

Covenant House Alaska

Consolidated Financial Statements

June 30, 2019 and 2018

Covenant House Alaska

Consolidated Financial Statements June 30, 2019 and 2018

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Independent Auditors' Report

Board of Directors Covenant House Alaska

We have audited the accompanying consolidated financial statements of Covenant House Alaska (the "Organization"), which comprise the consolidated statements of financial position as of June 30, 2019 and 2018, and the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Covenant House Alaska as of June 30, 2019 and 2018, and the consolidated 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.

Change in Accounting Principle

As discussed in note 2 to the consolidated financial statements, during the year ended June 30, 2019, the Organization adopted new accounting guidance resulting in a change in the manner in which it presents net assets and reports certain aspects of its financial statements. Our opinion is not modified with respect to this matter.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. Management has elected to supplement the financial statements by providing a Management's Discussion and Analysis ("MD&A"). We have applied certain limited procedures to the MD&A in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic consolidated financial statements and other knowledge we obtained during our audits of the consolidated financial statements. We do not express an opinion or provide any assurance on the MD&A because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The supplementary information on pages 31 to 34 is presented for purposes of additional analysis and is not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated financial statements as a whole.

PKF O'Connor Davies, LLP

April 7, 2020

MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)

Management’s Discussion and Analysis (MD&A) is the section of Covenant House Alaska’s (“CHA”) annual report in which management provides an overview of the important program activities and financial results, as well as key trends. The purpose of providing this report is to create a better understanding of CHA’s financial and program results, the strategic activities the board and management have implemented, and the outlook for the future.



About Covenant House Alaska

CHA opened its doors in 1988 in Anchorage, Alaska and is a member of Covenant House (Parent), which operates in 31 cities across six countries in North America. With a mission to “serve the suffering children of the street and to protect and safeguard all children,” CHA is a faith-based organization that provides services to all homeless, at-risk and trafficked youth ages 13 to 24. All youth are welcomed day or night, without question or cost, and CHA offers a transformative system of care to help all at-risk youth transition to permanency.

Over 30 years of operation, CHA has served over 29,300 youth experiencing homelessness, and has grown from an emergency shelter to an organization that provides a comprehensive continuum of services. Most programs and services are offered in CHA’s Youth Engagement Center (“YEC”), which opened in 2013. The table below shows the total number of youth served who accessed services across all of CHA’s programs, as well as total bed nights at CHA:

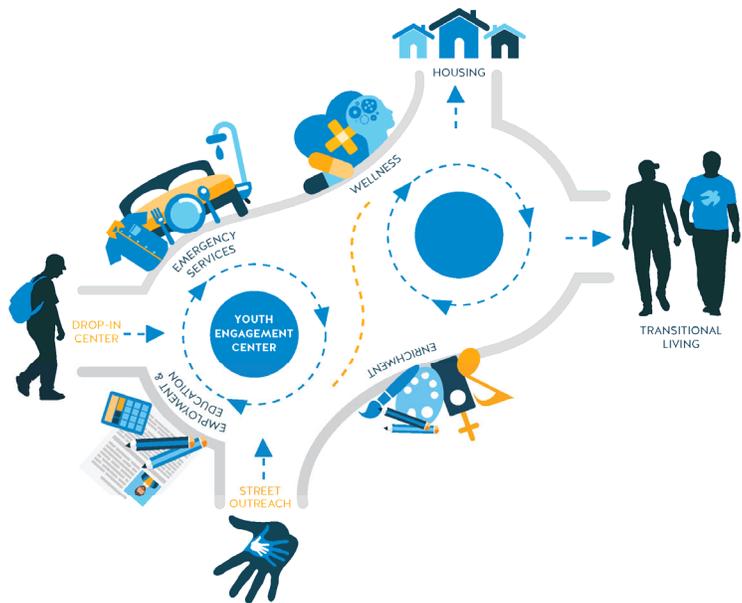
	<u>FY 2019</u>	<u>FY 2018</u>	<u>FY 2017</u>
Number of youth served	982	835	675
Bed nights	33,658	32,672	30,614

Structure of Organization

Covenant House Alaska utilizes an approach of progressive, relentless engagement to identify at-risk youth where they are, whether on the streets or in other unsafe situations and to build trusting relationships. After contact with our Street Outreach Team, youth are encouraged to do an intake at the emergency shelter in the YEC. Here youth receive more than a place to sleep: they receive a full continuum of services that lead up to family reunification or placement in stable housing. CHA utilizes a robust web-based data management software system that allows us to engage in rigorous data analysis and outcomes measurement with the goal of becoming a data-driven learning organization.

Safe Shelter: On any given night, CHA provides homeless youth with a warm, safe place to lay their heads at the YEC. In 2013, CHA expanded shelter bed capacity from 40 to 60 in the YEC.

Employment and Education Services: Programs that help youth complete their education and employment; an on-site Anchorage School District high school classroom; and evidence-based programs including Annie E. Casey’s Foundation’s LEAP Initiative give youth the tools to be successful for a lifetime. In 2019, 109 at-risk youth obtained their High School Diploma or GED, and 165 youth entered our job readiness program, with 60 going on to obtain employment.



Housing Services: A team of Permanency Navigators and housing staff assist youth in moving from the streets to self-sufficiency by helping them open the right doors to housing. There are many housing choices from scattered site apartments, permanent supportive housing offered by our partners, or we work with them to get into one of CHA’s transitional living programs.

Transitional Living Programs: Youth can participate in any of the following transitional living programs for 18 months with up to 12 months of additional aftercare.

Passage House is 10-bed residential transitional living program for parenting and pregnant teens ages 17 through 20. The focus is on independent living skills and raising healthy children. In FY19, 22 mothers and their babies participated in the program.

Rights of Passage (ROP) is a coed residential program for youth ages 18 to 21. In FY19 478 youth worked, saved money, and learned independent living skills during the 18-month program. ROP expanded from 14 to 25 beds in 2016.

Wellness Center: A new, innovative partnership with Southcentral Foundation to operate an on-site clinic began in 2017. This clinic provides all health services including connecting clients to benefits, providing behavioral health services, delivering cultural programming including suicide prevention, and developing comprehensive medical care plans for every youth. In FY19, 330 youth accessed the Wellness Center in 2,461 unique visits.

Youth Enrichment & Spirituality: The YEC has dedicated space and staff/volunteer support for youth to participate in art, music, cultural activities, physical recreation, leadership training, volunteering, internship opportunities, and spiritual activities for youth who choose to participate.

Street Outreach: Often the first point of contact with vulnerable youth on the streets, this team builds relationships, offers food and basic supplies, and encourages them to access services at the YEC. In FY19, 262 youth were contacted by Street Outreach and took the first steps towards safety and stability.

Executive Summary

- CHA is the **sole provider of services in Anchorage for youth experiencing homelessness**, and is being recognized as a national leader in our delivering of evidence-based, outcome-driven services. **CHA is the Lead Agency in our community efforts to implement a U.S. Department of Housing and Urban Development (“HUD”) Youth Homelessness Demonstration Program (“YHDP”)**.
- CHA continues to engage with new funders to invest and implement best practice models with the ultimate goal of ending the experience of homelessness for our youth in our Anchorage. Our new model of care includes a team of Permanency Navigators who use the philosophy of “relentless engagement” to assist youth in a client-centered, 100% mobile approach as they help young people navigate any community resources that will result in stable housing. Navigators relentlessly assist youth as they move between systems, relapse or face housing challenges. CHA has also implemented a “rapid re-housing” project tailored for youth that provides rental assistance, move-in support and case management that adjusts the level of support for each and every youth according to their needs. This program is vital in helping first-time renters be successful. With these new projects, CHA has evolved towards a new paradigm of assisting youth: moving beyond our four walls and helping young people in a mobile, individualized and relentless approach.
- In 2013, when CHA moved from a scattered site approach of serving youth to a new model that is more comprehensive than shelter services, the CHA Board anticipated there would be a financial impact during this transition period. The **transition from a shelter model to a youth engagement center** was intended to bring services, staffing, programs and partners together to provide a more relevant and intentional engagement for CHA Youth. The CHA Board acknowledged that adapting to a new model would take time, new funding and a substantial financial investment. For that reason, CHA raised an additional \$2.5 million to bridge that adaptive transition. In FY19, CHA achieved profitability (excluding depreciation) and anticipates remaining profitable in 2020.
- CHA is meeting increased community needs by simultaneously expanding capacity to provide the housing, education and employment services that will not only help youth survive - but to thrive.

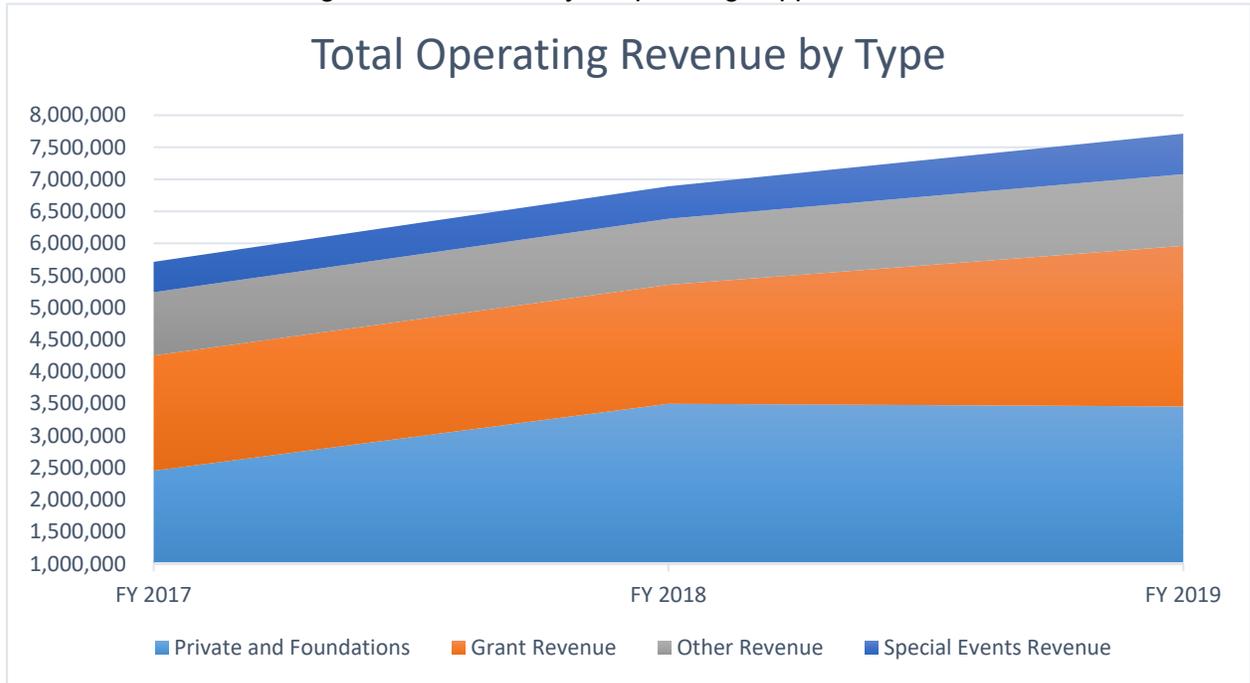
Financial Analysis

With over than \$34 million in total assets, CHA’s financial picture is strong. In FY19, the reduction in our net assets was from primarily from depreciation and amortization expenses of \$645 thousand.

	<u>FY 2019</u>	<u>FY 2018</u>	<u>FY 2017</u>
Current Assets	\$ 1,397,504	\$ 1,914,263	\$ 1,178,793
Non-current Assets	<u>32,998,106</u>	<u>33,008,876</u>	<u>34,035,495</u>
Total Assets	34,395,610	34,923,139	35,214,288
Total Liabilities	<u>18,325,179</u>	<u>18,321,201</u>	<u>18,085,113</u>
Net Assets	\$ <u>16,070,431</u>	\$ <u>16,601,938</u>	\$ <u>17,129,175</u>

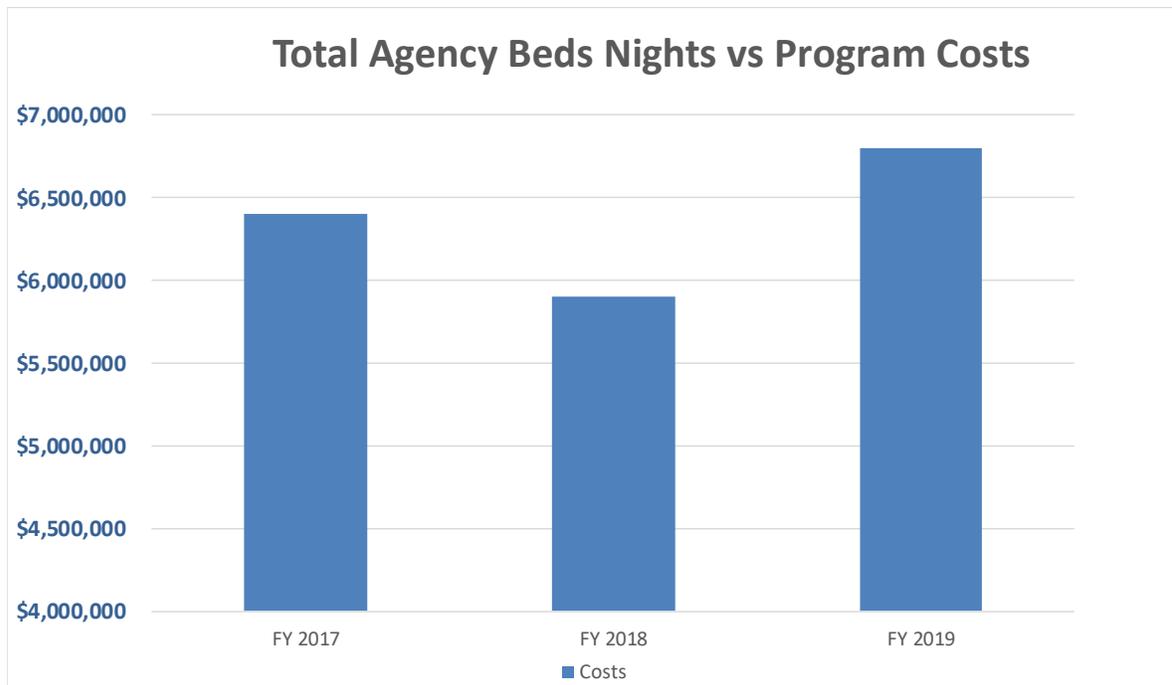
Operating Revenue

CHA continued to show growth and diversity in operating support and revenue.



Operating Expenses

CHA responded to the increased community need through building efficiencies and economies of scale so that we could serve more youth with comparatively lower expenditures on program growth. Not shown in graph is the 30% reduction of cost since 2012 in agency-wide cost per bed night.

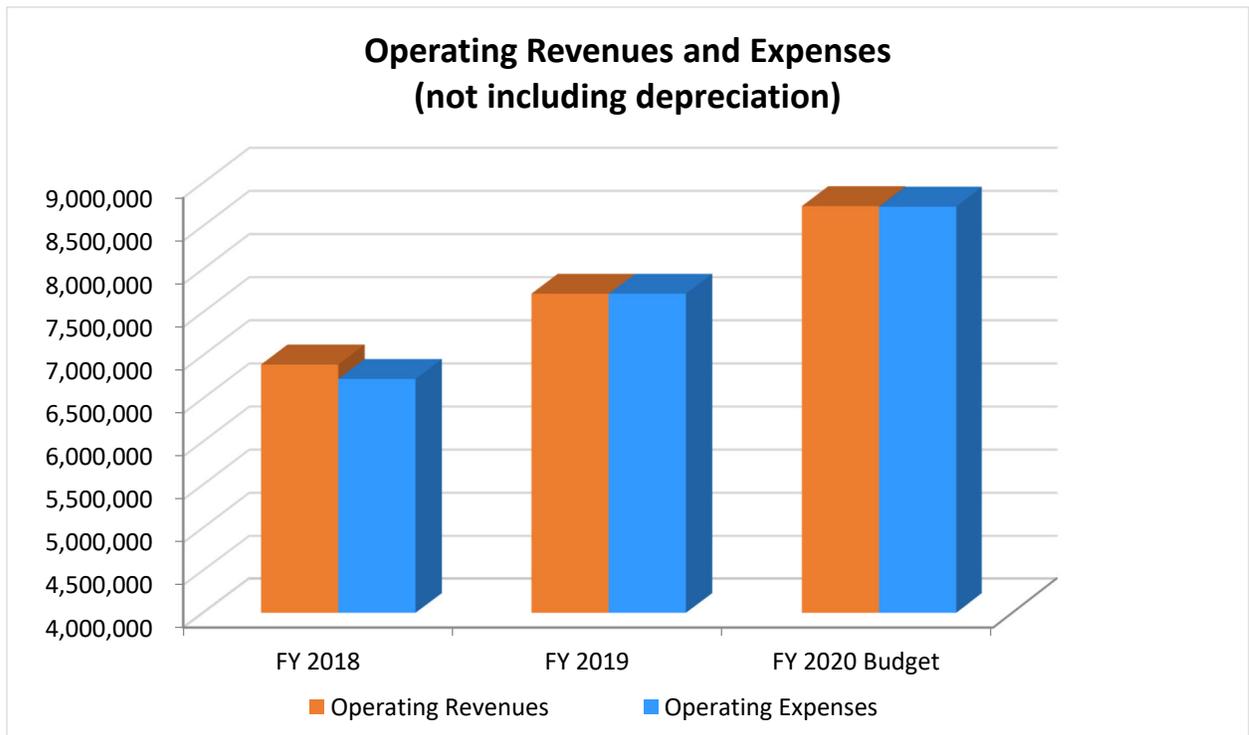


Personnel Costs

CHA continued its systemic changes to optimize staff deployment and maximize community impact. Through these efforts, CHA was able to meet the demands of an average daily census in shelter alone that increased over the last three years from 42 to 61 youth and meet the demands of an increased average length of stay which also tripled from 13 to 40 days.

Looking Ahead: Strategies for Sustainability

The FY19 budget projected sufficient revenues to meet operating expenses. Management recognizes the FY19 budgeted operating expenses as the “new norm” of total costs of administering the programs, based on our experience and program expansion.



- The **HUD Youth Homelessness Demonstration Program** has been a true game-changer in the ability of CHA to deliver high-quality services to youth. CHA will apply for YHDP funds on a yearly, renewable basis to support mobile case management and rapid, subsidized housing for youth. The project is anticipated to bring up to \$550,000 in annually renewable revenue to CHA, while leveraging additional partnerships and building community momentum.

- **Embedded partnerships** (value of services \$1.5 million per year, at no cost to CHA)
 - *Southcentral Foundation*: Wellness Clinic, Behavioral Health, and cultural programming;
 - *Volunteers of America*: on-site drug and alcohol counselor (40 hours per week);
 - *The Anchorage School District*: operates an Alternative School Transition Classroom on-site and an afterschool credit recovery program;
 - *Nine Star Enterprises*: Provides educational opportunities and internships.
 - *Cook Inlet Tribal Council*-on-site substance abuse services

- **Increasing volunteer engagement**
 - Last year 551 volunteers gave 5,284 hours of service to CHA; AmeriCorps has agreed to place seven VISTA workers at CHA for years of service on an annual basis, which began in August 2018. These VISTA workers will enhance the administration, development and fundraising capacities of the organization.

- **Adapting to the changing need**

CHA is continuing to see youth with more complex issues stemming from mental illness, sex trafficking, sexual abuse, and drug abuse. In order to provide more holistic services, CHA is continuing to optimize staffing patterns and agency resources to address this ever-changing need, while leveraging new funding sources and partnerships in our relentless efforts to end the experience of homelessness for youth in our community.

Covenant House Alaska

Consolidated Statements of Financial Position

	June 30,	
	2019	2018
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 209,344	\$ 173,069
Restricted cash	172,439	168,875
Grants receivable	654,924	706,702
Pledges and contributions receivable	235,317	703,794
Other receivables	30,978	98,625
Prepaid expenses and other current assets	94,502	63,198
Total Current Assets	1,397,504	1,914,263
Pledges and contributions receivable, noncurrent	1,425	3,510
Restricted cash, noncurrent	-	30,000
Board designated fund	1,584,761	1,641,815
Note receivable	12,813,000	12,813,000
Property and equipment, net	18,480,351	18,407,163
Beneficial interest in assets held by the Alaska Community Foundation	118,569	113,388
	\$ 34,395,610	\$ 34,923,139
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable and accrued expenses	\$ 689,035	\$ 671,956
Due to affiliates	22,206	119,894
Deferred revenue	83,000	39,239
Deferred realized gain, current	24,538	24,538
Mortgage payable	17,107,657	-
Total Current Liabilities	17,926,436	855,627
Deferred realized gain, net of current portion	398,743	423,280
Long-term mortgage payable, net of debt issuance costs	-	17,042,294
Total Liabilities	18,325,179	18,321,201
Net Assets		
Without Donor Restrictions		
Undesignated	12,188,757	12,442,494
Board designated	1,727,200	1,894,078
Investment in property and equipment	1,372,694	1,364,869
Total Without Donor Restrictions	15,288,651	15,701,441
With donor restrictions	781,780	900,497
Total Net Assets	16,070,431	16,601,938
	\$ 34,395,610	\$ 34,923,139

See notes to consolidated financial statements

Covenant House Alaska

Consolidated Statement of Activities Year Ended June 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
PUBLIC SUPPORT, REVENUES AND GAINS			
Public Support			
Branding dollars from Parent	\$ 680,000	\$ -	\$ 680,000
Grants from Parent related to sleepout events	259,349	-	259,349
Contributions	2,494,300	752,646	3,246,946
Special events revenue	634,322	-	634,322
Less: Cost of direct benefit to donors	(221,555)	-	(221,555)
Total Public Support	3,846,416	752,646	4,599,062
Revenues and Gains			
Grant income	2,507,303	-	2,507,303
Interest income	157	-	157
Investment income	94,654	-	94,654
Change in value of beneficial interest held by the Alaska Community Foundation	5,181	-	5,181
Other income	757,222	-	757,222
Total Revenues and Gains	3,364,517	-	3,364,517
Net assets released from restrictions	871,363	(871,363)	-
Total Public Support, Revenues and Gains	8,082,296	(118,717)	7,963,579
EXPENSES			
Program Services			
Shelter	3,760,235	-	3,760,235
Transitional living - Rights of Passage	1,180,035	-	1,180,035
Employment and Education	658,709	-	658,709
Transitional living - Mother/Child	531,981	-	531,981
Youth HUD Demonstration Project	460,959	-	460,959
Outreach	273,492	-	273,492
Total Program Services	6,865,411	-	6,865,411
Supporting Services			
Management and general	954,676	-	954,676
Fundraising and special events	674,999	-	674,999
Total Supporting Services	1,629,675	-	1,629,675
Total Expenses	8,495,086	-	8,495,086
Change in Net Assets	(412,790)	(118,717)	(531,507)
NET ASSETS			
Beginning of year	15,701,441	900,497	16,601,938
End of year	\$ 15,288,651	\$ 781,780	\$ 16,070,431

See notes to consolidated financial statements

Covenant House Alaska

Consolidated Statement of Activities Year Ended June 30, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
PUBLIC SUPPORT, REVENUES AND GAINS			
Public Support			
Branding dollars from Parent	\$ 516,000	\$ -	\$ 516,000
Grants from Parent related to sleepout events	180,399	-	180,399
Contributions	2,596,563	603,538	3,200,101
Special events revenue	506,480	-	506,480
Less: Cost of direct benefit to donors	(218,183)	-	(218,183)
Total Public Support	3,581,259	603,538	4,184,797
Revenues and Gains			
Grant income	1,583,505	274,009	1,857,514
Interest income	73	-	73
Investment income	93,777	-	93,777
Change in value of beneficial interest held by the Alaska Community Foundation	7,757	-	7,757
Other income	748,019	-	748,019
Total Revenues and Gains	2,433,131	274,009	2,707,140
Net assets released from restrictions and other reclassifications	335,695	(335,695)	-
Total Public Support, Revenues and Gains	6,350,085	541,852	6,891,937
EXPENSES			
Program Services			
Shelter	3,355,173	-	3,355,173
Transitional living - Rights of Passage	943,794	-	943,794
Employment and Education	772,241	-	772,241
Transitional living - Mother/Child	478,148	-	478,148
Outreach	424,454	-	424,454
Total Program Services	5,973,810	-	5,973,810
Supporting Services			
Management and general	797,023	-	797,023
Fundraising and special events	648,341	-	648,341
Total Supporting Services	1,445,364	-	1,445,364
Total Expenses	7,419,174	-	7,419,174
Change in Net Assets	(1,069,089)	541,852	(527,237)
NET ASSETS			
Beginning of year	16,770,530	358,645	17,129,175
End of year	\$ 15,701,441	\$ 900,497	\$ 16,601,938

See notes to consolidated financial statements

Covenant House Alaska

Consolidated Statement of Functional Expenses
Year Ended June 30, 2019

	Program Services						Supporting Services				Total Expenses	
	Shelter	Transitional Living - Rights of Passage	Employment and Education	Transitional Living-Mother/Child	Youth Homelessness Demonstration Project	Outreach	Total	Management and General	Fundraising and Special Events	Cost of Direct Benefits to Donors		Total
Salaries	\$ 1,706,239	\$ 637,931	\$ 306,356	\$ 272,213	\$ 239,418	\$ 171,371	\$ 3,333,528	\$ 454,357	\$ 238,867	\$ -	\$ 693,224	\$ 4,026,752
Employee benefits	369,194	99,610	68,362	72,140	48,531	31,189	689,026	141,150	28,722	-	169,872	858,898
Payroll taxes	136,864	51,674	23,360	21,424	18,559	13,817	265,698	32,642	19,235	-	51,877	317,575
Total Salaries and Related Expenses	2,212,297	789,215	398,078	365,777	306,508	216,377	4,288,252	628,149	286,824	-	914,973	5,203,225
Contracted services	138,427	33,758	70,008	8,894	3,003	7,160	261,250	54,794	152,109	-	206,903	468,153
Specific Assistance to Individuals												
Food	198,568	34,205	10,658	7,907	2,254	-	253,592	-	-	76,495	76,495	330,087
Medical	4,409	848	2	-	-	-	5,259	-	-	-	-	5,259
Clothing, allowance and other	56,571	29,064	78,452	12,825	72,664	793	250,369	-	-	-	-	250,369
Contributed clothing and merchandise	104,893	-	-	1,022	-	-	105,915	-	-	145,060	145,060	250,975
Occupancy												
Fuel and utilities	71,959	57,666	42,587	13,045	6,078	28,408	219,743	-	34	-	34	219,777
Repairs and maintenance	86,066	32,687	4,367	4,953	6,396	3,943	138,412	1,496	-	-	1,496	139,908
Interest expense	194,707	-	-	-	-	-	194,707	-	-	-	-	194,707
Supplies	28,634	2,108	1,428	784	7,841	854	41,649	10,335	60,731	-	71,066	112,715
Insurance	38,347	27,915	6,224	14,827	8,267	4,128	99,708	20,243	7,167	-	27,410	127,118
Travel	13,145	4,679	8,570	3,270	17,315	4,389	51,368	49,297	19,754	-	69,051	120,419
Miscellaneous	21,175	2,568	6,732	50,426	9,077	74	90,052	73,267	50,055	-	123,322	213,374
Lease expense	8,694	51,335	13,434	17,400	3,237	2,500	96,600	8,262	31,805	-	40,067	136,667
Accounting fees	8,000	5,730	-	-	-	-	13,730	42,420	3,231	-	45,651	59,381
Telephone	12,228	12,036	5,627	7,237	2,599	4,816	44,543	5,405	2,135	-	7,540	52,083
Bank charges and fees	-	-	325	-	-	-	325	11,663	29,662	-	41,325	41,650
Postage and printing	513	105	-	116	352	20	1,106	5,507	20,720	-	26,227	27,333
Dues, licenses and permits	260	1,504	30	10	-	30	1,834	14,807	3,864	-	18,671	20,505
Staff recruitment	241	-	-	-	-	-	241	15,084	1,529	-	16,613	16,854
Equipment	23,615	7,900	317	376	-	-	32,208	1,064	-	-	1,064	33,272
Subscriptions and publications	1,123	146	255	26	120	-	1,670	8,637	1,268	-	9,905	11,575
Advertising	507	-	327	328	-	-	1,162	-	1,808	-	1,808	2,970
Management fees	30,000	-	-	-	-	-	30,000	-	-	-	-	30,000
Legal fees	-	-	-	-	-	-	-	3,205	-	-	3,205	3,205
Total Functional Expenses Before Depreciation and Amortization	3,254,379	1,093,469	647,421	509,223	445,711	273,492	6,223,695	953,635	672,696	221,555	1,847,886	8,071,581
Depreciation and amortization	505,856	86,566	11,288	22,758	15,248	-	641,716	1,041	2,303	-	3,344	645,060
Total Functional Expenses	3,760,235	1,180,035	658,709	531,981	460,959	273,492	6,865,411	954,676	674,999	221,555	1,851,230	8,716,641
Less: Cost of direct benefits to donor	-	-	-	-	-	-	-	-	-	(221,555)	(221,555)	(221,555)
Total Expenses Reported by Function on the Statement of Activities	\$ 3,760,235	\$ 1,180,035	\$ 658,709	\$ 531,981	\$ 460,959	\$ 273,492	\$ 6,865,411	\$ 954,676	\$ 674,999	\$ -	\$ 1,629,675	\$ 8,495,086

Covenant House Alaska

Statement of Functional Expenses
Year Ended June 30, 2018

	Program Services					Supporting Services					Total Expenses
	Shelter	Transitional Living - Rights of Passage	Employment and Education	Transitional Living - Mother/Child	Outreach	Total	Management and General	Fundraising and Special Events	Cost of Direct Benefits to Donors	Total	
Salaries	\$ 1,464,549	\$ 504,584	\$ 348,988	\$ 256,568	\$ 235,873	\$ 2,810,562	\$ 336,762	\$ 241,578	\$ -	\$ 578,340	\$ 3,388,902
Employee benefits	416,834	118,181	97,310	83,094	113,068	828,487	143,400	52,983	-	196,383	1,024,870
Payroll taxes	116,374	41,225	25,440	20,338	18,493	221,870	27,431	19,634	-	47,065	268,935
Total Salaries and Related Expenses	1,997,757	663,990	471,738	360,000	367,434	3,860,919	507,593	314,195	-	821,788	4,682,707
Contracted services	106,149	26,001	64,270	6,307	5,544	208,271	85,870	128,806	-	214,676	422,947
Specific Assistance to Inviduals											
Food	150,481	28,705	18,264	6,711	3,922	208,083	5,603	3,354	50,816	59,773	267,856
Medical	4,411	-	-	-	-	4,411	-	-	-	-	4,411
Clothing, allowance and other	60,194	15,448	84,789	11,355	563	172,349	-	443	-	443	172,792
Contributed clothing and merchandise	57,725	-	790	-	-	58,515	1,874	-	167,367	169,241	227,756
Occupancy											
Fuel and utilities	59,034	46,357	74,679	13,203	27,489	220,762	148	-	-	148	220,910
Repairs and maintenance	34,949	8,270	2,980	7,606	1,481	55,286	-	-	-	-	55,286
Interest expense	194,075	-	-	-	-	194,075	-	-	-	-	194,075
Supplies	10,929	3,998	5,829	378	-	21,134	13,937	61,443	-	75,380	96,514
Insurance	52,239	17,650	7,280	17,294	8,067	102,530	3,641	6,980	-	10,621	113,151
Travel	15,915	3,948	10,860	4,227	2,282	37,232	30,185	13,665	-	43,850	81,082
Miscellaneous	6,656	1,107	9,073	1,290	150	18,276	35,405	23,819	-	59,224	77,500
Lease expense	629	44,899	3,800	16,632	-	65,960	8,190	35,671	-	43,861	109,821
Accounting fees	8,620	4,298	-	-	-	12,918	42,652	-	-	42,652	55,570
Telephone	13,853	6,822	4,837	9,080	4,399	38,991	5,035	2,984	-	8,019	47,010
Bank charges and fees	120	-	-	-	-	120	14,899	19,816	-	34,715	34,835
Postage and printing	292	140	20	11	-	463	6,446	23,257	-	29,703	30,166
Dues, licenses and permits	4,198	707	10,857	877	607	17,246	19,504	5,860	-	25,364	42,610
Staff recruitment	-	-	-	-	-	-	7,634	1,064	-	8,698	8,698
Equipment	17,809	3,618	-	194	75	21,696	4,016	-	-	4,016	25,712
Subscriptions and publications	-	60	78	-	-	138	2,741	1,169	-	3,910	4,048
Advertising	232	-	232	232	-	696	-	3,882	-	3,882	4,578
Management fees	30,000	-	-	-	-	30,000	-	-	-	-	30,000
Legal fees	576	-	-	-	-	576	-	-	-	-	576
Total Functional Expenses before Depreciation and amortization	2,826,843	876,018	770,376	455,397	422,013	5,350,647	795,373	646,408	218,183	1,659,964	7,010,611
Depreciation and Amortization	528,330	67,776	1,865	22,751	2,441	623,163	1,650	1,933	-	3,583	626,746
Total Functional Expenses	3,355,173	943,794	772,241	478,148	424,454	5,973,810	797,023	648,341	218,183	1,663,547	7,637,357
Less: Cost of direct benefits to donor	-	-	-	-	-	-	-	-	(218,183)	(218,183)	(218,183)
Total Expenses Reported by Function on the Statement of Activities	\$ 3,355,173	\$ 943,794	\$ 772,241	\$ 478,148	\$ 424,454	\$ 5,973,810	\$ 797,023	\$ 648,341	\$ -	\$ 1,445,364	\$ 7,419,174

Covenant House Alaska

Consolidated Statements of Cash Flows

	Year Ended June 30,	
	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (531,507)	\$ (527,237)
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation and amortization	645,060	626,746
Amortization of debt issuance costs	65,363	65,363
Contributed property	(540,000)	(428,000)
Gain on sale of property and equipment	-	(4,211)
Realized and unrealized gain on investments	(45,418)	(38,266)
Deferred gain on sale leaseback of the building	(24,537)	(24,538)
Unrealized gain on beneficial interest held by the Alaska Community Foundation	(5,181)	(7,757)
Net change in operating assets and liabilities		
Grants receivable	51,778	1,954
Pledges and contributions receivable	470,562	(560,857)
Other receivables	67,647	(67,130)
Prepaid expenses and other current assets	(31,304)	(6,689)
Accounts payable and accrued liabilities	17,079	97,210
Deferred revenue	43,761	39,239
Net Cash from Operating Activities	183,303	(834,173)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(178,248)	(141,557)
Proceeds from sale of property and equipment	-	10,800
Purchase of investments	(100,000)	(805,511)
Proceeds from sale of investments	202,472	1,750,010
Net Cash from Investing Activities	(75,776)	813,742
CASH FLOWS FROM FINANCING ACTIVITIES		
Change in amounts due to affiliates	(97,688)	58,814
Change in restricted cash	26,436	30,000
Net Cash from Financing Activities	(71,252)	88,814
Change in Cash and Cash Equivalents	36,275	68,383
CASH AND CASH EQUIVALENTS		
Beginning of year	173,069	104,686
End of year	\$ 209,344	\$ 173,069
SUPPLEMENTAL CASH FLOW INFORMATION		
Cash paid for interest	\$ 129,264	\$ 128,631

See notes to consolidated financial statements

Covenant House Alaska

Notes to Consolidated Financial Statements
June 30, 2019 and 2018

1. Organization and Nature of Activities

Covenant House Alaska (the “Organization”), a not-for-profit organization incorporated in 1988, is an operating affiliate of Covenant House (the “Parent”), a New York-based organization. The Organization provides shelter, residential services, community services, and outreach services to youth in the Anchorage, Alaska metropolitan area.

The Parent is a not for profit organization founded in 1968 and incorporated in 1972. The Parent and affiliates (collectively “Covenant House”), provided shelter, food, clothing, medical attention, crisis intervention, public education and prevention, and other services that reached approximately 74,000 and 89,000 young people during fiscal 2019 and 2018.

Covenant House is the sole member of the following not-for-profit affiliates:

- Covenant House California
- Covenant House Chicago
- Covenant House Connecticut
- Covenant House Florida
- Covenant House Georgia
- Covenant House Illinois
- Covenant House Michigan
- Covenant House Missouri
- Covenant House New Jersey
- Covenant House New Orleans
- CH Housing Development Fund Corporation
- Covenant House Pennsylvania/Under 21
- Covenant House Texas
- Covenant House Washington, D.C.
- Covenant House Western Avenue
- Covenant House Testamentum
- Covenant International Foundation
- Rights of Passage, Inc.
- Under 21 Boston, Inc.
- 268 West 44th Corporation
- 460 West 41st Street, LLC
- Covenant House New York/Under 21

The Parent is also the sole member of Covenant International Foundation (“CIF”), a not-for-profit corporation, and the Parent, together with CIF, represent the controlling interest of the following international not-for-profit affiliates:

- Asociación La Alianza (Guatemala)
- Casa Alianza de Honduras
- Casa Alianza Internacional
- Casa Alianza Nicaragua
- Covenant House Toronto
- Covenant House Vancouver
- Fundación Casa Alianza México, I.A.P.

The Organization has been determined to be a not-for-profit organization exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code.

In September 2012, Covenant House Holdings, LLC (“CHH”) was formed as a special purpose entity for the purpose of participation in a New Markets Tax Credit (“NMTC”) financing transaction, and received an allocation of NMTC funds pursuant to Section 45D of the Internal Revenue Code to fund the opening of the crisis center at 755 A Street, Anchorage, Alaska (“Center”). The activities of CHH are included in the consolidated financial statements of the Organization. All significant inter-company balances and transactions have been eliminated.

Covenant House Alaska

Notes to Consolidated Financial Statements
June 30, 2019 and 2018

1. Organization and Nature of Activities (continued)

Components of Program and Supporting Services

Program Services

Shelter

Shelter Services provides a 60-bed shelter for youth ages 13-20, open 24 hours a day, 7 days a week to handle youth/family problems. Shelter Services provides a safe place for the basic needs to be met and the tools for youth to work toward independence and prevent homelessness in the future. Information and referrals are available for any individual calling into the center for help with youth, families, and homelessness

Transitional Living – Rights of Passage

Rights of Passage is a 25 bed coed residential program that provides supportive housing for youth ages 18 to 24 seeking independent living. Youth learn budgeting, employment skills, nutrition, decision making, and other independent living skills. Rights of Passage serves males and females for up to 18 months in residence and 12 months of aftercare. 14 of the 25 beds are designated for youth who meet the Housing and Urban Development (“HUD”) definition of homeless.

Transitional Living – Mother/Child

Mother/Child is a supportive housing program for parenting and pregnant teens ages 17 through 20 and their children for up to 18 months in residence and 12 months of aftercare. The focus is on vocational and independent living skills, as well as raising healthy children. Mary’s Place offers independent living for three mothers and their children for up to 18 months that includes case management.

Employment and Education Services

Youth can access the support and resources they need to complete their education, gain employment skills and find sustainable jobs. The Organization offers daily workshops, job coaching, and paid internships to all youth accessing services. The Organization’s staff, in partnership with the Anchorage School District, provides educational guidance, structure and support to school age youth in a positive learning environment. Through services such as after-school tutoring, remedial education groups, and General Equivalency Diploma preparation classes, youth receive the essential tools they need to achieve academic success.

Youth Homelessness Demonstration Project

In this project, a Permanency Navigator is assigned to assist youth as they move through housing, programs and systems with the consistency they need from a supportive adult. Because they are employed by the agency contracted for this project, not by any state division or single organization, they are able to walk alongside a young person throughout it all. They can help the youth access behavioral health, substance abuse or disability services, find the right place to live, participate in meetings with the Office of Children’s Services, develop a permanency plan, or provide aftercare to encourage success.

Covenant House Alaska

Notes to Consolidated Financial Statements
June 30, 2019 and 2018

1. Organization and Nature of Activities (continued)

Components of Program and Supporting Services (continued)

Program Services (continued)

Outreach

The Organization's street outreach team goal is simple. They meet at-risk kids when and where they need help most, on the streets. They go to them. The Organization's team begins the process of building trust and develops relationships with youth. Through these relationships the Organization is able to assist Alaska's suffering youth on the streets in choosing to walk through the Organization's doors and accept the many services it offers to assist youth in getting on the path to self-sufficiency. The Drop-In Center program offers walk-in services to young people in need of support. Services include: counseling and referral; help with job searching, resume writing, and other employment support; educational support; use of telephone for local calls; sack lunches and hot/cold drinks; mail and phone message services.

Supporting Services

Management and General

Management and general services include administration, finance and general support activities. Certain administrative costs that relate to specific programs have been allocated to those programs.

Fundraising

Fundraising services relate to the activities of the development program in raising general and specific contributions.

Direct Benefit to Donors

Direct benefit to donors are those costs incurred in connection with special events related to items benefiting attendees of special events, such as meals and entertainment.

2. Summary of Significant Accounting Policies

Basis of Presentation and Use of Estimates

The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"), which requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Covenant House Alaska

Notes to Consolidated Financial Statements
June 30, 2019 and 2018

2. Summary of Significant Accounting Policies (*continued*)

Change in Accounting Principle

On July 1, 2018, the Organization adopted new guidance regarding the Presentation of Financial Statements for Not-For-Profit Entities. This guidance requires the Organization to collapse the three-category (unrestricted, temporarily restricted, and permanently restricted) classification of net assets into two categories: with donor restrictions and without donor restrictions. In addition, the new guidance requires the Organization to make certain expanded disclosures relating to the liquidity of financial assets, and expenses by both their natural and functional classification in one location in the consolidated financial statements. As a result of implementing this standard, prior year amounts for temporarily restricted and permanently restricted net assets were combined as net assets with donor restrictions.

For contributions used to acquire or construct long-lived assets, this guidance requires all not-for-profit entities to use the placed-in-service approach to recognize the expirations of restrictions, unless donor-imposed restrictions specify otherwise. This eliminates the previous option of releasing donor-imposed restrictions over the estimated useful life of the acquired asset.

Net Assets

The Organization reports information regarding financial position and activities according to two classes of net assets: without and with donor restrictions.

Without donor restrictions – consist of resources available for the general support of the Organization's operations. Net assets without donor restrictions may be used at the discretion of the Organization's management and Board of Directors.

With donor restrictions – represent amounts restricted by donors to be used for specific activities or at some future date, or which require the Organization to maintain in perpetuity, including funds that are subject to restrictions or gift instruments requiring that the principal be invested in perpetuity and the income be used for specific or general purposes. When a donor restriction expires, that is, when a time restriction ends or a purpose restriction is fulfilled, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions. Income and gains earned on endowment fund investments are available to be used in the "without donor restrictions" or "with donor restrictions" net asset classes based upon stipulations by the donors.

Cash and Cash Equivalents

The Organization considers all highly liquid investments with a maturity of three months or less at the time of purchase to be cash equivalents.

Restricted Cash

At June 30, 2019 and 2018, CHH held cash deposits totaling \$30,000 and \$60,000 which are restricted to pay fees and expense reimbursements to certain entities with continuing involvement in the NMTC transaction (see note 8). At June 30, 2019 and 2018, the board designated fund had restricted cash totaling \$142,439 and \$138,875. The total restricted cash at June 30, 2019 and 2018 is \$172,439 and \$198,875.

Covenant House Alaska

Notes to Consolidated Financial Statements
June 30, 2019 and 2018

2. Summary of Significant Accounting Policies (*continued*)

Fair Value of Financial Instruments

The Organization follows U.S. GAAP guidance on fair value measurements which defines fair value and establishes a fair value hierarchy organized into three levels based upon the input assumptions used in pricing assets. Level 1 inputs have the highest reliability and are related to assets with unadjusted quoted prices in active markets. Level 2 inputs relate to assets with other than quoted prices in active markets which may include quoted prices for similar assets or liabilities or other inputs which can be corroborated by observable market data. Level 3 inputs are unobservable inputs and are used to the extent that observable inputs do not exist.

Investment Valuation and Income Recognition

Investments are valued at fair value in the consolidated statements of financial position. Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis and dividends are recorded on the ex-dividend date. Realized and unrealized gains and losses are included in the determination of change in net assets.

Property and Equipment

Property and equipment is recorded at cost. Depreciation is recorded using the straight-line method over the estimated useful lives of the assets. The Organization's policy is to capitalize all purchases of \$5,000 or greater except for furniture and fixtures, which is \$2,500 or greater, and a useful life of one year or more at the time of purchase.

Depreciation is provided using the straight-line method over the estimated useful lives of the assets, as follows:

Buildings	40 years
Building improvements	39 years
Equipment	12 years

Asset Recoverability

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell. There was no such impairment for the years ended June 30, 2019 and 2018.

Covenant House Alaska

Notes to Consolidated Financial Statements
June 30, 2019 and 2018

2. Summary of Significant Accounting Policies (continued)

Contributions and Pledges Receivable

Contributions to the Organization are recorded as revenue upon the receipt of an unconditional pledge or of cash or other assets. Contributions are considered available for general use, unless the donors restrict their use. Contributions to be received after one year are discounted at an interest rate commensurate with the risk involved. An allowance for uncollectible pledges receivable is provided, using management's judgment of potential defaults, which considers factors such as prior collection history, type of contribution and the nature of fundraising activity. Contribution revenue is recognized based on the present value of the estimated future payments to be made to the Organization.

Deferred Revenue

Deposits received for program services not yet provided are recorded as deferred revenue and recognized as program service revenue in the period to which they pertain.

Revenue Recognition

The Organization records earned revenues on an accrual basis; the Organization records as revenue the following types of contributions, when they are received unconditionally at their fair value: cash, promises to give (contributions receivable), grants receivable, certain contributed services and gifts of other assets. Multi-year pledges receivable are recorded at present value based on the expected collection date using a risk-adjusted discount rate. Conditional contributions and grants are recognized as revenue when the conditions on which they depend have been substantially met. The Organization also raises funds through special events, such as galas. Event revenues, net of related costs with a direct-benefit to donors, are recorded as without donor restrictions since such funds can be used for general operations unless there are donor-imposed restrictions. Costs to generate with and without donor restricted funds and grants are expensed as incurred. Grant revenue is recognized as services are performed or expenditures are incurred under the Organization's contracts with its clients and funders.

Functional Allocation of Expenses

The costs of providing the various program and supporting services have been summarized on a functional basis. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The Organization allocated direct costs to program services. Supporting services include management and general and fundraising. Allocated expenses among program services and management and general and fundraising include salaries and related expenses, staff travel, consulting and professional fees, rent and occupancy, and other expenses which are allocated based on time and costs where efforts are made.

Covenant House Alaska

Notes to Consolidated Financial Statements
June 30, 2019 and 2018

2. Summary of Significant Accounting Policies (*continued*)

Donated Goods and Services

Donated goods consist of items received by the Organization and awarded as prizes during the auctions held in relation to special events. These amounts are recorded as both revenue and expense at their estimated fair values at the date of receipt. The Organization recognizes the fair value of donated services which create or enhance nonfinancial assets, or require specialized skills provided by individuals possessing those skills and would typically be purchased if not provided by donation. Contributed services which do not meet these criteria are not recognized as revenue and are not reported in the accompanying consolidated financial statements.

Debt Issuance Costs

Debt issuance costs are reported on the consolidated statements of financial position as a direct deduction from the face amount of the debt. The debt issuance costs are being amortized over the term of the debt on a method that approximates the effective interest method. The Organization reflects amortization of debt issuance costs within interest expense.

Advertising Costs

Advertising costs are expensed as incurred.

Accounting for Uncertainty in Income Taxes

The Organization recognizes the effect of income tax positions only if those positions are more likely than not to be sustained. Management has determined that the Organization had no uncertain tax positions that would require financial statement recognition and/or disclosure. The Organization is no longer subject to examinations by the applicable taxing jurisdictions for years prior to June 30, 2016.

Subsequent Events Evaluation by Management

Management has evaluated subsequent events for disclosure and recognition in the consolidated financial statements through the date that the consolidated financial statements were available to be issued, which date is April 7, 2020. See Note 19.

3. Grants Receivable

Grants receivable of \$654,924 and \$706,702 at June 30, 2019 and 2018, represent the amounts due from various governmental agencies for the Organization's programs. All grants receivable as of June 30, 2019 are expected to be collected within one year.

Covenant House Alaska

Notes to Consolidated Financial Statements June 30, 2019 and 2018

4. Pledges and Contributions Receivable

Pledges and contributions receivable at June 30, are expected to be received as follows:

	2019	2018
Within one year	\$ 235,317	\$ 703,794
Between one and five years	1,425	3,510
	\$ 236,742	\$ 707,304

A discount to reflect multi-year pledges receivables has not been recorded, as the amount is immaterial.

5. Note Receivable

In connection with the NMTC transaction (Note 8), in September 2012, the Organization loaned Covenant House Investment Fund, LLC, ("Investment Fund"), an unrelated entity, \$12,813,000. The Investment Fund also received equity from a tax credit investor and then made a Qualified Equity Investment ("QEI") in Wells Fargo Community Development Enterprise Round 8 Subsidiary 7, LLC ("Wells Fargo"), Brownfield Revitalization XXIV, LLC ("Brownfield") and Consortium America XXXIX, LLC ("Consortium"), (collectively, the "CDEs"). CDEs then made two loans in the amount of \$12,813,000 (Note A) and \$4,487,000 (Note B) to CHH.

The note receivable requires interest to be paid monthly to the Organization at a rate of 1% per annum, commencing on October 1, 2012. The full amount of unpaid principal is required to be paid on June 10, 2020. As security, the Investment Fund pledged its membership interest in the CDEs. As discussed further in Note 19, Investment Fund was acquired by the Organization as part of the unwinding of the new market tax credit program and the note receivable was eliminated upon consolidation. In prior years, Investment Fund was controlled by unrelated entities and not consolidated.

6. Investments

The following are major categories of investments grouped by the fair value hierarchy at June 30, 2019:

	Level 1	Level 3	Total
Equities			
Large CAP	\$ 347,403	\$ -	\$ 347,403
Mid CAP	140,990	-	140,990
Foreign	473,583	-	473,583
Bonds			
High - Yield Corporate Bond	253,649	-	253,649
Intermediate	369,136	-	369,136
Total	\$ 1,584,761	\$ -	\$ 1,584,761
Beneficial interest in assets held by the Alaska Community Foundation	\$ -	\$ 118,569	\$ 118,569

Covenant House Alaska

Notes to Consolidated Financial Statements June 30, 2019 and 2018

6. Investments (continued)

The following are major categories of investments grouped by the fair value hierarchy at June 30, 2018:

	Level 1	Level 3	Total
Equities			
Large CAP	\$ 314,727	\$ -	\$ 314,727
Mid CAP	138,174	-	138,174
Foreign	467,224	-	467,224
Bonds			
High - Yield Corporate Bond	232,743	-	232,743
Intermediate	253,028	-	253,028
REIT	235,919	-	235,919
Total	\$ 1,641,815	\$ -	\$ 1,641,815
Beneficial interest in assets held by the Alaska Community Foundation	\$ -	\$ 113,388	\$ 113,388

Investment income consists of the following for the years ended June 30:

	2019	2018
Dividends and interest	\$ 49,236	\$ 55,511
Realized gain	7,962	34,585
Change in unrealized gain	37,456	3,681
	\$ 94,654	\$ 93,777

The beneficial interest in assets held by the Alaska Community Foundation (the "Foundation") has been valued, at the fair value of the Organization's share of the Foundation's investment pool as of the measurement date. The Foundation values securities and other financial instruments on a fair value basis. The estimated fair values of certain investments of the Foundation, which include closely held stocks for which prices are not readily available, are determined by the management of the Foundation and may not reflect amounts that could be realized upon immediate sale, nor amounts that ultimately may be realized. Accordingly, the estimated fair values may differ significantly from the values that would have been used had a ready market existed for these investments. The beneficial interest in assets held by the Foundation is not redeemable by the Organization.

The table below presents information about fair value measurements that use significant unobservable inputs (Level 3):

	2019	2018
Beginning balance	\$ 113,388	\$ 105,631
Net gain (realized/unrealized)	5,181	7,757
Ending balance	\$ 118,569	\$ 113,388

Covenant House Alaska

Notes to Consolidated Financial Statements June 30, 2019 and 2018

7. Property and Equipment

Property and equipment consists of the following at June 30:

	2019	2018
Buildings	\$ 16,573,020	\$ 16,033,020
Building improvements	1,550,496	1,317,555
Equipment	1,278,520	1,235,483
	19,402,036	18,586,058
Accumulated depreciation and amortization	(3,706,696)	(3,061,636)
	15,695,340	15,524,422
Land	2,785,011	2,785,011
Construction in progress	-	97,730
	\$ 18,480,351	\$ 18,407,163

8. Mortgage Payable

In September 2012, CHH was formed for the purpose of participation in a New Markets Tax Credit (“NMTC”) financing transaction to assist in the building of a new Youth Engagement Center Facility (the “Center”) pursuant to Section 45D of the Internal Revenue Code. The NMTC program, administered by the Community Development Financial Institutions Fund (“CDFI Fund”), a division of the U.S. Treasury Department, attracts private investment by awarding federal income tax credits to investors in return for their equity investments in qualified projects. A Community Development Entity (“CDE”) administers these qualified equity investments. These credits, equal to 39% of the investment made, are a dollar-for-dollar reduction in an investor’s tax liability, and are claimed over a seven year period. The seven year compliance period will end in June 2020. Per NMTC regulations, upon completion of a required seven-year period, the issuer of the NMTC loans is anticipated to liquidate interests in the NMTC transaction and thereby forgive the loans.

On September 6, 2012, CHH received mortgage loans from three CDE’s. The loans were comprised of Loan A amounts totaling \$12,813,000 and Loan B amounts totaling \$4,487,000. Each of the A Notes is secured by the mortgage with respect to the Center. A Notes are interest only until June 5, 2020 at an interest rate of 0.744% per annum and are payable monthly. Any accrued but unpaid interest and unpaid principal on the A Notes is due in full on June 6, 2020. Each of the B Notes is secured by the mortgage with respect to the Center. Interest accrues on the B Notes at 0.744% per annum and is payable monthly through June 6, 2020, at which time monthly payments of interest and principal sufficient to fully repay the B Notes by October 1, 2042 are required.

The total amount of interest expense related to the credit arrangement described above totaled \$194,707 and \$194,075 for the years ended June 30, 2019 **and 2018**.

Covenant House Alaska

Notes to Consolidated Financial Statements June 30, 2019 and 2018

8. Mortgage Payable (continued)

At June 30, mortgage payable consisted of the following:

	2019	2018
<u>Note A</u>		
Wells Fargo	\$ 5,277,000	\$ 5,277,000
Brownfield	4,521,600	4,521,600
Consortium	3,014,400	3,014,400
Total Note A	12,813,000	12,813,000
<u>Note B</u>		
Wells Fargo	2,223,000	2,223,000
Brownfield	1,358,400	1,358,400
Consortium	905,600	905,600
Total Note B	4,487,000	4,487,000
Mortgage Payable	17,300,000	17,300,000
Less: Unamortized debt issuance costs	(192,343)	(257,706)
Mortgage Payable, net	\$ 17,107,657	\$ 17,042,294

The total amount of amortized debt issuance costs related to the credit arrangement described above totaled \$65,363 for both years ended June 30, 2019 and 2018.

9. Deferred Realized Gain

In September 2015, the Organization sold a property to Cook Inlet Tribal Council ("CITC") for \$1,533,764. Immediately before the transaction, the property was carried at a cost of \$1,043,004. CITC agreed to expend \$2.1 million to refurbish the property to expand the capacity of the transitional living program. At the same time, the Organization entered into a lease with CITC for the right to use the property for 10 years, with monthly payments of \$2,500 and with two 5 year renewal options at a rent amount to be determined at the time of each renewal. Accordingly, the Organization accounted for the transaction as a sale and leaseback.

As result of this sale-leaseback transaction a realized gain on sale in amount of \$490,760 was realized. Since the lease with CITC is an operating lease, the gain is amortized to income in proportion to rent expense over the remaining lease term, on a straight-line basis. For the years ended June 30, 2019 and 2018, gain amortized to income was \$24,537 and \$24,538. At June 30, 2019 and 2018, deferred realized gain was as follows:

	2019	2018
Deferred realized gain, current	\$ 24,538	\$ 24,538
Deferred realized gain, net of current portion	398,743	423,280
	\$ 423,281	\$ 447,818

Covenant House Alaska

Notes to Consolidated Financial Statements June 30, 2019 and 2018

10. Leases

As described in Note 9, the Organization entered into a lease with CITC for the right to use the property for 10 years, with monthly payments of \$2,500 and with two 5 year renewal options at a rent amount to be determined at the time of each renewal. Beginning July 2017, monthly rental payments were increased up to \$3,708 to cover the cost of improvements above \$2.1 million permitted in the purchase and sale agreement.

In addition, the Organization entered into a lease with CITC for the right to use a program space under non-cancellable operating lease, with monthly payments of \$1,450. Lease term commenced on July 1, 2015 and shall continue until June 30, 2020.

The Organization leases its office equipment under non-cancellable operating leases.

Future minimum annual lease payments for the years ending June 30 are payable as follows:

2020	\$ 441,360
2021	60,287
2022	54,235
2023	50,319
2024	44,497
Thereafter	96,414
	<u>\$ 747,112</u>

Lease Between the Organization and CHH

On September 6, 2012, the Organization entered into a lease (the "Ground Lease") with CHH, whereby the Organization leased the property to CHH. Pursuant to the Ground Lease, CHH agreed to pay the Organization a one-time lump sum rental payment of \$100. The term of the Ground Lease is 65 years from September 6, 2012 through September 30, 2077.

On September 6, 2012, CHH entered into the lease with the Organization (the "Lease"), whereby CHH subleased the Center to the Organization. The Lease expires on September 30, 2042. Pursuant to the Lease, the Organization pays a base monthly rent to CHH, commencing on February 1, 2014 and continuing through September 30, 2042. The Organization has an option to extend the lease for an additional term of five years commencing October 1, 2042.

Lease expenses and revenues between the Organization and CHH are eliminated in consolidation.

Covenant House Alaska

Notes to Consolidated Financial Statements June 30, 2019 and 2018

11. Net Assets with Donor Restrictions

Net assets with donor restrictions as of June 30, are available for the following:

	<u>2019</u>	<u>2018</u>
Time-restricted contributions	\$ 97,229	\$ 86,488
Purpose-restricted contributions	<u>684,551</u>	<u>814,009</u>
	<u>\$ 781,780</u>	<u>\$ 900,497</u>

Amounts released from restrictions in the years ended June 30, are as follows:

	<u>2019</u>	<u>2018</u>
Time-restricted contributions	\$ 597,354	\$ 93,496
Purpose-restricted contributions	<u>274,009</u>	<u>242,199</u>
	<u>\$ 871,363</u>	<u>\$ 335,695</u>

12. Board Designated Net Assets

In May 2014, the Board approved the establishment of a Board designated fund. The purpose of the fund is to segregate funds for social enterprise project, building maintenance fund, investment in the Alaska Community Foundation and for income and growth. On April 16, 2015, the Board approved \$2,156,015 to the Board designated fund from the sale of the property located at 609 F Street. On December 8, 2015, the Board approved an additional \$1 million to the Board designated fund from the sale of the property located at 750 West 5th Ave. Interest and dividends from the investment designated to the fund are transferred to the fund each year.

Board designated funds consisted of the following at June 30:

	<u>2019</u>	<u>2018</u>
Beneficial interest in Alaska Community Foundation	\$ 118,569	\$ 113,388
New building maintenance fund	23,870	138,875
Income and growth	<u>1,584,761</u>	<u>1,641,815</u>
	<u>\$ 1,727,200</u>	<u>\$ 1,894,078</u>

The Board designated fund is invested in accordance with the Organization's investment policy. Investments are placed in a diversified balanced portfolio consisting of equity securities, fixed income securities, alternative investments and cash equivalents. The Organization expects its portfolio to achieve returns comparable to nationally recognized market indices. In addition, the Organization will conduct performance comparisons against nationally recognized balanced fund managers and market indices.

Covenant House Alaska

Notes to Consolidated Financial Statements June 30, 2019 and 2018

12. Board Designated Net Assets *(continued)*

In accordance with the Board's directive, spending will be limited to 4 percent of the average assets for general use beginning fiscal year 2016. Once four years of investment returns are achieved, the policy will be to transfer the average annual observed return over the trailing sixteen quarters.

The Board approved to disburse \$250,000 and \$1,000,010 in Board designated funds for general operations for fiscal years 2019 and 2018 and additional funds of \$115,598 were released for building maintenance in 2019.

The following table is an analysis of the changes in the board designated fund for the years ended June 30:

	2019	2018
Board designated funds, beginning of year	\$ 1,894,078	\$ 2,792,554
Interest and dividend income	49,236	55,511
Net gain (realized and unrealized)	49,484	46,023
Transfers in	100,000	-
Transfers out	(365,598)	(1,000,010)
Board designated funds, end of year	\$ 1,727,200	\$ 1,894,078

13. Commitments and Contingencies

Expenses incurred pursuant to the grants and contracts are subject to audit by governmental agencies or their representatives. Amounts reflected in the consolidated financial statements and expenses in prior periods have generally not been audited by the grantor agencies. Accordingly, adjustments to amounts received could result if the grants and contracts are audited by such agencies.

14. Liquidity and Availability Disclosure

The Organization's financial assets available within one year of the consolidated statement of financial position date for general expenditures are as follows at June 30, 2019:

Cash	\$ 209,344
Restricted cash	172,439
Grants receivable	654,924
Pledges receivable	235,317
Other receivable	30,978
Total Financial Assets Available Within One Year	1,303,002
Less contractual or donor imposed restricted amounts:	
Restricted by donor with time or purpose restrictions and internal designations	954,219
Financial assets available to meet general expenditures over the next twelve months	\$ 348,783

Covenant House Alaska

Notes to Consolidated Financial Statements
June 30, 2019 and 2018

14. Liquidity and Availability Disclosure (*continued*)

Liquidity Management

The Organization structures its financial assets to be available as its general expenditures, liabilities and other obligations come due. The Organization's capital and cash flows have cyclical variations during the year attributable to the cash receipts of contributions and grants. The board designated fund of \$1.7 million is subject to an annual spending rate of 4% as described in Note 12. Although the Organization does not intend to spend from its board designated fund, these amounts could be made available if necessary. In addition, subsequent to year end, the Organization received \$750,000 in line of credit from the Parent for the cash flow management.

15. Employee Benefit Plan

Effective January 1, 2007, the Parent adopted a defined contribution 403(b) savings and retirement plan. Employees are immediately eligible to participate in the plan. Employees who work at least 1,000 hours per year are eligible to receive an employer contribution. The Organization makes annual contributions into the plan on behalf of employees ranging from 1% to 9% of employee compensation determined using a formula based on points, which equal the sum of age and years of service. Employer contributions to the plan are 100% vested after employees have completed three years of service. Total expense related to the 403(b) plan was \$97,739 and \$85,029 for the years ended June 30, 2019 and 2018.

The Organization participates in a noncontributory defined benefit pension plan (the "Plan"), which was established on August 1, 1982, sponsored by the Parent, covering substantially all of the employees of the Parent and its domestic affiliates. Benefits are generally based on years of service and final average salary. Effective August 1, 2009, the Board of Directors of the Parent approved to freeze the future benefit accruals of all employees of Covenant House participating in the Plan. As set forth in the provisions of the Employee Retirement Income Security Act of 1974 (ERISA), the Parent is responsible for maintaining an annual minimum funding requirement that is reported and paid by the Parent. Although the Parent is responsible for maintaining the total annual minimum funding requirement, the Plan's actuary has determined the respective allocable share to the various affiliates that participate in the Plan. For the years ended June 30, 2019 and 2018, the Organization contributed \$81,867 and \$56,035 for its allocable share of the Parent's minimum funding requirement, which is included in employee benefits on the statements of functional expenses.

16. Concentration of Credit Risk

Financial instruments that potentially subject the Organization to concentrations of credit risk consist primarily of cash, cash equivalents and receivables from grants. The Organization maintains its cash in bank deposit accounts which generally exceed federally insured limits. The Organization has not experienced any losses in such accounts. The Organization does not have a material concentration of credit risk with respect to program service receivables.

Covenant House Alaska

Notes to Consolidated Financial Statements June 30, 2019 and 2018

17. Donated Goods and Services

Contributed Services

Volunteers in the community provided approximately 5,284 and 6,665 hours of contributed services to the Organization for the years ended June 30, 2019 and 2018. The value of these services performed and the expenses associated with these volunteers were estimated to be approximately \$147,000 and \$183,000 for the years ended June 30, 2019 and 2018. The value of these services is not recorded in the accompanying consolidated financial statements as the criteria for recording such services was not met.

Contributed Goods and Services

The Organization received goods and services from unrelated organizations with an estimated fair value of \$250,975 and \$227,756 during the years ended June 30, 2019 and 2018.

18. Related Party Transactions (not disclosed elsewhere)

The Parent provides financial support as well as management and organizational support for its affiliated organizations. The Parent conducts fundraising activities for its own programs and the programs of the affiliates. Contributions and promises to give totaled approximately \$67 million and \$64 million for the Parent in the years ended June 30, 2019 and 2018. Contributions received from the Parent are generally not specifically restricted by donors to specific affiliates.

The Parent combines contributions received from individuals, corporations and foundations plus a Parent subsidy and appropriates funds classified as "Branding Dollars" or "Contributions Received from Parent" to each Covenant House affiliate. Total funds allocated to affiliates, based on the Parent's policy, approximated \$34 million and \$31 million for the years ended June 30, 2019 and 2018. In 2019 and 2018, the Organization received \$680,000 and \$516,000 in "Branding Dollars" and \$259,349 and \$180,399 related to national sleep out event from the Parent.

19. Subsequent Events

In September 2012, the Organization participated in a NMTC financing transaction. See notes 5 and 8. In connection with the NMTC financing, Wells Fargo Community Investment Holdings, LLC, as tax credit investor (the "Tax Credit Investor") and sole member of the Investment Fund for the NMTC financing, entered into an Investment Fund Put and Call Agreement (the "Put and Call Agreement") with the Organization, allowing the Tax Credit Investor, upon expiration of the seven-year compliance period with respect to the NMTC Financing, to sell or "put" its membership interest in the Investment Fund to the Organization.

The NMTC financing was arranged on behalf of CHH, an Alaska limited liability company, and a commonly controlled affiliate of the Organization. CHH served as the qualified active low income community business (the "QALICB") for the NMTC financing.

In September 2019, pursuant to the Put and Call Agreement, the Tax Credit Investor determined to exercise its put option, and thereafter initiated a series of transactions intended to unwind the original NMTC Financing.

Covenant House Alaska

Notes to Consolidated Financial Statements
June 30, 2019 and 2018

19. Subsequent Events *(continued)*

On November 21, 2019, the Organization purchased the Tax Credit Investor's interest in the Investment Fund at a cost of \$1,000. Upon the succession of the Organization to the ownership interest of the Tax Credit Investor in the Investment Fund, certain indebtedness incurred in connection with the NMTC financing was forgiven, including: (a) indebtedness owed by the QALICB that had been assigned by the previous lenders to the Investment Fund, in the amount of \$12,813,000, and (b) indebtedness owed by the Investment Fund to the Organization, in the amount of \$4,487,000. In addition, the Organization, following such debt forgiveness, has been authorized and directed to accept from the QALICB such conveyances of real and personal property as would be sufficient to transfer to the Organization's title to the real and personal property included in the facilities financed by the NMTC financing. The Organization realized a net gain of approximately \$2 million on the forgiveness debt of debt from the NMTC unwind.

Subsequent to year end, the Organization's operations and financial performance may be affected by the recent COVID-19 outbreak which has spread globally and is expected to adversely affect economic conditions throughout the world. If the outbreak continues and conditions worsen, the programs may experience a disruption in operations as well as a decline in government contracts support and program fees revenues. The outbreak is likely to adversely affect the programs' business, financial conditions and results of operations on an interim basis.

The COVID-19 outbreak has resulted in substantial volatility in the global financial markets. As a result, the Organization's investment portfolio has incurred a significant decline in its fair value since June 30, 2019. Because the value of the Organization's individual investments have and will fluctuate in response to changing market conditions, the amount of losses, if any, that will be recognized in subsequent periods cannot be determined.

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Covenant House Alaska

Supplementary Information
June 30, 2019 and 2018

Covenant House Alaska

Consolidating Schedule of Financial Position
June 30, 2019

ASSETS	Covenant House Alaska	Covenant House Holdings	Eliminations	Total
Current Assets				
Cash and cash equivalents	\$ 170,470	\$ 38,874	\$ -	\$ 209,344
Restricted cash	142,439	30,000	-	172,439
Grants receivable	654,924	-	-	654,924
Pledges and contributions receivable	235,317	-	-	235,317
Other receivables	30,978	-	-	30,978
Prepaid expenses and other current assets	<u>94,502</u>	<u>-</u>	<u>-</u>	<u>94,502</u>
Total Current Assets	1,328,630	68,874	-	1,397,504
Pledges and contributions receivable, noncurrent	1,425	-	-	1,425
Board designated fund	1,584,761	-	-	1,584,761
Note receivable	12,813,000	-	-	12,813,000
Property and equipment, net	5,204,738	13,275,613	-	18,480,351
Accrued lease revenue	-	5,821,583	(5,821,583)	-
Beneficial interest in assets held by the Alaska Community Foundation	118,569	-	-	118,569
Other assets	<u>-</u>	<u>66,011</u>	<u>(66,011)</u>	<u>-</u>
	<u>\$ 21,051,123</u>	<u>\$ 19,232,081</u>	<u>\$ (5,887,594)</u>	<u>\$ 34,395,610</u>
LIABILITIES AND NET ASSETS				
Current Liabilities				
Accounts payable and accrued expenses	\$ 670,309	\$ 18,726	\$ -	\$ 689,035
Due to affiliates	22,206	-	-	22,206
Deferred revenue	83,000	-	-	83,000
Deferred realized gain, current	24,538	-	-	24,538
Mortgage payable, net of debt issuance	<u>-</u>	<u>17,107,657</u>	<u>-</u>	<u>17,107,657</u>
Total Current Liabilities	800,053	17,126,383	-	17,926,436
Deferred realized gain, net of current portion	398,743	-	-	398,743
Due to affiliates, non-current	<u>5,821,583</u>	<u>-</u>	<u>(5,821,583)</u>	<u>-</u>
Total Liabilities	<u>7,020,379</u>	<u>17,126,383</u>	<u>(5,821,583)</u>	<u>18,325,179</u>
Net Assets				
Without Donor Restrictions				
Undesignated	10,149,070	2,105,698	(66,011)	12,188,757
Board designated	1,727,200	-	-	1,727,200
Investment in property and equipment	<u>1,372,694</u>	<u>-</u>	<u>-</u>	<u>1,372,694</u>
Total Without Donor Restrictions	13,248,964	2,105,698	(66,011)	15,288,651
With donor restrictions	<u>781,780</u>	<u>-</u>	<u>-</u>	<u>781,780</u>
Total Net Assets	<u>14,030,744</u>	<u>2,105,698</u>	<u>(66,011)</u>	<u>16,070,431</u>
	<u>\$ 21,051,123</u>	<u>\$ 19,232,081</u>	<u>\$ (5,887,594)</u>	<u>\$ 34,395,610</u>

Covenant House Alaska

Consolidating Schedule of Financial Position
June 30, 2018

ASSETS	Covenant House Alaska	Covenant House Holdings	Eliminations	Total
Current Assets				
Cash and cash equivalents	\$ 141,234	\$ 31,835	\$ -	\$ 173,069
Restricted cash	138,875	30,000	-	168,875
Grants receivable	706,702	-	-	706,702
Pledges and contributions receivable	703,794	-	-	703,794
Other receivables	98,625	-	-	98,625
Prepaid expenses and other current assets	63,198	-	-	63,198
Total Current Assets	<u>1,852,428</u>	<u>61,835</u>	<u>-</u>	<u>1,914,263</u>
Pledges and contributions receivable, noncurrent	3,510	-	-	3,510
Restricted cash, noncurrent	-	30,000	-	30,000
Board designated fund	1,641,815	-	-	1,641,815
Note receivable	12,813,000	-	-	12,813,000
Property and equipment, net	4,684,581	13,722,582	-	18,407,163
Accrued lease revenue	-	5,000,028	(5,000,028)	-
Beneficial interest in assets held by the Alaska Community Foundation	113,388	-	-	113,388
Other assets	-	67,940	(67,940)	-
	<u>\$ 21,108,722</u>	<u>\$ 18,882,385</u>	<u>\$ (5,067,968)</u>	<u>\$ 34,923,139</u>
LIABILITIES AND NET ASSETS				
Current Liabilities				
Accounts payable and accrued expenses	\$ 652,610	\$ 19,346	\$ -	\$ 671,956
Due to affiliates, current	119,894	-	-	119,894
Deferred revenue	39,239	-	-	39,239
Deferred realized gain, current	24,538	-	-	24,538
Total Current Liabilities	836,281	19,346	-	855,627
Deferred realized gain, net of current portion	423,280	-	-	423,280
Due to affiliates, non-current	5,000,028	-	(5,000,028)	-
Long-term debt, net of debt issuance costs	-	17,042,294	-	17,042,294
Total Liabilities	<u>6,259,589</u>	<u>17,061,640</u>	<u>(5,000,028)</u>	<u>18,321,201</u>
Net Assets				
Without Donor Restrictions				
Undesignated	10,689,689	1,820,745	(67,940)	12,442,494
Board designated	1,894,078	-	-	1,894,078
Investment in property and equipment	1,364,869	-	-	1,364,869
Total Without Donor Restrictions	<u>13,948,636</u>	<u>1,820,745</u>	<u>(67,940)</u>	<u>15,701,441</u>
With donor restrictions	900,497	-	-	900,497
Total Net Assets	<u>14,849,133</u>	<u>1,820,745</u>	<u>(67,940)</u>	<u>16,601,938</u>
	<u>\$ 21,108,722</u>	<u>\$ 18,882,385</u>	<u>\$ (5,067,968)</u>	<u>\$ 34,923,139</u>

Covenant House Alaska

Consolidating Schedule of Activities
Year Ended June 30, 2019

	<u>Covenant House Alaska</u>	<u>Covenant House Holdings</u>	<u>Eliminations</u>	<u>Total</u>
PUBLIC SUPPORT, REVENUES AND GAINS				
Public Support				
Branding dollars from Parent	\$ 680,000	\$ -	\$ -	\$ 680,000
Grants from Parent related to sleepout events	259,360	-	-	259,349
Contributions	3,246,946	-	-	3,246,946
Special events revenue	634,311	-	-	634,322
Less: Cost of direct benefit to donors	<u>(221,555)</u>	<u>-</u>	<u>-</u>	<u>(221,555)</u>
Total Public Support	<u>4,599,062</u>	<u>-</u>	<u>-</u>	<u>4,599,062</u>
Revenues and Gains				
Grant income	2,507,303	-	-	2,507,303
Interest income	157	-	-	157
Investment income	94,654	-	-	94,654
Change in value of beneficial interest held by the Alaska Community Foundation	5,181	-	-	5,181
Other income	<u>757,222</u>	<u>966,556</u>	<u>(966,556)</u>	<u>757,222</u>
Total Revenues and Gains	<u>3,364,517</u>	<u>966,556</u>	<u>(966,556)</u>	<u>3,364,517</u>
Total Public Support, Revenues and Gains	<u>7,963,579</u>	<u>966,556</u>	<u>(966,556)</u>	<u>7,963,579</u>
EXPENSES				
Program Services				
Shelter	4,047,117	681,603	(968,485)	3,760,235
Transitional living - Rights of Passage	1,180,035	-	-	1,180,035
Employment and Education	658,709	-	-	658,709
Transitional living - Mother/Child	531,981	-	-	531,981
HUD Youth Demonstration Project	460,959	-	-	460,959
Outreach	<u>273,492</u>	<u>-</u>	<u>-</u>	<u>273,492</u>
Total Program Services	<u>7,152,293</u>	<u>681,603</u>	<u>(968,485)</u>	<u>6,865,411</u>
Supporting Services				
Management and general	954,676	-	-	954,676
Fundraising and special events	<u>674,999</u>	<u>-</u>	<u>-</u>	<u>674,999</u>
Total Supporting Services	<u>1,629,675</u>	<u>-</u>	<u>-</u>	<u>1,629,675</u>
Total Expenses	<u>8,781,968</u>	<u>681,603</u>	<u>(968,485)</u>	<u>8,495,086</u>
Change in Net Assets	(818,389)	284,953	1,929	(531,507)
NET ASSETS				
Beginning of year	<u>14,849,133</u>	<u>1,820,745</u>	<u>(67,940)</u>	<u>16,601,938</u>
End of year	<u>\$ 14,030,744</u>	<u>\$ 2,105,698</u>	<u>\$ (66,011)</u>	<u>\$ 16,070,431</u>

Covenant House Alaska

Consolidating Schedule of Activities
Year Ended June 30, 2018

	Covenant House Alaska	Covenant House Holdings	Eliminations	Total
PUBLIC SUPPORT, REVENUES AND GAINS				
Public Support				
Branding dollars from Parent	\$ 516,000	\$ -	\$ -	\$ 516,000
Grants from Parent related to sleepout events	180,399	-	-	180,399
Contributions	3,200,101	-	-	3,200,101
Special events revenue	506,480	-	-	506,480
Less: Cost of direct benefit to donors	<u>(218,183)</u>	-	-	<u>(218,183)</u>
Total Public Support	<u>4,184,797</u>	-	-	<u>4,184,797</u>
Revenues and Gains				
Grant income	1,857,514	-	-	1,857,514
Interest income	73	-	-	73
Investment income	93,777	-	-	93,777
Change in value of beneficial interest held by the Alaska Community Foundation	7,757	-	-	7,757
Other income	<u>748,019</u>	<u>966,556</u>	<u>(966,556)</u>	<u>748,019</u>
Total Revenues and Gains	<u>2,707,140</u>	<u>966,556</u>	<u>(966,556)</u>	<u>2,707,140</u>
Total Public Support, Revenues and Gains	<u>6,891,937</u>	<u>966,556</u>	<u>(966,556)</u>	<u>6,891,937</u>
EXPENSES				
Program Services				
Shelter	3,621,168	702,490	(968,485)	3,355,173
Transitional living - Rights of Passage	943,794	-	-	943,794
Employment and Education	772,241	-	-	772,241
Transitional living - Mother/Child	478,148	-	-	478,148
Outreach	424,454	-	-	424,454
Total Program Services	<u>6,239,805</u>	<u>702,490</u>	<u>(968,485)</u>	<u>5,973,810</u>
Supporting Services				
Management and general	797,023	-	-	797,023
Fundraising and special events	648,341	-	-	648,341
Total Supporting Services	<u>1,445,364</u>	-	-	<u>1,445,364</u>
Total Expenses	<u>7,685,169</u>	<u>702,490</u>	<u>(968,485)</u>	<u>7,419,174</u>
Change in Net Assets	(793,232)	264,066	1,929	(527,237)
NET ASSETS				
Beginning of year	<u>15,642,365</u>	<u>1,556,679</u>	<u>(69,869)</u>	<u>17,129,175</u>
End of year	<u>\$ 14,849,133</u>	<u>\$ 1,820,745</u>	<u>\$ (67,940)</u>	<u>\$ 16,601,938</u>