

**Covenant House Georgia, Inc. and
CHGA CHI Leverage Lender, LLC**

Consolidated Financial Statements

June 30, 2022 and 2021

**Covenant House Georgia, Inc. and
CHGA CHI Leverage Lender, LLC**

Consolidated Financial Statements

June 30, 2022 and 2021

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditors' Report	
 CONSOLIDATED FINANCIAL STATEMENTS	
Consolidated Statements of Financial Position	4
Consolidated Statements of Activities	5 - 6
Consolidated Statements of Functional Expenses	7 - 8
Consolidated Statements of Cash Flows	9
Notes to Consolidated Financial Statements	10 - 23
 SUPPLEMENTARY INFORMATION	
Consolidating Schedules of Financial Position	24 - 25
Consolidating Schedules of Activities	26 - 27

Independent Auditors' Report

Board of Directors
Covenant House Georgia, Inc. and
CHGA CHI Leverage Lender, LLC

Opinion

We have audited the accompanying consolidated financial statements of Covenant House Georgia, Inc. and CHGA CHI Leverage Lender, LLC, (the "Organization"), which comprise the consolidated statements of financial position as of June 30, 2022 and 2021, 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.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Organization as of June 30, 2022 and 2021 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating schedules of financial position and activities on pages 24 through 27 are presented for purposes of additional analysis and are 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

February 16, 2023

**Covenant House Georgia, Inc. and
CHGA CHI Leverage Lender, LLC**

Consolidated Statements of Financial Position

	June 30,	
	2022	2021
ASSETS		
Cash and cash equivalents	\$ 4,295,599	\$ 3,383,346
Restricted cash	363,341	5,860,178
Contributions receivable, net	414,631	1,775,102
Government grants and other contracts receivables	1,028,295	563,070
Other receivables	41,264	20,701
Due from Parent	1,375	-
Prepaid expenses and other assets	14,610	127,660
Loan receivable	5,845,658	5,860,232
Property and equipment, net	11,231,998	5,457,979
	\$ 23,236,771	\$ 23,048,268
 LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable, accrued expenses and refundable advances	\$ 279,196	\$ 330,361
Construction costs payable	866,906	691,220
Due to Parent	-	12,720
Paycheck Protection Program loan	-	600,000
Notes payable, net	7,452,178	7,378,574
Total Liabilities	8,598,280	9,012,875
Net Assets		
Without Donor Restrictions		
Undesignated	2,933,232	7,420,002
Investment in property and equipment	11,231,998	5,457,979
Total Without Donor Restrictions	14,165,230	12,877,981
With donor restrictions	473,261	1,157,412
Total Net Assets	14,638,491	14,035,393
	\$ 23,236,771	\$ 23,048,268

See notes to consolidated financial statements

**Covenant House Georgia, Inc. and
CHGA CHI Leverage Lender, LLC**

Consolidated Statement of Activities
Year Ended June 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Contributions	\$ 1,668,150	\$ 1,011,195	\$ 2,679,345
Contributed services and merchandise	116,687	-	116,687
Government grants and other contracts	2,041,163	-	2,041,163
Branding dollars from Parent	493,990	-	493,990
Special Event Revenue Raised Locally			
Grants from Parent related to Sleep Out Events	574,337	-	574,337
Special events revenue, net of direct benefit to donor costs of \$326,680	782,806	-	782,806
Net assets released from restrictions	<u>1,695,346</u>	<u>(1,695,346)</u>	<u>-</u>
Total Support and Revenue	<u>7,372,479</u>	<u>(684,151)</u>	<u>6,688,328</u>
INVESTMENT AND OTHER INCOME			
Interest and dividends	1,557	-	1,557
Other income	<u>66,542</u>	<u>-</u>	<u>66,542</u>
Total Investment and Other Income	<u>68,099</u>	<u>-</u>	<u>68,099</u>
 Total Support and Revenue and Investment and Other Income	 <u>7,440,578</u>	 <u>(684,151)</u>	 <u>6,756,427</u>
EXPENSES			
Program services	5,112,160	-	5,112,160
Supporting Services			
Management and general	531,689	-	531,689
Fundraising	<u>509,480</u>	<u>-</u>	<u>509,480</u>
Total Expenses	<u>6,153,329</u>	<u>-</u>	<u>6,153,329</u>
 Change in Net Assets	 1,287,249	 (684,151)	 603,098
NET ASSETS			
Beginning of year	<u>12,877,981</u>	<u>1,157,412</u>	<u>14,035,393</u>
End of year	<u>\$ 14,165,230</u>	<u>\$ 473,261</u>	<u>\$ 14,638,491</u>

See notes to consolidated financial statements

**Covenant House Georgia, Inc. and
CHGA CHI Leverage Lender, LLC**

Consolidated Statement of Activities
Year Ended June 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Contributions	\$ 1,627,286	\$ 1,689,607	\$ 3,316,893
Contributed services and merchandise	62,826	-	62,826
Government grants and other contracts	1,074,745	-	1,074,745
Branding dollars from Parent	546,745	-	546,745
Special Event Revenue Raised Locally			
Grants from Parent related to Sleep Out Events	724,903	-	724,903
Other special events	534,635	-	534,635
Net assets released from restrictions	<u>5,751,822</u>	<u>(5,751,822)</u>	<u>-</u>
Total Support and Revenue	<u>10,322,962</u>	<u>(4,062,215)</u>	<u>6,260,747</u>
INVESTMENT AND OTHER INCOME			
Interest and dividends	13,451	-	13,451
Other income	<u>88,453</u>	<u>-</u>	<u>88,453</u>
Total Investment and Other Income	<u>101,904</u>	<u>-</u>	<u>101,904</u>
 Total Support and Revenue and Investment and Other Income	 <u>10,424,866</u>	 <u>(4,062,215)</u>	 <u>6,362,651</u>
EXPENSES			
Program services	4,055,019	-	4,055,019
Supporting Services			
Management and general	401,924	-	401,924
Fundraising	<u>503,325</u>	<u>-</u>	<u>503,325</u>
Total Expenses	<u>4,960,268</u>	<u>-</u>	<u>4,960,268</u>
 Change in Net Assets before Other Changes	 5,464,598	 (4,062,215)	 1,402,383
OTHER CHANGES			
Equity contribution	<u>291,479</u>	<u>-</u>	<u>291,479</u>
Change in Net Assets	5,756,077	(4,062,215)	1,693,862
NET ASSETS			
Beginning of year	<u>7,121,904</u>	<u>5,219,627</u>	<u>12,341,531</u>
End of year	<u>\$ 12,877,981</u>	<u>\$ 1,157,412</u>	<u>\$ 14,035,393</u>

See notes to consolidated financial statements

**Covenant House Georgia, Inc. and
CHGA CHI Leverage Lender, LLC**

Consolidated Statement of Functional Expenses
Year Ended June 30, 2022

	Program Services					Supporting Services			Cost of Direct Benefits to Donors	Total Expenses
	Immediate Housing	Outreach	Rights of Passage	Other Services	Total	Management and General	Fundraising	Total		
Salaries and wages	\$ 1,089,461	\$ 94,850	\$ 870,291	\$ 417,764	\$ 2,472,366	\$ 177,308	\$ 259,149	\$ 436,457	\$ -	\$ 2,908,823
Payroll taxes	97,915	5,596	89,523	49,912	242,946	16,785	22,380	39,165	-	282,111
Employee benefits	149,683	13,607	140,611	82,157	386,058	27,215	40,823	68,038	-	454,096
Total Salaries and Related Expenses	1,337,059	114,053	1,100,425	549,833	3,101,370	221,308	322,352	543,660	-	3,645,030
Professional fees	-	-	-	-	-	105,589	42,661	148,250	-	148,250
Supplies	35,743	1,844	20,601	6,285	64,473	10,116	210	10,326	-	74,799
Telephone and fax charges	11,645	1,591	12,063	14,043	39,342	1,489	3,288	4,777	-	44,119
Printing, postage and mailing	-	285	2,480	7	2,772	2,598	14,954	17,552	-	20,324
Occupancy										
Fuel and utilities	79,864	398	47,535	15,976	143,773	1,716	2,532	4,248	-	148,021
Repairs and maintenance	100,459	329	43,844	13,244	157,876	1,423	2,098	3,521	-	161,397
Rent and other	-	-	61,537	-	61,537	7,230	-	7,230	-	68,767
Equipment, maintenance and rental	63,550	402	22,947	16,540	103,439	13,679	1,843	15,522	-	118,961
Infor/Lawson user fees	-	-	-	-	-	9,000	-	9,000	-	9,000
Travel and transportation	5,098	6,232	3,284	10,793	25,407	7,858	78	7,936	-	33,343
Conferences, conventions and meetings	1,947	2,131	6,570	1,607	12,255	9,761	111	9,872	-	22,127
Specific assistance to individuals	223,398	35,330	255,830	227,692	742,250	-	-	-	-	742,250
Venue rental, catering and production costs	-	-	-	-	-	-	-	-	298,483	298,483
Other purchased services	139,122	4,033	98,794	46,474	288,423	17,991	39,228	57,219	28,197	373,839
Dues, licenses and permits	-	-	-	-	-	322	620	942	-	942
Subscriptions and publications	-	-	-	-	-	11,929	1,660	13,589	-	13,589
Insurance	58,952	293	28,380	11,793	99,418	1,267	1,869	3,136	-	102,554
In-kind services	-	-	-	-	-	24,108	-	24,108	-	24,108
Other expenses	4,241	-	5,402	381	10,024	2,618	11,548	14,166	-	24,190
Bank charges and fees	-	-	-	-	-	3,073	-	3,073	-	3,073
Interest	15,947	79	7,677	3,190	26,893	343	505	848	-	27,741
Credit card fees	-	-	-	-	-	-	62,438	62,438	-	62,438
Amortization of debt issuance costs	-	-	-	-	-	73,604	-	73,604	-	73,604
Depreciation	66,937	4,501	152,096	9,374	232,908	4,667	1,485	6,152	-	239,060
Total Functional Expenses	2,143,962	171,501	1,869,465	927,232	5,112,160	531,689	509,480	1,041,169	326,680	6,480,009
Less: cost of direct benefits to donors	-	-	-	-	-	-	-	-	(326,680)	(326,680)
Total Expenses Reported by Function on the Statement of Activities	\$ 2,143,962	\$ 171,501	\$ 1,869,465	\$ 927,232	\$ 5,112,160	\$ 531,689	\$ 509,480	\$ 1,041,169	\$ -	\$ 6,153,329

**Covenant House Georgia, Inc. and
CHGA CHI Leverage Lender, LLC**

Consolidated Statement of Functional Expenses
Year Ended June 30, 2021

	Program Services					Supporting Services			Total Expenses
	Immediate Housing	Outreach	Rights of Passage	Other Services	Total	Management and General	Fundraising	Total	
Salaries and wages	\$ 860,879	\$ 58,110	\$ 792,599	\$ 504,082	\$ 2,215,670	\$ 149,039	\$ 204,934	\$ 353,973	\$ 2,569,643
Payroll taxes	83,076	4,748	75,955	47,231	211,010	14,241	18,989	33,230	244,240
Employee benefits	114,711	10,428	107,759	63,252	296,150	20,856	31,285	52,141	348,291
Total Salaries and Related Expenses	1,058,666	73,286	976,313	614,565	2,722,830	184,136	255,208	439,344	3,162,174
Professional fees	-	-	-	7,195	7,195	78,959	62,330	141,289	148,484
Supplies	34,534	11	19,604	5,691	59,840	12,673	3,445	16,118	75,958
Telephone and fax charges	11,365	1,198	12,456	11,583	36,602	1,457	2,642	4,099	40,701
Printing, postage and mailing	-	-	71	226	297	2,052	13,522	15,574	15,871
Occupancy									
Fuel and utilities	77,263	415	41,624	16,116	135,418	1,530	2,106	3,636	139,054
Repairs and maintenance	57,018	250	32,224	9,716	99,208	923	1,269	2,192	101,400
Rent and other	-	-	50,580	-	50,580	458	-	458	51,038
Equipment, maintenance and rental	22,899	1,347	59,532	41,017	124,795	19,746	5,313	25,059	149,854
Infor/Lawson user fees	-	-	-	-	-	7,000	-	7,000	7,000
Travel and transportation	3,247	2,544	1,668	1,684	9,143	909	137	1,046	10,189
Conferences, conventions and meetings	975	527	2,951	2,376	6,829	1,574	383	1,957	8,786
Specific assistance to individuals	132,517	-	125,122	51,035	308,674	-	15,808	15,808	324,482
Venue rental, catering and production costs	-	-	-	-	-	-	-	-	-
Other purchased services	166,947	3,174	100,426	48,531	319,078	11,411	57,454	68,865	387,943
Dues, licenses and permits	-	-	-	-	-	1,812	1,013	2,825	2,825
Subscriptions and publications	-	-	-	-	-	5,676	5,153	10,829	10,829
Insurance	51,743	278	25,029	10,793	87,843	1,025	1,410	2,435	90,278
In-kind services	-	-	250	-	250	27,412	-	27,412	27,662
Other expenses	1,886	-	5,148	98	7,132	4,103	4,534	8,637	15,769
Bank charges and fees	-	-	-	-	-	1,569	-	1,569	1,569
Credit card fees	-	-	-	-	-	-	70,640	70,640	70,640
Amortization of debt issuance costs	-	-	-	-	-	36,802	-	36,802	36,802
Depreciation	43,408	4,457	24,104	7,336	79,305	697	958	1,655	80,960
Total Functional Expenses	1,662,468	87,487	1,477,102	827,962	4,055,019	401,924	503,325	905,249	4,960,268
Less: cost of direct benefits to donors	-	-	-	-	-	-	-	-	-
Total Expenses Reported by Function on the Statement of Activities	\$ 1,662,468	\$ 87,487	\$ 1,477,102	\$ 827,962	\$ 4,055,019	\$ 401,924	\$ 503,325	\$ 905,249	\$ 4,960,268

See notes to financial statements

**Covenant House Georgia, Inc. and
CHGA CHI Leverage Lender, LLC**

Consolidated Statements of Cash Flows

	Year Ended June 30,	
	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 603,098	\$ 1,693,862
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation	239,060	80,960
Amortization of debt issuance costs	73,604	36,802
Discount to present value	(4,985)	(66,041)
Cash contributions received for capital campaign	(2,282,657)	(3,911,032)
Forgiveness of Paycheck Protection Program loan	(600,000)	-
Net change in operating assets and liabilities		
Contributions receivable	1,365,456	2,380,965
Government grants and other contracts receivables	(465,225)	(306,188)
Other receivables	(20,563)	20,585
Due from/to Parent	(14,095)	60,187
Prepaid expenses and other assets	113,050	(72,237)
Accounts payable, accrued expenses and refundable advances	(36,591)	(72,752)
Net Cash from Operating Activities	(1,029,848)	(154,889)
CASH FLOWS FROM INVESTING ACTIVITIES		
Deployment of loan receivable	-	(5,860,232)
Construction in progress costs incurred	(5,837,393)	(1,793,328)
Net Cash from Investing Activities	(5,837,393)	(7,653,560)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from notes payable	-	7,857,000
Closing costs incurred	-	(515,228)
Cash contributions restricted for capital campaign	2,282,657	3,911,032
Net Cash from Financing Activities	2,282,657	11,252,804
Change in Cash and Cash Equivalents	(4,584,584)	3,444,355
CASH AND CASH EQUIVALENTS		
Beginning of year	9,243,524	5,799,169
End of year	\$ 4,658,940	\$ 9,243,524
RECONCILIATION of CASH and CASH EQUIVALENTS		
Cash and cash equivalents	\$ 4,295,599	\$ 3,383,346
Restricted cash	363,341	5,860,178
Total Cash	\$ 4,658,940	\$ 9,243,524
SUPPLEMENTAL DISCLOSURE of CASH FLOW INFORMATION		
Cash paid for interest	\$ 27,741	-
Construction costs included in payables	\$ 175,686	\$ 691,220

See notes to consolidated financial statements

**Covenant House Georgia, Inc. and
CHGA CHI Leverage Lender, LLC**

Notes to Consolidated Financial Statements
June 30, 2022 and 2021

1. Organization and Nature of Activities

Covenant House Georgia, Inc. (the “Organization”) is a not-for-profit organization which was founded in 1968 and incorporated in 1989, providing shelter and crisis care and outreach services to youth in the Atlanta, Georgia area. Covenant House (the “Parent”) is a not-for-profit organization 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 43,000 young people during fiscal 2022. During fiscal 2022, the worldwide COVID-19 pandemic continued to impact the number of youth Covenant House reached, as affiliates prolonged measures to ensure social distancing, set aside isolation rooms for symptomatic youth, and modified street outreach. Nevertheless, in fiscal 2022, Covenant House provided a total of nearly 730,000 nights of housing and safety for, on average, 1,991 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
- Covenant House New York/Under 21
- Covenant House Pennsylvania/Under 21
- Covenant House Texas
- Covenant House Washington, D.C.
- Covent House Western Avenue
- Covenant House Testamentum
- Covenant House Holdings, LLC
- Covenant International Foundation
- CH Housing Development Fund Corp.
- Rights of Passage, Inc.
- Under 21 Boston, Inc.
- 268 West 44th Corporation
- 460 West 41st Street, LLC

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 Georgia, Inc. and
CHGA CHI Leverage Lender, LLC**

Notes to Consolidated Financial Statements
June 30, 2022 and 2021

1. Organization and Nature of Activities (continued)

The Organization is a qualified tax-exempt organization as described in Section 501(c)(3) of the Internal Revenue Code (the "Code"). Accordingly, it is not subject to federal income taxes under Section 501(c)(3) of the Code. The Organization, as a not-for-profit organization, is also exempt from state and local income taxes and has been classified as a publicly supported charitable organization under Section 509(a)(1) of the code and qualifies for the maximum charitable contribution deduction for donors.

In October 2020, CHGA CHI Leverage Lender, LLC (the "LLC"), a Georgia limited liability company, was formed as a special purpose entity for participation in a New Markets Tax Credit ("NMTC") financing transaction and received an allocation of NMTC funds pursuant to Section 45D of the Code. The LLC was financed by equity contributions from the Organization and the Parent. The purpose of the LLC is for the construction of a new transitional supportive housing building, the renovation of the shelter and administrative facility, and a community service center including acquisition of equipment for use therein located at 1559 Johnson Road, Blvd N.W., Atlanta, Georgia (the "Project"). The activities of the LLC are included in the consolidated financial statements of the Organization. All significant inter-company balances and transactions have been eliminated.

Components of Program and Supporting Services

Program Services

Immediate Housing (formerly Short-term Housing and Crisis Care)

The Immediate and Short-term Housing program focuses on Crisis Care and provides emergency services; temporary, immediate housing; nutritious food; clothing; medical care; mental health services; and legal aid to young people ages 16-24 who are experiencing homelessness or human trafficking. These high-quality programs and services meet youths' immediate needs, stabilize their situation, and help them consider their longer-term goals for education, employment, and career planning. The Organization is expertly equipped to respond to the unique needs of young survivors of human trafficking, those who identify as LGBTQ+, and those who are pregnant or parenting.

Outreach

The Outreach program actively seeks out young people experiencing homelessness who may need help. In vans and on foot, Covenant House outreach workers go out to the neighborhoods, riverfronts, parks, and other places, where young people facing homelessness often seek refuge. Teams offer food, water, hygiene kits, clothing, blankets, counseling, and referrals. Through sustained contact, they build trust with the young people, the first step toward encouraging them to come into shelters and connect with services.

**Covenant House Georgia, Inc. and
CHGA CHI Leverage Lender, LLC**

Notes to Consolidated Financial Statements
June 30, 2022 and 2021

1. Organization and Nature of Activities (continued)

Components of Program and Supporting Services (continued)

Program Services (continued)

Young Families (formerly Mother/Child Program)

The Young Families program provides emergency services, short- and long-term housing, nourishing food, and medical and mental health care to pregnant and parenting youth and their children. The Organization also offers young families access to free childcare services, parenting support, and a full range of educational, vocational, and job placement services. This holistic plan provides young parents with the support they need to grow into responsible and caring parents, capable of supporting their families financially and emotionally.

Health and Well-Being (formerly Medical)

Homelessness impacts young people's physical and mental well-being in many ways, and because youth are still developing cognitively, physically, psychologically, and emotionally, those impacts can have deep effects. Trauma-informed Health and Well-being services range from medical care at on-site health centers at certain Covenant House affiliates, to yoga classes, art and music therapy, counseling, religious and spiritual services, and physical fitness. In these activities, young people heal from the harm done to them while living unhoused and take control of their lives, build on their strengths, and nourish their self-confidence.

Drop-In Services (formerly Community Service Center)

Drop-in services are another form of outreach at Covenant House affiliates. Youth in this program are not receiving residential services, but are provided access to nutritious meals, hot showers, hygiene products, laundry services, and new clothing and shoes. They can request and receive medical and mental health services, case management services, transitional and permanent housing assistance, and they may take part in the education and employment program.

Public Education and Prevention

Public Education and Prevention uses a variety of platforms to inform and educate the public, government officials, and young people about youth homelessness and human trafficking. Covenant House employs websites, social media, public service announcements, billboards, newsletters, school-based programs, community engagement and training, talks, lectures, and peer-to-peer events to raise awareness of the causes and impacts of youth homelessness and of the signs that a young person might be experiencing homelessness or human trafficking.

Transitional Living - Rights of Passage

Covenant House's Transitional Living programs, often referred to as "Rights of Passage" or ROP, are where young people take their boldest steps toward independence. Youth live in ROP for up to 24 months, where they tap their potential and plan for the future. Here they build basic life skills and financial literacy, participate in educational and vocational programs, seek employment with long-term advancement and career prospects, and work toward moving into their own safe and stable housing. Covenant House staff support each young person on their journey toward sustainable independence and a hope-filled future.

**Covenant House Georgia, Inc. and
CHGA CHI Leverage Lender, LLC**

Notes to Consolidated Financial Statements
June 30, 2022 and 2021

1. Organization and Nature of Activities (continued)

Components of Program and Supporting Services (continued)

Program Services (continued)

Permanent Supportive Housing

The Permanent Supportive Housing program provides permanent housing to youth and young families through scattered-site apartments, where they receive ongoing case management and behavioral health services. Covenant House helps youth by covering a portion of their rent, a portion that dwindles as their capacity for independence increases. Community apartments and rapid rehousing programs are emerging as an increasingly important part of the continuum of care.

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 such programs.

Fundraising

Fundraising services are related to the activities of the development department 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 Georgia, Inc. and
CHGA CHI Leverage Lender, LLC**

Notes to Consolidated Financial Statements
June 30, 2022 and 2021

2. Summary of Significant Accounting Policies (continued)

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 and LLC consider 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, 2022 and 2021, the Organization held cash totaling \$363,341 and \$5,860,178, which is restricted to pay a portion of the interest, fees and expense reimbursements in connection with the NMTC transaction.

Contributions 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. As of June 30, 2022 and 2021, no allowance for doubtful accounts was determined to be necessary.

**Covenant House Georgia, Inc. and
CHGA CHI Leverage Lender, LLC**

Notes to Consolidated Financial Statements
June 30, 2022 and 2021

2. Summary of Significant Accounting Policies (continued)

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, which range from 3 to 40 years. The Organization's policy is to capitalize all property and equipment purchases of \$5,000 or greater. Assets held for sale are not depreciated, are measured at the lower of carrying amount or fair value less costs to sell and are presented separately in the consolidated statements of financial position.

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

Buildings	39 to 40 years
Building improvements	39 to 40 years
Equipment and software	3 to 5 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. No impairment was recognized in the years ended June 30, 2022 and 2021.

Debt Issuance Costs

Debt issuance costs are reported on the consolidated statements of financial position as a direct deduction from the face of the mortgage payable and the leverage loan payable. Amortization of these costs is provided using the straight-line method, which does not differ materially from the effective interest method, over the expected 7-year life of the loans.

The Organization recognized deferred debt issuance costs of \$515,228 on the loans obtained in 2021. For the years ended June 30, 2022 and 2021, amortization expense of debt issuance costs for the loans was \$73,604 and \$36,802 and is included in the consolidated statements of functional expenses.

**Covenant House Georgia, Inc. and
CHGA CHI Leverage Lender, LLC**

Notes to Consolidated Financial Statements
June 30, 2022 and 2021

2. Summary of Significant Accounting Policies (continued)

Revenue Recognition

The Organization records earned revenues on an accrual basis. In addition, 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), certain contributed services and gifts of other assets. Conditional contributions are recognized as revenue when the conditions on which they depend have been substantially met. The Organization also raises funds through special events. Event revenues, net of related costs with a direct-benefit to donors, are recorded as contributions without donor restriction since such funds can be used for general operations unless there are donor-imposed restrictions. Costs to generate donations, with and without donor restriction, are expensed as incurred.

The Organization recognizes government and private grant revenue in the consolidated statement of activities to the extent that reimbursable expenses have been incurred for the purpose specified by the grantor during the period.

In-Kind Contributions

As of July 1, 2021, the Organization adopted the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2020-07, Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets (Topic 958). ASU 2020-07 brings more transparency and consistency to the presentation and disclosure of gifts in-kind. The standard does not change the accounting for gifts-in-kind, however, provides matters related to presentation and disclosure.

In-kind contributions were used for program, administrative and fundraising activities and did not include donor restrictions. For fiscal 2022 and 2021, in-kind contribution consisted of the following:

	<u>2022</u>	<u>2021</u>
Donated merchandise	\$ 92,579	\$ 35,164
Donated services	<u>24,108</u>	<u>27,662</u>
	<u>\$ 116,687</u>	<u>\$ 62,826</u>

The Organization determined the fair value as follows:

1. Donated merchandise was estimated based on the fair value of wholesale values that would be received for selling similar products in the United States.
2. Donated services were estimated at the fair value based on current rates for similar services.

Contributed services which do not meet the criteria under ASU 2020-07 are not recognized as revenue and are not reported in the accompanying consolidated financial statements.

**Covenant House Georgia, Inc. and
CHGA CHI Leverage Lender, LLC**

Notes to Consolidated Financial Statements
June 30, 2022 and 2021

2. Summary of Significant Accounting Policies (continued)

Advertising Costs

Advertising costs are expensed as incurred.

Functional Expense Allocation

The costs of providing the various programs and supporting services have been allocated on the consolidated statements of activities and functional expenses. While most expenses can be directly allocated to one of the programs or supporting functions, certain categories of expenses are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses in this category include occupancy, depreciation, office expenses, insurance, certain salary and personnel costs, including executives, and accounting. These expenses are allocated based on either estimates of time and effort, square footage or days of care depending of the nature of the expenditures.

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, 2019. The LLC is a disregarded entity for income tax purposes.

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 February 16, 2023.

3. Contributions Receivable

Contributions promised to the Organization as of June 30 but not yet collected as of such date, have been recorded as contributions receivable. A present value discount rate of 2.18% has been calculated using discount factors that approximate the risk and expected timing of future payments. Contributions receivable are estimated to be collected as follows:

	2022	2021
Receivables due in less than one year	\$ 287,405	\$ 1,599,061
Receivables due in one to five years	130,000	183,800
	417,405	1,782,861
Discount to present value	(2,774)	(7,759)
	\$ 414,631	\$ 1,775,102

As of June 30, 2022 and 2021, no allowance for doubtful accounts was determined to be necessary.

**Covenant House Georgia, Inc. and
CHGA CHI Leverage Lender, LLC**

Notes to Consolidated Financial Statements
June 30, 2022 and 2021

4. Government Grants Receivable

Government grants receivable of \$1,028,295 and \$563,070 at June 30, 2022 and 2021 represent the amounts due from various governmental agencies for the Organization's programs. All grants receivables as of June 30, 2022 are expected to be collected within one year.

5. Loan Receivable

In connection with the NMTC transaction, in December 2020, the LLC loaned Chase NMTC CHG Atlanta Investment Fund, LLC, ("Investment Fund"), an unrelated entity, \$5,829,570. As of June 30, 2021, the loan accrued \$30,662 of interest income. The Investment Fund also received equity from a tax credit investor and then made a Qualified Equity Investment ("QEI") in Empowerment Reinvestment Fund XXXVIII, LLC ("ERF") (Suballocatee), as a Community Development Entity ("CDE"). The CDE then made two loans in the amount of \$5,829,570 (Note A) and \$2,027,430 (Note B) to the Organization. (See Note 9)

6. Property and Equipment

Property and equipment consist of the following as of June 30:

	<u>2022</u>	<u>2021</u>
Land	\$ 700,000	\$ 700,000
Buildings and building improvements	10,636,966	2,454,345
Equipment and software	852,303	334,953
Construction-in-progress	<u>17,812</u>	<u>2,719,704</u>
	12,207,081	6,209,002
Accumulated depreciation	<u>(975,083)</u>	<u>(751,023)</u>
	<u>\$ 11,231,998</u>	<u>\$ 5,457,979</u>

Land and construction-in-progress are not depreciated.

7. Line of Credit

The Organization maintains a \$500,000 line of credit agreement with South State Bank which expires on July 25, 2023. The line is renewed annually and is due on demand. The line bears a variable interest rate based on the Wall Street Journal U.S. Prime Rate (the "Index"). The Index as of June 30, 2022 is 4.75%. There were no outstanding borrowings as of June 30, 2022 and 2021. Under terms of the line of credit, the Organization is required to provide the lender with a copy of the audited consolidated financial statements without modification of the independent auditors' report within 120 days of the fiscal year end. The Organization has obtained a waiver for this requirement for the year ended June 30, 2022.

**Covenant House Georgia, Inc. and
CHGA CHI Leverage Lender, LLC**

Notes to Consolidated Financial Statements
June 30, 2022 and 2021

8. Paycheck Protection Program Loan

The CARES Act created the Paycheck Protection Program (“PPP”) to provide certain businesses with liquidity to support their operations during the COVID-19 pandemic. Entities had to meet certain eligibility requirements to receive PPP loans and they must maintain specified levels of payroll and employment over a specified period to have the loans forgiven. The conditions for forgiveness have been evolving and are subject to audit by the U.S. government. As a result, there is at least a reasonable possibility that recorded estimates of PPP loan forgiveness will change by a material amount in the near term.

In April 2020, the Organization received loan proceeds in the amount of \$600,000 under the PPP loan. At June 30, 2021, the PPP balance was recorded as liability in the accompanying consolidated statement of financial position as Paycheck Protection Program loan in the amount of \$600,000. On July 6, 2021, the loan was forgiven by the lender and recognized as revenue in the consolidated statement of activities included in government grants and other contracts in the year ended June 30, 2022.

9. Notes Payable

In October 2020, the LLC was formed for the purpose of participation in a New Markets Tax Credit (“NMTC”) financing transaction to assist in the Project 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. The 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.

On December 20, 2020, the Organization received two loans from the CDE. The loans were comprised of Note A totaling \$5,829,570 and Note B totaling \$2,027,430 from the Investment Fund. Each of the loans are secured by the mortgage with respect to the Project. Both Note A and B have an interest rate equal to a fixed rate of 1.4123% per annum. Interest only payments are due quarterly starting March 15, 2021 and through September 15, 2027. Commencing on December 15, 2027, payments of interest and principal will be made quarterly over the remaining term of the loan which matures September 15, 2050.

In connection with the NMTC financing, 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 LLC, 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 LLC.

**Covenant House Georgia, Inc. and
CHGA CHI Leverage Lender, LLC**

Notes to Consolidated Financial Statements
June 30, 2022 and 2021

9. Notes Payable (continued)

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

As discussed in Note 2, debt issuance costs are shown as deductions from the mortgage payable. At June 30, mortgage payable and debt issuance costs are as follows:

	2022	2021
Notes payable	\$ 7,857,000	\$ 7,857,000
Less unamortized debt issuance costs	(404,822)	(478,426)
Notes payable, net	\$ 7,452,178	\$ 7,378,574

10. Net Assets with Donor Restrictions

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

	2022	2021
Capital Campaign with Multi-Year Pledges	\$ 387,516	\$ 953,604
Operations	75,101	143,081
Other	10,644	60,727
	\$ 473,261	\$ 1,157,412

Net assets were released from restrictions for the satisfaction of purpose restrictions as follows during the years ended June 30:

	2022	2021
Capital Campaign	\$ 1,482,279	\$ 5,602,451
Operations	136,691	66,591
Other	76,376	82,780
	\$ 1,695,346	\$ 5,751,822

**Covenant House Georgia, Inc. and
CHGA CHI Leverage Lender, LLC**

Notes to Consolidated Financial Statements
June 30, 2022 and 2021

11. Liquidity and Availability of Financial Assets

Financial assets available for general expenditures, that is, without donor or other restrictions limiting their use within one year of the consolidated statement of financial position date, are comprised of the following:

	2022	2021
Cash and equivalents	\$ 4,222,802	\$ 3,383,343
Contributions receivable, net	414,631	1,775,102
Government grants and other contracts receivables	1,028,295	563,070
Other receivables	41,264	20,701
Due from Parent	1,375	-
Financial assets available	5,708,367	5,742,216
Less donor restricted net assets	(473,261)	(1,157,412)
Financial assets at year end available to meet needs for general expenditures	\$ 5,235,106	\$ 4,584,804

To help manage unanticipated liquidity needs, the Organization has an available line of credit in the amount of \$500,000.

12. Employee Benefit Plans

The Organization participates in a Parent-sponsored noncontributory defined benefit pension plan (the "Plan"), which was established on August 1, 1982, and covers substantially all 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. The Organization's required contribution was \$31,620 and \$24,108 for the years ended June 30, 2022 and 2021 and are expected to be \$15,061 for fiscal 2023.

**Covenant House Georgia, Inc. and
CHGA CHI Leverage Lender, LLC**

Notes to Consolidated Financial Statements
June 30, 2022 and 2021

12. Employee Benefit Plans (continued)

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 \$53,732 and \$43,095 for the years ended June 30, 2022 and 2021.

13. 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 \$89 million and \$84 million for the Parent in the years ended June 30, 2022 and 2021. 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 with 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, 2022 and 2021. In fiscal 2022 and 2021, the Organization received \$493,990 and \$546,745 in Branding Dollars from the Parent. Additionally, in fiscal 2022 and 2021, the Organization received \$574,337 and \$724,903 from the Parent related to national sleep out events.

The Parent provided a Site Investment Fund ("SIF") to Covenant House Affiliates during fiscal 2022. The SIF is to encourage innovative programming at Organization by implementing a new program or pilot program, build program capacity, make a material change in site related program work, or introduce an innovative approach to current programs, support the range of site Workforce Development and Vocational Training activities, support young families in the adoption and implementation of the parenting curriculum/parenting programs and parenting skills assessment tool. The Parent provided to the Organization a total of \$70,000 for the year ended June 30, 2022, towards the SIF. The amount is included in Branding dollars from Parent in the Consolidated Statement of Activities.

14. Concentration of Credit Risk

Financial instruments that potentially subject the Organization to concentrations of credit risk consist primarily of cash, cash equivalents and receivables. 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. During the year ended June 30, 2022, one donor accounted for approximately 11% of total revenue and during the year ended June 30, 2021, two donors accounted for approximately 22% of total revenue. One donor represents approximately 61% and 56% of contributions receivable at June 30, 2022 and 2021.

**Covenant House Georgia, Inc. and
CHGA CHI Leverage Lender, LLC**

Notes to Consolidated Financial Statements
June 30, 2022 and 2021

15. Commitments and Contingencies

Leases

The Organization leases equipment under operating leases which expire by July 2023. Equipment rental and maintenance expense amounted to \$15,518 and \$14,450 for the years ended June 30, 2022 and 2021.

Future minimum annual lease and equipment rental payments for the years ending June 30 are as follows:

2023	\$ 17,090
2024	<u>65</u>
	<u>\$ 17,155</u>

Government Grants

In accordance with the terms of certain government grants, the records of the Organization are subject to audit for varying periods after the date of final payment of the grants. The Organization is liable for any disallowed costs; however, management believes that the amount of disallowed costs, if any, would not be significant. Government grants totaled \$2,041,163 and \$1,074,745 for the years ended June 30, 2022 and 2021.

Grant Agreement

In April 2020, the Organization and Partners for H.O.M.E., Inc., a Georgia non-profit organization (the "Agency") entered into a grant and regulatory agreement. The Agency agreed to provide support totaling \$1,500,000 to the Organization for the construction of its' residential housing building. The purpose of the agreement is to provide permanent supportive housing to those individuals experiencing or potentially experiencing homelessness. The agreement includes restrictive covenants as to the purpose of the building, providing support for the residents and no liens on the property.

The agreement is a reimbursable grant which requires the Organization to incur the construction costs and submit supporting documentation to receive the funds. During the years ended June 30, 2022 and 2021, the Organization recognized \$811,691 and \$688,309 of revenue related to this agreement.

16. Risks and Uncertainties

Given the uncertainty around the extent and timing of the potential future spread or mitigation of the Coronavirus and around the imposition or relaxation of protective measures, management cannot reasonably estimate the impact to future results of operations, cash flows, or financial condition.

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**Covenant House Georgia, Inc. and
CHGA CHI Leverage Lender, LLC**

Consolidating Schedule of Financial Position
June 30, 2022

	CHGA	LLC	Eliminations	Total
ASSETS				
Cash and cash equivalents	\$ 4,222,802	\$ 72,797	\$ -	\$ 4,295,599
Restricted cash	363,341	-	-	363,341
Contributions receivable, net	414,631	-	-	414,631
Government grants and other contracts receivables	1,028,295	-	-	1,028,295
Other receivables	41,264	-	-	41,264
Due from Parent	1,375	-	-	1,375
Prepaid expenses and other assets	14,610	-	-	14,610
Loan receivable	-	5,845,658	-	5,845,658
Investment in LLC	5,622,547	-	(5,622,547)	-
Property and equipment, net	11,231,998	-	-	11,231,998
	<u>\$ 22,940,863</u>	<u>\$ 5,918,455</u>	<u>\$ (5,622,547)</u>	<u>\$ 23,236,771</u>
 LIABILITIES AND NET ASSETS				
Liabilities				
Accounts payable, accrued expenses and refundable advances	\$ 279,196	\$ -	\$ -	\$ 279,196
Construction costs payable	866,906	-	-	866,906
Notes payable, net	7,452,178	-	-	7,452,178
Total Liabilities	<u>8,598,280</u>	<u>-</u>	<u>-</u>	<u>8,598,280</u>
Net Assets				
Without Donor Restrictions				
Undesignated	2,637,324	88,885	-	2,726,209
Member's equity	-	5,829,570	(5,622,547)	207,023
Investment in property and equipment	11,231,998	-	-	11,231,998
Total Without Donor Restrictions	<u>13,869,322</u>	<u>5,918,455</u>	<u>(5,622,547)</u>	<u>14,165,230</u>
With donor restrictions	473,261	-	-	473,261
Total Net Assets	<u>14,342,583</u>	<u>5,918,455</u>	<u>(5,622,547)</u>	<u>14,638,491</u>
	<u>\$ 22,940,863</u>	<u>\$ 5,918,455</u>	<u>\$ (5,622,547)</u>	<u>\$ 23,236,771</u>

See independent auditors' report

**Covenant House Georgia, Inc. and
CHGA CHI Leverage Lender, LLC**

Consolidating Schedule of Financial Position
June 30, 2021

	CHGA	LLC	Eliminations	Total
ASSETS				
Cash and cash equivalents	\$ 3,383,343	\$ 3	\$ -	\$ 3,383,346
Restricted cash	5,860,178	-	-	5,860,178
Contributions receivable, net	1,775,102	-	-	1,775,102
Government grants and other contracts receivables	563,070	-	-	563,070
Other receivables	20,701	-	-	20,701
Prepaid expenses and other assets	127,660	-	-	127,660
Loan receivable	-	5,860,232	-	5,860,232
Investment in LLC	5,567,166	-	(5,567,166)	-
Property and equipment, net	5,457,979	-	-	5,457,979
	<u>\$ 22,755,199</u>	<u>\$ 5,860,235</u>	<u>\$ (5,567,166)</u>	<u>\$ 23,048,268</u>
 LIABILITIES AND NET ASSETS				
Liabilities				
Accounts payable, accrued expenses and refundable advances	\$ 330,361	\$ -	\$ -	\$ 330,361
Construction costs payable	691,220	-	-	691,220
Due to Parent	12,720	-	-	12,720
Paycheck Protection Program loan	600,000	-	-	600,000
Notes payable, net	7,378,574	-	-	7,378,574
Total Liabilities	<u>9,012,875</u>	<u>-</u>	<u>-</u>	<u>9,012,875</u>
 Net Assets				
Without Donor Restrictions				
Undesignated	7,126,933	30,665	-	7,157,598
Member's equity	-	5,829,570	(5,567,166)	262,404
Investment in property and equipment	5,457,979	-	-	5,457,979
Total Without Donor Restrictions	<u>12,584,912</u>	<u>5,860,235</u>	<u>(5,567,166)</u>	<u>12,877,981</u>
With donor restrictions	1,157,412	-	-	1,157,412
Total Net Assets	<u>13,742,324</u>	<u>5,860,235</u>	<u>(5,567,166)</u>	<u>14,035,393</u>
	<u>\$ 22,755,199</u>	<u>\$ 5,860,235</u>	<u>\$ (5,567,166)</u>	<u>\$ 23,048,268</u>

See independent auditors' report

**Covenant House Georgia, Inc. and
CHGA CHI Leverage Lender, LLC**

Consolidating Schedule of Activities
Year Ended June 30, 2022

	CHGA			LLC		Total
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	Eliminations	
SUPPORT AND REVENUE						
Contributions	\$ 1,668,150	\$ 1,011,195	\$ 2,679,345	\$ -	\$ -	\$ 2,679,345
Contributed services and merchandise	116,687	-	116,687	-	-	116,687
Government grants and other contracts	2,041,163	-	2,041,163	-	-	2,041,163
Branding dollars from Parent	493,990	-	493,990	-	-	493,990
Special Event Revenue Raised Locally						
Grants from Parent related to Sleep Out Events	574,337	-	574,337	-	-	574,337
Special events revenue, net of direct benefit to donor costs of \$326,680	782,806	-	782,806	-	-	782,806
Net assets released from restrictions	1,695,346	(1,695,346)	-	-	-	-
Total Support and Revenue	<u>7,372,479</u>	<u>(684,151)</u>	<u>6,688,328</u>	<u>-</u>	<u>-</u>	<u>6,688,328</u>
INVESTMENT AND OTHER INCOME						
Interest	1,557	-	1,557	-	-	1,557
Other income	63,627	-	63,627	58,296	(55,381)	66,542
Total Investment and Other Income	<u>65,184</u>	<u>-</u>	<u>65,184</u>	<u>58,296</u>	<u>(55,381)</u>	<u>68,099</u>
Total Support and Revenue and Investment and Other Income	<u>7,437,663</u>	<u>(684,151)</u>	<u>6,753,512</u>	<u>58,296</u>	<u>(55,381)</u>	<u>6,756,427</u>
EXPENSES						
Program services	5,112,160	-	5,112,160	-	-	5,112,160
Supporting Services						
Management and general	531,613	-	531,613	76	-	531,689
Fundraising	509,480	-	509,480	-	-	509,480
Total Expenses	<u>6,153,253</u>	<u>-</u>	<u>6,153,253</u>	<u>76</u>	<u>-</u>	<u>6,153,329</u>
Change in Net Assets	1,284,410	(684,151)	600,259	58,220	(55,381)	603,098
NET ASSETS						
Beginning of year	12,584,912	1,157,412	13,742,324	5,860,235	(5,567,166)	14,035,393
End of year	<u>\$ 13,869,322</u>	<u>\$ 473,261</u>	<u>\$ 14,342,583</u>	<u>\$ 5,918,455</u>	<u>\$ (5,622,547)</u>	<u>\$ 14,638,491</u>

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**Covenant House Georgia, Inc. and
CHGA CHI Leverage Lender, LLC**

Consolidating Schedule of Activities
Year Ended June 30, 2021

	CHGA			LLC		Total
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	Eliminations	
SUPPORT AND REVENUE						
Contributions	\$ 1,627,286	\$ 1,689,607	\$ 3,316,893	\$ -	\$ -	\$ 3,316,893
Contributed services and merchandise	62,826	-	62,826	-	-	62,826
Government grants and other contracts	1,074,745	-	1,074,745	-	-	1,074,745
Branding dollars from Parent	546,745	-	546,745	-	-	546,745
Special Event Revenue Raised Locally						
Grants from Parent related to Sleep Out Events	724,903	-	724,903	-	-	724,903
Other special events	534,635	-	534,635	-	-	534,635
Net assets released from restrictions	<u>5,751,822</u>	<u>(5,751,822)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Support and Revenue	<u>10,322,962</u>	<u>(4,062,215)</u>	<u>6,260,747</u>	<u>-</u>	<u>-</u>	<u>6,260,747</u>
INVESTMENT AND OTHER INCOME						
Interest	13,451	-	13,451	-	-	13,451
Other income	<u>86,923</u>	<u>-</u>	<u>86,923</u>	<u>30,605</u>	<u>(29,075)</u>	<u>88,453</u>
Total Investment and Other Income	<u>100,374</u>	<u>-</u>	<u>100,374</u>	<u>30,605</u>	<u>(29,075)</u>	<u>101,904</u>
Total Support and Revenue and Investment and Other Income	<u>10,423,336</u>	<u>(4,062,215)</u>	<u>6,361,121</u>	<u>30,605</u>	<u>(29,075)</u>	<u>6,362,651</u>
EXPENSES						
Program services	4,055,019	-	4,055,019	-	-	4,055,019
Supporting Services						
Management and general	401,984	-	401,984	(60)	-	401,924
Fundraising	<u>503,325</u>	<u>-</u>	<u>503,325</u>	<u>-</u>	<u>-</u>	<u>503,325</u>
Total Expenses	<u>4,960,328</u>	<u>-</u>	<u>4,960,328</u>	<u>(60)</u>	<u>-</u>	<u>4,960,268</u>
Change in Net Assets before Other Changes	5,463,008	(4,062,215)	1,400,793	30,665	(29,075)	1,402,383
OTHER CHANGES						
Equity contribution	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,829,570</u>	<u>(5,538,091)</u>	<u>291,479</u>
Change in Net Assets	5,463,008	(4,062,215)	1,400,793	5,860,235	(5,567,166)	1,693,862
NET ASSETS						
Beginning of year	<u>7,121,904</u>	<u>5,219,627</u>	<u>12,341,531</u>	<u>-</u>	<u>-</u>	<u>12,341,531</u>
End of year	<u>\$ 12,584,912</u>	<u>\$ 1,157,412</u>	<u>\$ 13,742,324</u>	<u>\$ 5,860,235</u>	<u>\$ (5,567,166)</u>	<u>\$ 14,035,393</u>

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