CHILDREN'S AID SOCIETY
SOUTHERN PENNSYLVANIA DISTRICT – CHURCH OF THE BRETHREN
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
JUNE 30, 2025
AND
INDEPENDENT AUDITOR'S REPORT

HAMILTON & MUSSER, P.C.
Certified Public Accountants

CHILDREN'S AID SOCIETY SOUTHERN PENNSYLVANIA DISTRICT – CHURCH OF THE BRETHREN

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For the Year Ended June 30, 2025

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HAMILTON & MUSSER, PC
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Children's Aid Society
Southern Pennsylvania District – Church of the Brethren
New Oxford, Pennsylvania

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Children's Aid Society Southern Pennsylvania District – Church of the Brethren (a nonprofit organization), which comprise the statement of financial position as of June 30, 2025, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Children's Aid Society Southern Pennsylvania District – Church of the Brethren 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Children's Aid Society Southern Pennsylvania District – Church of the Brethren and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of 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 Children's Aid Society Southern Pennsylvania District – Church of the Brethren's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Children's Aid Society Southern Pennsylvania District – Church of the Brethren's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Children's Aid Society Southern Pennsylvania District – Church of the Brethren'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 25, 2025, on our consideration of Children's Aid Society Southern Pennsylvania District – Church of the Brethren'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 Aid Society Southern Pennsylvania District – Church of the Brethren'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 Aid Society Southern Pennsylvania District – Church of the Brethren's internal control over financial reporting and compliance.

Hamilton & Musser, P.C.

November 25, 2025

Mechanicsburg, Pennsylvania *Certified Public Accountants*

CHILDREN'S AID SOCIETY SOUTHERN PENNSYLVANIA DISTRICT – CHURCH OF THE BRETHREN

Statement of Financial Position

June 30, 2025

Assets	
Cash and Cash Equivalents	$ 1,029,698
Certificates of Deposit	1,111,064
Accounts Receivable	112,080
Pledges Receivable, Net (Note 3)	489,415
Employee Retention Credit Receivable (Note 16)	173,362
Grant Receivable (Note 15)	2,000,000
Prepaid Expenses	10,600
Investments Restricted/Designated for Endowment (Note 4)	1,273,400
Beneficial Interest in Perpetual Trusts (Note 5)	1,267,142
Beneficial Interest in Net Assets of Community Foundations (Note 6)	421,679
Cash Value of Life Insurance (Note 7)	23,697
Fixed Assets, Net (Note 8)	7,572,237
Total Assets	$ 15,484,374
Liabilities	
Accounts Payable	$ 346,673
Accrued Wages and Compensated Absences	97,395
Obligations Under Trust and Annuity Agreements (Note 11)	5,376
Lines of Credit (Note 12)	1,127,596
Note Payable (Note 13)	3,987,858
Total Liabilities	5,564,898
Net Assets	
Without Donor Restrictions	
Undesignated	5,075,451
Board Designated (Note 9)	1,356,530
With Donor Restrictions (Note 10)	3,487,495
Total Net Assets	9,919,476
Total Liabilities and Net Assets	$ 15,484,374

The Accompanying Notes are an Integral Part of the Financial Statements

CHILDREN'S AID SOCIETY SOUTHERN PENNSYLVANIA DISTRICT – CHURCH OF THE BRETHREN

Statement of Activities

For the Year Ended June 30, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
Operating Support and Revenue			
Program Services Fees	$ 994,653	$ -	$ 994,653
Contributions	481,612	768,987	1,250,599
Fundraising Event Revenue	119,233	-	119,233
Investment Income (Note 4)	178,893	29,687	208,580
Change in Beneficial Interest in Perpetual Trusts (Note 5)	-	50,482	50,482
Distributions from Perpetual Trusts (Note 5)	40,675	-	40,675
Change in Beneficial Interest in Net Assets of Community Foundations (Note 6)	20,196	-	20,196
Realized Loss on Disposal of Fixed Assets	(1,106)	-	(1,106)
Other Income	36	-	36
Net Assets Released from Restrictions	1,602,186	(1,602,186)	-
Total Operating Support and Revenue	3,436,378	(753,030)	2,683,348
Expenses			
Program Services	1,951,691	-	1,951,691
Supporting Services			
Management and General	372,543	-	372,543
Fundraising	214,781	-	214,781
Total Expenses	2,539,015	-	2,539,015
Non-Operating Support and Revenue			
RACP Grant (Note 15)	2,000,000	-	2,000,000
Employee Retention Credit (Note 16)	485,382	-	485,382
Total Non-Operating Support and Revenue	2,485,382	-	2,485,382
Change in Net Assets	3,382,745	(753,030)	2,629,715
Net Assets, Beginning of Year	3,049,236	4,240,525	7,289,761
Net Assets, End of Year	$ 6,431,981	$ 3,487,495	$ 9,919,476

The Accompanying Notes are an Integral Part of the Financial Statements

CHILDREN'S AID SOCIETY SOUTHERN PENNSYLVANIA DISTRICT – CHURCH OF THE BRETHREN

Statement of Functional Expenses

For the Year Ended June 30, 2025

	Program Services	Supporting Services: Management and General	Supporting Services: Fundraising	Total
Advertising and Promotions	$ 4,792	$ 8,820	$ 2,836	$ 16,448
Client Materials and Food	45,262	-	-	45,262
Depreciation	39,015	14,862	-	53,877
Employee Benefits	83,262	52,523	8,493	144,278
Equipment Repairs and Maintenance	80,570	754	-	81,324
Fundraising Events Expense	-	-	40,639	40,639
Information Systems	61,561	23,639	796	85,996
Insurance	36,000	12,194	1,516	49,710
Miscellaneous Expense	-	1,274	-	1,274
Office Supplies, Postage and Printing	5,498	4,698	7,415	17,611
Payroll Taxes	98,718	9,331	10,396	118,445
Professional Fees	9,643	76,050	-	85,693
Repairs and Maintenance	53,440	8,789	-	62,229
Salaries and Wages	1,325,216	133,144	138,295	1,596,655
Staff Training and Development	27,899	8,792	78	36,769
Telephone	14,397	3,852	-	18,249
Travel	13,718	5,957	4,317	23,992
Utilities	52,700	7,864	-	60,564
Total Expenses	$ 1,951,691	$ 372,543	$ 214,781	$ 2,539,015

The Accompanying Notes are an Integral Part of the Financial Statements

CHILDREN'S AID SOCIETY SOUTHERN PENNSYLVANIA DISTRICT – CHURCH OF THE BRETHREN

Statement of Cash Flows

For the Year Ended June 30, 2025

Cash Flows from Operating Activities:	
Change in Net Assets	$ 2,629,715
Adjustments to Reconcile Change in Net Assets	
to Net Cash and Cash Equivalents Provided by Operating Activities:	
Depreciation	53,877
Unrealized Gain on Investments	(42,995)
Change in Beneficial Interest in Perpetual Trusts	(50,482)
Change in Beneficial Interest in Net Assets of Community Foundations	(20,196)
Change in Value of Cash Value of Life Insurance	(1,002)
Amortization of Obligations Under Trust and Annuity Agreements	53
Contributions Restricted for Long-Term Purposes	(86,284)
Realized Loss on Disposal of Fixed Assets	1,106
(Increase) Decrease in:	
Accounts Receivable	83,261
Pledges Receivable	214,722
Employee Retention Credit Receivable	(173,362)
Grant Receivable	(2,000,000)
Prepaid Expenses	(6,003)
Increase (Decrease) in:	
Accounts Payable	14,775
Accrued Wages and Compensated Absences	22,381
Deferred Revenue	(11,516)
Net Cash and Cash Equivalents Provided by Operating Activities	628,050
Cash Flows from Investing Activities:	
Purchases of Certificates of Deposit	(1,111,064)
Proceeds from Sale of Certificates of Deposit	1,794,983
Purchases of Investments	(68,165)
Purchases of Fixed Assets	(5,557,040)
Net Cash and Cash Equivalents Used by Investing Activities	(4,941,286)
Cash Flows from Financing Activities:	
Payments of Obligations Under Trust and Annuity Agreements	(800)
Contributions Restricted for Long-Term Purposes	86,284
Proceeds from Issuance of Note Payable	3,944,576
Payments on Note Payable	(12,142)
Net Proceeds from Lines of Credit	1,127,596
Net Cash and Cash Equivalents Provided by Financing Activities	5,145,514
Net Increase in Cash and Cash Equivalents	832,278
Cash and Cash Equivalents, Beginning of Year	197,420
Cash and Cash Equivalents, End of Year	$ 1,029,698

The Accompanying Notes are an Integral Part of the Financial Statements

CHILDREN'S AID SOCIETY SOUTHERN PENNSYLVANIA DISTRICT – CHURCH OF THE BRETHREN
Statement of Cash Flows – Continued
For the Year Ended June 30, 2025

Supplemental Cash Flow Disclosures:		
Cash Paid for Interest, Net of Capitalized Interest of $156,259	$	-
Cash Paid for Income Taxes		-
Supplemental Disclosure of Non-Cash Investing Activities:		
Purchases of Fixed Assets included in Accounts Payable	$	306,018

The Accompanying Notes are an Integral Part of the Financial Statements

NOTE 1 – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities:
Children's Aid Society Southern Pennsylvania District – Church of the Brethren (the Organization) was established in 1913 and incorporated under the nonprofit laws of the Commonwealth of Pennsylvania in 1923. The Organization operates programs for children and their families in stressful situations, including counseling; parenting education services; and short-term, crisis nursery-respite care. The Organization is primarily funded by program services fees and contributions.

Basis of Accounting:
The financial statements of the Organization have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables and other liabilities.

Basis of Presentation:
Financial statement presentation follows the *Not-for-Profit Entities* topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) which requires the Organization to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Contributions:
Contributions received are recorded as increases in net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor restrictions.

All donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Activities as net assets released from restrictions.

Cash and Cash Equivalents:
For the purpose of the Statement of Cash Flows, cash and cash equivalents include all highly liquid investments with an initial maturity of three months or less, except for short-term highly liquid investments included in the Endowment Funds that have been acquired with resources that have donor-imposed restrictions or board designations limiting their use to long-term investment.

Certificates of Deposit:
Certificates of deposit with an original maturity greater than three months are recorded at cost plus accrued interest in the Statement of Financial Position.

Accounts Receivable:
Accounts receivable consist of amounts due from individuals and third-party payers for counseling services. Payments are expected within 30 days from the dates on which services are provided. Outstanding balances are non-interest bearing. Accounts receivable for counseling services are recorded net of an allowance for expected losses when necessary. The allowance is estimated from historical performance and projections of trends. There were no allowances for credit losses on June 30, 2025.

NOTE 1 – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Pledges Receivable:
Unconditional promises to give that are expected to be collected within one year are recorded at their net realizable values as pledges receivable. Unconditional promises to give that are expected to be collected in future years are recorded at the present values of their estimated future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in the contribution revenue. Conditional promises to give are not included as support until conditions are substantially met.

Grants Receivable:
Grants receivable are stated at the amount management expects to collect from balances outstanding at year-end. Based on management's assessment of the grant agreements, it has concluded that losses on balances outstanding at year-end will be immaterial. Thus, the Organization has not deemed it necessary to establish an allowance for uncollectible accounts.

Fair Value Measurements:
Financial instruments are valued at fair market value on a recurring basis in the Statement of Financial Position.

Fair Value Reporting requires an establishment of a hierarchy that ranks the quality and reliability of inputs, or assumptions, used in the determination of fair value and requires financial assets and liabilities carried at fair value to be classified and disclosed in one of the following three categories:

Level 1 – Quoted prices in active markets for identical assets and liabilities
Level 2 – Directly or indirectly observable inputs other than Level 1 quoted prices
Level 3 – Unobservable inputs not corroborated by market data

For financial instruments that have quoted market prices in active markets, the Organization uses the quoted market prices as fair values and includes those investments in Level 1 of the fair value hierarchy. When quoted market prices in active markets are not available, various pricing services are used to determine fair value of investments that are included in Level 2 of the fair value hierarchy. Level 3 represents financial assets whose fair value is determined based upon inputs that are unobservable and include the Organization's own determinations of the assumptions that a market participant would use in pricing the asset.

Investment income, including realized and unrealized gains restricted by donors, is reported as an increase in net assets without donor restrictions if the restrictions are met (either a stipulated time period or a purpose restriction is accomplished) in the reporting period in which the income and gains are recognized.

Financial instruments are exposed to various risks, such as interest rate, market and credit. Due to the level of risk associated with certain investments and the level of uncertainty related to changes in the value of investments, it is at least reasonably possible changes in risks in the near term would materially affect investment assets reported in the Statements of Financial Position and Activities.

Beneficial Interest in Perpetual Trusts:
Beneficial interest in perpetual trusts are reported at fair value, as determined by the Organization's beneficiary interest percentage in the trust. The changes in the value of the trusts are reported as increases or decreases in net assets with donor restrictions.

NOTE 1 – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Beneficial Interest in Net Assets of Community Foundations:
The Organization has established community foundation endowment funds to provide endowments for the benefit of each of its counseling centers. Under these arrangements, the Organization has transferred assets to a third-party recipient and has specified itself as the beneficiary. This type of transfer is considered reciprocal in nature, and thus, does not represent either a contribution to the third-party recipient or an equity transaction. Under these arrangements, the third-party recipient has retained variance power over the contributions received from other donors. Variance power provides the third-party recipient with the discretion to redirect contributions to the benefit of a beneficiary other than that named by the donor. As a result, the Organization does not recognize such contributions until such a time as a distribution is received or is unconditionally promised by the third-party recipient. Changes in beneficial interest in community foundation funds is recognized as a change in net assets without donor restrictions.

Fixed Assets:
It is the policy of the Organization to record purchased fixed assets at cost and donated assets at their fair value at the date of donation. The Organization's policy is to capitalize items with costs or fair values over $5,000. Depreciation is provided on the straight-line method over the estimated useful lives of the assets. New acquisitions of fixed assets having a low acquisition cost, or which are not expected to last for more than a year, are expended in the year of acquisition. Repairs and maintenance charges are capitalized and depreciated when they materially extend the useful life of the related asset.

Right-of-Use Assets and Liabilities:
The Organization determines if an arrangement is or contains a lease at inception of the contract. The right-of-use (ROU) assets represent the right to use the underlying assets for the lease term, and the lease liabilities are recognized based on the present value of the future minimum lease payments over the lease term at the commencement date. As the Organization's leases generally do not provide an implicit rate, the Organization's incremental borrowing rate or a risk-free borrowing rate at commencement date is used to determine the present value of future payments. Operating leases are recorded at the present value of future lease payments. The operating ROU asset is reduced based on the lease amortization schedule. Lease terms may include options to extend the lease, terminate the lease, or purchase the leased asset. The value of a lease option is reflected in the valuation if it is reasonably certain management will exercise the option. In the event that a lease would be recorded, the Organization has elected to not separate the lease components from non-lease components for all asset classes. Leases with a term of twelve months or less are considered short-term and no asset or liability needs to be recognized. There were no significant leases for the year ended June 30, 2025.

Compensated Absences:
Employees are permitted to carry over a pre-determined maximum number of unused PTO days from one fiscal year to the next. Employees will receive payment for their unused PTO, up to that maximum, upon termination.

Taxation:
The Organization is exempt from federal income tax as provided by Code Section 501(c)(3) of the Internal Revenue Code. Donors are entitled to deductions for federal income tax purposes for contributions made to the Organization in accordance with the Internal Revenue Code. Accordingly, no income tax is incurred unless the Organization earns income considered to be unrelated business income. The Organization conducted no activities which were subject to income taxes.

NOTE 1 – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Taxation (Continued):
Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Organization. Management evaluated the tax positions taken and concluded that the Organization had taken no uncertain tax positions that require recognition or disclosure in the financial statements. No provision or benefit for income taxes has been included in these financial statements. With few exceptions, the Organization is no longer subject to income tax examinations by the U.S. federal, state or local tax authorities for years before June 30, 2022.

Program Services Fees:
Program service revenue is recognized when the services are performed. Services provided under government grants are based upon fees for individual units of service, up to a pre-approved aggregate amount per annual contract, plus any subsequent funding. Services billed to third-party payers are reported net of contractual allowances based on negotiated rates. Services provided to uninsured clients are billed at a standard rate.

Donated or Contributed Services and Materials:
Donated or contributed services or materials meeting the criteria for recognition are reflected in the financial statements as nonfinancial contributions at their estimated value on the date of receipt. Contributed professional services are recognized if the services received (a) create or enhance long-lived assets or (b) require specialized skills, which are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. Contributions of tangible assets are recognized at fair value when received.

Employee Retention Credit:
The Organization accounts for employee retention credits as a conditional grant in accordance with FASB ASC 958-605. Employee retention credits are recognized as unrestricted non-operating revenue when the Organization has substantially met the program's eligibility conditions.

Advertising and Promotions:
The Organization expenses advertising and promotions costs as incurred.

Functional Allocation of Expenses:
The costs of providing the Organization's program and supporting services have been summarized on a functional basis in the Statement of Functional Expenses – by natural classification. Accordingly, certain costs have been allocated among the program and supporting services benefited. Supporting services consist of management and general, and fundraising expenses.

Expenses that can be identified with a specific program or support service are charged directly to that program or support service. Costs common to multiple functions have been allocated among the various functions benefitted using a reasonable allocation that is consistently applied. Expenses are generally allocated on the basis of estimated time and effort or the basis of square footage.

Use of Estimates:
The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Accordingly, actual results could differ from those estimates.

NOTE 2 – AVAILABILITY AND LIQUIDITY

The following represents the Organization's financial assets at June 30, 2025:

Financial Assets:	
Cash and Cash Equivalents	$ 1,029,698
Certificates of Deposit	1,111,064
Accounts Receivable	112,080
Pledges Receivable, Net	489,415
Employee Retention Credit Receivable	173,362
Grant Receivable	2,000,000
Investments Restricted/Designated for Endowment	1,273,400
Beneficial Interest in Perpetual Trusts	1,267,142
Beneficial Interest in Net Assets of Community Foundations	421,679
Total Financial Assets	7,877,840
Less Amounts Not Available to be Used Within One Year	
Board Designated Net Assets	1,356,530
Net Assets with Donor Restrictions	3,487,495
Total Not Available to be Used Within One Year	4,844,025
Financial Assets Available to Meet Expenses Over the Next Year	$ 3,033,815

The Organization maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Organization manages its assets available to meet general expenditures following these guiding principles:

- Operating with a prudent range of financial soundness and stability
- Sustaining adequate liquid assets
- Maintaining two lines of credit with a maximum total combined amount of $2,250,000 (see Note 12). Of these balances, $1,122,404 was available to be drawn upon at June 30, 2025.

NOTE 3 – PLEDGES RECEIVABLE

Pledges receivable include the following at June 30, 2025:

Pledges Receivable Due:	
Less Than One Year	$ 250,000
One Year to Five Years	250,000
More Than Five Years	-
Less	
Discount to Present Value	(10,585)
Allowance for Uncollectibles	-
Pledges Receivable, Net	$ 489,415

The discount rate is commensurate with the risks associated with the ultimate payment of the receivable, including collectability for the year ending June 30, 2025. Pledges receivable were discounted at 3.68%. The amortization of the discount is recorded as contribution revenue.

NOTE 4 – ENDOWMENT FUNDS

The fair value of investments at June 30, 2025 are summarized as follows:

	Level 1	Level 2	Level 3	Total Fair Value	Cost
Mutual Funds	$ 61,086	$ -	$ -	$ 61,086	$ 61,086
Equity Securities	745,103	-	-	745,103	556,909
Fixed Income	-	467,211	-	467,211	465,418
Total	$ 806,189	$ 467,211	$ -	$ 1,273,400	$ 1,083,413

Fixed income Level 2 investment's fair value is determined by the Organization's investment advisor based on the fair market values of the underlying investments.

Investment income is summarized as follows at June 30, 2025:

Dividends and Interest	$ 172,933
Unrealized Gain on Investments	42,995
Investments Fees	(7,348)
Total	$ 208,580

The Organization has established both a donor perpetually restricted endowment fund and a board designated quasi-endowment fund.

Interpretation of Relevant Law:
The Organization has interpreted the law of the Commonwealth of Pennsylvania, that underlies the net asset classification of donor-restricted endowment funds as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit instructions. As a result of this interpretation, the Organization classifies as perpetually restricted net assets (1) the original value of gifts to the perpetual endowment, (2) the original value of subsequent gifts to the perpetual endowment, and (3) accumulations to the perpetual endowment made in accordance with the direction of the applicable donor gift instrument. Absent explicit instructions from the donor, investment income from perpetually restricted funds is classified as funds without donor restriction and expensed as permitted by established endowment fund spending policies.

The investment policies and use of earnings for the perpetually restricted endowment fund are as follows.

Investment Management Policy:
Gifts to the perpetually restricted endowment fund are generally given with the donors' expectations that the funds will stay intact and will grow from earnings, which can then be used for current or long-term needs of the Organization. Therefore, the funds should be invested in accordance with these general policies:

1. *Preservation of Capital* – Both with respect to the overall Fund and to the assets assigned to each investment manager, the Endowment Committee and the investment managers should make conscious efforts to preserve capital, understanding that losses may occur in individual securities.

NOTE 4 – ENDOWMENT FUNDS (CONTINUED)

Investment Management Policy (Continued):

2. *Risk Aversion* – Understanding that risk is present in all types of securities and investment styles, the Endowment Committee recognizes that some risk is necessary to produce long-term investment results sufficient to meet the Fund's objectives. However, investment managers are to make reasonable efforts to control risk, and they will be evaluated regularly to ensure that the risk assumed is commensurate with the given investment style and objectives.

3. *Adherence to Investment Discipline* – Investment managers are expected to adhere to the investment management styles for which they were hired. Managers will be evaluated regularly for adherence to investment discipline.

Investment Objectives:
Specifically, the primary objective in the investment management of fund assets shall be:

- To preserve purchasing power after spending
- To achieve returns that are more than the rate of inflation plus spending over the investment horizon in order to preserve purchasing power of fund assets
- To control risk in the investment of fund assets

Handling of Income from Endowment Fund Investments:
All endowment earnings are added to the endowment. The Organization's spending policy is to allow for a 2-7% distribution from the endowment funds based on the average fair market value of the assets over the previous three years. No distributions were made during the year ended June 30, 2025.

Changes in endowment net assets are as follows for the year ended June 30, 2025:

	Quasi-Endowment	Perpetual Endowment	Total
Balance at July 1, 2024	$ 853,381	$ 308,862	$ 1,162,243
Contributions	-	-	-
Investment Return, Net	81,470	29,687	111,157
Balance at June 30, 2025	$ 934,851	$ 338,549	$ 1,273,400

NOTE 5 – BENEFICIAL INTEREST IN PERPETUAL TRUSTS

The Organization is the beneficiary of several trusts created by donors. The assets, which are not in the possession of the Organization, are recorded in the Statement of Financial Position based on the fair market value of the trusts at June 30, 2025, which approximates the present value of the estimated cash flows to be received from the trusts. The assumptions are developed, based on the best information available, which is a Level 3 valuation input, as described in Note 1 – "Fair Value Measurements." Net realized and unrealized gains (losses) related to the Organization's beneficial interest are reported as changes in net assets with donor restrictions. Distributions received from the trust are accounted for as revenue in net assets without donor restrictions, as income can be used to fund the Organization's daily operations. For the year ended June 30, 2025, $40,675 of income was derived from the trusts, and is included in support and revenue.

NOTE 5 – BENEFICIAL INTEREST IN PERPETUAL TRUSTS (CONTINUED)

Changes in fair value of the beneficial interest in perpetual trusts is as follows for the year ended June 30, 2025:

Beginning Balance	$ 1,216,660
Change in Value	50,482
Ending Balance	$ 1,267,142

NOTE 6 – BENEFICIAL INTEREST IN NET ASSETS OF COMMUNITY FOUNDATIONS

The Organization has established endowment funds (the Funds) with York County Community Foundation (YCCF) and The Foundation for Enhancing Communities (TFEC). These funds are considered to be board designated. YCCF and TFEC have been established with the principal purpose to receive and administer funds as endowments for various charitable and educational purposes and for nonprofit organizations. YCCF and TFEC retain legal title to all assets held in the Fund, and all contributions will become the property of YCCF and TFEC. The net earnings of the Funds, after deducting the expenses of investing and administering them, can be distributed annually to the Organization or reinvested in the Funds. The distribution committee of YCCF and TFEC have the power to modify any restriction on the Funds; however, it is YCCF's and TFEC's intention to distribute any earnings to the Organization for as long as the Organization continues to exist.

In accordance with ASC 958, *Transfers of Assets to a Nonprofit Corporation or Charitable Trust that Raises or Holds Contributions for Others*, the Funds created by the Organization are reflected in the Statement of Financial Position as beneficial interest in net assets of community foundations. The following is a summary of the activity for the year ended June 30, 2025:

Beginning Balance	$ 401,482
Change in Value	24,239
Distributions	(4,042)
Ending Balance	$ 421,679

The fair value of the Organization's interest in net assets of community foundations is determined based on management's assumptions, which market participants would use in pricing the assets. The assumptions are developed based on the best information available, which is a Level 3 valuation input, as described in Note 1 – "Fair Value Measurements."

The Organization also has a designated endowment fund with Adams County Community Foundation (ACCF). The Organization receives income from this foundation endowment fund maintained by the ACCF. The endowment fund principal and current year contributions received by the endowment foundation are not recorded as assets or income by the Organization as the Organization does not have title to, or control of, these funds. On an annual basis, the income from ACCF endowment funds is distributed to the Organization and recorded as contributions.

NOTE 7 – CASH VALUE OF LIFE INSURANCE

The Organization is the owner and beneficiary of a cash value life insurance policy on an individual. Premiums payable under the insurance policy are paid by the insured and recognized as contributions without donor restrictions by the Organization. The Organization will receive the policy's face value upon the death of the insured or the accumulated cash value upon the termination of the policy. The face value of the insurance policy was $31,821 at June 30, 2025. The accumulated cash value of the insurance policy was $23,697 at June 30, 2025. Increases in the insurance policy's cash value are accounted for as investment income without donor restrictions. The increase in cash surrender value of the life insurance contract was $1,002 for the year ended June 30, 2025.

NOTE 8 – FIXED ASSETS

Fixed assets are summarized as follows at June 30, 2025:

Land	$ 141,243
Buildings and Improvements	8,271,475
Furniture and Fixtures	60,791
Office Equipment	107,305
Vehicles	27,687
	8,608,501
Less: Accumulated Depreciation	(1,036,264)
Fixed Assets, Net	$ 7,572,237

The useful lives for purposes of computing depreciation are as follows:

Buildings and Improvements	7-39 Years
Furniture and Fixtures	5-7 Years
Office Equipment	5-15 Years
Vehicles	5 Years

Depreciation expense was $53,877 for the year ended June 30, 2025.

NOTE 9 – BOARD DESIGNATED NET ASSETS

Board designated net assets consisted of the following at June 30, 2025:

Quasi-Endowment (Note 4)	$ 934,851
Beneficial Interest in Net Assets of Community Foundations (Note 6)	421,679
Total	$ 1,356,530

NOTE 10 – NET ASSETS WITH DONOR RESTRICTIONS

Purpose and time restricted net assets consisted of amounts restricted for the following purposes at June 30, 2025:

Crisis Nursery	$ 63,057
CYH Enhanced Security	4,695
CYH Vehicle	3,241
FLC Self-Pay Client Support	2,519
Miscellaneous Restrictions	7,000
Parent Support Groups – Adams County	15,000
Pledges Receivable, Net (Note 3)	489,415
TLC Children's Issues	7,251
TLC Youth Court Alliance	3,476
WELCC Operations	1,286,150
Total Purpose and Time Restricted Net Assets	1,881,804

NOTE 10 – NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

Perpetually restricted net assets consisted of the following at June 30, 2025:

Perpetual Endowment (Note 4)	338,549
Beneficial Interest in Perpetual Trusts (Note 5)	1,267,142
Total Perpetually Restricted Net Assets	1,605,691
Total Net Assets with Donor Restrictions	$ 3,487,495

NOTE 11 – OBLIGATIONS UNDER TRUST AND ANNUITY AGREEMENTS

The Organization has entered into agreements with a donor in which the donor has contributed assets to the Organization in exchange for a promise by the Organization to pay a fixed amount for a specified period of time to the donor. Assets received under charitable gift annuities are held as general assets of the Organization. However, state regulations require that certain percentages of outstanding annuity liabilities be maintained as minimum reserves for protection of the annuitants. Corresponding annuity liabilities are recognized at the present values of the estimated future payments to be made to the donors. Any differences between the assets and liabilities recognized are recorded as contributions without donor restrictions. Changes in the present values of the estimated future payments to be made to the donors that result from amortization of discounts or changes in actuarial assumptions are recognized in the Statement of Activities in net assets without donor restrictions. Upon termination of the agreements, the related assets and liabilities are closed.

The net decrease in the present values of these charitable gift annuities was $53 for the year ended June 30, 2025.

Expected future annuity payments are as follows:

2026	$ 553
2027	527
2028	500
2029	469
2030	434
Thereafter	2,893
Total	$ 5,376

NOTE 12 – LINES OF CREDIT

The Organization has a $250,000 line of credit agreement with ACNB Bank. Advances on the line are payable on demand and bear interest at The Wall Street Journal Prime Rate plus 1.00%, with a floor of 4.5%; interest is payable monthly. The interest rate was 8.5% at June 30, 2025. The line of credit is collateralized by the Organization's investment management account held by ACNB Bank. The Organization had no outstanding advances on this line of credit at June 30, 2025. There was no interest expense related to this line of credit for the year ended June 30, 2025.

Effective September 20, 2023, the Organization entered into an agreement with Members 1st Federal Credit Union to establish a $2,000,000 line of credit. Advances on the line are payable on demand and bear interest at The Wall Street Journal Prime Rate plus 0.25%, with a floor of 3.99%; interest is payable monthly. The interest rate was 7.75% at June 30, 2025. The line of credit is collateralized by all the Organization's personal property and fixtures. The loan is conditioned upon the Organization fulfilling its obligations with the Commonwealth of Pennsylvania to receive its $2,000,000 RACP grant (see Note 15). The Organization had an outstanding balance of $1,127,596 on this line of credit at June 30, 2025. Interest paid and capitalized on this line of credit was $11,481 for the year ended June 30, 2025.

NOTE 13 – NOTE PAYABLE

In September 2023, the Organization entered into a construction note payable with Members 1st Federal Credit Union in the maximum amount of $4,000,000. The note is collateralized by real estate located at West Poplar Street and South West Street, York, PA. The note bears interest at the annual fixed rate of 6.76%. The note requires interest only payments during the two-year construction period followed by eight years of monthly principal and interest payments of $30,440 until September 16, 2033 at which time a balloon payment will be due on all outstanding principal and interest. The note payable balance was $3,987,858 at June 30, 2025. Interest paid and capitalized on this note payable was $144,778 for the year ended June 30, 2025.

Future maturities are as follows at June 30, 2025:

2026	$ 53,812
2027	102,453
2028	108,889
2029	117,191
2030	125,363
Thereafter	3,480,150
Total	$ 3,987,858

NOTE 14 – RETIREMENT PLAN

The Organization sponsors a defined-contribution retirement plan that is available for substantially all employees. Participating employees may contribute a percentage of their compensation into the plan, subject to annual limits set by law. Employee contributions are matched by the Organization up to 3.00% of employees' eligible compensation. Employer contributions to the plan were $30,924 for the year ended June 30, 2025.

NOTE 15 – RACP GRANT

During 2022, the Organization applied for and was approved a $2,000,000 Redevelopment Assistance Capital Program (RACP) Grant from the Commonwealth of Pennsylvania for the purpose of funding a portion of the project to construct a Child Care Center in York City, Pennsylvania. The Organization met the grant requirements and has recognized revenue and a related receivable of $2,000,000 at June 30, 2025.

NOTE 16 – EMPLOYEE RETENTION CREDIT

The Organization is eligible for the Employee Retention Credit (ERC) under the CARES Act, which allows for eligible employers with less than 500 employees to apply for a refundable tax credit against the employer's share of social security taxes. The Organization has met the eligibility criteria and recorded $485,382 of ERC revenue for the year ended June 30, 2025. Of this amount, $173,362 is still receivable at June 30, 2025.

NOTE 17 – CONCENTRATION OF CREDIT RISK

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash and cash equivalents and certificates of deposit held with financial institutions. Accounts at financial institutions are insured by the National Credit Union Association (NCUA) up to $250,000 per institution at June 30, 2025. The Organization may have exceeded the insurance obtained through the NCUA from time to time throughout the year. The amount in excess of the NCUA limit was $1,893,331 at June 30, 2025.

NOTE 18 – SUBSEQUENT EVENTS

Subsequent events have been evaluated through November 25, 2025, which is the date the financial statements were available to be issued.

Subsequent to June 30, 2025, the Organization paid off and closed its $1,127,596 line of credit to Members 1st Federal Credit Union in September 2025. The Organization also paid off $900,000 of its note payable to Members 1st Federal Credit Union in November 2025.

In October 2024, the Organization received a $552,378 donation restricted for the Organization's WELCC Operations.

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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*

To the Board of Directors of
Children's Aid Society
Southern Pennsylvania District – Church of the Brethren
New Oxford, 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 Aid Society Southern Pennsylvania District – Church of the Brethren (a nonprofit organization), which comprise the statement of financial position as of June 30, 2025, and the related statements of activities, functional 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 25, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Children's Aid Society Southern Pennsylvania District – Church of the Brethren's 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 Aid Society Southern Pennsylvania District – Church of the Brethren's internal control. Accordingly, we do not express an opinion on the effectiveness of Children's Aid Society Southern Pennsylvania District – Church of the Brethren's internal control.

Our consideration of the internal control was for the limited purpose described in the preceding paragraph 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 were not identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiency described in the accompanying schedule of findings and responses as item 2025-001 to be a material weakness.

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. We consider the deficiencies described in the accompanying schedule of findings and responses as items 2025-002 and 2025-003 to be significant deficiencies.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Children's Aid Society Southern Pennsylvania District – Church of the Brethren'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 an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and responses as item 2025-004.

Children's Aid Society Southern Pennsylvania District – Church of the Brethren's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on Children's Aid Society Southern Pennsylvania District – Church of the Brethren's response to the findings identified in our audit and described in the accompanying schedule of findings and responses. Children's Aid Society Southern Pennsylvania District – Church of the Brethren's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response**.**

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 organization'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.

November 25, 2025

Mechanicsburg, Pennsylvania *Certified Public Accountants*

2025-001 Material Weakness – Segregation of Duties

Criteria

Internal controls should be in place that provide segregation between approvals, recordkeeping, and signature authority.

Condition

Currently, the Organization's CEO has both signature authority and QuickBooks Online edit access. The Accounting Assistant also has signature stamps as well as QuickBooks Online edit access.

Cause

The Organization has not reviewed the design of its segregation of duties processes recently.

Effect

Two individuals have conflicting duties of access to recordkeeping and signature authority. This increases the risk that errors or fraud will not be prevented or detected on a timely basis.

Auditor's Recommendation

Based on conversations with the Organization, we recommend that the CEO's QuickBooks Online user be changed to read-only and that all signature stamps be destroyed.

View of Responsible Official and Planned Corrective Action

The CEO has been removed as an administrator in QuickBooks Online and reassigned as a "reports only" user. Signature stamps will be destroyed and alternative payment methods will be incorporated.

2025-002 Significant Deficiency - Revenue

Criteria

Internal controls and records should be in place that provide reasonable assurance that all revenue received is recorded correctly.

Condition

Currently, the Organization does not have a formalized reconciliation process to reconcile the database record to the QuickBooks Online records for all contributions received.

Cause

The Organization has not yet formalized updating its contributions reconciliation process.

Effect

Revenues are recorded in a database independently of QuickBooks Online recordkeeping, but they are not being reconciled regularly. This increases the risk that errors or fraud will not be prevented or detected on a timely basis.

Auditor's Recommendation

We recommend that the Organization implement a regular documented reconciliation between the database record and the QuickBooks Online records for all contributions received.

View of Responsible Official and Planned Corrective Action

Children's Aid Society uses Network For Good as the donor database. It is maintained and updated exclusively by the Development department. The following protocol will be instituted to address this deficiency: The accounting department will send two monthly reports (4000 & 4400) of all received contributions to the Development department to be reconciled against a similar report generated from Network For Good. Adjustments will be made and a singular report will be dated and signed by the Director of Development and the CFO.

2025-003 Significant Deficiency - Approvals

Criteria

Internal controls should be in place to require documented approvals over the following:

- Bank reconciliations should be prepared and reviewed in a timely fashion (shown through initials and date) by a responsible person other than the person who reconciles the bank account.
- All supporting documentation should be submitted to and reviewed by designated parties prior to signing a check or authorizing electronic payment.
- All journal entries, including nonstandard/nonroutine entries, should have adequate supporting documentation and be reviewed and approved independently prior to posting.

Condition

Currently, the CFO prepares bank reconciliations, but no one else reviews and approves them. Review and approval by management is not documented over credit card statements and receipts. There is no review and approval process over journal entries entered in QuickBooks Online.

Cause

The Organization has not considered it necessary to update the design of its approval process.

Effect

Not having review and approval over bank reconciliations, certain disbursements, and journal entries, increases the risk that errors or fraud will not be prevented or detected on a timely basis.

Auditor's Recommendation

We recommend that the CEO or a Board member review and document approval over all bank reconciliations and statements prepared by the CFO, that all credit card receipts and statements be submitted and that review and approval be documented by management (not by the credit card holder), and that all journal entries have adequate supporting documentation and be reviewed and approved independently prior to posting.

View of Responsible Official and Planned Corrective Action

Once monthly bank reconciliations are completed by the CFO, they will be forwarded to the President/CEO for his review and signature. As is currently the process, all payments made using organizational funds will be approved via signature by the President/CEO after being reviewed by the CFO and prepared by the accounting assistant. Supporting documentation will be made available for all expense transactions.

Journal transactions prepared by the CFO will be approved via signature by the President/CEO on a monthly basis. Credit card statements will continue to be reviewed and approved by the CFO. When the CFO electronically makes payment on each credit card, this will represent his implicit approval.

2025-004 Instance of Non-Compliance

County of York Purchase of Service Agreement

Criteria

Service Provider shall assure that all employees, volunteers, day-care workers and/or foster family members receive State Police, FBI, and Child Line Clearances in accordance with the Child Protective Services Law (CPSL) 23 Pa.C.S.A § 6344—6344.4 and shall assure that such clearances are updated at required intervals and all required certificates are possessed.

Condition

Of the three volunteers selected for testing, two volunteers did not have required clearances.

Cause

The Organization has not always required clearances for volunteers if they don't have direct contact with children; per management neither of the volunteers found without clearances have direct contact with children. However, the Purchase of Service Agreement states all volunteers are required to have clearances.

Effect

If the Organization allows volunteers to serve without the required clearances, it may bring them into contact with certain individuals with unfavorable backgrounds. This could affect the Organization's image which could impact their ability to qualify for future funding and could subject them to potential legal liability.

Auditor's Recommendation

We recommend that clearances be maintained for all volunteers.

View of Responsible Official and Planned Corrective Action

All volunteers, whether interacting directly or indirectly with children, will be required to maintain all required clearances in adherence with contractual obligations outlined in the purchase of service agreement with York County Children, Youth, and Families.