

FINANCIAL STATEMENTS

COVERD Greater Cincinnati

For The Years Ended
December 31, 2021 and 2020
With Independent Accountant's Review Report

FLYNN & COMPANY, INC.
Certified Public Accountants

COVERD Greater Cincinnati

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

Management and the Board of Directors
COVERD Greater Cincinnati
Cincinnati, Ohio

We have reviewed the accompanying financial statements of COVERD Greater Cincinnati, (a not-for-profit organization), which comprise the statements of assets, liabilities, and net assets—modified cash basis as of December 31, 2021 and 2020, and the related statements of revenue, expenses, and changes in net assets—modified cash basis, and functional expenses—modified cash basis for the years then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of company management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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; this includes determining that the modified cash basis of accounting the organization uses is an acceptable basis for the preparation of financial statements in the circumstances; 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.

Accountant's Responsibility

Our responsibility is to conduct the review engagements in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with modified cash basis of accounting. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of COVERD Greater Cincinnati and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our reviews.

Accountant's Conclusion

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with the modified cash basis of accounting.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. 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. Our conclusion is not modified with respect to this matter.

Allyson J. Company, CPA

July 20, 2022
Cincinnati, OH

COVERD GREATER CINCINNATI
STATEMENTS OF ASSETS, LIABILITIES, AND NET ASSETS—MODIFIED CASH BASIS
DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
Current Assets		
Cash	\$ 186,305	\$ 266,656
Inventory	56,063	100,019
Short term loan receivable	-	2,475
Other current assets	<u>22,108</u>	<u>14,427</u>
Total Current Assets	264,476	383,577
Fixed Assets		
Equipment	10,325	10,325
Leasehold improvements	46,333	23,616
Less accumulated depreciation	<u>(10,369)</u>	<u>(5,013)</u>
Fixed Assets, Net	<u>46,289</u>	<u>28,928</u>
TOTAL ASSETS	<u>\$ 310,765</u>	<u>\$ 412,505</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Short term debt	\$ 1,340	\$ -
Long term debt	<u>-</u>	<u>27,300</u>
Total Liabilities	1,340	27,300
Net Assets		
Without Donor Restrictions		
Undesignated	283,703	245,145
With Donor Restrictions		
Purpose restriction	<u>25,722</u>	<u>140,060</u>
Total Net Assets	<u>309,425</u>	<u>385,205</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 310,765</u>	<u>\$ 412,505</u>

See accompanying notes and independent accountant's review report.

COVERD GREATER CINCINNATI
STATEMENT OF REVENUE, EXPENSES, AND CHANGE IN NET ASSETS—MODIFIED CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues			
Contributions	\$ 364,102	\$ 170,008	\$ 534,110
Partner agency revenue	27,963	-	27,963
In-kind	306,802	-	306,802
Special events	35,890	-	35,890
PPP loan forgiveness	27,300	-	27,300
Miscellaneous	696	-	696
Net assets released from restriction	<u>284,346</u>	<u>(284,346)</u>	<u>-</u>
Total Revenues	1,047,099	(114,338)	932,761
Expenses			
Program services	821,862	-	821,862
Management and general	54,325	-	54,325
Fundraising	<u>132,354</u>	<u>-</u>	<u>132,354</u>
Total Expenses	<u>1,008,541</u>	<u>-</u>	<u>1,008,541</u>
Change in net assets	38,558	(114,338)	(75,780)
Net assets, beginning of year	<u>245,145</u>	<u>140,060</u>	<u>385,205</u>
Net assets, end of year	<u>\$ 283,703</u>	<u>\$ 25,722</u>	<u>\$ 309,425</u>

See accompanying notes and independent accountant's review report.

COVERD GREATER CINCINNATI
STATEMENT OF REVENUE, EXPENSES, AND CHANGE IN NET ASSETS—MODIFIED CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues			
Contributions	\$ 367,294	\$ 201,900	\$ 569,194
Partner agency revenue	50,693	-	50,693
In-kind	256,063	-	256,063
Special events	94,069	-	94,069
Miscellaneous	13,291	-	13,291
Net assets released from restriction	<u>213,412</u>	<u>(213,412)</u>	<u>-</u>
Total Revenues	994,822	(11,512)	983,310
Expenses			
Program services	728,276	-	728,276
Management and general	44,162	-	44,162
Fundraising	<u>142,195</u>	<u>-</u>	<u>142,195</u>
Total Expenses	<u>914,633</u>	<u>-</u>	<u>914,633</u>
Change in net assets	80,189	(11,512)	68,677
Net assets, beginning of year	<u>164,956</u>	<u>151,572</u>	<u>316,528</u>
Net assets, end of year	<u>\$ 245,145</u>	<u>\$ 140,060</u>	<u>\$ 385,205</u>

See accompanying notes and independent accountant's review report.

COVERD GREATER CINCINNATI
STATEMENT OF FUNCTIONAL EXPENSES—MODIFIED CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>Program Services</u>	<u>Management & General</u>	<u>Fundraising</u>	<u>Total</u>
Programs and partner agencies	\$ 605,213	\$ -	\$ -	\$ 605,213
Salaries and benefits	117,034	28,831	90,719	236,584
Occupancy and warehouse costs	60,685	179	179	61,043
Special events	-	-	7,051	7,051
Advertising	17,729	737	12,727	31,193
Professional services	4,180	11,125	-	15,305
Office expense	3,254	1,373	3,309	7,936
Technology	5,097	475	3,411	8,983
Dues and subscriptions	1,998	54	1,443	3,495
Training	1,880	733	834	3,447
Bank fees	41	-	4,217	4,258
Bad debts	-	-	3,000	3,000
Meetings and conferences	-	1,016	-	1,016
Swag and appreciation	2,121	19	4,793	6,933
Insurance	390	3,625	-	4,015
Travel	-	8	271	279
Miscellaneous	2,240	795	400	3,435
Depreciation expense	-	5,355	-	5,355
Total Expenses	<u>\$ 821,862</u>	<u>\$ 54,325</u>	<u>\$ 132,354</u>	<u>\$ 1,008,541</u>

See accompanying notes and independent accountant's review report.

COVERD GREATER CINCINNATI
STATEMENT OF FUNCTIONAL EXPENSES—MODIFIED CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Program Services</u>	<u>Management & General</u>	<u>Fundraising</u>	<u>Total</u>
Programs and partner agencies	\$ 523,835	\$ -	\$ -	\$ 523,835
Salaries and benefits	74,387	22,785	85,432	182,604
Occupancy and warehouse costs	84,137	-	-	84,137
Special events	10,007	3,500	39,963	53,470
Advertising	16,901	-	3,571	20,472
Professional services	-	11,325	-	11,325
Office expense	3,236	1,739	977	5,952
Technology	1,714	156	3,852	5,722
Dues and subscriptions	1,890	380	1,665	3,935
Training	2,488	176	805	3,469
Bank fees	-	-	3,221	3,221
Meetings and conferences	2,689	864	-	3,553
Swag and appreciation	2,008	-	1,797	3,805
Insurance	185	1,723	-	1,908
Travel	580	-	400	980
Miscellaneous	1,484	1,200	512	3,196
Depreciation expense	2,735	314	-	3,049
Total Expenses	<u>\$ 728,276</u>	<u>\$ 44,162</u>	<u>\$ 142,195</u>	<u>\$ 914,633</u>

See accompanying notes and independent accountant's review report.

**COVERD GREATER CINCINNATI
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization and Operations

COVERD Greater Cincinnati (the Organization) is a not-for-profit organization established under the laws of the State of Ohio. It operates as a charitable organization in Cincinnati, Ohio and is supported primarily through contributions from the public. The primary objective of the Organization is to restore dignity and health to people in need by partnering with local social service agencies to distribute free basic hygiene products.

Basis of Presentation

The financial statements of the Organization have been prepared using the modified cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles in the United States of America. Under the modified cash basis of accounting, certain revenues and related assets are recognized when received rather than when earned, and certain expenses are recognized when paid rather than when the obligation is incurred. The principal effects of using a modified cash basis for the preparation of the Organization's financial statements are the omission from the financial statements of accounts receivable, accounts payable, and certain accrued expenses. These items would have been included in the financial statements if prepared in conformity with accounting principles generally accepted in the United States of America.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, cash on deposit with a bank, and highly liquid investments with a maturity of three months or less when purchased. There were no cash equivalents at December 31, 2021 and 2020.

Inventory

The Organization's inventory consists of personal hygiene items that have been purchased by the Organization or donated to the Organization. Inventory purchased by the Organization is stated at cost. Inventory donated to the Organization is stated at fair market value. The Organization partners with local social service agencies to distribute these items to low-income families.

Property and Equipment

Property and equipment is recorded at cost. Depreciation is computed on a straight-line basis over an estimated useful life of the respective assets. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is recognized in changes in net assets for the period. The cost of maintenance and repairs is expensed as incurred while significant improvements are capitalized.

See accompanying notes and independent accountant's review report.

**COVERD GREATER CINCINNATI
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment

The Organization reviews assets for impairment whenever events or changes in circumstances indicate that the carrying value of such assets may not be recoverable. Recoverability is measured by a comparison of the carrying amount of the asset to the future net undiscounted cash flows expected to be generated. If the asset is considered to be impaired, the impairment to be recognized is measured at the amount by which the carrying amount exceeds the fair value. There were no impairment losses recognized for the years ended December 31, 2021 and 2020.

Net Assets

Net assets, revenues, gains, and losses 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 available for use in general operations and not subject to donor restrictions.

Net Assets With Donor Restrictions - Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Revenue and Revenue Recognition

Revenue is recognized when received in accordance with the modified cash basis as described in the basis of presentation.

Contributed Services

The Organization benefits from services donated by many volunteers assisting in providing management and support services. The financial statements do not reflect the value of these contributed services because they do not meet the recognition criteria prescribed by the modified cash basis of accounting.

See accompanying notes and independent accountant's review report.

COVERD GREATER CINCINNATI
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions

Contributions are recognized when cash or other assets is received.

Contributions with no donor stipulations are reported as unrestricted revenue and net assets. Assets otherwise unrestricted may be designated by the Board of Directors.

Contributions received with a donor stipulation that limits their use are reported as restricted revenue and net assets. When all donor-stipulated restrictions are met, the net asset is reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Functional Allocation of Expenses

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include payroll and employee benefits, special events, advertising, professional services, office expense, technology, dues and subscriptions, training, bank fees, meetings and conferences, swag and appreciation, insurance, travel, depreciation, and miscellaneous expenses which are allocated on the basis of estimates of time and effort.

Income Taxes

The Organization is exempt from federal income tax as an organization described in Section 501(c)(3) of the Internal Revenue Code. The provisions of the ASC standard, *Accounting for Uncertainty in Income Taxes*, clarifies the accounting for the recognition and measurement of uncertainties in income taxes for all entities, including not-for-profit organizations. The Organization accounts for uncertain tax positions in accordance with the ASC topic, *Accounting for Contingencies*, under which liabilities for uncertain tax positions are recognized in the financial statements when it becomes probable a liability has been incurred and the amount can be reasonably estimated.

Use of Estimates

The preparation of financial statements in conformity with the modified cash basis of accounting requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and disclosure of contingent assets and liabilities in the financial statements and accompanying notes. Actual results could differ from those estimates.

See accompanying notes and independent accountant's review report.

**COVERD GREATER CINCINNATI
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Advertising

The Organization expenses advertising costs as they are incurred. Advertising costs for the year ended December 31, 2021 and 2020 were \$31,193 and \$20,472, respectively.

Subsequent Events

In conformity with the ASC standards, the Organization has evaluated for disclosure all subsequent events and transactions through July 20, 2022, which was the date the financial statements were available to be issued for the year ended December 31, 2021.

NOTE 2—LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

Cash and cash equivalents	\$ 186,305
Undeposited funds	<u>22,108</u>
	<u>\$ 208,413</u>

NOTE 3—FORKLIFT LOAN

On January 8, 2021, the Organization purchased a forklift and financed the purchase through the seller. The agreement specified payments were to be made in the amount of \$670 on a monthly basis for 12 months, with the initial payment occurring in April 2021.

Future minimum payments are as follows:

2022	<u>\$ 1,340</u>
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NOTE 4—PPP LOAN

The Organization entered into a Payroll Protection Program loan dated May 5, 2020 for \$27,300 granted by the Small Business Administration under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). PPP Loans are forgivable, with a right-of return in the form of an obligation to be repaid if a barrier to the forgiveness is not met. The barrier is that PPP loan funds must be used to maintain compensation costs and employer headcount, and other qualifying expenses (mortgage interest, rent and utilities) incurred following receipt of the funds.

The full balance of the PPP loan was forgiven on August 24, 2021 and recognized as income on the Statement of Revenues, Expenses, and Changes in Net Assets—modified cash basis.

See accompanying notes and independent accountant's review report.

**COVERD GREATER CINCINNATI
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

NOTE 5—NET ASSETS

Net assets are comprised of the following at December 31, 2021 and 2020:

2021			
	Undesignated	With Donor Restrictions	Total Net Assets
General funds	\$ 283,703	\$ -	\$ 283,703
Capital improvements	-	1,608	1,608
Program supplies	-	24,114	24,114
	\$ 283,703	\$ 25,722	\$ 309,425
2020			
	Undesignated	With Donor Restrictions	Total Net Assets
General funds	\$ 245,145	\$ -	\$ 245,145
Capital improvements	-	105,000	105,000
Program supplies	-	16,304	16,304
Salaries	-	18,756	18,756
	\$ 245,145	\$ 140,060	\$ 385,205

NOTE 6—LEASE

On May 8, 2019 the Organization entered into a lease agreement for office and warehouse space. The lease term is 85 months. Rent expense under this lease was \$38,919 and \$55,991 for the years ended December 31, 2021 and 2020, respectively.

Future minimum payments are as follows:

2022	\$ 50,296
2023	51,805
2024	53,359
2025	54,960
2026 and thereafter	23,181
	\$ 233,601

See accompanying notes and independent accountant's review report.

**COVERD GREATER CINCINNATI
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

NOTE 7—RISKS AND UNCERTAINTIES

In March of 2020, the World Health Organization declared the outbreak of the COVID-19 a pandemic which continues to spread throughout the United States. COVID-19 has caused a severe negative impact on the world economy and has contributed to significant declines and volatility in financial markets. The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of the Organization for future periods. Management is carefully monitoring the situation and evaluating its options as circumstances evolve.

See accompanying notes and independent accountant's review report.