

**FINANCIAL STATEMENTS AND REPORTS OF
INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS
HARBORCREEK YOUTH SERVICES, INC.**

June 30, 2021 and 2020

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J. Randolph Gehrlein, CPA
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Independent Auditor's Report

Board of Directors of
Harborcreek Youth Services, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Harborcreek Youth Services, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities, functional expenses, 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 audits. We conducted our audits 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 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 Harborcreek Youth Services, Inc. as of June 30, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying statement of activities by fund, statement of functional expenses – community programs, schedule of county service fees, and schedule of client care days/units are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 2021 on our consideration of Harborcreek Youth Services, Inc.'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 Harborcreek Youth Services, Inc.'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 Harborcreek Youth Services, Inc.'s internal control over financial reporting and compliance.

Root, Spitznagel and Smiley, LLC

ERIE, PENNSYLVANIA
December 13, 2021

FINANCIAL STATEMENTS

HARBORCREEK YOUTH SERVICES, INC.
STATEMENTS OF FINANCIAL POSITION
June 30, 2021 and 2020

	2021	2020
ASSETS		
Cash and cash equivalents	\$ 1,538,736	\$ 2,084,834
Accounts receivable	1,985,594	1,648,182
Prepaid expenses	141,002	138,107
	3,665,332	3,871,123
TOTAL CURRENT ASSETS	3,665,332	3,871,123
RESTRICTED DEPOSITS	14,723	14,723
INVESTMENTS	3,932,399	3,238,575
BUILDINGS, PROPERTY, AND EQUIPMENT, NET	2,115,977	2,168,774
TOTAL ASSETS	\$ 9,728,431	\$ 9,293,195
 LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 174,716	\$ 263,085
Accrued liabilities	1,137,356	1,135,613
Other liabilities	16,761	7,927
Current portion of long-term debt	20,000	653,094
	1,348,833	2,059,719
TOTAL CURRENT LIABILITIES	1,348,833	2,059,719
LONG-TERM DEBT	60,000	-
 NET ASSETS		
Without donor restrictions		
Board designated for		
replacement of property and equipment	2,647,919	2,668,472
Board designated Fahey Memorial Fund	2,769,490	2,175,475
Undesignated	2,864,212	2,389,529
	8,281,621	7,233,476
With donor restrictions	37,977	-
	8,319,598	7,233,476
TOTAL NET ASSETS	8,319,598	7,233,476
TOTAL LIABILITIES AND NET ASSETS	\$ 9,728,431	\$ 9,293,195

The accompanying notes are an integral part of these statements.

HARBORCREEK YOUTH SERVICES, INC.
STATEMENTS OF ACTIVITIES
For the Years Ended June 30, 2021 and 2020

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE						
SUPPORT						
Contributions & grants	\$ 675,499	\$ 75,500	\$ 750,999	\$ 1,737,491	\$ -	\$ 1,737,491
TOTAL SUPPORT	675,499	75,500	750,999	1,737,491	-	1,737,491
REVENUE						
County service fees	1,092,754	-	1,092,754	1,131,688	-	1,131,688
Other service fees	7,557,543	-	7,557,543	7,430,053	-	7,430,053
Government funding	1,530,162	-	1,530,162	1,696,043	-	1,696,043
Work experience program	9,229	-	9,229	7,091	-	7,091
Investment return	788,109	-	788,109	128,100	-	128,100
Gain (loss) on sale of property & equipment	494	-	494	(1,782)	-	(1,782)
Miscellaneous	172,937	-	172,937	29,740	-	29,740
TOTAL REVENUE	11,151,228	-	11,151,228	10,420,933	-	10,420,933
NET ASSETS RELEASED FROM DONOR RESTRICTIONS						
Satisfied by payments	37,523	(37,523)	-	-	-	-
TOTAL SUPPORT AND REVENUE	11,864,250	37,977	11,902,227	12,158,424	-	12,158,424
EXPENSES						
PROGRAM SERVICES						
Psychiatric Residential Treatment Facilities	6,253,516	-	6,253,516	6,521,084	-	6,521,084
Child residential services	1,000,340	-	1,000,340	1,014,843	-	1,014,843
Education	1,453,111	-	1,453,111	1,464,177	-	1,464,177
Community programs	658,192	-	658,192	626,171	-	626,171
TOTAL PROGRAM SERVICES	9,365,159	-	9,365,159	9,626,275	-	9,626,275
SUPPORTING SERVICES						
Management and general	1,445,042	-	1,445,042	1,310,094	-	1,310,094
Fund raising	5,904	-	5,904	26,029	-	26,029
TOTAL SUPPORTING SERVICES	1,450,946	-	1,450,946	1,336,123	-	1,336,123
TOTAL EXPENSES	10,816,105	-	10,816,105	10,962,398	-	10,962,398
CHANGE IN NET ASSETS	1,048,145	37,977	1,086,122	1,196,026	-	1,196,026
NET ASSETS, BEGINNING OF YEAR	7,233,476	-	7,233,476	6,037,450	-	6,037,450
TRANSFERS	-	-	-	-	-	-
NET ASSETS, END OF YEAR	\$ 8,281,621	\$ 37,977	\$ 8,319,598	\$ 7,233,476	\$ -	\$ 7,233,476

The accompanying notes are an integral part of these statements.

HARBORCREEK YOUTH SERVICES, INC.
STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 1,086,122	\$ 1,196,026
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	214,665	204,465
PPP loan forgiveness	(30,000)	-
Miscellaneous non cash expense	100,000	-
Realized gain on sale of investments	(560,531)	(26,332)
Unrealized gain on investments	(186,287)	(60,939)
(Gain) loss on sale of property & equipment	(494)	1,782
(Increase) decrease in accounts receivable	(337,412)	259,035
(Increase) decrease in prepaid expenses	(2,895)	140,718
Decrease in accounts payable	(88,369)	(49,698)
Increase (decrease) in accrued liabilities	1,743	(46,349)
Increase (decrease) in other liabilities	8,834	(2,191)
NET CASH PROVIDED BY OPERATING ACTIVITIES	205,376	1,616,517
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale and maturities of long term investments	4,933,302	268,537
Purchases of long term investments	(4,880,308)	(235,072)
Purchases of property & equipment	(161,868)	(730,046)
Proceeds from sale of property & equipment	494	1,125
NET CASH USED IN INVESTING ACTIVITIES	(108,380)	(695,456)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net proceeds from new borrowing	-	403,094
Payments on debt	(643,094)	-
NET CASH (USED IN) PROVIDED BY FINANCING ACTIVITIES	(643,094)	403,094
(DECREASE) INCREASE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	(546,098)	1,324,155
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH AT BEGINNING OF YEAR	2,099,557	775,402
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH AT END OF YEAR	\$ 1,553,459	\$ 2,099,557
Cash paid during the year for interest	<u>\$ 4,601</u>	<u>\$ 14,438</u>
Amounts reported on the statement of financial position as cash, cash equivalents and restricted cash are as follows:		
Cash and cash equivalents	\$ 1,538,736	\$ 2,084,834
Restricted deposits	14,723	14,723
	<u>\$ 1,553,459</u>	<u>\$ 2,099,557</u>

The accompanying notes are an integral part of these statements.

HARBORCREEK YOUTH SERVICES, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
For the Years Ended June 30, 2021 and 2020

	2021			
	Program Services			
	PRTF	Child Residential Services	Education	Community Programs
SALARIES AND RELATED EXPENSES				
Wages and salaries	\$ 3,354,306	\$ 552,905	\$ 815,741	\$ 318,689
Employee benefits and taxes	1,492,310	248,075	379,744	147,230
TOTAL SALARIES AND RELATED EXPENSES	4,846,616	800,980	1,195,485	465,919
GENERAL EXPENSES				
Contracted services	99,814	18,114	1,082	9,535
Supplies	13,701	1,500	2,585	1,474
Telephone and communication	26,133	4,175	4,867	5,129
Advertising and marketing	254	46	-	304
Transportation and travel	133	24	-	3,368
Staff recruitment and retention	34,523	4,419	4,892	5,656
Development and training	27,614	4,680	4,076	2,828
Rentals and maintenance	8,824	1,296	7,129	268
Insurance	34,076	6,818	4,164	445
Interest expense	963	-	3,554	-
Association dues and licenses	6,503	318	21,967	37,354
Depreciation of equipment and vehicles	57,289	10,112	7,286	2,942
Miscellaneous	-	-	-	-
TOTAL GENERAL EXPENSES	309,827	51,502	61,602	69,303
OCCUPANCY				
Insurance on building and contents	14,680	2,103	3,507	491
Repairs and maintenance	64,124	9,208	15,601	1,672
Housekeeping and janitorial	51,965	8,255	4,763	428
Utilities	64,529	9,410	15,047	2,108
Depreciation of buildings	92,339	6,640	26,709	1,152
Property taxes	38	5	9	1
TOTAL OCCUPANCY	287,675	35,621	65,636	5,852
DIRECT CHILD / FAMILY EXPENSE				
Food and food service	390,838	69,927	1,306	-
Medical and dental fees and supplies	42,070	7,711	-	238
Therapeutic supplies and services	103,748	18,728	41,272	631
Psychiatric and psychological services	223,350	8,150	-	17,370
Personal care	6,346	843	-	-
Recreational supplies and activities	4,965	692	82	-
Educational activities	-	-	58,797	-
Specific child assistance	22,249	2,727	27,428	535
Foster parent payments	-	-	-	98,240
Transportation	15,321	3,365	1,503	29
Religious services and supplies	511	94	-	75
TOTAL DIRECT EXPENSES OF CHILDREN AND FAMILIES	809,398	112,237	130,388	117,118
TOTAL EXPENSES	\$ 6,253,516	\$ 1,000,340	\$ 1,453,111	\$ 658,192

The accompanying notes are an integral part of these statements.

2021				
Supporting Services				
Total	Management & General	Fund Raising	Total	Total 2021
\$ 5,041,641	\$ 750,937	\$ -	\$ 750,937	\$ 5,792,578
2,267,359	352,001	-	352,001	2,619,360
<u>7,309,000</u>	<u>1,102,938</u>	<u>-</u>	<u>1,102,938</u>	<u>8,411,938</u>
128,545	127,683	1,277	128,960	257,505
19,260	16,432	501	16,933	36,193
40,304	7,914	-	7,914	48,218
604	-	1,212	1,212	1,816
3,525	319	-	319	3,844
49,490	759	-	759	50,249
39,198	2,520	-	2,520	41,718
17,517	13,904	-	13,904	31,421
45,503	14,725	-	14,725	60,228
4,517	84	-	84	4,601
66,142	32,614	381	32,995	99,137
77,629	5,962	-	5,962	83,591
-	103,850	-	103,850	103,850
<u>492,234</u>	<u>326,766</u>	<u>3,371</u>	<u>330,137</u>	<u>822,371</u>
20,781	839	-	839	21,620
90,605	2,856	-	2,856	93,461
65,411	739	-	739	66,150
91,094	3,600	-	3,600	94,694
126,840	4,234	-	4,234	131,074
53	2	-	2	55
<u>394,784</u>	<u>12,270</u>	<u>-</u>	<u>12,270</u>	<u>407,054</u>
462,071	-	-	-	462,071
50,019	-	-	-	50,019
164,379	-	-	-	164,379
248,870	-	-	-	248,870
7,189	-	-	-	7,189
5,739	-	-	-	5,739
58,797	-	-	-	58,797
52,939	-	2,533	2,533	55,472
98,240	-	-	-	98,240
20,218	3,068	-	3,068	23,286
680	-	-	-	680
<u>1,169,141</u>	<u>3,068</u>	<u>2,533</u>	<u>5,601</u>	<u>1,174,742</u>
<u>\$ 9,365,159</u>	<u>\$ 1,445,042</u>	<u>\$ 5,904</u>	<u>\$ 1,450,946</u>	<u>\$ 10,816,105</u>

HARBORCREEK YOUTH SERVICES, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
For the Years Ended June 30, 2021 and 2020

	2020			
	Program Services			
	PRTF	Child Residential Services	Education	Community Programs
SALARIES AND RELATED EXPENSES				
Wages and salaries	\$ 3,546,044	\$ 566,878	\$ 842,572	\$ 315,069
Employee benefits and taxes	1,584,759	249,456	374,274	143,200
TOTAL SALARIES AND RELATED EXPENSES	5,130,803	816,334	1,216,846	458,269
GENERAL EXPENSES				
Contracted services	59,613	10,314	2,088	8,360
Supplies	43,217	6,619	13,435	5,727
Telephone and communication	33,928	5,301	7,240	6,590
Advertising and marketing	1,363	253	-	14
Transportation and travel	4,185	441	223	3,994
Staff recruitment and retention	8,442	1,192	2,999	3,573
Development and training	28,132	4,532	2,327	3,638
Rentals and maintenance	6,521	1,048	5,778	136
Insurance	34,595	5,883	3,783	507
Interest expense	1,253	-	13,185	-
Association dues and licenses	5,402	308	302	37,054
Depreciation of equipment and vehicles	60,294	9,749	6,645	3,138
Miscellaneous	-	-	-	-
TOTAL GENERAL EXPENSES	286,945	45,640	58,005	72,731
OCCUPANCY				
Insurance on building and contents	12,745	1,832	3,046	427
Repairs and maintenance	69,967	9,401	19,215	1,932
Housekeeping and janitorial	48,975	8,240	2,871	221
Utilities	65,222	9,534	15,237	2,134
Depreciation of buildings	81,268	7,450	27,156	1,381
TOTAL OCCUPANCY	278,177	36,457	67,525	6,095
DIRECT CHILD / FAMILY EXPENSE				
Food and food service	413,275	78,890	1,954	-
Medical and dental fees and supplies	38,772	7,246	-	-
Therapeutic supplies and services	64,859	12,608	76,842	254
Psychiatric and psychological services	238,080	4,550	-	16,830
Personal care	4,841	627	12	2
Recreational supplies and activities	12,513	1,972	97	-
Educational activities	-	-	17,802	-
Specific child assistance	21,294	4,668	21,668	532
Foster parent payments	-	-	-	71,185
Transportation	30,161	5,598	3,426	273
Religious services and supplies	1,364	253	-	-
TOTAL DIRECT EXPENSES OF CHILDREN AND FAMILIES	825,159	116,412	121,801	89,076
TOTAL EXPENSES	\$ 6,521,084	\$ 1,014,843	\$ 1,464,177	\$ 626,171

The accompanying notes are an integral part of these statements.

2020				
Supporting Services				
Total	Management & General	Fund Raising	Total	Total 2020
\$ 5,270,563	\$ 753,429	\$ -	\$ 753,429	\$ 6,023,992
2,351,689	341,918	-	341,918	2,693,607
<u>7,622,252</u>	<u>1,095,347</u>	<u>-</u>	<u>1,095,347</u>	<u>8,717,599</u>
80,375	110,933	1,166	112,099	192,474
68,998	17,275	357	17,632	86,630
53,059	8,925	-	8,925	61,984
1,630	315	7,341	7,656	9,286
8,843	938	-	938	9,781
16,206	(3,274)	12,683	9,409	25,615
38,629	3,246	-	3,246	41,875
13,483	12,808	-	12,808	26,291
44,768	13,470	-	13,470	58,238
14,438	-	-	-	14,438
43,066	29,648	-	29,648	72,714
79,826	3,542	-	3,542	83,368
-	1,396	-	1,396	1,396
<u>463,321</u>	<u>199,222</u>	<u>21,547</u>	<u>220,769</u>	<u>684,090</u>
18,050	729	-	729	18,779
100,515	3,249	-	3,249	103,764
60,307	382	-	382	60,689
92,127	3,645	-	3,645	95,772
<u>117,255</u>	<u>3,842</u>	<u>-</u>	<u>3,842</u>	<u>121,097</u>
<u>388,254</u>	<u>11,847</u>	<u>-</u>	<u>11,847</u>	<u>400,101</u>
494,119	-	-	-	494,119
46,018	-	-	-	46,018
154,563	1	-	1	154,564
259,460	-	-	-	259,460
5,482	3	-	3	5,485
14,582	-	-	-	14,582
17,802	-	-	-	17,802
48,162	-	4,482	4,482	52,644
71,185	-	-	-	71,185
39,458	3,674	-	3,674	43,132
1,617	-	-	-	1,617
<u>1,152,448</u>	<u>3,678</u>	<u>4,482</u>	<u>8,160</u>	<u>1,160,608</u>
<u>\$ 9,626,275</u>	<u>\$ 1,310,094</u>	<u>\$ 26,029</u>	<u>\$ 1,336,123</u>	<u>\$ 10,962,398</u>

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Nature of Activities

The Commonwealth of Pennsylvania, Department of State, approved Harborcreek Youth Services, Inc. as a not-for-profit corporation on May 3, 1985. Effective July 1, 1985, the Agency commenced to continue the programs of the Harborcreek School for Boys, an unincorporated activity of the Roman Catholic Diocese of Erie, Pennsylvania (the Diocese). The Agency remained an affiliate of the Diocese and all of the real, personal and intangible assets, subject to any liabilities, of the Harborcreek School for Boys were given, granted and conveyed by the Bishop of the Diocese to Harborcreek Youth Services, Inc. under the Articles of Subvention made by and between the parties as of July 1, 1985. During the year ended June 30, 2021, it was approved by the Agency's Board of Directors and the Diocese to end the affiliation with the Diocese and become an independent, self-governing agency.

The Agency is a residential continuum treatment facility licensed by both the State Departments of Human Services and Education serving children and adolescents who demonstrate a history of mental illness, delinquent behavior, self-abuse behavior, aggression, or other behaviors that require intensive levels of residential treatment services. The main campus of the Agency consists of four Psychiatric Residential Treatment Facilities (PRTFs), one child residential treatment program, and a Private Residential Rehabilitative Institution school. The Agency also operates a Multisystemic Therapy program that teaches and supports parenting techniques that discourage adolescent truancy, disrespect, violence, and substance abuse. In addition, the Agency operates a Community Residential Rehabilitation Host Home Treatment Program that provides children with individualized mental health care in a foster family setting.

2. Estimates in Financial Statements

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management makes estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

3. Basis of Accounting

The accompanying financial statements are prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

4. Asset Valuation

As documented in the Articles of Subvention dated July 1, 1985, the basis of the assets acquired and amounts of the liabilities incurred prior to July 1, 1985 are recorded at the values presented in the audited financial statements of the Harborcreek School for Boys as of June 30, 1985.

The basis of the assets acquired and amounts of the liabilities incurred following the incorporation are recorded at cost for those items purchased or constructed and fair market or appraised value at the date of the gift for those items acquired by gift.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

5. Cash and Cash Equivalents

Cash and cash equivalents are defined as short-term highly liquid investments that are readily convertible to known amounts of cash with an initial maturity of 30 days or less. The Agency places its temporary cash investments with high credit quality financial institutions.

6. Investments

Investments in marketable securities are stated at fair market value (see Note A14).

7. Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management closely monitors outstanding balances and collection losses have historically been immaterial. As a result, no allowance for credit losses has been recorded.

8. Buildings, Property and Equipment

Buildings, property and equipment are recorded at cost, with the exception of those assets acquired prior to April 1, 1970, which are based on an appraisal which approximates \$755,000, as determined by an independent appraisal company at that date.

Expenditures for maintenance, repairs and minor renewals are charged to expense as incurred, while expenditures for additions, replacements and major renewals are capitalized and depreciated using the straight-line method over their estimated useful lives.

9. Contributions

Contributions received and unconditional promises to give are measured at their fair values and are reported as an increase in net assets. The Agency reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets, or if they are designated for support for future periods. When a donor 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 Statements of Activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as contributions without donor restrictions. The Agency reports gifts of goods and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used.

10. Functional Expenses

The costs of providing various programs and supporting activities have been summarized on a functional basis in the Statements of Activities. The Statements of Functional Expenses presents the natural classification of expenses by function. Expenses that can be directly identified to a program are charged to that program. Any support costs or program expenditures not directly chargeable are allocated to a program based on a multiple allocation base method.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Certain salaries and related taxes and fringe benefits are allocated among the programs and supporting services on the basis of estimates of time and effort. Those estimates are evaluated on an annual basis. Vehicle and travel related expenses are allocated on the basis of total miles driven. Food and kitchen expenses are allocated on the basis of meals served. Facilities maintenance and occupancy costs are allocated on the basis of square footage utilized. Costs related to Residential Treatment Facilities are allocated on the basis of client care days. All costs related to the administrative aspect of the Agency are allocated on the basis of total program costs in relation to total agency costs.

Title IV-E allowable costs, which include operational costs (supplies, communication, professional fees, postage, printing, transportation, equipment, dues, and insurance), occupancy costs, and/or direct care expenses are allocated on the basis of eligible salaries in relation to total salaries. The Agency believes that the bases are reasonable and are consistently applied.

11. Concentration of Credit Risk

The Agency's financial instruments that are exposed to concentrations of credit risk consist primarily of cash in the bank, money market funds with an investment broker and other investment accounts consisting primarily of equity securities and fixed income securities, as well as unconditional promises to give and accounts receivable.

The Agency's cash is primarily at one bank and is FDIC insured up to \$250,000. At various times, the Agency's cash and investment balances may be in excess of the FDIC insurance limit. The accounts receivable are primarily due from various counties and managed care agencies throughout Pennsylvania and certain state funding from the Commonwealth of Pennsylvania.

12. Tax Status

Harborcreek Youth Services, Inc. is exempt from income taxes under section 501(c) (3) of the Internal Revenue Code and comparable state laws. The Agency files annual informational returns with the IRS and the Commonwealth of Pennsylvania. The Agency has adopted the provisions of FASB ASC 740, *Income Taxes*. FASB ASC 740 prescribes a more-likely-than-not threshold for financial statement recognition and measurement of a tax position taken in a tax return. The Agency records any related interest expense and penalties, if any, as a tax expense. For the years ended June 30, 2021 and 2020, there were no unrecognized tax benefits or interest and penalty expense incurred. Tax years that remain subject to examination are years 2018 and forward.

13. Date of Management's Review

Management has evaluated subsequent events through December 13, 2021, the date the financial statements were available to be issued.

14. Fair Value Measurements

Fair value, as defined in FASB ASC 820, *Fair Value Measurements and Disclosures*, is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In order to increase consistency and comparability in fair value measurements, FASB ASC 820 establishes a fair value hierarchy that prioritizes observable and unobservable inputs used to measure fair value into three broad levels.

HARBORCREEK YOUTH SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2021 and 2020

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Level 1 consists of quoted market prices (unadjusted) in active markets that are accessible at the measurement date for identical assets and liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs. Level 2 consists of observable prices that are based on inputs not quoted on active markets, but are corroborated by market data. Level 3 consists of unobservable inputs which are used when little or no market data is available. The fair value hierarchy gives the lowest priority to Level 3 inputs. In determining fair value, the Agency utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible as well as considers counterparty credit risk in its assessment of fair value.

The Agency recognizes transfers between levels of the fair value hierarchy, if any, at the end of the reporting period. There were no such transfers at June 30, 2021

The fair market value of a financial instrument is defined in FASB ASC 825 as "the amount at which the instrument could be exchanged in a current transaction between willing parties." The carrying amount reported in the accompanying statement of financial position for accounts receivables and payables, prepaid expenses, accrued liabilities, other liabilities, and debt approximate fair value given the short-term nature of the financial instruments or conversely are based on a non-recurring assessment of fair value. Financial assets carried at fair value are classified using Level 1 inputs and consist of the following at June 30:

	<u>2021</u>	<u>2020</u>
Investments	<u>\$ 3,932,399</u>	<u>\$ 3,238,575</u>

NOTE B – RESTRICTED DEPOSITS

In 1989, the Agency elected to reimburse the Unemployment Compensation Fund of the Pennsylvania Department of Labor & Industry for benefits paid that are attributable to it, in accordance with Section 1104(a) of the Pennsylvania Unemployment Compensation Law. This election requires filing a surety bond or depositing with the Department money or securities equal to one percent of the Agency's taxable wages for the most recent four calendar quarters prior to such election. Accordingly, as of June 30, 2021 and 2020, the Agency has \$14,723 and \$14,723, respectively, on deposit with the Department to fulfill this requirement.

NOTE C - ACCOUNTS RECEIVABLE

Accounts receivable consist of the following at June 30:

	<u>2021</u>	<u>2020</u>
Service Contracts	\$ 1,225,427	\$ 927,001
Grants and entitlements	751,203	684,516
Stop-loss reimbursements	-	10,483
Other	<u>8,964</u>	<u>26,182</u>
	<u>\$ 1,985,594</u>	<u>\$ 1,648,182</u>

HARBORCREEK YOUTH SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2021 and 2020

NOTE D - BUILDINGS, PROPERTY AND EQUIPMENT

Buildings, property and equipment consist of the following at June 30:

	<u>2021</u>	<u>2020</u>	<u>Estimated Useful Life</u>
Land	\$ 130,857	\$ 130,857	-
Land improvements	352,585	352,585	5-10 years
Buildings and improvements	3,700,635	3,610,545	5-40 years
Equipment and furnishings	770,870	699,093	3-15 years
Vehicles	<u>308,632</u>	<u>330,530</u>	5 years
	5,263,579	5,123,610	
Less accumulated depreciation	<u>3,147,602</u>	<u>2,954,836</u>	
	<u>\$ 2,115,977</u>	<u>\$ 2,168,774</u>	

Depreciation expense for the years ended June 30, 2021 and 2020 was \$214,665 and \$204,465, respectively.

NOTE E - INVESTMENTS

Investments are stated at fair market value (see Note A14) based on quoted market prices. Investment income and gains restricted by donors are reported as increases in unrestricted net assets if the restrictions are met in the same reporting period in which the income and gains are recognized. Investments consist of the following at June 30:

	<u>2021</u>		
	<u>Quoted Market Value</u>	<u>Cost</u>	<u>Unrealized Appreciation (Depreciation)</u>
Equity funds	\$ 2,795,608	\$ 2,617,837	\$ 177,771
Fixed income funds	1,079,931	1,072,668	7,263
Other	<u>56,860</u>	<u>55,607</u>	<u>1,253</u>
	<u>\$ 3,932,399</u>	<u>\$ 3,746,112</u>	<u>\$ 186,287</u>
	<u>2020</u>		
	<u>Quoted Market Value</u>	<u>Cost</u>	<u>Unrealized Appreciation (Depreciation)</u>
Equity funds	\$ 1,932,492	\$ 1,628,423	\$ 304,069
Fixed income funds	<u>1,306,083</u>	<u>1,266,319</u>	<u>39,764</u>
	<u>\$ 3,238,575</u>	<u>\$ 2,894,742</u>	<u>\$ 343,833</u>

These funds are designated by the Board of Directors for long-term investment and the replacement of capital assets, and are included in the designated net assets on the statements of financial position.

HARBORCREEK YOUTH SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2021 and 2020

NOTE E – INVESTMENTS - Continued

The following schedule summarizes the investment return and its classification in the statement of activities:

	<u>2021</u>	<u>2020</u>
Investment income, net of fees	\$ 41,291	\$ 40,829
Gain on the sale of investments	560,531	26,332
Unrealized gain	<u>186,287</u>	<u>60,939</u>
	<u>\$ 788,109</u>	<u>\$ 128,100</u>

For the years ended June 30, 2021 and 2020, expenses relating to investment income, including custodial fees and investment advisory fees, amounted to \$40,313 and \$29,759, respectively, and have been netted against investment return in the statement of activities.

NOTE F - ACCRUED LIABILITIES

Accrued liabilities consist of the following at June 30:

	<u>2021</u>	<u>2020</u>
Payroll withholdings and accruals	\$ 300,123	\$ 328,056
Vacation pay	370,915	369,089
Hospitalization	221,588	181,741
Pension expense	<u>244,730</u>	<u>256,727</u>
	<u>\$ 1,137,356</u>	<u>\$ 1,135,613</u>

NOTE G - NET ASSETS WITHOUT DONOR RESTRICTIONS

It is the policy of the Board of Directors of the Agency to review its plans for future property improvements and acquisitions from time to time and to designate appropriate sums to assure adequate financing of such improvements and acquisitions. The Board has also designated a Fahey Memorial Fund to provide financial stability to the Agency. The Board must approve all expenditures from these funds.

NOTE H – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following at June 30:

	<u>2021</u>	<u>2020</u>
Information technology/dyslexia tutoring	\$ 18,787	\$ -
Liberty House renovations	2,649	-
EITC contributions	<u>16,541</u>	<u>-</u>
	<u>\$ 37,977</u>	<u>\$ -</u>

HARBORCREEK YOUTH SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2021 and 2020

NOTE I - PENSION PLAN

Effective July 1, 2009 the Agency's defined contribution pension plan and tax deferred annuity plan were merged into the Harborcreek Youth Services Retirement Savings Plan. Participation in the plan is voluntary with employees allowed to defer up to the maximum amount allowed by law. The agency's matching contribution will be determined each plan year. For the years ended June 30, 2021 and 2020, the Agency's matching contributions totaled \$69,015 and \$75,404, respectively.

The Agency may make discretionary contributions to the plan. The amount of the contribution, if any, will be determined on an annual basis. Contributions are based proportionately on annual compensation. For the years ended June 30, 2021 and 2020, the Agency contributed \$175,715 and \$181,323, respectively, to the plan.

NOTE J- LONG-TERM DEBT

Long-term debt consists of the following:

	<u>2021</u>	<u>2020</u>
2 revolving lines of credit bearing interest at 2.17% and 2.18%, due on demand, with monthly payments of interest only, collateralized by investments in the Fahey Memorial Fund(1)	\$ -	\$ 573,619
Revolving line of credit bearing interest at 9.99% with monthly payments equal to the greater of \$15 or 3% of the account balance (2)	-	49,475
Paycheck protection program (PPP) loan (3)	-	30,000
Note payable, interest free, payable in annual installments of \$20,000, due December 6, 2024	<u>80,000</u>	<u>-</u>
	80,000	653,094
Less current portion	<u>20,000</u>	<u>653,094</u>
	<u>\$ 60,000</u>	<u>\$ -</u>

(1) The lines were paid off and terminated during the year ended June 30, 2021.

(2) No interest will be charged on this line if the entire balance is paid off within six months. The Agency intended to pay and did pay off the balance within the promotional period. As a result, the entire balance of the line was classified as a current liability as of June 30, 2020.

(3) On April 17, 2020, the Agency received loan proceeds in the amount of \$1,649,300 under the Paycheck Protection Program established as part of the CARES Act. The loan and accrued interest are forgivable provided the Agency uses the proceeds on eligible expenses and meets other criteria related to number of employees and salary levels. The unforgiven portion of the loan is payable in 18 months at a rate of 1% beginning after the deferment period, which ends when loan forgiveness is determined. As of June 30, 2020, the Agency expected that substantially all of the loan would be forgiven. Therefore, \$1,619,300 of the loan was recorded as contributions on the Statements of Activities in accordance with FASB ASC 958-605. The remaining \$30,000 was included as debt on the Statements of Financial Position as of June 30, 2020. On April 27, 2021, the Agency was notified that the entire loan had been forgiven. As a result, the remaining \$30,000 has been recognized as contributions on the Statements of Activities for the year ended June 30, 2021.

HARBORCREEK YOUTH SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2021 and 2020

NOTE J- LONG-TERM DEBT - Continued

Maturities of long-term debt in each of the five years subsequent to June 30, 2021 are as follows:

<u>Year</u>	<u>Amount</u>
June 30, 2022	\$ 20,000
June 30, 2023	20,000
June 30, 2024	20,000
June 30, 2025	20,000
June 30, 2026	-
Thereafter	-
	<u>\$ 80,000</u>

NOTE K - LIQUIDITY

As part of the Agency's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Agency places excess cash in excess of daily requirements in short-term investments. In the event of an unanticipated liquidity need, the Agency could also draw on the investments in the Fahey Memorial Fund (see Note G)

The following reflects the Agency's financial assets as of June 30, 2020 and 2019, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date.

	<u>2021</u>	<u>2020</u>
Financial assets at year end:	\$ 7,471,452	\$ 6,986,314
Less those unavailable to meet cash needs for general expenditures within one year due to:		
Unemployment collateral (Note B)	(14,723)	(14,723)
Designation for Fahey Memorial Fund (Note G)	(2,769,490)	(2,175,475)
Donor restricted contributions (Note H)	<u>(37,977)</u>	<u>(-)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 4,649,262</u>	<u>\$ 4,796,116</u>

Because a donor's restriction requires resources to be used in a particular manner or in a future period, the Agency must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year.

NOTE L – RISKS AND UNCERTAINTIES

On March 11, 2020, a global pandemic was declared by the World Health Organization related to the COVID-19 outbreak, which continues to spread throughout the United States. The full impact of this outbreak continues to evolve as of the date of this report. The pandemic has greatly affected global economic activity and has caused significant volatility in financial markets. The Agency's operations rely on donations from individuals and corporations. Additionally, access to grants and contracts from federal, state, and local governments may decrease depending on availability of funding.

HARBORCREEK YOUTH SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2021 and 2020

NOTE L – RISKS AND UNCERTAINTIES - Continued

The pandemic may have a continued material adverse impact on economic and market conditions, triggering a period of economic slowdown. Given the continued uncertainty surrounding the pandemic, the amount of losses that will be recognized in subsequent periods, if any, cannot be determined at this time.

NOTE M – SUBSEQUENT EVENT

Prior to the disassociation of its affiliation with the Roman Catholic Diocese of Erie, the Diocese held 3 parcels of land in trust for the benefit of the Agency. In July, 2021, the Diocese transferred the deeds to the land to the Agency. Based on appraisals of the property, the Agency has recorded a contribution of \$894,142 related to this transfer.

SUPPLEMENTAL INFORMATION

HARBORCREEK YOUTH SERVICES, INC.
STATEMENT OF ACTIVITIES BY FUND
For the Year Ended June 30, 2021 with Comparative Totals for 2020

	Operating Fund	Property, Plant & Equipment Fund	Father Fahey Memorial Fund	Total	
				2021	2020
SUPPORT AND REVENUE					
SUPPORT					
Contributions & grants	\$ 750,999	\$ -	\$ -	\$ 750,999	\$ 1,737,491
TOTAL SUPPORT	750,999	-	-	750,999	1,737,491
REVENUE					
County service fees	1,092,754	-	-	1,092,754	1,131,688
Other service fees	7,557,543	-	-	7,557,543	7,430,053
Government funding	1,530,162	-	-	1,530,162	1,696,043
Work experience program	9,229	-	-	9,229	7,091
Investment return	476	193,618	594,015	788,109	128,100
Gain (loss) on sale of property & equipment	-	494	-	494	(1,782)
Miscellaneous	172,937	-	-	172,937	29,740
TOTAL REVENUE	10,363,101	194,112	594,015	11,151,228	10,420,933
NET ASSETS RELEASED FROM DONOR RESTRICTIONS					
	-	-	-	-	-
TOTAL SUPPORT AND REVENUE	11,114,100	194,112	594,015	11,902,227	12,158,424
EXPENSES					
PROGRAM SERVICES					
Residential Continuum Treatment	6,103,888	149,628	-	6,253,516	6,521,084
Child residential services	983,588	16,752	-	1,000,340	1,014,843
Education	1,419,116	33,995	-	1,453,111	1,464,177
Community programs	654,098	4,094	-	658,192	626,171
TOTAL PROGRAM SERVICES	9,160,690	204,469	-	9,365,159	9,626,275
SUPPORTING SERVICES					
Management and general	1,434,846	10,196	-	1,445,042	1,310,094
Fund raising	5,904	-	-	5,904	26,029
TOTAL SUPPORTING SERVICES	1,440,750	10,196	-	1,450,946	1,336,123
TOTAL EXPENSES	10,601,440	214,665	-	10,816,105	10,962,398
CHANGE IN NET ASSETS FROM OPERATING ACTIVITIES					
	512,660	(20,553)	594,015	1,086,122	1,196,026
INTERFUND TRANSFERS					
	-	-	-	-	-
CHANGE IN NET ASSETS	\$ 512,660	\$ (20,553)	\$ 594,015	\$ 1,086,122	\$ 1,196,026

HARBORCREEK YOUTH SERVICES, INC.
STATEMENT OF FUNCTIONAL EXPENSES - COMMUNITY PROGRAMS
For the Year Ended June 30, 2021

	CRR	MST	Total
SALARIES AND RELATED EXPENSES			
Wages and salaries	\$ 124,584	\$ 194,105	\$ 318,689
Employee benefits and taxes	56,880	90,350	147,230
TOTAL SALARIES AND RELATED EXPENSES	181,464	284,455	465,919
GENERAL EXPENSES			
Contracted services	5,306	4,229	9,535
Supplies	343	1,131	1,474
Telephone and communication	2,562	2,567	5,129
Advertising and marketing	304	-	304
Transportation and travel	141	3,227	3,368
Staff recruitment and retention	3,058	2,598	5,656
Development and training	557	2,271	2,828
Rentals and maintenance	78	190	268
Insurance	130	315	445
Association dues and licenses	972	36,382	37,354
Depreciation of equipment and vehicles	1,383	1,559	2,942
TOTAL GENERAL EXPENSES	14,834	54,469	69,303
OCCUPANCY			
Insurance on building and contents	143	348	491
Repairs and maintenance	488	1,184	1,672
Housekeeping and janitorial	127	301	428
Utilities	615	1,493	2,108
Depreciation of buildings	336	816	1,152
Property taxes	-	1	1
TOTAL OCCUPANCY	1,709	4,143	5,852
DIRECT CHILD / FAMILY EXPENSE			
Medical and dental fees and supplies	238	-	238
Therapeutic supplies and services	436	195	631
Psychiatric and psychological services	17,370	-	17,370
Specific child assistance	-	535	535
Foster parent payments	98,240	-	98,240
Transportation	8	21	29
	-	75	75
TOTAL DIRECT EXPENSES OF CHILDREN AND FAMILIES	116,292	826	117,118
TOTAL EXPENSES	\$ 314,299	\$ 343,893	\$ 658,192

HARBORCREEK YOUTH SERVICES, INC.
SCHEDULE OF COUNTY SERVICE FEES
For the Years Ended June 30, 2021 and 2020

	2021	2020
Allegheny Co Children & Youth	\$ 260	\$ 54,361
Allegheny Co Juvenile Probation	69,187	275,185
Armstrong Co Children & Youth	-	83,600
Chautauqua County	-	8,694
Clarion Co Juvenile Probation	57,750	39,325
Crawford Co Juvenile Probation	26,950	33,825
Dauphin Co Juvenile Probation	-	35,910
Erie Co Children & Youth	-	74,767
Erie Co Juvenile Probation	121,234	8,424
Erie Co MH/MR	7,084	11,627
Indiana Co Children & Youth	112,750	61,050
Lackawanna Co Juvenile Probation	-	30,988
Lawrence Co Juvenile Probation	42,625	96,250
McKean Co DHS	46,200	-
Potter Co Juvenile Probation	34,100	62,150
Tioga Co Children & Youth	69,025	-
Venango Co Juvenile Probation	68,750	-
Warren Co Juvenile Probation	39,600	44,550
Washington Co Children & Youth	65,680	-
Washington Co Juvenile Probation	114,876	69,029
Westmoreland Co Juvenile Probation	216,683	141,953
Totals	\$ 1,092,754	\$ 1,131,688

HARBORCREEK YOUTH SERVICES, INC.
SCHEDULE OF CLIENT CARE DAYS/UNITS
For the Years Ended June 30, 2021 and 2020

<u>Residential Programs - Days</u>	<u>2021</u>	<u>2020</u>
<u>Psychiatric Residential Treatment</u>		
St. Joseph House	3,946	4,300
Conway House	5,319	4,977
Wagner House	5,048	5,201
Columbus House	5,233	5,496
<u>Child Residential Services</u>		
Liberty House	3,584	3,706
Total Residential Program Client Care Days	23,130	23,680
<u>Community Programs - Days/Units</u>	<u>2021</u>	<u>2020</u>
<u>CRR Host Home - Days</u>	1,566	1,120
<u>Multi-Systemic Therapy - Units*</u>	4,453	4,254

* - one unit equal to 1/4 hour

Root, Spitznas & Smiley, Inc.

Certified Public Accountants

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Erie, Pennsylvania 16506-4961

814-453-7731
FAX: 814-455-6799

J. Randolph Gehrlein, CPA
John W. Orlando, CPA

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 of
Harborcreek Youth Services, Inc.

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 Harborcreek Youth Services, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2021, 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 December 13, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Harborcreek Youth Services, Inc.'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 Harborcreek Youth Services, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Harborcreek Youth Services, Inc.'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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Harborcreek Youth Services, Inc.'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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Agency'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 Agency's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Root, Spitznas and Smiley, Inc.

ERIE, PENNSYLVANIA
December 13, 2021

**HARBORCREEK YOUTH SERVICES, INC.
SCHEDULE OF FINDINGS AND RESPONSES
JUNE 30, 2021**

Summary of Auditor's Results:

Financial Statements

- | | | |
|----|--|-----------------------|
| 1. | Type of auditor's report issued: | unmodified |
| 2. | Internal control over financial reporting: | |
| | Material weakness(es) identified? | ___ yes <u>X</u> no |
| | Significant deficiencies identified that are not considered to be material weaknesses? | ___ yes <u>X</u> none |
| 3. | Noncompliance material to financial statements noted? | ___ yes <u>X</u> no |

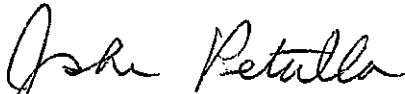
Audit Findings:

The audit resulted in no current findings. In addition, there were no findings noted in the prior year's audit.

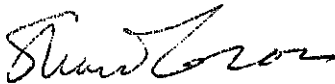
HARBORCREEK YOUTH SERVICES, INC.

MANAGEMENT'S CERTIFICATION

We hereby certify that we have examined the accompanying financial statements and supplemental information of Harborcreek Youth Services, Inc. and, to the best of our knowledge and belief, the same are accurate and fairly represent the financial condition and operations of the organization.



John Petulla
Chief Executive Officer
December 13, 2021



Shari Gross
Director of Behavioral Health Services
December 13, 2021