

Covenant House Alaska

Financial Statements

June 30, 2021 and 2020

Covenant House Alaska

Financial Statements
June 30, 2021 and 2020

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Independent Auditors' Report

Board of Directors Covenant House Alaska

We have audited the accompanying financial statements of Covenant House Alaska (the "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.

Auditors' 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. 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 auditors' 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 Covenant House Alaska 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.

PKF O'Connor Davies, LLP

March 25, 2022

Covenant House Alaska

Statements of Financial Position

	June 30,	
	2021	2020
ASSETS		
Current Assets		
Cash	\$ 1,159,859	\$ 1,399,709
Grants receivable	852,658	1,465,770
Pledges and contributions receivable	916,115	203,271
Other receivables	2,734	1,231
Prepaid expenses and other current assets	45,274	50,447
Total Current Assets	2,976,640	3,120,428
Board designated fund	2,060,862	1,629,247
Property and equipment, net	18,346,305	18,238,502
Beneficial interest in assets held by the Alaska Community Foundation	160,271	122,482
	\$ 23,544,078	\$ 23,110,659
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable and accrued expenses	\$ 1,150,827	\$ 789,195
Due to affiliates	289,521	1,788,641
Deferred revenue	923,441	508,103
Deferred realized gain, current	24,538	24,538
Total Current Liabilities	2,388,327	3,110,477
Refundable advance	-	435,332
Deferred realized gain, net of current portion	349,667	374,205
Total Liabilities	2,737,994	3,920,014
Net Assets		
Without Donor Restrictions		
Undesignated	(1,505,993)	(1,160,734)
Board designated	2,221,133	1,751,729
Investment in property and equipment	18,346,305	18,238,502
Total Without Donor Restrictions	19,061,445	18,829,497
With donor restrictions	1,744,639	361,148
Total Net Assets	20,806,084	19,190,645
	\$ 23,544,078	\$ 23,110,659

See notes to financial statements

Covenant House Alaska

Statement of Activities
Year Ended June 30, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
PUBLIC SUPPORT, REVENUES AND GAINS			
Public Support			
Branding dollars from Parent	\$ 634,129	\$ -	\$ 634,129
Grants from Parent related to sleepout events	132,649	-	132,649
Contributions	2,760,505	1,744,996	4,505,501
Special events revenue	437,180	-	437,180
Less: Cost of direct benefit to donors	<u>(67,103)</u>	<u>-</u>	<u>(67,103)</u>
Total Public Support	<u>3,897,360</u>	<u>1,744,996</u>	<u>5,642,356</u>
Revenues and Gains			
Grant income	5,516,931	-	5,516,931
Investment income	431,615	-	431,615
Change in value of beneficial interest held by the Alaska Community Foundation	37,789	-	37,789
Other income	<u>771,783</u>	<u>-</u>	<u>771,783</u>
Total Revenues and Gains	<u>6,758,118</u>	<u>-</u>	<u>6,758,118</u>
Net assets released from restrictions	<u>361,505</u>	<u>(361,505)</u>	<u>-</u>
Total Public Support, Revenues and Gains	<u>11,016,983</u>	<u>1,383,491</u>	<u>12,400,474</u>
EXPENSES			
Program Services			
Shelter	4,379,494	-	4,379,494
Transitional living - Rights of Passage	1,298,418	-	1,298,418
Employment and Education	560,765	-	560,765
Transitional living - Mother/Child	543,704	-	543,704
Youth HUD Demonstration Project	1,234,126	-	1,234,126
Outreach	314,350	-	314,350
Trafficking	<u>305,209</u>	<u>-</u>	<u>305,209</u>
Total Program Services	<u>8,636,066</u>	<u>-</u>	<u>8,636,066</u>
Supporting Services			
Management and general	1,335,806	-	1,335,806
Fundraising and special events	<u>813,163</u>	<u>-</u>	<u>813,163</u>
Total Supporting Services	<u>2,148,969</u>	<u>-</u>	<u>2,148,969</u>
Total Expenses	<u>10,785,035</u>	<u>-</u>	<u>10,785,035</u>
Change in Net Assets	231,948	1,383,491	1,615,439
NET ASSETS			
Beginning of year	<u>18,829,497</u>	<u>361,148</u>	<u>19,190,645</u>
End of year	<u>\$ 19,061,445</u>	<u>\$ 1,744,639</u>	<u>\$ 20,806,084</u>

See notes to financial statements

Covenant House Alaska

Statement of Activities
Year Ended June 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
PUBLIC SUPPORT, REVENUES AND GAINS			
Public Support			
Branding dollars from Parent	\$ 609,286	\$ -	\$ 609,286
Grants from Parent related to sleepout events	259,349	-	259,349
Contributions	2,342,728	69,266	2,411,994
Special events revenue	541,375	-	541,375
Less: Cost of direct benefit to donors	<u>(215,020)</u>	<u>-</u>	<u>(215,020)</u>
Total Public Support	<u>3,537,718</u>	<u>69,266</u>	<u>3,606,984</u>
Revenues and Gains			
Grant income	4,111,829	-	4,111,829
Investment income	45,668	-	45,668
Change in value of beneficial interest held by the Alaska Community Foundation	3,913	-	3,913
Other income	<u>582,744</u>	<u>-</u>	<u>582,744</u>
Total Revenues and Gains	<u>4,744,154</u>	<u>-</u>	<u>4,744,154</u>
Net assets released from restrictions	<u>489,898</u>	<u>(489,898)</u>	<u>-</u>
Total Public Support, Revenues and Gains	<u>8,771,770</u>	<u>(420,632)</u>	<u>8,351,138</u>
EXPENSES			
Program Services			
Shelter	3,941,214	-	3,941,214
Transitional living - Rights of Passage	1,276,274	-	1,276,274
Employment and Education	577,615	-	577,615
Transitional living - Mother/Child	539,266	-	539,266
Youth HUD Demonstation Project	1,196,525	-	1,196,525
Outreach	240,601	-	240,601
Trafficking	<u>74,359</u>	<u>-</u>	<u>74,359</u>
Total Program Services	<u>7,845,854</u>	<u>-</u>	<u>7,845,854</u>
Supporting Services			
Management and general	1,281,319	-	1,281,319
Fundraising and special events	<u>606,461</u>	<u>-</u>	<u>606,461</u>
Total Supporting Services	<u>1,887,780</u>	<u>-</u>	<u>1,887,780</u>
Total Expenses	<u>9,733,634</u>	<u>-</u>	<u>9,733,634</u>
Change in Net Assets Before Other Gains	(961,864)	(420,632)	(1,382,496)
OTHER GAINS			
Gain on forgiveness of debt from new market tax credit unwind	<u>4,502,710</u>	<u>-</u>	<u>4,502,710</u>
Change in Net Assets	3,540,846	(420,632)	3,120,214
NET ASSETS			
Beginning of year	<u>15,288,651</u>	<u>781,780</u>	<u>16,070,431</u>
End of year	<u>\$ 18,829,497</u>	<u>\$ 361,148</u>	<u>\$ 19,190,645</u>

See notes to financial statements

Covenant House Alaska

Statement of Functional Expenses
Year Ended June 30, 2021

	Program Services							Supporting Services				Total Expenses	
	Shelter	Transitional Living - Rights of Passage	Employment and Education	Transitional Living- Mother/ Child	Youth HUD Demonstration Project	Outreach	Trafficking	Total	Management and General	Fundraising and Special Events	Cost of Direct Benefits to Donors		Total
Salaries	\$ 2,233,677	\$ 718,270	\$ 290,071	\$ 323,183	\$ 564,480	\$ 177,467	\$ 203,714	\$ 4,510,862	\$ 518,290	\$ 431,532	\$ -	\$ 949,822	\$ 5,460,684
Employee benefits	481,173	131,507	83,945	69,629	125,393	43,665	55,070	990,382	269,718	79,130	-	348,848	1,339,230
Payroll taxes	166,731	54,268	20,587	24,972	41,672	13,365	15,435	337,030	2,098	32,240	-	34,338	371,368
Total Salaries and Related Expenses	2,881,581	904,045	394,603	417,784	731,545	234,497	274,219	5,838,274	790,106	542,902	-	1,333,008	7,171,282
Contracted services	122,908	32,744	9,851	11,396	108,671	10,426	6,815	302,811	145,127	118,859	-	263,986	566,797
Specific Assistance to Individuals													
Food	188,579	30,449	5,256	6,581	8,525	3,355	63	242,808	3,280	-	7,655	10,935	253,743
Clothing, allowance and other	41,844	11,139	37,935	8,695	247,251	1,310	4,454	352,628	5,148	3,238	-	8,386	361,014
Contributed clothing and merchandise	267,113	400	-	-	-	-	-	267,513	-	-	59,448	59,448	326,961
Occupancy													
Fuel and utilities	99,528	62,167	23,154	11,780	7,176	12,471	-	216,276	423	-	-	423	216,699
Repairs and maintenance	101,359	49,871	1,753	10,589	4,100	5,758	-	173,430	1,918	-	-	1,918	175,348
Interest expense	-	-	-	-	-	-	-	-	10,364	-	-	10,364	10,364
Supplies	118,811	23,731	30,001	12,783	57,054	9,067	8,251	259,698	36,550	43,709	-	80,259	339,957
Insurance	56,418	18,783	9,577	15,992	14,149	6,862	6,786	128,567	32,905	10,872	-	43,777	172,344
Travel	4,664	3,276	1,849	1,164	2,774	512	230	14,469	4,026	1,836	-	5,862	20,331
Miscellaneous	8,448	328	2,254	439	4,163	120	1,468	17,220	61,617	22,213	-	83,830	101,050
Bad debt expense	-	-	-	-	-	-	-	-	90,770	-	-	90,770	90,770
Lease expense	10,359	51,032	4,301	17,400	5,874	24,911	-	113,877	7,361	11,029	-	18,390	132,267
Accounting fees	-	-	-	-	-	-	-	-	51,250	-	-	51,250	51,250
Telephone	21,630	17,724	8,742	10,086	9,005	5,061	2,923	75,171	5,028	3,985	-	9,013	84,184
Bank charges and fees	-	-	894	-	-	-	-	894	18,649	18,557	-	37,206	38,100
Postage and printing	262	31	56	-	-	-	-	349	5,724	19,549	-	25,273	25,622
Dues, licenses and permits	294	550	6,809	10	726	-	-	8,389	11,010	4,643	-	15,653	24,042
Staff recruitment	-	-	-	-	-	-	-	-	9,821	-	-	9,821	9,821
Equipment	8,476	3,922	369	-	-	-	-	12,767	927	-	-	927	13,694
Subscriptions and publications	1,143	432	498	125	36	-	-	2,234	14,269	8,468	-	22,737	24,971
Advertising	300	-	300	300	-	-	-	900	-	2,234	-	2,234	3,134
Legal fees	-	-	-	-	-	-	-	-	15,430	-	-	15,430	15,430
Total Functional Expenses Before Depreciation and Amortization	3,933,717	1,210,624	538,202	525,124	1,201,049	314,350	305,209	8,028,275	1,321,703	812,094	67,103	2,200,900	10,229,175
Depreciation and amortization	445,777	87,794	22,563	18,580	33,077	-	-	607,791	14,103	1,069	-	15,172	622,963
Total Functional Expenses	4,379,494	1,298,418	560,765	543,704	1,234,126	314,350	305,209	8,636,066	1,335,806	813,163	67,103	2,216,072	10,852,138
Less: Cost of direct benefits to donor	-	-	-	-	-	-	-	-	-	-	(67,103)	(67,103)	(67,103)
Total Expenses Reported by Function on the Statement of Activities	\$ 4,379,494	\$ 1,298,418	\$ 560,765	\$ 543,704	\$ 1,234,126	\$ 314,350	\$ 305,209	\$ 8,636,066	\$ 1,335,806	\$ 813,163	\$ -	\$ 2,148,969	\$ 10,785,035

Covenant House Alaska

Statement of Functional Expenses
Year Ended June 30, 2020

	Program Services							Supporting Services					Total Expenses
	Shelter	Transitional Living - Rights of Passage	Employment and Education	Transitional Living - Mother/ Child	Youth HUD Demonstration Project	Outreach	Trafficking	Total	Management and General	Fundraising and Special Events	Cost of Direct Benefits to Donors	Total	
Salaries	\$ 2,015,697	\$ 700,162	\$ 300,951	\$ 302,732	\$ 466,218	\$ 141,780	\$ 32,707	\$ 3,960,247	\$ 411,617	\$ 317,516	\$ -	\$ 729,133	\$ 4,689,380
Employee benefits	412,555	122,486	86,300	84,060	107,049	33,024	8,603	854,077	203,175	37,332	-	240,507	1,094,584
Payroll taxes	160,348	56,090	22,475	23,606	36,451	10,847	2,588	312,405	29,126	25,511	-	54,637	367,042
Total Salaries and Related Expenses	2,588,600	878,738	409,726	410,398	609,718	185,651	43,898	5,126,729	643,918	380,359	-	1,024,277	6,151,006
Contracted services	70,382	37,018	23,168	11,227	131,077	8,240	30,429	311,541	149,532	55,332	-	204,864	516,405
Specific Assistance to Individuals													
Food	216,776	39,853	2,557	7,322	12,380	1,466	-	280,354	-	-	68,767	68,767	349,121
Medical	236	-	-	-	-	-	-	236	-	-	-	-	236
Clothing, allowance and other	40,381	19,951	22,304	8,851	286,235	298	-	378,020	10,360	1,184	-	11,544	389,564
Contributed clothing and merchandise	31,361	-	-	-	-	-	-	31,361	-	-	146,253	146,253	177,614
Occupancy													
Fuel and utilities	98,688	58,404	36,170	13,491	8,438	24,388	-	239,579	-	-	-	-	239,579
Repairs and maintenance	100,275	34,390	2,248	14,781	2,486	2,754	-	156,934	2,699	-	-	2,699	159,633
Interest expense	76,980	-	-	-	-	-	-	76,980	189,560	-	-	189,560	266,540
Supplies	71,383	21,141	17,632	7,686	66,780	1,333	32	185,987	13,747	58,141	-	71,888	257,875
Insurance	56,996	26,067	13,661	11,413	17,712	6,150	-	131,999	18,353	6,446	-	24,799	156,798
Travel	11,060	7,270	3,220	2,104	17,857	1,811	-	43,322	45,883	7,527	-	53,410	96,732
Miscellaneous	15,951	5,229	2,187	3,362	5,210	135	-	32,074	53,815	21,378	-	75,193	107,267
Lease expense	12,815	50,486	10,639	17,400	5,716	2,195	-	99,251	7,394	15,006	-	22,400	121,651
Accounting fees	-	-	-	-	-	-	-	-	44,750	1,068	-	45,818	45,818
Telephone	14,531	14,210	7,081	9,064	8,107	6,140	-	59,133	3,943	4,452	-	8,395	67,528
Bank charges and fees	-	-	886	-	-	-	-	886	20,450	31,663	-	52,113	52,999
Postage and printing	155	133	197	21	359	-	-	865	5,378	7,532	-	12,910	13,775
Dues, licenses and permits	789	120	5,853	-	17	40	-	6,819	11,367	6,391	-	17,758	24,577
Staff recruitment	-	-	-	-	-	-	-	-	8,616	-	-	8,616	8,616
Equipment	9,303	6,455	581	219	-	-	-	16,558	471	-	-	471	17,029
Subscriptions and publications	286	16	345	132	-	-	-	779	10,407	3,091	-	13,498	14,277
Advertising	291	-	291	291	-	-	-	873	-	4,819	-	4,819	5,692
Management fees	30,000	-	-	-	-	-	-	30,000	-	-	-	-	30,000
Legal fees	-	-	-	-	-	-	-	-	32,300	-	-	32,300	32,300
Total Functional Expenses Before Depreciation and amortization	3,447,239	1,199,481	558,746	517,762	1,172,092	240,601	74,359	7,210,280	1,272,943	604,389	215,020	2,092,352	9,302,632
Depreciation and Amortization	493,975	76,793	18,869	21,504	24,433	-	-	635,574	8,376	2,072	-	10,448	646,022
Total Functional Expenses	3,941,214	1,276,274	577,615	539,266	1,196,525	240,601	74,359	7,845,854	1,281,319	606,461	215,020	2,102,800	9,948,654
Less: Cost of direct benefits to donor	-	-	-	-	-	-	-	-	-	-	(215,020)	(215,020)	(215,020)
Total Expenses Reported by Function on the Statement of Activities	\$ 3,941,214	\$ 1,276,274	\$ 577,615	\$ 539,266	\$ 1,196,525	\$ 240,601	\$ 74,359	\$ 7,845,854	\$ 1,281,319	\$ 606,461	\$ -	\$ 1,887,780	\$ 9,733,634

Covenant House Alaska

Statements of Cash Flows

	Year Ended June 30,	
	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 1,615,439	\$ 3,120,214
Adjustments to reconcile change in net assets to net cash from operating activities		
Bad debts	90,770	-
Depreciation and amortization	622,963	646,022
Amortization of debt issuance costs	-	208,053
Gain on forgiveness of debt from new market tax credit unwind	-	(4,502,710)
Unrealized gain on investments	(386,930)	(641)
Deferred gain on sale leaseback of the building	(24,538)	(24,538)
Unrealized gain on beneficial interest held by the Alaska Community Foundation	(37,789)	(3,913)
Net change in operating assets and liabilities		
Grants receivable	613,112	(810,846)
Pledges and contributions receivable	(803,614)	33,471
Other receivables	(1,503)	29,747
Prepaid expenses and other current assets	5,173	44,055
Accounts payable and accrued liabilities	361,632	100,160
Due to affiliates	(1,499,120)	1,766,435
Deferred revenue	415,338	425,103
Refundable advance	(435,332)	435,332
Net Cash from Operating Activities	535,601	1,465,944
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(730,766)	(404,173)
Purchase of investments	(44,685)	(43,845)
Net Cash from Investing Activities	(775,451)	(448,018)
Change in Cash	(239,850)	1,017,926
CASH		
Beginning of year	1,399,709	381,783
End of year	\$ 1,159,859	\$ 1,399,709
SUPPLEMENTAL CASH FLOW INFORMATION		
Cash paid for interest	\$ 10,364	\$ 74,197
Non-cash financing activities		
Forgiveness of note receivable from New Market Tax Credit	-	12,813,000
Forgiveness of debt from New Market Tax Credit unwind	-	17,300,000

See notes to financial statements

Covenant House Alaska

Financial Statements
June 30, 2021 and 2020

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 and mental health care, crisis intervention, education and vocational services, public education and prevention and other programs that reached approximately 18,000 young people during fiscal 2021. During fiscal year 2021, the worldwide COVID-19 impacted the number of youth Covenant House reached, as affiliates took measures to ensure social distancing, set aside isolation rooms for symptomatic youth, paused in-person public education and prevention programs, and, throughout the year, suspended or modified street outreach. The pandemic impacted all operations, including food production (meal provision was nearly 75% higher than pre-pandemic levels); the creation of online opportunities for mental health care, education, and job readiness training; development of appropriate intake protocols; implementation of new cleaning and sanitizing protocols, and other measures all of which drove up operating costs. Nevertheless, in fiscal year 2021, Covenant House provided a total of nearly 690,000 nights of housing and safety for, on average, 1,883 youth each night.

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

- Covenant House Alaska
- 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 Holdings, LLC
- 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. 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 Parent is the founder of Fundación Casa Alianza México, I.A.P.

Covenant House Alaska

Financial Statements
June 30, 2021 and 2020

1. Organization and Nature of Activities *(continued)*

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 financial statements of the Organization for the year ended June 30, 2020. All significant inter-company balances and transactions have been eliminated. In February 2020, CHH was dissolved after the unwinding of NMTC transactions which resulted in a gain of approximately \$4,500,000.

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

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1. Organization and Nature of Activities *(continued)*

Components of Program and Supporting Services (continued)

Program Services (continued)

after-school tutoring, remedial education groups, and General Equivalency Diploma preparation classes, youth receive the essential tools they need to achieve academic success.

Youth HUD 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.

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.

Trafficking

The Covenant House Alaska ANCHOR Team works to identify and serve potential victims and survivors of human trafficking. The team is made up of Permanency Navigators who have been specially trained to work with those who are vulnerable to or who have been trafficked. The Organization uses validated screening tools and relentless relationship to identify young people who have high vulnerability to being recruited into trafficking in order to provide preventative support. Referrals are also made by community partners and law enforcement. Working with other Organization programs and an array of partners the team is able to meet basic needs, provide access to emergency housing as well as the possibility of permanent housing. ANCHOR Team Navigators stay connected to the young people they are assigned until they are 24 years old. These Navigators do as much as they can within their role to support victims and survivors as they seek the leave their trafficking situations. Additionally, the ANCHOR Team provides training on how to identify and serve trafficking victims and survivors around the state.

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1. Organization and Nature of Activities *(continued)*

Components of Program and Supporting Services (continued)

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 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 financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

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 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.

Covenant House Alaska

Financial Statements
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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 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	30-40 years
Building improvements	5-20 years
Equipment	3-10 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, 2021 and 2020.

Covenant House Alaska

Financial Statements
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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

The Organization records receipts under certain government or privately funded contract programs, which have not been spent due to barriers to collection, as deferred revenue.

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. Special 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

Financial Statements
June 30, 2021 and 2020

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 financial statements.

Debt Issuance Costs

Debt issuance costs are reported on the 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, 2018.

Subsequent Events Evaluation by Management

Management has evaluated subsequent events for disclosure and recognition in the financial statements through the date that the financial statements were available to be issued, which date is March 25, 2022. See Note 20.

3. Grants Receivable

Grants receivable of \$852,658 and \$1,465,770 at June 30, 2021 and 2020, represent the amounts due from various governmental agencies and private grantors for the Organization's programs. All grants receivable as of June 30, 2021 are expected to be collected within one year.

Covenant House Alaska

Financial Statements
June 30, 2021 and 2020

4. Pledges and Contributions Receivable

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

	<u>2021</u>	<u>2020</u>
Within one year	<u>\$ 916,115</u>	<u>\$ 203,271</u>

5. Investments

The following are major categories of investments grouped by the fair value hierarchy at June 30, 2021:

	<u>Level 1</u>	<u>Level 3</u>	<u>Total</u>
Equities			
Large CAP	\$ 525,650	\$ -	\$ 525,650
Mid CAP	230,597	-	230,597
Foreign	618,423	-	618,423
Bonds			
High - Yield Corporate Bond	285,675	-	285,675
Intermediate	<u>400,517</u>	<u>-</u>	<u>400,517</u>
Total	<u>\$ 2,060,862</u>	<u>\$ -</u>	<u>\$ 2,060,862</u>
Beneficial interest in assets held by the Alaska Community Foundation	<u>\$ -</u>	<u>\$ 160,271</u>	<u>\$ 160,271</u>

The following are major categories of investments grouped by the fair value hierarchy at June 30, 2020:

	<u>Level 1</u>	<u>Level 3</u>	<u>Total</u>
Equities			
Large CAP	\$ 373,355	\$ -	\$ 373,355
Mid CAP	142,664	-	142,664
Foreign	455,121	-	455,121
Bonds			
High - Yield Corporate Bond	255,892	-	255,892
Intermediate	<u>402,215</u>	<u>-</u>	<u>402,215</u>
Total	<u>\$ 1,629,247</u>	<u>\$ -</u>	<u>\$ 1,629,247</u>
Beneficial interest in assets held by the Alaska Community Foundation	<u>\$ -</u>	<u>\$ 122,482</u>	<u>\$ 122,482</u>

Covenant House Alaska

Financial Statements
June 30, 2021 and 2020

5. Investments (*continued*)

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

	2021	2020
Dividends and interest	\$ 44,685	\$ 45,027
Change in unrealized gain	386,930	641
	\$ 431,615	\$ 45,668

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):

	2021	2020
Beginning balance	\$ 122,482	\$ 118,569
Net gain (realized/unrealized)	37,789	3,913
Ending balance	\$ 160,271	\$ 122,482

6. Property and Equipment

Property and equipment consist of the following at June 30:

	2021	2020
Buildings	\$ 16,573,019	\$ 16,573,020
Building improvements	1,939,053	1,862,584
Equipment	1,313,425	1,097,449
	19,825,497	19,533,053
Accumulated depreciation and amortization	(4,702,525)	(4,079,562)
	15,122,972	15,453,491
Land	2,785,011	2,785,011
Construction in progress	438,322	-
	\$ 18,346,305	\$ 18,238,502

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7. Refundable Advance

On April 22, 2020, the Organization received loan proceeds in the amount of \$1,129,910 under the Paycheck Protection Program (the "PPP"). On January 29, 2021, the Organization received loan proceeds in the amount of \$1,226,862 as second loan under the PPP. The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act (the "CARES Act"), provides for loans to qualifying entities for amounts up to 2.5 times the 2019 average monthly payroll expenses of the qualifying entity. The PPP loan bears an interest rate of 1% per annum. All or a portion of the PPP loan principal and accrued interest is forgivable as long as the borrower uses the loan proceeds for eligible purposes, as described in the CARES Act, over a period of either eight or twenty-four weeks (the "Covered Period").

For the year ended June 30, 2020, \$694,578 of the PPP loan is recognized as grant revenue on the statement of activities. The remaining \$435,332 is recognized as a refundable advance on the statement of financial position at June 30, 2020. During the year ended June 30, 2021, the Organization received the notification of forgiveness and consequently recognized \$435,332 as grant income. For the year ended June 30, 2021, the Organization recognized \$1,226,862 as grant income on the loan proceeds in the current year. The second loan has not been forgiven as of June 30, 2021.

8. Provider Relief Funding

The Organization received a total of \$970,000 in stimulus funds as a sub recipient from the Provider Relief Funds under the provisions of the CARES Act. The Organization recognized revenue as grant income on the statement of activities \$496,409 and \$473,591 for the years ended June 30, 2021 and 2020. If unable to test to or comply with the current or future terms and conditions, the ability of the Organization to retain some or all of the distributions may be impacted.

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.

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9. Deferred Realized Gain (*continued*)

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, 2021 and 2020, gain amortized to income was \$24,538. At June 30, 2021 and 2020, deferred realized gain was as follows:

	<u>2021</u>	<u>2020</u>
Deferred realized gain, current	\$ 24,538	\$ 24,538
Deferred realized gain, net of current portion	<u>349,667</u>	<u>374,205</u>
	<u>\$ 374,205</u>	<u>\$ 398,743</u>

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 continued until June 30, 2020. Subsequent to June 30, 2020, the Organization is leasing on a month-to-month basis.

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:

2022	\$ 98,360
2023	60,449
2024	53,677
2025	45,361
2026	45,361
Thereafter	<u>11,987</u>
	<u>\$ 315,195</u>

11. Net Assets with Donor Restrictions

The Organization broke ground on a capital project to expand its existing facilities on June 29, 2021. The Organization has raised \$1,700,000 recognized as contributions with donor restrictions as of June 30, 2021. This capital project will add 22 micro – units to the Organization’s Youth Engagement Center to increase the inventory of long-term housing for young people in the community.

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11. Net Assets with Donor Restrictions (continued)

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

	2021	2020
Time-restricted contributions	\$ -	\$ 97,958
Purpose-restricted contributions	1,744,639	263,190
	\$ 1,744,639	\$ 361,148

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

	2021	2020
Time-restricted contributions	\$ 142,953	\$ 68,537
Purpose-restricted contributions	218,552	421,361
	\$ 361,505	\$ 489,898

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:

	2021	2020
Beneficial interest in Alaska Community Foundation	\$ 160,271	\$ 122,482
Income and growth	2,060,862	1,629,247
	\$ 2,221,133	\$ 1,751,729

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.

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 revised to the average annual observed return over the trailing sixteen quarters.

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12. Board Designated Net Assets (continued)

The Board did not approve any disbursement of Board designated funds for general operations for fiscal years 2021 and 2020. Additional funds of \$0 and \$23,870 were released for building maintenance in 2021 and 2020.

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

	<u>2021</u>	<u>2020</u>
Board designated funds, beginning of year	\$ 1,751,729	\$ 1,727,200
Interest and dividend income	44,685	43,845
Net gain (realized and unrealized)	424,719	4,554
Transfers in		-
Transfers out	<u>-</u>	<u>(23,870)</u>
Board designated funds, end of year	<u>\$ 2,221,133</u>	<u>\$ 1,751,729</u>

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 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.

In June 2021, based upon management's diligence in soliciting vendors to execute the plans for construction of the new 22 micro-unit facility for the Youth Engagement Center the Board and management engaged a primary site contractor for approximately \$4.3 million. The project is expected to be completed in fiscal year 2022.

14. Liquidity and Availability Disclosure

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

	<u>2021</u>	<u>2020</u>
Cash	\$ 1,159,859	\$ 1,399,709
Grants receivable	852,658	1,465,770
Pledges and contributions receivable	916,115	203,271
Other receivables	<u>2,734</u>	<u>1,231</u>
Total Financial Assets Available Within One Year	2,931,366	3,069,981
Less contractual or donor imposed restricted amounts:		
Restricted by donor with time or purpose restrictions and internal designations	<u>1,744,639</u>	<u>361,148</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 1,186,727</u>	<u>\$ 2,708,833</u>

Covenant House Alaska

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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 \$2.2 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.

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 \$119,433 and \$97,739 for the years ended June 30, 2021 and 2020.

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, 2021 and 2020, the Organization contributed \$84,654 and \$123,956 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, investments and receivables. The Organization maintains its cash in bank deposit accounts which generally exceed federally insured limits. The investment portfolio is diversified by type of investments and industry concentrations so that no individual investment, investment advisor, investment manager or group of investments represents a significant concentration of credit risk. The Organization has not experienced any losses in such accounts. The Organization does not have a material concentration of credit risk with respect to its receivables.

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17. Donated Goods and Services

Contributed Services

Volunteers in the community provided approximately 2,153 and 3,144 hours of contributed services to the Organization for the years ended June 30, 2021 and 2020. The value of these services performed and the expenses associated with these volunteers were estimated to be approximately \$66,000 and \$89,000 for the years ended June 30, 2021 and 2020. The value of these services is not recorded in the accompanying 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 \$326,960 and \$177,614 during the years ended June 30, 2021 and 2020.

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 \$70 million and \$89 million for the Parent in the years ended June 30, 2021 and 2020. 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 \$36 million and \$38 million for the years ended June 30, 2021 and 2020. In 2021 and 2020, the Organization received \$634,129 and \$609,286 in “Branding Dollars” and \$132,649 and \$259,349 related to national sleep out event from the Parent.

To cover timing differences between requests and receipts in government grant reimbursements, during fiscal 2020, the Organization drew against the Parent’s line of credit with a financial institution for \$980,000. During the year ended June 30, 2021 the Organization paid its loan in full.

19. Risks and Uncertainties

The ongoing Coronavirus pandemic has resulted in substantial volatility in the global economy. While management has implemented measures to mitigate the impact of the pandemic, the extent to which the Organization’s operations are impacted will depend on the future developments. As a result, management cannot reasonably estimate the overall impact of the Coronavirus pandemic to the Organization’s future results of operations, cash flows, or financial condition.

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