**Financial Statements** 

June 30, 2016 and 2015



#### **Independent Auditors' Report**

# Board of Directors The Social Science Research Council

We have audited the accompanying financial statements of The Social Science Research Council (the "Council"), which comprise the statements of financial position as of June 30, 2016 and 2015, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

#### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these—financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

#### 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 auditors' 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.

# **Board of Directors The Social Science Research Council**Page 2

#### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Social Science Research Council as of June 30, 2016 and 2015, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### Report on Supplementary Information

PKF O'Connor Davies, LLP

Our audit were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental schedules on pages 18 through 21 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Harrison, New York December 19, 2016

# Statements of Financial Position

|                                       | June 30,      |               |  |  |  |
|---------------------------------------|---------------|---------------|--|--|--|
|                                       | 2016          | 2015          |  |  |  |
| ASSETS                                |               |               |  |  |  |
| Cash and cash equivalents             | \$ 3,912,263  | \$ 500,183    |  |  |  |
| Grants and contracts receivable, net  | 8,504,781     | 8,388,598     |  |  |  |
| Pledges receivable, net               | 9,406,176     | -             |  |  |  |
| Investments                           | 27,688,020    | 25,005,059    |  |  |  |
| Prepaid expenses and other assets     | 318,088       | 455,550       |  |  |  |
| Property and equipment, net           | 142,638       | 183,354       |  |  |  |
|                                       |               |               |  |  |  |
|                                       | \$ 49,971,966 | \$ 34,532,744 |  |  |  |
|                                       |               |               |  |  |  |
| LIABILITIES AND NET ASSETS            |               |               |  |  |  |
| Liabilities                           |               |               |  |  |  |
| Accounts payable and accrued expenses | \$ 728,489    | \$ 644,102    |  |  |  |
| Awards payable                        | 4,302,485     | 3,789,947     |  |  |  |
| Total Liabilities                     | 5,030,974     | 4,434,049     |  |  |  |
| Net Assets                            |               |               |  |  |  |
| Unrestricted                          |               |               |  |  |  |
| Undesignated                          | 8,647,876     | 8,406,289     |  |  |  |
| Board designated                      | 2,107,771     | 1,267,614     |  |  |  |
| Total Unrestricted                    | 10,755,647    | 9,673,903     |  |  |  |
|                                       | -,,-          | -,,           |  |  |  |
| Temporarily restricted                | 23,779,169    | 20,424,792    |  |  |  |
| Permanently restricted                | 10,406,176    |               |  |  |  |
| Total Net Assets                      | 44,940,992    | 30,098,695    |  |  |  |
|                                       |               |               |  |  |  |
|                                       | \$ 49,971,966 | \$ 34,532,744 |  |  |  |

# Statements of Activities Year Ended June 30,

|  |               | 2016          |               |               |              | 2015          |               |  |
|--|---------------|---------------|---------------|---------------|--------------|---------------|---------------|--|
|  |               | Temporarily   | Permanently   |               |              | Temporarily   |               |  |
|  | Unrestricted  | Restricted    | Restricted    | Total         | Unrestricted | Restricted    | Total         |  |
| PUBLIC SUPPORT AND REVENUE                 |               |               |               |               |              |               |               |  |
| Grants, contracts and contributions        | \$ 3,170,093  | \$ 19,818,458 | \$ 10,406,176 | \$ 33,394,727 | \$ 1,598,205 | \$ 11,481,772 | \$ 13,079,977 |  |
| Interest and dividends, net                | 378,319       | 213           | -             | 378,532       | 433,340      | 1,533         | 434,873       |  |
| Miscellaneous income                       | 70,345        |               |               | 70,345        | 100,261      | <u>193</u>    | 100,454       |  |
| Total Public Support and Revenue           | 3,618,757     | 19,818,671    | 10,406,176    | 33,843,604    | 2,131,806    | 11,483,498    | 13,615,304    |  |
| Net assets released from restrictions      |               |               |               |               |              |               |               |  |
| for program services                       | 16,464,371    | (16,464,371)  |               |               | 16,273,642   | (16,273,642)  |               |  |
| Total Public Support, Revenue and Other    | 20,083,128    | 3,354,300     | 10,406,176    | 33,843,604    | 18,405,448   | (4,790,144)   | 13,615,304    |  |
| EXPENSES                                   |               |               |               |               |              |               |               |  |
| Program Services                           |               |               |               |               |              |               |               |  |
| Awards                                     |               |               |               |               |              |               |               |  |
| Predoctoral                                | 2,622,243     | -             | -             | 2,622,243     | 2,529,718    | -             | 2,529,718     |  |
| Postdoctoral                               | 1,242,815     | -             | -             | 1,242,815     | 900,554      | -             | 900,554       |  |
| Programs and projects                      | 10,590,031    |               |               | 10,590,031    | 10,796,506   |               | 10,796,506    |  |
| Total Program Services                     | 14,455,089    |               |               | 14,455,089    | 14,226,778   |               | 14,226,778    |  |
| Supporting Services                        |               |               |               |               |              |               |               |  |
| General and administration                 | 3,661,966     | -             | -             | 3,661,966     | 3,342,584    | -             | 3,342,584     |  |
| Fundraising                                | 626,201       | <u>-</u> _    |               | 626,201       | 451,151      | <u>-</u>      | 451,151       |  |
| Total Supporting Services                  | 4,288,167     |               | <u> </u>      | 4,288,167     | 3,793,735    |               | 3,793,735     |  |
| Total Expenses                             | 18,743,256    |               |               | 18,743,256    | 18,020,513   |               | 18,020,513    |  |
| Change in Net Assets from Operations       | 1,339,872     | 3,354,300     | 10,406,176    | 15,100,348    | 384,935      | (4,790,144)   | (4,405,209)   |  |
| OTHER CHANGES                              |               |               |               |               |              |               |               |  |
| Net realized and unrealized gain (loss) on |               |               |               |               |              |               |               |  |
| investments                                | (258,128)     | 77            |               | (258,051)     | (394,967)    | 667           | (394,300)     |  |
| Change in Net Assets                       | 1,081,744     | 3,354,377     | 10,406,176    | 14,842,297    | (10,032)     | (4,789,477)   | (4,799,509)   |  |
| NET ASSETS                                 |               |               |               |               |              |               |               |  |
| Beginning of year                          | 9,673,903     | 20,424,792    |               | 30,098,695    | 9,683,935    | 25,214,269    | 34,898,204    |  |
| End of year                                | \$ 10,755,647 | \$ 23,779,169 | \$ 10,406,176 | \$ 44,940,992 | \$ 9,673,903 | \$ 20,424,792 | \$ 30,098,695 |  |

# Statement of Functional Expenses Year Ended June 30, 2016 (with summarized totals for year ended June 30, 2015)

|                                     |                     | S                             | upporting Services |                                 | To            | tal           |
|-------------------------------------|---------------------|-------------------------------|--------------------|---------------------------------|---------------|---------------|
|                                     | Program<br>Services | General and<br>Administration | Fundraising        | Total<br>Supporting<br>Services | 2016          | 2015          |
| PERSONNEL                           |                     |                               |                    |                                 |               |               |
| Salaries                            | \$ 3,746,603        | \$ 836,576                    | \$ 335,336         | \$ 1,171,912                    | \$ 4,918,515  | \$ 4,571,790  |
| Employee benefits and payroll taxes | 1,371,613           | 608,356                       | 129,497            | 737,853                         | 2,109,466     | 2,014,453     |
| Total Personnel Costs               | 5,118,216           | 1,444,932                     | 464,833            | 1,909,765                       | 7,027,981     | 6,586,243     |
| OTHER THAN PERSONNEL COSTS          |                     |                               |                    |                                 |               |               |
| Grants                              | 4,500,305           | -                             | -                  | -                               | 4,500,305     | 3,886,123     |
| Conferences, meetings and seminars  | 2,193,513           | 137,592                       | 99,584             | 237,176                         | 2,430,689     | 2,266,645     |
| Professional fees                   | 1,057,800           | 297,268                       | 28,200             | 325,468                         | 1,383,268     | 1,633,512     |
| Rent, utilities and maintenance     | -                   | 1,249,767                     | -                  | 1,249,767                       | 1,249,767     | 1,277,929     |
| Management information systems      | 248,424             | 143,400                       | -                  | 143,400                         | 391,824       | 466,106       |
| Office expenses                     | 183,313             | 104,418                       | 2,049              | 106,467                         | 289,780       | 293,177       |
| Public relations                    | 165,152             | 488                           | 31,472             | 31,960                          | 197,112       | 156,273       |
| Staff travel                        | 905,239             | 56,915                        | 63                 | 56,978                          | 962,217       | 1,176,525     |
| Other adminstrative expense         | 83,127              | 136,829                       | -                  | 136,829                         | 219,956       | 143,416       |
| Depreciation and amortization       |                     | 90,357                        |                    | 90,357                          | 90,357        | 134,564       |
| Total Expenses                      | \$ 14,455,089       | \$ 3,661,966                  | \$ 626,201         | \$ 4,288,167                    | \$ 18,743,256 | \$ 18,020,513 |

# Statement of Functional Expenses Year Ended June 30, 2015

|                                     |               | Sup            |             |              |               |
|-------------------------------------|---------------|----------------|-------------|--------------|---------------|
|                                     |               |                |             | Total        |               |
|                                     | Program       | General and    |             | Supporting   |               |
|                                     | Services      | Administration | Fundraising | Services     | Total         |
| PERSONNEL                           |               |                |             |              |               |
| Salaries                            | \$ 3,736,385  | \$ 665,446     | \$ 235,182  | \$ 900,628   | \$ 4,637,013  |
| Employee benefits and payroll taxes | 1,351,230     | 562,391        | 100,832     | 663,223      | 2,014,453     |
| T. (1D. )                           |               |                |             |              |               |
| Total Personnel Costs               | 5,087,615     | 1,227,837      | 336,014     | 1,563,851    | 6,651,466     |
| OTHER THAN PERSONNEL COSTS          |               |                |             |              |               |
| Grants                              | 3,876,123     | 10,000         | -           | 10,000       | 3,886,123     |
| Conferences, meetings and seminars  | 2,129,720     | 128,503        | 8,422       | 136,925      | 2,266,645     |
| Professional fees                   | 1,407,898     | 162,114        | 63,500      | 225,614      | 1,633,512     |
| Rent, utilities and maintenance     | 9,593         | 1,268,336      | -           | 1,268,336    | 1,277,929     |
| Management information systems      | 239,331       | 219,775        | 7,000       | 226,775      | 466,106       |
| Office expenses                     | 197,787       | 94,216         | 1,174       | 95,390       | 293,177       |
| Public relations                    | 120,190       | 1,154          | 34,929      | 36,083       | 156,273       |
| Staff travel                        | 1,105,875     | 70,538         | 112         | 70,650       | 1,176,525     |
| Other adminstrative expense         | 52,646        | 25,547         | -           | 25,547       | 78,193        |
| Depreciation and amortization       |               | 134,564        | <u>-</u>    | 134,564      | 134,564       |
| Total Expenses                      | \$ 14,226,778 | \$ 3,342,584   | \$ 451,151  | \$ 3,793,735 | \$ 18,020,513 |

# Statements of Cash Flows

|  | Year Ended June 30, |              |                |  |
|--|---------------------|--------------|----------------|--|
|  | -                   | 2016         | 2015           |  |
| CASH FLOWS FROM OPERATING ACTIVITIES   | -                   |              |                |  |
| Change in net assets   | \$                  | 14,842,297   | \$ (4,799,509) |  |
| Adjustments to reconcile change in net assets to net cash from operating activities: |                     |              |                |  |
| Depreciation and amortization  |                     | 90,357       | 134,564        |  |
| Net realized and unrealized loss on investments                                      |                     | 258,051      | 394,300        |  |
| Change in operating assets and liabilities   |                     |              |                |  |
| Grants and contracts receivable  |                     | (149,807)    | 1,377,998      |  |
| Pledges receivables  |                     | (9,406,176)  | -              |  |
| Prepaid expenses and other assets  |                     | 137,462      | 41,449         |  |
| Accounts payable and accrued expenses  |                     | 84,387       | 40,913         |  |
| Awards payable   |                     | 512,538      | (1,242,647)    |  |
| Net Cash from Operating Activities   |                     | 6,369,109    | (4,052,932)    |  |
| CASH FLOWS FROM INVESTING ACTIVITIES   |                     |              |                |  |
| Purchase of property and equipment   |                     | (49,641)     | (9,247)        |  |
| Purchase of investments  |                     | (10,178,521) | (19,941,794)   |  |
| Proceeds from sale of investments  |                     | 7,271,133    | 24,089,568     |  |
| Net Cash from Investing Activities   |                     | (2,957,029)  | 4,138,527      |  |
| Change in Cash and Cash Equivalents  |                     | 3,412,080    | 85,595         |  |
| CASH AND CASH EQUIVALENTS  |                     |              |                |  |
| Beginning of year  | _                   | 500,183      | 414,588        |  |
| End of year  | \$                  | 3,912,263    | \$ 500,183     |  |

Notes to Financial Statements June 30, 2016 and 2015

# 1. Organization and Tax Status

The Social Science Research Council (the "Council") is located in Brooklyn, NY and was incorporated in 1924 with a mandate to reach across disciplinary and institutional boundaries to bring together the best social researchers to address problems of public concern. The Council is an independent, international, nonprofit organization that seeks to improve the quality of publically available social knowledge around the world through its work in more than 80 countries. It fosters innovative research, nurtures new generations of social scientists, deepen how inquiry is practiced within and across disciplines and mobilizes necessary knowledge on important public issues.

The Council is unique in scope and structure. It convenes scholars, practitioners, and policymakers while standing alongside the academy and the public sector. By supporting individual scholars, enhancing the capacity of institutions, generating new research, and linking researchers with policymakers and the public, the Council plays a vital role in efforts to build a more just and democratic world.

The Council was founded by visionaries in the fledgling fields of anthropology, economics, history, political science, psychology, sociology, and statistics. The organization was shaped by the vision that crossing the boundaries that separated these disciplines from each other, university scholarship from public affairs, and the social sciences from the humanities and the natural sciences would yield the knowledge needed to improve the human condition.

For more than ninety years, the Council has navigated these borders, emerging as both a pivotal force in the academy and a respected contributor to the public good. Today the Council's 20 some programs work on many fronts in many fields to gather knowledge and communicate its implications for debate and public use. The staff of PhD social scientists partner with institutions, scholars and practitioners around the world to offer an independent space for collaboration and an unbiased voice for social science. Through research networks and committees, workshops and conferences, summer training institutes and fellowships, scholarly exchanges and publications, the Council enhances the conditions for knowledge production worldwide. The Council supports some 900 scholars through fellowships each year providing more than 15,000 fellowships over time. Some 200 scholars and practitioners serve on SSRC committees annually on a pro bono basis.

The Council's organizational capacities focus on four intersecting purposes:

- Supporting innovation in social science scholarship
- Building interdisciplinary and international networks to address public issues
- Nurturing scholars and strengthening institutions
- Communicating and explaining social knowledge

Notes to Financial Statements June 30, 2016 and 2015

# 1. Organization and Tax Status (continued)

The Council's current roster of programs and activities is flexible and responsive to changes in the world around us. The programs nurture the excellent, the experimental, and the innovative. Currently, the Council's work is structured around these seven general themes:

- Digital Knowledge, Media & Data
- Economy & Social Policy
- Global & Regional Connections
- Governance, Democracy & Civil Society
- Health & Environment
- Higher Education
- Peace, Conflict & Security

The Council has been determined to be a not-for-profit organization exempt from federal and state income taxes under Section 501(c)(3) of the United States Internal Revenue Code.

# 2. Summary of Significant Accounting Policies

#### Basis of Presentation and Use of Estimates

The financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP"), which requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

#### **Net Assets**

The accompanying statement of activities presents the changes in the various classifications of net assets for the respective fiscal years. The Council's net assets and the changes therein are classified based on grantor and donor-imposed restrictions and are reported as follows:

*Unrestricted* - net assets represent those resources not subject to grantor and donor-imposed restrictions. The Council includes the following funds in unrestricted net assets: General Fund, Capital Fund, and Plant Fund. The Capital Fund was established by the Board of Directors to be invested for the purpose of earning capital appreciation and for the production of income, but any portion of such fund may be expended.

Temporarily Restricted - net assets represent those resources that have been restricted by grantors and donors for specific purposes. They consist mostly of grants that are restricted for the purpose of funding predoctoral and/or postdoctoral award programs and other programs and projects, as well as indirect costs to be applied to such programs and projects, as specified by various contracts and agreements between the Council and its donors and grantors. Net assets released from restrictions represent the satisfaction of the restricted purposes specified.

Notes to Financial Statements June 30, 2016 and 2015

# 2. Summary of Significant Accounting Policies (continued)

Permanently Restricted - net assets represent those resources that have been designated by the donor to be held in perpetuity.

# Measure of Operation

The Council includes in its measure of operations all revenue and expenses that are an integral part of its programs and support activities. Net realized and unrealized gains are recognized as non-operating activities.

#### Cash and Cash Equivalents

The Council considers highly liquid financial instruments purchased with a maturity of three months or less at the time of purchase, except for those instruments carried in the Council's investment portfolio, to be cash equivalents.

#### Fair Value of Financial Instruments

The Council follows U.S. GAAP guidance on fair value measurements which defines fair value and establishes a fair value hierarchy organized into three levels based upon the input assumptions used in pricing assets. Level 1 inputs have the highest reliability and are related to assets with unadjusted quoted prices in active markets. Level 2 inputs relate to assets with other than quoted prices in active markets which may include quoted prices for similar assets or liabilities or other inputs which can be corroborated by observable market data. Level 3 inputs are unobservable inputs and are used to the extent that observable inputs do not exist.

#### Investments Valuation and Investment Income Recognition

The Council's investments in equity securities with readily determinable fair values and all investments in debt securities and money-market funds are reported at their fair values. Mutual funds invested in equity and fixed-income funds are reported at their fair values. The underlying cost bases of investments are their purchase prices. Net realized and unrealized gains or losses are reported in the accompanying statements of activities.

Investment expenses include the services of investment managers. The balances of investment management fees disclosed in Note 3 are those specific fees charged by the Council's investment managers in each fiscal year. However, they do not include those fees that are embedded in various other investment accounts and transactions.

Notes to Financial Statements June 30, 2016 and 2015

# 2. Summary of Significant Accounting Policies (continued)

# **Property and Equipment**

Property and equipment, which consist of furniture, equipment and leasehold improvements, are reported at their original cost less applicable depreciation. The Council capitalizes property and equipment that have a cost greater than \$1,000. Depreciation is computed over the estimated useful lives of the respective assets, using the straight-line method (computer equipment for five years; furniture and other equipment for seven years). Leasehold improvements are amortized using the straight-line method over the lesser of the estimated useful life of the specific asset or the term of the lease.

#### Predoctoral and Postdoctoral Awards

Predoctoral and postdoctoral awards are recorded as expenses in the year in which they are awarded. Amounts awarded are typically payable within one year.

#### Accrued Vacation

The Council's employees are entitled to be paid for unused vacation time if they leave the organization. Accordingly, at each fiscal year-end, the Council recognizes a liability for the obligation that would be incurred if all employees with such unused vacation were to leave. At June 30, 2016 and 2015, the accrued vacation obligation was \$262,584 and \$257,865 and is included in accounts payable and accrued expenses.

# Revenue Recognition

Restricted contribution and grant revenue received from U.S. governmental agencies, foundations and corporations is initially recorded as temporarily restricted upon the receipt of cash or unconditional pledges. As the restrictions are met, the support is reclassified as unrestricted. Restrictions are generally met when program and administration expenses relating to the designated purpose of the particular contract, grant or award are committed.

Revenues from conditional contracts, grants and awards are recognized when costs are incurred or services have been performed. Contracts, grants and awards received in advance are recorded as advances, and the related revenue is deferred until the related expenses are incurred.

Contributions to support the Council's operations are recognized as unrestricted contributions. Pledges received for contributions which support future operations or donor-restricted purposes are reported as temporarily or permanently restricted contributions in the accompanying financial statements.

#### Functional Allocation of Expenses

The cost of providing the various programs and supporting services has been summarized on a functional basis in the accompanying statements of activities and functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services in reasonable ratios determined by the Council's management.

Notes to Financial Statements June 30, 2016 and 2015

# 2. Summary of Significant Accounting Policies (continued)

# **Operating Leases**

Operating leases are classified in accordance with the terms of the underlying agreements. Operating lease payments are charged to rental expense. Rent expense is recorded on a straight-line basis. Deferred rent is recorded when there are material differences between the cash payment and the straight-line rent expense.

# Accounting for Uncertainty in Income Taxes

The Council recognizes the effect of income tax positions only if those positions are more likely than not to be sustained. Management has determined that the Council had no uncertain tax positions that would require financial statement recognition or disclosure. The Council is no longer subject to examinations by the applicable taxing jurisdictions for years prior to June 30, 2013.

# Subsequent Events Evaluation by Management

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through December 2, 2016 which is the date that the financial statements were available to be issued.

#### 3. Investments

The following are major categories of investments measured at fair value on a recurring basis as of June 30, grouped by the fair value hierarchy:

|                                    | 2016 |            |         |         |    |            |
|------------------------------------|------|------------|---------|---------|----|------------|
|                                    |      | Level 1    | Level 2 |         |    | Total      |
|                                    |      |            |         |         |    | _          |
| Real Estate Investment Trusts      | \$   | 115,735    | \$      | -       | \$ | 115,735    |
| Corporate bonds                    |      | -          |         | 467,962 |    | 467,962    |
| Equities                           |      | 3,518,570  |         | -       |    | 3,518,570  |
| Mutual funds                       |      | 7,736,729  |         | _       |    | 7,736,729  |
|                                    | \$   | 11,371,034 | \$      | 467,962 |    | 11,838,996 |
| Cash equivalents and money markets |      |            |         |         |    | 15,849,024 |
|                                    |      |            |         |         | \$ | 27,688,020 |

# Notes to Financial Statements June 30, 2016 and 2015

# 3. Investments (continued)

|                                      | 2015          |            |               |  |  |  |  |
|--------------------------------------|---------------|------------|---------------|--|--|--|--|
|                                      | Level 1       | Level 2    | Total         |  |  |  |  |
| United States government obligations | \$ 4,399,855  | \$ -       | \$ 4,399,855  |  |  |  |  |
| Real Estate Investment Trusts        | 85,937        | -          | 85,937        |  |  |  |  |
| Corporate bonds                      | -             | 445,280    | 445,280       |  |  |  |  |
| Equities                             | 5,755,807     | -          | 5,755,807     |  |  |  |  |
| Mutual funds                         | 5,422,517     |            | 5,422,517     |  |  |  |  |
|                                      | \$ 15,664,116 | \$ 445,280 | 16,109,396    |  |  |  |  |
| Cash equivalents and money markets   |               |            | 8,895,663     |  |  |  |  |
|                                      |               |            | \$ 25,005,059 |  |  |  |  |

For the years ended June 30, investment income consisted of the following:

|   | 2016                                 | 2015 |                                   |  |
|---|--------------------------------------|------|-----------------------------------|--|
| Interest and dividends Investment management fees Interest and dividends, net | \$<br>415,060<br>(36,528)<br>378,532 | \$   | 460,174<br>(25,301)<br>434,873    |  |
| Net realized gains Net unrealized loss Net realized and unrealized gains      | <br>64,980<br>(323,031)<br>(258,051) |      | 266,949<br>(661,249)<br>(394,300) |  |
| Total Investment Income   | \$<br>120,481                        | \$   | 40,573                            |  |

# 4. Accounts Receivable

# Grants and Contracts Receivable

Grants and contracts receivable were due to be collected at June 30, are as follows:

|                                      | 2016                                   | 2015                                   |
|--------------------------------------|--|--|
| Less than one year One to five years | \$ 7,218,892<br>1,305,602<br>8,524,494 | \$ 4,194,823<br>4,199,087<br>8,393,910 |
| Less discount to present value       | (19,713)                               | (5,312)                                |
| Grants and contracts receivable      | \$ 8,504,781                           | \$ 8,388,598                           |

Notes to Financial Statements June 30, 2016 and 2015

# 4. Accounts Receivable (continued)

# Grants and Contracts Receivable (continued)

Depending on the fiscal year in which the grants and contracts were to be received, the amounts due after one year were discounted using a rate of 1.01% for fiscal-year 2016.

#### Pledges Receivables

Pledges representing unconditional promises to give have been recorded net of present value discount at June 30, 2016, are as follows:

| Less than one year One to five years | \$<br><br>3,400,000<br>6,500,000<br>9,900,000 |
|--------------------------------------|---|
| Less discount to present value       | <br>(493,824)                                 |
| Pledges receivable                   | \$<br>9,406,176                               |

The pledges due after one year were discounted using a rate of 3.55%.

Based upon prior experience, management expects all receivables to be collectible. Accordingly, no allowance for uncollectible amounts has been provided.

For the year ended June 30, 2016, 58% of the pledges receivable are from one donor who is also a member of the board.

# 5. Property and Equipment

At June 30, 2015, property and equipment consisted of the following:

|  | 2016 |                         | 2015                    |
|--|------|-------------------------|-------------------------|
| Furniture and equipment                        | \$   | 919,816                 | \$<br>885,171           |
| Leasehold improvements                         | _    | 353,254                 | <br>338,258             |
| Less accumulated depreciation and amortization |      | 1,273,070<br>1,130,432) | 1,223,429<br>1,040,075) |
| Total Property and Equipment, net              | \$   | 142,638                 | \$<br>183,354           |

Notes to Financial Statements June 30, 2016 and 2015

# 6. Board Designated Net Assets

To satisfy certain long-term operational objectives, the Council's Board of Directors has designated certain unrestricted net assets. Changes in the Council's board designated funds for the year ended June 30 are as follows:

|   | 2016 |                                     |    | 2015                              |  |  |
|---|------|-------------------------------------|----|-----------------------------------|--|--|
| Balance, beginning of year<br>Contributions<br>Appropriation for expenditures | \$   | 1,267,614<br>1,500,000<br>(659,843) | \$ | 450,000<br>1,000,000<br>(182,386) |  |  |
| Balance, end of year  | \$   | 2,107,771                           | \$ | 1,267,614                         |  |  |

# 7. Net Assets

Temporarily Restricted Net Assets

Temporarily restricted net assets were available for the following purposes at June 30:

|                                       | 2016          | 2015          |
|---------------------------------------|---------------|---------------|
|                                       |               |               |
| Predoctoral awards                    | \$ 6,503,266  | \$ 6,033,509  |
| Postdoctoral awards                   | 5,735,510     | 6,138,325     |
| Programs, projects and indirect costs | 11,539,743    | 8,002,308     |
| Time restricted                       | 650           | 250,650       |
|                                       | \$ 23,779,169 | \$ 20,424,792 |

Temporarily Restricted Net Assets (continued)

During 2015, net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by the occurrence of other events specified by the donors as follows:

|                                       | 2016                 | 2015          |
|---------------------------------------|----------------------|---------------|
|                                       |                      |               |
| Predoctoral awards                    | \$ 2,622,243         | \$ 2,529,718  |
| Postdoctoral awards                   | 1,242,815            | 900,554       |
| Programs, projects and indirect costs | 12,349,313           | 12,593,370    |
| Time restricted                       | 250,000              | 250,000       |
|                                       | <u>\$ 16,464,371</u> | \$ 16,273,642 |
|                                       |                      |               |

Permanently Restricted Net Assets

Permanently restricted net assets for the year ended June 30, 2016 consist of donor restricted contributions to be held in perpetuity, the income from which is expendable to support research studies.

Notes to Financial Statements June 30, 2016 and 2015

#### 8. Endowment Funds

#### Interpretation of Relevant Law

On September 17, 2010, New York State adopted the Uniform Prudent Management of Institutional Funds Act ("UPMIFA"). UPMIFA includes provisions that differ from previous law, including the elimination of the historic dollar value rule with respect to endowment spending, establishment of new standards governing the expenditure and modification of restrictions on endowment funds, and revision of the prudence standard for the management and investment of endowment funds.

The Board of Directors of the Council has interpreted the New York Prudent Management of Institutional Funds Act ("NYPMIFA") as requiring the preservation of the 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 Council classified as permanently restricted net assets (a) the original value of the gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations of investment returns 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 as permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Council in a manner consistent with the standard of prudence prescribed by NYPMIFA.

#### 9. Retirement Plan

The Council has a defined-contribution, Section 403(b) annuity retirement plan, the assets of which are maintained by the Teachers Insurance and Annuity Association - College Retirement Equities Fund, covering substantially all employees who meet minimum age and service requirements. The Council contributes up to a maximum of 12% of each eligible employee's salary, which vests immediately. Contributions for fiscal years ended June 30, 2016 and 2015 were \$478,053 and \$470,817.

# 10. Commitments and Contingency

#### Leases

The Council leases various office space and equipment under operating lease agreements expiring through June 2018. As of June 30, 2016 and 2015, total rent expense were \$1,136,614 and \$1,161,893.

Minimum annual future rental payments under the terms of the leases for the years subsequent to June 30, 2016 are as follows:

| 2017 | \$<br>1,037,250 |
|------|-----------------|
| 2018 | <br>1,037,250   |
|      | \$<br>2,074,500 |

Notes to Financial Statements June 30, 2016 and 2015

# 10. Commitments and Contingency (continued)

#### **Government Grants**

Federal government grants are subject to audit by the applicable governmental granting agencies. At June 30, 2016, there were no material obligations outstanding as a result of such audits, and management believes that an audit of these projects would not result in any material obligations.

# 11. Concentration of Credit Risk

During the years ended June 30, 2016 and 2015, approximately 51% and 37% of total support and revenue were derived from two contributors.

Financial instruments that potentially subject the Council to concentrations of credit risk consist primarily of cash, cash equivalents and receivables from contracts. The Council maintains its cash in bank deposit accounts which generally exceed federally insured limits. The Council has not experienced any losses in such accounts.

\* \* \* \* \*

Supplemental Information

June 30, 2016

|  | <br>Amount                             |
|--|--|
| Alfred P. Sloan Foundation Sloan Scholars Mentor Network   | \$<br>975,976                          |
| Andrew W. Mellon Foundation  Dissertation Proposal Development Program International Dissertation Research Fellowship  | 3,000,000<br>4,500,000                 |
| Arab Council For the Social Sciences InterAsian Connections V: Seoul   | 25,000                                 |
| Atlantic Philanthropies  Evaluation of Transformative Leadership for Health Equity in Asia Support for Cuba Funder Meeting   | 925,000<br>33,000                      |
| Carnegie Corporation of New York African Peacebuilding Network Northeast Asia Cooperative Security Project   | 2,460,000<br>400,000                   |
| Chiang Ching-kuo Foundation for International Scholarly Exchange InterAsian Connections V: Seoul   | 25,000                                 |
| Christopher Reynolds Foundation Support for the Collaboration with the Human Change Group in Cuba Support for Work with the Martin Luther King Memorial Center in Cuba | 30,000<br>25,000                       |
| Columbia University Scholarly Knowledge Project- Year 3  | 100,000                                |
| Conrad N. Hilton Foundation Portrait of Los Angeles County and Sustainable Development Goals   | 400,000                                |
| Endeavor Foundation Fostering Liberal Arts Knowledge and Connections   | 300,000                                |
| Ford Foundation Anxieties of Democracy Board of Trustees Visit to Cuba Decent City Initiative- Planning Meeting Foundation Presidents Learning Trip to Cuba            | 200,000<br>140,000<br>40,000<br>38,400 |

|  | <br>Amount   |
|--|--------------|
| Support to Promote Academic Collaboration between Cuba and the U.S.      | 265,000      |
| Fund for the Public Health in New York                                   |              |
| Community Health Profiles (New York City)- additional funds              | \$<br>30,000 |
| Henry Luce Foundation  |              |
| China-Africa Knowledge Project   | 300,000      |
| Japan Foundation Center for Global Partnership                           |              |
| Abe Fellowship Program 2016-2017   | 1,475,214    |
| Abe Fellowship Program 25th Anniversary Symposium                        | 122,508      |
| Jewish Community Federation and Endowment Fund                           |              |
| A Portrait of Bay Area Jewish Life and Communities                       | 239,200      |
| Leona M. and Harry B. Helmsley Charitable Trust                          |              |
| DATATOGO.NYC: Everyone Counts 2016                                       | 500,000      |
|  |              |
| Ministry of Foreign Affairs, Sweden  Conflict Prevention and Peace Forum | 250 440      |
| Conflict Prevention and Peace Forum                                      | 358,449      |
| Ministry of Foreign Affairs, The Netherlands                             |              |
| Conflict Prevention and Peace Forum                                      | 200,000      |
| National University of Singapore   |              |
| InterAsian Connections V: Seoul  | 59,000       |
| New York Community Trust (Mark Family Fund)                              |              |
| Rachel Tanur Memorial Prize  | 11,000       |
| Open Society Foundations (OSF)   |              |
| Capacity-building Workshop for Journalists on Key Drug-related Topics    | 67,800       |
|  | 40.000       |
| Planning Meeting on Drug Courts  | 19,200       |
| UNGASS on the World Drug Problem 2016                                    | 10,000       |
| Opportunity Nation   |              |
| Research Project to Examine Opportunity through a Retail Lens            | 63,000       |
| Sixth Iteration of the Opportunity Index                                 | 63,000       |

|   | <br>Amount                 |
|---|----------------------------|
|   |                            |
| Rockefeller Foundation Scholarly Borderlands  | \$<br>1,000,000            |
| Royal Ministry of Foreign Affairs, Norway Conflict Prevention and Peace Forum   | 227,807                    |
| Santa Barbara Cottage Hospital Measure of America   | 415,000                    |
| Sasakawa Peace Foundation New Voices from Japan   | 248,640                    |
| Swiss Federal Department of Foreign Affairs CPPF- Burundi Workshop CPPF- Great Lakes Conference CPPF- Prevention of Atrocites and Responsibility to Protect | 35,220<br>30,908<br>53,766 |
| Teagle Foundation Dissemination Plan for the Measuring Learning College Project   | 50,000                     |
| The Academy of Korean Studies SSRC Korean Studies Workshop  | 60,000                     |
| The California Endowment A Portrait of California 2013-2014 Report  | 60,000                     |
| United Nations Project Link Fall 2015 Meeting   | 86,660                     |
| University of Gottingen<br>InterAsian Connections V: Seoul  | 21,370                     |
| University of Hong Kong InterAsian Connections V: Seoul   | 24,980                     |
| West County Health Centers Measure of America   | 7,500                      |

|  | Amount        |
|--|---------------|
|  |               |
| William and Flora Hewlett Foundation  Negotiating Agreement in Congress- Research Grants | \$ 400,000    |
|  | · <u>·</u>    |
| Total temporarily restricted contributions and grants                                    | 20,122,598    |
| June 30, 2016 change in present value and adjustments                                    | (303,850)     |
| Total temporarily restricted grants and contracts revenue                                | \$ 19,818,748 |