

Audited  
Financial  
Statements

June 30,  
2022

---

# Children's Home of York



## CONTENTS

	<b>PAGE</b>
<b>INDEPENDENT AUDITOR'S REPORT</b>	1 - 3
<b>FINANCIAL STATEMENTS</b>	
Statements of Financial Position	4
Statements of Activities	5 - 6
Statements of Functional Expenses	7 - 8
Statements of Program Revenues and Related Expenses	9 - 10
Statements of Changes in Net Assets	11
Statements of Cash Flows	12
Notes to Financial Statements	13 - 27
<b>INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS</b>	28 - 29

## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Children's Home of York  
York, Pennsylvania

### ***Opinion***

We have audited the accompanying financial statements of the Children's Home of York (the Home) (a Pennsylvania nonprofit organization), which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities, functional expenses, program revenues and related expenses, changes in net assets, 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 Children's Home of York as of June 30, 2022 and 2021 and its activities, functional expenses, program revenues and related expenses, 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.

### ***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits centered in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Children's Home of York 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 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.

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 Children's Home of York'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 and *Government 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 and *Government 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 ABC Organization'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 ABC Organization'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.

***OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2022, on our consideration of Children's Home of York's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Children's Home of York's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Children's Home of York's internal control over financial reporting and compliance.

*Smith Elliott Kearns + Company, LLC*

York, Pennsylvania  
December 12, 2022

**CHILDREN'S HOME OF YORK**  
**Statements of Financial Position**  
**June 30, 2022 and 2021**

	2022	2021
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash	\$ 1,462,377	\$ 1,974,874
Accounts receivable, net of allowance	926,669	805,947
Current portion of pledges receivable, net of present value discount	50,000	50,000
Interest receivable	25,199	3,896
Inventory	52,531	42,831
Prepaid expenses	149,892	56,430
Total Current Assets	2,666,668	2,933,978
<b>Property and equipment, net of depreciation</b>	2,457,418	2,493,592
<b>Other Assets</b>		
Non-current pledges receivable, net of present value discount	516,638	556,881
Investments	12,148,427	14,236,197
Beneficial interest in perpetual trusts	1,856,733	2,283,063
Interest in net assets of a community foundation	233,676	258,436
Total Other Assets	14,755,474	17,334,577
<b>TOTAL ASSETS</b>	<b>\$ 19,879,560</b>	<b>\$ 22,762,147</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 140,677	\$ 116,826
Accrued payroll	129,781	184,205
Accrued vacation	55,108	84,802
Payroll taxes withheld and accrued	26,273	4,996
Claims overpayment	2,854	-
Current portion of long-term debt	-	1,602,132
Total Current Liabilities	354,693	1,992,961
<b>Net Assets</b>		
Without donor restrictions	16,880,429	17,622,806
With donor restrictions	2,644,438	3,146,380
Total Net Assets	19,524,867	20,769,186
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 19,879,560</b>	<b>\$ 22,762,147</b>

**CHILDREN'S HOME OF YORK**  
**Statement of Activities**  
**Year Ended June 30, 2022**

	Net Assets without Donor Restrictions	Net Assets with Donor Restrictions	Total
<b>REVENUES AND SUPPORT</b>			
Program Support			
Board fees and program funding	\$ 3,969,437	\$ -	\$ 3,969,437
Insurance/managed care fund	1,432,305	-	1,432,305
Diakon services (SWAN)	287,650	-	287,650
Other local services	430,840	-	430,840
Grants	329,423	-	329,423
	<u>6,449,655</u>	<u>-</u>	<u>6,449,655</u>
Total Program Support			
Other Support and Revenues			
Contributions	877,222	39,990	917,212
Net investment return	(2,083,701)	-	(2,083,701)
Income from trusts	103,427	-	103,427
Government grants	955,861	-	955,861
In-kind donations	24,788	-	24,788
Special event income	67,580	-	67,580
Gain on sale of property	5,787	-	5,787
Changes in value of interest in net assets of a community foundation	(18,894)	(5,867)	(24,761)
Changes in value of beneficial interest in perpetual trusts	-	(426,329)	(426,329)
Net assets released from restrictions	109,736	(109,736)	-
	<u>41,806</u>	<u>(501,942)</u>	<u>(460,136)</u>
Total Other Support and Revenues			
Total Revenues and Support	6,491,461	(501,942)	5,989,519
<b>EXPENSES</b>			
Program expenses	6,228,538	-	6,228,538
Administrative expenses	840,848	-	840,848
Fundraising expenses	164,452	-	164,452
	<u>7,233,838</u>	<u>-</u>	<u>7,233,838</u>
Total Expenses			
Changes in Net Assets	<u>\$ (742,377)</u>	<u>\$ (501,942)</u>	<u>\$ (1,244,319)</u>

**CHILDREN'S HOME OF YORK**  
**Statement of Activities**  
**Year Ended June 30, 2021**

	Net Assets without Donor Restrictions	Net Assets with Donor Restrictions	Total
<b>REVENUES AND SUPPORT</b>			
Program Support			
Board fees and program funding	\$ 3,765,665	\$ -	\$ 3,765,665
Insurance/managed care fund	1,576,041	-	1,576,041
Diakon services (SWAN)	355,150	-	355,150
Other local services	173,492	-	173,492
Grants	293,263	-	293,263
	<hr/>	<hr/>	<hr/>
Total Program Support	6,163,611	-	6,163,611
Other Support and Revenues			
Contributions	613,330	152,266	765,596
Net investment return	2,809,257	-	2,809,257
Income from trusts	96,307	-	96,307
In-kind donations	41,520	-	41,520
Special event income	80,086	-	80,086
Changes in value of interest in net assets of a community foundation	25,043	41,513	66,556
Changes in value of beneficial interest in perpetual trusts	-	383,295	383,295
Net Assets released from restrictions	286,584	(286,584)	-
	<hr/>	<hr/>	<hr/>
Total Other Support and Revenues	3,952,127	290,490	4,242,617
	<hr/>	<hr/>	<hr/>
Total Revenues and Support	10,115,738	290,490	10,406,228
<b>EXPENSES</b>			
Program expenses	6,170,168	-	6,170,168
Administrative expenses	649,916	-	649,916
Fundraising expenses	113,071	-	113,071
	<hr/>	<hr/>	<hr/>
Total Expenses	6,933,155	-	6,933,155
	<hr/>	<hr/>	<hr/>
Changes in Net Assets	<u>\$ 3,182,583</u>	<u>\$ 290,490</u>	<u>\$ 3,473,073</u>



**CHILDREN'S HOME OF YORK**  
**Statement of Functional Expenses**  
**Year Ended June 30, 2022**

	Program Expenses	Supporting Services		Total Expenses
		Administrative Expenses	Fundraising Expenses	
<b>Program Related Expenses</b>				
Salaries	\$ 3,217,578	\$ 429,040	\$ -	\$ 3,646,618
Group insurance	706,372	49,094	-	755,466
Foster/host homes payments	598,176	-	-	598,176
Payroll taxes	307,928	42,480	-	350,408
Depreciation	204,096	50,760	-	254,856
Insurance	205,941	24,912	-	230,853
Residential health/counseling	177,682	-	-	177,682
Office supplies	95,192	45,269	-	140,461
Retirement	123,816	4,362	-	128,178
Utilities	94,561	11,112	-	105,673
Food	91,993	2,030	-	94,023
Bad debt expense	82,191	-	-	82,191
Legal and accounting	11,465	57,415	-	68,880
Personnel recruitment	52,984	8,831	-	61,815
Telephone	43,740	10,457	-	54,197
Transportation	48,962	457	-	49,419
Donor designated expenses	21,255	25,571	-	46,826
Administrative	1,850	28,349	-	30,199
Repairs/maintenance	26,968	2,588	-	29,556
Building and grounds	22,855	2,811	-	25,666
Housekeeping	19,866	2,866	-	22,732
Training/conferences	11,396	7,050	-	18,446
Membership dues	421	16,749	-	17,170
Building repairs	13,970	2,632	-	16,602
Allowance/earnings	12,935	-	-	12,935
License and Registrations	2,318	9,389	-	11,707
Miscellaneous expense	4,348	6,509	-	10,857
Foster parent insurance	8,411	-	-	8,411
Client Expense	4,336	-	-	4,336
Recreation - non - therapeutic	3,368	-	-	3,368
Therapeutic recreation	3,103	103	-	3,206
Respite care	3,104	-	-	3,104
Tuition	2,000	-	-	2,000
Interest expense	1,844	-	-	1,844
Clothing allowance	1,513	-	-	1,513
<b>Total Program Related Expenses</b>	<b>6,228,538</b>	<b>840,836</b>	<b>-</b>	<b>7,069,374</b>
<b>Non-program Related Expenses</b>				
Fundraising	-	-	157,466	157,466
In-kind donations	-	-	6,986	6,986
Interest expense	-	12	-	12
<b>Total Non-program Related Expenses</b>	<b>-</b>	<b>12</b>	<b>164,452</b>	<b>164,464</b>
<b>Total Expenses</b>	<b>\$ 6,228,538</b>	<b>\$ 840,848</b>	<b>\$ 164,452</b>	<b>\$ 7,233,838</b>

**CHILDREN'S HOME OF YORK**  
**Statement of Functional Expenses**  
**Year Ended June 30, 2021**

	Program Expenses	Supporting Services		Total Expenses
		Administrative Expenses	Fundraising Expenses	
<b>Program Related Expenses</b>				
Salaries	\$ 3,193,341	\$ 334,097	\$ -	\$ 3,527,438
Group insurance	712,377	50,489	-	762,866
Foster/host homes payments	744,769	-	-	744,769
Payroll taxes	294,432	31,017	-	325,449
Depreciation	185,953	23,340	-	209,293
Insurance	218,960	21,541	-	240,501
Residential health/counseling	90,558	1,998	-	92,556
Office supplies	75,216	56,757	-	131,973
Retirement	115,128	(484)	-	114,644
Utilities	73,903	7,814	-	81,717
Food	81,695	1,793	-	83,488
Bad debt expense	30,160	-	-	30,160
Legal and accounting	22,722	33,780	-	56,502
Personnel recruitment	37,281	9,592	-	46,873
Telephone	45,435	11,578	-	57,013
Transportation	38,355	502	-	38,857
Donor designated expenses	30,634	-	-	30,634
Administrative	5,500	26,678	-	32,178
Repairs/maintenance	14,313	-	-	14,313
Building and grounds	23,740	3,544	-	27,284
Housekeeping	26,085	509	-	26,594
Training/conferences	4,081	4,126	-	8,207
Membership dues	841	21,372	-	22,213
Building repairs	29,493	614	-	30,107
Allowance/earnings	16,098	-	-	16,098
Miscellaneous expense	16,940	9,009	-	25,949
Foster parent insurance	7,248	-	-	7,248
Recreation - non - therapeutic	2,852	-	-	2,852
Therapeutic recreation	2,346	-	-	2,346
Respite care	4,000	-	-	4,000
Interest expense	8,123	-	-	8,123
Clothing allowance	578	250	-	828
COVID-19 related supplies and training	17,011	-	-	17,011
<b>Total Program Related Expenses</b>	<b>6,170,168</b>	<b>649,916</b>	<b>-</b>	<b>6,820,084</b>
<b>Non-program Related Expenses</b>				
Fundraising	-	-	103,456	103,456
In-kind donations	-	-	9,615	9,615
<b>Total Non-program Related Expenses</b>	<b>-</b>	<b>-</b>	<b>113,071</b>	<b>113,071</b>
<b>Total Expenses</b>	<b>\$ 6,170,168</b>	<b>\$ 649,916</b>	<b>\$ 113,071</b>	<b>\$ 6,933,155</b>

**CHILDREN'S HOME OF YORK**  
**Statement of Program Revenues and Related Expenses**  
**Year Ended June 30, 2022**

	Administration	George Street Program	Permanency Programs		A.N.G.E.L. Center	Bridges Program	SFP	PREP	Drug & Alcohol Prevention	Gambling Prevention	IPT	RISE	Total
			Adoption	Foster Care									
<b>Program Support</b>													
Board fees/program funding	\$ -	\$ 996,104	\$ -	\$ 2,069,737	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 150,769	\$ 752,827	\$ 3,969,437
Insurance/managed care fund	-	-	-	510	1,016,494	415,301	-	-	-	-	-	-	1,432,305
Diakon services (SWAN)	-	-	287,650	-	-	-	-	-	-	-	-	-	287,650
Grants	67,500	12,553	1,562	2,107	59,448	1,764	-	70,784	67,226	43,739	444	2,296	329,423
Other local sources	30,714	-	-	-	188,231	170,187	32,831	-	5,858	3,019	-	-	430,840
<b>Total Program Support</b>	<b>98,214</b>	<b>1,008,657</b>	<b>289,212</b>	<b>2,072,354</b>	<b>1,264,173</b>	<b>587,252</b>	<b>32,831</b>	<b>70,784</b>	<b>73,084</b>	<b>46,758</b>	<b>151,213</b>	<b>755,123</b>	<b>6,449,655</b>
<b>Program Expenses</b>													
Salaries	429,040	513,348	240,737	505,871	946,857	391,850	21,335	45,191	38,589	30,789	101,379	381,632	3,646,618
Group insurance	49,094	117,120	48,286	125,951	180,788	79,467	3,195	10,227	10,417	7,075	25,767	98,079	755,466
Foster/host homes payments	-	-	-	598,028	148	-	-	-	-	-	-	-	598,176
Payroll taxes	42,480	50,935	24,369	45,709	89,655	38,113	1,986	4,211	4,070	2,799	9,756	36,325	350,408
Depreciation	50,760	22,291	21,551	21,551	54,670	69,075	-	-	-	-	-	14,958	254,856
Insurance	24,912	25,827	22,321	53,444	48,321	25,929	3,263	4,091	2,577	1,704	6,691	11,773	230,853
Residential health/counseling	-	-	-	754	34,893	141,755	-	-	-	-	280	-	177,682
Office supplies	45,269	10,274	9,639	16,065	19,281	11,302	4,268	8,348	3,787	714	4,390	7,194	140,531
Retirement	4,362	19,724	10,134	23,603	31,657	8,877	894	2,117	1,985	1,447	4,869	18,509	128,178
Utilities	11,112	14,035	1,335	9,337	27,637	36,694	-	76	123	-	859	4,465	105,673
Food	2,030	25,213	78	619	37,814	18,802	32	2,365	25	34	-	7,011	94,023
Bad debt expense	-	-	-	7,028	55,723	16,920	-	-	-	2,520	-	-	82,191
Legal and accounting	57,415	4,911	-	3,246	-	62	-	-	-	-	-	-	68,880
Personnel recruitment	8,831	5,817	1,512	9,473	24,877	4,720	221	210	1,256	244	521	4,133	61,815
Telephone	10,457	4,850	5,025	14,061	3,752	3,525	164	1,085	1,522	164	3,045	6,547	54,197
Transportation	457	8,168	3,245	30,326	3,354	2,571	174	-	138	-	44	942	49,419
Donor designated expenses	25,571	4,042	-	169	15,028	1,762	-	-	-	-	-	254	46,826
Administrative	28,349	-	-	-	1,850	-	-	-	-	-	-	-	30,199
Repairs/maintenance	2,588	7,493	940	3,141	10,254	4,900	-	-	-	-	-	-	29,576
Building and grounds	2,811	4,445	2,416	2,416	5,272	3,798	99	99	99	99	265	3,847	25,666
Housekeeping	2,866	4,916	315	1,168	6,789	4,014	123	417	118	114	114	1,778	22,732
Training/conferences	7,050	848	963	1,169	5,216	1,602	-	169	1,057	-	-	372	18,446
Membership dues	16,749	40	-	160	40	25	-	140	8	-	8	-	17,170
Building repairs	2,632	2,512	1,237	1,444	3,471	4,943	-	8	-	-	81	274	16,602
Allowance/earnings	-	6,362	-	272	6,158	-	-	-	-	-	-	143	12,935
Licenses and Registrations	9,389	15	-	-	595	376	174	88	477	565	28	-	11,707
Miscellaneous expense	6,509	693	-	3,082	371	-	-	-	-	-	-	202	10,857
Foster parent insurance	-	-	-	8,411	-	-	-	-	-	-	-	-	8,411
Client Expense	-	273	240	2,328	964	395	-	-	-	-	100	36	4,336
Recreation - non - therapeutic	-	2,501	-	235	354	-	-	-	-	-	-	278	3,368
Therapeutic recreation	103	420	-	-	2,683	-	-	-	-	-	-	-	3,206
Respite care	-	-	-	3,050	54	-	-	-	-	-	-	-	3,104
Tuition	-	250	-	-	250	250	200	200	200	200	200	250	2,000
Interest expense	-	-	-	-	1,844	-	-	-	-	-	-	-	1,844
Clothing allowance	-	451	-	679	360	-	-	-	-	-	-	23	1,513
	<b>840,836</b>	<b>857,774</b>	<b>394,343</b>	<b>1,492,790</b>	<b>1,620,980</b>	<b>871,727</b>	<b>36,128</b>	<b>79,042</b>	<b>66,448</b>	<b>48,468</b>	<b>158,397</b>	<b>602,531</b>	<b>7,069,464</b>
Administration Expense (Income)	<b>(840,836)</b>	<b>112,672</b>	<b>78,030</b>	<b>95,351</b>	<b>268,730</b>	<b>104,011</b>	<b>60,708</b>	<b>8,661</b>	<b>8,661</b>	<b>-</b>	<b>8,661</b>	<b>95,351</b>	<b>-</b>
<b>Total Program Expenses</b>	<b>-</b>	<b>970,446</b>	<b>472,373</b>	<b>1,588,141</b>	<b>1,889,710</b>	<b>975,738</b>	<b>96,836</b>	<b>87,703</b>	<b>75,109</b>	<b>48,468</b>	<b>167,058</b>	<b>697,882</b>	<b>7,069,464</b>
(Deficiency) Excess of Program Support Over Program Expenses	<b>\$ 98,214</b>	<b>\$ 38,211</b>	<b>\$ (183,161)</b>	<b>\$ 484,213</b>	<b>\$ (625,537)</b>	<b>\$ (388,486)</b>	<b>\$ (64,005)</b>	<b>\$ (16,919)</b>	<b>\$ (2,025)</b>	<b>\$ (1,710)</b>	<b>\$ (15,845)</b>	<b>\$ 57,241</b>	<b>\$ (619,809)</b>

**CHILDREN'S HOME OF YORK**  
**Statement of Program Revenues and Related Expenses**  
**Year Ended June 30, 2021**

	Administration	George Street Program	Permanency Programs		A.N.G.E.L. Center	Bridges Program	SFP	PREP	Drug & Alcohol Prevention	Gambling Prevention	IPT	RISE	Total
		Adoption	Foster Care										
<b>Program Support</b>													
Board fees/program funding	\$ -	\$ 807,456	\$ -	\$ 2,144,805	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 195,536	\$ 617,868	\$ 3,765,665
Insurance/managed care fund	-	-	-	680	1,216,734	358,627	-	-	-	-	-	-	1,576,041
Diakon services (SWAN)	-	-	355,150	-	-	-	-	-	-	-	-	-	355,150
Grants	62,500	-	-	-	20,204	-	-	75,342	84,904	50,313	-	-	293,263
Other local sources	5,000	2,350	-	-	59,316	104,638	2,088	-	-	-	-	100	173,492
<b>Total Program Support</b>	<b>67,500</b>	<b>809,806</b>	<b>355,150</b>	<b>2,145,485</b>	<b>1,296,254</b>	<b>463,265</b>	<b>2,088</b>	<b>75,342</b>	<b>84,904</b>	<b>50,313</b>	<b>195,536</b>	<b>617,968</b>	<b>6,163,611</b>
<b>Program Expenses</b>													
Salaries	334,097	478,980	268,971	515,240	976,418	306,904	16,722	49,549	57,921	39,282	129,899	353,455	3,527,438
Group insurance	50,489	121,130	67,264	110,059	188,258	60,315	2,806	12,712	17,374	11,079	26,878	94,502	762,866
Foster/host homes payments	-	-	-	744,769	-	-	-	-	-	-	-	-	744,769
Payroll taxes	31,017	44,803	24,253	46,935	90,858	28,382	1,579	4,667	5,031	3,420	12,238	32,266	325,449
Depreciation	23,340	13,829	20,012	20,012	52,324	66,895	-	-	-	-	-	12,881	209,293
Insurance	21,541	29,097	24,101	54,202	56,491	22,641	2,883	4,072	3,089	1,990	7,961	12,433	240,501
Residential health/counseling	1,998	26	-	1,102	33,530	55,900	-	-	-	-	-	-	92,556
Office supplies	56,757	8,908	9,064	13,494	13,640	8,139	3,398	7,824	3,292	772	3,747	2,938	131,973
Retirement	(484)	23,027	12,321	14,716	35,936	2,476	762	2,529	2,969	2,004	3,787	14,601	114,644
Utilities	7,814	15,016	728	6,308	20,131	27,027	-	-	-	-	468	4,225	81,717
Food	1,793	20,521	-	225	34,717	16,244	126	1,981	124	61	97	7,599	83,488
Bad debt expense	-	-	-	7,028	55,723	16,920	-	-	-	2,520	-	-	30,160
Legal and accounting	33,780	4,608	-	2,943	6,228	6,000	-	-	-	-	-	2,943	56,502
Personnel recruitment	9,592	1,621	2,299	7,986	16,005	6,305	534	13	184	23	299	2,012	46,873
Telephone	11,578	4,529	6,689	14,859	2,951	3,487	232	1,241	1,598	226	4,011	5,612	57,013
Transportation	502	4,392	1,464	29,159	2,339	195	95	3	10	-	-	698	38,857
Donor designated expenses	-	4,455	-	-	23,483	1,839	-	-	-	-	765	92	30,634
Administrative	26,678	-	-	-	5,500	-	-	-	-	-	-	-	32,178
Repairs/maintenance	-	5,471	1,089	2,424	4,294	877	-	-	-	-	-	158	14,313
Building and grounds	3,544	4,445	2,950	2,861	4,013	3,980	96	96	96	96	865	4,242	27,284
Housekeeping	509	10,324	132	398	10,179	3,202	6	6	45	44	36	1,713	26,594
Training/conferences	4,126	228	62	291	1,737	875	-	299	30	-	252	307	8,207
Membership dues	21,372	40	-	99	40	89	177	129	89	89	89	-	22,213
Building repairs	614	6,839	507	835	11,821	5,099	9	9	16	40	28	4,290	30,107
Allowance/earnings	-	7,550	-	-	7,898	-	-	-	-	-	-	650	16,098
Miscellaneous expense	9,009	179	-	1,245	12,587	-	-	-	-	-	-	2,929	25,949
Foster parent insurance	-	-	-	7,248	-	-	-	-	-	-	-	-	7,248
Recreation - non - therapeutic	-	1,389	-	572	819	-	-	-	-	-	-	72	2,852
Therapeutic recreation	-	79	-	-	2,166	40	-	-	-	-	-	61	2,346
Respite care	-	-	334	3,666	-	-	-	-	-	-	-	-	4,000
Interest expense	-	-	-	-	8,123	-	-	-	-	-	-	-	8,123
Clothing allowance	250	333	-	-	45	32	-	-	-	-	-	168	828
COVID-19 related supplies and training	-	2,845	4	381	6,827	3,502	4	4	-	-	432	3,012	17,011
	649,916	814,664	442,244	1,602,029	1,648,594	641,369	29,429	85,134	91,868	59,126	191,852	563,859	6,820,084
Administration Expense (Income)	(649,916)	85,724	49,979	85,724	221,361	64,277	-	7,149	14,298	-	35,680	85,724	-
<b>Total Program Expenses</b>	<b>-</b>	<b>900,388</b>	<b>492,223</b>	<b>1,687,753</b>	<b>1,869,955</b>	<b>705,646</b>	<b>29,429</b>	<b>92,283</b>	<b>106,166</b>	<b>59,126</b>	<b>227,532</b>	<b>649,583</b>	<b>6,820,084</b>
(Deficiency) Excess of Program Support Over Program Expenses	\$ 67,500	\$ (90,582)	\$ (137,073)	\$ 457,732	\$ (573,701)	\$ (242,381)	\$ (27,341)	\$ (16,941)	\$ (21,262)	\$ (8,813)	\$ (31,996)	\$ (31,615)	\$ (656,473)

**CHILDREN'S HOME OF YORK**  
**Statements of Net Assets**  
**Years Ended June 30, 2022 and 2021**

---

	<b>Net Assets Without Donor Restrictions</b>	<b>Net Assets With Donor Restrictions</b>	<b>Total</b>
<b>Net assets - June 30, 2020</b>	\$ 14,440,223	\$ 2,855,890	\$ 17,296,113
Changes in net assets	<u>3,182,583</u>	<u>290,490</u>	<u>3,473,073</u>
<b>Net assets - June 30, 2021</b>	17,622,806	3,146,380	20,769,186
Changes in net assets	<u>(742,377)</u>	<u>(501,942)</u>	<u>(1,244,319)</u>
<b>Net assets - June 30, 2022</b>	<u>\$ 16,880,429</u>	<u>\$ 2,644,438</u>	<u>\$ 19,524,867</u>

**CHILDREN'S HOME OF YORK**  
**Statement of Cash Flows**  
**Years Ended June 30, 2022 and 2021**

	<b>2022</b>	<b>2021</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ (1,244,319)	\$ 3,473,073
Adjustments to reconcile change in net assets to net provided by operating activities:		
Depreciation	254,856	209,293
Net investment return	2,083,701	(2,809,257)
(Gain) loss on sale of property and equipment	(5,787)	5,503
Change in donated inventory	(9,700)	(31,905)
Changes in value of beneficial interest in perpetual trusts	426,329	(383,295)
Changes in value of interest in net assets of a community foundation	24,761	(66,556)
(Increase) decrease in assets:		
Accounts and pledges receivable	(80,479)	65,035
Interest receivable	(21,303)	1,383
Prepaid expenses	(93,462)	31,836
Increase (decrease) in liabilities:		
Accounts payable	23,851	(90,946)
Deferred revenue	-	(3,000)
Accrued payroll	(54,424)	18,343
Accrued vacation	(29,694)	(5,532)
Payroll taxes withheld and accrued	21,277	(1,967)
Net Cash Provided By Operating Activities	<u>1,298,461</u>	<u>411,876</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of property and equipment	(212,895)	(171,275)
Net proceeds from sale of investments	3,258,883	1,949,017
Purchases of investments	<u>(3,254,814)</u>	<u>(1,945,855)</u>
Net Cash Used By Investing Activities	<u>(208,826)</u>	<u>(168,113)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayments of long-term debt	<u>(1,602,132)</u>	<u>(128,855)</u>
Net Cash Used By Financing Activities	<u>(1,602,132)</u>	<u>(128,855)</u>
Net Change In Cash	(512,497)	114,908
<b>CASH AT BEGINNING OF YEAR</b>	<u>1,974,874</u>	<u>1,859,966</u>
<b>CASH AT END OF YEAR</b>	<u>\$ 1,462,377</u>	<u>\$ 1,974,874</u>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Interest paid	<u>\$ 1,856</u>	<u>\$ 8,123</u>

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

---

***Nature of Operations***

Children's Home of York (the Home) is a regional not-for-profit organization that provides a continuum of diagnostic, residential, foster family care, and counseling services to troubled children, youth, and their families living in York and surrounding communities.

The Home's primary sources of revenue are program support, contributions, and investment income.

***Description of Programs***

***George Street Program*** - A community-based group home for boys ages fourteen to eighteen, to develop the skills necessary to live on their own.

***Permanency Programs*** - This program provides a variety of services for children and their biological, foster, kinship, and adoptive families from birth through the age of eighteen. All costs associated with the Permanency Partners have been included in the foster care program.

***Adoption Program*** - A licensed adoption program to facilitate the permanent adoption placement of children currently in foster care, residential programs, or other temporary living arrangements.

***Foster Care Program*** - A family foster care program for children from birth to eighteen.

***A.N.G.E.L. Center*** - A licensed residential treatment facility that serves girls between the ages of thirteen and eighteen. The facility specializes in treating post-traumatic stress disorder.

***Bridges Program - Child and Adolescent Partial Hospitalization Program*** - A year-round program providing stabilization, intense therapy, and educational services for males and females ages eleven to nineteen, who are experiencing severe psychotic symptoms.

***Strengthening Families Program (SFP)*** - Provides family skills training to reduce problem behaviors, delinquency, and alcohol and drug abuse in children and to improve social competencies and school performance for high-risk families.

***Personal Responsibility Education Program (PREP)*** - Aims to reduce the number of young people, who engage in risky behaviors by providing them with essential knowledge, attitudes, beliefs, skills, motivation, and self-esteem needed to make healthy choices.

***Drug and Alcohol Prevention*** - Education programs provided to York County schools that teaches drug prevention strategies and life skills.

***Gambling Prevention*** - Problem Gambling Prevention education in York County for children and adolescents and for Senior Citizens.

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

---

***Description of Programs (Continued)***

***Integrated Practice Team (IPT)*** - A prevention service in collaboration with York County Children and Youth Services that provides an Interdisciplinary Team approach to provide necessary community-oriented services to children and families in need. This program is provided in an effort to avoid further need of placements for children by introducing community resources and action steps of services to the family unit.

***Reaching Independence through Support and Experiences (RISE)*** - program for youth who require individualized 2:1 supervision due to their history of struggling to succeed in other residential settings and/or other lower levels of care. The program is designed to provide specialized Independent Living services and prepare the youth to either successfully live on their own as productive members of the community, or to return to their families better prepared to be a productive member of the family.

***Basis of Accounting***

The financial statements of the Home have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Under this basis, support is recognized when services are rendered, and expenses are recognized when incurred.

***Basis of Presentation***

The Home reports net assets, revenues, expenses, gains and losses based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Home and changes therein are classified and reported as follows:

***Net assets without donor restrictions*** – Net assets that are not subject to donor-imposed stipulations, including those that are Board designated.

***Net assets with donor restrictions*** – Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Home and/or the passage of time. When a restriction expires, the Home reports the transfer on the Statement of Activities as net assets released from restrictions.

***Cash***

Cash consists of cash on hand, cash in banks and all highly liquid debt instruments with original maturities of three months or less.

***Accounts Receivable and Bad Debt***

Accounts receivable are stated as outstanding balances, net of an allowance for doubtful accounts. If collection becomes doubtful, an allowance for doubtful accounts is established or the account will be charged to income. Unpaid balances remaining outstanding beyond the original payment terms are deemed to be past due. Recoveries for prior accounts charged-off are recognized as income when received. For the years ending June 30, 2022 and 2021, the allowance was \$95,172 and \$36,322, respectively.



**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

---

***Pledges Receivable***

Pledges receivable are all expected to be collected and are recorded at net realizable value. Those receivables not expected to be collected within one year are recorded as non-current on the Statements of Financial Position.

***Property and Equipment***

Property and equipment are stated at cost. Depreciation is computed using the straight-line method of accounting over the estimated useful lives of the assets. Maintenance and repairs are expensed as incurred and major replacements and betterments are capitalized. The Home's policy is to capitalize purchases of \$ 2,000 or more. When assets are retired or otherwise disposed of, the cost and related depreciation are removed from the accounts and any resulting gain or loss is reflected in income for the period.

***Investments***

Investments in debt and equity securities with readily determinable fair values are reported at fair value. The unrealized gain or loss is reported as an increase or decrease in net assets without restrictions unless their use is restricted by explicit donor-imposed stipulations or by law. The realized gain or loss on the sale of investments is computed on a specific identification basis and is included as an increase or decrease in net assets without restrictions unless the use is restricted by donor-imposed stipulations or by law.

In addition, recent economic uncertainty and market events as a result of the COVID-19 pandemic and other market forces have led to unprecedented volatility in currency, commodity, credit and equity markets. These recent events underscore the level of investment risk associated with the current economic environment, and accordingly the level of risk in the long-term investments and perpetual trust assets reported in the financial statements.

***Beneficial Interest in Perpetual Trusts***

Beneficial interests in perpetual trusts are reported at fair value as determined by the Home's interest percentage in the trusts. The change in value of perpetual trusts is reported as an increase or decrease in net assets with donor restrictions.

***Interest in Net Assets of a Community Foundation***

Interest in net assets of a community foundation is reported at fair value as determined by the community foundation.

***Financial Instruments***

The carrying amounts of cash, receivables, accounts payable, accrued expenses, and other current liabilities approximate the fair value because of the short maturity of these items. Other financial instruments, including investments for which the fair value measurement is recurring, are measured in accordance with an established hierarchy of inputs to the valuation techniques under accounting principles generally accepted in the United States of America. The methodology for establishing fair value is more fully described in Note 9 - Fair Value Measurements.

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

---

***Revenue Recognition***

The Home implemented Accounting Standard Board Update (ASU) 2014-09 Revenue From Contracts with Customers, (Topic 606) (ASC 606) during the year ended June 30, 2021. The sources of revenue for the Home are contributions and grants, fundraising, program fees, interest income, and miscellaneous income. Certain revenue transactions are now recognized as earned based on contractual terms, as transactions occur, or as services are provided. All revenues determined to be in the scope of ASC 606 are presented within the Statements of Activities and are recognized as the performance obligations are met.

Following is further detail of the various types of revenue the Home earns and when it is recognized under ASC 606.

Program income –revenue received is not recognized until the revenue is earned, which is at the time when services are provided. These amounts are mainly billed to insurance companies and other responsible parties once services have been provided. Any unearned amounts would be included in deferred revenue.

Contributions and grants, fundraising, interest income, and miscellaneous income are recognized on the accrual basis, but these revenues are outside the scope of ASC 606.

***Donated Assets and Services***

Donated materials and services meeting the criteria for recognition are reflected in the financial statements as non-cash contributions at their estimated value on the date of receipt. In addition to the amount recorded in the financial statements, volunteers have donated significant amounts of time assisting the Home. These contributed services do not meet the criteria for recognition in the financial statements.

***Functional Expense Classification***

The costs of providing the various programs and other activities are summarized on a functional basis in the Statements of Activities and Statements of Functional Expenses by Natural Classifications. Accordingly, certain costs have been allocated among the programs and supporting services benefited based on personnel time.

***Administrative and Indirect Expenses***

For the fiscal year ending June 30, 2022 and 2021, all programs, residential and nonresidential, are allocated a portion of administrative and indirect expenses based on the number of full-time, equivalent employees in the programs on the statement of program revenues and related expenses.

***Concentration of Credit Risk***

The Home's cash balances in financial institutions located in Pennsylvania, at times, may exceed the Federal Deposit Corporation (FDIC) insured limits. Management regularly monitors the financial condition of the financial institutions, along with their cash balances, in order to keep potential risks to a minimum. Management does not believe that there is a significant risk of loss as a result of these excess deposits and has not experienced any such losses on these accounts.

**CHILDREN'S HOME OF YORK**  
**Notes to Financial Statements**

---

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

---

***Income Taxes***

No provision is made for income taxes because the Home is a tax-exempt entity under Section 501(c)(3) of the Internal Revenue Code. The Home is not deemed to be a private foundation by the Internal Revenue Service.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Home and recognize the tax liability if the Home has taken uncertain positions that more likely than not would not be sustained upon examination by the government authority. The Home is subject to routine audits by taxing jurisdictions, generally for a period of three years after the returns are filed; however, there are currently no audits for any tax periods in progress.

***Use of Estimates***

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and the disclosure of contingent assets and liabilities, if any, 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.

***Reclassifications***

Certain amounts in the prior year have been reclassified to conform to the current year financial presentation.

**NOTE 2 CASH**

---

Cash consist of the following at June 30:

	<b>2022</b>	<b>2021</b>
Checking account - Wells Fargo	\$ 59,879	\$ 103,329
Checking account - Wells Fargo	1,081,592	369,252
Payroll account - Wells Fargo	(141,002)	301,323
Money market account - Members 1 <sup>st</sup>	162,689	893,843
Savings account - Members 1 <sup>st</sup>	778	35.00
Capital improvements cash - Merrill Lynch	-	15,153
Checking account - Fulton Bank	246,963	246,820
Money market account - M&T Bank	51,008	40,028
Payroll account - BB&T	-	4,621
Cash on hand	470	470
Total cash	<u>\$ 1,462,377</u>	<u>\$ 1,974,874</u>

**CHILDREN'S HOME OF YORK**  
**Notes to Financial Statements**

**NOTE 3 PLEDGES RECEIVABLE**

Unconditional pledges receivable consisted of the following as of June 30:

	<b>2022</b>	<b>2021</b>
Less than one year	\$ 50,000	\$ 50,000
One year to five years	250,000	250,000
More than five years	<u>287,710</u>	<u>337,710</u>
Total promises to give	587,710	637,710
Less: net present value discount	<u>(21,072)</u>	<u>(30,829)</u>
Net Pledges Receivable	<u>\$ 566,638</u>	<u>\$ 606,881</u>

**NOTE 4 PREPAID EXPENSES**

Prepaid expenses consist of the following at June 30:

	<b>2022</b>	<b>2021</b>
Prepaid insurance	\$ 121,765	\$ 24,368
Other prepaids	<u>28,127</u>	<u>32,062</u>
Total prepaid expenses	<u>\$ 149,892</u>	<u>\$ 56,430</u>

**NOTE 5 PROPERTY AND EQUIPMENT**

Property and equipment consist of the following at June 30:

		<b>2022</b>		
	<b>Useful Lives</b>	<b>Cost</b>	<b>Accumulated Depreciation</b>	<b>Net Book Value</b>
Land and improvements				
George Street Program	5 - 25 Years	<u>\$ 20,835</u>	<u>\$ -</u>	<u>\$ 20,835</u>
Building and improvements				
George Street Program	10 - 25 Years	328,273	241,174	87,099
Girls' Center	40 Years	1,780,389	837,469	942,920
Gymnasium	25 Years	1,500,577	955,518	545,059
Child and Family Counseling	25 Years	1,071,249	600,336	470,913
Emergency Shelter	5 - 40 Years	1,062,629	982,794	79,835
Klinger Property	25 Years	290,339	155,554	134,785
Administration Building	25 Years	<u>456,916</u>	<u>418,679</u>	<u>38,237</u>
Total building and improvements		6,490,372	4,191,524	2,298,848
Furniture and equipment				
George Street Program	5 - 10 Years	141,010	91,993	49,017
Girls' Center	5 Years	122,357	109,934	12,423
Gymnasium	3 - 5 Years	53,037	53,037	-
Child and Family Counseling	5 Years	61,640	61,142	498
Emergency Shelter	5 - 18 Years	106,744	93,547	13,197
Administrative Building	5 - 20 Years	217,006	208,862	8,144
Bridges Program	3 - 5 Years	18,216	18,216	-
Automobiles	3 Years	163,800	161,806	1,994
Video presentation	3 - 15 Years	<u>183,349</u>	<u>130,887</u>	<u>52,462</u>
Total furniture and equipment		<u>1,067,159</u>	<u>929,424</u>	<u>137,735</u>
Total property and equipment		<u>\$ 7,578,366</u>	<u>\$ 5,120,948</u>	<u>\$ 2,457,418</u>

**CHILDREN'S HOME OF YORK**  
**Notes to Financial Statements**

**NOTE 5 PROPERTY AND EQUIPMENT (CONTINUED)**

	Useful Lives	2021		
		Cost	Accumulated Depreciation	Net Book Value
<b>Land and improvements</b>				
George Street Program	5 - 25 Years	\$ 20,835	\$ -	\$ 20,835
<b>Building and improvements</b>				
George Street Program	10 - 25 Years	317,458	230,179	87,279
Girls' Center	40 Years	1,756,773	791,116	965,657
Gymnasium	25 Years	1,500,577	917,406	583,171
Child and Family Counseling	25 Years	1,071,249	573,368	497,881
Emergency Shelter	5 - 40 Years	1,059,948	947,361	112,587
Klinger Property	25 Years	277,339	143,727	133,612
Administration Building	25 Years	455,705	415,236	40,469
Total building and improvements		6,439,049	4,018,393	2,420,656
<b>Furniture and equipment</b>				
George Street Program	5 - 10 Years	82,697	82,697	-
Girls' Center	5 Years	118,406	104,105	14,301
Gymnasium	3 - 5 Years	53,037	53,037	-
Child and Family Counseling	5 Years	61,640	61,142	498
Emergency Shelter	5 - 18 Years	104,164	101,588	2,576
Administrative Building	5 - 20 Years	208,747	204,508	4,239
Bridges Program	3 - 5 Years	18,216	18,216	-
Automobiles	3 Years	146,970	146,970	-
Video presentation	3 - 15 Years	113,750	83,263	30,487
Total furniture and equipment		907,627	855,526	52,101
Total property and equipment		\$ 7,367,511	\$ 4,873,919	\$ 2,493,592

Depreciation expense amounted to \$ 254,856 and \$ 209,293 for 2022 and 2021, respectively.

**NOTE 6 INVESTMENTS**

Investments were comprised of the following at June 30:

	2022			2021		
	Cost	Fair Market Value	Unrealized Gain (Loss)	Cost	Fair Market Value	Unrealized Gain (Loss)
Money market funds	\$ 2,237,248	\$ 2,237,248	\$ -	\$ 357,949	\$ 357,949	\$ -
Fixed income	1,905,733	1,839,338	(66,395)	3,448,364	3,452,341	3,977
Equity securities	2,843,654	8,071,841	5,228,187	2,959,380	10,425,907	7,466,527
Total	\$ 6,986,635	\$ 12,148,427	\$ 5,161,792	\$ 6,765,693	\$ 14,236,197	\$ 7,470,504

Investments in marketable equity securities, with readily determinable fair values, are stated at the fair value on a recurring basis. The fair value is determined, based on quoted prices for identical investments in their respective active markets, which is a Level 1 valuation input, as described in Note 9 - Fair Value Measurements.

**CHILDREN'S HOME OF YORK**  
**Notes to Financial Statements**

---

**NOTE 6 INVESTMENTS (CONTINUED)**

---

The following table is a summary of investment activities for the years ended June 30:

	<b>2022</b>	<b>2021</b>
Beginning balance	\$ 14,236,197	\$ 11,430,102
Interest and dividends	109,865	117,674
Realized and unrealized gain	(2,132,623)	2,738,599
Sales of investments	(3,258,883)	(1,949,017)
Purchases	3,254,814	1,945,855
Other income (fees)	(60,943)	(47,016)
Ending balance	<u>\$ 12,148,427</u>	<u>\$ 14,236,197</u>

The Home invests in a diversified portfolio of marketable securities consisting of common stocks, corporate bonds, U.S. government obligations, and money market accounts. The Home pays a professional investment consultant to manage their investment program. At the direction of the board, the supervised portfolio is to be invested as follows:

Reserve funds	25.0% - 45.0%
Fixed income	25.0% - 45.0%
Marketable equity securities	55.0% - 75.0%

The portfolio is used to subsidize program services, program development and fund capital projects.

**NOTE 7 BENEFICIAL INTEREST IN PERPETUAL TRUSTS**

---

The Home is named as a beneficiary under several trusts administered by various local banks. The Home's beneficiary percentage ranges from 8.33 percent to 100 percent. The assets held in the perpetual trusts are recorded at fair value on the Statements of Financial Position. The beneficial interests in perpetual trusts are as follows at June 30:

	<b>2022</b>	<b>2021</b>
Wells Fargo Omnibus Trust	\$ 671,269	\$ 837,464
Walter S. Souder Trust	424,124	519,665
David Horn Trust	281,754	336,866
Florence and Stewart Bortner Trust	153,599	190,321
York Society to Protect Children and Aged Persons	153,032	188,741
Sarah A. K. Hooper Trust	93,113	113,672
Mary A. Roche Trust	30,223	35,322
Howard D. Baer Trust	27,520	33,450
Elmira M. Quickel Trust	22,099	27,562
Total	<u>\$ 1,856,733</u>	<u>\$ 2,283,063</u>

**CHILDREN'S HOME OF YORK**  
**Notes to Financial Statements**

---

**NOTE 7 BENEFICIAL INTEREST IN PERPETUAL TRUSTS (CONTINUED)**

---

The fair value of the Home's beneficial interest in perpetual trusts is determined based on management's assumptions of what market participants would use in pricing the assets. The assumptions are developed based on best information available, which is a Level 2 valuation input as described in Note 9 - Fair Value Measurements.

The income received by the Home from the perpetual trusts and other donor designated funds consists of the following for the years ended June 30:

	<b>2022</b>	<b>2021</b>
Wells Fargo Omnibus Trust	\$ 30,000	\$ 33,000
Walter S. Souder Trust	24,400	19,333
David Horn Trust	19,320	20,250
York Foundation	10,868	-
Sarah A. K. Hooper Trust	4,800	4,000
York Society to Protect Children and Aged Persons	2,197	7,960
Elmira M. Quickel Trust	1,232	1,370
Howard D. Baer Trust	161	921
Mary A. Roche Trust	-	3,722
Other	<u>10,449</u>	<u>5,751</u>
Total	<u>\$ 103,427</u>	<u>\$ 96,307</u>

**NOTE 8 INTEREST IN NET ASSETS OF A COMMUNITY FOUNDATION**

---

In accordance with ASC No. 958-605, Not-for-Profit Entities Financially Interrelated Entities, contributions made to the York County Community Foundation are considered an asset of the Home and are reflected on the Statements of Financial Position as interest in net assets of a community foundation. The spending policy of the community foundation for the years ended June 30, 2022 and 2021 was 4.5 percent. The following table is a summary of the activity for the years ended June 30.

	<b>2022</b>	<b>2021</b>
Beginning balance	\$ 258,436	\$ 191,880
Contributions	-	917
Investment income (loss)	(23,519)	67,847
Fees	<u>(1,241)</u>	<u>(2,208)</u>
Ending balance	<u>\$ 233,676</u>	<u>\$ 258,436</u>

The fair value of the Home's beneficial interest in net assets held by a community foundation is determined based on management's assumptions, based on the best information available, which is a Level 2 valuation input as described in Note 9 - Fair Value Measurements.

**NOTE 9 FAIR VALUE MEASUREMENTS**

---

The framework for measuring fair value 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) and the lowest priority to unobservable inputs (level 3). Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

**Level 1** – Inputs to the valuation methodology are quoted prices (unadjusted) in active markets for identical assets or liabilities that the organization can access at the measurement date.

**Level 2** – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, such as:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

**Level 3** – Inputs that are unobservable inputs for the asset or liability.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2022.

**Money market funds:** Money markets are valued at stable \$1.00 net asset value which is the value at which the fund is traded and approximates fair value based on the fair value of the underlying investments.

**Equity securities:** Valued at closing price reported on the active market on which the individual securities are traded.

**Fixed income funds (U.S. government securities and corporate debt):** Valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing value on yields currently available on comparable securities of issuers with similar credit ratings.

**Interest in net assets of community foundation:** Valued at net asset value of the percentage owned of the underlying assets of the fund. The fund is invested in a variety of fixed income and equity mutual funds whereby the investment policies employed are meant to achieve long-term growth while providing modest investment income. There are no unfunded commitments or restrictions.

**Beneficial interest in perpetual trusts:** Valued at net asset value (NAV) of the percentage owned of the underlying assets of the trusts. The trusts are invested in a variety of fixed income (both domestic and international), equity (both domestic and international) and mutual funds whereby the investment policies employed are meant to achieve long-term growth while providing modest investment income. There are no unfunded commitments related to the trusts and the trust assets are to be maintained in perpetuity such that the Home can never invade the principal.



**CHILDREN'S HOME OF YORK**  
**Notes to Financial Statements**

**NOTE 9 FAIR VALUE MEASUREMENTS (CONTINUED)**

**Pledges receivable:** Valued at the initial pledge amount committed by the donor discounted to their present value less any allowance for uncollectible contributions as determined by management based upon management's analysis of specific promises made and prior collection history.

The following table sets forth by level, within the fair value hierarchy, the Home's assets at fair value as of June 30:

<b>Assets at Fair Value as of June 30, 2022</b>				
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Investments				
Money market funds	\$ 2,237,248	\$ -	\$ -	\$ 2,237,248
Fixed income				
Government and agency securities	1,739,794	-	-	1,739,794
Corporate Bonds				
BBB	99,544	-	-	99,544
BBB-	-	-	-	-
Equity securities				
Communications	540,636	-	-	540,636
Consumer Cyclical	-	-	-	-
Real Estate	1,072,405	-	-	1,072,405
Technology	1,428,228	-	-	1,428,228
Healthcare	1,494,761	-	-	1,494,761
Consumer Defensive	888,708	-	-	888,708
Basic Materials	246,016	-	-	246,016
Financial Services	1,000,710	-	-	1,000,710
Industrials	1,400,377	-	-	1,400,377
Beneficial interest in perpetual trusts	-	1,856,733	-	1,856,733
Interest in net assets of community foundation	-	233,676	-	233,676
Pledges receivable	-	566,638	-	566,638
Total assets at fair value	<u>\$ 12,148,427</u>	<u>\$ 2,657,047</u>	<u>\$ -</u>	<u>\$ 14,805,474</u>
<b>Assets at Fair Value as of June 30, 2021</b>				
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Investments				
Money market funds	\$ 357,949	\$ -	\$ -	\$ 357,949
Fixed income				
Government and agency securities	3,270,481	-	-	3,270,481
Corporate Bonds				
BBB	92,680	-	-	92,680
BBB-	89,180	-	-	89,180
Equity securities				
Communications	811,953	-	-	811,953
Consumer Cyclical	967,872	-	-	967,872
Real Estate	1,393,470	-	-	1,393,470
Technology	1,535,784	-	-	1,535,784
Healthcare	2,424,911	-	-	2,424,911
Consumer Defensive	86,556	-	-	86,556
Basic Materials	454,882	-	-	454,882
Financial Services	1,744,279	-	-	1,744,279
Industrials	1,006,200	-	-	1,006,200
Beneficial interest in perpetual trusts	-	2,283,063	-	2,283,063
Interest in net assets of community foundation	-	258,436	-	258,436
Pledges receivable	-	606,881	-	606,881
Total assets at fair value	<u>\$ 14,236,197</u>	<u>\$ 3,148,380</u>	<u>\$ -</u>	<u>\$ 17,384,577</u>

**CHILDREN'S HOME OF YORK**  
**Notes to Financial Statements**

---

**NOTE 10 LINE OF CREDIT**

---

The Home has a line of credit with Fulton Bank up to the maximum amount of \$ 500,000. The line is secured by the Home's administrative property. The interest rate was 4.75% and 3.25% at June 30, 2022 and 2021, respectively. At June 30, 2022 and 2021 there were no borrowings on the line.

**NOTE 11 LONG-TERM DEBT/GUARANTEE OF DEBT**

---

Long-term debt consists of the following at June 30:

	<b>Interest Rate</b>	<b>2022</b>	<b>2021</b>
PPP Loan - Member's 1 <sup>st</sup>	1.00%	\$ -	\$ 955,417
Note payable - Wells Fargo	1.16%	-	646,715
		-	1,602,132
Less: current portion		-	(1,602,132)
Total long-term debt		\$ -	\$ -

On April 15, 2020 the Home received a Paycheck Protection Program (PPP) Loan from Member's 1st in the amount of \$ 955,417. The PPP Loan bears interest at a fixed rate of 1.0% per annum, with the first six months of interest deferred, has a term of two years, and is unsecured and guaranteed by the US Small Business Administration.

Under the PPP Loan, the Home may apply for forgiveness of all, or a portion of, the amount due if certain criteria is satisfied. Should full forgiveness not be achieved, the loan balance would convert to a two-year note. In July 2021 the Home applied for and received loan forgiveness in the amount of \$ 955,417.

The note payable was for construction of the Girls' Center. Interest is calculated at the one-month London InterBank Offered Rate (LIBOR), plus 1.0 percent, which was 1.10% and 1.16% at June 30, 2022 and 2021, respectively. The note required scheduled monthly principal and interest payments through April 30, 2037. The note was collateralized by the Home's investments. The amount outstanding at June 30, 2022 and 2021, was \$ 0 and \$ 646,715, respectively. The note was paid off early during the year ending June 30, 2022.

**NOTE 12 BOARD DESIGNATED NET ASSETS**

---

The Home's Board of Directors have designated an investment account for the purpose of generating funds for the future needs of the Organization. The amount of funds designated by the Home's Board of Directors as of June 30, 2022 and 2021 was \$ 696,922 and \$ 622,679, respectively.

**CHILDREN'S HOME OF YORK**  
**Notes to Financial Statements**

**NOTE 13 NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions are restricted as follows as of June 30:

	<b>2022</b>	<b>2021</b>
Subject to the passage of time		
Pledges receivable	\$ 566,638	\$ 606,881
Subject to expenditure for specified purpose		
Equine therapy	20,442	5,071
Transitional Living	15,330	-
IT and electronics	2,798	62,798
Other programs	1,421	1,624
	<u>39,991</u>	<u>69,493</u>
Perpetual in Nature		
Investments	104,099	104,099
Third-party trusts	1,933,710	2,365,907
	<u>2,037,809</u>	<u>2,470,006</u>
Total net assets with donor restrictions	<u>\$ 2,644,438</u>	<u>\$ 3,146,380</u>
Cash	\$ 39,991	\$ 69,493
Pledges receivable	566,638	606,881
Investments	104,099	104,099
Third-party trusts	1,933,710	2,365,907
	<u>\$ 2,644,438</u>	<u>\$ 3,146,380</u>

**NOTE 14 LIQUIDITY AND AVAILABILITY**

The Home's financial assets available within one year of the statement of financial position date for general expenditures are as follows:

Cash	\$ 1,462,377
Accounts receivable, net of allowance	926,669
Interest receivable	25,199
	<u>2,414,245</u>
Less: cash restricted by donors	<u>(39,991)</u>
Total available for general expenditures	<u>\$ 2,374,254</u>

None of these financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the statement of financial position date. Cash in the amount of \$ 39,991 has been excluded above, because they have been designated by donors for certain purpose restrictions as described further in Note 13. The Home has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due and management periodically reviews the Home's liquid asset needs. Also, as more fully described in Note 10, the Home has a line of credit with availability of \$ 500,000 at June 30, 2022, which it could draw upon in the event of an unanticipated liquidity need.

**CHILDREN'S HOME OF YORK**  
**Notes to Financial Statements**

---

**NOTE 15 COMMITMENTS**

---

In April 2018, the Home entered into a sixty-month lease for several copiers. Monthly payments for the first twenty-four months are \$ 324 and then increase to \$ 1,676 for months twenty-five through sixty. The total expenses related to this lease for the years ending June 30, 2022 and 2021 were approximately \$ 20,000.

The following are the future minimum payments on the above leases and service agreements:

2023	\$ <u>10,517</u>
------	------------------

**NOTE 16 RETIREMENT PLANS**

---

The Home maintains a defined contribution retirement plan for all employees, who have reached age twenty-one and have completed one year and 1,000 hours of service. The plan is a noncontributory plan.

Contributions by the Home were 5.0 percent of each participant's gross earnings for each year. Total retirement expense for the years ended June 30, 2022 and 2021 was \$128,178 and \$114,644, respectively.

**NOTE 17 COVID-19/CONTINGENCIES**

---

In December 2019, COVID-19 emerged and has subsequently spread worldwide. The World Health Organization has declared COVID-19 a pandemic resulting in federal, state and local governments and private entities mandating various restrictions, including travel restrictions, restrictions on public gatherings, stay at home orders and advisories and quarantining of people who may have been exposed to the virus.

After close monitoring of internal risk and in response to guidance from federal, state and local governments, the Home closed the campus to the public and all non-essential staff effective March 19, 2020. Where feasible, administrative and programmatic operations were provided remotely to mitigate risk to team members and clients. One program, BRIDGES™ PHP, was closed for in person services from April 2020 through September 2021 as schools closed in response to federal, state and local guidance. Residential programs operated uninterrupted but with enhanced health and safety protocols established and monitored to reduce the risk of an internal outbreak. Admissions were paused while staffing numbers were sustained to ensure the organization was able to meet regulatory staff/client ratios should team members or clients become infected with COVID-19. The Home continues to monitor developments, including government requirements and recommendations at the national, state and local level to evaluate possible extensions to all or parts of such limitations.

The Home also received funds through the Paycheck Protection Program (PPP Loan) to fund payroll, rent, utilities, and interest on mortgages and existing debt, which is a part of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) enacted by Congress on March 7, 2020 (See Note 11).

**CHILDREN'S HOME OF YORK**  
**Notes to Financial Statements**

---

**NOTE 17 COVID-19/CONTINGENCIES (CONTINUED)**

---

The COVID-19 outbreak in the United States and around the world has caused business disruption through mandated and voluntary closings, including the Home and its donors. While the disruption is currently expected to be temporary, there is considerable uncertainty about the duration and extent of the economic impact. Therefore, it is reasonable to expect that the Home could be negatively impacted, however the degree of such impact is uncertain at this time.

**NOTE 18 SUBSEQUENT EVENTS**

---

The Organization has evaluated events and transactions subsequent to June 30, 2022 through the date of the Independent Auditor's Report.

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Board of Directors  
Children's Home of York  
York, Pennsylvania

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Children's Home of York (the Home) (a Pennsylvania nonprofit organization), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses, program revenues and expenses, changes in net assets, and cash flows for the year then ended, and the related notes to the financial statements, which collectively comprise the Home's basis financial statements, and have issued our report thereon dated December 12, 2022.

***Report on Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the Home's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Home's internal control. Accordingly, we do not express an opinion on the effectiveness of the Home's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

### ***Report on Compliance and Other Matters***

As part of obtaining reasonable assurance about whether Home's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### ***Purpose of This Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Home's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Smith Elliott Kearns + Company, LLC*

York, Pennsylvania  
December 12, 2022