

CHILDREN'S HOME OF YORK

FINANCIAL REPORT

JUNE 30, 2025

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INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the financial statements of Children's Home of York (the Home), which comprise the statement of financial position as of June 30, 2025, and the related statements of activities, functional expenses, statement of program revenue and related expenses, and cash flows for the year then ended and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Children's Home of York as of June 30, 2025, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Home and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Home's ability to continue as a going concern within one year after the date that the financial statements are 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 GAAS 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 GAAS 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 the Home's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Home'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, 2025, on our consideration of Children's Home of York 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 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 internal control over financial reporting and compliance.

Other Matter

The financial statements of Children's Home of York as of and for the year ended June 30, 2024, were audited by other auditors, whose report dated November 4, 2024, expressed an unmodified opinion on those statements.

A handwritten signature in cursive script that reads "Boyer & Ritter". The signature is written in black ink and is centered on the page.

Camp Hill, Pennsylvania
November 4, 2025

CHILDREN'S HOME OF YORK

STATEMENTS OF FINANCIAL POSITION
Years Ended June 30, 2025 and 2024

ASSETS	2025	2024
Current Assets		
Cash and cash equivalents	\$ 1,943,388	\$ 1,799,792
Accounts receivable, net of allowance	962,049	909,784
Employee retention tax credit receivable	889,594	1,404,734
Current portion of pledges receivable, net of present value discount	40,000	50,000
Interest receivable	67,102	57,639
Inventory	47,714	50,019
Prepaid expenses	51,616	82,112
Total current assets	4,001,463	4,354,080
Property, plant and equipment, net of depreciation	3,004,765	3,021,551
Other Assets		
Non-current pledges receivable, net of present value discount	402,377	427,184
Investments	15,640,518	14,816,096
Beneficial interest in perpetual trusts	2,115,111	2,012,030
Interest in net assets of a community foundation	3,760,724	665,102
Total other assets	21,918,730	17,920,412
Total assets	\$ 28,924,958	\$ 25,296,043
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 155,268	\$ 115,602
Accrued payroll	81,138	68,811
Accrued vacation	111,205	119,187
Payroll taxes withheld and accrued	8,115	7,529
Total current liabilities	355,726	311,129
Net Assets		
Without donor restrictions	25,873,317	22,356,790
With donor restrictions	2,695,915	2,628,124
Total net assets	28,569,232	24,984,914
Total liabilities and net assets	\$ 28,924,958	\$ 25,296,043

See Notes to Financial Statements.

CHILDREN'S HOME OF YORK

STATEMENT OF ACTIVITIES

Year Ended June 30, 2025

	2025		
	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Gains and Other Support			
Program Service Revenue			
Board fees and program funding	\$ 5,019,470	\$ -	\$ 5,019,470
Insurance and managed care fund	521,387	-	521,387
Residential funding	1,200,850	-	1,200,850
Grants	81,376	-	81,376
Other local services	504,703	-	504,703
Total program service revenue	7,327,786	-	7,327,786
Other Support, Revenues			
Contributions			
Cash and other financial assets	1,063,385	34,328	1,097,713
In-kind nonfinancial assets	45,412	-	45,412
Bequests	1,773,056	-	1,773,056
Investment income, net	1,433,524	-	1,433,524
Income from perpetual trusts	87,060	-	87,060
Income from community foundation	21,065	-	21,065
Government grants	21,853	-	21,853
Special event income	36,748	-	36,748
Rental income	8,950	-	8,950
Changes in value of interest in net assets of a community foundation	40,298	-	40,298
Changes in value of beneficial interest in perpetual trusts	-	103,081	103,081
Net assets released from restrictions	69,618	(69,618)	-
Total other support and revenues	4,600,969	67,791	4,668,760
 Total revenue gains and support	 11,928,755	 67,791	 11,996,546
Expenses and Losses			
Program services	7,040,509	-	7,040,509
General and administration	1,024,254	-	1,024,254
Fundraising	342,813	-	342,813
	8,407,576	-	8,407,576
Loss on sale of fixed assets	(4,652)	-	(4,652)
Total expenses and losses	8,412,228	-	8,412,228
 Changes in net assets	 3,516,527	 67,791	 3,584,318
Total Net Assets			
Net Assets - July 1, 2024	22,356,790	2,628,124	24,984,914
Net Assets - June 30, 2025	\$ 25,873,317	\$ 2,695,915	\$ 28,569,232

See Notes to Financial Statements.

CHILDREN'S HOME OF YORK

STATEMENT OF ACTIVITIES

Year Ended June 30, 2024

	2024		
	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Gains and Other Support			
Program Service Revenue			
Board fees and program funding	\$ 4,478,304	\$ -	\$ 4,478,304
Insurance and managed care fund	664,000	-	664,000
Residential funding	1,200,850	-	1,200,850
Grants	254,564	-	254,564
Other local services	568,859	-	568,859
Total program service revenue	7,166,577	-	7,166,577
Other Support and Revenues			
Contributions			
Cash and other financial assets	918,091	67,563	985,654
In kind nonfinancial assets	20,521	-	20,521
Bequests	143,241	-	143,241
Employee retention tax credit	1,404,734	-	1,404,734
Investment income, net	1,756,852	-	1,756,852
Income from perpetual trusts	214,719	-	214,719
Income from community foundation	21,608	-	21,608
Government grants	29,702	-	29,702
Special event income	57,444	-	57,444
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	77,353	9,726	87,079
Changes in value of beneficial interest in perpetual trusts	-	97,538	97,538
Net assets released from restrictions	100,007	(100,007)	-
Total other support and revenues	4,758,287	74,820	4,833,107
Total revenue gains and support	11,924,864	74,820	11,999,684
Expenses and Losses			
Program services	6,803,977	-	6,803,977
General administration	761,241	-	761,241
Fundraising	261,924	-	261,924
Total expenses and losses	7,827,142	-	7,827,142
Changes in net assets	4,097,722	74,820	4,172,542
Total Net Assets			
Net Assets - July 1, 2023	18,259,068	2,553,304	20,812,372
Net Assets - June 30, 2024	\$ 22,356,790	\$ 2,628,124	\$ 24,984,914

See Notes to Financial Statements.

CHILDREN'S HOME OF YORK

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2025

	Program Expenses	Supporting Activities		Total
		General Administration	Fundraising	
Salaries	\$ 3,627,003	\$ 355,283	\$ -	\$ 3,982,286
Group insurance	762,092	30,401	-	792,493
Foster/host homes payments	589,417	-	-	589,417
Payroll taxes	316,296	27,254	-	343,550
Depreciation and amortization	309,930	75,006	-	384,936
Insurance	241,697	-	-	241,697
Residential health/counseling	157,092	-	-	157,092
Retirement	154,498	11,863	-	166,361
Office supplies	109,166	59,629	-	168,795
Utilities	100,817	31,432	-	132,249
Personnel recruitment	77,623	44,795	-	122,418
Food	67,315	5,576	-	72,891
Telephone	33,834	10,115	-	43,949
Administrative	-	70,564	-	70,564
Professional fees	17,092	161,237	-	178,329
Building and grounds	67,228	20,842	-	88,070
Building repairs	30,220	6,684	-	36,904
Transportation	54,730	1,014	-	55,744
Program expenses	186,318	456	-	186,774
Housekeeping	26,677	4,872	-	31,549
Miscellaneous expense	15,531	21,965	-	37,496
Membership dues	1,478	29,498	-	30,976
Training/conferences	10,410	6,321	-	16,731
Allowance/earnings	15,416	-	-	15,416
Repairs/maintenance	18,057	2,657	-	20,714
License and registrations	22,328	45,595	-	67,923
Recreation - non - therapeutic	12,699	-	-	12,699
Respite care	4,223	-	-	4,223
Foster parent insurance	578	-	-	578
Public relations	425	1,195	-	1,620
Therapeutic recreation	3,187	-	-	3,187
Clothing allowance	6,709	-	-	6,709
Client expense	423	-	-	423
Fundraising	-	-	342,813	342,813
Total functional expenses	\$ 7,040,509	\$ 1,024,254	\$ 342,813	\$ 8,407,576

See Notes to Financial Statements.

CHILDREN'S HOME OF YORK

STATEMENT OF FUNCTIONAL EXPENSES Year Ended June 30, 2024

	Program Expenses	Supporting Activities		Total
		General Administration	Fundraising	
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
Depreciation and amortization	230,256	62,312	-	292,568
Insurance	254,925	59,818	-	314,743
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
Professional fees	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
Program expenses	41,465	300	-	41,765
Housekeeping	32,131	4,244	-	36,375
Miscellaneous expense	13,999	29,239	-	43,238
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
Foster parent insurance	1,125	-	-	1,125
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
Client expense	178	-	-	178
Fundraising	-	-	261,924	261,924
Total program related expenses	\$ 6,803,977	\$ 761,241	\$ 261,924	\$ 7,827,142

See Notes to Financial Statements.

CHILDREN'S HOME OF YORK

STATEMENT OF PROGRAM REVENUES AND RELATED EXPENSES
Year Ended June 30, 2025

	Administration	George Street Program	Permanency Programs			SFP	Drug & Alcohol Prevention	IPT	SOAR	RISE	Total
			Adoption	Foster Care	Bridges Program						
Program Support											
Board fees and program funding	\$ -	\$ 1,571,155	\$ -	\$ 2,501,299	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 947,016	\$ 5,019,470
Insurance and managed care fund	-	-	-	-	521,387	-	-	-	-	-	521,387
Residential funding	-	-	-	-	-	-	-	1,200,850	-	-	1,200,850
Grants	-	8,440	375	-	2,814	-	41,170	4,500	23,978	99	81,376
Other local services	14,101	-	93,490	-	141,675	45,117	-	210,320	-	-	504,703
Total program support	14,101	1,579,595	93,865	2,501,299	665,876	45,117	41,170	214,820	1,224,828	947,115	7,327,786
Program Expenses											
Salaries	355,283	812,673	112,186	677,086	560,297	40,874	19,547	75,504	768,478	560,358	3,982,286
Group insurance	30,401	178,783	21,992	137,349	112,787	6,499	4,945	15,826	164,269	119,642	792,493
Foster/host homes payments	-	-	-	589,417	-	-	-	-	-	-	589,417
Payroll taxes	27,254	71,868	8,516	59,107	49,389	3,525	1,680	6,552	66,277	49,382	343,550
Depreciation and amortization	75,006	62,042	3,099	66,443	86,757	244	244	244	70,439	20,418	384,936
Insurance	-	46,637	2,253	76,418	28,076	1,850	2,390	5,914	42,772	35,387	241,697
Residential health/counseling	-	2,660	-	4,778	116,650	-	-	804	31,450	750	157,092
Retirement	11,863	33,136	4,836	28,664	24,168	1,360	967	3,380	32,581	25,406	166,361
Office supplies	59,629	18,284	11,574	25,455	10,702	10,889	7,258	10,010	8,853	6,141	168,795
Utilities	31,432	16,416	1,193	10,140	34,955	-	-	761	31,912	5,440	132,249
Personnel recruitment	44,795	10,067	11,631	16,480	9,163	1,193	1,654	10,417	5,281	11,737	122,418
Food	5,576	33,649	109	3,796	11,954	1,913	529	163	4,013	11,189	72,891
Telephone	10,115	5,154	3,264	11,039	3,711	603	762	1,391	3,150	4,760	43,949
Administrative	70,564	-	-	-	-	-	-	-	-	-	70,564
Legal and accounting	161,237	8,950	-	4,071	-	-	-	-	-	4,071	178,329
Building and grounds	20,842	9,166	4,400	4,401	15,236	889	889	889	12,087	19,271	88,070
Building repairs	6,684	5,207	163	-	3,846	-	-	75	18,018	2,911	36,904
Transportation	1,014	7,131	370	40,282	557	3,230	362	25	1,139	1,634	55,744
Donor designated expenses	456	21,072	1,452	18,656	54,589	1,108	-	10,450	71,771	7,220	186,774
Housekeeping	4,872	12,813	611	947	4,029	460	-	-	4,077	3,740	31,549
Miscellaneous expense	21,965	5,634	-	-	3,026	-	-	6,805	-	66	37,496
Membership dues	29,498	244	-	85	45	-	559	331	214	-	30,976
Training/conferences	6,321	1,015	1,244	1,343	2,948	-	60	2,374	772	654	16,731
Allowance/earnings	-	13,598	-	-	-	-	-	-	953	865	15,416
Repairs/maintenance	2,657	4,180	289	4,669	2,926	-	-	-	5,536	457	20,714
License and registrations	45,595	13,554	545	-	82	-	-	5,452	-	2,695	67,923
Recreation - non - therapeutic	-	2,648	-	1,536	76	-	-	-	5,792	2,647	12,699
Respite care	-	-	-	4,223	-	-	-	-	-	-	4,223
Foster parent insurance	-	-	-	578	-	-	-	-	-	-	578
Public relations	1,195	-	-	425	-	-	-	-	-	-	1,620
Therapeutic recreation	-	663	-	-	800	-	-	-	407	1,317	3,187
Clothing allowance	-	2,329	-	3,317	-	-	-	-	44	1,019	6,709
Client expense	-	33	-	385	-	-	-	-	-	5	423
Total program expenses	1,024,254	1,399,606	189,727	1,791,090	1,136,769	74,637	41,846	157,367	1,350,285	899,182	8,064,763
Allocate Administration Expense	(1,024,254)	173,850	28,904	338,128	106,530	16,630	7,149	26,497	193,345	133,221	-
Total Program Expenses	-	1,573,456	218,631	2,129,218	1,243,299	91,267	48,995	183,864	1,543,630	1,032,403	8,064,763
Excess (deficiency) of program support over program expenses	\$ 14,101	\$ 6,139	\$ (124,766)	\$ 372,081	\$ (577,423)	\$ (46,150)	\$ (7,825)	\$ 30,956	\$ (318,802)	\$ (85,288)	\$ (736,977)

See Notes to Financial Statements.

CHILDREN'S HOME OF YORK

STATEMENT OF PROGRAM REVENUES AND RELATED EXPENSES

Year Ended June 30, 2024

	Administration	George Street Program	Permanency Programs			SFP	Drug & Alcohol Prevention		IPT	SOAR	RISE	Total
			Adoption	Foster Care	Bridges Program							
Program Support												
Board fees and program funding	\$ -	\$ 1,245,829	\$ -	\$ 2,434,651	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 797,824	\$ 4,478,304	
Insurance and managed care fund	-	-	-	-	663,393	-	-	-	607	-	664,000	
Residential funding	-	-	-	-	-	-	-	-	1,200,850	-	1,200,850	
Grants	2,700	20,321	-	-	55,000	-	85,922	-	90,621	-	254,564	
Other local services	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 and amortization	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	3,152	17,081	962	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	12,239	641	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	407	214	-	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	
License 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	
Total program expenses	761,241	1,172,538	343,341	1,549,957	1,170,688	133,856	86,276	172,989	1,353,149	821,183	7,565,218	
Allocate Administration Expense	(761,241)	149,736	49,937	99,799	99,799	74,906	-	12,484	162,297	112,283	-	
Total Program Expenses	-	1,322,274	393,278	1,649,756	1,270,487	208,762	86,276	185,473	1,515,446	933,466	7,565,218	
Excess (deficiency) of program support over program expenses	\$ 57,105	\$ (56,124)	\$ (218,958)	\$ 787,535	\$ (450,914)	\$ (159,751)	\$ (354)	\$ 1,830	\$ (223,368)	\$ (135,642)	\$ (398,641)	

See Notes to Financial Statements.

CHILDREN'S HOME OF YORK

STATEMENTS OF CASH FLOWS Years Ended June 30, 2025 and 2024

	2025	2024
Cash Flows From Operating Activities		
Changes in net assets	\$ 3,584,318	\$ 4,172,542
Adjustments to reconcile changes in net assets to net cash provided by operating activities		
Depreciation	384,936	292,568
Net investment return	(964,268)	(1,727,694)
Gain (loss) on sale of property and equipment	4,652	(6,915)
Change in donated inventory	2,305	(5,921)
Changes in value of beneficial interest in perpetual trusts	(103,081)	(97,538)
Changes in value of interest in net assets of a community foundation	(40,298)	(96,805)
(Increase) decrease in:		
Accounts and pledges receivable	(17,458)	275,943
Employee retention tax credit receivable	515,140	(1,404,734)
Interest receivable	(9,463)	(1,951)
Prepaid expenses	30,496	(15,894)
Increase (decrease) in:		
Accounts payable	39,666	165
Accrued payroll	12,327	(6,271)
Accrued vacation	586	15,878
Payroll taxes withheld and accrued	(7,982)	3,180
Net cash provided by operating activities	3,431,876	1,396,553
Cash Flows From Investing Activities		
Purchase of property, buildings and equipment	(372,802)	(678,395)
Proceeds from sale of investments	2,512,745	2,700,180
Purchases of investments	(2,372,899)	(2,700,180)
Purchase of interest in the net assets of a community foundation	(3,055,324)	(332,551)
Net cash used in investing activities	(3,288,280)	(1,010,946)
Net increase in cash and cash equivalents	143,596	385,607
Cash and Cash Equivalents:		
Beginning	1,799,792	1,414,185
Ending	\$ 1,943,388	\$ 1,799,792

See Notes to Financial Statements.

CHILDREN'S HOME OF YORK

NOTES TO FINANCIAL STATEMENTS

Note 1. Nature of Activity and Significant Accounting Policies

Nature of Activity: 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 15 to 21, 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.

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.

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.

CHILDREN'S HOME OF YORK

NOTES TO FINANCIAL STATEMENTS

Note 1. Nature of Activity and Significant Accounting Policies (Continued)

Description of Programs (Continued):

Reaching Independence through Support and Experiences (RISE) - program for youth who require individualized two to one 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 Home's financial statements were prepared on the accrual basis of accounting.

Basis of Presentation: The Home reports net assets, revenue, 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 and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Home's management and the Board of Directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Home or by the passage of time. Other donor restrictions are perpetual in nature, where the donor has stipulated the funds be maintained in perpetuity. Donor imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

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.

Revenue and Revenue Recognition: We recognize contributions when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met.

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.

Cash Equivalents: For purposes of the Statement of Cash Flows, the Home considers all highly-liquid debt instruments purchased with maturities of three months or less to be cash equivalents.

CHILDREN'S HOME OF YORK

NOTES TO FINANCIAL STATEMENTS

Note 1. Nature of Activity and Significant Accounting Policies (Continued)

Accounts Receivable Trade: The Home's receivables are stated at outstanding balances. Accounts receivable are presented net of an allowance for credit losses, when necessary, based on historical experience, an assessment of current and expected economic conditions, and review of subsequent collections. 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, 2025 and 2024, the allowance was \$2,376 and \$10,000, 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 Home 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. The balance of the receivable at June 30, 2025 and 2024, was \$889,594 and \$1,404,734, respectively. Upon receipt of the funds, the Home will be liable for 20% of that amount to the professional services firm that assisted them in the process of calculating and applying for those funds. During the year ended June 30, 2025, \$100,428 of fees was recognized on the Statement of Activities.

Property, Plant and Equipment and Depreciation: Property, plant and equipment are stated at cost. Depreciation is provided on the straight-line method over the estimated useful lives of the individual 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 and Income Recognition and Fair Value: 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.

The Home follows the provisions of FASB ASC 840, *Fair Value Measurements and Disclosures*, for fair value measurements of financial assets and financial liabilities and for fair value measurements of nonfinancial items that are recognized or disclosed at fair value in the financial statements on a recurring basis. This Standard defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Standard also establishes a framework for measuring fair value and expands disclosures about fair value measurements.

CHILDREN'S HOME OF YORK

NOTES TO FINANCIAL STATEMENTS

Note 1. Nature of Activity and Significant Accounting Policies (Continued)

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.

Income Taxes: The Home is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and applicable state regulations. In addition, the Home qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2).

The Home follows the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) which requires an assessment of the Home's exposure to income taxes at the entity level due to uncertain tax positions taken in current and previously-filed tax returns. Examples of tax positions taken at the entity level include continuing qualification as a tax-exempt organization and whether there are any taxable unrelated business income activities conducted. Any tax benefits associated with uncertain tax positions that exceed a realization threshold must be recorded as a liability for unrecognized tax benefits in the financial statements, along with any associated interest and penalties. Presently, management believes that it is more likely than not that its tax positions will be sustained upon examination, including any appeals and litigation and, therefore, believes the Home has no exposure to income taxes from uncertain tax positions.

Concentration of 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.

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 Allocation of Expenses: The costs of providing various programs and other activities are summarized on a functional basis in the 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

Note 1. Nature of Activity and Significant Accounting Policies (Continued)

Administrative and Indirect Expenses: For the fiscal year ended June 30, 2025, all programs, residential and nonresidential, are allocated a portion of administrative and indirect expense based on the budgeted revenue in the programs on the statements of program revenues and related expenses. For the fiscal year ended June 30, 2024, all programs, residential and nonresidential, are allocated a portion of administrative and indirect expense based on the number of fulltime, equivalent employees in the programs on the statements of program revenues and related expenses.

Reclassifications: Certain amounts in the 2024 financial statements have been reclassified with no effects on the 2024 financial position, changes in net assets and cash flows to be consistent with the classifications utilized in the 2025 financial statements.

Subsequent Events: In preparing these financial statements, management has evaluated events and transactions for potential recognition or disclosure through November 4, 2025, the date the financial statements were available to be issued.

Note 2. Liquidity and Availability

Financial assets available for general expenditure; that is, without donor or other restrictions limiting their use, within one year of June 30, 2025 and 2024, comprise the following:

CHILDREN'S HOME OF YORK

NOTES TO FINANCIAL STATEMENTS

	2025	2024
Financial Assets at Year End:		
Cash	\$ 1,943,388	\$ 1,799,792
Accounts receivable, net of allowance	962,049	909,784
Employee retention tax credit receivable	889,594	1,404,734
Interest receivable	67,102	57,639
Pledges, current portion	40,000	50,000
Investments	15,640,518	14,816,096
Beneficial interest in perpetual trusts	2,115,111	2,012,030
Interest in net assets of a community foundation	3,760,724	665,102
Total financial assets	<u>25,418,486</u>	<u>21,715,177</u>
Less amounts not available to be used within one year:		
Net assets with donor restrictions subject to purpose restriction	34,328	34,811
Net assets with donor restrictions subject to the passage of time	40,000	50,000
Net assets with donor restrictions held in perpetuity	2,219,210	2,116,129
	<u>2,293,538</u>	<u>2,200,940</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 23,124,948</u>	<u>\$ 19,514,237</u>

CHILDREN'S HOME OF YORK

NOTES TO FINANCIAL STATEMENTS

Note 2. Liquidity and Availability (Continued)

The Home is funded in part by contributions from donors that contain restrictions. Those restrictions require that resources be used for certain purposes or in future periods. Therefore, the Home must maintain adequate resources to meet those responsibilities to its donors, and as a result, certain financial assets may not be available for general expenditure within one year. As part of its liquidity management, the Home has a policy to structure its financial assets to be available as general expenditures, liabilities, and other obligations become due. The Home invests its cash in excess of its daily needs in interest-bearing accounts and marketable securities. The Home can also draw upon a \$500,000 line-of-credit (as discussed in Note 11).

Note 3. Cash

Cash consists of the following at June 30:

	2025	2024
Money market account - Traditions Bank	\$ 1,190,318	\$ 531,786
AP checking - Traditions Bank	303,853	202,341
Money market account - Fulton Bank	222,812	205,881
Checking account - Traditions Bank	112,681	579,332
Money market account - People's Bank	108,007	104,260
Payroll checking - Traditions Bank	2,714	45,261
Savings account - Member's 1st	2,257	2,772
Cash on hand	746	662
Money market account - Member's 1st	-	91,100
Money market account - M&T Bank	-	36,397
Total Cash	<u>\$ 1,943,388</u>	<u>\$ 1,799,792</u>

CHILDREN'S HOME OF YORK

NOTES TO FINANCIAL STATEMENTS

Note 4. Pledges Receivable

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

	2025	2024
Less than one year	\$ 40,000	\$ 50,000
One year to five years	200,000	250,000
More than five years	207,710	187,710
Total promises to give	447,710	487,710
Less: net present value discount (7.50%, respectively)	(5,333)	(10,526)
Net Pledges Receivables	\$ 442,377	\$ 477,184

Note 5. Prepaid Expenses

Prepaid expenses consist of the following at June 30:

	2025	2024
Prepaid insurance	\$ 38,575	\$ 54,507
Other prepaids	13,041	27,605
Total prepaid expenses	\$ 51,616	\$ 82,112

CHILDREN'S HOME OF YORK

NOTES TO FINANCIAL STATEMENTS

Note 6. Property and Equipment

Property and equipment consist of the following at June 30:

	2025			
	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	591,926	312,816	279,110
Girls' Center	40 Years	1,932,437	980,236	952,201
Gymnasium	25 Years	1,533,609	1,056,281	477,328
Child and Family Counseling	25 Years	1,157,390	706,219	451,171
Emergency Shelter	5-40 Years	1,288,438	1,036,233	252,205
Klinger Property	25 Years	295,296	203,018	92,278
Administrative Building	25 Years	529,057	461,288	67,769
Total building and improvements		<u>7,328,153</u>	<u>4,756,091</u>	<u>2,572,062</u>
Furniture and equipment				
George Street Program	5-10 Years	117,157	99,302	17,855
Girls' Center	5 Years	188,238	130,553	57,685
Gymnasium	3-5 Years	53,037	53,037	-
Child and Family Counseling	5 Years	62,751	62,120	631
Emergency Shelter	5-18 Years	150,196	118,161	32,035
Administrative Building	5-20 Years	285,024	212,582	72,442
Automobiles	3 Years	378,613	186,467	192,146
Video presentation	3-15 Years	247,051	207,977	39,074
Total furniture and equipment		<u>1,482,067</u>	<u>1,070,199</u>	<u>411,868</u>
Total property and equipment		<u>\$ 8,831,055</u>	<u>\$ 5,826,290</u>	<u>\$ 3,004,765</u>

CHILDREN'S HOME OF YORK

NOTES TO FINANCIAL STATEMENTS

Note 6. Property and Equipment (Continued)

	Useful Lives	2024		Net Book Value
		Cost	Accumulated Depreciation	
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
Administrative Building	25 Years	529,057	445,007	84,050
Total building and improvements		<u>7,063,480</u>	<u>4,508,642</u>	<u>2,554,838</u>
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		<u>1,397,557</u>	<u>951,679</u>	<u>445,878</u>
Total property and equipment		<u>\$ 8,481,872</u>	<u>\$ 5,460,321</u>	<u>\$ 3,021,551</u>

Depreciation expense amounted to \$384,936 and \$292,568 for 2025 and 2024, respectively.

CHILDREN'S HOME OF YORK

NOTES TO FINANCIAL STATEMENTS

Note 7. Investments

Investments were comprised of the following at June 30:

	2025			2024		
	Cost	Fair Market Value	Unrealized Gain (Loss)	Cost	Fair Market Value	Unrealized Gain (Loss)
Certificate of Deposit	\$ 272,544	\$ 272,544	\$ -	\$ 75,000	\$ 75,000	\$ -
Money market funds	-	-	-	94,214	429,626	335,412
Fixed income	4,639,180	4,599,232	(39,948)	4,181,930	4,159,711	(22,219)
Equity securities	3,077,836	10,768,742	7,690,906	2,722,135	10,151,759	7,429,624
Total	<u>\$ 7,989,560</u>	<u>\$ 15,640,518</u>	<u>\$ 7,650,958</u>	<u>\$ 7,073,279</u>	<u>\$ 14,816,096</u>	<u>\$ 7,742,817</u>

This includes the donor restricted investments of \$104,099 at June 30, 2025 and 2024, of which a portion of the income is to be used for client and operating expenses.

The following schedule summarizes investment income (loss) and its classification in the Statement of Activities for the years ended June 30:

	2025	2024
Interest and dividends	\$ 535,689	\$ 333,159
Realized and unrealized gain	964,268	1,486,055
Investment Fees	(66,433)	(62,362)
Investment income - net	<u>\$ 1,433,524</u>	<u>\$ 1,756,852</u>

The Home invests in a diversified portfolio of marketable securities consisting of common stocks, corporate bonds, US. 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 subsize program services, program development and fund capital projects.

CHILDREN'S HOME OF YORK

NOTES TO FINANCIAL STATEMENTS

Note 8. Beneficial Interest in Perpetual Trusts

The Home is a life income beneficiary under several trusts administered by local banks. Assets held by these trusts are not included in the Statements of Financial Position since the Home is only an income beneficiary. The Home's beneficiary percentage ranges from 8.33% to 100%. The present values of the estimated future payments reported at fair value totals are included in the Statements of Financial Position as assets with donor restrictions (Note 13). These assets approximate the fair values of the Home's proportionate shares of these trusts and are revalued annually. The income received from these trusts is included in gifts without donor restrictions in the Statements of Activities when received.

The beneficial interests in perpetual trusts are as follows at June 30:

	2025	2024
Wells Fargo Omnibus Trust	\$ 751,679	\$ 716,948
Walter S. Souder Trust	478,406	455,106
Sarah A. K. Hooper Trust	104,743	99,581
David Horn Trust	331,515	311,152
Jason W Glatfelter Trust	19,437	-
Peggy Glatfelter Trust	12,109	-
Howard D. Baer Trust	33,644	31,327
Elmira M. Quickel Trust	24,662	23,466
Florence and Stewart Bortner Trust	182,677	173,227
Mary A. Roche Trust	35,198	32,379
York Society to Protect Children and Aged Persons	172,586	168,844
United Methodist Foundation Trust	80,436	-
Total	<u>\$ 2,227,092</u>	<u>\$ 2,012,030</u>

CHILDREN'S HOME OF YORK

NOTES TO FINANCIAL STATEMENTS

Note 8. Beneficial Interest in Perpetual Trusts (Continued)

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:

	2025	2024
Mable B Bender	\$ 30,500	\$ 121,994
Wells Fargo Omnibus Trust	20,448	35,750
Walter S. Souder Trust	4,400	18,312
Sarah A. K. Hooper Trust	14,100	4,600
David Horn Trust	498	15,250
Howard D. Baer Trust	964	511
Elmira M. Quickel Trust	3,076	964
Florence and Stewart Bortner Trust	-	6,668
Mary A. Roche Trust	7,172	1,340
York Society to Protect Children and Aged Persons	2,263	6,990
United Methodist Foundation Trust	3,640	2,340
Total	<u>\$ 87,060</u>	<u>\$ 214,719</u>

Note 9. Interest in Net Assets of a Community Foundation

In accordance with ASC 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, 2025 and 2024, was 4.5%. The following table is a summary of the activity for the years ended June 30.

	2025	2024
Beginning balance	\$ 665,102	\$ 245,472
Contributions	3,055,324	332,551
Realized and unrealized gains	55,686	94,052
Distributions	(15,388)	(6,973)
Ending balance	<u>\$ 3,760,724</u>	<u>\$ 665,102</u>

CHILDREN'S HOME OF YORK

NOTES TO FINANCIAL STATEMENTS

Note 9. Interest in Net Assets of a Community Foundation (Continued)

Also, in accordance with generally accepted accounting principles, the designated endowment funds created by contributors to the York County Community Foundation are not assets of the Home and are not reflected on the Statements of Financial Position.

As of June 30, 2025 and 2024, the balance of designated funds was \$159,153 and \$146,813, respectively, which includes the funds' accumulated investment earnings in excess of annual distributions and fees.

Distributions to the Home from the York County Community Foundation consist of the following at June 30:

	2025	2024
Beginning balance	\$ 665,102	\$ 245,472
Contributions	3,055,324	332,551
Realized and unrealized gains	55,686	94,052
Distributions	(15,388)	(6,973)
Ending balance	<u>\$ 3,760,724</u>	<u>\$ 665,102</u>

Note 10. Fair Value Measurements

FASB's Fair Value Measurements Topic of the ASC establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted, quoted prices in active markets for identical assets or liabilities (Level 1 measurement) and the lowest priority to unobservable inputs (Level 3 measurements).

CHILDREN'S HOME OF YORK

NOTES TO FINANCIAL STATEMENTS

Note 10. Fair Value Measurements (Continued)

The three levels of the fair value hierarchy under the standard are described below:

Level 1: Inputs to the valuation methodology are unadjusted, quoted prices for identical assets or liabilities in active markets which the Home can access.

Level 2: Inputs to the valuation methodology include:

- 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.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

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, 2025 and 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.

CHILDREN'S HOME OF YORK

NOTES TO FINANCIAL STATEMENTS

Note 10. Fair Value Measurements (Continued)

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.

The following table sets forth by level, within the fair value hierarchy, the Home's assets and liabilities measured regularly at fair value at June 30:

	Assets at Fair Value as of June 30, 2025			
	Level 1	Level 2	Level 3	Total
Investments				
Fixed income				
Government and agency securities	\$ 2,627,162	\$ -	\$ -	\$ 2,627,162
Corporate bonds	1,730,932	-	-	1,730,932
International Developed Bonds	241,138	-	-	241,138
Equity securities				
Communications	788,606	-	-	788,606
Consumer discretionary	1,159,820	-	-	1,159,820
Consumer staples	241,545	-	-	241,545
Financial services	1,788,538	-	-	1,788,538
Healthcare	944,309	-	-	944,309
Industrials	2,292,414	-	-	2,292,414
Materials	2,179,089	-	-	2,179,089
Real estate	431,104	-	-	431,104
Technology	551,042	-	-	551,042
International	392,275	-	-	392,275
Beneficial interest in perpetual trusts	-	2,115,111	-	2,115,111
Interest in net assets of community foundation	-	3,760,724	-	3,760,724
Pledges receivable	-	442,377	-	442,377
Total assets at fair value	\$ 15,367,974	\$ 6,318,212	\$ -	\$ 21,686,186

CHILDREN'S HOME OF YORK

NOTES TO FINANCIAL STATEMENTS

Note 10. Fair Value Measurements (Continued)

	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	-	665,102	-	665,102
Pledges receivable	-	477,184	-	477,184
Total assets at fair value	\$ 14,741,096	\$ 3,154,316	\$ -	\$ 17,895,412

The following table shows the gross unrealized losses and fair value of the Home's investments with unrealized losses that are not deemed to be other-than-temporarily impaired, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position, at June 30, 2025.

	Less Than Twelve Months		Twelve Months or Greater		Totals	
	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss
Government securities	\$ 992,047	\$ (86,659)	\$ 580,889	\$ (26,567)	\$ 1,572,935	\$ (113,226)
Corporate bonds	-	-	143,190	(3,472)	143,190	(3,472)
International bonds	-	-	92,120	(2,380)	92,120	(2,380)
Total	\$ 992,047	\$ (86,659)	\$ 816,198	\$ (32,418)	\$ 1,808,245	\$ (119,077)

CHILDREN'S HOME OF YORK

NOTES TO FINANCIAL STATEMENTS

Note 10. Fair Value Measurements (Continued)

The unrealized losses on the Home's investments in Government securities, Corporate Bonds, and International Bonds were caused by interest rate changes. The contractual terms of those investments do not permit the issuer to settle the securities at a price less than the amortized cost basis of the investments. The Home does not intend to sell the investments and it is not more likely than not that the Home will be required to sell the investments before recovery of their amortized cost basis

Note 11. 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 7.50% and 8.25% at June 30, 2025 and 2024, respectively. At June 30, 2025 and 2024, there were no borrowings on the line.

Note 12. Board Designated Net Assets

The Home's Board of Directors had designated an investment account for the purpose of generating funds for the future needs of the Home. The investment account was liquidated by the board in 2025. The amount of funds designated by the Home's Board of Directors as of June 30, 2024, was \$783,374.

CHILDREN'S HOME OF YORK

NOTES TO FINANCIAL STATEMENTS

Note 13. Net Assets with Donor Restrictions

Net assets with donor restrictions at June 30:

	2025	2024
Subject to the passage of time:		
Pledges receivable	\$ 442,377	\$ 477,184
Subject to expenditures for specified purpose:		
Patient treatment	83	10,730
Transitional living	871	4,509
IT and electronics	-	2,500
Other programs	33,374	17,072
	<u>34,328</u>	<u>34,811</u>
Perpetual in nature:		
Investments	104,099	104,099
Beneficial interest in perpetual trusts	2,115,111	2,012,030
	<u>2,219,210</u>	<u>2,116,129</u>
Total net assets with donor restrictions	<u>\$ 2,695,915</u>	<u>\$ 2,628,124</u>

Net assets were released from donor restrictions by incurring expenses satisfying restricted purposes or by realization of events specified by donors as follows:

	2025	2024
Subject to the passage of time:		
Pledges receivable	\$ 34,807	\$ 59,431
Subject to expenditures for specified purpose:		
Patient treatment	10,730	16,270
Transitional living	4,509	1,491
IT and electronics	2,500	-
Other programs	17,072	22,815
	<u>34,811</u>	<u>40,576</u>
Total net assets with donor restrictions	<u>\$ 69,618</u>	<u>\$ 100,007</u>

CHILDREN'S HOME OF YORK

NOTES TO FINANCIAL STATEMENTS

Note 14. Retirement Plan

The Home maintains a defined contribution retirement plan for all employees, who have reached age 21 and have completed one year and 1,000 hours of service. The plan is a noncontributory plan.

Contributions by the Home were 5% of each participant's gross earnings for each year. Total retirement expense for the years ended June 30, 2025 and 2024, was \$166,361 and \$147,795, respectively

Note 15. Subsequent Events

In August 2025 the Board of Directors voted to enter into a partnership with Turning Point using a sole-member nonprofit governing model.

SUPPLEMENTARY INFORMATION



**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF THE 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 (*Government Auditing Standards*), the financial statements of The Children's Home of York (the Home), which comprise the statement of financial position as of June 30, 2025, and the related statements of activities, functional expenses, statement of program revenue and related expenses, 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, 2025.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered The Children's Home of York internal control over financial reporting (internal control) as a basis for designing the 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 Children's Home of York internal control. Accordingly, we do not express an opinion on the effectiveness of The Children's Home of York 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether The Children’s Home of York 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 Home’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Boyer & Ritten". The signature is written in black ink and is centered on the page.

Camp Hill, Pennsylvania
November 4, 2025