

COVENANT TO CARE FOR CHILDREN, INC.

FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

COVENANT TO CARE FOR CHILDREN, INC.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Covenant to Care For Children, Inc.

We have audited the accompanying financial statements of Covenant to Care for Children, Inc.. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

To the Board of Directors of
Covenant to Care for Children, Inc.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Covenant to Care for Children, Inc. as of June 30, 2021, and the 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.

Report on June 30, 2020 Financial Statements

The financial statements of Covenant to Care for Children, Inc. as of June 30, 2020, were audited by other accountants whose report dated February 17, 2021, stated that in their opinion, the financial statements presented fairly, in all material respects, the financial position of Covenant to Care for Children, Inc. as of June 30, 2020, and the changes in its net asset and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States.



ZACKIN ZIMYESKI SULLIVAN
Certified Public Accountants, LLC
Waterbury, Connecticut

January 31, 2022

COVENANT TO CARE FOR CHILDREN, INC.
 STATEMENTS OF FINANCIAL POSITION
 JUNE 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 119,119	\$ 101,426
Grants Receivable	5,000	6,860
Prepaid Expenses	4,722	4,364
Inventory	-	209
Total Current Assets	<u>128,841</u>	<u>112,859</u>
PROPERTY AND EQUIPMENT, NET	13,574	16,350
OTHER ASSETS		
Security Deposits	<u>3,005</u>	<u>3,005</u>
TOTAL ASSETS	<u><u>\$ 145,420</u></u>	<u><u>\$ 132,214</u></u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 2,160	\$ 6,628
Accrued Payroll	3,874	1,804
Accrued Vacation	7,833	7,498
Accrued Expenses	9,930	1,837
Total Current Liabilities	<u>23,797</u>	<u>17,767</u>
NET ASSETS		
Without Donor Restrictions	38,829	42,104
With Donor Restrictions	<u>82,794</u>	<u>72,343</u>
Total Net Assets	<u>121,623</u>	<u>114,447</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 145,420</u></u>	<u><u>\$ 132,214</u></u>

See accompanying notes to the financial statements

COVENANT TO CARE FOR CHILDREN, INC.
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE						
Donated Goods and Services	\$ 332,525	\$ -	\$ 332,525	\$ 344,150	\$ -	\$ 344,150
Government Grants	255,353	-	255,353	256,687	-	256,687
Foundations	2,500	76,367	78,867	6,500	81,750	88,250
Individuals	32,179	-	32,179	32,356	-	32,356
Corporations	22,267	-	22,267	13,529	-	13,529
Religious Community	4,430	-	4,430	11,240	-	11,240
Special Projects	2,003	-	2,003	6,832	-	6,832
Events	58	-	58	2,185	-	2,185
United Way	418	-	418	127	-	127
Interest and Dividend Income	83	-	83	1,027	-	1,027
Total Support and Revenue	<u>651,816</u>	<u>76,367</u>	<u>728,183</u>	<u>674,633</u>	<u>81,750</u>	<u>756,383</u>
NET ASSETS RELEASED FROM RESTRICTIONS						
Satisfaction of Program Restrictions	65,916	(65,916)	-	86,563	(86,563)	-
TOTAL SUPPORT AND REVENUE AND NET ASSETS RELEASED FROM RESTRICTIONS						
	717,732	10,451	728,183	761,196	(4,813)	756,383
EXPENSES						
Program Services	679,499	-	679,499	717,619	-	717,619
Management and General	30,196	-	30,196	30,602	-	30,602
Fundraising	11,312	-	11,312	15,697	-	15,697
Total Expenses	<u>721,007</u>	<u>-</u>	<u>721,007</u>	<u>763,918</u>	<u>-</u>	<u>763,918</u>
NET CHANGE IN NET ASSETS	(3,275)	10,451	7,176	(2,722)	(4,813)	(7,535)
NET ASSETS, BEGINNING OF THE YEAR	<u>42,104</u>	<u>72,343</u>	<u>114,447</u>	<u>44,826</u>	<u>77,156</u>	<u>121,982</u>
NET ASSETS, END OF THE YEAR	<u>\$ 38,829</u>	<u>\$ 82,794</u>	<u>\$ 121,623</u>	<u>\$ 42,104</u>	<u>\$ 72,343</u>	<u>\$ 114,447</u>

See accompanying notes to the financial statements

COVENANT TO CARE FOR CHILDREN, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2021

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(continued)

	Program Services	Management and General	Fundraising	Total
FUNCTIONAL EXPENSES				
Salaries and Related Expenses				
Payroll	\$ 193,245	\$ 15,199	\$ 8,685	\$ 217,129
Payroll Taxes	15,730	1,237	707	17,674
Employee Benefits	13,959	1,098	627	15,684
Total Salaries and Related Expenses	222,934	17,534	10,019	250,487
Direct Assistance				
Clothing and Donated Goods	332,525	-	-	332,525
Food Pantry	131	-	-	131
Total Direct Assistance	332,656	-	-	332,656
Operating Expenses				
Foundation Expenditures	33,910	-	-	33,910
Rent	27,563	3,759	-	31,322
Insurance	17,844	2,433	-	20,277
Depreciation	2,443	333	-	2,776
Professional Fees	15,702	2,141	-	17,843
Dues and Subscriptions	7,117	971	-	8,088
Printing/Copying	2,959	694	971	4,624
Telephone	3,886	530	-	4,416
Travel	1,460	199	-	1,659
Utilities	2,506	342	-	2,848
Remote Access	1,994	272	-	2,266
Postage	981	230	322	1,533
Office Supplies	1,068	146	-	1,214
Miscellaneous	731	100	-	831
Repairs and Maintenance	1,837	251	-	2,088
Payroll Service	986	135	-	1,121
Equipment Rental	605	83	-	688
Training and Meetings	317	43	-	360
Total Operating Expenses	123,909	12,662	1,293	137,864
TOTAL FUNCTIONAL EXPENSES	\$ 679,499	\$ 30,196	\$ 11,312	\$ 721,007

See accompanying notes to the financial statements

COVENANT TO CARE FOR CHILDREN, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2020

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(continued)

	Program Services	Management and General	Fundraising	Total
FUNCTIONAL EXPENSES				
Salaries and Related Expenses				
Payroll	\$ 193,849	\$ 16,266	\$ 7,010	\$ 217,125
Payroll Taxes	14,076	1,466	1,556	17,098
Employee Benefits	13,114	675	1,012	14,801
Total Salaries and Related Expenses	221,039	18,407	9,578	249,024
Direct Assistance				
Clothing and Donated Goods	344,150	-	-	344,150
Food Pantry	16,483	-	-	16,483
Total Direct Assistance	360,633	-	-	360,633
Operating Expenses				
Foundation Expenditures	39,151	-	-	39,151
Rent	27,299	3,900	-	31,199
Insurance	17,077	2,439	-	19,516
Depreciation	13,628	1,239	-	14,867
Professional Fees	10,881	1,554	-	12,435
Dues and Subscriptions	7,134	648	-	7,782
Printing/Copying	856	122	5,207	6,185
Telephone	4,954	450	-	5,404
Travel	3,414	310	-	3,724
Utilities	2,298	328	-	2,626
Remote Access	2,081	297	-	2,378
Postage	1,002	143	912	2,057
Office Supplies	1,576	224	-	1,800
Miscellaneous	1,221	174	-	1,395
Repairs and Maintenance	1,251	114	-	1,365
Payroll Service	1,101	157	-	1,258
Equipment Rental	965	88	-	1,053
Training and Meetings	58	8	-	66
Total Operating Expenses	135,947	12,195	6,119	154,261
TOTAL FUNCTIONAL EXPENSES	\$ 717,619	\$ 30,602	\$ 15,697	\$ 763,918

See accompanying notes to the financial statements

COVENANT TO CARE FOR CHILDREN, INC.
 STATEMENTS OF CASH FLOWS
 FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in Net Assets	\$ 7,176	\$ (7,535)
Adjustments to Reconcile Change in Net Assets		
To Net Cash Provided by Operating Activities:		
Depreciation	2,776	14,867
Changes in Assets and Liabilities		
Decrease in Grants Receivable	1,860	-
(Increase) in Prepaid Expenses	(358)	(205)
Decrease in Inventory	209	347
(Decrease) in Accounts Payable	(4,468)	(694)
Increase (Decrease) in Accrued Payroll	2,070	(6,102)
Increase in Accrued Vacation	335	1,131
Increase in Accrued Expenses	8,093	1,837
Net Cash Provided by Operating Activities	17,693	3,646
NET INCREASE IN CASH AND CASH EQUIVALENTS	17,693	3,646
CASH AND CASH EQUIVALENTS - BEGINNING	101,426	97,780
CASH AND CASH EQUIVALENTS - ENDING	\$ 119,119	\$ 101,426

See accompanying notes to the financial statements

COVENANT TO CARE FOR CHILDREN, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

1. NATURE OF THE ORGANIZATION

Covenant to Care for Children, Inc. (hereinafter “the Organization”) is a nonprofit Connecticut corporation established to connect social workers and other professionals with faith and/or community-based organizations throughout Connecticut, in order to provide programs, goods, and services to abused, neglected, and impoverished children and to the families working to provide them with safe, nurturing environments. Its goal is that children have the opportunity to become healthy and productive adults through recreational, educational and social activities, foster parent recruitment and support, and child welfare awareness.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of Covenant to Care for Children, Inc. is presented to assist in understanding the Organization’s financial statements. The financial statements and notes are representations of the Organization’s management, who is responsible for their integrity and objectivity. These accounting policies are in accordance with accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

a. Basis of Accounting and Presentation

The financial statements have been prepared on the accrual basis of accounting, whereby income is recognized when it becomes available and measurable, and expenses are recognized when the liability is incurred, if measurable.

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and the board of directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

b. New Accounting Pronouncement

The Organization adopted Financial Accounting Standards Board (“FASB”) Accounting Standards Update (“ASU”) 2014-09, Revenue from Contracts with Customers. The ASU provides new revenue recognition guidance that superseded existing revenue recognition guidance.

COVENANT TO CARE FOR CHILDREN, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b. New Accounting Pronouncement (continued)

The update, as amended, requires the recognition of revenue related to the transfer of goods or services to customers which reflects the consideration to which the entity expects to be entitled in exchange for those goods or services, as well as additional qualitative and quantitative disclosures about revenue. The Organization adopted ASU 2014-09 on July 1, 2020, using the modified retrospective method of transition. The organization performed an analysis of revenue streams and transactions under ASU 2014-09. The new standard also requires enhanced disclosures related to the disaggregation of revenue and significant judgements made in measurement and recognition. There was no cumulative effect of applying ASU 2014-09.

In June 2018, the Financial Accounting Standards Board issued ASU No. 2018-08, Not-for-Profit-Entities (Topic 958): *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*. The amendment clarifies guidance for how an entity determines whether a transfer of assets is a contribution or exchange transaction. The amendment also clarifies the determination of conditional contributions based on evaluating whether there is a right of return and a barrier to overcome. The two permitted transition methods under the new standard are the full retrospective method, in which case the standard would be applied to each prior reporting period presented and the cumulative effect of applying the standard would be recognized at the earliest period shown, or the modified prospective method, in which case the effect of applying the standard would be recognized for any agreements not completed and any new agreements entered into at the date of initial application. The new standard is effective for annual reporting periods beginning after December 15, 2018 for resource recipients. Management has adopted ASU 2018-08 as a resource recipient for the year ended June 30, 2020. ASU has been applied using the modified prospective method. There was no cumulative effect on the financial statements of applying ASU 2018-08.

c. Contributions

Contributions are recorded when pledges are made by the respective donors. Contributions are considered to be available for unrestricted use unless specifically restricted by the donor.

Contributions received are recorded as with or without donor restrictions support depending on the existence and/or nature of any donor restrictions. All donor-restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets are reclassified and reported in the statement of activities as net assets released from restrictions. The Organization's policy is to present net assets with donor restrictions received during the year whose restrictions are also met during the current year as net assets without donor restrictions.

COVENANT TO CARE FOR CHILDREN, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

d. Recognition of Support and Revenue

Support and revenue consists of state governmental grants and contracts; and individual, corporate, foundation and religious organization contributions. Entitlement to cost reimbursement grants and contracts is based on the expenditure of funds in accordance with grant restrictions and, therefore, revenue is recognized to the extent of grant expenditures.

Entitlement to performance based grants and contracts are based on the attainment of specific performance goals and, therefore, revenue is recognized to the extent of performance achieved.

e. Cash Equivalents

The Organization considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

f. Receivables and Allowance for Doubtful Accounts

Grants receivable consists of grants unconditionally pledged to the Organization. Receivables are written off and charged against current income whenever it is determined that they are uncollectible; therefore no allowance for doubtful accounts is reflected in the financial statements.

g. Property and Equipment

Property and equipment is capitalized and carried at cost or, if donated, at the approximated fair value at the date of donation. The Organization reports gifts of office equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as temporarily restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions in full when the donated or acquired long-lived assets are placed in service.

Depreciation is calculated on the straight-line basis over the estimated useful lives of the assets. Minor replacements, maintenance and repairs under \$1,000 are charged to expense as incurred. When items of property and equipment are sold or retired, the related cost and accumulated depreciation are removed from the accounts and any gain or loss is included in the statement of activities. Depreciation expense was \$2,776 and \$14,867 for the years ended June 30, 2021 and 2020, respectively.

COVENANT TO CARE FOR CHILDREN, INC.
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

h. Inventory

Inventory consists of goods purchased with grant proceeds which are intended for distribution to children. The goods are valued at cost.

i. Functional Expense Allocations

The majority of expenses can generally be directly identified with the program or supporting service to which they relate and are charged accordingly. Other expenses by function are allocated to components of these services based on allocation factors determined by management and may change from year to year.

The expenses that are allocated including the following:

Expense	Method of Allocation
Payroll and Related	Time and Effort
Printing/Copying	Usage
Postage	Usage

j. In-kind Contributions

These include donated goods consisting of food, clothing, and other donated items, which are recognized according to Goodwill thrift shop valuation guides. The donated goods are used to support the Organization's activities as described in Note 1.

There were in-kind contributions of this type of \$332,525 and \$344,150 for the years ended June 30, 2021 and 2020.

The Organization recognizes donated services if they create or enhance nonfinancial assets or require specialized skills and would typically be purchased if not provided by donation. General volunteer services do not meet these criteria for recognition in the financial statements. No donated services have been recognized in the accompanying financial statements. However, the Organization benefits from more than 20,000 volunteer hours per year.

k. Compensated Absences

Employees of the Organization are entitled to paid vacation depending on job classification, length of service, and other factors. The Organization allows carryover of unused vacation days, with the amount of days carried over based on the employee's length of service.

l. Fair Value of Financial Instruments

The carrying value of cash, grants receivable, accounts payable and accrued liabilities approximated their fair values due to the short maturity of these instruments.

COVENANT TO CARE FOR CHILDREN, INC.
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

m. Income Taxes

The Organization qualifies for an exemption from federal and state income taxes on exempt function income as a public charity under Section 501(c)(3) of the Internal Revenue Code. Therefore, no provision for income taxes is made in the accompanying financial statements. The Organization is not required to file an informational return in the U.S. federal jurisdiction.

n. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 periods. Accordingly, actual results could differ from those estimates.

o. Reclassifications

Certain reclassifications have been made to the prior year financial statements in order for them to be in conformity with the current year presentation.

3. DATE OF MANAGEMENT'S REVIEW

The Organization has evaluated subsequent events for potential recognition or disclosure in the financial statements through January 31, 2022, the date upon which the financial statements were available to be issued.

4. AVAILABILITY AND LIQUIDITY

The following represents the Organization's financial assets at June 30:

Financial assets at year end:		2021
Cash and cash equivalents	\$	119,119
Grants Receivable		5,000
Total Financial Assets		124,119
Less amount not available to be used within one year:		
Net assets with donor restrictions	\$	(82,794)
Financial assets available to meet general expenditures over the next twelve months	\$	41,325

The organization's goal is generally to maintain financial assets to meet operating expense.

COVENANT TO CARE FOR CHILDREN, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

5. COMMITMENTS AND CONTINGENCIES

The Organization participates in state grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the Organization has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable may be impaired. In the opinion of the Organization, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

6. STATEMENT OF CASH FLOWS

Supplemental disclosures are required for cash disbursed for income taxes and interest and noncash transactions. During the years ended June 30, 2021 and 2020, no cash was disbursed for income taxes or interest. There were no noncash transactions for the years ended June 30, 2021 and 2020.

7. PROPERTY AND EQUIPMENT

Property and equipment consist of the following at June 30:

	2021	2020
Leasehold Improvements	\$ 39,046	\$ 39,046
Office Equipment	15,166	15,166
Vehicles	61,851	61,851
Total Property and Equipment	116,063	116,063
Less: Accumulated Depreciation	(102,489)	(99,713)
Property and Equipment, Net	\$ 13,574	\$ 16,350

8. OPERATING LEASES

The Organization is leasing an office space in Hartford. The lease term is March 1, 2014 through February 28, 2024 and may be extended for one additional five (5) year period with a mutually agreed upon increase in rate. Rent expense was \$31,322 and \$31,199 for the years ended June 30, 2021 and 2020, respectively.

COVENANT TO CARE FOR CHILDREN, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

8. OPERATING LEASES (continued)

At June 30, 2021, future minimum lease payments are:

June 30,	
2022	30,560
2023	31,065
2024	<u>20,710</u>
Total	<u>\$ 82,335</u>

The Organization effective October 1, 2017, also rents an additional storage space for \$100 per month, on a month-to-month basis.

9. NET ASSETS

Net assets with donor restrictions were as follows for the years ended June 30, 2021 and 2020:

	2021	2020
Specific Purpose	\$	\$
Auerbach Grant (HFPG)	5,609	5,500
Betty Knox Foundation	-	2,000
Community Foundation of Middlesex County	3,000	3,000
Dime Savings Bank	-	2,000
Ensworth Charitable Foundation	13,610	10,000
Evelyn S. and K.E. Barrett Foundation	7,500	-
Farmington Bank Foundation	8,500	3,500
First Congregational Church of Madison	10,000	10,000
Gen Re Corporation	45	3,458
Lindberg Grant (HFPG)	299	399
McPhee Foundation	6,432	4,847
Northwest CT Community Foundation	-	5,000
People's United Community Foundation	4,300	3,501
Simsbury Junior Woman's Club	500	500
Strategic Planning (HFPG)	7,360	1,860
Walmart Foundation	9,141	9,272
Wells Fargo	6,154	6,353
Wrobel Grant (HFPG)	344	1,153
Total Specific Purpose	<u>\$ 82,794</u>	<u>\$ 72,343</u>

Net assets without donor restrictions for the years ended June 30, 2021 and 2020 were as follows:

	2021	2020
Undesignated	<u>\$ 38,829</u>	<u>\$ 42,104</u>

COVENANT TO CARE FOR CHILDREN, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2021 and 2020

10. CONCENTRATIONS OF CREDIT RISK

The Organization's financial instruments that are exposed to concentrations of credit risk consists primarily of grants receivable.

- Grants Receivable – The Organization receives a significant portion of its support and revenue from a state grant passed through the State of Connecticut. As with all governmental funding, this grant is subject to reduction or termination in future years. Any significant reduction in this grant could have a negative impact on the Organization's program services.
- Cash – The Organization maintains cash balances in several checking and money market accounts. The accounts are insured by the Federal Deposit Insurance Corporation (FDIC insured) up to \$250,000. There were no uninsured balances at June 30, 2021 and 2020.

11. UNCERTAINTIES

Coronavirus (COVID-19)

On January 30, 2020, the World Health Organization declared the coronavirus to be a public health emergency. On March 10, 2020, the Governor of the State of Connecticut declared a public health emergency and a civil preparedness emergency due to COVID-19.

The Organization derives a significant portion of its revenues from a State grant. At this stage, the impact on the Organization and results has not been significant. The situation creates uncertainty about the impact of future revenues that might be generated. In addition, at this time, it is uncertain what the effects of the pandemic will be on the Organization's future federal or state fiscal relief.