

Audited  
Financial  
Statements

June 30,  
2023

# Children's Home of York



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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Children's Home of York  
York, Pennsylvania  
Report on the Audit of the Financial Statements

### ***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, 2023 and 2022, 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, 2023 and 2022 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 opinions.

### ***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 Children's Home of York'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 Children's Home of York'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 November 28, 2023, 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  
November 28, 2023

**CHILDREN'S HOME OF YORK**  
**Statements of Financial Position**  
**June 30, 2023 and 2022**

	2023	2022
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash	\$ 1,489,185	\$ 1,462,377
Accounts receivable, net of allowance	1,126,296	926,669
Current portion of pledges receivable, net of present value discount	60,000	50,000
Interest receivable	55,688	25,199
Inventory	44,098	52,531
Prepaid expenses	66,218	149,892
<b>Total Current Assets</b>	<b>2,841,485</b>	<b>2,666,668</b>
<b>Property and equipment, net of depreciation</b>	<b>2,628,809</b>	<b>2,457,418</b>
<b>Other Assets</b>		
Non-current pledges receivable, net of present value discount	476,615	516,638
Investments	13,013,402	12,148,427
Beneficial interest in perpetual trusts	1,904,766	1,856,733
Interest in net assets of a community foundation	245,472	233,676
<b>Total Other Assets</b>	<b>15,640,255</b>	<b>14,755,474</b>
<b>TOTAL ASSETS</b>	<b>\$ 21,110,549</b>	<b>\$ 19,879,560</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 115,437	\$ 140,677
Accrued payroll	75,082	129,781
Accrued vacation	103,309	55,108
Payroll taxes withheld and accrued	4,349	26,273
Claims overpayment	-	2,854
<b>Total Current Liabilities</b>	<b>298,177</b>	<b>354,693</b>
<b>Net Assets</b>		
Without donor restrictions	18,165,516	16,880,429
With donor restrictions	2,646,856	2,644,438
<b>Total Net Assets</b>	<b>20,812,372</b>	<b>19,524,867</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 21,110,549</b>	<b>\$ 19,879,560</b>

**CHILDREN'S HOME OF YORK**  
**Statement of Activities**  
**Year Ended June 30, 2023**

	Net Assets without Donor Restrictions	Net Assets with Donor Restrictions	Total
<b>REVENUES AND SUPPORT</b>			
Program Support			
Board fees and program funding	\$ 3,772,584	\$ -	\$ 3,772,584
Insurance/managed care fund	795,021	-	795,021
Diakon services (SWAN)	197,400	-	197,400
Other local services	769,845	-	769,845
Grants	598,573	-	598,573
	<hr/>	<hr/>	<hr/>
Total Program Support	6,133,423	-	6,133,423
Other Support and Revenues			
Contributions	879,040	37,550	916,590
Net investment return	892,909	-	892,909
Income from trusts	84,897	-	84,897
Government grants	58,500	-	58,500
In-kind donations	10,620	-	10,620
Special event income	145,547	-	145,547
Rental income	3,350	-	3,350
Gain on sale of fixed assets	7,500	-	7,500
Changes in value of interest in net assets of a community foundation	4,948	6,849	11,797
Changes in value of beneficial interest in perpetual trusts	-	48,032	48,032
Net assets released from restrictions	90,013	(90,013)	-
	<hr/>	<hr/>	<hr/>
Total Other Support and Revenues	2,177,324	2,418	2,179,742
	<hr/>	<hr/>	<hr/>
Total Revenues and Support	8,310,747	2,418	8,313,165
<b>EXPENSES</b>			
Program expenses	6,151,854	-	6,151,854
Administrative expenses	666,079	-	666,079
Fundraising expenses	207,727	-	207,727
	<hr/>	<hr/>	<hr/>
Total Expenses	7,025,660	-	7,025,660
	<hr/>	<hr/>	<hr/>
Changes in Net Assets	\$ 1,285,087	\$ 2,418	\$ 1,287,505
	<hr/>	<hr/>	<hr/>

**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	862,726	39,990	902,716
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	82,076	-	82,076
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	6,225,133	-	6,225,133
Administrative expenses	844,253	-	844,253
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 Functional Expenses**  
**Year Ended June 30, 2023**

	Program Expenses	Supporting Services		Total Expenses
		Administrative Expenses	Fundraising Expenses	
<b>Program Related Expenses</b>				
Salaries	\$ 3,174,801	\$ 334,711	\$ -	\$ 3,509,512
Group insurance	690,712	36,195	-	726,907
Foster/host homes payments	534,229	-	-	534,229
Payroll taxes	275,232	26,830	-	302,062
Insurance	229,337	25,909	-	255,246
Depreciation	220,708	19,484	-	240,192
Residential health/counseling	170,554	364	-	170,918
Office supplies	95,778	51,080	-	146,858
Retirement	124,683	16,191	-	140,874
Utilities	107,694	11,948	-	119,642
Food	91,113	3,269	-	94,382
Personnel recruitment	68,397	12,683	-	81,080
Bad debt expense	10,695	-	-	10,695
Legal and accounting	27,882	36,266	-	64,148
Telephone	41,797	17,814	-	59,611
Building and grounds	54,620	3,062	-	57,682
Transportation	41,716	1,580	-	43,296
Building repairs	35,054	2,220	-	37,274
Administrative	18,008	17,092	-	35,100
Repairs/maintenance	31,470	1,723	-	33,193
Housekeeping	24,683	2,622	-	27,305
Donor designated expenses	23,837	1,330	-	25,167
Miscellaneous expense	7,803	14,526	-	22,329
Training/conferences	14,665	5,942	-	20,607
Membership dues	3,563	15,414	-	18,977
Allowance/earnings	9,993	-	-	9,993
Foster parent insurance	7,157	-	-	7,157
License and registrations	764	6,692	-	7,456
Recreation - non - therapeutic	5,203	-	-	5,203
Therapeutic recreation	3,411	-	-	3,411
Clothing allowance	2,454	-	-	2,454
Tuition	1,125	913	-	2,038
Public relations	1,122	165	-	1,287
Respite care	1,046	-	-	1,046
Client expense	548	-	-	548
<b>Total Program Related Expenses</b>	<b>6,151,854</b>	<b>666,025</b>	<b>-</b>	<b>6,817,879</b>
<b>Non-program Related Expenses</b>				
Fundraising	-	-	163,597	163,597
In-kind donations	-	-	44,130	44,130
Interest expense	-	54	-	54
<b>Total Non-program Related Expenses</b>	<b>-</b>	<b>54</b>	<b>207,727</b>	<b>207,781</b>
<b>Total Expenses</b>	<b>\$ 6,151,854</b>	<b>\$ 666,079</b>	<b>\$ 207,727</b>	<b>\$ 7,025,660</b>

**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	91,787	48,674	-	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>6,225,133</b>	<b>844,241</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>\$ 6,225,133</b>	<b>\$ 844,253</b>	<b>\$ 164,452</b>	<b>\$ 7,233,838</b>

**CHILDREN'S HOME OF YORK**  
**Statement of Program Revenues and Related Expenses**  
**Year Ended June 30, 2023**

	Administration	George Street Program	Permanency Programs		A.N.G.E.L. Center	Bridges Program	SFP	PREP	Drug & Alcohol Prevention	Gambling Prevention	IPT	SOARS	RISE	Total
		Adoption	Foster Care											
<b>Program Support</b>														
Board fees/program funding	\$ -	\$ 1,060,554	\$ -	\$ 1,952,966	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 759,064	\$ 3,772,584
Insurance/managed care fund	-	-	-	-	331,557	463,464	-	-	-	-	-	-	-	795,021
Diakon services (SWAN)	-	-	-	-	-	-	-	-	-	-	-	197,400	-	197,400
Grants	13,948	4,820	660	-	4,843	10,000	-	99,712	40,152	26,041	-	398,397	-	598,573
Other local sources	19,841	636	179,427	623	129,123	188,923	82,506	-	-	-	168,368	35	363	769,845
<b>Total Program Support</b>	<b>33,789</b>	<b>1,066,010</b>	<b>180,087</b>	<b>1,953,589</b>	<b>465,523</b>	<b>662,387</b>	<b>82,506</b>	<b>99,712</b>	<b>40,152</b>	<b>26,041</b>	<b>168,368</b>	<b>595,832</b>	<b>759,427</b>	<b>6,133,423</b>
<b>Program Expenses</b>														
Salaries	334,711	594,555	181,667	486,866	387,175	495,531	37,414	75,120	20,953	22,305	113,191	342,060	417,964	3,509,512
Group insurance	36,195	134,040	34,630	112,390	91,022	103,623	4,703	18,381	4,168	3,994	26,693	54,160	102,908	726,907
Foster/host homes payments	-	-	-	534,229	-	-	-	-	-	-	-	-	-	534,229
Payroll taxes	26,830	52,050	15,807	42,434	30,673	43,852	3,454	6,867	1,630	1,989	9,755	31,375	35,346	302,062
Insurance	25,909	33,845	22,859	59,336	23,487	31,059	3,820	4,818	1,838	1,304	4,882	27,624	14,465	255,246
Depreciation	19,484	11,689	26,786	26,787	24,385	79,397	-	-	-	-	-	33,286	18,378	240,192
Residential health/counseling	364	930	-	768	20,173	141,410	-	-	(75)	-	228	7,120	-	170,918
Office supplies	51,080	11,432	9,509	17,702	5,322	13,104	7,230	8,349	5,844	1,242	6,785	5,666	3,593	146,858
Retirement	16,191	24,903	7,478	19,778	14,425	20,297	972	3,022	852	858	3,271	10,493	18,334	140,874
Utilities	11,948	16,376	1,163	9,355	13,734	42,860	-	-	-	-	741	18,093	5,372	119,642
Food	3,269	27,562	175	732	12,206	21,346	14,621	2,470	54	12	535	2,098	9,302	94,382
Personnel recruitment	12,683	6,581	6,326	8,890	24,490	1,538	260	2,479	1,736	-	901	11,401	3,795	81,080
Bad debt expense	-	-	-	-	10,695	-	-	-	-	-	-	-	-	10,695
Legal and accounting	36,266	5,043	-	12,846	643	848	-	-	-	-	-	4,974	3,528	64,148
Building and grounds	3,062	7,046	1,862	1,862	1,195	7,885	105	105	105	105	309	18,104	15,937	57,682
Telephone	17,814	4,654	3,775	12,575	1,761	4,654	173	1,111	1,210	173	2,378	2,344	6,589	59,611
Transportation	1,580	8,094	1,170	24,283	1,023	2,025	1,701	153	286	(28)	108	772	2,129	43,296
Administrative	17,092	2,901	775	5,878	-	1,660	141	192	195	159	397	3,632	2,078	35,100
Repairs/maintenance	1,723	6,590	1,351	4,660	2,720	8,189	-	329	-	-	-	3,357	4,274	33,193
Building repairs	2,220	4,316	1,183	3,475	3,711	17,193	-	-	-	-	90	4,375	711	37,274
Housekeeping	2,622	8,170	457	1,220	2,539	5,051	138	128	128	127	130	2,992	3,603	27,305
Donor designated expenses	1,330	3,473	-	-	6,947	9,917	-	-	-	-	-	3,500	-	25,167
Training/conferences	5,942	1,377	529	723	793	3,732	-	1,076	-	-	163	5,625	647	20,607
Membership dues	15,414	45	-	160	-	45	-	2,969	-	-	140	204	-	18,977
Miscellaneous expense	14,526	947	-	4,483	851	1,437	-	-	-	-	-	-	85	22,329
Allowance/earnings	-	8,028	-	-	1,801	-	-	-	-	-	-	164	-	9,993
Foster parent insurance	-	-	-	7,157	-	-	-	-	-	-	-	-	-	7,157
Licenses and registrations	6,692	-	-	-	79	213	52	105	105	-	210	-	-	7,456
Recreation - non - therapeutic	-	3,295	32	1,630	32	-	-	-	-	-	-	55	159	5,203
Therapeutic recreation	-	415	-	-	944	1,667	-	-	-	-	-	260	125	3,411
Clothing allowance	-	1,360	-	410	-	-	-	-	-	-	628	56	-	2,454
Tuition	913	-	-	-	-	125	200	200	200	200	200	-	-	2,038
Public relations	165	-	747	375	-	-	-	-	-	-	-	-	-	1,287
Respite care	-	-	(46)	1,092	-	-	-	-	-	-	-	-	-	1,046
Client expense	-	135	-	305	-	-	-	-	-	-	108	-	-	548
	666,025	980,252	318,235	1,402,401	682,826	1,058,658	74,984	127,874	39,229	32,440	171,843	593,790	669,322	6,817,879
Administration Expense (Income)	(666,025)	93,244	39,962	79,923	119,885	66,603	79,923	6,660	-	-	13,321	86,583	79,923	2
<b>Total Program Expenses</b>	<b>-</b>	<b>1,073,496</b>	<b>358,197</b>	<b>1,482,324</b>	<b>802,711</b>	<b>1,125,261</b>	<b>154,907</b>	<b>134,534</b>	<b>39,229</b>	<b>32,440</b>	<b>185,164</b>	<b>680,373</b>	<b>749,245</b>	<b>6,817,881</b>
(Deficiency) Excess of Program Support Over Program Expenses	\$ 33,789	\$ (7,486)	\$ (178,110)	\$ 471,265	\$ (337,188)	\$ (462,874)	\$ (72,401)	\$ (34,822)	\$ 923	\$ (6,399)	\$ (16,796)	\$ (84,541)	\$ 10,182	\$ (684,458)

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

	George Street Program		Permanency Programs		A.N.G.E.L. Center	Bridges Program	SFP	PREP	Drug & Alcohol Prevention	Gambling Prevention	IPT	RISE	Total
	Administration	Program	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	48,674	10,274	9,639	16,065	19,281	11,302	4,268	8,348	3,787	714	4,390	7,194	143,936
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	-	-	-	-	-	3,246	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	-	-	-	-	-	260	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	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	-	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>844,241</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>7,072,869</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>7,072,869</b>
(Deficiency) Excess of Program Support Over Program Expenses	\$ 98,214	\$ 38,211	\$ (183,161)	\$ 484,213	\$ (625,537)	\$ (388,486)	\$ (64,005)	\$ (16,919)	\$ (2,025)	\$ (1,710)	\$ (15,845)	\$ 57,241	\$ (623,214)

**CHILDREN'S HOME OF YORK**  
**Statements of Net Assets**  
**Years Ended June 30, 2023 and 2022**

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	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
<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>	16,880,429	2,644,438	19,524,867
Changes in net assets	<u>1,285,087</u>	<u>2,418</u>	<u>1,287,505</u>
<b>Net assets - June 30, 2023</b>	<u>\$ 18,165,516</u>	<u>\$ 2,646,856</u>	<u>\$ 20,812,372</u>

**CHILDREN'S HOME OF YORK**  
**Statement of Cash Flows**  
**Years Ended June 30, 2023 and 2022**

	<b>2023</b>	<b>2022</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 1,287,505	\$ (1,244,319)
Adjustments to reconcile change in net assets to net provided by operating activities:		
Depreciation	240,192	254,856
Net investment return	(864,975)	2,083,701
(Gain) loss on sale of property and equipment	(7,500)	(5,787)
Change in donated inventory	8,433	(9,700)
Changes in value of beneficial interest in perpetual trusts	(48,032)	426,329
Changes in value of interest in net assets of a community foundation	(11,797)	24,761
(Increase) decrease in assets:		
Accounts and pledges receivable	(169,604)	(80,479)
Interest receivable	(30,489)	(21,303)
Prepaid expenses	83,674	(93,462)
Increase (decrease) in liabilities:		
Accounts payable	(25,240)	23,851
Accrued payroll	(54,699)	(54,424)
Accrued vacation	48,201	(29,694)
Payroll taxes withheld and accrued	(21,924)	21,277
Claims overpayment	(2,854)	2,854
Net Cash Provided By Operating Activities	<u>430,891</u>	<u>1,298,461</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of property and equipment	(404,083)	(212,895)
Net proceeds from sale of investments	5,520,325	3,258,883
Purchases of investments	<u>(5,520,325)</u>	<u>(3,254,814)</u>
Net Cash Used By Investing Activities	<u>(404,083)</u>	<u>(208,826)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayments of long-term debt	<u>-</u>	<u>(1,602,132)</u>
Net Cash Used By Financing Activities	<u>-</u>	<u>(1,602,132)</u>
Net Change In Cash	26,808	(512,497)
<b>CASH AT BEGINNING OF YEAR</b>	<u>1,462,377</u>	<u>1,974,874</u>
<b>CASH AT END OF YEAR</b>	<u>\$ 1,489,185</u>	<u>\$ 1,462,377</u>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Interest paid	<u>\$ 54</u>	<u>\$ 1,856</u>

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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***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)**

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***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.

***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.



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

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***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, 2023 and 2022, the allowance was \$13,214 and \$95,172, respectively.

***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.

***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.

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

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***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.

***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, provided by the donor. These contributions include supplies and gifts for the children in the Home's various programs, as well as supplies for events. 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.

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

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

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***Administrative and Indirect Expenses***

For the fiscal year ending June 30, 2023 and 2022, 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.

***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**

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Cash consists of the following at June 30:

	<b>2023</b>	<b>2022</b>
Checking account - Wells Fargo	\$ 55,270	\$ 59,879
Checking account - Wells Fargo	840,919	1,081,592
Payroll account - Wells Fargo	98,859	(141,002)
Money market account - Members 1 <sup>st</sup>	90,419	162,689
Savings account - Members 1 <sup>st</sup>	1,610	778
Checking account - Fulton Bank	248,848	246,963
Money market account - M&T Bank	52,086	51,008
Money market account - People's Bank	100,574	-
Cash on hand	600	470
Total cash	<u>\$ 1,489,185</u>	<u>\$ 1,462,377</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>2023</b>	<b>2022</b>
Less than one year	\$ 60,000	\$ 50,000
One year to five years	260,000	250,000
More than five years	<u>237,710</u>	<u>287,710</u>
Total promises to give	557,710	587,710
Less: net present value discount	<u>(21,095)</u>	<u>(21,072)</u>
Net Pledges Receivable	<u>\$ 536,615</u>	<u>\$ 566,638</u>

**NOTE 4 PREPAID EXPENSES**

Prepaid expenses consist of the following at June 30:

	<b>2023</b>	<b>2022</b>
Prepaid insurance	\$ 32,228	\$ 121,765
Other prepaids	<u>33,990</u>	<u>28,127</u>
Total prepaid expenses	<u>\$ 66,218</u>	<u>\$ 149,892</u>

**NOTE 5 PROPERTY AND EQUIPMENT**

Property and equipment consist of the following at June 30:

		<b>2023</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	\$ 20,835	\$ -	\$ 20,835
Building and improvements				
George Street Program	10 - 25 Years	378,435	252,128	126,307
Girls' Center	40 Years	1,798,787	864,647	934,140
Gymnasium	25 Years	1,500,577	977,676	522,901
Child and Family Counseling	25 Years	1,093,376	627,338	466,038
Emergency Shelter	5 - 40 Years	1,108,272	977,235	131,037
Klinger Property	25 Years	290,339	171,382	118,957
Administration Building	25 Years	<u>514,590</u>	<u>431,391</u>	<u>83,199</u>
Total building and improvements		6,684,376	4,301,797	2,382,579
Furniture and equipment				
George Street Program	5 - 10 Years	109,972	87,968	22,004
Girls' Center	5 Years	128,848	119,123	9,725
Gymnasium	3 - 5 Years	53,037	53,037	-
Child and Family Counseling	5 Years	62,751	61,676	1,075
Emergency Shelter	5 - 18 Years	129,965	105,088	24,877
Administrative Building	5 - 20 Years	216,128	204,700	11,428
Bridges Program	3 - 5 Years	18,216	18,216	-
Automobiles	3 Years	251,940	153,561	98,379
Video presentation	3 - 15 Years	<u>197,906</u>	<u>139,999</u>	<u>57,907</u>
Total furniture and equipment		<u>1,168,763</u>	<u>943,368</u>	<u>225,395</u>
Total property and equipment		<u>\$ 7,873,974</u>	<u>\$ 5,245,165</u>	<u>\$ 2,628,809</u>

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

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

	Useful Lives	2022		Net Book Value
		Cost	Accumulated Depreciation	
<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	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	456,916	418,679	38,237
Total building and improvements		6,490,372	4,191,524	2,298,848
<b>Furniture and equipment</b>				
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	183,349	130,887	52,462
Total furniture and equipment		1,067,159	929,424	137,735
Total property and equipment		\$ 7,578,366	\$ 5,120,948	\$ 2,457,418

Depreciation expense amounted to \$ 240,192 and \$ 254,856 for 2023 and 2022, respectively.

**NOTE 6 INVESTMENTS**

Investments were comprised of the following at June 30:

	2023			2022		
	Cost	Fair Market Value	Unrealized Gain (Loss)	Cost	Fair Market Value	Unrealized Gain (Loss)
Money market funds	\$ 94,214	\$ 94,214	\$ -	\$ 2,237,248	\$ 2,237,248	\$ -
Fixed income	4,181,930	4,118,371	(63,559)	1,905,733	1,839,338	(66,395)
Equity securities	2,722,135	8,800,817	6,078,682	2,843,654	8,071,841	5,228,187
Total	\$ 6,998,279	\$ 13,013,402	\$ 6,015,123	\$ 6,986,635	\$ 12,148,427	\$ 5,161,792

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**

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**NOTE 6 INVESTMENTS (CONTINUED)**

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

	<b>2023</b>	<b>2022</b>
Beginning balance	\$ 12,148,427	\$ 14,236,197
Interest and dividends	219,148	109,865
Realized and unrealized gain/(loss)	748,001	(2,132,623)
Sales of investments	(5,520,325)	(3,258,883)
Purchases	5,520,325	3,254,814
Other income (fees)	<u>(102,174)</u>	<u>(60,943)</u>
Ending balance	<u>\$ 13,013,402</u>	<u>\$ 12,148,427</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**

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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>2023</b>	<b>2022</b>
Wells Fargo Omnibus Trust	\$ 684,339	\$ 671,269
Walter S. Souder Trust	428,465	424,124
David Horn Trust	293,709	281,754
Florence and Stewart Bortner Trust	164,853	153,599
York Society to Protect Children and Aged Persons	157,433	153,032
Sarah A. K. Hooper Trust	94,614	93,113
Mary A. Roche Trust	30,027	30,223
Howard D. Baer Trust	28,930	27,520
Elmira M. Quickel Trust	<u>22,396</u>	<u>22,099</u>
Total	<u>\$ 1,904,766</u>	<u>\$ 1,856,733</u>

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

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

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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>2023</b>	<b>2022</b>
Wells Fargo Omnibus Trust	\$ 35,000	\$ 30,000
Walter S. Souder Trust	24,400	24,400
David Horn Trust	16,310	19,320
York Foundation	823	10,868
Sarah A. K. Hooper Trust	4,800	4,800
York Society to Protect Children and Aged Persons	1,740	2,197
Elmira M. Quickel Trust	1,045	1,232
Howard D. Baer Trust	319	161
Other	460	10,449
	<hr/>	<hr/>
Total	<u>\$ 84,897</u>	<u>\$ 103,427</u>

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

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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, 2023 and 2022 was 4.5 percent. The following table is a summary of the activity for the years ended June 30.

	<b>2023</b>	<b>2022</b>
Beginning balance	\$ 233,676	\$ 258,436
Investment income (loss)	13,978	(23,519)
Fees	(2,182)	(1,241)
	<hr/>	<hr/>
Ending balance	<u>\$ 245,472</u>	<u>\$ 233,676</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**

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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, 2023.

**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, 2023</b>				
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Investments				
Money market funds	\$ 94,214	\$ -	\$ -	\$ 94,214
Fixed income				
Government and agency securities	3,924,321	-	-	3,924,321
Corporate Bonds				
BBB	194,050	-	-	194,050
BBB-	-	-	-	-
Equity securities				
Communications	483,880	-	-	483,880
Consumer Cyclical				
Real Estate	840,578	-	-	840,578
Technology	1,129,325	-	-	1,129,325
Healthcare	1,648,815	-	-	1,648,815
Consumer Defensive	1,018,040	-	-	1,018,040
Consumer Staples	131,365	-	-	131,365
Basic Materials	298,704	-	-	298,704
Financial Services	1,579,080	-	-	1,579,080
Industrials	1,671,030	-	-	1,671,030
Beneficial interest in perpetual trusts	-	1,904,766	-	1,904,766
Interest in net assets of community foundation	-	245,472	-	245,472
Pledges receivable	-	536,615	-	536,615
Total assets at fair value	<u>\$ 13,013,402</u>	<u>\$ 2,686,853</u>	<u>\$ -</u>	<u>\$ 15,700,255</u>

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

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

	Assets at Fair Value as of June 30, 2022			
	Level 1	Level 2	Level 3	Total
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>

**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 8.25% and 4.75% at June 30, 2023 and 2022, respectively. At June 30, 2023 and 2022 there were no borrowings on the line.

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

For years ended June 30, 2023 and 2022, the Home had no outstanding 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 bore interest at a fixed rate of 1.0% per annum, with the first six months of interest deferred, had a term of two years, and was unsecured and guaranteed by the US Small Business Administration.

In July 2022, the Home applied for and received loan forgiveness in the amount of \$ 955,417.

**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, 2023 and 2022 was \$ 717,563 and \$ 696,922 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>2023</b>	<b>2022</b>
Subject to the passage of time		
Pledges receivable	\$ 536,615	\$ 566,638
Subject to expenditure for specified purpose		
Equine therapy	-	20,442
Paitent treatment	10,000	-
Transitional Living	-	15,330
IT and electronics	2,500	2,798
Other programs	5,050	1,421
	<u>17,550</u>	<u>39,991</u>
Perpetual in Nature		
Investments	104,099	104,099
Third-party trusts	1,988,592	1,933,710
	<u>2,092,691</u>	<u>2,037,809</u>
Total net assets with donor restrictions	<u>\$ 2,646,856</u>	<u>\$ 2,644,438</u>
Cash	\$ 17,550	\$ 39,991
Pledges receivable	536,615	566,638
Investments	104,099	104,099
Third-party trusts	1,988,592	1,933,710
	<u>\$ 2,646,856</u>	<u>\$ 2,644,438</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	\$ 1,489,185
Accounts receivable, net of allowance	1,126,296
Interest receivable	55,688
	<u>2,671,169</u>
Less: cash restricted by donors	<u>(17,550)</u>
Total available for general expenditures	<u>\$ 2,653,619</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 \$ 17,550 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, 2023, which it could draw upon in the event of an unanticipated liquidity need.

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

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**NOTE 15 RETIREMENT PLANS**

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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, 2023 and 2022 was \$140,874 and \$128,178, respectively.

**NOTE 16 SUBSEQUENT EVENTS**

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The Organization has evaluated events and transactions subsequent to June 30, 2023 through the date of the Independent Auditor's Report.

The Organization established the Children's Home of York Flexible Fund on the books of the York County Community Foundation using bequests received by the Children's Home since the start of 2023 in the amount of \$182,195.

**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, 2023, 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, and have issued our report thereon dated November 28, 2023.

***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  
November 28, 2023