension Plans – continued

Defined-benefit Plan – continued

Amounts and calculations disclosed herein are based on the Society's understanding of generally accepted accounting principles applicable to employer financial reporting requirements. Determinations for purposes other than those requirements may be significantly different from the results reported herein. Accordingly, additional determinations are needed for other purposes, including judging benefit security at termination; or judging the adequacy of funding for an ongoing plan.

As of December 31, 2016 the Society has met all funding obligations as determined under the Employee Retirement Income Security Act of 1974 (ERISA).

The following sets forth further information about the plan as of and for the years ended December 31, 2016 and 2015:

	2016	2015
Projected benefit obligation	$ 6,481,574	$ 6,173,496
Plan assets at fair value	4,479,245	4,652,431
Funded status (deficiency)	$ (2,002,329)	$ (1,521,065)
Accumulated benefit obligation	$ 6,315,251	$ 6,043,095
Accrued pension benefits	$ (2,002,329)	$ (1,521,065)
Employer contributions	$ 1,000	$ 1,000
Benefits paid	$ 319,635	$ 289,207
Net periodic pension cost	$ 178,823	$ 213,930
Net effect of items not yet reflected in net periodic pension cost	$ 1,964,408	$ 1,660,967

Note 9. Pension Plans – continued

Defined-benefit Plan – continued

The projected benefit obligation is the present value of projected benefits based on service accrued to date. The projected benefit obligation is measured using assumptions as to future compensation levels, if the pension benefit formula is based on those future compensation levels (pay-related, final-pay, final-average-pay, or career-average-pay plans).

The *Accumulated Benefit Obligation* is the actuarial present value of benefits attributed to employee service rendered before a specified date and based on employee service and compensation before that date. The accumulated benefit obligation differs from the projected benefit obligation in that it includes no assumption about future compensation levels. For plans with flat-benefit or non-pay-related pension benefit formulas, the accumulated benefit obligation and the projected benefit obligation are the same.

The *Funded Status* is the difference between the Projected Benefit Obligation and the Plan's assets.

The following table provides weighted-average assumptions used for determining net periodic pension cost:

	2016	2015
Discount rate	4.45%	3.90%
Expected long term rate of return on plan assets	6.50%	6.25%
Rate of compensation increase	3.00%	3.00%

The following table provides weighted-average assumptions used for determining pension benefit obligations:

	2016	2015
Discount rate	4.10%	4.45%
Rate of compensation increase	3.00%	3.00%

Note 9. Pension Plans – continued

Defined-benefit Plan – continued

The following benefit payments are expected to be paid over the next 10 fiscal years ending:

2017	$ 310,000
2018	300,000
2019	330,000
2020	320,000
2021	310,000
2022 - 2026	1,740,000
Total	$ 3,310,000

These amounts are based on current data and assumptions and reflect expected future service, as appropriate. Benefit payments reflect current assumptions throughout the 10 year period.

The Plan invests in Principal pooled separate accounts (PSAs). PSAs are made up of variety of underlying investments such as equities, preferred stocks, bonds, real estate and mutual funds. The net asset value (NAV) of a PSA is based on the market value of its underlying investments.

The fair value plan assets by category are:

	2016		2015	
Equity	$ 2,244,173	50%	$ 2,560,611	55%
Fixed income	2,235,072	50%	2,091,820	45%
	$ 4,479,245	100%	$ 4,652,431	100%

The Society's overall investment strategy is to achieve a long term asset mix of approximately 50% fixed income and 50% equities.

Pooled separate accounts are stated at fair value as determined by observable Level 1 quoted pricing inputs or by quoted prices for similar assets in active or non-active markets. While some pooled separate accounts may have publicly quoted pricing inputs (Level 1), the account values of separate accounts are not publicly quoted and are therefore classified as Level 2 investments within the framework for measuring fair value (see Note 6).

Note 9. Pension Plans – continued

Defined-benefit Plan – continued
As of December 31, 2016, the fair value of assets of $4,479,245 is exceeded by the projected benefit obligation of $6,481,574 of the plan and, therefore, the difference of $2,002,329, which represents the unfunded projected benefit obligation, is recognized as a liability in the statement of financial position.

The following is a reconciliation of items not yet reflected in net periodic benefit cost:

	January 1, 2016	Amortization of net gain (loss)	Net (gain) loss	December 31, 2016
Net (gain) or loss	$ 1,660,967	$ (129,161)	$ 432,602	$ 1,964,408

The net periodic benefit cost for 2016 is $178,823.

The expected long-term rate of return on plan assets assumption of 6.50% was developed as a weighted average rate based on the target asset allocation of the plan and the long-term capital market assumptions. The overall return for each asset class was developed by combining a long-term inflation component and the associated expected real rates. The development of the capital market assumptions utilized a variety of methodologies, including, but not limited to, historical analysis, stock valuation models such as dividend discount models and earnings yields' models, expected economic growth outlook, and market yields analysis.

Defined Contribution Plan
The Society matches one-half of voluntary employee contributions of up to 6% of salary to a tax deferred annuity plan. The Society's matching contributions amounted to $29,517 and $26,728 in 2016 and 2015, respectively.

Other Payments
The Society makes supplemental payments to certain retirees based on contractual or gratuitous arrangements. The amount of such payments was $3,198 in 2016 and in 2015.

Note 10. Commitments

Office Lease

The Society rents office space in New York City under a lease that expires June 30, 2021. The Society also pays for escalation of certain operating expenses and real estate taxes. Scheduled minimum rental payments are as follows:

2017	$ 404,820
2018	404,820
2019	404,820
2020	404,820
2021	202,410
Total	$ 1,821,690

Total rental expense consisted of the following:

	2016	2015
Base rent	$ 382,330	$ 359,840
Real estate taxes and operating expenses	79,876	97,094
	$ 462,206	$ 456,934

The Society has executed a bank letter of credit in the amount of $100,000 in favor of the landlord as a security deposit.

Partnership Investments

The Society has invested in partnerships to which the Society is committed to make additional capital contributions of up to $2,046,849.

Note 11. Temporarily Restricted Net Assets

During the year ended December 31, 2016, temporarily restricted net assets were expended and released from restrictions for the following purposes:

Supervised Visitation	$ 160,000
Trauma Recovery	130,000
Training Institute/Advocacy	37,500
Equipment	6,800
	$ 334,300

Note 11. Temporarily Restricted Net Assets – continued

At December 31, 2016, temporarily restricted net assets were on hand for the following purpose:

Trauma Recovery	$ 30,000

Note 12. Subsequent Events

Subsequent events were evaluated by management through June 26, 2017, which is the date the financial statements were available to be issued. Management is not aware of any subsequent events which would require recognition or disclosure in the accompanying financial statements.