

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

**FINANCIAL STATEMENTS
MODIFIED CASH BASIS**

Year Ended December 31, 2019

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TIM HOLMES, CPA
KEVIN W. SWAFFORD, CPA
W. CLINTON SMITH, CPA
ROBERT CRAVENS, CPA



INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
C.O.V. Inc.
Murfreesboro, Tennessee

Report on the Financial Statements

We have audited the accompanying financial statements of C.O.V. Inc. (a nonprofit organization), which comprise the statement of assets, liabilities, and net assets - modified cash basis as of December 31, 2019, 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.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting as described in Note A; this includes determining that the modified cash basis of accounting is an acceptable basis for the presentation 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 Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and net assets of the C.O.V. Inc. as of December 31, 2019, 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 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.

HOLMES & SWAFFORD CPAs

A handwritten signature in black ink that reads "Holmes & Swafford CPAs". The signature is written in a cursive, flowing style.

Murfreesboro, TN

July 29, 2020

C.O.V. INC.
STATEMENT OF ASSETS, LIABILITIES, AND NET ASSETS - MODIFIED CASH BASIS
December 31, 2019

ASSETS

Current Assets

| | |
|---------------------------|----------------------|
| Cash and cash equivalents | \$ 29,834 |
| Paypal disputes | <u>70</u> |
| Total Assets | <u>29,904</u> |

LIABILITIES AND NET ASSETS

Liabilities

| | |
|---------------------------|------------------|
| Other current liabilities | \$ <u>70</u> |
| Total Liabilities | <u>70</u> |

Net Assets - without donor restrictions 29,834

Total Liabilities and Net Assets **\$ 29,904**

See Notes to Financial Statements

C.O.V. INC.

STATEMENT OF SUPPORT, REVENUE, EXPENSES, AND CHANGES IN NET ASSETS -
MODIFIED CASH BASIS

Year Ended December 31, 2019

| | Net Assets Without Donor Restrictions | Net Assets With Donor Restrictions | Net Assets With Donor Total |
|----------------------------------|---|--|-----------------------------------|
| <u>REVENUE AND OTHER SUPPORT</u> | | | |
| Contributions | \$ 791,366 | \$ - | \$ 791,366 |
| <u>EXPENSES</u> | | | |
| Program services | 756,835 | - | 756,835 |
| Management and general | <u>6,390</u> | <u>-</u> | <u>6,390</u> |
| Total Expenses | <u>763,225</u> | <u>-</u> | <u>763,225</u> |
| Increase in Net Assets | 28,141 | - | 28,141 |
| Net Assets, Beginning of Year | <u>1,693</u> | <u>-</u> | <u>1,693</u> |
| Net Assets, End of Year | <u>\$ 29,834</u> | <u>\$ -</u> | <u>\$ 29,834</u> |

See Notes to Financial Statements

C.O.V. INC.
STATEMENT OF FUNCTIONAL EXPENSES - MODIFIED CASH BASIS
Year Ended December 31, 2019

| | Program <u>Services</u> | Management <u>and General</u> | <u>Total</u> |
|---|----------------------------|----------------------------------|-------------------|
| Contributions, gifts, and grants - paid | \$ 725,222 | \$ - | \$ 725,222 |
| Software | 1,900 | - | 1,900 |
| Supplies | - | 22 | 22 |
| Legal fees | - | 500 | 500 |
| Travel, conference, and meeting | 8,284 | 2,000 | 10,284 |
| Insurance | - | 1,249 | 1,249 |
| Printing and publications | - | 269 | 269 |
| Paypal fees | 17,969 | - | 17,969 |
| Paypal currency conversion | 3,124 | - | 3,124 |
| Accounting fees | - | 1,600 | 1,600 |
| Postage | 336 | 83 | 419 |
| Miscellaneous expenses | - | 667 | 667 |
| | <u> </u> | <u> </u> | <u> </u> |
| Total Expenses | <u>\$ 756,835</u> | <u>\$ 6,390</u> | <u>\$ 763,225</u> |

See Notes to Financial Statements

C.O.V. INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2019

NOTE A - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

C.O.V. Inc. also known as the 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 who are in need, crisis or distress.

Basis of Accounting

This summary of the major accounting policies of COV is presented to assist the reader in evaluating their financial statements and other information contained in this report. 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.

Use of 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.

Cash and Cash Equivalents

For purposes of the statement of cash flows, cash equivalents include time deposits, certificates of deposit, and all highly liquid debt instruments with original maturities of three months or less.

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 increases 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.

C.O.V. INC.
NOTES TO FINANCIAL STATEMENTS (continued)
December 31, 2019

NOTE A - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property and Equipment

Fixed assets with a value of \$2,500 or greater (if any) 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.

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 the 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 ending December 31, 2019, COV did not have any contributions with donor restrictions.

Donated Services

COV is the recipient of donated goods and services which further their operations and sustaining program services. No amounts have been reflected in the financial statements for these services.

Program and Supporting Services

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

Program Services - Includes all costs of caring 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 ending December 31, 2019, COV did not have any costs associated with fundraising.

C.O.V. INC.
NOTES TO FINANCIAL STATEMENTS (continued)
December 31, 2019

NOTE A - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Functional Allocation of Expenses

Costs of providing the programs and supporting services are summarized and reported on a functional basis.

Income Taxes

The Organization 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 a private foundation under Section 509(a)(2). COV had no investment income during the year ended December 31, 2019, and therefore, federal income taxes are not provided in the accompanying financial statements.

The Organization has evaluated its tax positions for all open tax years. Currently, the tax year open and subject to examination by the Internal Revenue Service is 2018. However, the Organization is not currently under audit nor has the Organization been contacted by any jurisdiction. Based on the evaluation of the Organization'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, 2019.

Date of Management's Review

In preparing these financial statements, management has evaluated events and transactions for potential recognition or disclosure through July 29, 2020, the date which this financial statement was available for issue.

NOTE B - CONCENTRATION OF CREDIT RISK

COV maintains accounts at two banks. The balances are insured at each bank at the federally insurance limit of \$250,000 each and at December 31, 2019, the cash balances did not exceed the federally insured limit.