THE NEW YORK SOCIETY FOR THE PREVENTION OF CRUELTY TO CHILDREN

Financial Statements

December 31, 2017

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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, 2017, 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The New York Society for the Prevention of Cruelty to Children at December 31, 2017 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 2016 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 26, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2016, 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
July 2, 2018

THE NEW YORK SOCIETY FOR THE
PREVENTION OF CRUELTY TO CHILDREN

STATEMENT OF FINANCIAL POSITION

December 31, 2017
(With comparative figures as of December 31, 2016)

	2017	2016
ASSETS		
Cash and cash equivalents	$ 1,176,031	$ 1,200,509
Accrued investment income	5,164	5,528
Contributions receivable	225,000	65,000
Government contracts receivable	21,136	20,173
Other receivable	29,640	89,490
Prepaid expenses	43,321	47,534
Beneficial interest in charitable trusts	2,330,838	2,203,888
Investments, at fair value	20,667,564	19,290,618
Furniture and equipment, net of accumulated depreciation of $197,092 in 2017; $184,789 in 2016	36,225	34,416
Leasehold improvements, net of accumulated amortization of $437,645 in 2017; $436,886 in 2016	2,659	3,416
Historical archives	251,706	251,706
Total assets	$ 24,789,284	$ 23,212,278
LIABILITIES and NET ASSETS		
Accounts payable and accrued expenses	$ 260,453	$ 253,864
Deferred revenue	-	5,000
Accrued pension benefits	2,347,374	2,002,329
Total liabilities	2,607,827	2,261,193
Commitments (Notes 6 & 8)		
Net assets		
Unrestricted	18,116,971	17,233,549
Temporarily restricted	250,000	30,000
Permanently restricted:		
Endowment	1,483,648	1,483,648
Beneficial interest in charitable trusts	2,330,838	2,203,888
Total net assets	22,181,457	20,951,085
Total liabilities and net assets	$ 24,789,284	$ 23,212,278

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, 2017
(With comparative figures for the year ended December 31, 2016)

	2017	2016
Operating revenue		
Investment return - operating portion	$ 1,113,691	$ 1,052,808
Charitable trust income		
Summerfield Foundation	21,330	16,242
Paine Foundation	81,555	60,166
Contributions	343,275	442,284
Government contracts	83,081	118,427
Special events	1,156,555	996,078
Professional education fees	269,088	364,811
Other income	2,209	725
Unrestricted revenue	3,070,784	3,051,541
Net assets released from restrictions	317,500	334,300
Total operating revenue	3,388,284	3,385,841
Operating expenses		
Trauma Recovery	926,791	773,584
Training Institute/Advocacy	657,639	537,873
Supervised Visitation	573,599	746,046
Research and Evaluation	416,979	378,154
Archives	138,838	112,382
	2,713,846	2,548,039
General administration	364,490	392,514
Fund raising		
Special events	194,848	293,575
Other	526,399	463,725
Total operating expenses	3,799,583	3,697,853
Excess of operating expenses over operating revenue	(411,299)	(312,012)
Other changes		
Investment return - non-operating portion	1,380,200	(148,164)
Adjustment to accrued pension benefits, excluding net periodic pension cost of $260,566 in 2017; $178,823 in 2016	(85,479)	(303,441)
Increase (decrease) in unrestricted net assets	$ 883,422	$ (763,617)

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, 2017
(With comparative figures for the year ended December 31, 2016)

	2017	2016
Unrestricted net assets		
Operating revenue	$ 3,070,784	$ 3,051,541
Net assets released from restrictions	317,500	334,300
Operating expenses	(3,799,583)	(3,697,853)
Other changes	1,294,721	(451,605)
Increase (decrease) in unrestricted net assets	883,422	(763,617)
Temporarily restricted net assets		
Contributions	537,500	309,300
Net assets released from restrictions	(317,500)	(334,300)
Increase (decrease) in temporarily restricted net assets	220,000	(25,000)
Permanently restricted net assets		
Change in value of beneficial interest in charitable trusts	126,950	(48,228)
Total increase (decrease) in net assets	1,230,372	(836,845)
Net assets - beginning of year	20,951,085	21,787,930
Net assets - end of year	$ 22,181,457	$ 20,951,085

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, 2017
(With comparative figures for the year ended December 31, 2016)

	2017	2016
Operating activities:		
Increase (decrease) in net assets	$ 1,230,372	$ (836,845)
Adjustments to reconcile increase (decrease) in net assets to net cash used in operating activities:		
Adjustment to accrued pension benefits	85,479	303,441
Depreciation and amortization	13,061	13,567
Change in value of beneficial interest in charitable trusts	(126,950)	48,228
Increase in fair value of investments	(1,511,439)	(355,070)
Alternative investment earnings	(698,910)	(364,200)
Decrease (increase) decrease in:		
Accrued investment income	364	19
Contributions receivable	(160,000)	(9,000)
Government contracts receivable	(963)	20,894
Other receivable	59,850	(28,384)
Prepaid expenses	4,213	7,008
Increase (decrease) increase in:		
Accounts payable and accrued expenses	6,589	135,077
Deferred revenue	(5,000)	3,200
Accrued pension benefits	259,566	177,823
Net cash used by operating activities	(843,768)	(884,242)
Investing activities:		
Proceeds from sale of investments	5,551,510	5,252,923
Purchase of investments	(5,374,872)	(5,557,999)
Alternative investment distributions (contributions), net	656,764	1,085,605
Purchase of fixed assets	(14,112)	(11,786)
Net cash provided by investing activities	819,290	768,743
Net decrease in cash	(24,478)	(115,499)
Cash and cash equivalents, beginning of year	1,200,509	1,316,008
Cash and cash equivalents, end of year	$ 1,176,031	$ 1,200,509

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, 2017

	Trauma Recovery	Training Institute/ Advocacy	Supervised Visitation	Research and Evaluation	Archives	Total Programs
Salaries	$ 503,077	$ 353,975	$ 300,175	$ 231,312	$ 76,319	$ 1,464,858
Social Security taxes	34,876	25,681	21,291	15,462	5,384	102,694
Employee benefits	68,203	50,017	44,956	31,114	10,407	204,697
Pension	84,510	62,036	56,019	38,547	12,837	253,949
Professional services	35,429	25,759	22,987	17,467	5,421	107,063
Insurance	7,546	5,606	4,833	3,482	1,104	22,571
Casework	3,551	185	1,256	47	-	5,039
Office and telephone	8,200	5,172	5,558	3,295	1,048	23,273
Publications	4,754	5,816	1,972	1,353	444	14,339
Repairs and maintenance	12,804	7,605	6,834	4,608	1,630	33,481
Rent	129,770	95,270	86,024	59,192	19,712	389,968
Other	29,995	18,254	19,651	9,694	4,064	81,658
Depreciation and amortization of property and equipment	4,076	2,263	2,043	1,406	468	10,256
	$ 926,791	$ 657,639	$ 573,599	$ 416,979	$ 138,838	$ 2,713,846

(continued)

THE NEW YORK SOCIETY FOR THE
PREVENTION OF CRUELTY TO CHILDREN

STATEMENT OF FUNCTIONAL EXPENSES – (concluded)

Year Ended December 31, 2017
(With comparative total figures for the year ended December 31, 2016)

	Total Programs	General Administration	Fund Raising	2017 Total	2016 Total
Salaries	$ 1,464,858	$ 159,428	$ 281,003	$ 1,905,289	$ 1,797,702
Social Security taxes	102,694	10,678	19,715	133,087	128,336
Employee benefits	204,697	15,747	40,369	260,813	256,236
Pension	253,949	29,938	50,366	334,253	253,027
Professional services	107,063	39,017	21,155	167,235	185,724
Insurance	22,571	2,341	4,476	29,388	29,705
Casework	5,039	405	-	5,444	8,538
Office and telephone	23,273	8,409	4,224	35,906	40,023
Publications	14,339	1,046	2,753	18,138	14,035
Repairs and maintenance	33,481	6,058	5,966	45,505	55,017
Rent	389,968	41,104	77,036	508,108	462,205
Special events	-	-	194,848	194,848	293,575
Other	81,658	49,344	17,506	148,508	160,163
Depreciation and amortization of property and equipment	10,256	975	1,830	13,061	13,567
	$ 2,713,846	$ 364,490	$ 721,247	$ 3,799,583	$ 3,697,853

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 financial statement presentation follows the guidance of the Financial Accounting Standards Board Accounting Standards Codification under which the Society is required to report information regarding its financial position and activities according to three classes of net assets as follows:

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

Temporarily Restricted Net Assets - Net assets subject to donor imposed stipulations that may or will be met, either by actions of the Society and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently Restricted – Net assets resulting from contributions whose use is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Society. The earnings from permanently restricted net assets are to be used for temporarily restricted and unrestricted purposes.

Note 2. Summary of Significant Accounting Policies – continued

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 are stated at fair values, as described more fully in Note 6. . 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.

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.

Note 2. Summary of Significant Accounting Policies – continued

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 2016 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, 2016, from which the comparative information was derived.

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	$ 233,317	5
Leasehold improvements	440,304	5-10
	673,621	
Accumulated depreciation	(634,737)	
	$ 38,884	

Depreciation expense for the year ended December 31, 2017, was $13,061.

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 $2,330,838 as of December 31, 2017. These interests are valued as follows:

Method	Value
Based on fair value of trust assets	$ 1,933,000
Based on present value of projected income	397,838
	$ 2,330,838

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

Investment Policy
The Society's investment policy is 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. The Society invests in corporate stocks, mutual funds containing equity and fixed income instruments, and alternative investments (partnerships and private placement (hedge) funds.

Investment Valuation
The Financial Accounting Standards Board has established a framework for measuring fair value of investments. 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 are described as follows:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets (NYSE, NASDAQ, CBOE, etc.) that the Society has the ability to access. Level 1 also includes open-ended mutual funds that are redeemable at daily-published unit prices.

Level 2 - inputs are observable for valuing the asset, either directly or indirectly (i.e. interest rate and yield curves observable at commonly quoted intervals; default rates; *etc*.). Those inputs may include quoted prices for similar (but not identical) assets in active or non-active markets.

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

Note 6. Investments – continued

For investments in partnerships and private placement funds ("alternative investments") for which the above hierarchy is not appropriate, investees that compute and report NAV in accordance with U.S. generally accepted accounting principles for investment companies are valued at those Net Asset Values.

The following table sets forth by level, within the fair value hierarchy and otherwise, the Society's investments at fair value as of December 31, 2017:

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Fair Value
Cash and money market funds	$ 1,165,962	$ -	$ -	$ 1,165,962
Equities				
Corporate stocks	4,646,054	-	-	4,646,054
Mutual funds	5,031,933	-	-	5,031,933
Fixed income				
Mutual funds	3,781,992	-	-	3,781,992
	$ 14,625,941	$ -	$ -	14,625,941
Alternative investments at net asset value (NAV)				6,041,623
				$ 20,667,564

Additional information is presented below concerning Alternative Investments.

	Fair Value	Unfunded Commit-ments
Limited Partnerships	$ 3,763,003	$ 1,544,059
Private Placement Funds	2,278,620	103,211
	$ 6,041,623	$ 1,647,270

These investments include seven (7) Limited Partnerships and three (3) Private Placement Funds that invest in various economic sectors. Generally, these investments may not be redeemed with the investees. Distributions will be received as income is generated and/or the underlying investments are liquidated. The Society may be subject to additional capital calls amounting to $1,647,270 in future years. In 2017 the total earnings and distributions of alternative investments were $698,610 and $1,170,144, respectively.

Note 6. Investments – continued

The preceding valuation methods may produce a fair value calculation that is not be indicative of net realizable value or reflective of future fair values. Further, although the Society believes its valuation methods are appropriate and have been used consistently, the use of different methodologies or assumptions to determine the fair value of certain investments could result in a different fair value measurement at the reporting date.

Spending Policy

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 of previous three years) was authorized for the benefit of current operations in 2017 and in 2016.

New York Prudent Management of Institutional Funds Act ("NYPMIFA")

The Board of Directors of the Society has interpreted 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.

In accordance with NYPMIFA, the Society considers the following factors in making a determination to appropriate or accumulate the income of 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.

Note 6. Investments – continued

Endowment net assets consist of the following at December 31, 2017:

	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, 2017.

Investment Return

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

	2017	2016
Dividends and interest	$ 427,330	$ 322,313
Unrealized gain	1,511,439	355,070
Partnership earnings	698,910	364,200
Investment custodian and advisory fees	(143,788)	(136,939)
Net investment return	$ 2,493,891	$ 904,644
Investment return - operating portion	$ 1,113,691	$ 1,052,808
Investment return - non-operating portion	1,380,200	(148,164)
Total investment return	$ 2,493,891	$ 904,644

Note 7. 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.

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, 2017 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, 2017 and 2016:

	2017	2016
Projected benefit obligation	$ 6,964,640	$ 6,481,574
Plan assets at fair value	4,788,224	4,479,245
Funded status (deficiency)	$ (2,176,416)	$ (2,002,329)
Accumulated benefit obligation	$ 6,802,903	$ 6,315,251
Accrued pension benefits	$ (2,176,416)	$ (2,002,329)
Employer contributions	$ 1,000	$ 1,000
Benefits paid	$ 307,055	$ 319,635
Net periodic pension cost	$ 260,566	$ 178,823
Net effect of items not yet reflected in net periodic pension cost	$ 1,878,929	$ 1,964,408

Note 7. Pension Plans – 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:

	2017	2016
Discount rate	4.10%	4.45%
Expected long term rate of return on plan assets	5.50%	6.50%
Rate of compensation increase	3.00%	3.00%

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

	2017	2016
Discount rate	4.10%	4.45%
Expected long term rate of return on plan assets	5.50%	6.50%
Rate of compensation increase	3.00%	3.00%

Note 7. Pension Plans – continued

Benefit payments are expected to be paid over the next ten years ending December 31 as follows:

2018	$ 320,000
2019	350,000
2020	340,000
2021	320,000
2022	330,000
2023 - 2027	1,800,000
Total	$ 3,460,000

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

Plan investments are valued using the same methodologies described in Note 6. The fair values of Plan assets by category are:

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Net Asset Value (NAV)	Total Fair Value
Equities			
Mutual funds	$ 1,865,578	$ -	$ 1,865,578
Pooled Separate Accounts	-	880,848	880,848
Fixed income			
Mutual funds	2,015,759	-	2,015,759
Pooled Separate Accounts	-	26,039	26,039
	$ 3,881,337	$ 906,887	$ 4,788,224

Note 7. Pension Plans – continued

As of December 31, 2017, the fair value of assets of $4,788,224 is exceeded by the projected benefit obligation of $6,964,640 of the Plan. The difference of $2,176,416, representing 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, 2017	Amortization of net gain (loss)	Net (gain) loss	December 31, 2017
Net (gain) or loss	$ 1,964,408	$ (158,584)	$ 73,105	$ 1,878,929

The net periodic benefit cost for 2017 is $260,566.

The expected long-term rate of return on plan assets assumption of 5.50% 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 employee elective deferral contributions. Elective deferrals over 6% of salary are not matched. The Society's matching contributions amounted to $38,370 and $29,517 in 2017 and 2016, 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 2017 and in 2016.

Note 8. 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:

2018	$ 404,820
2019	404,820
2020	404,820
2021	202,410
Total	$ 1,416,870

Total rental expense consisted of the following:

	2017	2016
Base rent	$ 404,820	$ 382,330
Real estate taxes and operating expenses	100,861	79,876
	$ 505,681	$ 462,206

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

Investment Commitments

Additional commitments related to the Society's investments are described in Note 6.

Note 9. Temporarily Restricted Net Assets

During the year ended December 31, 2017, temporarily restricted net assets were expended and released from restrictions for the following purposes:

Supervised Visitation	$ 162,500
Trauma Recovery	115,000
Training Institute/Advocacy	30,000
Equipment	10,000
	$ 317,500

Note 9. Temporarily Restricted Net Assets - continued

At December 31, 2017, temporarily restricted net assets were on hand for the following purpose:

Supervised Visitation	$	150,000
Trauma Recovery		80,000
Training Institute/Advocacy		20,000
	$	250,000

Note 10. Subsequent Events

Subsequent events were evaluated by management through July 2, 2018, 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.