The Cleveland Society for the Blind

OCTOBER 1, 2016 THROUGH DECEMBER 31, 2017

THE CLEVELAND SOCIETY FOR THE BLIND

OCTOBER 1, 2016 THROUGH DECEMBER 31, 2017

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Independent Auditor's Report

Board of Trustees
The Cleveland Society for the Blind
Cleveland, Ohio

Report on the Financial Statements

We have audited the accompanying financial statements of The Cleveland Society for the Blind ("Society"), which comprise the statement of financial position as of December 31, 2017, and the related statements of activities and changes in net assets, functional expenses, and cash flows from October 1, 2016 through December 31, 2017, 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States 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 Society'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 Society'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 Cleveland Society for the Blind as of December 31, 2017, and changes in its net assets and its cash flows from October 1, 2016 through December 31, 2017 in accordance with accounting principles generally accepted in the United States of America.

HW&Co.

Cleveland, Ohio
March 29, 2018

THE CLEVELAND SOCIETY FOR THE BLIND

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2017

ASSETS

Assets:	
Cash and cash equivalents	$ 1,257,737
Receivables, net	900,415
Promises to give, net	663,075
Inventories	79,464
Prepaid expenses	73,516
Assets restricted for custodial funds	125,693
Investments	74,258,784
Beneficial interest trusts	17,585,308
Property and equipment:	
Land and land improvements	1,949,762
Buildings and improvements	13,638,702
Equipment, furniture, and fixtures	2,577,885
Construction-in-progress	110,249
	18,276,598
Less accumulated depreciation	7,425,200
	10,851,398
	$ 105,795,390

LIABILITIES AND NET ASSETS

Liabilities:	
Accounts payable	$ 232,379
Accrued expenses	426,942
Custodial accounts	125,693
Obligations under annuity agreements	222,154
Deferred revenue	453,301
Total liabilities	1,460,469
Net assets:	
Unrestricted	52,835,372
Temporarily restricted	18,861,714
Permanently restricted	32,637,835
Total net assets	104,334,921
	$ 105,795,390

See notes to financial statements.

THE CLEVELAND SOCIETY FOR THE BLIND

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

OCTOBER 1, 2016 THROUGH DECEMBER 31, 2017

	Unrestricted					
	General Fund	Board Designated	Total	Temporarily Restricted	Permanently Restricted	Total
Public support and revenue						
Public support:						
Contributions and grants	$ 1,137,665	$ 823,656	$ 1,961,321	$ 487,871	$ 30,271	$ 2,479,463
Fundraising, net	219,174		219,174	180,247		399,421
Restricted funds released for current activities	797,593		797,593	(900,093)	102,500	
Total public support	2,154,432	823,656	2,978,088	(231,975)	132,771	2,878,884
Revenue:						
Retail sales, net	124,791		124,791			124,791
Program service fees	4,578,082		4,578,082			4,578,082
Other revenue	116,180		116,180			116,180
Total revenue	4,819,053		4,819,053			4,819,053
Investment income:						
Investment income, net	2,534	3,385,426	3,387,960	2,740,341		6,128,301
Investment income released per spending policy	3,991,225	(2,205,764)	1,785,461	(1,785,461)		
Earnings from beneficial trusts					1,847,897	1,847,897
Earnings from beneficial trusts released from restriction	1,847,897		1,847,897		(1,847,897)	
Total investment income	5,841,656	1,179,662	7,021,318	954,880		7,976,198
Total public support, revenue and investment income	12,815,141	2,003,318	14,818,459	722,905	132,771	15,674,135
Expenses:						
Program services	9,835,824		9,835,824			9,835,824
Management and general	1,432,914		1,432,914			1,432,914
Fundraising	683,759		683,759			683,759
Total expenses	11,952,497		11,952,497			11,952,497
Changes in net assets before other changes to net assets	862,644	2,003,318	2,865,962	722,905	132,771	3,721,638
Other changes to net assets:						
Net unrealized gain on investment transactions		2,972,339	2,972,339	2,379,302		5,351,641
Change in value of annuity agreements				41,551		41,551
Change in value of beneficial trusts					1,709,520	1,709,520
Depreciation expense	(518,029)		(518,029)			(518,029)
Gain on disposal of assets	400		400			400
Changes in net assets	345,015	4,975,657	5,320,672	3,143,758	1,842,291	10,306,721
Net assets, beginning of period	4,166,796	43,347,904	47,514,700	15,717,956	30,795,544	94,028,200
Net assets, end of period	**$ 4,511,811**	**$ 48,323,561**	**$ 52,835,372**	**$ 18,861,714**	**$ 32,637,835**	**$ 104,334,921**

See notes to financial statements.

THE CLEVELAND SOCIETY FOR THE BLIND

STATEMENT OF FUNCTIONAL EXPENSES

OCTOBER 1, 2016 THROUGH DECEMBER 31, 2017

	Program Services	Management and General	Fundraising	Total
Salaries and related expenses	$ 7,345,703	$ 1,263,797	$ 615,294	$ 9,224,794
Professional and contracted fees	1,367,102	92,847	37,588	1,497,537
Supplies and related	210,179	14,274	5,779	230,232
Occupancy	542,517	36,845	14,916	594,278
Program transportation	30,211	2,052	831	33,094
Staff travel	106,508	7,234	2,928	116,670
Other	130,903	8,890	3,599	143,392
Funded depreciation	102,701	6,975	2,824	112,500
Total expenses before other expenses	9,835,824	1,432,914	683,759	11,952,497
General fund depreciation	472,908	32,118	13,003	518,029
Total expenses reported by function	**$ 10,308,732**	**$ 1,465,032**	**$ 696,762**	**$ 12,470,526**

See notes to financial statements.

THE CLEVELAND SOCIETY FOR THE BLIND

STATEMENT OF CASH FLOWS

OCTOBER 1, 2016 THROUGH DECEMBER 31, 2017

Cash flows from operating activities:	
Changes in net assets	$ 10,306,721
Adjustments to reconcile changes in net assets to net cash used in operating activities:	
Depreciation	630,529
Gain on sale of assets	(400)
Realized and unrealized gains on investments	(13,327,839)
Change in value of beneficial trusts	(1,709,520)
Contributions of endowment support	(30,271)
Decrease (increase) in assets:	
Receivables	(213,261)
Promises to give, net	16,375
Inventories	12,979
Prepaid expenses	9,346
Increase in liabilities:	
Accounts payable	104,100
Accrued expenses	58,172
Deferred revenue	453,301
Net cash used in operating activities	(3,689,768)
Cash flows from investing activities:	
Proceeds from the sale of investments	8,773,262
Purchase of investments	(3,859,776)
Proceeds from sale of assets	400
Purchase of property and equipment	(304,695)
Net cash provided by investing activities	4,609,191
Cash flows from financing activities:	
Payments on annuity obligations	(41,551)
Contributions of endowment support	30,271
Net cash used in financing activities	(11,280)
Net increase in cash and cash equivalents	908,143
Cash and cash equivalents, beginning of period	349,594
Cash and cash equivalents, end of period	**$ 1,257,737**

See notes to financial statements.

THE CLEVELAND SOCIETY FOR THE BLIND

NOTES TO FINANCIAL STATEMENTS

OCTOBER 1, 2016 THROUGH DECEMBER 31, 2017

1. Description of Society and summary of significant accounting policies:

Nature of activities:

The Cleveland Society for the Blind ("Society"), also known as Cleveland Sight Center, is a private not-for-profit (Ohio) Corporation formed in 1906 to provide services to children, vocational age adults, and senior citizens who are blind or visually impaired. The Society is primarily supported through donor contributions, earnings from beneficial trusts, earnings from an endowment based on a spending policy, and program service fees.

Change of year end:

During 2017, the Society changed its financial year end from September 30th to December 31st. Accordingly, these financial statements are for 15 months, from October 1, 2016 through December 31, 2017.

Basis of accounting:

The financial statements have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities. Furthermore, the accounting policies adhered to by the Society are generally consistent with the *Audit and Accounting Guide Not-for-Profit Entities* issued by the American Institute of Certified Public Accountants.

Basis of presentation:

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) in its accounting standards for not-for-profit entities. Under these standards, the Society is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Unrestricted net assets – Unrestricted net assets are not subject to donor-imposed restrictions.

Unrestricted net assets may be designated for specific purposes by action of the Board of Trustees. Such net assets are recorded as board designated.

Temporarily restricted net assets – Temporarily restricted net assets are subject to donor-imposed restrictions. These restrictions may be removed by the passage of time or actions of the Society to meet the restrictions. Earnings accumulated on donor restricted endowments and not appropriated by the Board of Trustees for expenditure are also included in temporarily restricted net assets.

Permanently restricted net assets – Permanently restricted net assets are those contributions the donor stipulates must be held in perpetuity.

Use of estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

1. Description of Society and summary of significant accounting policies (continued):

Cash and cash equivalents:

The Society considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents. The cash accounts are insured by the Federal Deposit Insurance Corporation. The Society's cash balances may exceed the insured amount from time to time. All cash held in the investment accounts is deemed an investment and is not insured by the Federal Deposit Insurance Corporation.

Receivables:

Receivables are stated at the amount management expects to collect from balances outstanding at period end. Accounts receivable are expected to be received within 30 days from the date billed. Interest is not charged on past due receivables. Management individually reviews all outstanding receivables. Based on management's assessment of collectability, the allowance for doubtful accounts is $10,340 on balances outstanding at December 31, 2017.

Bad debt expense was $13,759 from October 1, 2016 through December 31, 2017.

Receivables at December 31, 2017 consist of the following:

Private pay receivables, net	$ 15,014
Governmental receivables	774,623
Interest receivable	50,992
Other	59,786
	$ 900,415

Promises to give:

Conditional promises to give are recognized when the conditions on which they depend are substantially met. Unconditional promises to give are recognized as pledges receivable and a related contribution when made. Pledges which span over multiple years are discounted at an adjusted risk free rate at the time of the pledge (historically between 1.00% and 4.66%). Management individually reviews pledges and those deemed uncollectible are written off to bad debt expense. There was no bad debt expense related to pledges from October 1, 2016 through December 31, 2017.

Inventories:

Inventories consist of retail merchandise and are stated at cost, determined by the first-in, first-out method, but not in excess of net realizable value.

1. Description of Society and summary of significant accounting policies (continued):

Property and equipment:

Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. The policy of the Society is to capitalize assets greater than $1,000 in value. Depreciation is computed using primarily the straight-line method over the expected useful lives of the assets, as follows:

	Years
Land improvements	10-30 years
Buildings and improvements	5-50 years
Equipment, furniture, and fixtures	2-10 years

Construction-in-progress at December 31, 2017 represents costs incurred for miscellaneous components not yet placed in service and for various capital projects.

Functional allocation of expenses:

The costs of providing the Society's various programs and supporting services have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Functional expenses are allocated based on an analysis by management of employee time spent within each functional area. Overhead costs are allocated pro-rata to total employees within each functional area.

Revenue recognition:

Contributions and grants received are recorded as unrestricted, temporarily restricted, or permanently restricted revenues, depending on the existence and/or nature of any donor restrictions.

Unconditional promises to give are recognized as revenues in the period promised. Promises to give are recorded at net realizable value if expected to be collected in one year and at net present value if expected to be collected in more than one year.

Program service fees and retail sales are recognized as revenues when services have been rendered. Program service fees received in advance are deferred to the applicable period in which the related services are performed or expenditures are incurred.

Investment income, net:

Investment income, net includes realized gains and losses, interest, and dividends, which are reported net of investment fees reported within the changes in net assets of the accompanying statements of activities and is recognized in the period it is earned. Total investment management fees were $75,627 from October 1, 2016 through December 31, 2017.

1. Description of Society and summary of significant accounting policies (continued):

Donated services:

A number of volunteers have donated time to the Society's program services and fundraising campaigns. However, these services are not reflected in the financial statements since the services did not require specialized skills.

Tax positions:

The Society is a not-for-profit corporation as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from Federal income taxes, and is not a private foundation under Section 509(a)(2). In addition, the Society qualifies for charitable contribution deduction under Section 170(b)(1)(a).

The Society is no longer subject to tax examinations for years before 2014 by taxing authorities in jurisdictions where the Society has filed returns. The Society did not identify any material unrecognized tax benefits upon evaluation of tax positions taken and therefore, there was no material effect on the Society's financial condition or results of operations.

The Society evaluates at each balance sheet date uncertain tax positions taken, if any, to determine the need to record liabilities for taxes, penalties, and interest. The Society's policy is to record interest and penalties on uncertain tax provisions as income tax expense. As of December 31, 2017, the Society had no accrued taxes, interest or penalties related to uncertain tax positions. The Society estimates the unrecognized tax benefit will not change significantly within the next twelve months.

New accounting pronouncements:

In May 2014, the FASB issued Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers* (Topic 606). The guidance in this ASU supersedes the revenue recognition requirements in Topic 605, Revenue Recognition, and most industry-specific guidance throughout the industry topics of the FASB Accounting Standards Codification (ASC). The core principle of this ASU is that an entity should recognize revenue to depict the transfer of promised goods or services in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. To achieve that core principle, an entity should apply the following steps, (1) identify the contract(s), (2) identify the performance obligations in the contract, (3) determine the transaction price, (4) allocate the transaction price to the performance obligations in the contract, and (5) recognize revenue when (or as) the entity satisfies a performance obligation. In August 2015, ASU 2015-14 was issued to defer the effective dates of the revenue standard for one additional year. For nonpublic companies, ASU No. 2014-09, *Revenue from Contracts with Customers* is effective for annual reporting periods beginning after December 15, 2018 and therefore, the Society will be required to adopt and implement this ASU for the year ending December 31, 2019. Management has not yet assessed the effect of this ASU on their financial statements.

1. Description of Society and summary of significant accounting policies (continued):

New accounting pronouncements (continued):

In August 2016, FASB issued ASU No. 2016-14, Not-for-Profit Entities, (Topic 958) *Presentation of Financial Statements of Not-for-Profit Entities.* The objective of this ASU is to improve the current net asset classification requirements and information presented in financial statements and notes about a not-for-profit entities' liquidity, financial performance and cash flows. The ASU is effective for fiscal years beginning after December 15, 2017; therefore, the Society will be required to adopt and implement this ASU for the year ending December 31, 2018.

Subsequent events:

The Society has evaluated subsequent events through March 29, 2018, the date the financial statements were available to be issued.

2. Promises to give:

Unconditional promises to give at December 31, 2017 are comprised of the following:

Receivable in less than one year	$ 365,000
Receivable in one to five years	302,000
Total unconditional promises to give	667,000
Less present value adjustment	3,925
Net unconditional promises to give	$ 663,075

3. Line of credit:

The Society has a line of credit with a bank, secured by unrestricted endowment investments which provides for maximum borrowing of $1,000,000 through December 31, 2018. The credit agreement requires monthly payments of interest at prime (4.5% at December 31, 2017) or LIBOR (1.56% at December 31, 2017) plus 0.75%. There were no amounts outstanding on the line of credit at December 31, 2017. The agreement includes covenants which require, among other considerations, annual audited financial statements.

4. Fair value:

Financial and nonfinancial assets and liabilities are required to be remeasured on an annual basis. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (exit price) and establishes a fair value hierarchy based upon the inputs used to measure fair value. The three levels of the fair value hierarchy are as follows:

4. Fair value (continued):

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices in active markets that are accessible at the measurement date for identical unrestricted assets or liabilities (for example, exchange quoted prices).

Level 2 – Inputs to the valuation methodology are observable inputs, other than Level 1 prices, such as quoted prices for similar assets or liabilities in active markets, quoted prices in markets that are not sufficiently active to qualify as Level 1, other observable inputs, or inputs that can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 – Inputs to the valuation methodology are significant to the fair value measurement and unobservable (for example, supported by little or no market activity).

Financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The Society's assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the valuation of fair value assets and liabilities and their placement within the fair value hierarchy levels.

The Society's investments and beneficial interest trusts accounted for at fair value at December 31, 2017 are summarized below:

	Fair Value	Level 1	Level 2	Level 3
Cash and cash equivalents:				
Money market funds	$ 1,451,701	$ 1,451,701		
Available-for-sale debt securities:				
Treasury securities	15,136,644	15,136,644		
Corporate bonds	3,784,160	3,784,160		
	18,920,804	18,920,804		
Available-for-sale equity securities:				
Basic industry	6,902,100	6,902,100		
Capital goods	8,494,892	8,494,892		
Consumer cyclical	7,963,962	7,963,962		
Consumer staples	2,654,654	2,654,654		
Energy and utilities	6,371,169	6,371,169		
Financial	7,963,962	7,963,962		
Technology	12,742,338	12,742,338		
	53,093,077	53,093,077		
Beneficial interest trusts	17,585,308		$ 17,585,308	
Common collective trusts	561,155		561,155	
Common fund	232,047			$ 232,047
	18,378,510		18,146,463	232,047
	$ 91,844,092	$ 73,465,582	$ 18,146,463	$ 232,047

4. Fair value (continued):

The following is a description of the valuation methodologies used for assets measured at fair value at December 31, 2017. There have been no changes in the methodologies used at December 31, 2017.

The money market funds, available-for-sale debt securities, available-for-sale equity securities, and common collective trusts are valued at the quoted market prices in active markets of shares held by the Society at period end.

The beneficial interest trusts are valued at the fair value of the assets contributed to the trust, which is estimated to approximate the present value of expected future distributions from the trusts.

Common fund is valued at the net asset value of units reported to investors through Common fund website, investor statements, and audited financial statements.

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

The table below sets forth a summary of changes in fair value of the Society's Level 3 assets from October 1, 2016 through December 31, 2017:

	Common Fund
Fair value, beginning of period	$ 345,586
Losses realized and unrealized	(49,339)
Distributions	(64,200)
Fair value, end of period	$ 232,047

5. Endowments:

The Society's endowment includes both donor-restricted funds and funds designated by the Board of Trustees to function as endowments. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The management and Board of Trustees of the Society has interpreted the Unified Prudent Management of Institutional Funds Act (UPMIFA), as adopted by the State of Ohio, 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 net assets until those amounts are appropriated for expenditure by the Society in a manner consistent with the standard of prudence prescribed by UPMIFA.

5. Endowments (continued):

In accordance with UPMIFA, the Society considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Society, and (7) the Society's investment policies.

Investment return objectives, risk parameters, and strategies:

The Society has adopted investment and spending policies, approved by the Board of Trustees, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long term. Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk. Endowment assets are invested in a well diversified asset mix, which includes cash, equity and debt securities that is intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make an annual distribution of 5%, while growing the funds if possible. Therefore, the Society expects its endowment assets, over time, to produce an average rate of return of approximately 8% annually. Actual returns in any given year may vary from this amount. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

Spending policy:

The Society has a policy of appropriating for distribution each year 5% of its board designated and permanently restricted endowment fund's average fair value of the prior 36 months ending September 30th preceding the fiscal year in which the distribution is planned. In establishing this policy, the Society considered the long term expected return on its investment assets, the nature and duration of the individual endowment funds, many of which must be maintained in perpetuity because of donor-restrictions, and the possible effects of inflation. The Society expects the current spending policy to allow its endowment funds to grow at a nominal average rate of 3% annually. This is consistent with the Society's objective to maintain the purchasing power of the endowment assets as well as to provide additional real growth through new gifts and investment return. As a result of its spending policy the Society transferred $3,991,225 from October 1, 2016 through December 31, 2017.

Endowment net asset composition by the type of fund at December 31, 2017:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor restricted		$ 17,735,437	$ 32,637,835	$ 50,373,272
Board designated	$ 40,559,131			40,559,131
	$ 40,559,131	$ 17,735,437	$ 32,637,835	$ 90,932,403

5. Endowments (continued):

Changes in endowment net assets from October 1, 2016 through December 31, 2017 are as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of period	$ 36,440,072	$ 14,401,255	$ 30,795,544	$ 81,636,871
Investment return:				
Earnings beneficial trusts			1,847,897	1,847,897
Investment income	3,385,426	2,740,341		6,125,767
Net appreciation (realized and unrealized)	2,939,397	2,379,302	1,709,520	7,028,219
	42,764,895	19,520,898	34,352,961	96,638,754
Appropriation of beneficial trusts for expenditure			(1,847,897)	(1,847,897)
Appropriation of endowment assets for expenditure	(2,205,764)	(1,785,461)		(3,991,225)
Contributions			132,771	132,771
Endowment assets, end of period	$ 40,559,131	$ 17,735,437	$ 32,637,835	$ 90,932,403

6. Split interest agreements:

Charitable gift annuities and charitable remainder trusts:

The Society is the beneficiary of several charitable gift annuities and a charitable remainder trust that are managed by third-party trustees. The assets held in trust are recorded at fair value at the date of initial recognition. At December 31, 2017, total assets of $561,155 were held by the Society, which are included in investments on the statement of financial position.

Under the terms of the trust agreements, designated beneficiaries are to receive regular payments from the trust assets for the beneficiaries remaining life. Upon death of the beneficiaries, the assets are to be retained for the Society's use. At December 31, 2017, liabilities of $222,154 were recognized as obligations under annuity agreements. The liabilities represent the present value of the expected beneficiary payments calculated based on the estimated life of the beneficiary and a discount rate. The discount rates used to calculate the present value range from 2.7% to 9.8%.

6. Split interest agreements (continued):

Beneficial interest trusts:

The Society is the beneficiary of a number of perpetual trusts held by banks from which trust income is received annually for the Society's use. The assets are held by third-party trustees. Under the terms of the trusts, the Society has the irrevocable right to receive a certain percentage of the income earned on the trust assets in perpetuity. As of December 31, 2017, assets of $17,585,308 were held in trust funds, and are permanently restricted net assets. The assets are recorded at fair value, which is estimated to approximate the present value of expected future distributions from the trusts. The change in value of the perpetual trusts is recognized as revenue in the statement of activities and changes in net assets.

7. Defined contribution retirement plans:

The Society sponsors a defined contribution retirement plan under Internal Revenue Code 401(k) that covers essentially all employees. From October 1, 2016 through December 31, 2017, employers matching and nonelective contributions to the plan and corresponding expenses amounted to $224,271.

The Society sponsors a 403(b) retirement plan, which was frozen in 1997. Since the plan was frozen, no contributions were made since then.

8. Contingencies:

Grants, bequests, and endowments require the fulfillment of certain conditions as set forth in the instrument of grant. Failure to fulfill the conditions could result in the return of the funds to grantors. Management believes the Society has fulfilled the conditions set forth within all grant instruments.

9. Net assets classifications:

Temporarily restricted net assets have donor restrictions, and are available for the following uses at December 31, 2017:

Restricted according to split-interest agreements	$ 319,062
Time restricted	20,675
For use within the Society's various program services	786,540
Endowment	17,735,437
	$ 18,861,714

Permanently restricted net assets are restricted by donor stipulations that the assets be invested to provide a permanent source of income for the Society's various program services and general operations. Permanently restricted net assets totaled $32,637,835 as of December 31, 2017.