

The Social Science Research Council

Financial Statements

June 30, 2018 and 2017

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, 2018 and 2017, 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.

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, 2018 and 2017, 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

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental schedules on pages 19 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 audits 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.

PKF O'Connor Davies, LLP

November 30, 2018

The Social Science Research Council

Statements of Financial Position

	June 30	
	<u>2018</u>	<u>2017</u>
ASSETS		
Cash and cash equivalents	\$ 2,059,786	\$ 1,053,693
Grants and contracts receivable, net	12,037,877	8,779,448
Pledges receivable, net	1,908,594	6,442,123
Investments	37,850,324	35,120,053
Prepaid expenses and other assets	553,295	548,190
Property and equipment, net	<u>74,634</u>	<u>100,484</u>
	<u>\$ 54,484,510</u>	<u>\$ 52,043,991</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 1,015,829	\$ 851,162
Awards payable	<u>3,928,855</u>	<u>3,702,422</u>
Total Liabilities	<u>4,944,684</u>	<u>4,553,584</u>
Net Assets		
Unrestricted		
Undesignated	7,533,804	5,012,689
Board designated	<u>2,365,436</u>	<u>2,607,840</u>
Total Unrestricted	9,899,240	7,620,529
Temporarily restricted	19,851,898	20,969,681
Permanently restricted	<u>19,788,688</u>	<u>18,900,197</u>
Total Net Assets	<u>49,539,826</u>	<u>47,490,407</u>
	<u>\$ 54,484,510</u>	<u>\$ 52,043,991</u>

See notes to financial statements

The Social Science Research Council

Statements of Activities Year Ended June 30

	2018				2017			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
PUBLIC SUPPORT AND REVENUE								
Grants, contracts and contributions	\$ 1,687,883	\$ 18,027,251	\$ 888,491	\$ 20,603,625	\$ 919,342	\$ 13,591,535	\$ 5,694,021	\$ 20,204,898
Interest and dividends, net	202,136	290,879	-	493,015	148,397	175,935	-	324,332
Miscellaneous income	<u>197,389</u>	<u>-</u>	<u>-</u>	<u>197,389</u>	<u>19,855</u>	<u>-</u>	<u>-</u>	<u>19,855</u>
	2,087,408	18,318,130	888,491	21,294,029	1,087,594	13,767,470	5,694,021	20,549,085
Net assets released from restrictions								
for program services	<u>20,512,822</u>	<u>(20,512,822)</u>	<u>-</u>	<u>-</u>	<u>17,890,499</u>	<u>(17,890,499)</u>	<u>-</u>	<u>-</u>
Total Public Support and Revenue	<u>22,600,230</u>	<u>(2,194,692)</u>	<u>888,491</u>	<u>21,294,029</u>	<u>18,978,093</u>	<u>(4,123,029)</u>	<u>5,694,021</u>	<u>20,549,085</u>
EXPENSES								
Program Services								
Awards								
Predoctoral	2,237,254	-	-	2,237,254	2,371,873	-	-	2,371,873
Postdoctoral	1,442,495	-	-	1,442,495	1,355,870	-	-	1,355,870
Programs and projects	<u>13,288,038</u>	<u>-</u>	<u>-</u>	<u>13,288,038</u>	<u>12,715,144</u>	<u>-</u>	<u>-</u>	<u>12,715,144</u>
Total Program Services	<u>16,967,787</u>	<u>-</u>	<u>-</u>	<u>16,967,787</u>	<u>16,442,887</u>	<u>-</u>	<u>-</u>	<u>16,442,887</u>
Supporting Services								
General and administration	2,113,900	-	-	2,113,900	2,286,865	-	-	2,286,865
Fundraising	<u>1,988,193</u>	<u>-</u>	<u>-</u>	<u>1,988,193</u>	<u>769,658</u>	<u>-</u>	<u>-</u>	<u>769,658</u>
Total Supporting Services	<u>4,102,093</u>	<u>-</u>	<u>-</u>	<u>4,102,093</u>	<u>3,056,523</u>	<u>-</u>	<u>-</u>	<u>3,056,523</u>
Total Expenses	<u>21,069,880</u>	<u>-</u>	<u>-</u>	<u>21,069,880</u>	<u>19,499,410</u>	<u>-</u>	<u>-</u>	<u>19,499,410</u>
Change in Net Assets from Operations	1,530,350	(2,194,692)	888,491	224,149	(521,317)	(4,123,029)	5,694,021	1,049,675
OTHER CHANGES								
Net realized and unrealized gain on investments	<u>748,361</u>	<u>1,076,909</u>	<u>-</u>	<u>1,825,270</u>	<u>686,199</u>	<u>813,541</u>	<u>-</u>	<u>1,499,740</u>
Change in Net Assets	2,278,711	(1,117,783)	888,491	2,049,419	164,882	(3,309,488)	5,694,021	2,549,415
NET ASSETS								
Beginning of year	<u>7,620,529</u>	<u>20,969,681</u>	<u>18,900,197</u>	<u>47,490,407</u>	<u>7,455,647</u>	<u>24,279,169</u>	<u>13,206,176</u>	<u>44,940,992</u>
End of year	<u>\$ 9,899,240</u>	<u>\$ 19,851,898</u>	<u>\$ 19,788,688</u>	<u>\$ 49,539,826</u>	<u>\$ 7,620,529</u>	<u>\$ 20,969,681</u>	<u>\$ 18,900,197</u>	<u>\$ 47,490,407</u>

See notes to financial statements

The Social Science Research Council

Statement of Functional Expenses
Year Ended June 30, 2018

	Supporting Services			Total		
	Program Services	General and Administration	Fundraising	Total Supporting Services	2018	2017
PERSONNEL						
Salaries	\$ 4,336,587	\$ 826,843	\$ 882,980	\$ 1,709,823	\$ 6,046,410	\$ 5,488,929
Employee benefits and payroll taxes	<u>2,007,532</u>	<u>362,100</u>	<u>403,056</u>	<u>765,156</u>	<u>2,772,688</u>	<u>2,512,385</u>
Total Personnel Costs	6,344,119	1,188,943	1,286,036	2,474,979	8,819,098	8,001,314
OTHER THAN PERSONNEL COSTS						
Grants	4,927,896	-	-	-	4,927,896	4,454,429
Conferences, meetings and seminars	2,107,191	135,174	161,034	296,208	2,403,399	2,598,173
Professional fees	1,003,398	257,483	248,591	506,074	1,509,472	1,251,414
Rent, utilities and maintenance	961,997	202,231	101,116	303,347	1,265,344	1,250,459
Management information systems	134,372	116,160	124,368	240,528	374,900	287,748
Office expenses	292,390	120,247	9,700	129,947	422,337	300,927
Public relations	146,379	18,286	5,877	24,163	170,542	181,286
Staff travel	967,006	62,019	30,478	92,497	1,059,503	1,032,158
Other administrative expense	48,381	6,061	17,345	23,406	71,787	85,620
Depreciation and amortization	<u>34,658</u>	<u>7,296</u>	<u>3,648</u>	<u>10,944</u>	<u>45,602</u>	<u>55,882</u>
Total Expenses	<u>\$ 16,967,787</u>	<u>\$ 2,113,900</u>	<u>\$ 1,988,193</u>	<u>\$ 4,102,093</u>	<u>\$ 21,069,880</u>	<u>\$ 19,499,410</u>

See notes to financial statements

The Social Science Research Council

Statement of Functional Expenses Year Ended June 30, 2017

	Supporting Services			Total Supporting Services	Total
	Program Services	General and Administration	Fundraising		
PERSONNEL					
Salaries	\$ 4,203,417	\$ 925,142	\$ 360,370	\$ 1,285,512	\$ 5,488,929
Employee benefits and payroll taxes	<u>1,923,988</u>	<u>423,457</u>	<u>164,940</u>	<u>588,397</u>	<u>2,512,385</u>
Total Personnel Costs	6,127,405	1,348,599	525,310	1,873,909	8,001,314
OTHER THAN PERSONNEL COSTS					
Grants	4,444,429	10,000	-	10,000	4,454,429
Conferences, meetings and seminars	2,480,359	81,150	36,664	117,814	2,598,173
Professional fees	900,768	286,346	64,300	350,646	1,251,414
Rent, utilities and maintenance	957,600	210,761	82,098	292,859	1,250,459
Management information systems	171,087	110,619	6,042	116,661	287,748
Office expenses	195,567	102,795	2,565	105,360	300,927
Public relations	121,591	11,099	48,596	59,695	181,286
Staff travel	969,312	62,432	414	62,846	1,032,158
Other administrative expense	31,975	53,645	-	53,645	85,620
Depreciation and amortization	<u>42,794</u>	<u>9,419</u>	<u>3,669</u>	<u>13,088</u>	<u>55,882</u>
Total Expenses	<u>\$ 16,442,887</u>	<u>\$ 2,286,865</u>	<u>\$ 769,658</u>	<u>\$ 3,056,523</u>	<u>\$ 19,499,410</u>

See notes to financial statements

The Social Science Research Council

Statements of Cash Flows

	Year Ended June 30	
	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 2,049,419	\$ 2,549,415
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation and amortization	45,602	55,882
Net realized and unrealized gain on investments	(1,825,270)	(1,499,740)
Contributions restricted for permanent endowment	(888,491)	(5,694,021)
Change in operating assets and liabilities		
Grants and contracts receivable	(3,258,429)	(274,667)
Pledges receivable	4,533,529	2,964,053
Prepaid expenses and other assets	(5,105)	(230,102)
Accounts payable and accrued expenses	164,667	122,673
Awards payable	226,433	(600,063)
Net Cash from Operating Activities	1,042,355	(2,606,570)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(19,752)	(13,728)
Purchase of investments	(18,381,508)	(24,732,497)
Proceeds from sale of investments	17,476,507	18,800,204
Net Cash from Investing Activities	(924,753)	(5,946,021)
CASH FLOWS FROM FINANCING ACTIVITIES		
Contributions restricted for permanent endowment	888,491	5,694,021
Net Change in Cash and Cash Equivalents	1,006,093	(2,858,570)
CASH AND CASH EQUIVALENTS		
Beginning of year	1,053,693	3,912,263
End of year	\$ 2,059,786	\$ 1,053,693

See notes to financial statements

The Social Science Research Council

Notes to Financial Statements
June 30, 2018 and 2017

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 Council 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 academic community 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 the Council’s 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

The Social Science Research Council

Notes to Financial Statements
June 30, 2018 and 2017

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 statements 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.

The Social Science Research Council

Notes to Financial Statements
June 30, 2018 and 2017

2. Summary of Significant Accounting Policies (*continued*)

Net Assets (continued)

Permanently Restricted - net assets represent those resources that have been designated by the donor to be held in perpetuity, the income from which is available for unrestricted or donor restricted purposes.

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 (losses) 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 Measurements

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.

Pursuant to U.S. GAAP guidance, alternative investments, where the fair value is measured using Net Asset Value ("NAV"), are not categorized within the fair value hierarchy.

Investments Valuation and Investment Income Recognition

The Council's investments in equity securities with readily determinable fair values and all investments in debt are reported at their fair values. Money-markets are valued at cost plus accrued interest. 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.

The Social Science Research Council

Notes to Financial Statements
June 30, 2018 and 2017

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 and amortization. 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, inclusive of expected renewal periods.

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, 2018 and 2017, the accrued vacation obligation was \$338,196 and \$293,734 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.

The Social Science Research Council

Notes to Financial Statements
June 30, 2018 and 2017

2. Summary of Significant Accounting Policies (*continued*)

Allowance for Accounts Doubtful for Collection

The Council determines whether an allowance for uncollectible balances should be provided for grants and contracts and pledges receivable. Such estimates are based on management's assessment of the aged basis of its grants and contracts and pledges, current economic conditions, subsequent receipts and historical information. Grants and contracts and pledges receivable are written off against the allowance for doubtful accounts when all reasonable collection efforts have been exhausted. No allowances were deemed necessary by management at June 30, 2018 and 2017.

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.

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, 2015.

Reclassifications

Certain amounts in the prior year financial statements have been reclassified in order to be comparable with the current year presentation. In fiscal year 2018, the Council reviewed certain historical donor documentation and, in response, reclassified \$3,300,000 of unrestricted net assets of which \$500,000 was reclassified to temporarily restricted net assets and \$2,800,000 to permanently restricted net assets as of July 1, 2016. Total net assets and change in net assets remain unchanged due to reclassifications.

Subsequent Events Evaluation by Management

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through November 30, 2018 which is the date that the financial statements were available to be issued.

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Notes to Financial Statements
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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:

	2018	
	Investments Valued Using NAV(*)	Total
	Pooled investment funds	<u>\$ 27,731,426</u>
Cash equivalents and money markets		<u>10,118,898</u>
		<u>\$ 37,850,324</u>
	2017	
	Investments Valued Using NAV(*)	Total
Pooled investment funds	<u>\$ 21,609,144</u>	\$ 21,609,144
Cash equivalents and money markets		<u>13,510,909</u>
		<u>\$ 35,120,053</u>

(*) As discussed in Note 2, investments that are measured using the practical expedient are not classified within the fair value hierarchy.

Information regarding investments measured at fair value using the practical expedient at June 30, 2018 is as follows:

	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Pooled investment funds	<u>\$27,731,426</u>	<u>\$ -</u>	Monthly	5 days

Pooled investment funds consist of fund of funds. The fund of funds seeks to diversify its portfolio by allocating assets to common stocks and securities convertible into common stocks of US and foreign companies in both developed and emerging markets. The investments in the fund of funds can be redeemed monthly. The investment objective of the fund is to achieve returns through investing in certain funds affiliated with Commonfund Asset Management Company, Inc. (the "Investment Manager").

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Notes to Financial Statements
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3. Investments *(continued)*

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

	2018	2017
Interest and dividends	\$ 566,763	\$ 361,910
Investment management fees	(73,748)	(37,578)
Interest and Dividends, net	493,015	324,332
Net realized gains	204,782	678,350
Net unrealized gains	1,620,488	821,390
Net Realized and Unrealized Gains	1,825,270	1,499,740
Total Investment Return	\$ 2,318,285	\$ 1,824,072

4. Receivables

Grants and Contracts Receivable

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

	2018	2017
Less than one year	\$ 9,274,540	\$ 5,910,162
One to five years	2,920,660	2,942,796
	12,195,200	8,852,958
Discount to present value	(157,323)	(73,510)
Grants and Contracts Receivable	\$ 12,037,877	\$ 8,779,448

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 4.73% and 1.89% for 2018 and 2017.

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Notes to Financial Statements
June 30, 2018 and 2017

4. Receivables (continued)

Pledges Receivables

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

	2018	2017
Less than one year	\$ 935,000	\$ 4,683,333
One to five years	1,030,000	1,875,000
	1,965,000	6,558,333
 Discount to present value	 (56,406)	 (116,210)
 Pledges Receivable	 \$ 1,908,594	 \$ 6,442,123

The pledges due after one year were discounted using a rate of 4.73% and 4.00% for 2018 and 2017.

For the years ended June 30, 2018 and 2017, approximately 31% and 54% of the pledges receivable are from one donor.

5. Property and Equipment

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

	2018	2017
Furniture and equipment	\$ 943,685	\$ 933,386
Leasehold improvements	362,865	353,412
	1,306,550	1,286,798
Accumulated depreciation and amortization	(1,231,916)	(1,186,314)
 Property and Equipment, net	 \$ 74,634	 \$ 100,484

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Notes to Financial Statements
June 30, 2018 and 2017

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 years ended June 30 are as follows:

	2018	2017
Balance, beginning of year	\$ 2,607,840	\$ 2,107,771
Contributions	1,454,959	1,300,000
Appropriation for expenditures	(1,697,363)	(799,931)
Balance, End of Year	\$ 2,365,436	\$ 2,607,840

7. Net Assets

Temporarily Restricted Net Assets

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

	2018	2017
Predocctoral awards	\$ 5,334,484	\$ 5,793,396
Postdoctoral awards	5,642,183	4,143,637
Programs, projects and indirect costs	8,875,231	11,032,648
	\$ 19,851,898	\$ 20,969,681

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:

	2018	2017
Predocctoral awards	\$ 1,442,495	\$ 1,355,870
Postdoctoral awards	2,237,254	2,371,873
Programs, projects and indirect costs	16,833,073	14,162,756
	\$ 20,512,822	\$ 17,890,499

Permanently Restricted Net Assets

Permanently restricted net assets for the years ended June 30, 2018 and 2017 consist of donor restricted contributions to be held in perpetuity, the income from which is expendable to support research studies.

The Social Science Research Council

Notes to Financial Statements
June 30, 2018 and 2017

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.

Return Objectives, Strategies Employed and Spending Policy

The objective of the Council's endowment is to maintain the principal endowment funds at the original amount designated by the donor. The investment policy objective is to grow the asset value over the long run and earn, through a combination of investment income and capital appreciation. Interest earned in relation to the endowment funds is reported as temporarily restricted income. Temporarily restricted funds are reduced by the spending allocation reported as transferred to the current operating budget.

The primary objective of the Council's investment policy is to (1) protect the principal funds (2) maintain a diversified portfolio of assets in order to meet investment return objectives while keeping the level of risk commensurate with that of the median fund in a representative foundation and endowment universe and (3) complying with applicable law.

The spending policy for the Council's portfolio established by the Investment Committee permits 4.5% based upon a three-year rolling average value of the portfolio to be withdrawn from the accounts, with the understanding that this spending rate plus inflation will not normally exceed total return from investment.

The Social Science Research Council

Notes to Financial Statements
June 30, 2018 and 2017

8 Endowment Funds *(continued)*

Return Objectives, Strategies Employed and Spending Policy (continued)

The composition of the Council's endowment by net asset class and reconciliation of the beginning and ending balances at June 30 are as follows:

	Temporarily Restricted	Permanently Restricted	Total
Balance at July 1, 2016	\$ 500,000	\$13,206,176	\$13,706,176
Contributions	-	5,694,021	5,694,021
Net appreciation in fair value of investments	813,541	-	813,541
Interest and dividends	175,935	-	175,935
Appropriation for expenditures	(876,687)	-	(876,687)
Balance at June 30, 2017	612,789	18,900,197	19,512,986
Contributions	-	888,491	888,491
Net appreciation in fair value of investments	1,076,909	-	1,076,909
Interest and dividends	290,879	-	290,879
Appropriation for expenditures	(1,343,980)	-	(1,343,980)
Balance at June 30, 2018	\$ 636,597	\$19,788,688	\$20,425,285

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, 2018 and 2017 were \$614,665 and \$526,607.

The Social Science Research Council

Notes to Financial Statements
June 30, 2018 and 2017

10. Commitments and Contingency

Leases

The Council leases various office space and equipment under operating lease agreements expiring through October 2028. For the years ended June 30, 2018 and 2017, total rent expense were \$1,157,581 and \$1,145,660.

Minimum annual future rental payments under the terms of the leases for the years subsequent to June 30, 2018 are as follows:

2019	\$ 1,293,948
2020	1,293,948
2021	1,293,948
2022	1,293,948
2023	1,293,948
Thereafter	<u>6,469,740</u>
	<u>\$ 12,939,480</u>

Government Grants

Federal government grants are subject to audit by the applicable governmental granting agencies. At June 30, 2018 and 2017, 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, 2018 and 2017, approximately 47% and 46% 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, investments 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. Investments are managed by professional investment management firms, are monitored by the Board and are reviewed by the Investment Committee of the Council. Concentrations of credit risk with respect to receivables are limited due to the fact that receivables are due from a number of donors.

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The Social Science Research Council

Supplemental Information

June 30, 2018

The Social Science Research Council

Schedule of Temporarily Restricted Grants, Contracts and Contributions Received Year Ended June 30, 2018

	Amount
Alfred P. Sloan Foundation Sloan Scholars Mentoring Network	\$ 125,000
American Council of Learned Societies (ACLS) Mellon/ACLS Public Fellows Program	135,000
Andrew W. Mellon Foundation International Dissertation Research Fellowship (IDRF) Mellon Mays Graduate Initiatives Program Transregional Research Fellowships Program	4,600,000 2,511,000 500,000
Carnegie Corporation of New York African Peacebuilding Network	2,460,000
Chiang Ching-kuo Foundation for International Scholarly Exchange InterAsian Connections VI: Hanoi	25,000
Christopher Reynolds Foundation Martin Luther King Jr. Memorial Center Support for Cuban Scholars at LASA	23,000 10,000
Democracy Fund Anxieties of Democracy and Digital Culture	75,000
Facebook, Inc. Facebook PAC Awards Program	23,000
Ford Foundation China-Africa Peace Fellowship Support for Academic Collaboration with Cuba	429,000 250,000
Henry Luce Foundation Global Scholars Initiative and AAS-SSRC Dissertation Workshop Series	660,000
Global Jewish Advocacy Conflict Prevention & Peace Forum	25,000
Carried forward	\$ 11,851,000

See independent auditors' report

The Social Science Research Council

Schedule of Temporarily Restricted Grants, Contracts and Contributions Received
Year Ended June 30, 2018

	<u>Amount</u>
Brought forward	\$ 11,851,000
Institute for Foreign Cultural Relations Conflict Prevention & Peace Forum	104,808
Institute of International Education (IIE) Support for Cuba Grantees Meeting Support Participation at the 2nd New Developmentalism's Workshop	45,000 1,800
Japan Foundation Center for Global Partnership Abe Fellows Global Forum Abe Fellowship Program 2018-2019	78,645 1,346,368
Latino Community Foundation Measure of America	40,000
Leona M. and Harry B. Helmsley Charitable Trust NYC Data To Go- Additional Funds	150,000
London School of Economics Conflict Research Programme CPAID: The Centre For Public Authority and International Development	2,173,035 85,484
Mastercard Center for Inclusive Growth What's Fair in Finance	100,000
Michigan State University (Mellon Foundation Subcontract) Humane Metrics in the Humanities and Social Sciences	42,053
Ministry of Foreign Affairs, Sweden Conflict Prevention & Peace Forum	344,659
Ministry of Foreign Affairs, The Netherlands Conflict Prevention & Peace Forum	140,000
New York Community Trust (Mark Family Fund) Rachel Tanur Memorial	11,000
Open Society Foundations (OSF) Drugs, Security and Democracy Program Proliferation of Drug Courts in Latin America & the Caribbean	20,000 <u>79,000</u>
Carried forward	\$ 16,612,852

See independent auditors' report

The Social Science Research Council

Schedule of Temporarily Restricted Grants, Contracts and Contributions Received
Year Ended June 30, 2018

	Amount
Brought forward	\$ 16,612,852
San Diego Workforce Partnership, Inc. Measure of America	13,356
Santa Barbara Cottage Hospital Measure of America	40,000
Sasakawa Peace Foundation New Voices from Japan	89,000
New Voices from Japan: Capacity Strengthening for Young Researchers	15,000
Swiss Federal Department of Foreign Affairs CPPF MENA Forum 2017	55,000
Prevention Research Project	99,961
The Academy of Korean Studies SSRC Korean Studies Workshops - Dissertation and Junior Faculty Development	55,000
United Nations Project Link- Fall 2017 Meeting	79,259
United Way of Greater Los Angeles Measure of America	15,000
United Way Worldwide Measure of America	6,000
University of Hong Kong InterAsian Connections VI: Hanoi	24,972
William and Flora Hewlett Foundation Anxieties of Democracy Program Reception	10,000
Social Media and Democracy Research Initiative (Planning Grant)	1,000,000
Total Temporarily Restricted Grants, Contracts and Contributions	18,115,400
June 30, 2018 change in present value and adjustments	(88,149)
Net Temporarily Restricted Grants, Contracts and Contributions	\$ 18,027,251

See independent auditors' report