

COV INC.
(A NONPROFIT ORGANIZATION)
MURFREESBORO, TENNESSEE
AUDITED FINANCIAL STATEMENTS
DECEMBER 31, 2022

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INDEPENDENT AUDITOR'S REPORT

Board of Directors of
COV Inc.
Murfreesboro, Tennessee

Opinion

We have audited the accompanying financial statements of COV Inc. (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 and functional expenses - modified cash basis for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and net assets of COV Inc. as of December 31, 2022, and its support, revenue, and expenses for the year then ended in accordance with the modified cash basis of accounting as described in Note A.

Basis for Opinion

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

Basis of Accounting

We draw attention to Note A of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the modified cash basis of accounting described in Note A, and for determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for 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 Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

Board of Directors of
COV Inc.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of COV Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about COV Inc.'s ability to continue as a going concern for a reasonable period of time.

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

A handwritten signature in black ink that reads "Jobe, Hastings + Associates". The signature is written in a cursive, flowing style.

Certified Public Accountants

Murfreesboro, Tennessee
October 4, 2023

COV INC.
(A NONPROFIT ORGANIZATION)

Murfreesboro, Tennessee

Statement of Assets, Liabilities, and Net Assets - Modified Cash Basis

December 31, 2022

ASSETS

Current Assets-		
Cash and cash equivalents		\$ 54,964
	TOTAL CURRENT ASSETS	\$ 54,964
Fixed Assets-		
Furniture and equipment		\$ 1,021
Less accumulated depreciation		(476)
		\$ 545
	TOTAL ASSETS	\$ 55,509

LIABILITIES AND NET ASSETS

Net Assets-		
Without donor restrictions		\$ 55,509
	TOTAL NET ASSETS	\$ 55,509
	TOTAL LIABILITIES AND NET ASSETS	\$ 55,509

See notes to financial statements.

COV INC.
(A NONPROFIT ORGANIZATION)

Murfreesboro, Tennessee

Statement of Support, Revenue, Expenses and Changes in Net Assets - Modified Cash Basis

For the Year Ended December 31, 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues, Gains, and Other Support			
Contributions	\$ 1,122,867	\$	\$ 1,122,867
Miscellaneous income	19,548		19,548
TOTAL REVENUES, GAINS, AND OTHER SUPPORT	<u>\$ 1,142,415</u>	<u>\$ -</u>	<u>\$ 1,142,415</u>
Expenses -			
Program services	\$ 1,230,627		\$ 1,230,627
Supporting services - Management and general	60,029		60,029
TOTAL EXPENSES	<u>\$ 1,290,656</u>		<u>\$ 1,290,656</u>
CHANGE IN NET ASSETS	\$ (148,241)	\$ -	\$ (148,241)
Net Assets, Beginning of year	203,750	-	203,750
NET ASSETS, END OF YEAR	<u><u>\$ 55,509</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 55,509</u></u>

See notes to financial statements.

COV INC.
(A NONPROFIT ORGANIZATION)

Murfreesboro, Tennessee

Statement of Functional Expenses - Modified Cash Basis

For the Year Ended December 31, 2022

	<u>Program Services</u>	<u>Supporting Services Management and General</u>	<u>Total</u>
Contributions, gifts, and grants	\$ 1,208,599		\$ 1,208,599
Accounting and audit fees		\$ 41,360	41,360
PayPal fees	22,028		22,028
Taxes, licenses and fees		15,933	15,933
Insurance		1,249	1,249
Bank fees		356	356
Miscellaneous		334	334
Office expense		327	327
Materials and supplies		254	254
Depreciation		204	204
Interest		12	12
TOTAL EXPENSES	\$ <u>1,230,627</u>	\$ <u>60,029</u>	\$ <u>1,290,656</u>

See notes to financial statements.

COV INC.
(A NONPROFIT ORGANIZATION)

Murfreesboro, Tennessee

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.

Basis of Presentation - COV maintains its accounting records on the modified cash basis of accounting. Accordingly, revenue is recorded when cash is received and expenses are recorded when checks are written or cash is disbursed. Modifications to the modified cash basis of accounting include recording property and equipment and its related depreciation (if any). Accordingly, revenue is recorded when received rather than when earned and expenses are recorded when paid rather than when the obligation is incurred. Therefore, these statements are not intended to and do not present financial position and results of operations in conformity with generally accepted accounting principles.

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 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 or 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 could be perpetual in nature, whereby the donor has stipulated the funds 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 a 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.

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.

COV INC.
(A NONPROFIT ORGANIZATION)

Murfreesboro, Tennessee

Notes to Financial Statements (continued)

December 31, 2022

Note A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICES (continued)

Functional Allocation of Expenses - The costs 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.

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). However, income from certain activities not directly related to the COV's tax-exempt purpose is subject to taxation as unrelated business income under federal and State of Tennessee law. Income taxes paid for such unrelated business income totaled \$10,097 for federal tax purposes and \$3,721 for the State of Tennessee tax purposes for the fiscal year ended December 31, 2022.

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.

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 value 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 was \$204 for the year ended December 31, 2022.

Advertising and Promotion Costs - COV expenses advertising and promotion costs as incurred. COV had no advertising and promotional costs for the year ended December 31, 2022.

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 October 4, 2023, the date the financial statements were available to be issued.

Note B - CONCENTRATIONS

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

COV INC.
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Murfreesboro, Tennessee

Notes to Financial Statements (continued)

December 31, 2022

Note C - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects COV's financial assets as of the balance sheet date:

Financial assets at year end -

Cash

\$ 54,964

Total financial assets \$ 54,964

Financial assets available to meet general expenditures
over the next twelve months

\$ 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 come due.