THE NEW YORK SOCIETY FOR THE PREVENTION OF CRUELTY TO CHILDREN

Financial Statements

December 31, 2018

THE NEW YORK SOCIETY FOR THE
PREVENTION OF CRUELTY TO CHILDREN

Financial Statements

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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, 2018, and the related statements of revenues, expenses and other changes in net assets without donor restrictions, 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, 2018 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 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated July 22, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

New York, New York
July 30, 2018

Loeb & Troper... Rogoff & Company, P.C.

THE NEW YORK SOCIETY FOR THE
PREVENTION OF CRUELTY TO CHILDREN

STATEMENT OF FINANCIAL POSITION

December 31, 2018
(With comparative figures as of December 31, 2017)

	2018	2017
ASSETS		
Cash and cash equivalents	$ 1,006,166	$ 1,176,031
Accrued investment income	6,101	5,164
Contributions receivable	195,000	225,000
Government contracts receivable	39,248	21,136
Other receivable	18,500	29,640
Prepaid expenses	51,184	43,321
Beneficial interest in charitable trusts	2,080,010	2,330,838
Investments, at fair value	18,458,373	20,667,564
Furniture and equipment, net of accumulated depreciation of $195,439 in 2018; $197,092 in 2017	43,245	36,225
Leasehold improvements, net of accumulated amortization of $438,404 in 2018; $437,645 in 2017	1,900	2,659
Historical archives	251,706	251,706
Total assets	$ 22,151,433	$ 24,789,284
LIABILITIES and NET ASSETS		
Accounts payable and accrued expenses	$ 261,627	$ 260,453
Accrued pension benefits	2,289,628	2,347,374
Total liabilities	2,551,255	2,607,827
Commitments (Notes 6 & 8)		
Net assets		
Without donor restrictions	15,831,520	18,116,971
With donor restrictions		
Purpose restricted	205,000	250,000
Endowment	1,483,648	1,483,648
Beneficial interest in charitable trusts	2,080,010	2,330,838
	3,768,658	4,064,486
Total net assets	19,600,178	22,181,457
Total liabilities and net assets	$ 22,151,433	$ 24,789,284

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 NET ASSETS WITHOUT DONOR RESTRICTIONS

Year Ended December 31, 2018
(With comparative figures for the year ended December 31, 2017)

	2018	2017
Operating Activities		
Revenue		
Investment return - operating portion	$ 988,500	$ 1,113,691
Charitable trust income		
Summerfield Foundation	20,211	21,330
Paine Foundation	87,979	81,555
Contributions	287,440	343,275
Government contracts	124,530	83,081
Special events	874,371	1,156,555
Professional education fees	287,507	269,088
Other income	1,212	2,209
Unrestricted revenue	2,671,750	3,070,784
Net assets released from restrictions	528,000	317,500
Total operating revenue	3,199,750	3,388,284
Expenses		
Trauma Recovery	806,636	926,791
Training Institute/Advocacy	744,480	657,639
Supervised Visitation	602,161	573,599
Research and Evaluation	404,857	416,979
Archives	132,950	138,838
	2,691,084	2,713,846
General administration	466,941	364,490
Fund raising		
Special events	195,347	194,848
Other	514,795	526,399
Total operating expenses	3,868,167	3,799,583
Excess of expenses over revenue	(668,417)	(411,299)
Other changes		
Investment return - non-operating portion	(1,902,618)	1,380,200
Adjustment to accrued pension benefits, excluding net periodic pension cost of $228,838 in 2018; $260,566 in 2017	285,584	(85,479)
Increase (decrease) in net assets without donor restrictions	$ (2,285,451)	$ 883,422

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, 2018
(With comparative figures for the year ended December 31, 2017)

	2018	2017
Net assets without donor restrictions		
Operating revenue	$ 2,671,750	$ 3,070,784
Net assets released from restrictions	528,000	317,500
Operating expenses	(3,868,167)	(3,799,583)
Other changes	(1,617,034)	1,294,721
Increase (decrease) in net assets without donor restrictions	(2,285,451)	883,422
Net assets with donor restrictions		
Expendable for restricted purposes		
Contributions	483,000	537,500
Net assets released from restrictions	(528,000)	(317,500)
Increase (decrease) in temporarily restricted net assets	(45,000)	220,000
Change in value of beneficial interest in charitable trusts	(250,828)	126,950
Increase (decrease) in net assets with donor restrictions	(295,828)	346,950
Total increase (decrease) in net assets	(2,581,279)	1,230,372
Net assets - beginning of year	22,181,457	20,951,085
Net assets - end of year	$ 19,600,178	$ 22,181,457

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, 2018
(With comparative figures for the year ended December 31, 2017)

	2018	2017
Operating activities:		
Increase (decrease) in net assets	$ (2,581,279)	$ 1,230,372
Adjustments to reconcile increase (decrease) in net assets to net cash used in operating activities:		
Adjustment to accrued pension benefits	(285,584)	85,479
Depreciation and amortization	14,423	13,061
Change in value of beneficial interest in charitable trusts	250,828	(126,950)
(Increase) decrease in fair value of investments	1,131,424	(1,511,439)
Alternative investment (earnings) loss	186,489	(698,910)
Decrease (increase) in:		
Accrued investment income	(937)	364
Contributions receivable	30,000	(160,000)
Government contracts receivable	(18,112)	(963)
Other receivable	11,140	59,850
Prepaid expenses	(7,863)	4,213
Increase (decrease) increase in:		
Accounts payable and accrued expenses	1,174	6,589
Deferred revenue	-	(5,000)
Accrued pension benefits	227,838	259,566
Net cash used by operating activities	(1,040,459)	(843,768)
Investing activities:		
Proceeds from sale of investments	3,952,090	5,551,510
Purchase of investments	(3,437,007)	(5,374,872)
Alternative investment distributions (contributions), net	376,195	656,764
Purchase of fixed assets	(20,684)	(14,112)
Net cash provided by investing activities	870,594	819,290
Net decrease in cash	(169,865)	(24,478)
Cash and cash equivalents, beginning of year	1,176,031	1,200,509
Cash and cash equivalents, end of year	$ 1,006,166	$ 1,176,031

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, 2018

	Trauma Recovery	Training Institute/ Advocacy	Supervised Visitation	Research and Evaluation	Archives	Total Programs
Salaries	$ 422,497	$ 401,968	$ 313,938	$ 218,771	$ 74,448	$ 1,431,622
Social Security taxes	33,051	27,789	21,704	15,147	5,142	102,833
Employee benefits	71,138	59,586	55,030	35,414	11,348	232,516
Pension	70,444	62,612	55,270	35,198	11,186	234,711
Professional services	33,522	28,674	25,151	17,934	5,135	110,415
Insurance	3,789	3,450	3,029	1,915	610	12,793
Casework	3,519	-	1,603	33	-	5,156
Office and telephone	6,278	7,876	4,769	2,637	834	22,395
Publications	3,678	1,724	2,448	1,537	501	9,888
Repairs and maintenance	10,067	9,535	7,841	4,836	1,603	33,883
Rent	119,173	106,284	93,582	59,624	19,028	397,690
Other	25,352	32,201	15,347	10,248	2,617	85,767
Depreciation and amortization of property and equipment	4,127	2,778	2,448	1,563	500	11,416
	$ 806,636	$ 744,480	$ 602,161	$ 404,857	$ 132,950	$ 2,691,084

(continued)

THE NEW YORK SOCIETY FOR THE
PREVENTION OF CRUELTY TO CHILDREN

STATEMENT OF FUNCTIONAL EXPENSES – (concluded)

Year Ended December 31, 2018
(With comparative total figures for the year ended December 31, 2017)

	Total Programs	General Administration	Fund Raising	2018 Total	2017 Total
Salaries	$ 1,431,622	$ 172,036	$ 274,660	$ 1,878,318	$ 1,905,289
Social Security taxes	102,833	10,830	18,933	132,596	133,087
Employee benefits	232,516	21,127	48,031	301,674	260,813
Pension	234,711	31,378	44,583	310,671	334,253
Professional services	110,415	74,317	20,557	205,289	167,235
Insurance	12,793	14,625	2,399	29,817	29,388
Casework	5,156	141	-	5,297	5,444
Office and telephone	22,395	12,304	3,626	38,326	35,906
Publications	9,888	1,235	1,930	13,053	18,138
Repairs and maintenance	33,883	5,578	6,375	45,836	45,505
Rent	397,690	39,174	75,404	512,268	508,108
Special events	-	-	195,347	195,347	194,848
Other	85,767	83,165	16,322	185,254	148,508
Depreciation and amortization of property and equipment	11,416	1,030	1,977	14,423	13,061
	$ 2,691,084	$ 466,941	$ 710,142	$ 3,868,167	$ 3,799,583

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 financial statements of National Sculpture Society, Inc. have been prepared in accordance with U.S. generally accepted accounting principles ("US GAAP"), which require the Society to report information regarding its financial position and activities according to the following net asset classifications:

> Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Society's management and the board of directors.
>
> Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Society or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

Note 2. Summary of Significant Accounting Policies – continued

Measure of operations

The statement of activities reports all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of those items attributable to the Society's ongoing artistic and educational programs and interest and dividends earned on investments. Nonoperating activities are limited to resources that generate return from investments and other activities considered to be of a more unusual or nonrecurring nature.

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.

Contributions

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. Management believes that all outstanding balances are collectible and an allowance for doubtful accounts is not required.

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.

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.

Investments

Investments are stated at fair values, as described more fully in Note 7. . Investment income, and unrealized gains and losses, are reported as increases or decreases in unrestricted or temporarily restricted net assets, as appropriate.

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.

Note 2. Summary of Significant Accounting Policies – continued

Functional Allocation of Expenses
The costs of providing programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among program services and supporting services benefited.

Salaries and benefits, rent, and office expenses are allocated based on employees' time and effort spent on program or support activities. Other expenses, which are not identifiable by program or support services, are allocated based on the best estimates of management.

Use of Estimates
The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Comparative Information
The financial statements include certain 2017 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, 2017, from which the comparative information was derived.

Reclassifications
Certain prior year amounts have been reclassified to conform to the current year presentation.

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 offers employees the opportunity to pay for qualified transportation fringe benefits on a pre-tax basis. Effective January 1, 2018, this benefit is considered unrelated business income subject to tax. The Society is subject to 21% flat-rate tax on qualified transportation fringe benefits.

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.

New Accounting Pronouncement
On August 18, 2016, FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the understandability of net asset classification; provides for information about liquidity and availability of resources; and improves the type of information provided about expenses and investment return. NSS has adjusted the presentation of these statements accordingly, and such changes have been applied retrospectively to comparative information presented.

Note 3. Availability and Liquidity

The following represents the Society's financial assets at December 31, 2018:

Financial assets at year end:	
Cash and cash equivalents	$ 1,006,166
Contributions receivable	195,000
Government contracts receivable	39,248
Other receivable	18,500
Investments	12,979,434
Total financial assets	14,238,348
Less amounts not available to be used within one year:	
Net assets with donor restrictions	(1,738,648)
Financial assets available to meet general expenditures over the next twelve months	$ 12,499,700

The Society structures its financial assets to be available as its general expenditures, liabilities, and other obligation come due. As part of its liquidity plan, a portion of excess cash is invested in short-term investments.

Note 4. 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	$ 238,684	5
Leasehold improvements	440,304	5-10
	678,988	
Accumulated depreciation	(633,843)	
	$ 45,145	

Depreciation expense for the year ended December 31, 2018, was $14,423.

Note 5. 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 $2,080,010 as of December 31, 2018. These interests are valued as follows:

Method	Value
Based on fair value of trust assets	$ 1,702,563
Based on present value of projected income	377,447
	$ 2,080,010

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 6. Concentrations of Credit Risk

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 7. 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, federal and municipal bonds, mutual funds containing equity and fixed income instruments, and alternative investments (partnerships and private placement (hedge) funds.

Note 7. Investments – continued

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

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, 2018:

	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	$ 673,027	$ -	$ -	$ 673,027
Equities	4,552,572			4,552,572
Fixed income	146,946	200,000		346,946
Mutual funds	7,406,889	-	-	7,406,889
	$ 12,779,434	$ 200,000	$ -	12,979,434
Alternative investments at net asset value (NAV)				5,478,939
				$ 18,458,373

Note 7. Investments – continued

Additional information is presented below concerning Alternative Investments.

	Fair Value	Unfunded Commit-ments
Limited Partnerships	$ 2,171,810	$ 1,103,091
Private Placement Funds	3,307,129	83,589
	$ 5,478,939	$ 1,186,680

These investments include five (5) Limited Partnerships and five (5) 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 $1,186,680 in future years. In 2018 the total earnings (losses) and distributions of alternative investments were $(186,489) and $376,195, respectively.

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 2018 and in 2017.

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.

Note 7. Investments – continued

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

Endowment net assets consist of the following at December 31, 2018:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	$ -	$ 1,483,648	$ 1,483,648

No changes occurred in endowment net assets for the year ended December 31, 2018.

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.

	2018	2017
Dividends and interest, net	$ 546,037	$ 283,542
Realized and unrnrealized gain (loss)	(1,273,666)	1,511,439
Partnership earnings (loss)	(186,489)	698,910
Net investment return	$ (914,118)	$ 2,493,891
Investment return - operating portion	$ 988,500	$ 1,113,691
Investment return - non-operating portion	(1,902,618)	1,380,200
Total investment return	$ (914,118)	$ 2,493,891

Note 8. 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, 2018 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, 2018 and 2017:

	2018	2017
Projected benefit obligation	$ 6,516,281	$ 6,964,640
Plan assets at fair value	4,226,653	4,788,224
Funded status (deficiency)	$ (2,289,628)	$ (2,176,416)
Accumulated benefit obligation	$ 6,407,305	$ 6,802,903
Accrued pension benefits	$ (2,289,628)	$ (2,176,416)
Employer contributions	$ 1,000	$ 1,000
Benefits paid	$ 315,852	$ 307,055
Net periodic pension cost	$ 228,838	$ 260,566
Net effect of items not yet reflected in net periodic pension cost	$ 1,764,303	$ 1,878,929

Note 8. 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:

	2018	2017
Discount rate	3.60%	4.10%
Expected long term rate of return on plan assets	5.50%	5.50%
Rate of compensation increase	3.00%	3.00%

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

	2018	2017
Discount rate	4.15%	3.60%
Rate of compensation increase	3.00%	3.00%

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

2019	$ 370,000
2020	360,000
2021	340,000
2022	340,000
2023	340,000
2024 - 2028	1,890,000
Total	$ 3,640,000

Note 8. Pension Plans – continued

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 7. 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	$ 1,439,464	$ -	$ 1,439,464
Pooled Separate Accounts	-	780,230	780,230
Fixed income			
Mutual funds	1,980,426	-	1,980,426
Pooled Separate Accounts	-	26,533	26,533
	$ 3,419,890	$ 806,763	$ 4,226,653

As of December 31, 2018, the fair value of assets of $4,226,653 is exceeded by the projected benefit obligation of $6,516,281 of the Plan. The difference of $2,289,628, 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, 2018	Amortization of net gain (loss)	Net (gain) loss	December 31, 2018
Net (gain) or loss	$ 1,878,929	$ (155,998)	$ 41,372	$ 1,764,303

The net periodic benefit cost for 2018 is $228,838.

Note 8. Pension Plans – continued

The expected long-term rate of return on plan assets assumption of 6% 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 $35,300 and $38,370 in 2018 and 2017, 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 2018 and in 2017.

Note 9. 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:

2019	$ 404,820
2020	404,820
2021	202,410
Total	$ 1,012,050

Total rental expense consisted of the following:

	2018	2017
Base rent	$ 404,820	$ 404,820
Real estate taxes and operating expenses	107,448	100,861
	$ 512,268	$ 505,681

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

Note 9. Commitments – continued

Investment Commitments
Additional commitments related to the Society's investments are described in Note 7.

Note 10. Net Assets with Donor Restrictions – Purpose Restricted

During the year ended December 31, 2018, purpose restricted net assets were released from restrictions and expended as follows:

Supervised Visitation	$ 325,000
Trauma Recovery	183,000
Training Institute/Advocacy	20,000
	$ 528,000

Purpose restricted Net assets at December 31, 2018, were as follows:

Supervised Visitation	$ 50,000
Trauma Recovery	155,000
	$ 205,000

Note 11. Subsequent Events

Subsequent events were evaluated by management through July 30, 2019, 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.