

Audited
Financial
Statements

June 30,
2024

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, 2024 and 2023, 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, 2024 and 2023, 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, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about 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 4, 2024, 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 4, 2024

CHILDREN'S HOME OF YORK
Statements of Financial Position
June 30, 2024 and 2023

	2024	2023
ASSETS		
Current Assets		
Cash	\$ 2,207,343	\$ 1,489,185
Accounts receivable, net of allowance	909,784	1,126,296
Employee retention tax credit receivable	1,404,734	-
Current portion of pledges receivable, net of present value discount	50,000	60,000
Interest receivable	57,639	55,688
Inventory	50,019	44,098
Prepaid expenses	82,112	66,218
Total Current Assets	4,761,631	2,841,485
Property and equipment, net of depreciation	3,021,551	2,628,809
Other Assets		
Non-current pledges receivable, net of present value discount	427,184	476,615
Investments	14,741,096	13,013,402
Beneficial interest in perpetual trusts	2,012,030	1,904,766
Interest in net assets of a community foundation	332,551	245,472
Total Other Assets	17,512,861	15,640,255
TOTAL ASSETS	\$ 25,296,043	\$ 21,110,549
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 115,602	\$ 115,437
Accrued payroll	68,811	75,082
Accrued vacation	119,187	103,309
Payroll taxes withheld and accrued	7,529	4,349
Total Current Liabilities	311,129	298,177
Net Assets		
Without donor restrictions	22,263,238	18,165,516
With donor restrictions	2,721,676	2,646,856
Total Net Assets	24,984,914	20,812,372
TOTAL LIABILITIES AND NET ASSETS	\$ 25,296,043	\$ 21,110,549

CHILDREN'S HOME OF YORK
Statement of Activities
Year Ended June 30, 2024

	Net Assets without Donor Restrictions	Net Assets with Donor Restrictions	Total
REVENUES AND SUPPORT			
Program Support			
Board fees and program funding	\$ 4,478,304	\$ -	\$ 4,478,304
Insurance/managed care fund	664,000	-	664,000
Diakon services (SWAN)	1,200,850	-	1,200,850
Other local services	568,859	-	568,859
Grants	254,564	-	254,564
	<hr/>	<hr/>	<hr/>
Total Program Support	7,166,577	-	7,166,577
Other Support and Revenues			
Contributions	918,091	67,563	985,654
Employee retention tax credit	1,404,734	-	1,404,734
Net investment return	1,756,852	-	1,756,852
Income from trusts	226,601	-	226,601
Government grants	29,702	-	29,702
In-kind donations	20,521	-	20,521
Special event income	200,685	-	200,685
Rental income	7,100	-	7,100
Gain on sale of fixed assets	6,915	-	6,915
Changes in value of interest in net assets of a community foundation	87,079	9,726	96,805
Changes in value of beneficial interest in perpetual trusts	-	97,538	97,538
Net assets released from restrictions	100,007	(100,007)	-
	<hr/>	<hr/>	<hr/>
Total Other Support and Revenues	4,758,287	74,820	4,833,107
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Total Revenues and Support	11,924,864	74,820	11,999,684
EXPENSES			
Program expenses	6,803,977	-	6,803,977
Administrative expenses	761,241	-	761,241
Fundraising expenses	261,924	-	261,924
	<hr/>	<hr/>	<hr/>
Total Expenses	7,827,142	-	7,827,142
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Changes in Net Assets	\$ 4,097,722	\$ 74,820	\$ 4,172,542
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CHILDREN'S HOME OF YORK
Statement of Activities
Year Ended June 30, 2023

	Net Assets without Donor Restrictions	Net Assets with Donor Restrictions	Total
REVENUES AND SUPPORT			
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
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Total Revenues and Support	8,310,747	2,418	8,313,165
EXPENSES			
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
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Changes in Net Assets	\$ 1,285,087	\$ 2,418	\$ 1,287,505
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CHILDREN'S HOME OF YORK
Statement of Functional Expenses
Year Ended June 30, 2024

	Program Expenses	Supporting Services		Total Expenses
		Administrative Expenses	Fundraising Expenses	
Program Related Expenses				
Salaries	\$ 3,586,044	\$ 302,914	\$ -	\$ 3,888,958
Group insurance	766,141	28,623	-	794,764
Foster/host homes payments	582,676	-	-	582,676
Payroll taxes	330,482	28,101	-	358,583
Insurance	254,925	59,818	-	314,743
Depreciation	230,256	62,312	-	292,568
Residential health/counseling	200,847	250	-	201,097
Retirement	132,055	15,740	-	147,795
Office supplies	92,521	46,410	-	138,931
Utilities	121,899	12,082	-	133,981
Personnel recruitment	57,318	32,226	-	89,544
Food	77,382	6,831	-	84,213
Telephone	44,506	13,893	-	58,399
Administrative	18,782	37,205	-	55,987
Legal and accounting	19,776	34,557	-	54,333
Building and grounds	49,874	4,149	-	54,023
Building repairs	51,239	2,564	-	53,803
Transportation	43,037	989	-	44,026
Miscellaneous expense	13,999	29,239	-	43,238
Donor designated expenses	41,465	300	-	41,765
Housekeeping	32,131	4,244	-	36,375
Membership dues	1,797	18,972	-	20,769
Training/conferences	8,443	8,986	-	17,429
Allowance/earnings	13,357	-	-	13,357
Repairs/maintenance	10,244	1,067	-	11,311
License and registrations	1,618	7,093	-	8,711
Recreation - non - therapeutic	6,786	-	-	6,786
Respite care	5,847	-	-	5,847
Public relations	583	2,635	-	3,218
Therapeutic recreation	2,687	41	-	2,728
Tuition	1,998	-	-	1,998
Clothing allowance	1,959	-	-	1,959
Foster parent insurance	1,125	-	-	1,125
Client expense	178	-	-	178
Total Program Related Expenses	6,803,977	761,241	-	7,565,218
Non-program Related Expenses				
Fundraising	-	-	261,924	261,924
Total Non-program Related Expenses	-	-	261,924	261,924
Total Expenses	\$ 6,803,977	\$ 761,241	\$ 261,924	\$ 7,827,142

CHILDREN'S HOME OF YORK
Statement of Functional Expenses
Year Ended June 30, 2023

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

CHILDREN'S HOME OF YORK
Statement of Program Revenues and Related Expenses
Year Ended June 30, 2024

	<u>Administration</u>	<u>George Street Program</u>	<u>Permanency Programs</u>		<u>Bridges Program</u>	<u>SFP</u>	<u>Drug & Alcohol Prevention</u>		<u>SOAR</u>	<u>RISE</u>	<u>Total</u>
			<u>Adoption</u>	<u>Foster Care</u>			<u>IPT</u>				
Program Support											
Board fees/program funding	\$ -	\$ 1,245,829	\$ -	\$ 2,434,651	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 797,824	\$ 4,478,304
Insurance/managed care fund	-	-	-	-	663,393	-	-	-	607	-	664,000
Diakon services (SWAN)	-	-	-	-	-	-	-	-	1,200,850	-	1,200,850
Grants	2,700	20,321	-	-	55,000	-	85,922	-	90,621	-	254,564
Other local sources	54,405	-	174,320	2,640	101,180	49,011	-	187,303	-	-	568,859
Total Program Support	57,105	1,266,150	174,320	2,437,291	819,573	49,011	85,922	187,303	1,292,078	797,824	7,166,577
Program Expenses											
Salaries	302,914	705,858	217,200	530,353	585,227	74,957	50,576	107,781	783,614	530,478	3,888,958
Group insurance	28,623	149,655	45,856	116,603	117,866	13,783	13,072	27,673	160,826	120,807	794,764
Foster/host homes payments	-	-	-	582,676	-	-	-	-	-	-	582,676
Payroll taxes	28,101	65,426	19,254	49,133	54,162	6,935	4,708	9,965	73,157	47,742	358,583
Depreciation	62,312	38,136	1,082	39,012	77,272	162	162	162	58,530	15,738	292,568
Insurance	59,818	40,870	21,305	65,592	34,979	7,020	3,701	5,283	54,055	22,120	314,743
Residential health/counseling	250	1,350	-	2,200	154,190	-	-	357	42,750	-	201,097
Retirement	15,740	26,190	7,684	19,600	24,143	3,006	2,553	4,913	21,333	22,633	147,795
Office supplies	46,410	12,939	10,288	21,541	13,461	7,693	6,526	6,771	9,543	3,759	138,931
Utilities	12,082	20,802	1,185	10,144	43,676	-	-	755	39,247	6,090	133,981
Personnel recruitment	32,226	7,700	3,497	22,577	1,621	942	-	3,469	11,335	6,177	89,544
Food	6,831	23,972	221	2,869	8,796	12,901	282	-	21,234	7,107	84,213
Telephone	13,893	5,593	5,017	13,604	4,817	797	1,700	2,257	4,463	6,258	58,399
Administrative	37,205	3,067	767	6,133	1,725	383	383	383	3,833	2,108	55,987
Legal and accounting	34,557	8,417	-	5,761	-	-	-	-	775	4,823	54,333
Building and grounds	4,149	8,110	3,152	17,081	962	804	804	804	8,011	7,798	54,023
Building repairs	2,564	8,563	4,127	5,842	14,929	-	-	1,253	11,760	4,765	53,803
Transportation	989	6,578	376	29,789	387	3,197	604	70	997	1,039	44,026
Donor designated expenses	300	3,176	-	-	6,784	-	-	-	31,120	385	41,765
Housekeeping	4,244	12,238	642	1,262	4,504	34	28	27	6,415	6,981	36,375
Miscellaneous expense	29,239	1,909	-	9,453	1,495	1	3	-	179	959	43,238
Membership dues	18,972	45	-	125	259	28	719	28	593	-	20,769
Training/conferences	8,986	1,690	758	551	1,844	833	233	58	2,091	385	17,429
Allowance/earnings	-	11,085	-	-	-	-	-	-	1,379	893	13,357
Repairs/maintenance	1,067	2,345	117	2,898	787	-	-	-	3,255	842	11,311
Licenses and registrations	7,093	20	379	379	461	-	-	379	-	-	8,711
Recreation - non - therapeutic	-	3,821	-	1,011	-	-	-	-	1,762	192	6,786
Respite care	-	-	-	5,847	-	-	-	-	-	-	5,847
Foster parent insurance	-	-	-	1,125	-	-	-	-	-	-	1,125
Public relations	2,635	2	213	368	-	-	-	-	-	-	3,218
Therapeutic recreation	41	917	-	-	-	-	-	-	931	839	2,728
Tuition	-	222	222	222	222	222	222	222	222	222	1,998
Clothing allowance	-	1,841	-	-	-	-	-	-	118	-	1,959
Client expense	-	-	-	135	-	-	-	-	-	43	178
	761,241	1,172,537	343,342	1,549,957	1,170,688	133,856	86,276	172,610	1,353,528	821,183	7,565,218
Administration Expense (Income)	(761,241)	149,736	49,937	99,799	99,799	74,906	-	12,484	162,297	112,283	-
Total Program Expenses	-	1,322,273	393,279	1,649,756	1,270,487	208,762	86,276	185,094	1,515,825	933,466	7,565,218
(Deficiency) Excess of Program Support Over Program Expenses	\$ 57,105	\$ (56,123)	\$ (218,959)	\$ 787,535	\$ (450,914)	\$ (159,751)	\$ (354)	\$ 2,209	\$ (223,747)	\$ (135,642)	\$ (398,641)

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

	George Street		Permanency Programs		A.N.G.E.L. Center	Bridges Program	SFP	PREP	Drug & Alcohol Prevention	Gambling Prevention	IPT	SOAR	RISE	Total
	Administration	Program	Adoption	Foster Care										
Program Support														
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
Total Program Support	33,789	1,066,010	180,087	1,953,589	465,523	662,387	82,506	99,712	40,152	26,041	168,368	595,832	759,427	6,133,423
Program Expenses														
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	-	-	-	-	50	4,974	3,478	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	5,054	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	171,893	593,790	669,272	6,817,879
Administration Expense (Income)	(666,025)	93,244	39,962	79,923	119,883	66,603	79,923	6,660	-	-	13,321	86,583	79,923	-
Total Program Expenses	-	1,073,496	358,197	1,482,324	802,709	1,125,261	154,907	134,534	39,229	32,440	185,214	680,373	749,195	6,817,879
(Deficiency) Excess of Program Support Over Program Expenses	\$ 33,789	\$ (7,486)	\$ (178,110)	\$ 471,265	\$ (337,186)	\$ (462,874)	\$ (72,401)	\$ (34,822)	\$ 923	\$ (6,399)	\$ (16,846)	\$ (84,541)	\$ 10,232	\$ (684,456)

CHILDREN'S HOME OF YORK
Statements of Changes in Net Assets
Years Ended June 30, 2024 and 2023

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
Net assets - June 30, 2022	\$ 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>
Net assets - June 30, 2023	18,165,516	2,646,856	20,812,372
Changes in net assets	<u>4,097,722</u>	<u>74,820</u>	<u>4,172,542</u>
Net assets - June 30, 2024	<u>\$ 22,263,238</u>	<u>\$ 2,721,676</u>	<u>\$ 24,984,914</u>

CHILDREN'S HOME OF YORK
Statements of Cash Flows
Years Ended June 30, 2024 and 2023

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 4,172,542	\$ 1,287,505
Adjustments to reconcile change in net assets to net provided by operating activities:		
Depreciation	292,568	240,192
Net investment return	(1,727,694)	(864,975)
(Gain) loss on sale of property and equipment	(6,915)	(7,500)
Change in donated inventory	(5,921)	8,433
Changes in value of beneficial interest in perpetual trusts	(97,538)	(48,032)
Changes in value of interest in net assets of a community foundation	(96,805)	(11,797)
(Increase) decrease in assets:		
Accounts and pledges receivable	275,943	(169,604)
Employee retention tax credit receivable	(1,404,734)	-
Interest receivable	(1,951)	(30,489)
Prepaid expenses	(15,894)	83,674
Increase (decrease) in liabilities:		
Accounts payable	165	(25,240)
Accrued payroll	(6,271)	(54,699)
Accrued vacation	15,878	48,201
Payroll taxes withheld and accrued	3,180	(21,924)
Claims overpayment	-	(2,854)
Net Cash Provided By Operating Activities	<u>1,396,553</u>	<u>430,891</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(678,395)	(404,083)
Net proceeds from sale of investments	2,700,180	5,520,325
Purchases of investments	<u>(2,700,180)</u>	<u>(5,520,325)</u>
Net Cash Used By Investing Activities	<u>(678,395)</u>	<u>(404,083)</u>
Net Change In Cash	718,158	26,808
CASH AT BEGINNING OF YEAR	<u>1,489,185</u>	<u>1,462,377</u>
CASH AT END OF YEAR	<u>\$ 2,207,343</u>	<u>\$ 1,489,185</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Interest paid	<u>\$ -</u>	<u>\$ 54</u>

CHILDREN'S HOME OF YORK
Notes to Financial Statements

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 fifteen to twenty - one, to develop the skills necessary to live on their own or reunite with family.

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.

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. This program has been modified and is now called SOAR at the A.N.G.E.L. Center.

Bridges Program - Child and Adolescent Partial Hospitalization Program - A year-round program providing stabilization, intense therapy, and educational services for males and females, first grade through twelfth grade, 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.

SOAR at the A.N.G.E.L. Center - to provide high quality, trauma-informed care that promotes healing from past traumas and empowers children and their families to face life's challenges with hope, courage, and resilience, in a structured psychiatric residential treatment facility.

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.

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)

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, 2024 and 2023, the allowance was \$10,000 and \$13,214, 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.

Employee Retention Tax Credit Receivable

During the year ended June 30, 2024, the Organization applied for and received notice from the IRS that they would receive \$1,404,734 related to the Employee Retention Tax Credit program subsequent to year end. This amount has been recorded as a receivable on the Statement of Financial Position as of June 30, 2024 and is recorded in a separate revenue line on the Statement of Activities.

Upon receipt of the funds, the Organization will be liable for 20% of that amount (\$280,947) to the professional services firm that assisted them in the process of calculating and applying for those funds.

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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

Accounts receivable related to the above revenue stream is as follows as of:

	<u>Accounts Receivable</u>
July 1, 2022	
Program Income	<u>\$ 926,669</u>
June 30, 2023	
Program Income	<u>\$ 1,126,296</u>
June 30, 2024	
Program Income	<u>\$ 909,784</u>

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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Administrative and Indirect Expenses

For the fiscal year ending June 30, 2024 and 2023, 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.

CHILDREN'S HOME OF YORK
Notes to Financial Statements

NOTE 2 CASH

Cash consists of the following at June 30:

	2024	2023
Checking account - Traditions Bank	\$ 579,332	\$ -
Money market account - Traditions Bank	531,786	-
YCCF flex fund	332,551	-
Money market account - Fulton Bank	205,881	-
AP checking - Traditions Bank	202,341	-
Money market account - People's Bank	104,260	100,574
Money market account - Members 1 st	91,100	90,419
Certificate of deposits - M&T Bank	75,000	-
Payroll checking - Traditions Bank	45,261	-
Money market account - M&T Bank	36,397	52,086
Savings account - Members 1 st	2,772	1,610
Cash on hand	662	600
Checking account - Wells Fargo	-	840,919
Checking account - Fulton Bank	-	248,848
Payroll account - Wells Fargo	-	98,859
Checking account - Wells Fargo	-	55,270
	<u>\$ 2,207,343</u>	<u>\$ 1,489,185</u>
Total cash	<u>\$ 2,207,343</u>	<u>\$ 1,489,185</u>

NOTE 3 PLEDGES RECEIVABLE

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

	2024	2023
Less than one year	\$ 50,000	\$ 60,000
One year to five years	250,000	260,000
More than five years	<u>187,710</u>	<u>237,710</u>
Total promises to give	487,710	557,710
Less: net present value discount	<u>(10,526)</u>	<u>(21,095)</u>
Net Pledges Receivable	<u>\$ 477,184</u>	<u>\$ 536,615</u>

NOTE 4 PREPAID EXPENSES

Prepaid expenses consist of the following at June 30:

	2024	2023
Prepaid insurance	\$ 54,507	\$ 32,228
Other prepaids	<u>27,605</u>	<u>33,990</u>
Total prepaid expenses	<u>\$ 82,112</u>	<u>\$ 66,218</u>

CHILDREN'S HOME OF YORK
Notes to Financial Statements

NOTE 5 PROPERTY AND EQUIPMENT

Property and equipment consist of the following at June 30:

2024				
	Useful Lives	Cost	Accumulated Depreciation	Net Book Value
Land and improvements				
George Street Program	5 - 25 Years	\$ 20,835	\$ -	\$ 20,835
Building and improvements				
George Street Program	10 - 25 Years	537,021	277,231	259,790
Girls' Center	40 Years	1,862,785	916,928	945,857
Gymnasium	25 Years	1,500,577	1,015,679	484,898
Child and Family Counseling	25 Years	1,121,934	662,692	459,242
Emergency Shelter	5 - 40 Years	1,218,967	1,003,991	214,976
Klinger Property	25 Years	293,139	187,114	106,025
Administration Building	25 Years	529,057	445,007	84,050
Total building and improvements		7,063,480	4,508,642	2,554,838
Furniture and equipment				
George Street Program	5 - 10 Years	112,740	93,293	19,447
Girls' Center	5 Years	128,848	123,421	5,427
Gymnasium	3 - 5 Years	53,037	53,037	-
Child and Family Counseling	5 Years	62,751	61,898	853
Emergency Shelter	5 - 18 Years	145,361	110,127	35,234
Administrative Building	5 - 20 Years	292,993	206,982	86,011
Bridges Program	3 - 5 Years	18,216	18,216	-
Automobiles	3 Years	347,048	110,871	236,177
Video presentation	3 - 15 Years	236,563	173,834	62,729
Total furniture and equipment		1,397,557	951,679	445,878
Total property and equipment		\$ 8,481,872	\$ 5,460,321	\$ 3,021,551
2023				
	Useful Lives	Cost	Accumulated Depreciation	Net Book Value
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	977,785	522,792
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	501,818	431,391	70,427
Total building and improvements		6,671,604	4,301,906	2,369,698
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	52,928	109
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	228,900	204,700	24,200
Bridges Program	3 - 5 Years	18,216	18,216	-
Automobiles	3 Years	251,940	153,561	98,379
Video presentation	3 - 15 Years	197,906	139,999	57,907
Total furniture and equipment		1,181,535	943,259	238,276
Total property and equipment		\$ 7,873,974	\$ 5,245,165	\$ 2,628,809

Depreciation expense amounted to \$ 292,568 and \$ 240,192 for 2024 and 2023, respectively.

CHILDREN'S HOME OF YORK
Notes to Financial Statements

NOTE 6 INVESTMENTS

Investments were comprised of the following at June 30:

	2024			2023		
	Cost	Fair Market Value	Unrealized Gain (Loss)	Cost	Fair Market Value	Unrealized Gain (Loss)
Money market funds	\$ 94,214	\$ 429,626	\$ 335,412	\$ 94,214	\$ 94,214	\$ -
Fixed income	4,181,930	4,159,711	(22,219)	4,181,930	4,118,371	(63,559)
Equity securities	2,722,135	10,151,759	7,429,624	2,722,135	8,800,817	6,078,682
Total	<u>\$ 6,998,279</u>	<u>\$ 14,741,096</u>	<u>\$ 7,742,817</u>	<u>\$ 6,998,279</u>	<u>\$ 13,013,402</u>	<u>\$ 6,015,123</u>

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.

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

	2024	2023
Beginning balance	\$ 13,013,402	\$ 12,148,427
Interest and dividends	297,160	219,148
Realized and unrealized gain	1,486,055	748,001
Sales of investments	(2,700,180)	(5,520,325)
Purchases	2,700,180	5,520,325
Other income (fees)	<u>(55,521)</u>	<u>(102,174)</u>
Ending balance	<u>\$ 14,741,096</u>	<u>\$ 13,013,402</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.

CHILDREN'S HOME OF YORK
Notes to Financial Statements

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:

	2024	2023
Wells Fargo Omnibus Trust	\$ 716,948	\$ 684,339
Walter S. Souder Trust	455,106	428,465
David Horn Trust	311,152	293,709
Florence and Stewart Bortner Trust	173,227	164,853
York Society to Protect Children and Aged Persons	168,844	157,433
Sarah A. K. Hooper Trust	99,581	94,614
Mary A. Roche Trust	32,379	30,027
Howard D. Baer Trust	31,327	28,930
Elmira M. Quickel Trust	23,466	22,396
Total	<u>\$ 2,012,030</u>	<u>\$ 1,904,766</u>

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:

	2024	2023
Mable B Bender	\$ 121,994	\$ -
Wells Fargo Omnibus Trust	35,750	35,000
Walter S. Souder Trust	18,312	24,400
David Horn Trust	15,250	16,310
York Foundation	10,183	823
York Society to Protect Children and Aged Persons	6,990	1,740
Florence and Stewart Bortner Trust	6,668	-
Sarah A. K. Hooper Trust	4,600	4,800
Other	4,039	460
Mary A Roche Trust	1,340	-
Elmira M. Quickel Trust	964	1,045
Howard D. Baer Trust	511	319
Total	<u>\$ 226,601</u>	<u>\$ 84,897</u>

CHILDREN'S HOME OF YORK

Notes to Financial Statements

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, 2024 and 2023 was 4.5 percent. The following table is a summary of the activity for the years ended June 30.

	2024	2023
Beginning balance	\$ 245,472	\$ 233,676
Investment income (loss)	89,261	13,978
Fees	<u>(2,182)</u>	<u>(2,182)</u>
Ending balance	<u>\$ 332,551</u>	<u>\$ 245,472</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.

CHILDREN'S HOME OF YORK
Notes to Financial Statements

NOTE 9 FAIR VALUE MEASUREMENTS

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, 2024.

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.

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.

CHILDREN'S HOME OF YORK
Notes to Financial Statements

NOTE 9 FAIR VALUE MEASUREMENTS (CONTINUED)

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

Assets at Fair Value as of June 30, 2024				
	Level 1	Level 2	Level 3	Total
Investments				
Money market funds	\$ 429,626	\$ -	\$ -	\$ 429,626
Fixed income				
Government and agency securities	4,011,522	-	-	4,011,522
Corporate Bonds				
BBB	148,189	-	-	148,189
Equity securities				
Communications	733,680	-	-	733,680
Real Estate	701,431	-	-	701,431
Technology	1,577,545	-	-	1,577,545
Healthcare	1,585,184	-	-	1,585,184
Consumer Defensive	1,130,146	-	-	1,130,146
Consumer Staples	207,398	-	-	207,398
Basic Materials	380,800	-	-	380,800
Financial Services	1,625,107	-	-	1,625,107
Industrials	2,210,468	-	-	2,210,468
Beneficial interest in perpetual trusts	-	2,012,030	-	2,012,030
Interest in net assets of community foundation	-	332,551	-	332,551
Pledges receivable	-	477,184	-	477,184
Total assets at fair value	<u>\$ 14,741,096</u>	<u>\$ 2,821,765</u>	<u>\$ -</u>	<u>\$ 17,562,861</u>
Assets at Fair Value as of June 30, 2023				
	Level 1	Level 2	Level 3	Total
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
Equity securities				
Communications	483,880	-	-	483,880
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
Basic Materials	131,365	-	-	131,365
Financial Services	298,704	-	-	298,704
Industrials	1,579,080	-	-	1,579,080
Beneficial interest in perpetual trusts	1,671,030	1,904,766	-	3,575,796
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 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, 2024 and 2023, respectively. At June 30, 2024 and 2023 there were no borrowings on the line.

NOTE 11 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, 2024 and 2023 was \$ 783,374 and \$ 717,563 respectively.

NOTE 12 NET ASSETS WITH DONOR RESTRICTIONS

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

	2024	2023
Subject to the passage of time		
Pledges receivable	\$ 477,184	\$ 536,615
Subject to expenditure for specified purpose		
Paitent treatment	10,730	10,000
Transitional Living	4,509	-
IT and electronics	2,500	2,500
Other programs	17,072	5,050
	34,811	17,550
Perpetual in Nature		
Investments	104,099	104,099
Third-party trusts	2,105,582	1,988,592
	2,209,681	2,092,691
Total net assets with donor restrictions	\$ 2,721,676	\$ 2,646,856
Cash	\$ 34,811	\$ 17,550
Pledges receivable	477,184	536,615
Investments	104,099	104,099
Third-party trusts	2,105,582	1,988,592
	\$ 2,721,676	\$ 2,646,856

CHILDREN'S HOME OF YORK
Notes to Financial Statements

NOTE 13 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	\$	2,207,343
Accounts receivable, net of allowance		909,784
Interest receivable		57,639
		<u>3,174,766</u>
Less: cash restricted by donors		<u>(34,811)</u>
Total available for general expenditures	\$	<u>3,139,955</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 \$ 34,811 has been excluded above, because they have been designated by donors for certain purpose restrictions as described further in Note 12. 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, 2024, which it could draw upon in the event of an unanticipated liquidity need.

NOTE 14 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, 2024 and 2023 was \$147,795 and \$140,874, respectively.

NOTE 15 SUBSEQUENT EVENTS

The Organization has evaluated events and transactions subsequent to June 30, 2024 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, 2024, 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 4, 2024.

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 Hearn + Company, LLC

York, Pennsylvania
November 4, 2024