

Audited
Financial
Statements

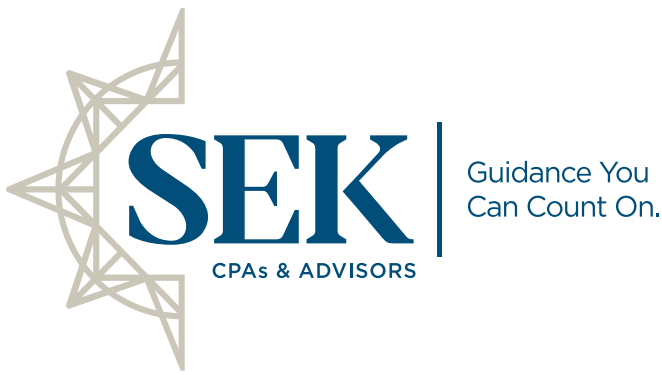
June 30,
2021

Children's Home of York



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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the Children's Home of York (the Home) (a Pennsylvania nonprofit organization), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, functional expenses, program revenues and related expenses, changes in net assets, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Children's Home of York as of June 30, 2021 and its activities, functional expenses, program revenues and related expenses, 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.

Report on June 30, 2020 Financial Statements

The financial statements of Children's Home of York as of June 30, 2020, were audited by other auditors whose report dated January 15, 2021, expressed an unmodified opinion on those statements

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated January 4, 2022, on our consideration of Children's Home of York's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Children's Home of York's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Children's Home of York's internal control over financial reporting and compliance.

Smith Elliott Hearn + Company, LLC

York, Pennsylvania
January 4, 2022

CHILDREN'S HOME OF YORK
Statements of Financial Position
June 30, 2021 and 2020

	2021	2020
ASSETS		
Current Assets		
Cash	\$ 1,974,874	\$ 1,859,966
Accounts receivable, net of allowance	805,947	750,290
Current portion of pledges receivable, net of present value discount	50,000	50,000
Interest receivable	3,896	5,279
Inventory	42,831	10,926
Prepaid expenses	56,430	88,266
Total Current Assets	2,933,978	2,764,727
Property and equipment, net of depreciation	2,493,592	2,537,113
Other Assets		
Non-current pledges receivable, net of present value discount	556,881	677,573
Investments	14,236,197	11,430,102
Beneficial interest in perpetual trusts	2,283,063	1,899,768
Interest in net assets of a community foundation	258,436	191,880
Total Other Assets	17,334,577	14,199,323
TOTAL ASSETS	\$ 22,762,147	\$ 19,501,163
LIABILITIES AND NET ASSETS		
Current Liabilities		
Deferred revenue	\$ -	\$ 3,000
Accounts payable	116,958	207,904
Accrued payroll	184,205	165,862
Accrued vacation	84,802	90,334
Payroll taxes withheld and accrued	4,996	6,963
Current portion of long-term debt	1,602,132	34,990
Total Current Liabilities	1,992,961	509,053
Long-term debt, net of current portion	-	1,695,997
Total Liabilities	1,992,961	2,205,050
Net Assets		
Without donor restrictions	17,622,806	14,440,223
With donor restrictions	3,146,380	2,855,890
Total Net Assets	20,769,186	17,296,113
TOTAL LIABILITIES AND NET ASSETS	\$ 22,762,147	\$ 19,501,163

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

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

CHILDREN'S HOME OF YORK
Statement of Activities
Year Ended June 30, 2020

	Net Assets without Donor Restrictions	Net Assets with Donor Restrictions	Total
REVENUES AND SUPPORT			
Program Support			
Board fees and program funding	\$ 3,819,784	\$ -	\$ 3,819,784
Insurance/managed care fund	1,572,877	-	1,572,877
Diakon services (SWAN)	368,000	-	368,000
Other local services	184,430	-	184,430
Grants	295,951	-	295,951
	<u>6,241,042</u>	<u>-</u>	<u>6,241,042</u>
Total Program Support			
Other Support and Revenues			
Contributions	708,291	128,264	836,555
Net investment return	1,515,238	-	1,515,238
Income from trusts	114,147	-	114,147
Grants	2,500	-	2,500
In-kind donations	45,732	-	45,732
Special event income	89,140	-	89,047
Changes in value of interest in net assets of a community foundation	(16,724)	-	(16,724)
Changes in value of beneficial interest in perpetual trusts	-	(50,058)	(50,058)
Gain on disposal of asset	3,352	-	3,352
Rent	8,600	-	8,600
Net Assets released from restrictions	29,010	(29,010)	-
	<u>2,499,193</u>	<u>49,196</u>	<u>2,548,389</u>
Total Other Support and Revenues			
Total Revenues and Support	8,740,235	49,196	8,789,431
EXPENSES			
Program expenses	6,392,402	-	6,392,402
Administrative expenses	598,464	-	598,464
Fundraising expenses	176,259	-	176,259
	<u>7,167,125</u>	<u>-</u>	<u>7,167,125</u>
Total Expenses			
Changes in Net Assets	<u>\$ 1,573,110</u>	<u>\$ 49,196</u>	<u>\$ 1,622,306</u>

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

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

CHILDREN'S HOME OF YORK
Statement of Functional Expenses
Year Ended June 30, 2020

	Program Expenses	Supporting Services		Total Expenses
		Administrative Expenses	Fundraising Expenses	
Program Related Expenses				
Salaries	\$ 3,176,587	\$ 282,439	\$ -	\$ 3,459,026
Foster/host homes payments	897,479	-	-	897,479
Group insurance	635,956	20,053	-	656,009
Payroll taxes	290,407	25,643	-	316,050
Insurance	213,807	22,383	-	236,190
Depreciation	205,780	17,351	-	223,131
Office supplies	125,578	16,960	-	142,538
Retirement	104,134	2,906	-	107,040
Residential health/counseling	93,642	6,061	-	99,703
Food	96,952	2,690	-	99,642
Utilities	70,266	8,139	-	78,405
Bad debt expense	75,654	-	-	75,654
Transportation	74,618	496	-	75,114
Legal and accounting	13,923	58,596	-	72,519
Telephone	45,346	12,512	-	57,858
Personnel recruitment	38,967	18,015	-	56,982
Administrative	-	45,299	-	45,299
Miscellaneous expense	11,572	28,260	-	39,832
Donor designated expenses	36,850	-	-	36,850
Building and grounds	23,754	5,982	-	29,736
Building repairs	26,309	3,407	-	29,716
Housekeeping	23,737	707	-	24,444
Repairs/maintenance	21,263	1,161	-	22,424
Interest expense	20,825	-	-	20,825
Membership dues	1,757	15,761	-	17,518
Allowance/earnings	16,253	-	-	16,253
COVID-19 related supplies and training	11,611	479	-	12,090
Respite care	11,300	-	-	11,300
Training/conferences	5,903	3,057	-	8,960
Foster parent insurance	8,160	-	-	8,160
Recreation - non - therapeutic	6,021	-	-	6,021
Therapeutic recreation	4,880	-	-	4,880
Clothing allowance	2,457	-	-	2,457
Public relations	548	-	-	548
Return of funds	106	-	-	106
Total Program Related Expenses	6,392,402	598,357	-	6,990,759
Non-program Related Expenses				
Fundraising	-	-	141,453	141,453
Interest expense	-	107	-	107
In-kind donations	-	-	34,806	34,806
Total Non-program Related Expenses	-	107	176,259	176,366
Total Expenses	\$ 6,392,402	\$ 598,464	\$ 176,259	\$ 7,167,125

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

	Administration	George Street Program	Permanency Programs		A.N.G.E.L. Center	Bridges Program	SFP	PREP	Drug & Alcohol Prevention	Gambling Prevention	IPT	RISE	Total
			Adoption	Foster Care									
Program Support													
Board fees/program funding	\$ -	\$ 807,456	\$ -	\$ 2,144,805	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 195,536	\$ 617,868	\$ 3,765,665
Insurance/managed care fund	-	-	-	680	1,216,734	358,627	-	-	-	-	-	-	1,576,041
Diakon services (SWAN)	-	-	355,150	-	-	-	-	-	-	-	-	-	355,150
Grants	62,500	-	-	-	20,204	-	-	75,342	84,904	50,313	-	-	293,263
Other local sources	5,000	2,350	-	-	59,316	104,638	2,088	-	-	-	-	100	173,492
Total Program Support	67,500	809,806	355,150	2,145,485	1,296,254	463,265	2,088	75,342	84,904	50,313	195,536	617,968	6,163,611
Program Expenses													
Salaries	334,097	478,980	268,971	515,240	976,418	306,904	16,722	49,549	57,921	39,282	129,899	353,455	3,527,438
Foster/host homes payments	-	-	-	744,769	-	-	-	-	-	-	-	-	744,769
Group insurance	50,489	121,130	67,264	110,059	188,258	60,315	2,806	12,712	17,374	11,079	26,878	94,502	762,866
Payroll taxes	31,017	44,803	24,253	46,935	90,858	28,382	1,579	4,667	5,031	3,420	12,238	32,266	325,449
Insurance	21,541	29,097	24,101	54,202	56,491	22,641	2,883	4,072	3,089	1,990	7,961	12,433	240,501
Depreciation	23,340	13,829	20,012	20,012	52,324	66,895	-	-	-	-	-	-	209,293
Office supplies	56,757	8,908	9,064	13,494	13,640	8,139	3,398	7,824	3,292	772	3,747	2,938	131,973
Retirement	(484)	23,027	12,321	14,716	35,936	2,476	762	2,529	2,969	2,004	3,787	14,601	114,644
Residential health/counseling	1,998	26	-	1,102	33,530	55,900	-	-	-	-	-	-	92,556
Food	1,793	20,521	-	225	34,717	16,244	126	1,981	124	61	97	7,599	83,488
Utilities	7,814	15,016	728	6,308	20,131	27,027	-	-	-	-	468	4,225	81,717
Bad debt expense	-	-	-	-	19,236	10,924	-	-	-	-	-	-	30,160
Transportation	502	4,392	1,464	29,159	2,339	195	95	3	10	-	-	698	38,857
Legal and accounting	33,780	4,608	-	2,943	6,228	6,000	-	-	-	-	-	2,943	56,502
Telephone	11,578	4,529	6,689	14,859	2,951	3,487	232	1,241	1,598	226	4,011	5,612	57,013
Personnel recruitment	9,592	1,621	2,299	7,986	16,005	6,305	534	13	184	23	299	2,012	46,873
Administrative	26,678	-	-	-	5,500	-	-	-	-	-	-	-	32,178
Miscellaneous expense	9,009	179	-	1,245	12,587	-	-	-	-	-	-	2,929	25,949
Donor designated expenses	-	4,455	-	-	23,483	1,839	-	-	-	-	765	-	30,634
Building and grounds	3,544	4,445	2,950	2,861	4,013	3,980	96	96	96	96	865	4,242	27,284
Building repairs	614	6,839	507	835	11,821	5,099	9	9	16	40	28	4,290	30,107
Housekeeping	509	10,324	132	398	10,179	3,202	6	6	45	44	36	1,713	26,594
Repairs/maintenance	-	5,471	1,089	2,424	4,294	877	-	-	-	-	-	158	14,313
Interest expense	-	-	-	-	8,123	-	-	-	-	-	-	-	8,123
Membership dues	21,372	40	-	99	40	89	177	129	89	89	89	-	22,213
Allowance/earnings	-	7,550	-	-	7,898	-	-	-	-	-	-	650	16,098
COVID-19 related supplies and training	-	2,845	4	381	6,827	3,502	4	4	-	-	432	3,012	17,011
Respite care	-	-	334	3,666	-	-	-	-	-	-	-	-	4,000
Training/conferences	4,126	228	62	291	1,737	875	-	299	30	-	252	307	8,207
Foster parent insurance	-	-	-	7,248	-	-	-	-	-	-	-	-	7,248
Recreation - non - therapeutic	-	1,389	-	572	819	-	-	-	-	-	-	72	2,852
Therapeutic recreation	-	79	-	-	2,166	40	-	-	-	-	-	61	2,346
Clothing allowance	250	333	-	-	45	32	-	-	-	-	-	168	828
	649,916	814,664	442,244	1,602,029	1,648,594	641,369	29,429	85,134	91,868	59,126	191,852	563,859	6,820,084
Administration Expense (Income)	(649,916)	85,724	49,979	85,724	221,361	64,277	-	7,149	14,298	-	35,680	85,724	-
Total Program Expenses	-	900,388	492,223	1,687,753	1,869,955	705,646	29,429	92,283	106,166	59,126	227,532	649,583	6,820,084
(Deficiency) Excess of Program Support Over Program Expenses	\$ 67,500	\$ (90,582)	\$ (137,073)	\$ 457,732	\$ (573,701)	\$ (242,381)	\$ (27,341)	\$ (16,941)	\$ (21,262)	\$ (8,813)	\$ (31,996)	\$ (31,615)	\$ (656,473)

CHILDREN'S HOME OF YORK
Statement of Program Revenues and Related Expenses
Year Ended June 30, 2020

	Administration	George Street Program	Permanency Programs		Early Development	A.N.G.E.L. Center	Bridges Program	SFP	PREP	Drug & Alcohol Prevention	Gambling Prevention	IPT	RISE	Total
		Program	Adoption	Foster Care										
Program Support														
Board fees/program funding	\$ -	\$ 706,652	\$ -	\$ 2,384,994	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 197,025	\$ 531,113	\$ 3,819,784
Insurance/managed care fund	-	-	-	128	-	1,223,160	349,589	-	-	-	-	-	-	1,572,877
Diakon services (SWAN)	-	-	368,000	-	-	-	-	-	-	-	-	-	-	368,000
Grants	5,000	11,173	-	-	-	47,063	-	-	80,650	102,629	49,436	-	-	295,951
Other local sources	59	1,215	-	346	-	500	121,609	55,405	-	-	-	2,400	2,896	184,430
Total Program Support	5,059	719,040	368,000	2,385,468	-	1,270,723	471,198	55,405	80,650	102,629	49,436	199,425	534,009	6,241,042
Program Expenses														
Salaries	282,439	423,589	268,752	546,830	9,718	933,298	278,713	37,645	50,763	59,498	33,265	171,480	363,036	3,459,026
Foster/host homes payments	-	-	-	897,479	-	-	-	-	-	-	-	-	-	897,479
Group insurance	20,053	97,837	55,359	111,302	1,369	172,488	46,531	4,501	11,059	15,872	8,458	31,716	79,464	656,009
Payroll taxes	25,643	39,404	24,350	50,194	887	85,728	25,905	3,561	4,685	2,782	15,690	32,348	316,050	
Insurance	22,383	27,101	23,858	52,799	298	56,000	21,818	3,603	4,188	3,050	1,890	7,675	11,527	236,190
Depreciation	17,351	9,557	24,459	24,850	-	53,405	77,264	-	-	-	-	-	-	16,245
Office supplies	47,545	6,856	10,381	15,057	-	11,838	7,353	9,433	10,034	13,542	1,719	6,040	2,740	142,538
Retirement	2,906	15,686	7,500	17,113	458	36,255	6,733	1,107	2,419	2,832	1,557	4,649	7,825	107,040
Residential health/counseling	6,061	-	-	608	-	49,611	43,218	205	-	-	-	-	-	99,703
Food	2,690	20,010	167	946	-	35,709	14,153	13,574	2,456	1,608	445	318	7,566	99,642
Utilities	8,139	10,406	757	6,435	-	21,145	27,868	-	-	-	-	483	3,172	78,405
Bad debt expense	-	-	-	1,621	-	24,949	49,084	-	-	-	-	-	-	75,654
Transportation	496	5,954	5,804	54,531	-	2,692	200	916	418	1,344	-	1,705	1,054	75,114
Legal and accounting	58,596	1,749	-	587	-	5,500	5,500	-	-	-	-	-	587	72,519
Telephone	12,512	4,900	7,921	14,160	-	2,224	4,496	326	1,241	1,069	546	3,726	4,737	57,858
Personnel recruitment	17,896	3,801	3,862	12,976	-	11,251	2,854	2,194	187	80	983	898	898	56,982
Administrative	45,295	-	-	4	-	-	-	-	-	-	-	-	-	45,299
Miscellaneous expense	29,333	-	-	100	-	1,013	-	-	-	70	-	-	-	30,516
Donor designated expenses	-	12,531	-	-	-	5,407	-	-	-	-	570	4,174	14,168	36,850
Building and grounds	5,982	4,059	3,567	3,567	-	3,916	6,282	32	32	138	32	138	1,991	29,736
Building repairs	3,407	10,920	700	934	-	5,867	3,865	28	37	94	96	281	3,487	29,716
Housekeeping	1,044	7,944	249	509	-	8,163	2,373	154	1,760	16	331	203	1,698	24,444
Repairs/maintenance	1,161	7,875	2,019	3,652	-	3,227	2,989	19	-	19	19	38	1,406	22,424
Interest expense	-	-	-	-	-	20,825	-	-	-	-	-	-	-	20,825
Membership dues	15,761	565	-	160	-	40	82	-	910	-	-	-	-	17,518
Allowance/earnings	-	5,418	-	-	-	10,273	-	-	-	-	-	-	-	16,253
COVID-19 related supplies and training	479	1,975	-	911	-	4,729	374	-	80	101	112	220	3,109	12,090
Respite care	-	-	680	10,551	-	69	-	-	-	-	-	-	-	11,300
Training/conferences	3,176	408	620	597	-	1,428	529	352	447	820	350	146	87	8,960
Foster parent insurance	-	-	-	8,160	-	-	-	-	-	-	-	-	-	8,160
Recreation - non - therapeutic	-	2,044	1,166	618	-	2,039	-	-	-	-	-	-	154	6,021
Therapeutic recreation	-	385	6	-	-	3,450	120	-	906	-	-	-	13	4,880
Clothing allowance	-	827	-	1,410	-	48	-	-	-	-	-	-	172	2,457
Public relations	-	-	250	250	-	-	48	-	-	-	-	-	-	548
Return of funds	-	53	-	9,316	-	-	-	-	-	-	-	-	53	9,422
	630,348	721,854	442,427	1,848,227	12,730	1,572,587	628,352	77,650	91,622	105,026	52,172	249,665	558,099	6,990,759
Administration Expense (Income)	(630,348)	85,601	54,462	116,740	-	163,451	77,848	-	7,753	7,753	7,753	31,139	77,848	-
Total Program Expenses	-	807,455	496,889	1,964,967	12,730	1,736,038	706,200	77,650	99,375	112,779	59,925	280,804	635,947	6,990,759
(Deficiency) Excess of Program Support Over Program Expenses	\$ 5,059	\$ (88,415)	\$ (128,889)	\$ 420,501	\$ (12,730)	\$ (465,315)	\$ (235,002)	\$ (22,245)	\$ (18,725)	\$ (10,150)	\$ (10,489)	\$ (81,379)	\$ (101,938)	\$ (749,717)

CHILDREN'S HOME OF YORK
Statements of Net Assets
Years Ended June 30, 2021 and 2020

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
Net assets - June 30, 2019	\$ 12,867,113	\$ 2,806,694	\$ 15,673,807
Changes in net assets	<u>1,573,110</u>	<u>49,196</u>	<u>1,622,306</u>
Net assets - June 30, 2020	14,440,223	2,855,890	17,296,113
Changes in net assets	<u>3,182,583</u>	<u>290,490</u>	<u>3,473,073</u>
Net assets - June 30, 2021	<u>\$ 17,622,806</u>	<u>\$ 3,146,380</u>	<u>\$ 20,769,186</u>

CHILDREN'S HOME OF YORK
Statement of Cash Flows
Years Ended June 30, 2021 and 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 3,473,073	\$ 1,622,306
Adjustments to reconcile change in net assets to net provided (used) by operating activities:		
Depreciation	209,293	223,131
Net investment return	(2,809,257)	(1,515,238)
(Gain) loss on sale of property and equipment	5,503	(3,352)
Change in donated inventory	(31,905)	(10,926)
Changes in value of beneficial interest in perpetual trusts	(383,295)	50,058
Changes in value of interest in net assets of a community foundation	(66,556)	16,724
(Increase) decrease in assets:		
Accounts and pledges receivable	65,035	364,102
Interest receivable	1,383	1,428
Prepaid expenses	31,836	(11,278)
Increase (decrease) in liabilities:		
Accounts payable	(90,946)	(22,242)
Deferred revenue	(3,000)	(4,183)
Accrued payroll	18,343	16,605
Accrued vacation	(5,532)	(18,966)
Payroll taxes withheld and accrued	(1,967)	(6,953)
Net Cash Provided (Used) By Operating Activities	<u>411,876</u>	<u>701,216</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(171,275)	(22,299)
Net proceeds from sale of investments	1,949,017	1,578,726
Purchases of investments	<u>(1,945,855)</u>	<u>(1,580,654)</u>
Net Cash Provided (Used) By Investing Activities	<u>(168,113)</u>	<u>(24,227)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from borrowings	-	955,417
Repayments of long-term debt	<u>(128,855)</u>	<u>(32,430)</u>
Net Cash Provided (Used) By Financing Activities	<u>(128,855)</u>	<u>922,987</u>
Net Increase (Decrease) In Cash	114,908	1,599,976
CASH AT BEGINNING OF YEAR	<u>1,859,966</u>	<u>259,990</u>
CASH AT END OF YEAR	<u>\$ 1,974,874</u>	<u>\$ 1,859,966</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Interest paid	<u>\$ 8,123</u>	<u>\$ 20,932</u>

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

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

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

Description of Programs

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

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

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

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

Early Development - An in-home service designed to meet the developmental needs of infants and toddlers, with a disability or developmental delay, and the needs of the family related to enhancing the infant or toddlers' development. This program ended in January 2018; however, the Home is exploring the option to reopen this program.

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

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

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

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Description of Programs (Continued)

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.

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.

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, 2021 and 2020, the allowance was \$36,322 and \$38,258, respectively.

Pledges Receivable

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

Property and Equipment

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

Investments

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

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

Beneficial Interest in Perpetual Trusts

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

Interest in Net Assets of a Community Foundation

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Grant revenue is deemed to be an exchange transaction and is classified as revenue or deferred revenue, as appropriate, when received or receivable. Such grant revenue is not deemed to be a contribution since the proceeds thereof are used to pursue objectives of the grantor. The Home accounts for grant revenue and contributions in accordance with the recommendations of ASC No. 958-605, Revenue Recognition. All contributions are considered to be net assets without donor restrictions unless specifically restricted by donor-imposed stipulations or by law.

The Home reports gifts of cash and other assets as net assets with donor restrictions if they are received with donor-imposed stipulations that limit the use of the donated assets. When a donor-imposed stipulation expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets are reclassified to net assets without donor restrictions and reported on the Statements of Activities as net assets released from restrictions. Restricted contributions that are received and expended in the same year are recorded as net assets without donor restrictions.

Donated Assets and Services

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

Functional Expense Classification

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

Administrative and Indirect Expenses

For the fiscal year ending June 30, 2021 and 2020, 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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Advertising

Advertising costs are expensed when incurred. Advertising costs were \$ 100 and \$ 5,795 as of June 30, 2021 and 2020, respectively.

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.

Income Taxes

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

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

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and the disclosure of contingent assets and liabilities, if any, at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Reclassifications

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

CHILDREN'S HOME OF YORK
Notes to Financial Statements

NOTE 2 CASH

Cash consist of the following at June 30:

	2021	2020
Checking account - Wells Fargo	\$ 103,329	\$ 65,896
Checking account - Wells Fargo	369,252	326,655
Payroll account - Wells Fargo	301,323	451
Money market account - Members 1 st	893,843	1,175,603
Savings account - Members 1 st	35	-
Capital improvements cash - Merrill Lynch	15,153	15,301
Checking account - Fulton Bank	246,820	246,586
Money market account - M&T Bank	40,028	24,249
Payroll account - BB&T	4,621	4,755
Cash on hand	470	470
	<u>470</u>	<u>470</u>
 Total cash	 <u>\$ 1,974,874</u>	 <u>\$ 1,859,966</u>

NOTE 3 PLEDGES RECEIVABLE

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

	2021	2020
Less than one year	\$ 50,000	\$ 50,000
One year to five years	250,000	250,000
More than five years	343,203	465,831
Total promises to give	643,203	765,831
Less: net present value discount	(36,322)	(38,258)
	<u>(36,322)</u>	<u>(38,258)</u>
 Net Pledges Receivable	 <u>\$ 606,881</u>	 <u>\$ 727,573</u>

NOTE 4 PREPAID EXPENSES

Prepaid expenses consist of the following at June 30:

	2021	2020
Prepaid insurance	\$ 24,368	\$ 59,772
Other prepaids	32,062	28,494
	<u>32,062</u>	<u>28,494</u>
 Total prepaid expenses	 <u>\$ 56,430</u>	 <u>\$ 88,266</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:

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

CHILDREN'S HOME OF YORK
Notes to Financial Statements

NOTE 5 PROPERTY AND EQUIPMENT (CONTINUED)

	Useful Lives	2020		
		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	249,054	216,406	32,648
Girls' Center	40 Years	1,747,279	745,844	1,001,435
Gymnasium	25 Years	1,500,577	879,403	621,174
Child and Family Counseling	25 Years	1,071,249	540,592	530,657
Emergency Shelter	5 - 40 Years	1,020,052	921,391	98,661
Klinger Property	25 Years	273,289	129,802	143,487
Administration Building	25 Years	439,095	410,257	28,838
Total building and improvements		6,300,595	3,843,695	2,456,900
Furniture and equipment				
George Street Program	5 - 10 Years	82,697	82,641	56
Girls' Center	5 Years	118,406	99,541	18,865
Gymnasium	3 - 5 Years	53,037	53,037	-
Child and Family Counseling	5 Years	61,640	60,744	896
Emergency Shelter	5 - 18 Years	104,164	99,527	4,637
Administrative Building	5 - 20 Years	210,011	201,191	8,820
Bridges Program	3 - 5 Years	18,216	18,216	-
Automobiles	3 Years	146,970	144,076	2,894
Video presentation	3 - 15 Years	85,168	61,958	23,210
Total furniture and equipment		880,309	820,931	59,378
Total property and equipment		\$ 7,201,739	\$ 4,664,626	\$ 2,537,113

Depreciation expense amounted to \$ 209,293 and \$ 223,131 for 2021 and 2020, respectively.

NOTE 6 INVESTMENTS

Investments were comprised of the following at June 30:

	2021			2020		
	Cost	Fair Market Value	Unrealized Gain (Loss)	Cost	Fair Market Value	Unrealized Gain (Loss)
Money market funds	\$ 357,949	\$ 357,949	\$ -	\$ 567,164	\$ 567,164	\$ -
Fixed income	3,448,364	3,452,341	3,977	2,456,459	2,448,624	(7,835)
Equity securities	2,959,380	10,425,907	7,466,527	2,868,627	8,414,314	5,545,687
Total	\$ 6,765,693	\$ 14,236,197	\$ 7,470,504	\$ 5,892,250	\$ 11,430,102	\$ 5,537,852

CHILDREN'S HOME OF YORK
Notes to Financial Statements

NOTE 6 INVESTMENTS (CONTINUED)

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:

	2021	2020
Beginning balance	\$ 11,430,102	\$ 9,912,936
Interest and dividends	117,674	114,255
Realized and unrealized gain	2,738,599	1,442,782
Sales of investments	(1,949,017)	(1,578,726)
Purchases	1,945,855	1,580,654
Other income (fees)	(47,016)	(41,799)
Ending balance	<u>\$ 14,236,197</u>	<u>\$ 11,430,102</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 100.0 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:

	2021	2020
Wells Fargo Omnibus Trust	\$ 837,464	\$ 695,221
Walter S. Souder Trust	519,665	428,896
David Horn Trust	336,866	273,593
Florence and Stewart Bortner Trust	190,321	169,742
York Society to Protect Children and Aged Persons	188,741	156,015
Sarah A. K. Hooper Trust	113,672	93,753
Mary A. Roche Trust	35,322	30,713
Howard D. Baer Trust	33,450	28,072
Elmira M. Quickel Trust	27,562	23,763
Total	<u>\$ 2,283,063</u>	<u>\$ 1,899,768</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:

	2021	2020
Wells Fargo Omnibus Trust	\$ 33,000	\$ 34,375
York Foundation	-	25,911
Walter S. Souder Trust	19,333	19,333
David Horn Trust	20,250	10,500
Florence and Stewart Bortner Trust	-	9,239
York Society to Protect Children and Aged Persons	7,960	7,117
Sarah A. K. Hooper Trust	4,000	4,600
Elmira M. Quickel Trust	1,370	1,206
Howard D. Baer Trust	921	764
Mary A. Roche Trust	3,722	559
Stewardship Foundation	-	543
Other	5,751	-
Total	<u>\$ 96,307</u>	<u>\$ 114,147</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, 2021 and 2020 was 4.5 percent. The following table is a summary of the activity for the years ended June 30.

	2021	2020
Beginning balance	\$ 191,880	\$ 208,604
Contributions	917	-
Investment income (loss)	67,847	(15,794)
Fees	<u>(2,208)</u>	<u>(930)</u>
Ending balance	<u>\$ 258,436</u>	<u>\$ 191,880</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.

NOTE 9 FAIR VALUE MEASUREMENTS (CONTINUED)

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, 2021.

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, 2021				
	Level 1	Level 2	Level 3	Total
Investments				
Money market funds	\$ 357,949	\$ -	\$ -	\$ 357,949
Fixed income				
Government and agency securities	3,270,481	-	-	3,270,481
Corporate Bonds				
BBB	92,680	-	-	92,680
BBB-	89,180	-	-	89,180
Equity securities				
Communications	811,953	-	-	811,953
Consumer Cyclical	967,872	-	-	967,872
Real Estate	1,393,470	-	-	1,393,470
Technology	1,535,784	-	-	1,535,784
Healthcare	2,424,911	-	-	2,424,911
Consumer Defensive	86,556	-	-	86,556
Basic Materials	454,882	-	-	454,882
Financial Services	1,744,279	-	-	1,744,279
Industrials	1,006,200	-	-	1,006,200
Beneficial interest in perpetual trusts	-	2,283,063	-	2,283,063
Interest in net assets of community foundation	-	258,436	-	258,436
Pledges receivable	-	606,881	-	606,881
Total assets at fair value	<u>\$ 14,236,197</u>	<u>\$ 3,148,380</u>	<u>\$ -</u>	<u>\$ 17,384,577</u>
Assets at Fair Value as of June 30, 2020				
	Level 1	Level 2	Level 3	Total
Investments				
Money market funds	\$ 567,164	\$ -	\$ -	\$ 567,164
Fixed income				
Government and agency securities	2,301,814	-	-	2,301,814
Corporate Bonds	-	-	-	-
BBB	79,209	-	-	79,209
BBB-	67,601	-	-	67,601
Equity securities				
Communications	388,239	-	-	388,239
Consumer Cyclical	768,061	-	-	768,061
Real Estate	1,312,808	-	-	1,312,808
Technology	1,317,764	-	-	1,317,764
Healthcare	1,809,832	-	-	1,809,832
Basic Materials	401,732	-	-	401,732
Financial Services	1,417,162	-	-	1,417,162
Industrials	998,716	-	-	998,716
Beneficial interest in perpetual trusts	-	1,899,768	-	1,899,768
Interest in net assets of community foundation	-	191,880	-	191,880
Pledges receivable	-	727,573	-	727,573
Total assets at fair value	<u>\$ 11,430,102</u>	<u>\$ 2,819,221</u>	<u>\$ -</u>	<u>\$ 14,249,323</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 3.25% at June 30, 2021 and 2020. At June 30, 2021 and 2020 there were no borrowings on the line.

NOTE 11 LONG-TERM DEBT/GUARANTEE OF DEBT

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

	Interest Rate	2021	2020
PPP Loan - Member's 1 st	1.00%	\$ 955,417	\$ 955,417
Note payable - Wells Fargo	1.16%	646,715	775,570
		<u>1,602,132</u>	<u>1,730,987</u>
Less: current portion		(1,602,132)	(34,990)
Total long-term debt		<u>\$ -</u>	<u>\$ 1,695,997</u>

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

Under the PPP Loan, the Home may apply for forgiveness of all, or a portion of, the amount due if certain criteria is satisfied. Should full forgiveness not be achieved, the loan balance would convert to a two-year note. Subsequent to year end, the Home received notice from the Small Business Administration (SBA) that all conditions had been met for forgiveness in relation to the proceeds received under the PPP as referenced above.

Subsequent to June 30, 2021, in July 2021, the Home applied for and received loan forgiveness in the amount of \$ 955,417.

The note payable was for construction of the Girls' Center. Interest is calculated at the one-month London InterBank Offered Rate (LIBOR), plus 1.0 percent, which was 1.10% and 1.16% at June 30, 2021 and 2020, respectively. The note requires scheduled monthly principal and interest payments through April 30, 2037. The note is collateralized by the Home's investments. The amount outstanding at June 30, 2021 and 2020, was \$ 646,715 and \$ 775,570, respectively.

Subsequent to June 30, 2021, in September 2021, the Home satisfied this loan in full as a result of transitioning the collateral investments to Wilmington Trust in October 2021.

CHILDREN'S HOME OF YORK
Notes to Financial Statements

NOTE 12 BOARD DESIGNATED NET ASSETS

The Home's Board of Directors have designated an investment account for the purpose of generating funds for the future needs of the Organization. The amount of funds designated by the Home's Board of Directors as of June 30, 2021 and 2020 was \$ 622,679 and \$ 667,305, respectively.

NOTE 13 NET ASSETS WITH DONOR RESTRICTIONS

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

	2021	2020
Subject to the passage of time		
Pledges receivable	\$ 606,881	\$ 727,573
Subject to expenditure for specified purpose		
Mortgage principal	-	50,000
George Street	330	31,112
A.N.G.E.L. Center	-	15,000
RISE Curriculum	-	4,683
Equine therapy	5071	22,462
Integrated Practice Team (IPT)	-	1,193
IT and electronics	62,798	-
Weighted blankets and linens	1,054	-
Kids Trust Fund Grant - EMDR	240	-
	<u>69,493</u>	<u>124,450</u>
Perpetual in Nature		
Investments	104,099	104,099
Third-party trusts	2,365,907	1,899,768
	<u>2,470,006</u>	<u>2,003,867</u>
Total net assets with donor restrictions	<u>\$ 3,146,380</u>	<u>\$ 2,855,890</u>
Cash	\$ 69,493	\$ 124,450
Pledges receivable	606,881	727,573
Investments	104,099	104,099
Third-party trusts	2,365,907	1,899,768
	<u>\$ 3,146,380</u>	<u>\$ 2,855,890</u>

CHILDREN'S HOME OF YORK
Notes to Financial Statements

NOTE 14 LIQUIDITY AND AVAILABILITY

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

Cash	\$ 1,974,874
Accounts receivable, net of allowance	805,947
Interest receivable	3,896
	<u>2,784,717</u>
Less: cash restricted by donors	<u>(69,493)</u>
Total available for general expenditures	<u>\$ 2,715,224</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 \$ 69,493 has been excluded above, because they have been designated by donors for certain purpose restrictions as described further in Note 13. The Home has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due and management periodically reviews the Home's liquid asset needs. Also, as more fully described in Note 10, the Home has a line of credit with availability of \$ 500,000 at June 30, 2021, which it could draw upon in the event of an unanticipated liquidity need.

NOTE 15 COMMITMENTS

In April 2018, the Home entered into a sixty-month lease for several copiers. Monthly payments for the first twenty-four months are \$ 324 and then increase to \$ 1,676 for months twenty-five through sixty. The total expenses related to this lease for the years ending June 30, 2021 and 2020 were approximately \$ 20,000 and \$ 8,000, respectively.

In August 2018, the Home entered into a thirty-six-month lease for printers. Monthly payments are \$ 235. In August 2018, the Home also entered into a thirty-six-month service agreement for shredding services. Monthly payments are \$ 47. Total expenses for the year ending June 30, 2021 and 2020 related to this lease were approximately \$ 3,400.

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

2022	14,258
2023	<u>10,517</u>
	<u>\$ 24,775</u>

CHILDREN'S HOME OF YORK

Notes to Financial Statements

NOTE 16 RETIREMENT PLANS

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

Contributions by the Home were 5.0 percent of each participant's gross earnings for each year. Total retirement expense for the years ended June 30, 2021 and 2020 was \$114,644 and \$107,040, respectively.

NOTE 17 RELATED PARTIES

During the years ending June 30, 2021 and 2020, the Home paid \$ 443 and \$ 28,545, respectively, for legal services to a company which employs a member of the Board of Directors.

During the years ending June 30, 2021 and 2020, the Home paid \$ 0 and \$ 6,690, respectively, for maintenance services to a company which is owned by a member of the Board of Directors.

NOTE 18 COVID-19/CONTINGENCIES

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

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

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

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

CHILDREN'S HOME OF YORK
Notes to Financial Statements

NOTE 19 SUBSEQUENT EVENTS

The Home has evaluated events and transactions subsequent to June 30, 2021 through January 4, 2022, the date these financial statements were available to be issued. Based on the definitions and requirements of generally accepted accounting principles, management has identified one event, discussed within Note 11, that has occurred subsequent to June 30, 2021 and through January 4, 2022, that requires recognition or disclosure in the financial statements.

**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, 2021, and the related statements of activities, functional expenses, program revenues and expenses, changes in net assets, and cash flows for the year then ended, and the related notes to the financial statements, which collectively comprise the Home's basis financial statements, and have issued our report thereon dated January 4, 2022.

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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify one deficiency in internal controls, described below that we considered to be a material weakness:

Material Weakness

There was a significant number of journal entries proposed during the audit process, which had a material impact on the financial statements. Proper design of internal control would allow for reconciliation of accounts back to supporting documentation to ensure account balances are properly stated throughout the year and at year-end. Accounts should be monitored throughout the year via reconciliations and comparison to the previous year and budget, with adjusting entries made as needed. All adjusting journal entries should be reviewed by someone other than the preparer.

Auditee Response:

Management recognizes that understaffing and assigning additional responsibilities to the Finance team during the past year has resulted in this finding. Management also consolidated the audit timeline, which increased the number of journal entries that were not posted prior to the start of the audit. Management has allocated additional funds to properly staff the finance team and is actively recruiting. Management will work to execute proper internal control structure to reconcile account balances to supporting documentation to ensure accurate financial statement reporting.

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*.

Children's Home of York's Response to Findings

Children's Home of York's response to the material weakness identified in our audit is described previously. Children's Home of York's response was not subjected to the auditing procedures applied in the audit of financial statements and, accordingly, we express no opinion on it.

PURPOSE OF THIS REPORT

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

Smith Elliott Kearns + Company, LLC

York, Pennsylvania
January 4, 2022