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THE NEW YORK SOCIETY FOR THE PREVENTION OF CRUELTY TO CHILDREN

Financial Statements

December 31, 2019

THE NEW YORK SOCIETY FOR THE
PREVENTION OF CRUELTY TO CHILDREN

Financial Statements

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ROGOFF & COMPANY PC
CERTIFIED PUBLIC ACCOUNTANTS

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Independent Auditors' Report

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

We have audited the accompanying financial statements of The New York Society for the Prevention of Cruelty to Children (the "Society", a nonprofit organization), which comprise the statement of financial position as of December 31, 2019, and the related statements of revenues, expenses and other changes in net assets without donor restrictions, of changes in net assets, of cash flows, and of functional expenses for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The New York Society for the Prevention of Cruelty to Children at December 31, 2019 and the changes in its net assets and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Society's 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated July 30, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

New York, New York
August 31, 2020

Rogoff & Company, P.C.

THE NEW YORK SOCIETY FOR THE
PREVENTION OF CRUELTY TO CHILDREN

STATEMENT OF FINANCIAL POSITION

December 31, 2019
(With comparative figures as of December 31, 2018)

	2019	2018
ASSETS		
Cash and cash equivalents	$ 983,811	$ 1,006,166
Accrued investment income	5,470	6,101
Contributions receivable	100,000	195,000
Government contracts receivable	130,405	39,248
Other receivable	94,568	18,500
Prepaid expenses	53,388	51,184
Beneficial interest in charitable trusts	2,450,967	2,080,010
Investments, at fair value	36,399,312	18,458,373
Furniture and equipment, net of accumulated depreciation of $210,841 in 2019; $195,439 in 2018	34,264	43,245
Leasehold improvements, net of accumulated amortization of $439,163 in 2019; $438,404 in 2018	1,141	1,900
Historical archives	251,706	251,706
Total assets	$ 40,505,032	$ 22,151,433
LIABILITIES and NET ASSETS		
Accounts payable and accrued expenses	$ 215,853	$ 261,627
Accrued pension benefits	1,938,937	2,289,628
Total liabilities	2,154,790	2,551,255
Commitments (Notes 7 and 9)		
Net assets		
Without donor restrictions	34,295,627	15,831,520
With donor restrictions		
Purpose restricted	120,000	205,000
Endowment	1,483,648	1,483,648
Beneficial interest in charitable trusts	2,450,967	2,080,010
	4,054,615	3,768,658
Total net assets	38,350,242	19,600,178
Total liabilities and net assets	$ 40,505,032	$ 22,151,433

The accompanying notes are an integral part of these financial statements.

THE NEW YORK SOCIETY FOR THE
PREVENTION OF CRUELTY TO CHILDREN

STATEMENT OF REVENUES, EXPENSES AND OTHER CHANGES IN NET ASSETS
WITHOUT DONOR RESTRICTIONS

Year Ended December 31, 2019
(With comparative figures for the year ended December 31, 2018)

	2019	2018
Operating Activities		
Revenue		
Investment return - operating portion, net	$ 1,433,205	$ 988,500
Charitable trust income		
Summerfield Foundation	24,665	20,211
Paine Foundation	78,782	87,979
Contributions	257,980	287,440
Government contracts	289,398	124,530
Special events	1,054,623	874,371
Professional education fees	458,317	287,507
Other income	875	1,212
Unrestricted revenue	3,597,845	2,671,750
Net assets released from restrictions	620,100	528,000
Total operating revenue	4,217,945	3,199,750
Expenses		
Trauma Recovery	802,205	806,636
Training Institute/Advocacy	897,760	744,480
Supervised Visitation	637,129	602,161
Research and Evaluation	421,806	404,857
Archives	136,187	132,950
	2,895,087	2,691,084
General administration	600,550	466,941
Fund raising		
Special events	194,628	195,347
Other	576,831	514,795
Total operating expenses	4,267,096	3,868,167
Excess (deficiency) of expenses over revenue - operating activities	(49,151)	(668,417)
Other changes		
Investment return - non-operating portion, net	1,925,456	(1,902,618)
Legacy	17,028,656	-
Adjustment to accrued pension benefits, excluding net periodic pension cost of $208,455 in 2019; $228,838 in 2018	(440,854)	285,584
Increase (decrease) in net assets without donor restrictions	$ 18,464,107	$ (2,285,451)

The accompanying notes are an integral part of these financial statements.

THE NEW YORK SOCIETY FOR THE
PREVENTION OF CRUELTY TO CHILDREN

STATEMENT OF CHANGES IN NET ASSETS

Year Ended December 31, 2019
(With comparative figures for the year ended December 31, 2018)

	2019	2018
Net assets without donor restrictions		
Operating revenue	$ 3,597,845	$ 2,671,750
Net assets released from restrictions	620,100	528,000
Operating expenses	(4,267,096)	(3,868,167)
Other changes	18,513,258	(1,617,034)
Increase (decrease) in net assets without donor restrictions	18,464,107	(2,285,451)
Net assets with donor restrictions		
Expendable for restricted purposes		
Contributions	535,100	483,000
Net assets released from restrictions	(620,100)	(528,000)
Decrease in purpose restricted net assets	(85,000)	(45,000)
Change in value of beneficial interest in charitable trusts	370,957	(250,828)
Increase (decrease) in net assets with donor restrictions	285,957	(295,828)
Total increase (decrease) in net assets	18,750,064	(2,581,279)
Net assets - beginning of year	19,600,178	22,181,457
Net assets - end of year	$ 38,350,242	$ 19,600,178

The accompanying notes are an integral part of these financial statements.

THE NEW YORK SOCIETY FOR THE
PREVENTION OF CRUELTY TO CHILDREN

STATEMENT OF CASH FLOWS

Year Ended December 31, 2019
(With comparative figures for the year ended December 31, 2018)

	2019	2018
Operating activities		
Increase (decrease) in net assets	$ 18,750,064	$ (2,581,279)
Adjustments to reconcile increase (decrease) in net assets to net cash provided (used) in operating activities:		
Adjustment to accrued pension benefits	440,854	(285,584)
Depreciation and amortization	16,161	14,423
Change in value of beneficial interest in charitable trusts	(370,957)	250,828
(Increase) decrease in fair value of investments	(2,586,027)	1,131,424
Alternative investment (earnings) loss	(358,444)	186,489
Decrease (increase) in:		
Accrued investment income	631	(937)
Contributions receivable	95,000	30,000
Government contracts receivable	(91,157)	(18,112)
Other receivable	(76,068)	11,140
Prepaid expenses	(2,204)	(7,863)
Increase (decrease) increase in:		
Accounts payable and accrued expenses	(45,774)	1,174
Accrued pension benefits	(791,545)	227,838
Net cash provided (used) by operating activities	14,980,534	(1,040,459)
Investing activities		
Proceeds from sale of investments	51,049,678	3,952,090
Purchase of investments	(65,464,144)	(3,437,007)
Alternative investment distributions (contributions), net	(582,002)	376,195
Purchase of fixed assets	(6,421)	(20,684)
Net cash provided (used) by investing activities	(15,002,889)	870,594
Net decrease in cash	(22,355)	(169,865)
Cash and cash equivalents, beginning of year	1,006,166	1,176,031
Cash and cash equivalents, end of year	$ 983,811	$ 1,006,166

The accompanying notes are an integral part of these financial statements.

THE NEW YORK SOCIETY FOR THE
PREVENTION OF CRUELTY TO CHILDREN

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended December 31, 2019

	Trauma Recovery	Training Institute/ Advocacy	Supervised Visitation	Research and Evaluation	Archives	Total Programs
Salaries	$ 446,519	$ 481,980	$ 325,044	$ 244,338	$ 74,416	$ 1,572,297
Social Security taxes	32,361	32,844	22,548	16,690	5,493	109,936
Employee benefits	69,092	82,771	63,300	36,578	13,034	264,775
Pension	55,768	68,392	52,303	29,808	10,658	216,929
Professional services	40,949	53,878	37,073	21,527	7,564	160,991
Insurance	2,968	3,623	2,771	1,579	566	11,507
Casework	13,626	561	9,984	-	-	24,171
Office and telephone	7,667	10,774	7,082	3,561	1,275	30,359
Publications	1,229	677	1,148	653	232	3,939
Repairs and maintenance	10,360	12,641	9,664	6,296	1,980	40,941
Rent	97,230	118,624	90,719	51,692	18,493	376,758
Other	20,404	27,288	12,658	7,469	1,898	69,717
Depreciation and amortization of property and equipment	4,032	3,707	2,835	1,615	578	12,767
	$ 802,205	$ 897,760	$ 637,129	$ 421,806	$ 136,187	$ 2,895,087

(continued)

THE NEW YORK SOCIETY FOR THE
PREVENTION OF CRUELTY TO CHILDREN

Statement of Functional Expenses - (concluded)

Year ended December 31, 2019
(with comparative total figures for 2018)

	Total Programs	General Administration	Fund Raising	2019 Total	2018 Total
Salaries	$ 1,572,297	$ 169,200	$ 330,897	$ 2,072,394	$ 1,878,318
Social Security taxes	109,936	13,606	21,854	145,396	132,596
Employee benefits	264,775	27,824	49,850	342,449	301,674
Pension	216,929	28,323	40,944	286,196	310,671
Professional services	160,991	75,081	29,214	265,286	205,289
Insurance	11,507	15,718	2,172	29,397	29,817
Casework	24,171	720	-	24,891	5,297
Office and telephone	30,359	25,565	5,025	60,949	38,325
Publications	3,939	5,870	2,486	12,295	13,053
Repairs and maintenance	40,941	8,758	7,568	57,267	45,836
Rent	376,758	78,065	70,967	525,790	512,268
Special events	-	-	194,628	194,628	195,347
Other	69,717	150,643	13,637	233,997	185,253
Depreciation and amortization				-	
of property and equipment	12,767	1,177	2,217	16,161	14,423
	$ 2,895,087	$ 600,550	$ 771,459	$ 4,267,096	$ 3,868,167

See accompanying Notes to Financial Statements.

Note 1. Nature of Operations

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

<u>Supervised Visitation</u>
The Supervised Visitation Program provides court-ordered and foster care-agency referred therapeutic supervised visitation services to families who need the guidance of a skilled clinician due to issues of child abuse or neglect, domestic violence, substance abuse and mental illness. The NYSPCC provides supervised visitation in a safe and supportive setting enabling non-custodial parents, as well as parents whose children are in foster care due to abuse or neglect, to visit with their children. Enhanced services are also provided specifically to fathers to target the unique issues they face as they work towards restoring their relationship with their children.

<u>Trauma Recovery</u>
The Trauma Recovery Program focuses on the mental health care needs of the New York City's most vulnerable children by providing counseling to children who have endured the trauma of child abuse or neglect. They are referred by the NYC Administration for Children's Services (ACS) child protective, preventive and foster care systems and the NYSPCC's supervised visitation program. The NYSPCC, through its Child Empowerment Program also provides group counseling and sexual abuse prevention workshops to children and adolescents in the NYC public school system, along with foster care and community-based agencies. Through its Crisis Debriefing Program, the NYSPCC provides services to ACS and other child welfare agencies to help staff during times of stress, grief and loss.

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

Note 1. Nature of Operations – continued

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

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

Archives
The NYSPCC holds the archives documenting the early history of the child protective movement in the United States. The NYSPCC responds to requests from individuals who are attempting to trace their family history and also assists authors, students and filmmakers with historical information for documentaries, books, articles and dissertations.

Note 2. Summary of Significant Accounting Policies

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

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

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

Note 2. Summary of Significant Accounting Policies – continued

<u>Cash and Cash Equivalents</u>
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.

<u>Contributions</u>
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. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase 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 as net assets released from restrictions

<u>Contributions receivable</u>
Unconditional promises to give are recognized as contributions in the period such promises are made. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional. Management believes that all outstanding balances are collectible and an allowance for doubtful accounts is not required.

<u>Contracts</u>
Revenue from contracts is recognized as contract costs are incurred. Contract costs incurred in advance of payment give rise to contracts receivable. Contract payments received in advance of costs incurred give rise to deferred contract revenue.

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

<u>Investments</u>
Investments are stated at fair values, as described more fully in Note 7. Investment income, and unrealized gains and losses, are reported as increases or decreases in net assets with or without donor restrictions, as appropriate.

Note 2. Summary of Significant Accounting Policies – continued

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

Functional Allocation of Expenses
The costs of providing programs and other activities have been summarized on a functional basis in the statement of revenues, expenses and other changes in net assets without donor restrictions. Accordingly, certain costs have been allocated among program services and supporting services.

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

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

Comparative Information
The financial statements include certain 2018 comparative information that may not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Society's financial statements for the year ended December 31, 2018, from which the comparative information was derived.

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

The Society recognizes the effects of income tax positions only if those positions are more likely than not of being sustained. The Society evaluated its tax positions and determined that it has no uncertain tax positions.

Note 3. Availability and Liquidity

The following represents the Society's financial assets at December 31, 2019:

Financial assets at year end	
Cash and cash equivalents	$ 983,811
Accrued investment income	5,470
Contributions receivable	100,000
Government contracts receivable	130,405
Other receivable	94,568
Investments, at fair value	36,399,312
Total financial assets	37,713,566
Less amounts not available to be used within one year:	
Investments subject to liquidity limitations (Note 7)	(7,348,204)
Net assets with donor restrictions	(1,603,648)
Financial assets available to meet general expenditures over the next twelve months	$ 28,761,714

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

Note 4. Property and Equipment

Historical archives are not depreciated. Depreciation is provided using the straight-line method over the estimated useful lives of other assets. The components of property and equipment are as follows:

		Estimated Useful Lives
Furniture and equipment	$ 245,105	5
Leasehold improvements	440,304	5-10
	685,409	
Accumulated depreciation	(650,004)	
	$ 35,405	

Depreciation expense for the year ended December 31, 2019, was $16,161.

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 at $2,450,967 as of December 31, 2019. These interests are valued as follows:

Method	Value
Based on fair value of trust assets	$ 1,997,343
Based on present value of projected income	453,624
	$ 2,450,967

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

Note 6. Concentrations of Credit Risk

Financial instruments that potentially subject the Society to concentrations of credit risk consist principally of cash, cash equivalents and investments. The Society maintains its cash and cash equivalents in various bank deposit accounts that may exceed federally insured limits at times. To minimize risk, the Society’s cash accounts are placed in high-credit quality financial institutions, while the Society’s investment portfolio is diversified with several investment managers in a variety of asset classes. The Society regularly evaluates its depository arrangements and investments, including performance thereof.

Note 7. Investments

Investment Policy

The Society's investment policy is intended to produce a real return of at least 5% per year over inflation as measured by Consumer Price index; and to preserve the principal value of assets as measured in real, inflation-adjusted terms. The Society invests in corporate stocks, federal and municipal bonds, mutual funds containing equity and fixed income instruments, and alternative investments (partnerships and private placement (hedge) funds.

Note 7. Investments – continued

Investment Valuation

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

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets (NYSE, NASDAQ, CBOE, etc.) that the Society has the ability to access. Level 1 also includes open-ended mutual funds that are redeemable at daily-published unit prices.

Level 2 - inputs are observable for valuing the asset, either directly or indirectly (i.e. interest rate and yield curves observable at commonly quoted intervals; default rates; *etc*.). Those inputs may include quoted prices for similar (but not identical) assets in active or non-active markets.

Level 3 - Inputs to the valuation methodology reflect the Society's own assumptions and estimates about the factors that market participants would use in valuing an asset, based on the best information available in the circumstances

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

The following table presents the Society's investments at fair value as of December 31, 2019:

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Fair Value
Cash and money market funds	$ 423,187	$ -	$ -	$ 423,187
Equities	5,841,211	-	-	5,841,211
Fixed income	-	8,901,752	-	8,901,752
Mutual funds	13,884,958	-	-	13,884,958
	$ 20,149,356	$ 8,901,752	$ -	29,051,108
Alternative investments at net asset value (NAV)				7,348,204
				$ 36,399,312

Note 7. Investments – continued

Additional information is presented below concerning Alternative Investments.

	Fair Value	Unfunded Commit-ments
Limited Partnerships	$ 1,564,141	$ 2,429,644
Private Placement Funds	5,784,063	3,188,866
	$ 7,348,204	$ 5,618,510

These investments include five (5) Limited Partnerships and twelve (12) Private Placement Funds that invest in various economic sectors. Generally, these investments may not be redeemed with the investees. Distributions will be received as income is generated and/or the underlying investments are liquidated. The Society may be subject to additional capital calls amounting to $1,186,680 in future years. In 2019 the total earnings and distributions of alternative investments were $358,444 and $950,113, respectively.

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

Spending Policy
The Society utilizes only a portion of its total investment return for support of current operations. The remainder is retained to support operations of future years and to offset potential market declines. A 5.74% spending rate (based on average market value of the previous three years) was authorized for use in current operations in 2019.

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.

Note 7. Investments – continued

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

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

(a) The duration and preservation of the fund;
(b) The purposes of the donor-restricted endowment fund;
(c) General economic conditions;
(d) The possible effect of inflation and deflation;
(e) The expected total return of income and the appreciation of investments;
(f) Other resources of the Society; and
(g) The investment policies of the Society.

Endowment net assets consist of the following at December 31, 2019:

Without Donor Restrictions	With Donor Restrictions	Total
$ 34,915,664	$ 1,483,648	$ 36,399,312

No changes occurred in endowment net assets with donor restrictions in the year ended December 31, 2019.

Net Investment Return

The following schedule summarizes the net investment return and its classification in the statement of revenue, expenses and other changes in net assets without donor restrictions.

	2019	2018
Dividends and interest, net	$ 688,336	$ 690,046
Fees paid directly to advisors	$ (274,146)	$ (144,009)
Realized and unrealized gain (loss)	2,586,027	(1,273,666)
Partnership earnings (loss)	358,444	(186,489)
Net investment return	$ 3,358,661	$ (914,118)
Net investment return - operating portion	$ 1,433,205	$ 988,500
Net investment return - non-operating portion	1,925,456	(1,902,618)
Total net investment return	$ 3,358,661	$ (914,118)

Note 8. Pension Plans

Defined-benefit Plan
The Society has a noncontributory defined benefit pension plan covering its eligible employees. The plan provides for monthly benefits upon retirement based on compensation and length of service prior to retirement, including certain early retirement benefits. The plan is frozen to new participants; however, the Society continues to fund benefits already earned.

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

As of December 31, 2019 the Society has met all funding obligations as determined under the Employee Retirement Income Security Act of 1974 (ERISA).

The following sets forth further information about the plan as of and for the years ended December 31, 2019 and 2018:

	2019	2018
Projected benefit obligation	$ 7,547,098	$ 6,516,281
Plan assets at fair value	5,608,161	4,226,653
Funded status (deficiency)	$ (1,938,937)	$ (2,289,628)
Accumulated benefit obligation	$ 7,410,721	$ 6,407,305
Accrued pension benefits	$ (1,938,937)	$ (2,289,628)
Employer contributions	$ 1,000,000	$ 1,000
Benefits paid	$ 322,034	$ 315,852
Net periodic pension cost	$ 208,455	$ 228,838
Net effect of items not yet reflected in net periodic pension cost	$ 2,205,157	$ 1,764,303

Note 8. Pension Plans – continued

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

The *Accumulated Benefit Obligation* is the actuarial present value of benefits attributed to employee service rendered before a specified date and based on employee service and compensation before that date. The accumulated benefit obligation differs from the projected benefit obligation in that it includes no assumption about future compensation levels. For plans with flat-benefit or non-pay-related pension benefit formulas, the accumulated benefit obligation and the projected benefit obligation are the same.
The *Funded Status* is the difference between the Projected Benefit Obligation and the Plan's assets.

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

	2019	2018
Discount rate	4.15%	3.60%
Expected long term rate of return on plan assets	6.00%	5.50%
Rate of compensation increase	3.00%	3.00%

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

	2019	2018
Discount rate	3.25%	4.15%
Rate of compensation increase	3.00%	3.00%

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

2020	$ 380,000
2021	360,000
2022	360,000
2023	350,000
2024	380,000
2025 - 2029	1,960,000
Total	$ 3,790,000

Note 8. Pension Plans – continued

These amounts are based on current data and assumptions and reflect expected future service, as appropriate. Benefit payments reflect current assumptions throughout the 10-year period.

The Plan invests in Mutual Funds and Pooled Separate Accounts (PSAs). PSAs are made up of variety of underlying investments such as equities, preferred stocks, bonds, real estate and mutual funds. The net asset value (NAV) of a PSA is based on the market value of its underlying investments. The Society's overall investment strategy is to achieve a long-term asset mix of approximately 50% fixed income and 50% equities.

Plan investments are valued using the same methodologies described in Note 7. The fair values of Plan assets by category are:

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Net Asset Value (NAV)	Total Fair Value
Equities			
Mutual funds	$ 1,830,197	$ -	$ 1,830,197
Pooled Separate Accounts	-	921,988	921,988
Fixed income			
Mutual funds	2,828,768	-	2,828,768
Pooled Separate Accounts	-	27,208	27,208
	$ 4,658,965	$ 949,196	$ 5,608,161

As of December 31, 2019, the fair value of assets of $5,608,161 is exceeded by the projected benefit obligation of $7,547,098 of the Plan. The difference of $1,938,937, representing the unfunded projected benefit obligation, is recognized as a liability in the statement of financial position.

The following is a reconciliation of items not yet reflected in net periodic benefit cost:

	January 1, 2019	Amortization of net gain (loss)	Net (gain) loss	December 31, 2019
Net (gain) or loss	$ 1,764,303	$ (175,501)	$ 616,355	$ 2,205,157

The net periodic benefit cost for 2019 was $208,455.

Note 8. Pension Plans – continued

The expected long-term rate of return on plan assets assumption of 6% was developed as a weighted average rate based on the target asset allocation of the plan and the long-term capital market assumptions. The overall return for each asset class was developed by combining a long-term inflation component and the associated expected real rates. The development of the capital market assumptions utilized a variety of methodologies, including, but not limited to, historical analysis, stock valuation models such as dividend discount models and earnings yields' models, expected economic growth outlook, and market yields analysis.

Defined Contribution Plan
The Society matches one-half of employee elective deferral contributions. Elective deferrals over 6% of salary are not matched. The Society's matching contributions amounted to $32,889 and $35,300 in 2019 and 2018, respectively.

Other Payments
The Society makes supplemental payments to certain retirees based on contractual or gratuitous arrangements. The amount of such payments was $3,198 in 2019 and in 2018.

Note 9. Commitments

Office Lease
The Society rents office space in New York City under a lease that expires June 30, 2021. The Society also pays for escalation of certain operating expenses and real estate taxes. Scheduled minimum rental payments are as follows:

2020	$ 404,820
2021	202,410
Total	$ 607,230

Total rental expense consisted of the following:

	2019	2018
Base rent	$ 404,820	$ 404,820
Real estate taxes and operating expenses	120,970	107,448
	$ 525,790	$ 512,268

The Society has executed a bank letter of credit in the amount of $100,000 in favor of the landlord as a security deposit. The landlord has informed the Society that the lease will not be renewed. Search for new office space is underway.

Note 9. Commitments – continued

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

Note 10. Net Assets With Donor Restrictions – Purpose Restricted

During the year ended December 31, 2019, purpose restricted net assets were released from restrictions and expended as follows:

Trauma Recovery	$ 326,000
Supervised Visitation	242,500
Training Institute/Advocacy	43,600
Purchase of furnishings, equipment and software	8,000
	$ 620,100

Purpose restricted net assets at December 31, 2019, were as follows:

Trauma Recovery	$ 120,000

Note 11. Subsequent Events

Subsequent events were evaluated by management through August 31, 2020, the date the financial statements were available to be issued. Management is not aware of any subsequent events that should be recorded in the accompanying financial statements.

As a result of the COVID-19 outbreak, the methods of delivering the Society's program services have been altered, as have the timing and format of fundraising events. Charitable giving and investment performance may also be affected.

The NYSPCC received a Paycheck Protection Program (PPP) loan of $454,700 in April 2020. Management has endeavored to expend that amount in a manner that will qualify the loan for forgiveness under PPP regulations.

The financial impact of these matters in 2020 and thereafter cannot be determined at this time.