

**C.O.V. INC. DBA CODE OF VETS**

**FINANCIAL STATEMENTS -**  
**MODIFIED CASH BASIS**

**Year Ended December 31, 2022**

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## ACCOUNTANT'S COMPILATION REPORT

To the Board of Directors  
C.O.V. Inc. dba Code of Vets  
Murfreesboro, TN

Management is responsible for the accompanying financial statements of C.O.V. Inc. dba Code of Vets (a nonprofit organization), which comprise the statement of assets, liabilities, and net assets - modified cash basis as of December 31, 2022, and the related statements of support, revenue, expenses, and changes in net assets - modified cash basis, functional expenses - modified cash basis, for the year then ended, and the related notes to the financial statements in accordance with the modified cash basis of accounting, and for determining that the modified cash basis of accounting is an acceptable financial reporting framework. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

The financial statements are prepared in accordance with the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The supplementary information contained in the schedules of donations and operating costs is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management. The supplementary information was subject to our compilation engagement. We have not audited or reviewed the supplementary information and do not express an opinion, a conclusion, nor provide any assurance on such information.

We are not independent with respect to C.O.V. Inc. dba Code of Vets.

*Grannis and Associates, P.C.*

Murfreesboro, Tennessee  
March 28, 2023

**C.O.V. INC. DBA CODE OF VETS, INC**  
**STATEMENT OF ASSETS, LIABILITIES, AND NET ASSETS - MODIFIED CASH BASIS**  
**December 31, 2022**

**ASSETS**

Current Assets

Cash and Cash Equivalents	\$ 54,964
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Property and Equipment

Furniture and Equipment	1,021
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Less: Accumulated Depreciation	<u>476</u>
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Property and Equipment, Net	<u>545</u>
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<b>Total Assets</b>	<b><u>\$ 55,509</u></b>
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**LIABILITIES AND NET ASSETS**

Net Assets

Without Donor Restrictions	<u>\$ 55,509</u>
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<b>Total Liabilities and Net Assets</b>	<b><u>\$ 55,509</u></b>
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**C.O.V. INC. DBA CODE OF VETS, INC**  
**STATEMENT OF SUPPORT, REVENUE, EXPENSES, AND CHANGES IN NET ASSETS -**  
**MODIFIED CASH BASIS**  
**Year Ended December 31, 2022**

	Without donor restrictions
SUPPORT AND REVENUES	
Support:	
Contributions, Gifts, and Grants	\$ 1,122,867
Revenues:	
Miscellaneous Income	19,548
<b>Total Support and Revenues</b>	<b>1,142,415</b>
 EXPENSES	
Program Services:	1,230,627
Supporting Services:	60,029
Change in Net Assets	(148,241)
Net Assets, Beginning of Year	203,750
Net Assets, End of Year	\$ 55,509

See Accompanying Accountant's Compilation Report

**C.O.V. INC. DBA CODE OF VETS, INC**  
**STATEMENT OF FUNCTIONAL EXPENSES - MODIFIED CASH BASIS**  
**Year Ended December 31, 2022**

	<u>Program Services</u>	<u>Supporting Services</u>	<u>Total Functional Expenses</u>
	<u>Veteran Assistance</u>	<u>Management and General</u>	
Contributions, Gifts, and Grants - Paid	\$ 1,208,600	\$ -	\$ 1,208,600
Accounting Fees	-	41,360	41,360
PayPal Fees	22,027	-	22,027
Taxes and Licenses	-	15,933	15,933
Insurance	-	1,249	1,249
Bank Fees	-	356	356
Penalties	-	334	334
Postage	-	327	327
Software	-	237	237
Depreciation	-	204	204
Supplies	-	17	17
Interest	-	12	12
Total	<u>\$ 1,230,627.00</u>	<u>\$ 60,029.00</u>	<u>\$ 1,290,656.00</u>

See Accompanying Notes and Accountant's Compilation Report

**C.O.V. INC. DBA CODE OF VETS, INC**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2022**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**NATURE OF ACTIVITIES**

COV Inc. also known as Code of Vets ("COV") is a voluntary health and welfare organization incorporated on October 23, 2018, under the laws of the state of Tennessee. COV is a charitable organization, exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code and provides immediate financial assistance to honorably discharged veterans and their families who are in need, crisis or distress. COV is primarily supported by donations from individual donors located in the United States of America.

**BASIS OF PRESENTATION**

COV maintains its accounting records on the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Under the modified cash basis of accounting, certain revenues and the related assets are recognized when received rather than when earned, and certain expenses are recognized when paid rather than when the obligation is incurred. Modifications to the cash basis of accounting include recording property and equipment and its related depreciation (if any).

**NET ASSETS**

Net assets and revenues are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

- > **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 COV. These net assets may be used at the discretion of COV's management and Board of Directors.
- > **Net assets with donor restrictions** - Net assets subject to stipulations imposed by donors and grantors (if any). Some donor restrictions are temporary in nature; those restrictions will be met by actions of COV or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds to be maintained in perpetuity. For the year ended December 31, 2022, COV did not have any contributions with donor restrictions.

**CONTRIBUTIONS**

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions depending on the existence and/or nature of any donor-imposed restrictions. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are restricted for future periods or donor-restricted for specific purposes are reported as with donor restrictions that increase those net asset classes. When a donor-stipulated restriction ends or purpose restriction is fulfilled in the same time period in which the contribution is received, the contribution is reported as without donor restrictions.

**SUPPORT AND REVENUE**

Sources of revenue include private donations of cash.

**FUNCTIONAL ALLOCATION OF EXPENSES**

The cost of providing the program and supporting services have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification of expenses by function.

**C.O.V. INC. DBA CODE OF VETS, INC**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2022**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**PROGRAM AND SUPPORTING SERVICES**

The following program and supporting services are included in the accompanying financial statements:

- > Program services - includes all costs of caring for and assisting veterans.
- > Supporting services - management and general - these expenses are not identifiable with a particular program or event, or with fundraising, but are necessary to the conduct of those activities and are essential to COV. Specific activities include organization oversight, business management, recordkeeping, budgeting, financing, and other administrative duties.
- > Supporting services - fundraising - includes costs of activities directed toward appeals for financial support. For the year ended December 31, 2022, COV did not have any costs associated with fundraising.

**ESTIMATES**

The preparation of financial statements requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**INCOME TAXES**

COV petitioned for exemption under section 501(c)(3) and was granted tax-exempt status on July 30, 2019, by the Internal Revenue Service and has been classified by the Internal Revenue Service as an organization that is not a private foundation under Section 509(a)(2). Exempt organizations are generally exempt from income taxes on all revenue except for certain unrelated business income.

COV has evaluated its tax positions for all open tax years. Currently, the tax years open and subject to examination by the Internal Revenue Service are 2019 through 2021. However, COV is not currently under audit nor has COV been contacted by any jurisdiction. Based on the evaluation of COV's tax positions, management believes all tax positions taken would be upheld under an examination. Therefore, no provision for the effects of uncertain tax positions have been recorded for the fiscal year ended December 31, 2022.

COV is subject to unrelated business income tax and Tennessee franchise and excise tax on merchandise sales. Included in taxes and licenses is \$12,192 related to unrelated business income tax and \$3,721 related to Tennessee franchise and excise tax for the year ended December 31, 2022.

**CASH AND CASH EQUIVALENTS**

Cash and cash equivalents consist of short-term, highly liquid investments with an initial maturity of three months or less. Cash restricted by internal or external designations, if any, is generally maintained in separate accounts. COV had no cash equivalents or restricted cash at December 31, 2022.

**PROPERTY AND EQUIPMENT**

Fixed assets with a value of \$500 or greater are recorded at cost as of the date of acquisition or fair valued as of the date of receipt if contributed. Depreciation is computed using the straight-line method based on the estimated useful life of the asset. Expenditures for maintenance and repairs are charged to expense as incurred. Major improvements are capitalized. Depreciation expense is \$204 for the year ended December 31, 2022.



**C.O.V. INC. DBA CODE OF VETS, INC**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2022**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**CONTRIBUTED SERVICES**

COV relies on volunteers to deliver the program services to COV's clients, as well as to perform supporting services. Contributed services are recognized as contributions if the services create or enhance nonfinancial assets or require specialized skills, are performed by people with those skills, and would otherwise be purchased by COV. No contributed services met the criteria for recognition for the year ended December 31, 2022.

**SUBSEQUENT EVENTS**

Management has evaluated subsequent events through March 28, 2023, which is the date the financial statements were available to be issued.

**FAIR VALUE OF FINANCIAL INSTRUMENTS**

The carrying amounts of cash and cash equivalents approximate fair value because of the short maturity of those financial instruments.

COV's financial instruments at December 31, 2022, are summarized as follows:

	<u>Carrying Amount</u>	<u>Fair Value</u>
Financial assets:		
Cash	\$ 54,964	\$ 54,964

**NOTE B - CONCENTRATIONS**

COV maintains its cash on deposit at financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. The balances at times, may exceed the federally insured limit. At December 31, 2022, COV has no deposits in excess of federal deposit insurance.

**NOTE C - MAJOR DONORS**

Contributions, gifts, and grants are generally made by individuals and organizations primarily located within the United States of America. Three donors aggregated approximately 7% of total support during the year ended December 31, 2022.

**NOTE D - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS**

The following reflects COV's financial assets as of the statement of assets, liabilities and net assets - modified cash basis date. There are no amounts considered unavailable for general use because of contractual or donor-imposed restrictions within one year of the statement of assets, liabilities, and net assets - modified cash basis date.

Financial assets at year end:		
Cash		\$ 54,964

COV's goal is generally to maintain financial assets to be available to meet its general expenditures, liabilities, and other obligations as they become due.

**SUPPLEMENTARY INFORMATION**

**C.O.V. INC. DBA CODE OF VETS, INC**  
**SCHEDULE OF DONATIONS AND OPERATING COSTS**  
**Periods October 23, 2018 to December 31, 2022**

Support			
Contributions, Gifts, and Grants	\$	6,892,840	
Revenues:			
Other Income		62,436	
Gain (Loss) of Foreign Currency Exchange		<u>1</u>	
<b>Total Support and Revenues</b>		6,955,277	
Expenses			
Program Activities		6,734,164	98%
Supporting Activities		<u>165,604</u>	2%
<b>Total Expenses</b>		<u>6,899,768</u>	
Change in Net Assets		<u><u>55,509</u></u>	

See Accompanying Accountant's Compilation Report