

Return of Organization Exempt From Income Tax

2006

Open to Public Inspection

Department of the Treasury Internal Revenue Service

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except black lung benefit trust or private foundation)

The organization may have to use a copy of this return to satisfy state reporting requirements.

A For the 2006 calendar year, or tax year beginning 07/01, 2006, and ending 06/30/2007

- B Check if applicable: Address change, Name change, Initial return, Final return, Amended return, Application pending

C Name of organization: COVENANT HOUSE CALIFORNIA, INC.
Number and street (or P.O. box if mail is not delivered to street address): 1325 NORTH WESTERN AVENUE
City or town, state or country, and ZIP + 4: HOLLYWOOD, CA 90027

D Employer identification number: 13-3391210
E Telephone number: (323) 461-3131
F Accounting method: Cash [], Accrual [X]

Section 501(c)(3) organizations and 4947(a)(1) nonexempt charitable trusts must attach a completed Schedule A (Form 990 or 990-EZ).

H and I are not applicable to section 527 organizations.

G Website: WWW.COVENANTHOUSECA.ORG

J Organization type (check only one) [X] 501(c)(3) (insert no.) 4947(a)(1) or 527

K Check here [] if the organization is not a 509(a)(3) supporting organization and its gross receipts are normally not more than \$25,000.

H(a) Is this a group return for affiliates? Yes [], No [X]

H(b) If "Yes," enter number of affiliates

H(c) Are all affiliates included? Yes [], No []

H(d) Is this a separate return filed by an organization covered by a group ruling? Yes [], No [X]

I Group Exemption Number

M Check [] if the organization is not required to attach Sch. B (Form 990, 990-EZ, or 990-PF).

L Gross receipts: Add lines 6b, 8b, 9b, and 10b to line 12 10,902,667.

Part I Revenue, Expenses, and Changes in Net Assets or Fund Balances (See the instructions.)

Table with 21 rows and 3 columns: Description, Sub-rows, and Amount. Includes Revenue (lines 1-12), Expenses (lines 13-17), and Net Assets (lines 18-21). Total revenue: 10,692,020. Total expenses: 9,731,980. Net assets at end of year: 14,580,407.

COPY FOR PUBLIC INSPECTION

Part II Statement of Functional Expenses

All organizations must complete column (A). Columns (B), (C), and (D) are required for section 501(c)(3) and (4) organizations and section 4947(a)(1) nonexempt charitable trusts but optional for others. (See the instructions.)

Do not include amounts reported on line 6b, 8b, 9b, 10b, or 16 of Part I.	(A) Total	(B) Program services	(C) Management and general	(D) Fundraising
22a Grants paid from donor advised funds (attach schedule) (cash \$ _____ noncash \$ _____) If this amount includes foreign grants, check here <input type="checkbox"/>				
22b Other grants and allocations (attach schedule) (cash \$ _____ noncash \$ _____) If this amount includes foreign grants, check here <input type="checkbox"/>				
23 Specific assistance to individuals (attach schedule)	645,279.	645,279.	STMT 5	
24 Benefits paid to or for members (attach schedule)				
25a Compensation of current officers, directors, key employees, etc. listed in Part V-A (attach schedule)	361,120.	250,257.	69,316.	41,547.
b Compensation of former officers, directors, key employees, etc. listed in Part V-B (attach schedule)				
c Compensation and other distributions, not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B) (attach schedule)				
26 Salaries and wages of employees not included on lines 25a, b, and c	4,073,131.	3,759,295.	23,512.	290,324.
27 Pension plan contributions not included on lines 25a, b, and c	244,647.	222,390.	9,007.	13,250.
28 Employee benefits not included on lines 25a - 27	276,324.	251,184.	10,174.	14,966.
29 Payroll taxes	558,620.	519,734.	7,318.	31,568.
30 Professional fundraising fees	35,753.			35,753.
31 Accounting fees	39,118.		39,118.	
32 Legal fees	13,743.			13,743.
33 Supplies	84,288.	73,579.	2,004.	8,705.
34 Telephone	77,741.	70,519.	1,926.	5,296.
35 Postage and shipping	496,446.	14,320.	1,200.	480,926.
36 Occupancy	476,254.	468,238.	7,912.	104.
37 Equipment rental and maintenance	166,603.	157,762.	4,230.	4,611.
38 Printing and publications	623,243.	16,911.	238.	606,094.
39 Travel	71,901.	60,214.	3,055.	8,632.
40 Conferences, conventions, and meetings	40,478.	31,329.	2,847.	6,302.
41 Interest	36,391.		36,391.	
42 Depreciation, depletion, etc. (attach schedule)	526,648.	507,629.	1,654.	17,365.
43 Other expenses not covered above (itemize):				
a <u>INSURANCE & RE TAXES</u>	109,474.	105,359.	4,115.	
b <u>BANK CHARGES & FEES</u>	119,386.		119,386.	
c <u>BAD DEBT EXPENSE</u>	75,012.		75,012.	
d <u>STAFF RECRUITMENT</u>	32,838.	30,792.	1,584.	462.
e <u>OTHER PURCHASED SERVICES</u>	366,529.	296,470.	9,672.	60,387.
f <u>MISCELLANEOUS</u>	181,013.	91,237.	2,900.	86,876.
g _____				
44 Total functional expenses. Add lines 22a through 43g. (Organizations completing columns (B)-(D), carry these totals to lines 13-15).	9,731,980.	7,572,498.	432,571.	1,726,911.

Joint Costs. Check if you are following SOP 98-2.

Are any joint costs from a combined educational campaign and fundraising solicitation reported in (B) Program services? Yes No
 If "Yes," enter (i) the aggregate amount of these joint costs \$ _____; (ii) the amount allocated to Program services \$ _____;
 (iii) the amount allocated to Management and general \$ _____; and (iv) the amount allocated to Fundraising \$ _____

Part III Statement of Program Service Accomplishments (See the instructions.)

Form 990 is available for public inspection and, for some people, serves as the primary or sole source of information about a particular organization. How the public perceives an organization in such cases may be determined by the information presented on its return. Therefore, please make sure the return is complete and accurate and fully describes, in Part III, the organization's programs and accomplishments.

What is the organization's primary exempt purpose? SEE STATEMENT 6 All organizations must describe their exempt purpose achievements in a clear and concise manner. State the number of clients served, publications issued, etc. Discuss achievements that are not measurable. (Section 501(c)(3) and (4) organizations and 4947(a)(1) nonexempt charitable trusts must also enter the amount of grants and allocations to others.)	Program Service Expenses (Required for 501(c)(3) and (4) orgs., and 4947(a)(1) trusts; but optional for others.)
a SHELTER AND CRISIS CARE- THE ORGANIZATION PROVIDES CRISIS CARE, SHELTER, FOOD, CLOTHING, AND COUNSELING TO ABANDONED AND RUNAWAY YOUTHS IN THE LOS ANGELES AREA. (Grants and allocations \$ _____) If this amount includes foreign grants, check here <input type="checkbox"/>	2,979,008.
b RIGHTS OF PASSAGE - PROVIDES TRANSITIONAL HOME SERVICES FOR UP TO 18 MONTHS FOR YOUTHS, WHICH INCLUDES EDUCATION, JOB PLACEMENT, AND HOUSING. (Grants and allocations \$ _____) If this amount includes foreign grants, check here <input type="checkbox"/>	1,836,343.
c COMMUNITY SERVICE CENTER - PROVIDES COMPREHENSIVE SERVICES TO YOUTHS WHO LEFT COVENANT HOUSE CRISIS CENTER, AND OTHER YOUTHS IN THE COMMUNITY WHO NEED SUPPORT TO MAINTAIN THEMSELVES IN THE STABLE LIVING SITUATIONS. SERVICES PROVIDED INCLUDE SUBSTANCE ABUSE COUNSELING AND EMPLOYMENT SKILLS TRAINING. (Grants and allocations \$ _____) If this amount includes foreign grants, check here <input type="checkbox"/>	1,834,160.
d MEDICAL SERVICES- PROVIDES ON SITE EMERGENCY MEDICAL SERVICES TO BOTH SHELTER AND OUTREACH YOUTHS INCLUDING EXAMS, PHARMACY SERVICES, HEALTH EDUCATION, AND COUNSELING. (Grants and allocations \$ _____) If this amount includes foreign grants, check here <input type="checkbox"/>	416,893.
e Other program services (attach schedule) SEE STATEMENT 7 (Grants and allocations \$ _____) If this amount includes foreign grants, check here <input type="checkbox"/>	506,094.
f Total of Program Service Expenses (should equal line 44, column (B), Program services)	7,572,498.

Part IV Balance Sheets (See the instructions.)

Note: Where required, attached schedules and amounts within the description column should be for end-of-year amounts only.

		(A) Beginning of year		(B) End of year	
Assets	45 Cash - non-interest-bearing	13,806.	45	28,197.	
	46 Savings and temporary cash investments	1,017,722.	46	421,955.	
	47a Accounts receivable	47a 38,898.			
	b Less: allowance for doubtful accounts	47b	47c	38,898.	
	48a Pledges receivable	48a 912,721.			
	b Less: allowance for doubtful accounts	48b 8,750.	452,440.	48c	903,971.
	49 Grants receivable	531,915.	49	436,981.	
	50a Receivables from current and former officers, directors, trustees, and key employees (attach schedule)		50a		
	b Receivables from other disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B) (attach schedule)		50b		
	51a Other notes and loans receivable (attach schedule)	51a			
	b Less: allowance for doubtful accounts	51b	51c		
	52 Inventories for sale or use		52	1,874.	
	53 Prepaid expenses and deferred charges	55,763.	53	43,460.	
	54a Investments - publicly-traded securities	▶ <input type="checkbox"/> Cost <input checked="" type="checkbox"/> FMV	5,395,690.	54a	5,979,454.
	b Investments - other securities (attach schedule)	▶ <input type="checkbox"/> Cost <input type="checkbox"/> FMV		54b	
	55a Investments - land, buildings, and equipment: basis	55a			
	b Less: accumulated depreciation (attach schedule)	55b	55c		
	56 Investments - other (attach schedule)		56		
	57a Land, buildings, and equipment: basis	57a 14,108,960.			
	b Less: accumulated depreciation (attach schedule)	57b 4,828,137.	8,281,761.	57c	9,280,823.
58 Other assets, including program-related investments (describe ▶ STMT 8)	55,454.	58	38,307.		
59 Total assets (must equal line 74). Add lines 45 through 58	15,804,551.	59	17,173,920.		
Liabilities	60 Accounts payable and accrued expenses	588,207.	60	844,072.	
	61 Grants payable		61		
	62 Deferred revenue	1,186,121.	62	1,485,000.	
	63 Loans from officers, directors, trustees, and key employees (attach schedule)		63		
	64a Tax-exempt bond liabilities (attach schedule)		64a		
	b Mortgages and other notes payable (attach schedule)		64b		
	65 Other liabilities (describe ▶ STMT 9)	413,692.	65	264,441.	
66 Total liabilities. Add lines 60 through 65	2,188,020.	66	2,593,513.		
Net Assets or Fund Balances	Organizations that follow SFAS 117, check here <input checked="" type="checkbox"/> and complete lines 67 through 69 and lines 73 and 74.				
	67 Unrestricted	13,197,701.	67	13,617,935.	
	68 Temporarily restricted	418,830.	68	962,472.	
	69 Permanently restricted		69		
	Organizations that do not follow SFAS 117, check here <input type="checkbox"/> and complete lines 70 through 74.				
	70 Capital stock, trust principal, or current funds		70		
	71 Paid-in or capital surplus, or land, building, and equipment fund		71		
	72 Retained earnings, endowment, accumulated income, or other funds		72		
73 Total net assets or fund balances (add lines 67 through 69 or lines 70 through 72. (Column (A) must equal line 19 and column (B) must equal line 21)	13,616,531.	73	14,580,407.		
74 Total liabilities and net assets/fund balances. Add lines 66 and 73	15,804,551.	74	17,173,920.		

Part V-A Current Officers, Directors, Trustees, and Key Employees (continued)

75a Enter the total number of officers, directors, and trustees permitted to vote on organization business at board meetings 21
75b Are any officers, directors, trustees, or key employees listed in Form 990, Part V-A, or highest compensated employees listed in Schedule A, Part I, or highest compensated professional and other independent contractors listed in Schedule A, Part II-A or II-B, related to each other through family or business relationships? If "Yes," attach a statement that identifies the individuals and explains the relationship(s)
75c Do any officers, directors, trustees, or key employees listed in Form 990, Part V-A, or highest compensated employees listed in Schedule A, Part I, or highest compensated professional and other independent contractors listed in Schedule A, Part II-A or II-B, receive compensation from any other organizations, whether tax exempt or taxable, that are related to the organization? See the instructions for the definition of "related organization." SEE STATEMENT 15
75d Does the organization have a written conflict of interest policy?

Part V-B Former Officers, Directors, Trustees, and Key Employees That Received Compensation or Other Benefits (If any former officer, director, trustee, or key employee received compensation or other benefits (described below) during the year, list that person below and enter the amount of compensation or other benefits in the appropriate column. See the instructions.)

Table with 5 columns: (A) Name and address, (B) Loans and Advances, (C) Compensation (if not paid, enter -0-), (D) Contributions to employee benefit plans & deferred compensation plans, (E) Expense account and other allowances. All entries in columns B, C, and E are -0-.

Part VI Other Information (See the instructions.)

76 Did the organization make a change in its activities or methods of conducting activities? If "Yes," attach a detailed statement of each change
77 Were any changes made in the organizing or governing documents but not reported to the IRS? If "Yes," attach a conformed copy of the changes.
78a Did the organization have unrelated business gross income of \$1,000 or more during the year covered by this return?
78b If "Yes," has it filed a tax return on Form 990-T for this year?
79 Was there a liquidation, dissolution, termination, or substantial contraction during the year? If "Yes," attach a statement
80a Is the organization related (other than by association with a statewide or nationwide organization) through common membership, governing bodies, trustees, officers, etc., to any other exempt or nonexempt organization?
80b If "Yes," enter the name of the organization COVENANT HOUSE, INC. and check whether it is [X] exempt or [] nonexempt
81a Enter direct and indirect political expenditures. (See line 81 instructions.) 81a NONE
81b Did the organization file Form 1120-POL for this year?

Part VI Other Information (continued)

		Yes	No
82a	Did the organization receive donated services or the use of materials, equipment, or facilities at no charge or at substantially less than fair rental value?	X	
b	If "Yes," you may indicate the value of these items here. Do not include this amount as revenue in Part I or as an expense in Part II. (See instructions in Part III.)		
82b	451,114.		
83a	Did the organization comply with the public inspection requirements for returns and exemption applications?	X	
b	Did the organization comply with the disclosure requirements relating to <i>quid pro quo</i> contributions?	X	
84a	Did the organization solicit any contributions or gifts that were not tax deductible?		X
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	N/A	
85	501(c)(4), (5), or (6) organizations. a Were substantially all dues nondeductible by members?	N/A	
b	Did the organization make only in-house lobbying expenditures of \$2,000 or less? If "Yes" was answered to either 85a or 85b, do not complete 85c through 85h below unless the organization received a waiver for proxy tax owed for the prior year.	N/A	
c	Dues, assessments, and similar amounts from members	85c	N/A
d	Section 162(e) lobbying and political expenditures	85d	N/A
e	Aggregate nondeductible amount of section 6033(e)(1)(A) dues notices	85e	N/A
f	Taxable amount of lobbying and political expenditures (line 85d less 85e)	85f	N/A
g	Does the organization elect to pay the section 6033(e) tax on the amount on line 85f?	85g	N/A
h	If section 6033(e)(1)(A) dues notices were sent, does the organization agree to add the amount on line 85f to its reasonable estimate of dues allocable to nondeductible lobbying and political expenditures for the following tax year?	85h	N/A
86	501(c)(7) orgs. Enter: a Initiation fees and capital contributions included on line 12	86a	N/A
b	Gross receipts, included on line 12, for public use of club facilities	86b	N/A
87	501(c)(12) orgs. Enter: a Gross income from members or shareholders	87a	N/A
b	Gross income from other sources. (Do not net amounts due or paid to other sources against amounts due or received from them.)	87b	N/A
88b	At any time during the year, did the organization own a 50% or greater interest in a taxable corporation or partnership, or an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? If "Yes," complete Part IX	88a	X
b	At any time during the year, did the organization, directly or indirectly, own a controlled entity within the meaning of section 512(b)(13)? If "Yes," complete Part XI	88b	X
89a	501(c)(3) organizations. Enter: Amount of tax imposed on the organization during the year under: section 4911 NONE ; section 4912 NONE ; section 4955 NONE		
b	501(c)(3) and 501(c)(4) orgs. Did the organization engage in any section 4958 excess benefit transaction during the year or did it become aware of an excess benefit transaction from a prior year? If "Yes," attach a statement explaining each transaction	89b	X
c	Enter: Amount of tax imposed on the organization managers or disqualified persons during the year under sections 4912, 4955, and 4958		NONE
d	Enter: Amount of tax on line 89c, above, reimbursed by the organization		NONE
e	All organizations. At any time during the tax year, was the organization a party to a prohibited tax shelter transaction?	89e	X
f	All organizations. Did the organization acquire a direct or indirect interest in any applicable insurance contract?	89f	X
g	For supporting organizations and sponsoring organizations maintaining donor advised funds. Did the supporting organization, or a fund maintained by a sponsoring organization, have excess business holdings at any time during the year?	89g	X
90a	List the states with which a copy of this return is filed CA,		
b	Number of employees employed in the pay period that includes March 12, 2006 (See instructions.)	90b	103
91a	The books are in care of LUZ BUAN Telephone no. 323-957-7424		
	Located at 1325 NORTH WESTERN AVENUE HOLLYWOOD, CA ZIP + 4 90027		
b	At any time during the calendar year, did the organization have an interest in or a signature or other authority over a financial account in a foreign country (such as a bank account, securities account, or other financial account)? If "Yes," enter the name of the foreign country	91b	X
	See the instructions for exceptions and filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts.		

Part VI Other Information (continued)

c At any time during the calendar year, did the organization maintain an office outside of the United States? **91c** Yes No
 If "Yes," enter the name of the foreign country ▶ _____
 92 Section 4947(a)(1) nonexempt charitable trusts filing Form 990 in lieu of Form 1041 - Check here
 and enter the amount of tax-exempt interest received or accrued during the tax year ▶ **92** | NONE

Part VII Analysis of Income-Producing Activities (See the instructions.)

Note: Enter gross amounts unless otherwise indicated.

	Unrelated business income		Excluded by section 512, 513, or 514		(E) Related or exempt function income
	(A) Business code	(B) Amount	(C) Exclusion code	(D) Amount	
93 Program service revenue:					
a _____					
b _____					
c _____					
d _____					
e _____					
f Medicare/Medicaid payments					
g Fees and contracts from government agencies					
94 Membership dues and assessments					
95 Interest on savings and temporary cash investments			14	38,502.	
96 Dividends and interest from securities			14	405,616.	
97 Net rental income or (loss) from real estate:					
a debt-financed property					
b not debt-financed property					9,687.
98 Net rental income or (loss) from personal property					
99 Other investment income					
100 Gain or (loss) from sales of assets other than inventory					
101 Net income or (loss) from special events			01	405,096.	
102 Gross profit or (loss) from sales of inventory					
103 Other revenue: a _____					
b _____					
c _____					
d _____					
e _____					
104 Subtotal (add columns (B), (D), and (E))				849,214.	9,687.
105 Total (add line 104, columns (B), (D), and (E)) ▶					858,901.

Note: Line 105 plus line 1e, Part I, should equal the amount on line 12, Part I.

Part VIII Relationship of Activities to the Accomplishment of Exempt Purposes (See the instructions.)

Line No. ▼	Explain how each activity for which income is reported in column (E) of Part VII contributed importantly to the accomplishment of the organization's exempt purposes (other than by providing funds for such purposes).
97B	TRANSITIONAL HOME SERVICES FOR UP TO 18 MONTHS FOR YOUTHS, WHICH INCLUDES EDUCATION, JOB PLACEMENT, AND HOUSING.

Part IX Information Regarding Taxable Subsidiaries and Disregarded Entities (See the instructions.)

(A) Name, address, and EIN of corporation, partnership, or disregarded entity	(B) Percentage of ownership interest	(C) Nature of activities	(D) Total income	(E) End-of-year assets
	%			
	%			
	%			
	%			

Part X Information Regarding Transfers Associated with Personal Benefit Contracts (See the instructions.)

(a) Did the organization, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract? Yes No
 (b) Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? Yes No

Note: If "Yes" to (b), file Form 8870 and Form 4720 (see instructions).

Part XI Information Regarding Transfers To and From Controlled Entities. Complete only if the organization is a controlling organization as defined in section 512(b)(13).

106 Did the reporting organization **make** any transfers to a controlled entity as defined in section 512(b)(13) of the Code? If "Yes," complete the schedule below for each controlled entity.

Yes	No
	X

	(A) Name, address, of each controlled entity	(B) Employer Identification Number	(C) Description of transfer	(D) Amount of transfer
a	----- -----			
b	----- -----			
c	----- -----			
Totals				

107 Did the reporting organization **receive** any transfers from a controlled entity as defined in section 512(b)(13) of the Code? If "Yes," complete the schedule below for each controlled entity.

Yes	No
	X

	(A) Name, address, of each controlled entity	(B) Employer Identification Number	(C) Description of transfer	(D) Amount of transfer
a	----- -----			
b	----- -----			
c	----- -----			
Totals				

108 Did the organization have a binding written contract in effect on August 17, 2006, covering the interest, rents, royalties, and annuities described in question 107 above?

Yes	No
	X

Please Sign Here

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

▶ Signature of officer _____ Date _____

▶ Type or print name and title _____

Paid Preparer's Use Only

Preparer's signature ▶	Date	Check if self-employed ▶ <input type="checkbox"/>	Preparer's SSN or PTIN (See Gen. Inst. X) PO0504182
Firm's name (or yours if self-employed), address, and ZIP + 4 ▶	EIN ▶		36-6055558
GRANT THORNTON LLP 666 THIRD AVENUE NEW YORK, NY 10017	Phone no. ▶		212-599-0100

Part III Statements About Activities (See page 2 of the instructions.)

Table with columns for question number, description, Yes, and No. Includes questions 1 through 4c regarding lobbying, property transactions, grants, and donor advised funds.