Covenant House New Orleans

Consolidated Financial Statements and
Uniform Guidance Financial Report
Together With Independent Auditors' Reports

June 30, 2019

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Report on the Consolidated Financial Statements

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

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Covenant House New Orleans as of June 30, 2019, and the consolidated changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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Change in Accounting Principle

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

Report on Summarized Comparative Information

We have previously audited Covenant House New Orleans' June 30, 2018 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated November 29, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018 is consistent in all material respects, with the audited consolidated financial statements from which it has been derived.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Director, on page 22 is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 *U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, on page 23 is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 5, 2019 on our consideration of Covenant House New Orleans' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Covenant House New Orleans' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Covenant House New Orleans' internal control over financial reporting and compliance.

PKF O'Connor Davies, LLP

December 5, 2019

Covenant House New Orleans

Consolidated Statement of Financial Position
June 30, 2019
(with comparative amounts at June 30, 2018)

	2019	2018
ASSETS		
Cash and cash equivalents	$ 1,233,111	$ 958,815
Grants receivable	451,916	414,928
Contributions receivable, net	387,801	42,653
Other receivables, net	43,680	130,358
Other assets	88,591	85,154
Investments	2,863,534	2,721,112
Property and equipment, net	2,912,324	2,757,511
Beneficial interest in assets held by others	378,606	382,175
	$ 8,359,563	$ 7,492,706
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable, accrued expenses, and refundable advances	$ 708,792	$ 593,878
Due to Parent	8,830	13,172
Total Liabilities	717,622	607,050
Net Assets		
Without donor restrictions	6,644,156	6,549,608
With donor restrictions	997,785	336,048
Total Net Assets	7,641,941	6,885,656
	$ 8,359,563	$ 7,492,706

See notes to consolidated financial statements

Covenant House New Orleans

Consolidated Statement of Activities
Year Ended June 30, 2019
(with summarized totals for year ended June 30, 2018)

	2019			
	Without Donor Restrictions	With Donor Restrictions	Total	Total 2018
CONTRIBUTIONS, REVENUE AND OTHER SUPPORT				
Contributions from individuals, foundations and corporations, including legacies and bequests	$ 1,778,839	$ 970,647	$ 2,749,486	$ 1,989,007
Contributed services and merchandise	229,612	-	229,612	760,322
Government grants and contracts	1,625,358	-	1,625,358	1,310,762
Support from Parent	1,510,000	-	1,510,000	1,607,000
Support from Parent related to National Sleep Out Event	355,008	-	355,008	236,781
Special events revenue, net of direct benefits to donors of $37,677 and $29,375	193,182	-	193,182	267,184
Total Contributions, Revenue and Other Support	5,691,999	970,647	6,662,646	6,171,056
INVESTMENT AND OTHER INCOME				
Investment Income				
Interest and dividends	75,993	-	75,993	28,677
Net unrealized gain on investments	54,692	-	54,692	136,726
Net realized gains on investments	12,639	-	12,639	9,794
Job-training program revenue, net of costs of $104,916 and $78,911	72,249	-	72,249	82,327
Other income	53,746	-	53,746	556,232
Total Investment and Other Income	269,319	-	269,319	813,756
Total Contributions, Revenue and Other Support and Investment and Other Income	5,961,318	970,647	6,931,965	6,984,812
Net assets released from restrictions	308,910	(308,910)	-	-
Total Contributions, Revenue and Other Support and Investment and Other Income and Releases from Restrictions	6,270,228	661,737	6,931,965	6,984,812
EXPENSES				
Program services	5,137,658	-	5,137,658	5,386,503
Supporting Services				
Management and general	773,818	-	773,818	683,455
Fundraising	264,204	-	264,204	415,551
Total Supporting Services	1,038,022	-	1,038,022	1,099,006
Total Expenses	6,175,680	-	6,175,680	6,485,509
Change in Net Assets	94,548	661,737	756,285	499,303
NET ASSETS				
Beginning of year	6,549,608	336,048	6,885,656	6,386,353
End of year	$ 6,644,156	$ 997,785	$ 7,641,941	$ 6,885,656

See notes to consolidated financial statements

Covenant House New Orleans

Consolidated Statement of Functional Expenses
Year Ended June 30, 2019
(with summarized totals for year ended June 30, 2018)

	Program Services								Supporting Services				Total	
	Shelter and Crisis Care	Outreach	Mother/ Child	Medical	Community Service Center	Public Education	Rights of Passage/ In-School	Total Program Services	Management and General	Fundraising	Total Supporting Services	Cost of Direct Benefits to Donors	2019	2018
Salaries and wages	$ 1,075,156	$ 114,720	$ 207,547	$ 97,869	$ 156,926	$ 17,606	$ 575,841	$ 2,245,665	$ 406,128	$ 155,755	$ 561,883	$ -	$ 2,807,548	$ 2,629,238
Payroll taxes	85,606	8,901	16,528	7,677	12,290	1,244	45,935	178,181	27,497	12,194	39,691	-	217,872	206,864
Employee benefits	273,891	33,249	52,959	19,358	48,628	4,324	127,286	559,695	112,856	26,150	139,006	-	698,701	537,302
Total Salaries and Related Expenses	1,434,653	156,870	277,034	124,904	217,844	23,174	749,062	2,983,541	546,481	194,099	740,580	-	3,724,121	3,373,404
Accounting fees	-	-	-	-	-	-	-	-	45,000	-	45,000	-	45,000	40,000
Legal fees	1,082	-	206	-	430	-	430	2,148	-	-	-	-	2,148	117,022
Medical fees	-	-	-	20,268	3,378	-	10,134	33,780	-	-	-	-	33,780	41,303
Consulting fees	23,612	1,500	4,498	2,473	176,881	230	12,853	222,047	7,196	4,950	12,146	-	234,193	377,068
Supplies	38,375	640	7,741	6,463	4,979	65	20,039	78,302	4,622	2,056	6,678	-	84,980	91,160
Telephone	10,525	1,417	2,053	999	3,544	118	8,235	26,891	7,025	1,537	8,562	-	35,453	50,654
Postage and printing	2,750	-	549	214	318	296	1,295	5,422	3,665	16,579	20,244	-	25,666	22,704
Occupancy:														
Fuel and utilities	75,087	-	14,302	2,503	9,976	-	42,728	144,596	12,869	2,488	15,357	-	159,953	160,394
Repairs and maintenance	61,975	-	15,219	-	6,252	-	28,067	111,513	10,553	1,365	11,918	-	123,431	94,267
Rent and other	1,094	-	257	65	176	-	41,745	43,337	1,762	343	2,105	-	45,442	37,507
Equipment	37,587	674	7,326	2,634	3,805	502	14,610	67,138	35,435	7,401	42,836	-	109,974	109,562
Transportation	21,813	7,622	4,259	1,353	6,756	659	14,531	56,993	1,264	1,417	2,681	-	59,674	61,211
Conferences, conventions and meetings	7,127	301	1,357	943	984	252	4,650	15,614	986	5,378	6,364	-	21,978	19,108
Specific Assistance to Individuals:														
Food	132,840	5,638	25,303	21	1,952	-	33,901	199,655	-	-	-	-	199,655	210,755
Contributed medical	-	-	-	9,675	1,613	-	4,838	16,126	-	-	-	-	16,126	11,356
Clothing, allowance and other	112,285	56,780	21,437	4,520	227,947	20	233,106	656,095	233	261	494	-	656,589	566,168
Contributed clothing and merchandise	3,019	-	575	-	-	-	-	3,594	150	-	150	-	3,744	6,812
Temporary help	136	-	26	14	14	-	81	271	-	-	-	-	271	-
Other purchased services	33,020	810	7,721	725	4,192	48	14,286	60,802	34,208	8,934	43,142	-	103,944	99,651
Dues, licenses and permits	1,831	31	376	138	189	-	1,032	3,597	426	1,958	2,384	-	5,981	5,704
Subscriptions and publications	811	22	155	50	50	620	422	2,130	337	623	960	-	3,090	3,511
Staff recruitment	829	-	177	82	132	-	362	1,582	412	483	895	-	2,477	3,221
Insurance	32,172	3,954	6,269	1,423	9,227	107	19,578	72,730	7,875	1,650	9,525	-	82,255	68,432
Contributed services	-	-	-	125,777	20,963	-	62,888	209,628	-	-	-	-	209,628	742,251
Miscellaneous	11,563	672	2,208	285	2,566	3	5,346	22,643	3,205	447	3,652	37,677	63,972	48,705
Bank charges and fees	1,302	-	248	620	-	-	930	3,100	8,365	9,665	18,030	-	21,130	22,631
Interest	-	-	-	-	-	-	-	-	275	-	275	-	275	131
Total Functional Expenses Before Depreciation and Amortization	2,045,488	236,931	399,296	306,149	704,168	26,094	1,325,149	5,043,275	732,344	261,634	993,978	37,677	6,074,930	6,384,692
Depreciation and amortization	53,713	4,092	11,012	860	6,188	8	18,510	94,383	41,474	2,570	44,044	-	138,427	130,192
Total Functional Expenses	2,099,201	241,023	410,308	307,009	710,356	26,102	1,343,659	5,137,658	773,818	264,204	1,038,022	37,677	6,213,357	6,514,884
Less cost of direct benefits to donors	-	-	-	-	-	-	-	-	-	-	-	(37,677)	(37,677)	(29,375)
Total Expenses Reported by Function on the Statement of Activities	$ 2,099,201	$ 241,023	$ 410,308	$ 307,009	$ 710,356	$ 26,102	$ 1,343,659	$ 5,137,658	$ 773,818	$ 264,204	$ 1,038,022	$ -	$ 6,175,680	$ 6,485,509

See notes to consolidated financial statements

Covenant House New Orleans

Consolidated Statement of Cash Flows
Year Ended June 30, 2019
(with comparative amounts for year ended June 30, 2018)

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 756,285	$ 499,303
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation and amortization	138,427	130,192
Net unrealized and realized gain on investments	(67,331)	(146,520)
Bad debt expense	-	559
Loss on sale of property and equipment	3,934	15,240
Net change in operating assets and liabilities		
Grants receivable	(36,988)	(81,814)
Other receivables	86,678	215,169
Contributions receivable	(345,148)	211,075
Other assets	(3,437)	2,229
Accounts payable, accrued expenses and refundable advances	114,914	29,395
Due to Parent	(4,342)	47,562
Net Cash from Operating Activities	642,992	922,390
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	77,243	27,539
Purchases of investments	(165,392)	(477,782)
Proceeds from sale of beneficial interest	19,095	2,984
Purchases of beneficial interest	(2,468)	(8,810)
Purchase of property and equipment	(309,576)	(157,848)
Proceeds from sale of property and equipment	12,402	-
Net Cash from Investing Activities	(368,696)	(613,917)
Change in Cash and Cash Equivalents	274,296	308,473
CASH AND CASH EQUIVALENTS		
Beginning of year	958,815	650,342
End of year	$ 1,233,111	$ 958,815

See notes to consolidated financial statements

1. Organization and Nature of Activities

Covenant House New Orleans (the "Organization") is a not-for-profit organization which was incorporated on January 20, 1984. Covenant House (Parent) and affiliates (collectively "Covenant House"), provided shelter, food, clothing, medical attention, crisis intervention, public education, prevention, and other services that reached approximately 74,000 and 89,000 young people during fiscal 2019 and 2018.

In February 2004, Covenant Landscaping, LLC was formed to limit liability under the Organization's White Dove Landscaping program. Covenant House New Orleans is the sole member of Covenant Landscaping, LLC, which is considered a disregarded entity for tax purposes. Covenant Landscaping, LLC, otherwise known as White Dove Landscaping, provides the Organization with a landscaping and lawn maintenance business that serves as a job training program for at-risk youth.

The Organization is affiliated with the following not-for-profit organizations through common control.

- 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 York/Under 21
- Covenant House Pennsylvania/Under 21
- Covenant House Texas
- Covenant House Washington, D.C.
- Covenant House Western Avenue
- Covenant House Testamentum
- Covenant House Holdings, LLC
- Covenant International Foundation
- CH Housing Development Fund Corporation
- Rights of Passage, Inc.
- Under 21 Boston, Inc.
- 268 West 44th Corporation
- 460 West 41st Street, LLC

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

- Associacion 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

Covenant House is the founder of Fundación Casa Alianza México, I.A.P.

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

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

Components of Program and Supporting Services

Program Services

Shelter and Crisis Care
The Shelter and Crisis Care program provides shelter, food, clothing, counseling, cash management, physical and behavioral health, job readiness and placement to runaway homeless and at-risk youth, 22 and under.

Outreach
The Outreach program is an effort to reach youths who would otherwise not find their way to the Crisis Center. Outreach teams cruise the city streets, searching for these youths and providing them with food, a trained counselor and a safe ride to shelter.

Mother/Child
The Mother/Child program provides emergency shelter, food and counseling to homeless mothers (22 and under) and their children.

Medical
Medical includes basic medical services, referrals, HIV testing, mental health and counseling.

Community Service Center
The Community Service Center provides comprehensive services to former Covenant House youth, and other youths in the community who need support to maintain themselves in stable living situations. Within this program, the Organization also provides counseling and intervention services, and work-related instruction and experience through the White Dove Landscaping program. The Organization's partners in service include Tulane Medical Center's Adolescent drop-in clinic, and Catholic Charities Archdiocese of New Orleans Head Start Program.

Public Education
The Public Education program informs and educates the public on how to identify potential "runaway" and "throwaway" adolescents, the public and private resources available to help such adolescents before they leave home and the public support services available to these families to improve their home environment.

Rights of Passage/In-School
The Rights of Passage program provides transitional living services to youths for up to 24 months, including individual counseling and help with their education and finding jobs and ultimately long term housing.

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

Components of Program and Supporting Services (continued)

Supporting Services

<u>*Management and General*</u>
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.

<u>*Fundraising*</u>
Development services relate to the activities of the development program in raising general and specific contributions.

<u>*Direct Benefit-to-Donor Costs*</u>
Direct benefit-to-donor are costs incurred in conjunction with items such as meals and entertainment benefiting attendees of special events.

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

Change in Accounting Principle

On July 1, 2018, the Organization adopted new guidance regarding the Presentation of Financial Statements for Not-for-Profit Entities. This guidance requires the Organization to collapse the three-category (unrestricted, temporarily restricted, and permanently restricted) classification of net assets into two categories: with donor restrictions and without donor restrictions. In addition, the new guidance requires the Organization to make certain expanded disclosures relating to (1) the liquidity of financial assets, and (2) expenses by both their natural and functional classification in one location in the financial statements. As a result of implementing this standard prior year amounts for unrestricted net assets were reclassified to net assets without donor restrictions, and temporarily restricted and permanently restricted net assets were combined as net assets with donor restrictions.

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of Covenant House New Orleans and Covenant Landscaping, LLC. All significant intercompany transactions and balances have been eliminated in consolidation.

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

Net Assets

Net Assets Without Donor Restrictions

Net assets without donor restrictions are available for use at the discretion of the Board of Directors (the "Board") and management for general operating purposes. From time to time, the Board may designate a portion of these net assets for specific purposes, which makes them unavailable for use at management's discretion. This class also includes restricted gifts whose donor-imposed restrictions were met within the same year as received the donated assets for either specified or unspecified purposes.

Net Assets With Donor Restrictions

Net assets with donor restrictions are those resulting from contributions and other inflows of assets whose use by the Organization is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Organization pursuant to these stipulations. The Organization reports gift of cash and other assets as revenue with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, the net assets with donor restriction are reclassified to net assets without donor restriction and reported in the consolidated statement of activities as net assets released from restrictions.

Some net assets with donor restrictions include a stipulation that assets provided be maintained permanently (perpetual in nature) while permitting the Organization to expend the income generated by the assets in accordance with the provisions of additional donor imposed stipulations or a Board approved spending policy.

Revenue Recognition

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 programs services. Supporting services include management and general and fundraising. Allocated expenses among program services, management and general and fundraising include salaries and related expenses, staff travel, consulting fees, occupancy, and other expenses which are allocated based on time and costs where efforts are made.

Cash and Cash Equivalents

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

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 carried at fair value in the consolidated statement of financial position. Interest, dividends, realized and unrealized gains and losses on the sale of investments are included in the consolidated statement of activities. 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.

Beneficial Interest in Assets Held by Others

During fiscal year 2005, the Organization transferred $250,000 of its cash reserves to four foundations to establish endowment funds. The agreement with each foundation designated the Organization as beneficiary and states that the transfer is irrevocable and that transferred assets will not be returned. The Organization values these investments based on quarterly statements received from the respective foundations. In addition, the foundations will make annual distributions of the income earned on the endowment funds, subject to their respective spending policies. The agreements also grant variance power, that is, permit each foundation to substitute another beneficiary, if the Organization ceases to exist, or the foundation’s governing board votes that supporting the Organization is no longer necessary or is inconsistent with the needs of the community. The Organization recognized the transfer as reciprocal, and therefore not a contribution, but as a beneficial interest in assets held by others and a component of its board designated endowment.

Property and Equipment

The Organization follows the practice of capitalizing all expenditures for property, building and equipment with a cost in excess of $500. Property and equipment are reported at cost at the date of acquisition or at fair value at the date of donation. Building improvements are capitalized, whereas minor costs of repairs and maintenance are expensed as incurred.

Depreciation is computed on the straight-line basis over the estimated useful lives of the assets, which range from 3 to 33 years. Leasehold improvements are amortized on the straight-line basis over the lesser of the term of the lease or their estimated useful lives.

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.

The Organization has been named the beneficiary and owner of a $75,000 life insurance policy which has a cash surrender value. The policy is recognized at net present value and is included in contributions receivable in the accompanying consolidated statement of financial position. The cash surrender value of approximately $25,000 and $24,000 at June 30, 2019 and 2018 is included in other assets.

Allowance for Doubtful Accounts

The Organization maintains an allowance for doubtful accounts for estimated losses that may result from the inability of its customers or donors to make required payments. Such allowances are based upon several factors including, but not limited to, historical experience and the financial condition of the customer or donor. Uncollectible accounts are written off based upon the amount of time they have been outstanding and management’s expected collectability.

Donated Goods and Services

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

Impairment of Long-Lived Assets

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 were no such impairment for the years ended June 30, 2019 and 2018.

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

Advertising Costs

Advertising costs are expensed as incurred.

Accounting for Uncertainty in Income Taxes

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

Subsequent Events Evaluation by Management

Management has evaluated subsequent events for disclosure and recognition in the consolidated financial statements through the date that the consolidated financial statements were available to be issued, which date is December 5, 2019.

3. Receivables

Grants Receivable

All grants receivable as of June 30, 2019 are expected to be collected within one year.

Contributions Receivable

Contributions receivable primarily consists of promises to give related to the Organization's Rights of Passage Program and a life insurance policy. Those receivables that are due in more than one year have been discounted to their present value using a discount rate of 6% and 6.75% as of June 30, 2019 and 2018. Contributions receivable as of June 30, are due as follows:

	2019	2018
Within one year	$ 345,578	$ 20,819
More than five years	95,000	75,000
	440,578	95,819
Discount to present value	(52,777)	(53,166)
	$ 387,801	$ 42,653

3. Receivables *(continued)*

Other Receivables

Other receivables primarily include the White Dove Landscaping training program sales and / or services, net of allowances for doubtful accounts as of June 30, as follows:

	2019	2018
White Dove Landscaping	$ 44,866	$ 127,624
Other	7,507	4,799
	52,373	132,423
Allowance for doubtful accounts	(8,693)	(2,065)
	$ 43,680	$ 130,358

For the years ended June 30, 2019 and 2018, 82% and 91% of other receivables are from one customer.

4. Fair Value of Investments

The following are major categories of investments and beneficial interest in assets held by others measured at fair value as of June 30, categorized by the fair value hierarchy:

	2019			
	Level 1	Level 2	Level 3	Total
Affiliated pooled investments	$ -	$ 2,814,043	$ -	$ 2,814,043
Investment cash, at cost				49,491
Total Investments				2,863,534
Beneficial Interest in Assets Held by Others				
Greater New Orleans Foundation	-	-	247,211	247,211
Jewish New Orleans Foundation	-	-	46,506	46,506
The Catholic Foundation	-	-	48,432	48,432
Baton Rouge Area Foundation	-	-	36,457	36,457
Total Beneficial Interest in Assets Held by Others	-	-	378,606	378,606
Total Investments and Beneficial Interest in Assets Held by Others	$ -	$ 2,814,043	$ 378,606	$ 3,242,140

4. Fair Value of Investments *(continued)*

	2018			
	Level 1	Level 2	Level 3	Total
Affiliated pooled investments	$ -	$ 2,688,422	$ -	$ 2,688,422
Investment cash, at cost				32,690
Total Investments				2,721,112
Beneficial Interest in Assets Held by Others				
Greater New Orleans Foundation	-	-	256,092	256,092
Jewish New Orleans Foundation	-	-	44,586	44,586
The Catholic Foundation	-	-	47,034	47,034
Baton Rouge Area Foundation	-	-	34,463	34,463
Total Beneficial Interest in Assets Held by Others	-	-	382,175	382,175
Total Investments and Beneficial Interest in Assets Held by Others	$ -	$ 2,688,422	$ 382,175	$ 3,103,287

The following table summarizes the changes in financial assets measured on a recurring basis at fair value using Level 3 inputs for the years ended June 30:

	2019	2018
Balance, beginning of year	$ 382,175	$ 352,013
Purchases	2,468	8,810
Sales	(19,095)	(2,984)
Realized gain	8,638	9,783
Unrealized gain	4,420	14,553
Balance, end of year	$ 378,606	$ 382,175

5. Property and Equipment

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

	2019	2018
Land	$ 1,527,418	$ 1,543,752
Buildings	992,262	992,262
Building improvements	859,805	646,067
Equipment	1,916,969	1,826,632
	5,296,454	5,008,713
Accumulated depreciation and amortization	(2,384,130)	(2,251,202)
	$ 2,912,324	$ 2,757,511

6. Commitments and Contingencies

Leases

The Organization has entered into various noncancelable operating leases used in the daily operations of the business. These leases expire at various dates through October 2028. Rental expenses under all operating leases amounted to $18,495 and $18,523 for the years ended June 30, 2019 and 2018.

Future minimum annual lease payments at June 30, 2019 for the years ending June 30 are payable as follows:

2020	$ 18,512
2021	18,512
2022	13,341
2023	1,558
2024	989
Thereafter	14,347
	$ 67,259

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 all costs to be allowable. Government grants totaled $1,625,358 and $1,310,762 for the years ended June 30, 2019 and 2018.

7. Related Party Transactions

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 $66 million and $64 million for the Parent in the years ended June 30, 2019 and 2018. Contributions received from the Parent are generally not specifically restricted by donors to specific affiliates.

The Parent combines contributions received from individuals, corporations and foundations plus a Parent subsidy and appropriates funds classified as “Branding Dollars” or “Contributions Received from Parent” to each Covenant House affiliate. Total funds allocated to affiliates, based on the Parent’s policy, approximated $34 million and $35 million for the years ended June 30, 2019 and 2018. For the years ended June 30, 2019 and 2018, the Organization received $1,510,000 and $1,607,000 and in contributions from the Parent.

8. Contributed Services and Merchandise

The Organization recognizes contribution revenue for certain services and merchandise received at fair value. Contributed clinical services by internists, pediatricians, nurse practitioners, registered nurses and intake staff for the years ended June 30 are as follows:

	2019	2018
Medical	$ 135,452	$ 147,381
Community Service Center	22,576	530,148
Rights of Passage	67,726	73,942
Public Education	-	2,000
Management and General	264	1,685
Fundraising	-	558
Merchandise	3,594	4,608
	$ 229,612	$ 760,322

9. Net Assets With Donor Restrictions

Net assets with donor restrictions consist of purpose restricted contributions as follows:

	2019	2018
Program core support	$ 974,432	$ 314,216
Other programs	23,353	21,832
	$ 997,785	$ 336,048

9. Net Assets With Donor Restrictions *(continued)*

Net assets released from restrictions by incurring expenses satisfying the restricted purposes during the years ended June 30, are as follows:

	2019	2018
Program core support	$ 308,910	$ 387,177

10. Board Designated Endowment Funds

As required by U.S. GAAP, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence or donor-imposed restrictions. The Organization's endowment funds have not been donor-restricted for specific programs and are expendable for any purpose following board appropriation subject to a standard of prudence.

During fiscal year 2014, the Organization agreed to pool a significant portion of its board designated reserves with that of Covenant House International and its investment advisor to garner greater returns through economies of scale.

During 2010 the State of Louisiana adopted its version of the Uniform Prudent Management of Institutional Funds Act ("UPMIFA"), which governs endowment spending of charitable institutions. The Organization classifies donor-restricted endowment funds as without donor restricted net assets, unless otherwise stipulated by the donor. Board designated or net assets held in perpetuity represent (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts donated to the endowment, and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the funds. According to UPMIFA, the ordinary income of an endowed fund may be distributed annually. While UPMIFA does not place limitations on what can be distributed when market conditions are favorable, it does limit what can be distributed if the current value is near or below the Historical Dollar Value – defined as the aggregate of original, subsequent and accumulation contributions. In utilizing the appreciation in value of the endowments for distributions, the Organization follows the provisions of the Louisiana Uniform Prudent Management of Institutional Funds Act ("LUPMIFA") of 2010.

In accordance with LUPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor restricted or board designated endowment funds – the purpose, duration, and preservation of the endowment fund; expected total return on investments; general economic conditions; the possible effects of inflation and deflation; other resources, and the investment policy of the Organization.

The Organization has adopted investment management and spending policies for endowment assets that support the objective of providing a sustainable and increasing level of endowment income distribution to its activities while seeking to maintain the purchasing power of the endowment assets. The Organization's primary investment objectives are to maximize total return within reasonable and prudent levels of risk while maintaining sufficient liquidity to meet disbursement needs and ensure preservation of capital.

10. Board Designated Endowment Funds *(continued)*

To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy that achieves a return through a combination of current income and capital appreciation, without regard to an emphasis on either, recognizing that changes in market conditions and interest rates will result in varying strategies in an attempt to optimize results. The Organization believes that the decision to pool its investments with the Parent affiliate meets its long-term investment objectives.

Changes in net assets for the Organization's board designated endowment funds for the years ended June 30, are as follows:

	2019	2018
Balance, beginning of year	$ 3,070,597	$ 2,494,967
Contributions	-	403,561
Investment income	75,754	28,546
Net realized and unrealized appreciation	67,819	146,508
Appropriation for expenditures	(19,095)	-
Fees	(2,427)	(2,985)
Balance, end of year	$ 3,192,648	$ 3,070,597

11. Pension Plans

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 and are 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 $118,710 and $115,807 for the years ended June 30, 2019 and 2018.

The Organization participates in a noncontributory defined benefit pension plan (the "Plan"), which was established on August 1, 1982, sponsored by the Parent covering substantially all of the employees of the Parent and its domestic affiliates. Benefits are generally based on years of service and final average salary. Effective August 1, 2009, the Board of Directors of the Parent approved to freeze the future benefit accruals of all employees of Covenant House participating in the Plan. As set forth in the provisions of the Employee Retirement Income Security Act of 1974 (ERISA), the Parent is responsible for maintaining an annual minimum funding requirement that is reported and paid by the Parent. Although the Parent is responsible for maintaining the total annual minimum funding requirement, the Plan's actuary has determined the respective allocable share to the various affiliates that participate in the Plan. For the year ended June 30, 2019, the Organization contributed $86,583 for its allocable share of the Parent's minimum funding requirement, which is included in employee benefits on the statement of functional expense. No amounts were due for the year ended June 30, 2018.

12. Concentration of Credit Risks

Financial instruments that potentially subject the Organization to concentrations of credit risk consist primarily of cash, cash equivalents and receivables from contracts. 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.

13. Liquidity and Availability of Resources

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

Financial assets:	
Cash and cash equivalents	$ 1,233,111
Grants receivable	451,916
Contributions receivable, net	387,801
Other receivables, net	43,680
Investments	2,863,534
Beneficial interest in assets held by others	378,606
Total Financial Assets	5,358,648
Less contractual or donor imposed restricted amounts:	
Amounts restricted for purpose and time by donors	(997,785)
Board designated funds	(3,192,648)
	(4,190,433)
Financial Assets Available to Meet General Expenditures over the Next Twelve Months	$ 1,168,215

As part of the Organization's liquidity management strategy, management structures its financial assets to be available as its general expenditures, liabilities and other obligations come due. The Organization's working capital and cash flows have cyclical variations during the year attributable to the cash receipts of contributions and grant income.

* * * * *

Covenant House New Orleans

Supplementary Information

Year Ended June 30, 2019

Covenant House New Orleans

Schedule of Compensation, Benefits and Other Payments to
Agency Head or Chief Executive Officer
Year Ended June 30, 2019

Agency Head Name: James R. Kelly

Purpose	**Amount**
Salary	$147,862
Benefits-insurance	15,585
Benefits-retirement	13,702
Benefits- others	-
Car allowance	-
Vehicle provided by government	-
Per diem	-
Reimbursements	-
Travel	-
Registration fees	-
Conference travel	-
Continuing professional education fees	-
Housing	-
Unvouchered expenses	-
Special meals	-
	$177,149

See independent auditors' report

Covenant House New Orleans

Uniform Guidance Schedules and Reports

June 30, 2019

Covenant House New Orleans

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2019

Federal Grantor/Pass-Through Grantor/ Program Title or Cluster Title	Federal CFDA Number	Pass-Through/Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
U.S. Department of Housing and Urban Development				
Pass-through City of New Orleans				
Emergency Solutions Grant Program	14.231	ESG-032D	$ -	$ 99,098
Emergency Solutions Grant Program	14.231	SESG-030D	-	60,000
Pass-through UNITY for the Homeless, Inc.				
Continuum of Care Program	14.267	LA0273L6H031701	-	36,588
Continuum of Care Program	14.267	LA0278L6H031701	-	117,111
Continuum of Care Program	14.267	LA0230L6H031705	-	61,511
Continuum of Care Program	14.267	LA0230L6H031604	-	61,829
Continuum of Care Program	14.267	LA0077L6H031609	-	43,043
Continuum of Care Program	14.267	LA0077L6H031710	-	66,376
Continuum of Care Program	14.267	LA0086L6H031710	-	87,503
Direct Program				
Continuum of Care Program	14.267		-	77,567
Total U.S. Department of Housing and Urban Development			-	710,626
U.S. Department of Agriculture				
Supplemental Nutrition Assistance Program Cluster				
Direct Program				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561		-	44,966
Child Nutrition Cluster				
Pass-through Louisiana Department of Education				
School Breakfast Program	10.553	7547	-	28,742
Total U.S. Department of Agriculture			-	73,708
Department of Homeland Security				
Pass-through United Way				
Emergency Food and Shelter National Board Program	97.024	34-3658-024	-	11,686
Emergency Food and Shelter National Board Program	97.024	35-3658-024	-	6,552
Total Department of Homeland Security			-	18,238
U.S. Department of Justice				
Pass-through Louisiana Commission on Law Enforecement and Administration of Criminal Justice				
Crime Victim Assistance	16.575	2017-VA-01/04-4181	-	104,886
Pass-through Jefferson Parish Sheriff Office				
Services for Trafficking Victims	16.320	2015-VT-BX-K057	-	19,729
Services for Trafficking Victims	16.320	2018-VT-BX-K087	-	13,986
Direct Program				
Services for Trafficking Victims	16.320		-	297,509
Total U.S. Department of Justice			-	436,110
U.S. Department of Health and Human Services				
Direct Programs				
Transitional Living for Homeless Youth	93.550		-	184,345
Education and Prevention Grants to Reduce Sexual Abuse of Runaway, Homeless and Street Youth	93.557		-	136,328
Total U.S. Department of Health and Human Services			-	320,673
Total Expenditures of Federal Awards			$ -	$ 1,559,355

See independent auditors' report and notes to schedule of expenditures of federal awards

1. Basis of Presentation

The Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of Covenant House New Orleans (the "Organization") under programs of the federal government for the year ended June 30, 2019. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements*, *Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets or cash flows of the Organization.

2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

3. Non-Cash Awards

For the year ended June 30, 2019, the Organization did not have any non-cash awards, mortgages, or loan funds that should be included in the federal expenditures presented in this Schedule.

4. Indirect Cost Rate

The Organization has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Independent Auditors' Report

Board of Directors
Covenant House New Orleans

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Covenant House New Orleans (the "Organization"), which comprise the consolidated statement of financial position as of June 30, 2019, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated December 5, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered the Organization's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of consolidated financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

PKF O'Connor Davies, LLP

December 5, 2019

Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance

Independent Auditors' Report

Board of Directors
Covenant House New Orleans

Report on Compliance for Each Major Federal Program

We have audited Covenant House New Orleans' (the "Organization") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended June 30, 2019. The Organization's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Organization's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* ("Uniform Guidance"). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Organization's compliance.

Opinion on Each Major Federal Program

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

Report on Internal Control Over Compliance

Management of the Organization is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Organization's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

PKF O'Connor Davies, LLP

December 5, 2019

Covenant House New Orleans

Schedule of Findings and Questioned Costs
Year Ended June 30, 2019

Section I - Summary of Auditors' Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:	Unmodified	
Internal control over financial reporting:		
• Material weakness(es) identified?	___ yes	X no
• Significant deficiency(ies) identified?	___ yes	X none reported
Noncompliance material to financial statements noted?	___ yes	X no

Federal Awards

Internal control over major federal programs:		
• Material weakness(es) identified?	___ yes	X no
• Significant deficiency(ies) identified?	___ yes	X none reported
Type of auditors' report issued on compliance for major federal programs:	Unmodified	
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	___ yes	X no

Identification of major federal programs:

CFDA Number(s)	Name of Federal Program or Cluster
14.267	Continuum of Care Program

Dollar threshold used to distinguish between Type A and Type B programs	$750,000	
Auditee qualified as low-risk auditee?	X yes	_____ no

Section II - Financial Statement Findings

During our audit, we noted no material findings for the year ended June 30, 2019.

Section III - Federal Award Findings and Questioned Costs

During our audit, we noted no material instances of noncompliance and none of the costs reported in the federal financially assisted programs are questioned or recommended to be disallowed.

Section IV - Financial Statement Findings

There were no prior year findings.