

**COVINGTON PARTNERS, INC.**

**FINANCIAL STATEMENTS**

**Year Ended June 30, 2022 and 2021**

**WITH**

**Independent Auditors' Report**



**COVINGTON PARTNERS, INC.**

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## **INDEPENDENT AUDITORS' REPORT**

**The Board of Directors  
Covington Partners, Inc.  
Covington, Kentucky**

### **Opinion**

We have audited the accompanying financial statements of Covington Partners, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years 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 financial position of Covington Partners, Inc. as of June 30, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Covington Partners, Inc. and to meet our other ethical responsibilities in accordance with 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.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; and 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Covington Partners, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.



## **Auditors' 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 auditors' 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 concluded 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.
- 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 Covington Partners, 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 Covington Partners, 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.

*Bramel & Ackley, P.S.C.*

December 28, 2022





**COVINGTON PARTNERS, INC.**

**STATEMENTS OF FINANCIAL POSITION**

**June 30, 2022 and 2021**

	2022	2021
<b>- ASSETS -</b>		
Cash and cash equivalents	\$ 530,227	\$ 509,988
Prepaid expense	3,269	2,925
<b>Total current assets</b>	533,496	512,913
Equipment	\$ 9,159	\$ 9,159
Accumulated depreciation	(7,212)	(6,563)
<b>Equipment - net</b>	1,947	2,596
<b>Total assets</b>	<b>\$ 535,443</b>	<b>\$ 515,509</b>
<b>- LIABILITIES AND NET ASSETS -</b>		
<b>LIABILITIES:</b>		
Accounts payable	\$ -	\$ 1,952
Accrued expenses	52,070	54,429
Unearned revenue	48,982	37,159
Pass-through contributions	1,500	-
<b>Total liabilities</b>	102,552	93,540
<b>NET ASSETS:</b>		
Without donor restrictions	204,141	196,573
With donor restrictions	228,750	225,396
<b>Total net assets</b>	432,891	421,969
<b>Total liabilities and net assets</b>	<b>\$ 535,443</b>	<b>\$ 515,509</b>

**The accompanying notes are an integral part of this statement**



**COVINGTON PARTNERS, INC.**

**STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS**

**For the years ended June 30, 2022 and 2021**

	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUES AND OTHER SUPPORT:</b>			
Contributions	\$ 25,803	\$ 221,372	\$ 247,175
Contributions - in kind	109,397	6,774	116,171
Fundraising events	47,999	-	47,999
<b>Total revenues</b>	<u>183,199</u>	<u>228,146</u>	<u>411,345</u>
<b>REVENUE RELEASED FROM RESTRICTION:</b>			
Released from restriction	<u>224,792</u>	<u>(224,792)</u>	<u>-</u>
<b>Net assets released from restriction</b>	<u>224,792</u>	<u>(224,792)</u>	<u>-</u>
<b>Total revenues and other support</b>	<u>407,991</u>	<u>3,354</u>	<u>411,345</u>
<b>Expenses:</b>			
Program services	301,370	-	301,370
Management and general	79,588	-	79,588
Fundraising	19,465	-	19,465
<b>Total expenses</b>	<u>400,423</u>	<u>-</u>	<u>400,423</u>
<b>Changes in net assets</b>	7,568	3,354	10,922
<b>Net Assets Beginning of year</b>	<u>196,573</u>	<u>225,396</u>	<u>421,969</u>
<b>Net Assets End of year</b>	<u>\$ 204,141</u>	<u>\$ 228,750</u>	<u>\$ 432,891</u>

The accompanying notes are an integral part of this statement



2021		
Without Donor Restrictions	With Donor Restrictions	Total
\$ 25,449	\$ 200,637	\$ 226,086
170,042	6,837	176,879
-	-	-
<u>195,491</u>	<u>207,474</u>	<u>402,965</u>
<u>233,715</u>	<u>(233,715)</u>	<u>-</u>
<u>233,715</u>	<u>(233,715)</u>	<u>-</u>
<u>429,206</u>	<u>(26,241)</u>	<u>402,965</u>
374,706	-	374,706
45,010	-	45,010
6,510	-	6,510
<u>426,226</u>	<u>-</u>	<u>426,226</u>
2,980	(26,241)	(23,261)
<u>193,593</u>	<u>251,637</u>	<u>445,230</u>
<u>\$ 196,573</u>	<u>\$ 225,396</u>	<u>\$ 421,969</u>



**COVINGTON PARTNERS, INC.**

**STATEMENT OF FUNCTIONAL EXPENSES**

**For the year ended June 30, 2022**

	<b>Drug &amp; Violence</b>	<b>Family Strengthening</b>	<b>Mentoring</b>	<b>Community Learning Centers</b>	<b>Mental &amp; Physical Health</b>
Contract services	\$ -	\$ 37,506	\$ -	\$ 153,860	\$ -
Other Contract services	-	-	1,000	1,933	-
Background checks	-	-	2,817	-	-
In kind support	10,940	10,940	21,879	21,879	10,940
Other In kind support	-	-	-	3,780	2,994
Events	-	-	-	-	-
Travel	-	101	357	1,669	-
Meetings and conferences	-	-	-	447	-
Gifts & promotions	-	-	28	231	-
Communications	-	-	-	1,269	-
Supplies	-	2,137	9	6,334	2,927
Student incentives	-	-	-	2,500	-
Insurance	-	-	-	-	-
Food	-	-	394	1,621	-
Printing and Publication	-	-	-	58	-
Credit card fees	-	-	-	-	-
Depreciation	-	-	-	-	-
Dues and subscriptions	-	-	720	100	-
<b>Total expenses</b>	<b>\$ 10,940</b>	<b>\$ 50,684</b>	<b>\$ 27,204</b>	<b>\$ 195,681</b>	<b>\$ 16,861</b>

**The accompanying notes are an integral part of this statement**





<b>Subtotal Program Events</b>	<b>Fundraising Events</b>	<b>Management And Admin.</b>	<b>Total</b>
\$ 191,366	\$ -	\$ 30,084	\$ 221,450
2,933	-	2,600	5,533
2,817	-	-	2,817
76,578	5,470	27,349	109,397
6,774	-	3,965	10,739
-	13,995	-	13,995
2,127	-	73	2,200
447	-	1,947	2,394
259	-	1,628	1,887
1,269	-	287	1,556
11,407	-	5,361	16,768
2,500	-	-	2,500
-	-	2,192	2,192
2,015	-	-	2,015
58	-	1,095	1,153
-	-	1,467	1,467
-	-	649	649
820	-	891	1,711
<b>\$ 301,370</b>	<b>\$ 19,465</b>	<b>\$ 79,588</b>	<b>\$ 400,423</b>



**COVINGTON PARTNERS, INC.**

**STATEMENT OF FUNCTIONAL EXPENSES**

**For the year ended June 30, 2021**

	<b>Drug &amp; Violence</b>	<b>Family Strengthening</b>	<b>Mentoring</b>	<b>Community Learning Centers</b>	<b>Mental &amp; Physical Health</b>
Contract services	\$ -	\$ 13,901	\$ 43,596	\$ 136,749	\$ 3,475
Other contract services	-	-	-	11,733	-
Background checks	-	-	1,983	-	-
In kind support	11,608	11,608	80,122	27,236	10,419
Other In kind support	-	-	-	-	5,837
Events	-	-	-	-	-
Travel	-	135	105	-	-
Meetings and conferences	-	-	150	2,661	-
Gifts & promotions	-	-	-	815	-
Communications	-	-	-	-	-
Supplies	-	2,209	126	3,016	967
Insurance	-	-	-	-	-
Food	-	-	147	1,333	-
Printing and Publication	-	-	110	107	-
Credit card fees	-	-	-	-	-
Depreciation	-	-	-	-	-
Training	-	-	-	-	-
Dues and subscriptions	-	-	-	99	-
<b>Total expenses</b>	<b>\$ 11,608</b>	<b>\$ 27,853</b>	<b>\$ 126,339</b>	<b>\$ 183,749</b>	<b>\$ 20,698</b>

**The accompanying notes are an integral part of this statement**



<b>Operation: MVP</b>	<b>Subtotal Program Events</b>	<b>Fundraising Events</b>	<b>Management And Admin.</b>	<b>Total</b>
\$ -	\$ 197,721	\$ -	\$ -	\$ 197,721
-	11,733	-	4,652	16,385
-	1,983	-	-	1,983
-	140,993	6,400	22,649	170,042
1,000	6,837	-	829	7,666
-	-	110	-	110
-	240	-	877	1,117
-	2,811	-	390	3,201
-	815	-	252	1,067
-	-	-	2,103	2,103
3,459	9,777	-	4,801	14,578
-	-	-	2,428	2,428
-	1,480	-	296	1,776
-	217	-	597	814
-	-	-	930	930
-	-	-	649	649
-	-	-	2,917	2,917
-	99	-	640	739
<b>\$ 4,459</b>	<b>\$ 374,706</b>	<b>\$ 6,510</b>	<b>\$ 45,010</b>	<b>\$ 426,226</b>



**COVINGTON PARTNERS, INC.**

**STATEMENTS OF CASH FLOWS**

**For the years ended June 30, 2022 and 2021**

	<u>2022</u>	<u>2021</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	<u>\$ 10,922</u>	<u>\$ (23,261)</u>
<b>Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:</b>		
Depreciation expense	649	649
Decrease (increase) in contributions receivable	-	100,000
Decrease (increase) in prepaid expenses	(344)	911
(Decrease) increase in accounts payable	(1,952)	1,952
(Decrease) increase in accrued expenses	(2,359)	14,992
(Decrease) increase in unearned revenue	11,823	37,159
(Decrease) increase in pass-through contributions	<u>1,500</u>	<u>-</u>
<b>Total adjustments</b>	<u>9,317</u>	<u>155,663</u>
<b>Net cash provided by operating activities</b>	<u>20,239</u>	<u>132,402</u>
<b>CASH AT BEGINNING OF YEAR</b>	<u>509,988</u>	<u>377,586</u>
<b>CASH AT END OF YEAR</b>	<u><u>\$ 530,227</u></u>	<u><u>\$ 509,988</u></u>

**The accompanying notes are an integral part of this statement**





## COVINGTON PARTNERS, INC.

### NOTES TO FINANCIAL STATEMENTS

June 30, 2022 and 2021

#### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The summary of significant accounting policies of Covington Partners, Inc. (the Organization) is presented to assist in understanding the Organization's financial statements. The financial statements and notes are representative of the Organization's management, which is responsible for their integrity and objectivity. The accounting policies conform to generally accepted principles and have been consistently applied in the preparation of the financial statements.

##### **Nature of Business**

Covington Partners, Inc. works to support the whole child through wrap-around services, providing each child in Covington Schools access to the support needed to be successful in school and in life. Through after-school programs, mentoring, youth leadership, visual and performing arts, prevention programs, and health and wellness initiatives, Covington Partners, Inc. is helping Covington Schools make substantial academic progress. The Organization is supported primarily through donor contributions, grants, and the United Way. The Organization operates as a not-for-profit organization, exempt from taxation under Internal Revenue Code Section 501(c)(3).

##### **Basis of Financial Statement Presentation**

The Organization reports information regarding its financial position and activities according to two classes of net assets – without donor restrictions and with donor restrictions:

- Net Assets Without Donor Restrictions – not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of management and board of directors of Covington Partners, Inc.
- Net Assets With Donor Restrictions – subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of Covington Partners, Inc. or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

As of June 30, 2022 and 2021, the Organization had \$228,750 and \$225,396 in net assets with donor restrictions, respectively.

##### **Cash and Cash Equivalents**

The Organization considers cash and cash equivalents to include cash on hand, cash in banks, and any other cash investments purchased with maturities of 90 days or less.

##### **Property and Equipment**

Expenditures greater than \$500 for property and equipment and items which substantially increase the useful lives of existing assets, are capitalized at cost. Depreciation is computed on the straight line basis over 3 to 5 years. Depreciation expense was \$649 for both of the years ended June 30, 2022 and 2021.



**COVINGTON PARTNERS, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2022 and 2021**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Property and Equipment (Continued)**

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 income for the period. The cost of maintenance and repairs is charged to expense as incurred; significant renewals and betterments are capitalized.

**Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Lease Obligation**

The Organization uses office space given to it by Covington Independent Public Schools in exchange for maintaining the property. The Organization operates under a non written contract with the school.

**Income Taxes**

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

**Revenue and Revenue Recognition**

The Organization recognizes contributions when cash, securities, or other assets; an unconditional promise to give; or a notification of beneficial interest is received. Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return – are not recognized until the conditions on which they depend have been met.

**Recognition of Donor Restricted Contributions**

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are restricted by the donor are reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized.

All other donor-restricted support is reported as an increase in restricted net assets. When the restriction expires, the restricted assets are then reclassified to unrestricted net assets.

**Functional Allocation of Expenses**

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**NOTE 2 – AVAILABILITY AND LIQUIDITY**

Covington Partners, Inc. regularly monitors liquidity to meet its operating needs and other contractual commitments. The Organization has two sources of liquidity at its disposal: cash and cash equivalents and accounts receivable.



**COVINGTON PARTNERS, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2022 and 2021**

**NOTE 2 – AVAILABILITY AND LIQUIDITY (CONTINUED)**

For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its ongoing activities of drug and violence prevention, family strengthening, mentoring, community learning centers, mental and physical health, extending excellence, and other programs as well as the conduct of services undertaken to support those activities to be general expenditures.

As of June 30, 2022 and 2021, the following financial assets could readily be made available within one year of the balance sheet date to meet general expenditures:

	<u>2022</u>	<u>2021</u>
Financial assets at year end:		
Cash and cash equivalents	\$ <u>530,227</u>	\$ <u>509,988</u>
Total financial assets	\$ <u>530,227</u>	\$ <u>509,988</u>

**NOTE 3 – CONCENTRATION OF CREDIT RISK**

The Organization maintains several cash and cash equivalent accounts at two financial institutions in Northern Kentucky. The deposits at June 30, 2022 and 2021 were partially secured by Federal Deposit Insurance. The carrying amounts of the Organization's deposits at June 30, 2022 and 2021 were \$529,783 and \$509,544 and the bank balances were \$529,820 and \$507,614, respectively. There was approximately \$228,643 and \$206,449 that was not federally insured at June 30, 2022 and 2021, respectively.

**NOTE 4 – PROGRAM SERVICES**

Drug and Violence Prevention

The Leadership and Resiliency Program (LRP) at the Holmes campus is an intensive substance abuse prevention program designed to serve adolescents and teens (ages 12-18) who are "at risk" of failing academically, are having disciplinary problems, substance abuse issues, and/or have severe life stressors. LRP uses a strength-based approach to focus on three key resiliency areas.

Family Strengthening

The family strengthening program offers parental involvement for improved student learning and assistance to parents in working with behavioral and attitude issues. Covington Partners, Inc. is committed to working with the schools of Covington to provide family engagement programs to improve student achievement. Programs include educational and leadership opportunities.

Mentoring

Covington Partners, Inc. is committed to working with the schools of Covington to operate the Covington Mentoring Program. More than 150 adults dedicate two to four hours a month serving as positive role models to youth in Covington. Data shows that these positive relationships are highly impactful and students with mentors increase their school attendance, behavior, and academic achievement.



## COVINGTON PARTNERS, INC.

### NOTES TO FINANCIAL STATEMENTS

June 30, 2022 and 2021

#### NOTE 4 – PROGRAM SERVICES (CONTINUED)

##### Community Learning Centers

Covington Partners, Inc. is committed to working with the schools of Covington to develop Community Learning Centers in all schools in Covington. Community Learning Centers provide opportunities for academic enrichment, youth development and family and community engagement.

##### Mental and Physical Health

Covington Partners, Inc. is committed to working with the schools of Covington to provide a health and wellness program called Fitness Rocks. Fitness Rocks focuses on keeping youth healthy and active to help improve student achievement. After school clubs and family fitness nights are offered at all schools to provide opportunities for families to participate in fitness activities and obtain information about nutrition and wellness.

##### Extending Excellence

Covington Partners, Inc. hosts a two-day summit for out-of-school time providers to learn best practices and effective strategies to improve programming.

##### Operation: MVP

Covington Partners, Inc. is committed to supporting the physical and emotional well-being of students and families. Since Covington Independent Public Schools made the decision to close in March 2020, Covington Partners, Inc. has collected monetary and product donations to deliver in order to assist families in fulfilling basic needs as well as providing social, emotional, and academic support. Operation: MVP has continued into the 2021-2022 school year and has expanded to include out-of-school time programming.

##### Other Programs

Covington Partners, Inc. is committed to working with schools of Covington to provide prevention, education, and wellness. Covington Partners, Inc. is committed to working with the schools of Covington to provide research-based prevention programming at Holmes Middle School and Holmes High School. In 2016 the agency provided a new initiative, for Covington High School Students. This initiative provided College Starter Kits for all College bound seniors, to help them be successful in their freshmen year.

#### NOTE 5 – CONTRIBUTED SERVICES AND IN-KIND SUPPORT

The Organization receives services, materials, and use of facilities without payment or compensation. Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. Materials and other noncash donations are recorded at cost or estimated fair value determined at the date of the donation.

For the year ended June 30, 2022, the Organization recorded services and use of facilities that totaled \$81,989 and \$27,408, respectively, which is included in in-kind revenues in the Statement of Activities. For the year ended June 30, 2021, the Organization recorded services and use of facilities that totaled \$142,754 and \$27,288, respectively, which is included in in-kind revenues in the Statement of Activities. The services and facilities are provided by Covington Independent Public Schools without any provision for reimbursement. In addition, many individuals volunteer their time and perform a variety of tasks that assist the Organization, but these services do not meet the criteria for recognition as contributed services.





**COVINGTON PARTNERS, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2022 and 2021**

**NOTE 6 – CONTRACT FOR SERVICES**

The Organization has a contract with Covington Independent Public Schools for services of the Resource Development Coordinator, two Mentoring Outreach Coordinators, the Family Engagement Coordinator, and the Data Specialist. Services will be provided by the staff of Covington Independent Public Schools for these services. Covington Partners, Inc. will reimburse Covington Independent Public Schools for the salary and fringe benefits paid to these staff members.

**NOTE 7 – 21<sup>ST</sup> CENTURY GRANT**

The Organization manages a 21<sup>st</sup> Century Community Learning Center state grant awarded to Covington Independent Public Schools. Four elementary schools and Holmes Middle School receive a 21<sup>st</sup> Century Community Learning Center grant which totaled \$490,000 during the year ended June 30, 2022. The 21<sup>st</sup> Century Community Learning Center grant received during the year ended June 30, 2021 totaled \$440,000. While the Organization is responsible for securing the funding, managing the budget, and implementing the programming, all funds are received and expended by Covington Independent Public Schools.

**NOTE 8 – RESTRICTED NET ASSETS**

At June 30, 2022 and June 30, 2021, the Organization had restricted net assets of \$228,750 and \$225,396, respectively. The restricted net assets were allocated as follows:

	<u>2022</u>	<u>2021</u>
Community Learning Centers	\$ 1,440	\$ 74,162
Mentoring	85,728	-
Family Strengthening	18,891	33,858
Mental and Physical Health	103,125	96,891
Operation: MVP	18,581	18,581
Extending Excellence	985	985
Other	<u>-</u>	<u>919</u>
Total financial assets	<u>\$ 228,750</u>	<u>\$ 225,396</u>

**NOTE 9 – COVID-19 CONTINGENCY**

As of and subsequent to the date of these financial statements, the World has been responding to an outbreak of respiratory disease caused by a novel coronavirus (COVID-19). COVID-19 has been declared a pandemic by the World Health Organization, and declared a national emergency in the United States of America. The outbreak and response have impacted financial and economic markets across the world and within the United States of America. While the Organization continues to monitor this emergency and adjust accordingly, the impact to the Organization is uncertain as of the date of these financial statements, and as such no adjustment has been made to these financial statements.

**NOTE 10 – EVALUATION OF SUBSEQUENT EVENTS**

The Organization has evaluated subsequent events through December 28, 2022, the date which the financial statements were available to be issued





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December 28, 2022

To the Board of Directors  
Covington Partners, Inc.

We have audited the financial statements of Covington Partners, Inc. for the year ended June 30, 2022, and have issued our report thereon dated December 28, 2022. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated July 5, 2022. Professional standards also require that we communicate to you the following information related to our audit.

#### Significant Audit Findings

##### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Covington Partners, Inc. are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2022. We noted no transactions entered into by the Organization during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

The disclosures in Notes 2 and 6 to the financial statements. Note 2 discusses the liquidity of the Organization. Note 6 describes the contract for services with Covington Independent Public Schools during the year.

The financial statement disclosures are neutral, consistent, and clear.

##### *Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

##### *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. We did not identify any audit adjustments to be made to the financial statements.

##### *Disagreements with Management*

For purposes of this letter, a disagreement with management is a disagreement on a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.







*Management Representations*

We have requested certain representations from management that are included in the management representation letter dated December 28, 2022.

*Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Organization's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

*Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Organization's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the Board of Directors and management of Covington Partners, Inc. and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

*Bramel & Ackley, P.S.C.*







