THE NEW YORK SOCIETY FOR THE PREVENTION OF CRUELTY TO CHILDREN

Financial Statements
for the years ended
December 31, 2023
and
December 31, 2022

Condon O'Meara McGinty & Donnelly LLP

Certified Public Accountants

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Independent Auditor's Report

The Board of Directors
The New York Society for the Prevention of Cruelty to Children

Opinion

We have audited the accompanying financial statements of The New York Society for the Prevention of Cruelty to Children (the "Society"), which comprise the statement of financial position as of December 31, 2023 and December 31, 2022, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Society as of December 31, 2023 and December 31, 2022 and the results of its activities and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Society and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Society's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Society's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Condon O'Meara McGinty & Donnelly LLP

July 29, 2024

THE NEW YORK SOCIETY FOR THE PREVENTION OF CRUELTY TO CHILDREN

Statement of Financial Position

Assets

	December 31	
	2023	2022
Assets		
Cash and cash equivalents	$ 332,814	$ 865,136
Investments, at fair value	32,261,188	33,092,145
Accrued investment income	7,067	20,453
Contributions receivable	263,177	255,747
Government contracts receivable	120,632	19,108
Other receivables	5,000	17,913
Prepaid expenses	50,336	41,553
Beneficial interest in charitable trusts	2,456,055	2,313,954
Property and equipment, net	785,757	965,392
Right-of-use asset – operating lease, net	4,873,969	5,515,128
Historical archives	251,706	251,706
Total assets	**$ 41,407,701**	**$ 43,358,235**

Liabilities and Net Assets

	2023	2022
Liabilities		
Accounts payable and accrued expenses	$ 344,526	$ 239,100
Accrued pension benefits	544,968	494,474
Operating lease liability, net	5,189,945	5,786,940
Total liabilities	6,079,439	6,520,514
Net assets		
Without donor restrictions	31,298,430	32,750,119
With donor restrictions		
Purpose restrictions	90,129	290,000
Endowment	1,483,648	1,483,648
Beneficial interest in charitable trusts	2,456,055	2,313,954
Total net assets with donor restrictions	4,029,832	4,087,602
Total net assets	35,328,262	36,837,721
Total liabilities and net assets	**$ 41,407,701**	**$ 43,358,235**

See notes to financial statements.

THE NEW YORK SOCIETY FOR THE PREVENTION OF CRUELTY TO CHILDREN

Statement of Activities

	Year Ended December 31					
	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue						
Investment return, net - operating	$ 2,391,554	$ -	$ 2,391,554	$ 2,073,958	$ -	$ 2,073,958
Charitable trust income						
Summerfield Foundation	12,479	-	12,479	16,251	-	16,251
Paine Foundation	76,885	-	76,885	114,444	-	114,444
Contributions	203,000	668,500	871,500	367,129	492,000	859,129
Government contracts and grant	211,254	-	211,254	105,543	-	105,543
Special events, net of direct benefits to donors of $194,311 in 2023 and $174,284 in 2022	691,202	-	691,202	1,198,630	-	1,198,630
Training Institute	256,360	-	256,360	323,245	-	323,245
Other	100	-	100	2,033	-	2,033
Net assets released from restrictions	868,371	(868,371)	-	439,000	(439,000)	-
Total support and revenue	4,711,205	(199,871)	4,511,334	4,640,233	53,000	4,693,233
Expenses						
Program services	4,766,515	-	4,766,515	3,871,036	-	3,871,036
Administrative and general	449,469	-	449,469	439,109	-	439,109
Fund-raising	897,460	-	897,460	797,666	-	797,666
Total expenses	6,113,444	-	6,113,444	5,107,811	-	5,107,811
Increase (decrease) in net assets before other items	(1,402,239)	(199,871)	(1,602,110)	(467,578)	53,000	(414,578)
Other items						
Investment return, net - non-operating	1,455	142,101	143,556	(7,196,685)	(594,886)	(7,791,571)
Adjustment to accrued pension benefits, excluding service cost	(50,905)	-	(50,905)	956,662	-	956,662
(Decrease) in net assets	**(1,451,689)**	**(57,770)**	**(1,509,459)**	**(6,707,601)**	**(541,886)**	**(7,249,487)**
Net assets - beginning of year	**32,750,119**	**4,087,602**	**36,837,721**	**39,457,720**	**4,629,488**	**44,087,208**
Net assets - end of year	**$ 31,298,430**	**$ 4,029,832**	**$ 35,328,262**	**$ 32,750,119**	**$ 4,087,602**	**$ 36,837,721**

See notes to financial statements.

THE NEW YORK SOCIETY FOR
THE PREVENTION OF CRUELTY TO CHILDREN

Statement of Functional Expenses
Year Ended December 31, 2023
(with Summarized Comparative Information for the Year Ended December 31, 2022)

	2023									2022
	Program Services						Supporting Activities			
	Trauma Recovery	Training Institute/ Advocacy	Supervised Visitation	Research and Evaluation	Archives	Total	Administrative and General	Fund-Raising	Total	Total
Salaries and wages	$ 587,355	$ 690,258	$ 613,602	$ 351,844	$ 185,998	$2,429,057	$ 232,545	$ 420,139	$3,081,741	$2,698,318
Payroll taxes and employee benefits	154,006	180,987	160,888	92,254	48,769	636,904	60,974	110,161	808,039	686,609
Professional services	109,090	129,156	163,717	94,492	32,788	529,243	40,994	74,063	644,300	309,154
Insurance	7,652	8,992	7,994	4,584	2,422	31,644	3,029	5,474	40,147	29,407
Casework	3,996	-	3,996	4,117	-	12,109	-	-	12,109	10,312
Office and telephone	9,370	11,011	9,788	5,613	2,967	38,749	3,710	6,702	49,161	49,545
Publications	3,391	3,985	3,543	2,031	1,074	14,024	1,343	2,425	17,792	14,211
Repairs and maintenance	15,065	17,705	15,738	9,025	4,771	62,304	5,965	10,776	79,045	75,709
Rent	133,136	156,461	139,085	79,752	42,160	550,594	52,711	95,234	698,539	700,434
Special events	-	-	-	-	-	-	-	292,264	292,264	234,098
Other	71,601	104,167	67,563	38,377	27,384	309,092	33,571	48,105	390,768	280,748
Depreciation and amortization	36,946	43,419	38,597	22,132	11,701	152,795	14,627	26,428	193,850	192,455
Interest	-	-	-	-	-	-	-	-	-	1,095
Total	1,131,608	1,346,141	1,224,511	704,221	360,034	4,766,515	449,469	1,091,771	6,307,755	5,282,095
Less: costs of direct benefits to donors	-	-	-	-	-	-	-	194,311	194,311	174,284
Total expenses per statement of activities	$1,131,608	$1,346,141	$1,224,511	$ 704,221	$ 360,034	$4,766,515	$ 449,469	$ 897,460	$6,113,444	$5,107,811

See notes to financial statements.

THE NEW YORK SOCIETY FOR
THE PREVENTION OF CRUELTY TO CHILDREN
Statement of Functional Expenses
Year Ended December 31, 2022

	Program Services						Supporting Activities		
	Trauma Recovery	Training Institute/ Advocacy	Supervised Visitation	Research and Evaluation	Archives	Total	Administrative and General	Fund-Raising	Total
Salaries and wages	$ 447,827	$ 677,006	$ 500,926	$ 327,691	$ 105,839	$2,059,289	$ 237,432	$ 401,597	$2,698,318
Payroll taxes and employee benefits	113,953	172,269	127,465	83,384	26,932	524,003	60,417	102,189	686,609
Professional services	51,833	68,384	50,598	63,100	10,691	244,606	23,983	40,565	309,154
Insurance	4,881	7,378	5,460	3,571	1,153	22,443	2,588	4,376	29,407
Casework	2,578	-	2,578	2,578	-	7,734	2,578	-	10,312
Office and telephone	8,223	12,431	9,197	6,017	1,943	37,811	4,360	7,374	49,545
Publications	2,359	3,566	2,638	1,726	557	10,846	1,250	2,115	14,211
Repairs and maintenance	12,565	18,995	14,055	9,194	2,970	57,779	6,662	11,268	75,709
Rent	116,248	175,738	130,031	85,063	27,474	534,554	61,633	104,247	700,434
Special events	-	-	-	-	-	-	-	234,098	234,098
Other	47,148	86,171	43,318	29,111	18,510	224,258	21,175	35,315	280,748
Depreciation and amortization	31,941	48,287	35,728	23,372	7,549	146,877	16,935	28,643	192,455
Interest	182	275	203	133	43	836	96	163	1,095
Total	839,738	1,270,500	922,197	634,940	203,661	3,871,036	439,109	971,950	5,282,095
Less: costs of direct benefits to donors	-	-	-	-	-	-	-	174,284	174,284
Total expenses per statement of activities	**$ 839,738**	**$1,270,500**	**$ 922,197**	**$ 634,940**	**$ 203,661**	**$3,871,036**	**$ 439,109**	**$ 797,666**	**$5,107,811**

See notes to financial statements.

THE NEW YORK SOCIETY FOR THE PREVENTION OF CRUELTY TO CHILDREN

Statement of Cash Flows

	Year Ended December 31	
	2023	**2022**
Cash flows from operating activities		
(Decrease) in net assets	$ (1,509,459)	$ (7,249,487)
Adjustments to reconcile (decrease) in net assets to net cash (used in) operating activities		
Depreciation and amortization	193,850	192,455
Realized and unrealized (gain) loss on investments	(1,658,749)	5,807,938
Alternative investment (earnings)	(180,310)	(334,142)
Change in value of beneficial interest in charitable trusts	(142,101)	594,886
Change in right-of-use asset – operating leases	641,159	647,207
(Increase) decrease in assets		
Accrued investment income	13,386	(17,565)
Contributions receivable	(7,430)	73,381
Government contracts receivable	(101,524)	5,097
Other receivables	12,913	31,237
Prepaid expenses	(8,783)	58,276
Increase (decrease) in liabilities		
Accounts payable and accrued expenses	105,426	11,042
Accrued pension benefits, net	50,494	(1,002,144)
Operating lease liability	(596,995)	(592,040)
Net cash (used in) operating activities	(3,188,123)	(1,773,859)
Cash flows from investing activities		
Proceeds from sale of investments	10,479,071	16,018,109
Purchases of investments	(7,780,609)	(16,530,615)
Alternative investment distributions (contributions), net	(28,446)	2,947,286
Purchases of property and equipment	(14,215)	(64,180)
Net cash provided by investing activities	2,655,801	2,370,600
Cash flows from financing activities		
Payments on margin loan	-	(850,000)
Net (decrease) in cash and cash equivalents	**(532,322)**	**(253,259)**
Cash and cash equivalents, beginning of year	**865,136**	**1,118,395**
Cash and cash equivalents, end of year	**$ 332,814**	**$ 865,136**

See notes to financial statements.

THE NEW YORK SOCIETY FOR THE PREVENTION OF CRUELTY TO CHILDREN

Notes to Financial Statements
December 31, 2023 and December 31, 2022

Note 1 – Nature of operations

The New York Society for the Prevention of Cruelty to Children (the "Society") protects children at risk of abuse and neglect by providing direct services to children and their families. As the world's first child protection agency, the Society's mission is to respond to the complex needs of abused and neglected children, and those involved in their care, by providing best practice counseling, legal and educational services. Through research, communications and training initiatives, the Society works to expand these programs to prevent abuse and help more children heal. The Society's programs are composed of the following:

Trauma Recovery

The Trauma Recovery Program focuses on the mental health care needs of New York City's most vulnerable children by providing counseling to children who have endured the trauma of child abuse or neglect. They are referred by the New York City Administration for Children's Services ("ACS") child protective, preventive and foster care systems and the Society's supervised visitation program. Through its Crisis Debriefing Program, the Society provides services to ACS and other child welfare agencies to help staff during times of stress, grief and loss.

Training Institute/Advocacy

The Society's Training Institute provides training to child-welfare professionals on its best-practice program models, such as therapeutic supervised visitation, trauma recovery and managing secondary traumatic stress. It also provides training to professionals in their legal obligation to identify and report child abuse and neglect in both live lecture and on-line formats. The Training Institute provides sexual abuse prevention to children in school-based and community settings for grades K through 12, and to parents in sexual abuse prevention and numerous other topics relating to child safety. The Training Institute provides New York State Education Department-approved Continuing Education for Social Workers.

The Society engages in advocacy efforts to improve legal, governmental and social systems so that children will be better protected from abuse and neglect. This includes actively supporting legislative changes, working with other child welfare organizations on shared advocacy goals, and submitting or signing amicus curiae briefs in litigation regarding the safety and well-being of children.

THE NEW YORK SOCIETY FOR THE PREVENTION OF CRUELTY TO CHILDREN

Notes to Financial Statements (continued) December 31, 2023 and December 31, 2022

Note 1 – Nature of operations (continued)

Supervised Visitation

The Supervised Visitation Program provides court-ordered and foster care-agency referred therapeutic supervised visitation services to families who need the guidance of a skilled clinician due to issues of child abuse or neglect, domestic violence, substance abuse and mental illness. The Society provides supervised visitation in a safe and supportive setting enabling non-custodial parents, as well as parents whose children are in foster care due to abuse or neglect, to visit with their children.

Research and Evaluation

The Research and Evaluation Department is dedicated to building the evidence base for effective approaches to preventing and treating child abuse and neglect. Research is focused on the integration and examination of evidence-based treatment methods into real-world settings, including within schools, community and government agencies. The Society also conducts ongoing evaluations of all programs to ensure consistency, program quality and client satisfaction. Program-specific evaluation plans are designed using a multi-dimensional, mixed-methods approach. Evaluation data is examined at regular intervals to allow for continuous monitoring of services and client progress. Findings are used to inform best practice for the Society's programs within the agency, as well as across the broader child welfare field.

Archives

The Society holds the archives documenting the early history of the child protective movement in the United States. The Society responds to requests from individuals who are attempting to trace their family history and also assists authors, students and filmmakers with historical information for documentaries, books, articles and dissertations. The historical archives are recorded on the statement of financial position at cost and are not depreciated.

Note 2 – Summary of significant accounting policies

Basis of presentation

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

Without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Society. These net assets may be used at the discretion of the Society's management and the Board of Directors.

THE NEW YORK SOCIETY FOR THE PREVENTION OF CRUELTY TO CHILDREN

Notes to Financial Statements (continued)
December 31, 2023 and December 31, 2022

Note 2 – Summary of significant accounting policies (continued)

Basis of presentation (continued)

With donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Society or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Contributions

The Society recognizes contributions when cash, securities or other assets, or unconditional promises to give are received. Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return – are not recognized until the conditions on which they depend have been met.

Grants and contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Donor restricted grants and contributions are reported as an increases in net assets with donor restrictions, depending on the nature of restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Revenue recognition

The Society receives funding under contracts on a cost reimbursement basis. Revenue from contracts is recognized only when funds are utilized by the Society to carry out the activity stipulated in the contract agreement. Government contracts receivable represent amounts due from funding organizations for reimbursable expenses incurred. Cash received under contracts in advance of incurring the related expenses, if any, is reported as deferred revenue.

Special event revenue is recognized when earned, which is at the time the event occurs.

Cash equivalents

The Society considers all highly liquid investments with original maturities of 90 days or less to be cash equivalents. For the purposes of the statement of cash flows, cash and cash equivalents consist of cash held in checking and money market accounts, excluding amounts included in investments.

Contributions and government contracts receivable

Contributions, and government contracts receivable at December 31st are expected to be collected in the subsequent year.

THE NEW YORK SOCIETY FOR THE PREVENTION OF CRUELTY TO CHILDREN

Notes to Financial Statements (continued)
December 31, 2023 and December 31, 2022

Note 2 – Summary of significant accounting policies (continued)

Allowance for doubtful accounts

As of December 31, 2023 and December 31, 2022, the Society's management has determined that there are no potentially uncollectible receivables and thus, an allowance for doubtful accounts is not necessary. Such estimate is based on management's experience, the aging of receivables, subsequent receipts and current economic conditions.

Property and equipment

All acquisitions of property and equipment in excess of $1,000 are capitalized. Equipment, furniture and leasehold improvements are stated at cost or fair value at date of gift, net of accumulated depreciation. Management reviews furniture and equipment for impairment. Furniture and equipment are written off to operations when considered impaired.

Investments

Investments are stated at fair value, as described more fully in Note 6. Interest, dividends and realized and unrealized gains and losses are reported as increases or decreases in net assets with or without donor restrictions, as appropriate.

Leases

Effective January 1, 2022, the Society adopted FASB ASC 842, *Leases*. The standard established a right of use ("ROU") model that requires a lessee to record an ROU asset, which represents the right to use a respective asset for the lease term, and a lease liability on the statement of financial position at the present value of the remaining future payments due under the lease. The Society has elected to use its marginal loan borrowing rate to discount its lease obligations to its net present value.

Contributed non-financial assets

A substantial number of volunteers have donated significant amounts of time and services to the Society's program operations and in its fundraising campaigns. However, such contributed services do not meet the criteria for recognition and, accordingly, are not reflected in the accompanying financial statements.

THE NEW YORK SOCIETY FOR THE PREVENTION OF CRUELTY TO CHILDREN

Notes to Financial Statements (continued)
December 31, 2023 and December 31, 2022

Note 2 – Summary of significant accounting policies (continued)

Functional allocation of expenses

The costs of providing programs and other activities have been summarized on a functional basis. Accordingly, certain costs have been allocated among program services and supporting activities benefited. Expenses attributable to more than one functional category are allocated based on employees' time and effort.

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. Actual results could differ from those estimates.

Concentrations of credit risk

Financial instruments that potentially subject the Society to concentrations of credit risk consist principally of cash, cash equivalents, investments and receivables. The Society maintains its cash and cash equivalents in various bank deposit accounts that may exceed federally insured limits at times. The Society has not experienced any losses in these accounts to date. Due to the level of risk associated with investments, it is reasonably possible that changes in these risks could materially affect the fair value of the investments reported in the statement of financial position at December 31, 2023. To minimize risk, the Society's cash accounts are placed in high-credit quality financial institutions, while the Society's investment portfolio is diversified with several investment managers in a variety of asset classes. The Society regularly evaluates its depository arrangements and investments, including performance thereof. As a result, concentrations of credit risk are deemed to be limited.

Subsequent events

The Society has evaluated events and transactions for potential recognition or disclosure through July 29, 2024, which is the date the financial statements were available to be issued.

THE NEW YORK SOCIETY FOR
THE PREVENTION OF CRUELTY TO CHILDREN

Notes to Financial Statements (continued)
December 31, 2023 and December 31, 2022

Note 3 – Liquidity and availability of financial assets

The following represents the Society's financial assets at December 31, 2023 and December 31, 2022:

	2023	2022
Cash and cash equivalents	$ 332,814	$ 865,136
Investments, at fair value	32,261,188	33,092,145
Accrued investment income	7,067	20,453
Contributions receivable	263,177	255,747
Government contracts receivable	120,632	19,108
Other receivables	5,000	17,913
Sub-total	32,989,878	34,270,502
Less: amounts not available to be used within one year:		
Investments subject to liquidity limitations (note 6)	7,624,664	7,624,778
Net assets with donor restrictions - endowment	1,483,648	1,483,648
Financial assets available to meet general expenditures within one year	$23,881,566	$25,162,076

The Society structures its financial assets to be available as its general expenditures, liabilities, and other obligation come due. As part of its liquidity plan, a portion of excess cash is invested in short-term investments. The Society also has a margin loan available that it can draw down on as needed (see note 8).

Note 4 – Property and equipment

Depreciation and amortization is provided using the straight-line method over the estimated useful lives of five years for furniture and equipment and 10 years for leasehold improvements. The components of property and equipment are as follows at December 31, 2023 and December 31, 2022:

	2023	2022
Furniture and equipment	$ 927,530	$ 913,315
Leasehold improvements	983,412	983,412
Sub-total	1,910,942	1,896,727
Less: accumulated depreciation and amortization	1,125,185	931,335
Total	$ 785,757	$ 965,392

THE NEW YORK SOCIETY FOR
THE PREVENTION OF CRUELTY TO CHILDREN

Notes to Financial Statements (continued)
December 31, 2023 and December 31, 2022

Note 5 – Beneficial interest in charitable trusts

The Society is an income beneficiary of two charitable trusts or portions thereof. The Society's beneficial interest in future distributions from these trusts has been recorded in the statement of financial position. These interests are valued as follows at December 31, 2023 and December 31, 2022:

	2023	2022
Based on fair value of trust assets	$ 2,131,150	$ 1,922,086
Based on present value of projected income	324,905	391,868
Total	$ 2,456,055	$ 2,313,954

Distributions from and changes in valuation of the beneficial interest in trusts are included in the statement of activities. Beneficial interests in charitable trusts are presented as part of net assets with donor restrictions because such amounts are not available for expenditure. The trusts are managed by third-party trustees.

Note 6 – Investments

Investment policy

The Society's investment policy is intended to produce a real return of at least 5% per year over inflation as measured by the Consumer Price index; and to preserve the principal value of assets as measured in real, inflation-adjusted terms.

Investment valuation

The Financial Accounting Standards Board has established a framework for measuring fair value of investments. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The levels of the fair value hierarchy are described as follows:

Level 1 – Valuation is based upon quoted prices for identical securities in active markets. Level 1 also includes open-ended mutual funds that are redeemable at daily-published unit prices.

Level 2 – Valuation is based upon inputs other than quoted prices for similar securities in active markets and quoted prices for identical or similar securities in markets that are not active.

Level 3 – Valuation is based upon inputs that are unobservable and significant to the fair value measurement.

**THE NEW YORK SOCIETY FOR
THE PREVENTION OF CRUELTY TO CHILDREN**

**Notes to Financial Statements (continued)
December 31, 2023 and December 31, 2022**

Note 6 – Investments (continued)

Investment valuation (continued)

Equity securities and exchange-traded products are valued at the closing price reported on the active market on which the individual securities are traded.

Mutual funds are valued at net asset value at the closing price reported in the active market in which the mutual funds are traded.

Fixed income securities are valued at the closing price reported in the market in which they are traded.

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

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

The following tables present the Society's investments at fair value as of December 31, 2023 and December 31, 2022:

	2023			
	Level 1	Level 2	Level 3	Total
Cash and money markets	$ 89,135	$ -	$ -	$ 89,135
Equities	2,043,503	-	-	2,043,503
Exchange-traded products	7,325,290	-	-	7,325,290
Mutual funds	13,593,887	-	-	13,593,887
Fixed income	-	1,584,709	-	1,584,709
Total investments in the fair value hierarchy	$ 23,051,815	$ 1,584,709	$ -	24,636,524
Alternative investments measured at NAV				7,624,664
Total investments at fair value				$ 32,261,188

THE NEW YORK SOCIETY FOR
THE PREVENTION OF CRUELTY TO CHILDREN

Notes to Financial Statements (continued)
December 31, 2023 and December 31, 2022

Note 6 – Investments (continued)

Investment valuation (continued)

	2022			
	Level 1	Level 2	Level 3	Total
Cash and money market	$ 1,033,394	$ -	$ -	$ 1,033,394
Equities	1,914,019	-	-	1,914,019
Exchange-traded products	5,433,674	-	-	5,433,674
Mutual funds	13,202,807	-	-	13,202,807
Fixed income	-	3,883,473	-	3,883,473
Total investments in the fair value hierarchy	$ 21,583,894	$ 3,883,473	$ -	25,467,367
Alternative investments measured at NAV				7,624,778
Total investments at fair value				$ 33,092,145

Alternative investments include Limited Partnerships and Private Placement Funds that invest in various economic sectors. Generally, these investments may not be redeemed with the investees. Distributions will be received as income is generated and/or the underlying investments are liquidated. The Society may be subject to additional capital calls of approximately $3,200,000 in future years. For 2023 and 2022, the total earnings and distributions of alternative investments were $180,310 and $334,142, respectively.

The table below lists the restrictions on withdrawals and the redemption terms of the Society's investments:

Type/Fund	Investment Strategy		Redemptions Terms
Limited Partnerships – 16	Private Equity Investment -	4	Illiquid
	Private Debt Investment -	3	Illiquid
	Real Estate Equity Investment -	7	Illiquid
	Real Estate Debt -	2	Illiquid

THE NEW YORK SOCIETY FOR THE PREVENTION OF CRUELTY TO CHILDREN

Notes to Financial Statements (continued)
December 31, 2023 and December 31, 2022

Note 6 – Investments (continued)

Spending policy

The Society utilizes only a portion of its total investment return for support of current operations. The remainder is retained to support operations of future years and to offset potential market declines. A 6.39% spending rate (based on average market value of the previous three years) was authorized for use in current operations in 2023.

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

The Board of Directors of the Society has interpreted NYPMIFA as requiring the preservation of the fair value of the original gift of donor-restricted endowment funds absent explicit donor stipulations to the contrary. Accordingly, the Society includes in net assets with donor restrictions (a) the original value of gifts donated to the donor restricted endowment, (b) the original value of subsequent gifts to the donor restricted endowment, and (c) accumulations to the donor restricted 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 endowment-like (*i.e.* invested) net assets is included in net assets without donor restrictions and is available for appropriation for expenditure by the Society in a manner consistent with the standard of prudence prescribed by NYPMIFA.

In accordance with NYPMIFA, the Society considers the following factors in making a determination to appropriate or accumulate the income of donor-restricted endowment funds:

(a) duration and preservation of the fund;
(b) purposes of the donor-restricted endowment fund;
(c) general economic conditions;
(d) possible effect of inflation and deflation;
(e) expected total return from income and the appreciation of investments;
(f) other resources of the Society;
(g) where appropriate and circumstances would otherwise warrant, alternatives to expenditure of the endowment fund, giving due consideration to the effect that such alternatives may have on the Society; and
(h) investment policies of the Society

Endowment net assets consist of the following at December 31, 2023 and December 31, 2022:

Without Donor Restrictions	With Donor Restrictions	Total
$ -	$ 1,483,648	$ 1,483,648

THE NEW YORK SOCIETY FOR
THE PREVENTION OF CRUELTY TO CHILDREN

Notes to Financial Statements (continued)
December 31, 2023 and December 31, 2022

Note 6 – Investments (continued)

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

No changes occurred in endowment net assets with donor restrictions for the years ended December 31, 2023 and December 31, 2022.

Net investment return

The following schedule summarizes the net investment return in net assets without donor restrictions and its classification in the statement of activities:

	2023	2022
Dividends and interest	$ 745,378	$ 605,245
Realized and unrealized gains (losses)	1,658,749	(5,807,938)
Partnership income	180,310	334,142
Fees paid directly to advisors	(191,428)	(254,176)
Net investment return	2,393,009	(5,122,727)
Net investment return - operating portion	2,391,554	2,073,958
Net investment return - non-operating portion	1,455	(7,196,685)
Total net investment return	$ 2,393,009	$ (5,122,727)

Note 7 – Pension plans

Defined benefit plan

The Society has a non-contributory defined benefit pension plan covering its eligible employees. The plan provides for monthly benefits upon retirement based on compensation and length of service prior to retirement, including certain early retirement benefits. The plan is frozen to new participants; however participants are still accruing benefits.

Amounts and calculations disclosed herein are based on the Society's understanding of generally accepted accounting principles applicable to employer financial reporting requirements. Determinations for purposes other than those requirements may be significantly different from the results reported herein. Accordingly, additional determinations are needed for other purposes, including judging benefit security at termination; or judging the adequacy of funding for an ongoing plan.

As of December 31, 2023, the Society has met the minimum funding requirements as determined under the Employee Retirement Income Security Act of 1974 ("ERISA").

Note 7 – Pension plans (continued)

The following sets forth further information about the plan as of and for the years ended December 31, 2023 and December 31, 2022:

	2023	2022
Plan assets at fair value	$ 5,034,750	$ 4,777,924
Benefit obligation	5,579,718	5,272,398
Funded status (deficiency)	$ (544,968)	$ (494,474)
Employer contributions	$ 18,926	$ 72,618
Benefits paid	$ 245,792	$ 240,118
Service cost	$ 18,515	$ 27,136
Net effect of items not yet reflectedin net periodic pension cost	$ 277,501	$ 249,097

The benefit obligation is the present value of projected benefits based on service accrued to date. The projected benefit obligation is measured using assumptions as to future compensation levels, if the pension benefit formula is based on those future compensation levels (pay-related, final-pay, final- average-pay, or career-average-pay plans).

The following table provides weighted-average assumptions used for determining net periodic pension cost:

	2023	2022
Discount rate	5.15%	2.80%
Expected long-term rate of return on plan assets	6.00%	5.25%
Rate of compensation increase	3.00%	3.00%

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

	2023	2022
Discount rate	4.90%	5.15%
Expected long-term return on plan assets	6.00%	5.25%
Rate of compensation increase	3.00%	3.00%

THE NEW YORK SOCIETY FOR
THE PREVENTION OF CRUELTY TO CHILDREN

Notes to Financial Statements (continued)
December 31, 2023 and December 31, 2022

Note 7 – Pension plans (continued)

Defined benefit plan (continued)

Benefit payments are expected to be paid as follows:

Year	Amount
2024	330,000
2025	350,000
2026	350,000
2027	350,000
2028	350,000
2029 – 2033	1,780,000

These amounts are based on current data and assumptions and reflect expected future service, as appropriate.

The Plan invests in mutual funds and pooled separate accounts ("PSAs"). The NAV of a PSA is based on the market value of its underlying investments. The Society's overall investment strategy is to achieve a long-term asset mix of approximately 50% fixed income and 50% equities.

Plan investments at December 31, 2023 are valued using the same methodologies described in Note 6. The fair value of Plan assets by category at December 31, 2023 and December 31, 2022 are as follows:

	2023		
	Level 1	NAV	Total
Equities			
Mutual funds	$ 1,721,086	$ -	$ 1,721,086
Pooled separate accounts	-	1,361,983	1,361,983
Fixed income			
Mutual funds	1,920,794	-	1,920,794
Pooled separate accounts	-	30,887	30,887
Total	$ 3,641,880	$ 1,392,870	$ 5,034,750

THE NEW YORK SOCIETY FOR
THE PREVENTION OF CRUELTY TO CHILDREN

Notes to Financial Statements (continued)
December 31, 2023 and December 31, 2022

Note 7 – Pension plans (continued)

Defined benefit plan (continued)

	2022		
	Level 1	NAV	Total
Equities			
Mutual funds	$ 1,562,792	$ -	$ 1,562,792
Pooled separate accounts	-	1,098,703	1,098,703
Fixed income			
Mutual funds	1,820,678	-	1,820,678
Pooled separate accounts	-	295,751	295,751
Total	$ 3,383,470	$ 1,394,454	$ 4,777,924

The expected long-term rate of return on plan assets assumption was developed as a weighted average rate based on the target asset allocation of the plan and the long-term capital market assumptions. The overall return for each asset class was developed by combining a long-term inflation component and the associated expected real rates. The development of the capital market assumptions utilized a variety of methodologies, including, but not limited to, historical analysis, stock valuation models such as dividend discount models and earnings yields' models, expected economic growth outlook, and market yields analysis.

Defined contribution plan

The Society matches one-half of employee elective deferral contributions up to 6% of salary. The Society's matching contributions amounted to $43,990 and $39,612 for 2023 and 2022, respectively.

Note 8 – Margin loan

During 2021, the Society obtained a margin loan that is collateralized by certain assets of the Society. The Society can borrow up to certain percentages of various investments in its portfolio and had approximately $11,100,000 available on the margin loan at December 31, 2023. The Society repaid the outstanding balance plus accrued interest on March 3, 2022. The interest rate through March 3, 2022 was the Federal Funds rate plus 1%.

Note 9 – Operating lease

The Society has a 10-year lease agreement for its office space in New York City expiring December 2031. The office space became available to the Society in September 2021. In connection with the lease, the first four months of rent were abated. The lease requires annual payments of $594,768 in the first year increasing annually to $746,082 in the final year of the agreement. Rent expense is being recognized on a pro-rata share of the total rent being paid over the term of the lease.

**THE NEW YORK SOCIETY FOR
THE PREVENTION OF CRUELTY TO CHILDREN**

**Notes to Financial Statements (continued)
December 31, 2023 and December 31, 2022**

Note 9 – Operating lease (continued)

The Society's right-of-use assets pertaining to the operating lease represents the right to use the facilities for their respective lease terms and the corresponding operating lease liabilities represent the obligation to make lease payments arising from the respective lease. Such right-of-use assets and operating lease liabilities are recognized at the present value of lease payments over the lease term. As the lease does not provide an implicit rate, the Society utilized the incremental borrowing rate based on information available at January 1, 2022 (when the new lease standard was implemented) in determining the present value of lease payments. The Society's incremental borrowing rate was 1% at January 1, 2022.

For 2023 and 2022, rent expense totaled $698,539 and $700,434, respectively.

The future minimum annual payments required under the lease are as follows:

Year	Amount
2024	$ 616,978
2025	628,392
2026	655,175
2027	697,609
2028	710,515
2029 and thereafter	2,206,789
Total	5,515,458
Less: present value discount	325,513
Operating lease liabilities, net	$ 5,189,945

Note 10 – Net assets with donor restrictions

During 2023 and 2022, purpose restricted net assets were released from restrictions and expended as follows:

	2023	2022
Trauma Recovery	$ 213,000	$ 162,500
Supervised Visitation	482,500	262,500
Training Institute/Advocacy	157,871	2,000
Capital	15,000	12,000
Total	$ 868,371	$ 439,000

THE NEW YORK SOCIETY FOR
THE PREVENTION OF CRUELTY TO CHILDREN

Notes to Financial Statements (continued)
December 31, 2023 and December 31, 2022

Note 10 – Net assets with donor restrictions (continued)

Purpose restricted net assets at December 31, 2023 and December 31, 2022 were available as follows:

	2023	2022
Supervised Visitation	$ 75,000	$ 150,000
Trauma Recovery	15,000	-
Training Institute/Advocacy	129	125,000
Capital	-	15,000
Total	$ 90,129	$ 290,000

Note 11 – Tax status

The Society is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (the "Code"), and is not a private foundation under the Code. A similar tax-exempt status applies at the state and local levels.